



# The Outlook for Mexico's Energy Sector under the Administration of President López Obrador

**New Voices from the Mexican Energy Sector**

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# Content

“The World In 2019”



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graph TD; A["“The World In 2019”"] --> B["The Mexican Energy Sector: trends and current situation"]; B --> C["The 2013 Constitutional Energy Reform after 6 years"]; C --> D["The starting point to address the challenges"]; D --> E["The Administration of President López Obrador: a new paradigm"];
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The Mexican Energy Sector: trends and current situation

The 2013 Constitutional Energy Reform after 6 years

The starting point to address the challenges

The Administration of President López Obrador: a new paradigm

# “The world in 2019”

“Going into 2019, the world looks wobbly”  
*The Economist*

- More fragile economy
- Markets are jittery
- China - US


Economic growth:


- North America: 2.2% (USA: 2.2%)
- Latam: 2% (Mexico 1.9%; Venezuela: -5.9%)
- Western Europe: 1.7% (Italy)
- Asia: 5.4% (India, China)
- Middle East and North Africa: 2.2% (Syria: 9.9%, Iran: -3.4%)

Energy landscape:

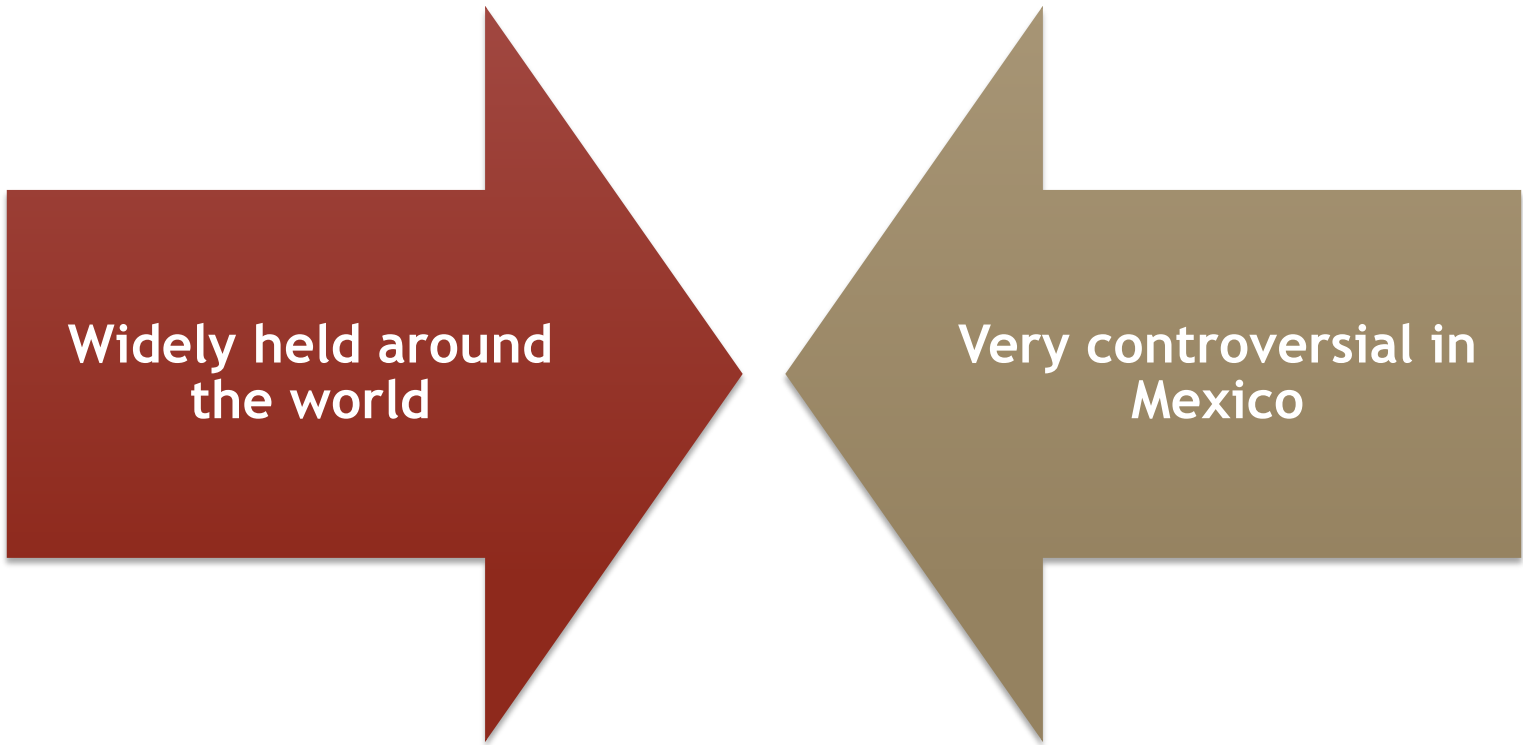
- Volatile oil prices due to geopolitical ructions (China-US; Venezuela, Rusia, S.A., Nigeria, Lybia & Iraq)
- Natural gas on the rise, often at coal's expense; growing demand for LNG
- The supermajors raise capital spending by 5%

## Mexico's energy sector

- Decrease in oil & gas reserves
  - Decrease in production of: oil, gas and petroleum products
  - Stagnation of infrastructure: storage, transport, distribution, refining
  - Stagnation of electricity infrastructure
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- In contrast, demand has increased despite poor economic growth:
    - the demand for gasoline, diesel, natural gas has increased continuously
    - electricity demand has also increased

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- High imports of natural gas and petroleum products to meet ever rising local demand
  - Insufficient infrastructure has prevented access to the lowest prices
  - PEMEX & CFE under financial stress

# The 2013 Constitutional Energy Reform after 6 years



## The starting point

- ▶ A diversified economy
- ▶ Public finances much less dependent on oil revenues
- ▶ Solid banking system
- ▶ Autonomous Central Bank with high credibility
- ▶ Expansive wave in US economy



- ▶ Reduced economic growth
- ▶ Pressure on public finances
- ▶ Credit ratings

# A new paradigm

- ▶ 1982 - 2018 vs 2018- 2024
- ▶ How will the new administration address the Mexican Energy Industry challenges, considering:
  - ▶ The international context ?
  - ▶ The current situation of Mexico´s energy sector ?
  - ▶ The new legal framework ?
  - ▶ The new priorities in the agenda ?