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Mexico: New Rules For Oil Investment

by John Neagle
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At a news conference on Aug. 15, Alfredo Elias, spokesperson for the Mexican Petrochemical Commission, announced that the government has opened up the national oil industry to private investment. The commission ruled that 15 oil-based products formerly reserved for the state-owned Petroleos de Mexico (Pemex) are now open to 40% private investment by foreign and domestic capital, said Elias. Next, the new rulings permit about 350 tertiary petrochemical products to be manufactured with 100% private investment, including about 100 plastics products. The Mexican Constitution reserves primary petrochemical product manufacture to the government; only secondary and tertiary products come under the new ruling. Consequently, Pemex will maintain exclusive control over 20 primary petrochemical products derived from the first refinement of crude oil, including benzene, ethanol, methanol, propylene, N-paraffins and toluene. Investment of 40% will be allowed in the production of the following secondary products: vinyl acetate, acetone, acrylic acid, anhydrous acid, chlorobenzenes, ammonium phosphate, isoprene, isopropanal, ammonium nitrate, ammonium sulfate, polypropylenes and urea. The Energy, Mines and Parastate Companies Department projects Pemex investments of $1.5 billion through 1995. Elias said the government expects an additional $8 billion from foreign and domestic investors. According to the spokesperson, Du Pont, Union Carbide Corp., Hoechst Celanese Corp. and Shell Oil Co., among others, have expressed interest. The government hopes to increase petrochemical exports and decrease imports under the new scheme, he said. (Basic data from AP, 08/15/89)

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