

4-12-1995

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Recommended Citation

LADB Staff. "Mexico Announces Plans to Boost Exports of Crude Oil by 100,000 Barrels Daily." (1995).
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Mexico Announces Plans to Boost Exports of Crude Oil by 100,000 Barrels Daily

by LADB Staff

Category/Department: Mexico

Published: 1995-04-12

In late March, Energy Secretary Ignacio Pichardo announced plans for the state-run oil company PEMEX to increase crude oil production by about 100,000 barrels per day, thus creating additional revenues for the government to deal with the country's economic crisis. According to Pichardo, the increased production will boost Mexico's average crude oil output for 1995 to a historically high level of 2.785 million bpd, compared with an average of 2.685 million bpd produced during 1994. Statistics released by the government in late March show that crude oil production in January had already increased beyond the government's target average for the year. PEMEX reported that output for the month averaged 2.855 million bpd, 6.3% higher than the average output for all of 1994.

According to PEMEX, revenues from sales of crude oil to overseas customers totaled US\$615 million in January, a sharp increase from January of last year. The US remained Mexico's most important customer during January, purchasing almost 77% of the total oil sold outside the country that month. Pichardo said President Ernesto Zedillo's administration is counting on the increased earnings from crude oil exports this year, along with the additional revenues obtained through increases in domestic gasoline prices, to boost government revenues by about US\$200 million, which would compensate for the planned reductions in funds originally budgeted for PEMEX.

Under an agreement with US President Bill Clinton's administration and multilateral lenders in late January, Zedillo promised to cut government expenditures by 10% (see SourceMex, 02/01/95). Because of low world prices and other factors, PEMEX earnings have fluctuated over the past three years, falling from US\$6.78 billion in 1992 to US\$6.013 billion in 1993, although income recovered somewhat in 1994, with US\$6.072 billion in earnings reported for that year. Pichardo emphasized that the increased revenues obtained this year will be directed to projects dealing with expanding Mexico's petroleum production capabilities. He said PEMEX will seek to make the best use of these funds by entering into partnerships with domestic and foreign companies, which can provide new technology for exploration, drilling, and refinery operations. (Sources: Notimex, 03/27/95; La Jornada, 03/30/95; Inter Press Service, 03/29/95, 03/31/95; El Financiero International, 04/03/95)

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