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## **Imports Account for 26 Percent of Mexico's Domestic Demand for Gasoline**

*by LADB Staff*

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Despite its ranking as one of the world's largest oil producers, Mexico has been forced to import a sizeable amount of the gasoline used domestically. In early September, Jaime Willars, director of refining for the state-run oil company PEMEX, said Mexican refineries have become too outdated and inefficient to meet the growing domestic demand for gasoline. As a result, Willars said, Mexico is now importing 26% of all gasoline used in the country, principally from the US.

Willars said imports of gasoline and components have reached 134,000 barrels per day. "This is a significant amount, when compared with daily sales of 510,000 bpd," said Willars. The PEMEX official said Mexico will continue to rely on gasoline imports through August 2000, when the expansion and upgrade of the Cadereyta refinery is completed.

Consorcio Comproca a joint venture formed by Sunkyong of South Korea, Grupo Tribasa of Mexico, and Siemens of Germany began work on the Cadereyta project in July. The project includes the construction of nine new plants, expansion of four plants, and modernization of six plants.

The Cadereyta refinery is expected to pick up the slack in production of unleaded gasoline, which other PEMEX refineries cannot produce in sufficient quantities to meet the domestic demand. Upon completion, Cadereyta will have the capacity to process 243,000 bpd of crude oil. PEMEX statistics show sales of unleaded grade Magna in January-July were almost 32% higher than in the same period in 1997. "We will have to meet any growth in demand for gasoline during 1999 by increasing our imports," said Willars. Gasoline imports are expected to cost PEMEX about US\$1.5 billion during 1998.

However, PEMEX is paying less for the imports because of weak global-oil prices, which have also reduced Mexico's revenues from exports of crude oil. "If global-oil prices were higher, we would have to pay as much as US\$2.5 billion for those imports," said Willars. (Sources: Reuters, 07/20/98, 09/07/98; Excelsior, 07/23/98, 09/08/98)

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