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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“The World In 2019”

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

In contrast, demand has increased despite poor economic growth:
- the demand for gasoline, diesel, natural gas has increased continuously
- electricity demand has also increased

- 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

Widely held around the world

Very controversial in Mexico
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 properties in the agenda?