

Hunt Buckley and Larry Pascal in Latinvex: Mexico Energy: Market Skepticism

May 3, 2019 Larry Pascal

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Mexico faces unique challenges. Nearly 70 years of governmental centralized ownership and control with no direct private investment in the upstream hydrocarbons' sector has produced arguably a slow, gradual decline in the oil and gas sector. Over the years, Pemex has suffered from high corporate and operating costs, inadequate research and development spending, inadequate spending on maintenance and capital equipment, and excess taxation by the State, among others, which have contributed to Mexico becoming a net importer of refined products (gasolines, diesel, jet fuel, and lubricants) and of natural gas. And, some sources suggest based on data from late last year, as Mexico's appetite for oil begins to outpace its capacity to deliver, that Mexico risks becoming a net importer of oil.

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