

Dateline Mexico by Carlos Cota Meza

Selling Mexico's oil future

As Pemex joins the futures markets, the multinationals that control Saudi Arabia will soon run Mexico as well.

On the same day that George Bush announced a cease-fire in the Persian Gulf, a "new strategy" of the state oil company *Petróleos Mexicanos* (Pemex) was unveiled in Mexico.

The first thing to draw one's attention is the fact that it was Finance Secretary Pedro Aspe Armello who announced the new Pemex strategy, even though it was President Carlos Salinas de Gortari himself who had insisted, before the outbreak of the Persian Gulf crisis, that Pemex director Francisco Rojas be the sole official spokesman on any matters relating to Mexican oil.

Thus, on Feb. 27, Aspe announced that for the first time in Pemex's history, the company would enter into the buying and selling of oil futures and options on the international financial market. In one stroke, the Mexican tradition of never exposing national oil reserves to speculative operations was canceled. The finance secretary indicated that these new operations were part of the government's Economic Contingency Program for dealing with the instability of the international oil market.

That it was the head of national finances, and not the head of Pemex, who announced this restructuring of the company, is due to the fact that it is Aspe who committed Mexico's oil future to the exigencies of the International Monetary Fund (IMF) during the foreign debt restructuring deal signed in February 1990.

According to that deal, if the price of oil remained above \$20 per barrel

for more than three months, the Mexican government would be committed to paying its foreign debt obligations with the oil revenue earned from profits above \$19 per barrel. If the price fell below \$14 per barrel for a period of three months, the IMF was committed to providing Mexico with financial assistance.

Mexican oil did stay above \$20 per barrel for more than three months in 1990, and thus the Mexican government committed itself to using the profit differential for "financial and fiscal consolidation," that is, debt repayment. Pemex was forced to hand over 100% of the profit above \$19 per barrel.

In 1991, the Mexican government is anticipating a price *below* \$14 per barrel; even Finance Secretary Aspe predicted that it could fall to \$10.80 per barrel. The purchase of oil futures and options which Aspe is presenting as "buying insurance" for the nation is, in fact, the so-called "financial help" being offered by the IMF.

This strategy entails the accelerated de-nationalization of Pemex, which has historically functioned as the mainstay of the national economy and of Mexico's development needs. Pedro Haas, director of *Petróleos Mexicanos International* and an agent of the oil multitis, recently explained the objective of this strategy in the Mexican Banking Association's magazine, *Interés*.

Writing about the "effects of the market" and of international trade on the world's leading oil companies (the

Seven Sisters), Haas stated, "Pemex is not—and could never be—an exception to this process of continuous evolution." For director Haas, the period during which international trade had but a passive influence on Pemex is now a thing of the past.

PM International, created in March 1989 as the international "branch office" of Pemex "should be what the market demands it be," wrote Haas. It should behave like all the other international companies which today "cannot aspire to be competitive exclusively on the basis of their own resources; rather, they should seek association with their counterparts—including their competitors, on occasion—through strategic alliances" (emphasis added).

Among the recommended "new forms" of organization of the world's oil multitis, Haas significantly mentions only the Arabian American Oil Co. the company which "nationalized" the Saudi monarchy. Aramco is made up of the U.S. multinationals Exxon, Mobil, Chevron, and Texaco, in addition to the Saudi oil company which, after the "nationalization," was called Saudi-Aramco.

Taking Aramco as a model for reorganization, Pemex could continue as "Mexican property" as long as it proceeded in association with its counterparts, presumably "including its competitors."

Who will be the generous purchasers of Mexico's oil future? Who else but Wall Street and the Seven Sisters, the absolute controllers of the spot market in which PM International operates. This novel mechanism for the international commercialization of Mexican oil, as announced by Pedro Aspe, will guarantee that Aramco, British Petroleum, and the Kuwait Investment Office (KIO) will be the first owners of Mexico's oil futures—and future.