

III. U.S.-Mexico Relations

Mexican President: Texas Shows We Are Right To Put Energy Security First

by Gretchen Small

March 6—When Texas’s unregulated and “renewable”-fed electric power grid collapsed under the freezing cold—brought about by an unusual, but not unique, polar vortex in mid-February—northern Mexico was also hit by electrical blackouts, initially from the effects of the cold wave within Mexico, but then even more so, from the cut-off of the natural gas exports from Texas on which Mexican electricity generation currently depends. The Mexican government scrambled, but within five days, had succeeded in restoring full power.

President Andrés Manuel López Obrador (known popularly as “AMLO”) seized the opportunity to rub “the lessons of Texas” in the faces of the City of London and its minions, who have been out to wreck the Mexican economy and destabilize his government.

In a series of briefings during the crisis, he and top officials from his energy team explained why Mexico was hit so hard, how they were able to restore power, and why they refuse to capitulate to the brutal international opposition to their energy policy. Since taking office in July 2018, AMLO has set out to restore national energy self-sufficiency using all reliable power sources, emphatically including all fossil fuels, and rebuilding the public energy infrastructure. The Mexican Congress is in the final stages of passing a new Electricity Law, which Wall Street and City of London interests, climate mafia included, have declared a *casus belli*.

Not ten days before, the editorial board of the City



Presidencia

Since taking office in 2018, Andrés Manuel López Obrador, President of Mexico, has set out to secure national energy independence in the face of those who put short-term money profits ahead of the welfare of the people.

of London’s *Financial Times* had weighed in against that Electricity Law. Its February 7 [editorial](#) was none-too-subtly titled, “Mexico’s Dangerous Addiction to Fossil Fuels: López Obrador Has an Outdated, State-Led Vision for the Energy Market.” It ordered the Biden administration to do what President Donald Trump had refused to do: join the financiers and private “investors” in crushing Mexico’s resistance to their global “climate” hoax. “The Biden administration should lose no time in reminding Mexico of its international obligations on trade

and climate change,” it concluded.

The “lessons of Texas” outlined by AMLO blow apart the case which London’s “Great Reset” mafia is attempting to sell. The details of how the blackout crisis was not caused by the freezing cold, but by the deliberate takedown of Mexico’s physical energy sector through speculative, “free market” policies imposed by the prior recent administrations, are scandalous. And the Mexican government was able to get the situation under control more quickly than Texas, only because in AMLO’s two-and-a-half years in office, he had been able to make some small progress in reversing those policies.

The Colonial Economics of the ‘Energy Reform’

Start with the absurdity that Mexico, a major oil producing nation with plentiful natural gas reserves, has been reduced to the position that 64% of its electric-

ity nationally is powered by natural gas overwhelmingly imported from Texas!

Officials of the Federal Electricity Commission (CFE), led by its chairman Manuel Bartlett, detailed how that meant that exactly at the point that demand for electricity by Mexicans in the north of the country rose dramatically, because of the polar vortex cold, the predominant source of power for that electricity—natural gas coming from Texas—was lost. The cross-border pipelines initially froze, but that initial crisis was then extended, when Texas ordered a stop to all natural gas exports, because the state needed every power source it could get to make up for all its wind and solar power having gone down. Mexico contracted a few shiploads of liquid natural gas from elsewhere—but by then natural gas on other markets was



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*Manuel Bartlett Diaz,
Chairman of Mexico's
Federal Electricity
Commission (CFE).*

being sold for usurious prices, soaring as much as 10,000% at one point, an official pointed out.

How did oil-producer Mexico get to this absurd position? Years of an increasingly growing policy of selling off public energy facilities were consolidated in 2013-2014, with the passage of an “Energy Reform” long-desired by Wall Street and City of London.

In his February 18 press conference, as Mexico was still battling to restore full electrical power, López Obrador blasted that reform for having “pulverized” Mexico’s public energy sector which, before its implementation, had managed energy production, and electricity generation and transmission, as a unified operation. The state oil company, Pemex, was split up into four companies, and the Federal Electricity Commission into six companies, in order to sell off the most profitable sectors to private, largely foreign interests.

Referring to British “free market,” neoliberal ideology, AMLO charged:

Under the neoliberal policy, since the intention was privatization, instead of maintaining the [energy] sector integrated, it was split up.... Because that was the intention, to be able to go about dismembering it, breaking apart the whole

Why Governments Are Necessary

On February 21, by which time Mexico’s power had been restored, President López Obrador drew out the lesson of why a basic sector such as electricity has to be regulated by the government, not the market:

Let us speak of some lessons [of the crisis in Texas and Mexico]....

First, that the guiding role of the State is indispensable.

Why is it harder in Texas to solve the problem?

Because control has been very pulverized. There is no control, because private companies even have much greater power than the State.

Picture it: How is it, that everything is bet on the market and they are thinking about dissolving the State, if in crisis circumstances those people that

move the market—because there isn’t any invisible hand; that is a fairytale; that is a fallacy—those who move the market aren’t thinking about the citizens. They are not thinking about the people. They are thinking about profit, of growing rich. That’s the reason for the increase in the price of natural gas, as much as 5,000%.

Where is the State? Where is the ethics, the morality of the private companies?... How can they, in the case of Texas, leave a million people without electricity, stuck inside ... suffering from the cold, and not take care of the people?

That did not occur in our country, nor is it going to happen, because the neoliberal technocrats who only think about private deals are not going to return.

I have said it on other occasions, and I repeat it now: I am not paid by [Spanish energy company] Iberdrola; I am not paid by the foreign companies; the people of Mexico pay me. That is my master, my only master, the people of Mexico. That is why we are public servants, servants of the Nation.



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The Francisco I. Madero Refinery in Tamaulipas, one of six operated by Pemex, has a capacity to process 190,000 barrels of oil per day.

electrical power structure and the oil industry, when what was advisable, was to operate the entire chain of energy—all the links, integrating oil exploration, production and refining, the petrochemical industry, the electric power industry—[as] one whole integrated sector.

The reform functioned as a typical British colonial policy of wiping out the productive industrial capabilities of a subject colony, so they are reduced to selling raw materials, and to import what they once had produced themselves. Just as the North American Free Trade Accord had led to Mexico today being dependent on importing the core foods in the Mexican diet, the corn and beans which it had once produced, Mexico was now reduced to importing gasoline. Again, López Obrador:

Refining was left in a very weak situation; suffice it to say that they didn't build a new refinery for 40 years.... They weakened refining because they were gambling on selling petroleum and buying gasoline. In the case of petroleum, it is also deplorable that in the neoliberal period, they ... completely destroyed the petrochemical industry, which had been a model industry in the world, with state-of-the-art technology—and they finished it off.

The Natural Gas Scam

No one in the succession of prior administrations espousing “free market” policies had developed a plan to extract Mexico’s plentiful natural gas for Mexico’s benefit, as AMLO

had pointed out the day before. The privatizers “were really dedicated to stealing; the business was to buy the gas, because the payoffs were in purchasing natural gas,” he charged.

He cited the example of the contracts signed with Spanish oil company Repsol in 2007, for Mexico to import natural gas from Peru. Since the gas had to be transported in liquefied form, regasification plants were built in Manzanillo, Mexico as part of the deal, which totaled more than \$20 billion and which was never bid on,

but “settled higher-up,” according to AMLO. “Then that contract was cancelled, because the price of natural gas in the U.S. began to drop, and it no longer served them,” leaving the public treasury with the losses.

The new business of buying gas in Texas began and it got talked up and became fashionable that natural gas in the United States, in Texas, would come to be given away because they were going to lower prices by a lot. The prices were indeed low. That’s where the pipeline contracts of the last administration came from.... Now this crisis comes along. The price of natural gas increases.

CFE officials reported that among the measures taken to end the blackouts were having the state oil



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Inaugurated by President López Obrador, new aero-derived turbogas electrical power generation units in La Paz, Baja California Sur are part of a long-term plan to raise generation capacity in the isolated peninsular state.

company, Pemex, provide increased amounts of diesel fuel at affordable prices to power the CFE's combined-cycle thermoelectric power plants, and activating more than a dozen under-utilized hydroelectric and coal-fired plants, the latter fueled from mines which the government had recently re-opened. "The crisis did not find us defenseless," because the plants were operable, López Obrador stated.

The 'Clean Energy' Looting Scam

Why were those CFE plants under-utilized? Here is where we get to why the financiers are hysterical over the new Electricity Law.

Under the 2013-2014 Energy Reform, the CFE, by law, has to prioritize purchase of the cheapest electricity. But the system is rigged so that big government



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Because Mexico resisted the pressure to rely primarily on solar and wind for its power generation, it avoided the Texas disaster. Nevertheless, "renewables" have made their way into the country. Shown: the Sureste Wind Power Plant on the Isthmus of Tehuantepec.

subsidies reduce the price of electricity produced by private foreign interests. Since electricity from CFE's fossil fuel, hydroelectric, and nuclear plants is purchased only after the "cheapest" is bought, many of the CFE hydroelectric and thermoelectric plants became unprofitable, because not enough of their electricity was being purchased.

As soon as he took office, AMLO stopped the practice of previous administrations of closing "unprofitable" CFE plants, and budgeted the maintenance costs needed to keep them operable. Here's what he said about that:

The plan of these technocrats was to do away with the CFE plants, for the plants to become

scrap, so that private interests would get the whole electrical power industry. It was decided that they should be preserved, even [if they are] being underutilized because by law they cannot operate at 100%, because the current, neoliberal, legislation gives priority to the sale of energy ... onto the grid by the private sector.

In several interviews the week of May 23, 2020, CFE head Manuel Bartlett had declared that the government intends to end the swindle of these subsidies to wind and solar—the "sophism" of the "clean energy" scam, as AMLO called it in an October 2020 speech.

The way it works is that wind and solar plants, under the Energy Reform, do not pay the CFE for transmitting the electricity they produce, nor pay for any part of the baseload CFE power they require to guarantee uninterrupted flow, given that their power generation is intermittent.

As Bartlett told *La Jornada* on May 23:

Every time that a cloud goes by or the wind doesn't blow, they don't generate energy, [so they turn to the CFE for what is] called backup, and they don't pay for it either. That's why the energy they generate is cheaper; it proves the falseness of [the claim] they have disseminated, that our power is more expensive and that our infrastructure is obsolete. Now that we want to put an end to this plunder and

fraud, they're accusing us of being inefficient and of wanting to put an end to clean energy.

Whoever comes to do business here has to pay for transmission costs, distribution costs and backup. We have no reason to continue subsidizing them.

Bartlett told Reuters:

Do you think it's fair for the CFE to subsidize these companies that don't produce power all day? ... That's not a free market; it's theft.

Mexico would be able to manage the "Texas" crisis, because his administration had halted further imple-



MOCILA

Street organizing by the Citizens' LaRouche Movement in Mexico City.



Fifty Years of Organizing in Mexico for U.S.-Mexico Cooperation

For nearly 50 years, the LaRouche movement in Mexico has actively organized for Lyndon LaRouche's policies, including the need for U.S.-Mexico cooperation to stop Wall Street and the City of London's looting, and to develop the physical economies of both nations.

On August 30, 2018—after the July election of Andrés Manuel López Obrador (AMLO) as President of Mexico and before his inauguration in December—the LaRouche movement in Mexico (MOCILA) published the [pamphlet](#) shown above: “Open letter from LaRouche to AMLO: China-Mexico-U.S. economic cooperation; How to forge a new world paradigm and reconstruct the nation.”

In the pamphlet, a set of economic develop-

ment projects were detailed to link Mexico and the entire region with the Belt and Road Initiative. It argued:

Forget NAFTA; we don't need free trade. That has been a “lose-lose” agreement: We all lost. Americans lost; Mexicans lost. The only winners were the Wall Street and City of London banks. So, it is proper to put an end to that policy. Rather, we need a North American Belt and Road Initiative (NABRI), and not NAFTA, as part of the planetary project to replace the current imperial system.... If we want to solve the problem, we have to combine the efforts of China, Mexico, and the United States.

mentation of the Energy Reform, AMLO pointed out, in his morning press conference on February 18:

[Mexico is] one of the few countries which has an integrated electric power sector, its transmission lines, everything, managed by the Federal Electrical Commission. Do you think that if the disintegration, the privatization, of the electric power industry had been completed, we would have been able to cope with problems of this kind?

What just happened in Texas made clear that it is not possible to give equal treatment to private foreign companies, he added.

It is important to recognize that these two public companies [Pemex and the CFE] do not have profit as their motive, but to guarantee electricity service, and at fair prices also, because we are going to continue fulfilling our commitment to not increase electricity prices, even with the speculation and increases in gas prices which are occurring in Texas and the United States.

‘Great Reset’ Battle Coming over Electricity Law

The Electricity Law, which is likely to become law very soon, wipes out the rigged advantages for the pri-

vate interests, by changing the priority with which electricity is purchased, putting the CFE plants' production before that generated by the private solar, wind, and other plants. The international energy multinationals, and particularly the solar and wind lobby, are screaming, because their investments in mammoth solar and wind parks will become unprofitable if they have to compete outside the rigged game.

The City of London and Wall Street rating agencies and press organs, the "climate crisis" mafia, the U.S. Chamber of Commerce, and others of this ilk have

don-deployed energy mafia, threatening to cut off foreign investment in Mexico unless it cancels the Electricity Law and the policies associated with it. Chung told reporters, that in terms of the electricity and energy issues—

We encourage Mexico to listen to the stakeholders, to listen to the private sector companies and really provide that culture, the atmosphere of free investment and transparency so that companies will continue to invest in Mexico.



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The Laguna Verde Nuclear Power Station in Veracruz, Mexico's only nuclear power station.

In his morning press conference before meeting Biden on March 1, AMLO reiterated that Mexico's energy policy is a sovereign matter, and will not be discussed at the meeting:

Corrupt, conservative adversaries think that we are going to reverse policy because the President of the United States is going to call. Well, that's not the case, because the President of the United States is respectful of our sovereignty, as we are respectful of U.S. sovereignty.

joined the energy multinationals in threatening President López Obrador, that if he proceeds to reassert the government's predominant role over energy production and supply, economic warfare will be unleashed against Mexico. Preparations for multiple lawsuits are already underway.

Last October, a bipartisan group in the U.S. Congress joined the oil companies and climate interests in pressuring Mexico. In the interest of holding a bilateral summit on March 1 with López Obrador without it blowing up, neither President Biden nor his accompanying cabinet ministers brought up the subject when the two Presidents met (virtually) that day. But in her February 25 briefing on Secretary of State Antony Blinken's February 26 "virtual trip" to Canada and Mexico, preparatory to Biden's bilateral meetings, Acting Assistant Secretary of State Julie Chung made clear that the Biden administration will add its voice to the Lon-

President López Obrador has not challenged the tenets of the "Great Reset" program directly; nor has he set out to overturn the chessboard by using Mexico's rich oil and gas reserves to leap-frog Mexico's economy into the nuclear age, as American physical economist Lyndon LaRouche had proposed, in detail, to his friend, Mexican President José López Portillo (1976-1982).

But as the *Financial Times* made clear, López Obrador's fierce refusal to accept the killer ideology embodied in the "Great Reset" is viewed as an obstacle which must be eliminated. His "vision of energy sovereignty," his insistence that decisions must be taken on the basis of powering the economy, not private profits, and that reliable fossil fuels are going to be used before subsidized and unreliable wind and solar power, can help spark resistance by other sane national leaders who love their countries.