

Dateline Mexico by Carlos Cota Meza

Mexican oil for Bush's 'New Order'

The Bush administration wants to "fast track" its plan to tear up Mexico's Constitution and grab its oil reserves.

United States Energy Secretary James Watkins explained the Bush administration's policy toward Mexican oil on Jan. 17 in Washington, D.C. Watkins argued that the Persian Gulf "coalition" offers an excellent opportunity to guarantee oil supplies and to prevent energy disruptions in the hemisphere. "We have to take advantage of the emerging New World Order," Watkins proclaimed.

He asserted that the administration's strategy is to use negotiations for a free trade pact, which George Bush and his Mexican counterpart Carlos Salinas hope can begin on a "fast track" this spring, as a means to siphon off Mexico's oil. "I would hope that petroleum is included in the negotiations by means of reconciling their Constitution with foreign investments," the U.S. official concluded. Article 27 of Mexico's Constitution establishes that the Mexican state has ownership of all underground resources.

Some details of the U.S. plan to grab Mexico's oil were revealed a few months ago by George Baker, an oil industry consultant whose activities, many here believe, border on espionage. Baker is currently the executive secretary of Profmex, a Berkeley, California consortium whose sponsors include the University of California at Los Angeles.

Baker wrote a limited-circulation study, "Mexico's problematic response to the Kuwait crisis, Aug. 7-16, 1990," which was reprinted in *Oil and Gas Journal* Aug. 27 under the title, "Private sector funds key to Mexico's role as major U.S. oil sup-

plier." Using internal documents of Mexico's state oil monopoly Pemex, Baker located the Achilles' heel which makes it vulnerable to a U.S. takeover. "Mexico's ability to benefit from the increase in oil prices is severely limited by the accumulated effects of five years of disinvestment in exploration and production," he correctly observes.

Mexico's plan to develop the Cantarell oil fields and raise production from 1.153 million barrels per day last year to 1.4 million by 1994, would require "a benefactor with \$800 million in his pocket," stated Baker. Without this, Mexico's ability to hold its position in the oil market "is in danger."

Baker dwelled on Pemex's "dangerous" condition, caused by bad management of both the company and the whole Mexican economy.

Mexico increased its gasoline imports 1,500% in 1989 over 1988 levels; natural gas imports went up 600%. Mexican petrochemical imports increased 61%. The increase was due entirely to beginning importing one additive for producing "clean" gasoline for ecological reasons. According to Baker, this additive costs \$1 million a month.

During the same period, exports of petroleum and its derivatives fell 30.9% and Pemex exported 13% less petrochemicals. Baker cited a late 1989 "pessimistic internal study" by Pemex which, he wrote, "foresees a scenario in which Mexico would be a net importer of petroleum by 1997."

In conclusion, Baker identifies

what is actually going on—and what is endangering Pemex's existence as a sovereign Mexican company. "Mexico's attempt to benefit from the high petroleum prices produced by an extended crisis in the Middle East depends on improving the relationships between the governments of the United States and Mexico," Baker wrote.

From the way things are moving, there could be another point which Baker does not analyze in public. The congressional delegation of the Party of the Democratic Revolution (PRD) charged on Jan. 18 that "without any authorization from the Mexican government, U.S. submarines are guarding the Bay of Campeche to protect Pemex's oil platforms there." The Campeche fields, off Yucatan, produce 72% of Mexico's crude oil. Some Mexican news media have given credibility to the charges and have asked the foreign relations department to clarify the matter.

By a strange coincidence, on the night of Jan. 17, an ethanol pipeline which supplies the Parajitos petrochemical complex in the state of Veracruz blew up at the Nuevo Teapa pumping station. A Pemex spokesman denied that "the work accident was due to an act of sabotage, as the regional press had irresponsibly reported." He said that Mexican Army and Navy personnel have the installations under rigorous surveillance. But, as one source commented, what might be expected would not be terrorist attacks ordered by Saddam Hussein which the press is bandying about, but acts of sabotage by *non-Arab* intelligence agencies.

Could such actions be related to the strategy announced by U.S. Energy Secretary Watkins, when he said the Bush administration seeks hemispheric energy security which frees the region from somersaults produced by situations such as the present one?