

Mexican government accelerates drive to privatize state oil industry

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Encircled by thousands of police and nine-foot-high metal security fences, Mexico's congress is expected to soon enact constitutional amendments allowing the partial privatization of the state energy firm, *Petróleos Mexicanos* (PEMEX).

Tuesday brought the legislature one step closer to the historic scrapping of what has long been seen as a key gain of the Mexican revolution--the nationalization of petroleum resources and expulsion of the foreign oil companies, which had rode roughshod over the country's economic and political life.

The Mexican Senate approved a so-called political reform demanded by the right-wing opposition party, the PAN (National Action Party), as a precondition for its supporting the ruling PRI (Institutional Revolutionary Party) of President Enrique Peña Nieto in pushing through its proposed "energy reform."

The main provisions of the new political laws include the ending of an 80-year-old tradition of "no reelection" for federal and state legislators—they will now be able to stay in office for 12 years, representing two terms for senators and four for deputies—and the centralization of an electoral system that was previously administered on the state and local levels.

The action is being taken less than a week after the center-"left" PRD (Party of the Democratic Revolution) formally broke with the Pact for Mexico. This political deal was initiated one year ago, upon Peña Nieto taking office, to unite his PRI, the right-wing PAN and the PRD behind a common agenda of structural "reforms."

These measures, designed to benefit the transnational corporations as well as Mexican capital, include a telecom "reform" that has opened up the Mexican market to foreign companies in both telephone service and television and radio broadcasting; an educational

reform that brought tens of thousands of teachers into the streets against attacks on their rights and conditions; and a financial reform that strengthens the grip of giant transnational banks and facilitates foreclosures and seizure of assets from those unable to pay their debts.

The most controversial of these so-called reforms, however, is that related to PEMEX, which is expected to be pushed through the Mexican congress before it goes on a six-week winter break on December 15. Tens of thousands demonstrated last weekend against the proposed privatization, and PRD-led protesters on Tuesday submitted the signatures of some 1.7 million Mexicans demanding a popular referendum on the measure. Polls have indicated that at least 65 percent of the population opposes the plans for PEMEX.

The main protests have been called by MORENA (Movement for National Regeneration) led by Andrés Manuel López Obrador (popularly known as Amlo), the former Mexico City mayor who ran in 2006 and 2012 as the presidential candidate of the PRD.

López Obrador was hospitalized and underwent surgery following a heart attack Tuesday. He has vowed to encircle the congress and mobilize demonstrations on the scale of those that largely paralyzed Mexico City in 2006, when he called his supporters into the streets to challenge what he charged was the theft of the presidential election by the then-ruling PAN.

MORENA has served as a left cover for the PRD and a harmless escape valve for the mass opposition to the structural reforms and, in particular, the privatization of PEMEX.

At the end of last month, the PRD leadership announced that it was withdrawing from the Pact for Mexico, citing its exclusion from negotiations between the ruling PRD and the right-wing PAN on the political

reform and proclaiming that it was supporting the formation of a “national front” to oppose the PEMEX legislation.

PRD president Jesús Zambrano insisted that the original pact did not contemplate the amending of the Mexican constitution now proposed by the Peña Nieto government to annul Articles 27 and 28, introduced following the 1938 nationalization of the oil industry enacted by President Lázaro Cárdenas. Amendments introduced in 1960 and 1983 further affirmed the state’s monopoly on exploration and exploitation of oil and gas as well as the generation and distribution of electricity.

Subsequent legislation allowing private contracting in the service sector provided the means for a backdoor privatization of significant parts of PEMEX’s operations, however. These included contracting out of well drilling, maintenance and other functions to private companies employing low-paid labor.

The formal withdrawal of PRD from the Pact for Mexico clears the decks for direct negotiations between the PRI and the PAN on what is widely being described as a “more market-friendly” energy reform that would potentially include not merely profit-sharing deals between PEMEX and foreign oil conglomerates, but outright concessions and production-sharing agreements.

Peña Nieto has publicly insisted that he has no intention of surrendering Mexico’s state ownership of the country’s oil, but the demand for the changing of the constitutional amendment making that the law of the land indicates otherwise.

Citing sources close to the legislative negotiations in Mexico, the US magazine *Businessweek* reported Wednesday that the PRI and the PAN are preparing “to extend a profit-sharing model unveiled in August by also allowing production sharing or a license model used in Brazil. Such licenses would allow the companies to extract and sell the oil and even “book” it, listing Mexican reserves as their private assets.

Among the companies expected to seek such licenses to directly exploit Mexican oil, particularly the vast deep-sea crude reserves in the Gulf of Mexico, are Exxon and Royal Dutch Shell, the successor corporations to those that were thrown out of the country 75 years ago.

Having played the essential political role of

facilitating Pact for Mexico’s package of counter-reforms designed to increase the wealth of big business and the super-rich by attacking the rights and historic gains of the Mexican working class, the PRD has now bailed out just as the final piece is being put into place, the privatization of PEMEX. This transparent opportunist maneuver is designed to divert mass popular opposition to the privatization back into the safe confines of capitalist politics.

PRD leaders have begun to speak in terms of unity with the MORENA movement of Lopez Obrador, whose own demagogic protests have never gone beyond upholding the current system of backdoor privatization and promoting the illusion that the interests of the Mexican people can be defended by means of limiting “reform” to a capitalist “modernization” of PEMEX.



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