# Peña Nieto pushes oil privatization in Mexico

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**15 September 2014**

In anticipation of next year's scheduled privatization of Mexico's oil industry, President Enrique Peña Nieto delivered his Second Governmental Report on September 2 before a crowd of legislators and officials in Mexico City's National Palace.

Peña Nieto's speech amounted to a victory lap for foreign oil interests and their allies in Mexico, which have sought to dismantle the remnants of Mexico's state owned oil company, Pemex, for years.

"This is not the same country as before. This is the Mexico that has dared to change," Peña Nieto said.

Noting the "firm principles" that have guided his administration in carrying out privatizations in education and telecommunication, Peña Nieto added, "Mexico has decided to change its future. The approval of the energy reforms will signify a before and after for Mexico."

Indeed, the privatization of Pemex, which provides the federal government with one third of its annual revenue, will facilitate budget shortfalls that will be met by the government with an intensified attack on social programs and on the living standards of the Mexican working class. Post-privatization Mexico will be one in which increases in foreign oil extraction will be paralleled by increases in the indices of social misery.

The terms of the privatization agreement reached at the end of 2013 will open up 17 percent of currently producing oil fields to foreign exploitation. On top of this, Mexico will yield the rights to 79 percent of prospective reserve fields. American and British oil companies are jostling for positions that will allow them to reap profits from the privatization.

In August, Pemex CEO Emilio Lozoya said that he had been in discussions with "dozens, if not hundreds of companies," including Chevron, BP and Exxon Mobil, to discuss plans for future resource extraction.

The reforms will also impact electricity prices of millions of Mexicans. Under the terms of the privatization, the state-owned Federal Electricity Commission (CFE) will lose its monopoly on electricity sales and will be forced to compete with private companies.

The move has been heralded by American think tanks as a strategic victory—allowing American companies to gain a tighter grasp over the Mexican economy. In " *A Second Mexican Revolution? Energy Reform and North American Energy Independence* ," Pamela Starr and Michael Camuñez wrote in *Foreign Affairs* last month: "More than a quarter century after implementing more market-friendly economic policies, the Mexican government's willingness and capacity to regulate private property is the lowest it has been for a century."

The authors explain that the privatization will facilitate American efforts to corner the natural resources of the world.

"In the longer term, increased Mexican energy production will flow into the North American market reinforcing regional energy independence and security. And a more secure and integrated North American energy market will reinforce North America's global competitiveness as a manufacturing and production center."

Mexico's oil industry was nationalized by President Lázaro Cárdenas in the aftermath of a major strike by oil workers against foreign oil companies in 1938. Despite oil shortages that persisted during the strike, the workers were supported by a wide majority of the population, and there was mass opposition to the protracted and parasitic role played by foreign capital in Mexico.

Today, the Mexican bourgeoisie is working in close collaboration with their American counterparts to carry out a historic reversal in these gains as part of a social counter-revolution against the working class of both countries.

While the Mexican and American ruling class prepares to reap the harvest of privatization, the living standards of the Mexican working class continue to decline. According to Mexico's National Council for the Evaluation of Social Development Policy (CONEVAL), 53.3 million of Mexico's total population of 117.3 million lived in poverty in 2012. This was an increase of 500,000 since 2010. According to a 2010 World Bank study, one third of the population lives on less than $5 per day.

In his two years in office, Peña Nieto has overseen a broad social counterrevolutionary campaign against public services—most noticeably public education, which he has systematically de-funded and privatized. As a result, his popularity has recently hit a new low. According to a poll published by the Mexican newspaper *Excelsior*, 54 percent of Mexicans disapprove of Peña Nieto's presidency, while only 43 percent approve.

The hostility felt by wide sections of the Mexican population to Peña Nieto finds expression even outside of the borders of Mexico proper. On a recent visit to Los Angeles, California, Mexican immigrants holding signs that read, "Mexico is not for sale, and "traitor" in reference to the Pemex privatization, greeted Peña Nieto.

But the opposition of the broad masses of the Mexican population to the oil privatization finds no expression in Mexico's political establishment. The Institutional Revolutionary Party (PRI) of Peña Nieto joined with the National Action Party (PAN) and the Mexican Green Party to force through the privatization legislation last December, despite widespread support amongst the population for a popular referendum to decide the question.

The Democratic Revolutionary Party (PRD), the Movement for National Regeneration (MORENA) of former PRD presidential candidate Andrés Manuel López Obrador, and the pseudo-left Worker's Party (PT) have offered nothing more than nominal opposition and have sought to prevent the mass opposition from developing into a political movement of the working class.