

In spite of these difficulties, most industry observers believe that Mexico will have to proceed with BOT power projects if it is to meet the growing demand for electricity. Demand has been growing nationally at 3 percent per year, but *CFE* estimates for the northeast are for 6 percent in 1996, and 7 percent in 1997. Recent price increases and the implementation of daylight saving time for the first time in 1996 may moderate these projections somewhat.

## OIL AND GAS EQUIPMENT AND SERVICES

*Petróleos Mexicanos (Pemex)*, the national oil company, is the only producer of oil and gas in Mexico. Under Article 27 of the Mexican constitution, it has exclusive authority for all exploration and production of petroleum products.

The state of Tamaulipas is the only one in the northwest that has significant petroleum resources. The port of Altamira in Tamaulipas plays a role in the servicing of offshore drilling and there are significant land-based petroleum resources in that area as well. The Altamira area was the source of about 29,000 barrels of crude oil per day and 43 million cubic feet of natural gas per day during 1994. In both cases, this was about 1 percent of Mexico's production. Further north, the *Reynosa* division of *Pemex* produced 238 million cubic feet of natural gas in 1994, almost 7 percent of the national total. The *Reynosa* division, which includes parts of Nuevo León and Coahuila, has not produced crude oil since 1990, according to *Pemex* reports. Monterrey-based *Grupo Protexa* is an important player in both terrestrial and undersea exploration and production, as well as the design and engineering of petroleum facilities.

Two of Mexico's seven petroleum refineries are located in the northwestern region. The *Pemex Cadereyta* refinery complex is located on the eastern outskirts of Monterrey. It processed 190,000 barrels per day in 1994, about 14 percent of Mexico's total output. *Pemex* has budgeted US \$200 million for expansion to this plant during 1996 and 1997. The *Madero* complex, which is near Tampico, had an output of 160 million barrels in 1994. *Pemex* also operates a secondary petrochemical complex at Reynosa, on the American border in Tamaulipas. The principal products are ethylene and polyethylene. This is one of 10 petrochemical complexes, which include 61 separate operations, that the government has put up for partial privatization.

Until recently, regulated prices and protectionist procurement policies have discouraged the achievement of world levels of efficiency. Prior to a major reorganization beginning in 1992, *Pemex* was the least productive petroleum