

PEMEX announced that in 1990 it will continue to work on the 481 projects presently under construction, of which 14 were started in 1989, in the following areas: exploration, well maintenance, refining, petrochemicals, transportation, distribution and administration. The total cost of these projects is valued at \$9.3 billion and is mostly concentrated in the industrial transformation (47%) and primary production (24%) areas. PEMEX received a major \$3 billion credit in 1989, granted by 80 banks in 13 countries in addition to \$380 million granted by 40 European banks. These amounts will be invested in the operation, repair and modernization of refining and petrochemical plants, continuing work on 12 underground salt caves in the state of Veracruz, which will eventually double PEMEX's storage capacity and continue the construction of the Pacific Project.

In May 1987, PEMEX initiated the construction of a major project partially financed by a Japanese Eximbank loan. This project, called the "Pacific Petroleum Project", consists of a series of interconnected installations to process and store crude, natural gas and petrochemicals for eventual shipment to the Far East. PEMEX expects this to strengthen its marketing position in the Pacific basin through integration, freight economies and increased physical capacity for transportation. The project includes four large construction works: an underground storage facility for crude and oil in 12 saline domes in Tuzandepetl, Veracruz, with a total capacity of 10 million barrels; a trans-isthmian, 265 kms long, 48" oil pipeline from Nueva Teapa to Salina Cruz; the second stage construction of the Salina Cruz refinery, which is expected to double refining capacity, and the improvement and increase of port infrastructure and gas liquification capacity; the construction of an ammonia complex in Lázaro Cárdenas, Michoacán with a 500,000 tons/year capacity. This project has received priority attention and important advances have been made in several areas. Total projects in execution are 37 with a total cost of \$1.5 billion.

The biggest challenge facing PEMEX is to produce sufficient petrochemicals to meet national demand, since imports of these have been an unacceptable drain on the nation's foreign currency holdings. PEMEX is particularly interested in producing the petrochemicals needed by Fertimex, the country's parastatal fertilizer manufacturer, as well as basic petrochemicals. New investment in basic and secondary petrochemicals by PEMEX and private sector companies totalling between \$4.7 and \$5.5 billion between now and 1994 are needed. It appears that PEMEX will enter into joint ventures with Mexican and foreign investors, allowing the latter to construct and run petrochemical plants for a specified number of years, after which they would transfer to PEMEX ownership. The petrochemical industry as a whole is expected to increase at an average annual rate of eight percent between 1990 and 1994.

PEMEX expects to attract new joint venture or direct investment capital thanks to the reclassification, under the Mexican Government's Petrochemical Development Plan of 1986, of 36 petrochemical products from the "basic" category, investment in which is restricted by the Mexican Constitution to PEMEX, to the "secondary" category, in which foreign capital participation of up to 40% is permitted. Officials of the SEMIP indicated that this share might even be increased to 49%.

Since 1980, PEMEX has embarked on a major expansion of its petrochemical facilities. The first stages of the 14 plant, \$1.3 billion Morelos Petrochemical Complex, producing ethylene, propylene, polyethylene and oxygen for domestic consumption have been put into operation between 1988 and 1989. This complex is estimated to be completed in 1993. The Nuevo PEMEX complex in Tabasco opened in 1988 with a steady production of sulphur, ethane, propane and butane which are further processed into industrial