

## PETROCHEMICALS CLASSIFIED AS "BASIC" UNDER MEXICAN LAW

butane	ethane
heptane	hexane
naphtha	penatanes
propane	raw materials for carbon black

Source: *Petróleos Mexicanos (Pemex)*, the national oil company.

*Pemex Gas y Petroquímica Básica*, Gas and Basic Petrochemicals, consolidated production of the eight basic petrochemicals where *Pemex* still has a monopoly. *Pemex Petroquímica* is responsible for the production of petrochemical products that are not considered part of the basic petroleum industry. The list of basic petrochemicals reserved for the state was reduced to 20 products in 1989, and to eight in 1992. *Pemex Petroquímica* has had trouble rationalizing its operations to accommodate the liberalized trade environment and the elimination of government subsidies. It is regarded as a holding company for operations that will eventually be sold to the private sector. In 1995 *Pemex* initiated the process of privatizing the company's 61 petrochemical plants, located in 10 complexes. The first complex to be tendered was the Cosoleacaque ammonia complex in the state of Veracruz.

The privatization process has been hindered by domestic opposition and a lack of interest on the part of international chemical corporations. The privatizations, which were originally scheduled to be completed in 1996, will now proceed gradually. There have been rumours that it will be suspended indefinitely. In addition to Cosoleacaque, the plants that are targeted for privatization include the Morelos, Cangrejera and Pajarito complexes, located in the Gulf state of Veracruz. A coalition of Mexican conglomerates that includes *Grupo Desc*, *Alfa*, *Celanese*, *Cydsa* and *Idesa* has expressed interest in the Morelos and Cangrejera complexes. Several multinational corporations are also reported to be interested.

To make these complexes more competitive, the government is promoting investment to develop an extensive chemical and industrial cluster in this region. Ports in the petroleum-rich Gulf coast region have the most developed facilities for exporting chemicals in the country.