

# MEXICO NATIONAL CONTENT

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THE CHALLENGING ALIGNMENT OF DOMESTIC INDUSTRY WITH FOREIGN  
INVESTMENT.

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# PECULIAR TIMES FOR NATIONAL CONTENT POLICY:

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- We have:
  - Elections both in the Mexico and the US.
  - America first, Mexico first,? depending on:
    - Uncertain NAFTA negotiations.
    - The outcome of Mexican elections.
      - Trump and the “left” leaning candidate, López Obrador, have their own style of protectionism.
      - Nonetheless, the current governing party is pushing the energy reform forward.
      - Could it be reverted? Could national content be a “weapon” to stop foreign investment?

## SO FAR, NATIONAL CONTENT HAS NOT BEEN AN ISSUE DURING THE EARLY IMPLEMENTATION OF THE ENERGY REFORM.

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- As we shall see, there has been a growing interest in private/foreign investment in various activities of the value chain both in electricity and hydrocarbons.
- The Department of Trade (Secretaría de Economía) determines the percentage and Methodology of National Content applicable to:
  - Contracts (Upstream and Electric)
  - Entitlements (Pemex's exclusive oil/gas acreage)
  - Permits: (Midstream and Downstream oil/gas)
- Such Department interacts with the Regulatory Agencies to integrate National Content into Contracts, Entitlements and Permits.

# IDENTIFICATION OF SUPPLY IN UPSTREAM ACTIVITIES, SINCE THE INITIATION OF THE REFORM

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- The National Content analysis by the Ministry of Trade began by:
  - The analysis of demand in the upstream value chain found that there were at least 399 goods and 177 services to be hired from Mexican companies during the stages of exploration, evaluation, development extraction and abandonment.
  - Thus, the value chain analysis became a powerful tool to identify potential business opportunities for local providers, both for Pemex and other private companies.
  - For ROUND 1: 66% of these domestic investments will come from shallow water projects (612 million dollars) while 25.9 come from onshore projects (237 million dollars). Finally only 7.5% will be destined to deep water projects (65 million dollars)

ARE THESE NUMBERS REALISTIC?





# INTERNATIONAL ENGAGEMENT

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- Task forces were integrated by the Ministry of Trade with the National Association of Hydrocarbon Companies (ANPHI) and the Mexican Association of Hydrocarbon Companies (AMEXHI). The latter is mostly Mexican incorporated IOC's. The following collaborations were made:
  - MINISTRY OF TRADE AND GENERAL ELECTRIC.
  - MINISTRY OF TRADE AND SIEMENS.
  - MINISTRY OF TRADE AND SHELL.
- These collaborations are working on practices towards technology transfer, job creation, capacity building, creation of competitive supply value chains.

# FINAL WORDS:

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- The current government is trying to reconcile the creation of a Mexican supply chain with competitiveness. However:
  - Will the reform resist the new government?
  - What will be the future of national content under the new NAFTA?
  - What economic conditions will govern the industry even if Mexico remains open?

**ALL IS YET TO BE SEEN**



- THANK YOU!
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- ¡GRACIAS!
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