# Country: Mexico

# Report Title: Equipment for the Exploration and Production of Natural Gas

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## Summary

This sub-sector market research report analyzes the market for equipment used for the exploration and production of natural gas. This report includes information on the demand for equipment needed for the exploration and production as well as for the storage and distribution of natural gas that is used by Mexico's industrial, electrical and residential sectors. This market is expected to grow approximately 10 percent from 2008 to 2009. This market has become more competitive, especially due to the efforts made by companies from China, Canada, Brazil, Germany, Spain, and others.

The total market in 2007 for equipment used in the exploration, production, storage and distribution of natural gas was USD3.2 billion. It is expected that the total market will increase to USD3.4 billion by the end of 2008. Mexico's government owned petroleum company - Pemex - is the major end-user of equipment for this sub-sector. Private companies purchase 45 percent of the equipment and services needed to implement Mexico's natural gas programs and needs.

### Market Demand

At the end of 2007, Mexico's government-owned petroleum company (PEMEX) was considered the 13th largest natural gas producer in the world. Pemex has 10 natural gas processing centers and over 9,000 kilometers of natural gas pipelines. The processing centers are located in the States of Tamaulipas, Nuevo Leon, Veracruz, Tabasco, Campeche, Chiapas and Oaxaca. Natural gas production is located in the states of Chiapas, Oaxaca, and the Burgos Basin, which includes the States of Tamulipas, Nuevo Leon, and Coahuila.

In 2003, Pemex initiated a natural gas exploration program to increase Mexico's production of natural gas. The program was called "Multiple Services Contracts" (MSC). Table 1 shows the companies that won international tender contracts according to seven blocks (areas) and that have invested over USD2 billion in the purchase of geological studies, drilling equipment, pipe, and tools, etc., since the program started until March of 2008. Investment will continue during the next five to ten years.

Table 1
Companies with Multiple Services Contracts with Pemex

| Block | Companies |
|---|---|
| Reynosa/Monterrey | Repsol/Exploracion Mexico |
| Cuervitos | Grupo Diavaz/Petrobras/Teikoku Oil |
| Mision | Perforadora de Campeche/Techint |
| Olmos | Lewis Energy Group |
| Fronterizo | Grupo Diavaz/Petrobras/Teikoku Oil |
| Pandora/Anahuac | Industrial Perforadora de Campeche |
| Pirineos | Repsol/Monclova Pirineos Gas |

Source: Pemex's Exploration and Production, 2008

Pemex, at the end of 2007, produced over 3.5 million cubic feet per day of natural gas and was importing 22.9 percent of its natural gas demand. The importation of natural gas takes places with 15 interconnections with U.S. gas pipelines across the Mexican states of Coahuila, Chihuahua, Tamaulipas, and Sonora. Mexico's daily demand of natural gas is in 59.0 percent from the industrial sector; 35.0 percent from the electricity sector, and 6.0 percent from the residential sector.

In 2004, Mexico also started a Liquefied Natural Gas Program (LNG). In 2006 a LNG plant started operations in the Port of Altamira. State of Tamaulipas (Gulf of Mexico). The production of the natural gas is purchased by Mexico's Federal Electricity Commission (CFE). This plant is operated by Shell and in 2007 imported 11 shipments of liquefied natural gas (molecule) from Nigeria, Qatar, Egypt, and Trinidad and Tobago. According to the Mexican Energy Regulatory Commission (CRE) the total investment from Shell was over USD2.0 billion for the turnkey operation (purchase of land, permits, studies, engineering, purchase of equipment, pipe, meters, construction etc.).

Another LNG plant will start operations at the end of 2008. The plant located in Ensenada, State of Baja California (Pacific) will be operated by SEMPRA Energy. The importation of the LNG will be from Nigeria. According to CRE, the total investment for the whole project will be over USD2.7 billion.

A third LNG plant located in Manzanillo, State of Colima (Pacific) will be constructed and operated by Japanese company Mitsui. The molecule will be imported from Peru by Spanish company Dragados with a partnership with Hunt. The plant will start operations at the end of 2009. CFE will be the customer of the natural gas. According to CRE, the total investment is expected to reach USD 3.0 billion.

In regards to the production of natural gas, Mexico has the following five major regions: Cantarell; Ku-Maloob-Zaap; Crudo Ligero Marino; Burgos, and Veracruz. All of the production of natural gas in the five regions is on ground.

In 1996, CRE invited the private sector to bid on tenders for the distribution and transportation of natural gas in urban areas. Table 2 shows the number of permits that CRE had granted until March 2008.

Table 2

| Type of Permit | Number of Permits | Number of Kilometers Covered | Investment in US Dollars |
|---|---|---|---|
| Transportation | 155 | 12,353 | 1.9 billion |
| Distribution | 22 | 35,350 | 1.7 billion |
| Total | 177 | 47,703 | 3.6 billion |

Source: Energy Regulatory Commission (CRE), March 2008

Companies that have received permits are required to present an application with an investment plan, area or region to be covered, and who the customers will be. Until March 2008, the companies that had the 177 permits had invested over USD 3.6 billion in the purchase of pipe, meters, pumps, leak detection equipment, etc. At least 12 of the capital cities of the 32 Mexican States such as Monterrey, Durango, Guadalajara, Puebla, Morelia, Queretaro, Toluca, Hermosillo, Saltillo, Chihuahua, Merida, Mexico City, etc., have private companies that operate the distribution and transportation of natural gas for the residential, industrial, and electricity sectors.

**Market Data**

The market for equipment for the exploration, production, distribution and transportation of natural gas is expected to grow at an average of 3.0 percent during the next two years (Table 3), due to priorities set by Pemex and the role of the private sector that is investing in the exploration, production, distribution and transportation of natural gas in the various regions of the country that have received authorization by CRE.

The figures in Table 3 also show that the total market size for equipment for the exploration, production, distribution, transportation and storage of natural gas will increase from USD3.2 billion in 2007 to USD3.4 billion by the end of 2008. According to Pemex and CRE officials, 80 percent of the demand will be supplied by large contractors for turn key projects announced in international tenders and 20 percent will be direct purchases from manufacturers by Pemex.

Total imports of equipment for the exploration, production, distribution, transportation, and storage of natural gas, will grow at an average of 10 percent from 2008 to 2009. The growth is expected to be higher from 2009 to 2010.

Table 3

Market Size for Equipment for Exploration, Production, Transportation, Distribution and storage of Natural Gas
(USD Millions)

| | 2006 | 2007 | 2008 Estimate * | 2008-2009 Growth rate (%) |
|---|---|---|---|---|
| Import Market | 2,032.0 | 2,235.2 | 2,458.7 | 10.0 |
| Local Production | 1,350.0 | 1.390.5 | 1,394.7 | 2.5 |
| Exports | 342.0 | 352.3 | 366.4 | 3.0 |
| Total Market** | 3,040.0 | 3,273.4 | 3,487.0 | 3.0 |
| Imports from U.S. | 1,178.6 | 1,931.3 | 2,092.2 | 8.5 |

* The 2008 estimate is a projection of data available in March 2008

Exchange Rates: 1 USD = 10.50

Inflation rate: 2007, 3.5; expected in 2008: 3.7

Sources: Statistics from the Mexican Import and Export Bank (Bancomext); Pemex, Annual Report; interviews with Pemex's officials and members of the College of Petroleum Engineers of Mexico (Colegio de Ingenieros Petroleros de Mexico), CRE, and private companies.

**Best Prospects**

The following is a short list of the equipment and products that will have the greatest demand during the next five years.

Drill Pipe for Gas drilling; iron or steel; casting and tubing gas drilling; drilling, threading or tapping tools; tools for drilling other than rock drill; tools for boring or broaching; tools for turning of base metals; interchangeable tools for hand or machines; pumps fitted with measuring device; hand pumps fitted with measuring devices; concrete pumps; rotary positive displacement pumps; gas pumps; boring or sinking machinery; pressure-reducing valves; check valves; mobile drilling derricks; surveying instruments; test benches, etc.

Private companies and Pemex will be investing over USD 2 billion during the next five years in the purchase of the above equipment and products for the implementation of their projects in various regions of the country.

**Key Suppliers**

Local manufacturers are present in a minor role as suppliers of equipment and pipe for the exploration, production, distribution and transportation of natural gas. The below-mentioned companies are potential partners for U.S. firms and are some of the most important importers and distributors in the Mexican market:

CDI Construcciones industriales, Equipomex, Corporación Denver, Mira Construcciones, GEOMAREX, TUBACERO, TECSA, WALWORTH, ROSEN Inspection, ICA Fluor, Equipamientos y Suministros Industriales, Tubería Laguna, Grupo Petrogas de Monterrey, Fugro México, Lavisa, RNB S.A. de C.V., SICSA, Suministros Industriales Carrizales, Grupo R, Tamsa. Global Offshore México, Fabricación de Maquinas,Tanques Especializados de Chihuahua, Grupo Industrial Secner, FISEI, GBI Instrumentación, STEVAC, Protexa, etc.

The main third country competitors are China, Canada, Brazil, Spain, Germany, and others. The corresponding percentages are given in Table 4.

Table 4
Origin of Imports
Market Share (%)

| Market share | 2006 | 2007 | 2008 Estimate |
|---|---|---|---|
| US | 55.0 | 58.0 | 60.0 |
| China | 12.0 | 12.0 | 10.0 |
| Canada | 10.0 | 10.0 | 6.0 |
| Brazil | 9.0 | 9.0 | 9.0 |
| Germany | 7.0 | 5.0 | 6.0 |
| Spain | 4.0 | 3.0 | 4.0 |
| Others | 3.0 | 3.0 | 5.0 |

Third-country competitors

Third country firms usually have a representative in Mexico or have a strategic alliance with a local natural gas exploration, production, storage, distribution, and transportation equipment firm. Many have actively promoted their interests during the last five years by participating in trade shows and technical seminars in Mexican cities where exploration, production, distribution and transportation of natural gas activities take place. When shows and seminars are held in their countries, they may invite Pemex officials and potential representatives to participate with all expenses paid. These visits include tours of the manufacturing plants, gas exploration and production facilities, end-users, research institutions, which many times result in cooperation agreements, exchange of research information, and technical training programs. The below firms are some of the third country competitors.

| Company | Country of Origin |
|---|---|
| Controls and Technology Ltd | U.K. |
| Harvey and Co. Ltd | Canada |
| Advanced Valve Technologies | U.K. |
| Zhejiang Jinggong Valve Factory of China | China |
| Ansell Jones Limited | U.K |
| Shanghai Forging Company | China |
| Bardex Corporation | U.K |
| Bentec GmbH | Germany |
| BlueStar Tools | Canada |

**Prospective Buyers**

Private Sector

Some of the companies that have received transportation permits by CRE and have investment plants for 2008-2012 are: Conceptos Energeticos Mexicanos, Ductos Nogales, El Paso Gas Transmission de Mexico, Energia Mayakan, Finsa Energeticos, Gasoducto Bajanorte, Gasoductos de Chihuahua, Gasoducto de Tamaulipas, Igsamex Bajio, Tejas Gas de Toluca, Kinder Morgan Gas Natural de Mexico, Terranova Energia, Transportadora de Gas Zapata, etc. According to CRE the above companies have an investment commitment of USD 2 billion from 2008-2012 to comply with their permits.

Companies that have received distribution permits by CRE and investment plans for 2008-2012 are: Comercializadora Metrogas, Compania Mexicana de Gas, Compania Nacional de Gas, Consorcio Mexi-Gas, DGN de Chihuahua, DGN de la Laguna, Distribuidora de Gas de Occidente, Distribuidora de Gas de Mexicali, Gas Natural de Juarez, Gs Natural del Noroeste, Natgasmex, Tamauligas, Tractebel de Mexico, etc. According to CRE the above companies have an investment commitment of USD 2.2 billion from 2008-2012 to comply with their permits.

Government Sector

Pemex (Mexico´s government-owned petroleum company) subsidiary Pemex Gas and Petrochemicals is a major end-user of equipment for the exploration, production, distribution, transportation and storage of natural gas.

To participate in Pemex projects, companies are recommended to become familiar with Pemex programs and to find a local representative that monitors the domestic and international tenders that are governed by Mexico's Public Work laws and by the regulations of the World Bank and the Inter-American Development Bank (IDB).

Companies are recommended to review the list of tenders published on Tuesdays and Thursdays in the Mexican Official Gazette (Diario Oficial, http://compranet.gob.mx) and to follow the guidelines and requirements of the tenders for technical and economic proposals.

**Pemex Requirements**

To participate in Pemex tenders, companies must first become registered on Pemex´s Equipment and Suppliers list. It is easy to register. International companies are required to register personally or through a local legal representative.

As of January 2008, a total of 10,590 firms were registered; 9,980 are local firms and 610 international firms. A total of 1500 are U.S; 70 from Canada; 30 from Korea; 20 from Germany; and the rest from Spain, Taiwan, Brazil, and Japan.

The Following are the basic steps to register:

a) Companies can begin the process by contacting by e-mail Pemex´s Suppliers Registration Coordination Area (sipc@dca.pemex.com) or by filling out an application at Pemex's internet site (www.pemex.com) or by obtaining the application directly at Pemex' headquarters. Address: Av. Marina Nacional 329, Edificio A, Piso 2, Col. Huasteca, 11311 Mexico, D.F., tel. (011-5255) 1944-8087, fax. (011-5255) 1944-9062.

b) The company must present the application with a copy of its articles of incorporation in Spanish, notarized in the locality where the firm has its offices;

c) Companies are responsible for renewing their registration annually;

d) Companies are responsible for reviewing the list of tenders published on Tuesdays and Thursdays in the Mexican Official Gazette (Diario Oficial, www.compranet.gob.mx) and to follow the guidelines and requirements of the tenders for technical and economic proposals.

Types of Tenders

National Tenders

a) are limited to purchases between US$10,256 to US$153,846;
b) are limited to participation by Mexican suppliers (U.S. firms with Mexican joint ventures or local representatives/ distributors are considered to be Mexican suppliers);
c) must have at least fifty percent local content;
d) must receive at least three national bid proposals (whether via invitation or public tender), or otherwise must be subject to international bid.

International Tenders

a) required for purchases above US$153,846; (under NAFTA, above US$250,000);
b) are required whenever Mexican suppliers cannot fill the requirements for a national tender;
c) are subject to applicable Free Trade Agreements. (Mexico has signed FTA´s with the U.S. and Canada, Bolivia, Costa Rica, Colombia, Venezuela, Chile, and with the European Community);
d) are subject to conditions imposed by international financial institutions when the contracts include credits granted by them (World Bank, Inter-American Development Bank and EximBank); and,
e) are without any requirement for local content.

Invitational Tenders

Pemex is allowed to establish its own parameters. These awards are used for small purchases, and are very much like the sole-source procedure. The threshold for invitational tenders for small purchases is defined annually, typically ranging from US$833.33 to US$17,692.00 dollars, for machinery and equipment respectively. They also can use invitational tenders for emergency tenders.

**Import, Duties and Taxes**

According to the 1998 modifications in the Mexican customs law, the participation of a customs broker is not obligatory for imports if all legal and technical requirements are met. In the same change, in order to import some goods, it is now required that the importer be registered as such with the Secretariat of Treasury and Public Credit (Secretaria de Hacienda y Credito Publico-SHCP). The participation of a customs broker is suggested when the exporter is not familiar with Mexican standards and customs processing procedures.

Almost all exploration, production, storage, distribution, transportation of natural gas products equipment from NAFTA countries are exempt from any import duties. Duty for non-NAFTA countries range from 3 to 15 percent for the same products. For specific tariff information on non-NAFTA rates for the natural gas industry, contact the Commercial Service's Francisco Ceron in Mexico City. His contact information is listed at the end of this report.

A 15 percent Value Added Tax (IVA) is assessed on the cumulative value, consisting of the U.S. plant value (invoice) of the product, plus the inland U.S. freight charges, any other costs listed separately on the invoice such as export packing plus the duty. The importer will pay other IVA fees for such services as the inland Mexico freight and warehousing. The IVA tax is only 10 percent for border area destinations. The IVA is recovered at the point of sale.

The following example shows the difference in import costs for a NAFTA firm versus a non-NAFTA firm. The example also shows the effect of the 15 percent IVA on the final import price versus a non-NAFTA manufacturer's price.

Direct Import Cost Template

| | US Firm | Non-NAFTA Firm |
|---|---|---|
| Base Price | $100.00 | $100.00 |
| Freight (estimated 8.0%) | 8.00 | 8.00 |
| Insurance (1.5% of C&F) | 1.62 | 1.62 |
| Dutiable base =CIF | 109.62 | 109.62 |
| Ad Valorem Duty (3.0%) | 0 | 3.29 |
| Value Added Tax (15.0%) | 16.44 | 16.94 |
| Total | $126.06 | $129.85 |
| Port Costs (Unloading, storage, Est 6.0% CIF) | 7.56 | 7.79 |
| Freight forwarder fee (Est. 1.5% CIF) | 1.64 | 1.64 |
| Bank charges (2.0% of FOB price) | 2.00 | 2.00 |
| GRAND TOTAL | $137.26 | $141.28 |

Note:
As of July 1, 1999 NAFTA originating goods are no longer subject to the 0.8% customs processing fee. A NAFTA certificate of origin is needed to take advantage of this exemption.

Temporary import permits are issued by the Mexican Economy Secretary (Secretaria de Economia) to Mexican importers to carry out projects with Pemex or contractors. Permits can be issued for a maximum period of six months. Natural gas exploration, production, storage, distribution and transportation equipment imported under a temporary import permit does not pay the value added tax.

CERTIFICATE OF ORIGIN: A certificate of origin is required from all foreign suppliers or exporters. If the product qualifies as North American in content, the exporter must use the NAFTA Certificate of Origin in order to benefit from preferential treatment under NAFTA. This is the responsibility of the exporter and the forms are available from the U.S. Customs Service, freight forwarders, or local U.S. Chambers of Commerce. The certificate should contain at least the following:

- Name of Exporter
- Name of Producer
- Tariff Classification of Product
- Description of Goods (similar to invoice)
- Number of the Official Invoice

FREE SALE CERTIFICATE: This certificate is required for all products entering Mexico. This certificate proves that the imported goods are also sold in the country of origin. A letter from the local Chamber of Commerce is sufficient proof and the importer would present it at the time of importation.

NOM CERTIFICATION: (Normas Oficiales Mexicanas - Mexican Official Standards). There are no norms applicable for products related to the natural gas technology and equipment.

LABELING REQUIREMENTS: According to Mexico's Federal Law on Metrology and Standardization, oil refining, storage, and distribution equipment sold in Mexico is exempted from having a label in Spanish affixed to each product. Listing the required information in Spanish on the shipping container will satisfy the labeling requirement. The Spanish information on the box must contain, at a minimum, the following information:

- Name and address of the importer
- Importer's Ministry of Finance Taxation Number (RFC number and/or their Industry Association registration number)
- Exporter's name and address
- Trademark or commercial brand name of the product
- Product description whenever the product is packed in such a form that it is not visible
- Use, handling, and care instructions for the product, as required
- Country of origin
- Warnings or precautions on hazardous products
- Size, if applicable, Mexico's Federal Law on Metrology and Standardization stipulates that all weights and measures must be in the metric system.

There are no barriers for importing natural gas, exploration, production, storage, distribution, and transportation equipment. However, the Mexican import law is very strict on the required documentation. While it is not required, it may be advantageous when selling equipment to use a reputable customs broker to properly prepare the paperwork needed. The basic documents required to import natural gas technology and equipment into Mexico include:

1) Import petition
2) NAFTA Certificate of origin
3) Commercial bill
4) Insurance and freight bills

The products qualifying as North American must use the NAFTA Certificate of Origin in order to receive preferential treatment. The exporter or broker may issue such a certificate. It does not have to be validated or formalized. Other entities that may issue a Certificate of Origin include government agencies, producers, exporters, industrial and commercial chambers of commerce, and associations that are legally authorized in the United States. Like the U.S., Mexico uses the Harmonized Tariff System (H.S.). However, Mexico uses only eight digits while the U.S. uses up to ten digits. The first six digits used under the HS system are identical for all countries, the rest may vary.

Table 5 shows the import duties assessed on some natural gas, exploration, production, storage, transportation, and distribution equipment.

Table 5

Import Duties for selected Equipment for the Exploration, Production, Storage, Distribution, and Transportation of Natural Gas.

| Harmonized System Number | Product | NAFTA Tariff Reduction Schedule | Current Import Duties N/O* |
|---|---|---|---|
| 7304.1002 | Steel pipe for natural gas | C | 0/2 |
| 7304.1099 | Other pipe for gasl | C | 0/15 |
| 8413.8201 | Pneumatic Power Engines | B | 0/10 |
| 9026.10.03 | Instruments for Measuring or Checking the Flow or Level of gases | C | 0/15 |
| 841330 | Concrete Pumps | A | 0/12 |

| | | | |
|---|---|---|---|
| 841370 | Centrifugal Pumps | A | 0/15 |
| 84134.11 | Pumps for Dispensing gas | A | 0/15 |
| 8413.19 | Pumps Fitted or Designed to be fitted with a Measuring Devise | A | 0/15 |
| 8413.20 | Hand Pups | B | 0/15 |
| 3917.40013 | Plastic Fittings | B | 0/15 |
| 7304.5107 | Boiler Piping | B | 0/15 |
| 7306.1001 | Line pipe for gas pipelines | C | 0/15 |
| 7307.1199 | Cast iron pipe fittings | C | 0/15 |
| 841410 | Vacuum Pups | A | 0/15 |
| 848110 | Pressure-Reducing Valves | A | 0/15 |
| 848120 | Valves F Oleohydraulic Or Pneumatic Transmissions | A | 0/15 |
| 848140 | Safety Or Relief Valves | A | 0/15 |
| 848130 | Check Valves | A | 0/15 |
| 7307.07.1904 | Nozzles | C | 0/30 |

*In the 4$^{th}$ column it shows import duties for products from NAFTA (N) and non-NAFTA countries (O). Example 0/2, column shows import duties for products imported from NAFTA countries (0) and with which Mexico has no free trade agreement (2).

Category A: Duties on U.S. products were fully eliminated on January 1, 1994.

Category B: Duties on U.S. products were fully eliminated on January 1, 1998.

Category C: Duties on U.S. products were fully eliminated on January 1, 2003.

The Commercial Service of the U.S. Embassy in Mexico City has an officer who follows developments in the standards area:

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U.S. Commercial Service - Mexico
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**Market Entry**

Often, the decision to select exploration, production, storage, transportation, distribution of natural gas products depends on the demonstrated commitment to servicing the client after the sale has been made. This has been the most effective tool that third country manufacturers have used to penetrate the market. They offer to have their maintenance personnel at the clients' facilities in no more than 48 hours after a service call is made. The availability of required spare parts is the natural complement to the presence of their technicians.

Pemex, major Pemex contractors, and companies in the natural gas industry are demanding uniform quality control, compliance with international standards, productivity, lower production costs, just-in-time deliveries and above all, reliable local service and maintenance programs. This last factor has become, in many instances, even more important than pricing or financing in the natural gas technology and equipment purchasing decision. U.S. firms should bear in mind, however, that Pemex and Mexican contractors are extremely price sensitive.

U.S. firms wishing to promote their products and/or services to Mexican representatives and/or buyers can do so by participating in the trade exhibitions program of Commercial Service Mexico, held annually in Mexico through privately held exhibitions and/or seminars. The U.S. Commercial Service in Mexico City can also help U.S. firms identify potential partners-clients.

Advertisements in specialized magazines are very effective, especially in publications distributed to members of associations or distributed to large contractors, Pemex officials, and distributors.

**Financing**

Financing is very important to marketing in Mexico, particularly in the natural gas technology and equipment.

Mexico’s 45 commercial banks offer a full spectrum of services within one institution. These services range from offering deposit accounts, consumer and commercial lending, corporate finance, and the operation of trust and mutual funds, to foreign exchange and money market trading. Mexico’s commercial banking sector has been opened to foreign competition. The North American Free Trade Agreement (NAFTA) permits U.S. and Canadian banks or any other foreign bank with a subsidiary in the U.S. or Canada to establish wholly owned subsidiaries in Mexico.

It is not a requirement for U.S. suppliers of exploration, production, storage, transportation, distribution, of natural gas equipment to bring the financing to sell their equipment. It is a general practice for Mexican companies that purchase technology and equipment in the natural gas industry to use commercial bank financing to pay for the technology. An irrevocable letter of credit is commonly used when dealing with foreign suppliers. The major Mexican commercial banks, besides having correspondent banks in the United States provide typical bank services, such as transfer of funds, letters of credit, and money orders.

High value sales usually are made through letters of credit. Small value sales are either made with cash or with a 50 percent advance payment when the order is placed and 50 percent on delivery.

Additionally, U.S. government agencies, such as the U.S. Trade and Development Agency (USTDA), the U.S. Export Import Bank (Exim), the Overseas Private Investment Corporation (OPIC) have programs in this sector. USTDA finances feasibility studies and other forms of technical assistance. Exim can guarantee up to 85 percent of the U.S. content and OPIC can provide insurance if 25% of the project investment is from the United States.

Exim has been working closely for many years with Pemex to become a modern oil company. Pemex uses several U.S. Exim bank programs (working capital, insurance, direct loans, etc) to help U.S. exporters of equipment and services, including for the exploration, production, storage, transportation and distribution of natural gas products.

Six years ago, OPIC formalized with the Mexican Finance authorities its participation in the Mexican market. Since then, OPIC has been very active in Mexico promoting its programs by meeting with private sector companies to encourage them to use its programs to participate in the implementation of Pemex projects.

**Trade Events**

1. Third Oil Mexican Congress and Exhibition
Date of Event: May 28-31, 2008
Location: Monterrey, Mexico
Venue: CINTERMEX Convention Center
Frequency of Event: Annual

2. Petroleum Exhibition of Mexico
Date of Event: November 11-13, 2008
Location: Villahermosa, Tabasco
Venue: Parque Tabasco, Villarmosa
Frequency of Event: Annual

**Resources and Key contacts**

| | |
|---|---|
| Secretary of Energy | www.energia.gob.mx |
| Government-Owned Petroleum Company-Pemex | www.pemex.gob.mx |
| College of Petroleum Engineers of Mexico | www.cipm.org.mx |
| Overseas Private Investment Corporation-OPIC | www.opic.gov |
| Export-Import Bank of the United States | www.eximbank.gov |
| Energy Regulatory Commission | www.cre.gob.mx |
| Mexican Energy Association | www.ame.com |

**For More information**

The Commercial Service in Mexico City/Mexico can be contacted via e-mail at:
Francisco Ceron, Senior Trade Specialist, e-mail: Francisco.ceron@mail.doc.gov: Phone 011(52-55) 5140-2640; Fax 011 (52-55) 5566-1111 or visit our website: www.buyusa.gov/

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