

Petrol PLAZA

Mexico: BP reaffirms its alliance with indebted Pemex

The British giant considers its alliance with the Mexican oil company as "strategic" for its retail fuel business in Mexico, although it has accelerated the development of its own infrastructure.



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British Petroleum, the leading foreign player in the retail fuel market in Mexico, celebrates two years in the country with 450 gas stations operating in 26 of the 32 Mexican states. Today, they all rely on the fuel provided by Pemex.

The British company, however, is accelerating the development of its own infrastructure to import fuel after being affected by a supply crisis following the [escalating fuel theft that the country suffered earlier this year](#). The closure of the Pemex pipelines forced BP to interrupt service at several of its gas stations due to shortages, mainly in the central region of Mexico.

The development of its own supply chain does not, however, seek to create an alternative chain. "It is not that we want to jump into Pemex or that we want to break a strategic alliance that for us is critical

(...) BP and Pemex have a strategic relationship and our interest is to continue having it, the longer and more fruitful the better," Álvaro Granada, BP's general director of fuels, explained to AFP.

The main objective of this new infrastructure is "to try to accelerate and strengthen" the development of BP's supply chain in some regions of the country, Granada explained to AFP.

BP's proposed plans for its supply chain covers three phases: the first, starting in the second quarter, will involve trucks bringing fuel from refineries in Texas; the second phase, in the second half of the year, will require trains to transport fuel from its facilities in Texas and Illinois to central Mexico; the third and most ambitious is planned for 2020 and includes the operation of a maritime terminal built in partnership with the firm IEnova, in the state of Baja California (northwest), with a capacity to store 500,000 barrels.

Granado also revealed to AFP that Mexico is already the fifth largest market in the world for BP, after the United States, Oceania, Germany and the United Kingdom. However, Mexico could overtake the company's parent British islands in the next 12 months with the construction of 1,500 gas stations. This becomes clearer after being aware that half of the new stations that BP plans to open globally will be located in Mexico.

Pemex: main importer of fuels in Mexico

With a debt that exceeds 100,000 million dollars, today Pemex continues to be the main producer and, most importantly, importer of almost all the fuels consumed in the country. As a result, after the deregulation of the fuel sector in 2013, companies that enter the market have to rely on Pemex's services.

The demand for gasoline in Mexico is about 800,000 barrels per day - more than 70% is imported. In 2018, 93% of imports were made by Pemex and only 7% by private companies, according to industry data.