

# Petrol PLAZA

## Huachicoleo: The art of stealing fuel in Mexico

The new government has made the fight against fuel theft in Mexico a maximum priority. In 2018, the losses caused by criminals tapping fuel pipelines reached over \$3 billion.



In January of 2019 the term “*huachicoleo*” came to international prominence as gas stations ran dry. Severe fuel shortages hit Mexico as gangs hit the country’s pipeline network and consumer panic ensued. *Huachicoleo* makes reference to the theft of fuel through the puncture of pipelines, which carry around 20% of the country’s fuel supply, to then sell it in the black market. This activity has provided losses of 66.3 billion pesos (\$3.4 billion) in 2018 to state-owned oil firm Petróleos Mexicanos (Pemex).

The worst point of this year’s *huachicoleo* crisis came on January 18 when 80 died in a pipeline explosion in the state of Hidalgo, reports the BBC.

One the main goals laid out by the new government of President Andrés Manuel López Obrador, known as AMLO, was to tackle corruption and impunity. The fight against the *huachicoleo* has become

a primary target for the administration. Through a series of actions, Mexico has managed to reduce fuel theft from 80,000 barrels a day to 4,000, according to the government.

“Previously, the admiration saw it as something normal. We had to say enough. It wasn’t easy. Criminal groups had broken distribution pipes to leave most of the country dry. Despite that, with the support of people, which endures the lack of fuel sales, together with the army, we have managed to put an end to this criminal activity,” said AMLO earlier this month.

The 94% reduction in fuel theft is explained, partly, by a shift in the supply method – pipelines were closed down and fuel tankers did most of the logistic services from Pemex’ fuel terminals and refineries. The drop in fuel theft will allow Pemex to regain 50 billion pesos this year.

From 2006 and 2018, Mexico opened some 108,000 investigations for the tapping of pipelines. The number of cases grew exponentially over the last years – in 2006, authorities opened 394 investigations while the number of cases reached 31,000 in 2018, according to government figures quoted by Univision.

Retailers continue to complain that one of the biggest issues is the lack of infrastructure that ensures safe and sufficient supply. Both Pemex and private oil companies are investing in the development of fuel terminals to expand storage capacity. The transport of fuel, however, remains a challenge.