

Amid climate worries, Mexico doubles down on fossil fuels



On the same September day that activist Greta Thurnberg gave a fiery speech in New York demanding world leaders tackle climate change, Mexico's president was touting achievements of a wholly different kind: increasing funding for oil production.

"We're investing in refineries. It hasn't been done for a long time," President Andres Manuel Lopez Obrador told reporters at a news conference in Mexico City.

"What was invested this year is going to be repeated next year," promised Lopez Obrador, noting that the government had already funnelled more than 12bn pesos (\$600mn) towards revamping oil production.

The leftist leader, who was elected in a landslide last July, has framed the investment as a way to wean Mexico off its dependency on foreign energy supplies, as well as fuelling economic development through increased oil production.

But at a time when countries are facing mounting pressure to curb emissions and stave off threats from a warming climate, environmental experts say the Mexican government is moving in the wrong direction.

"While Mexico should be abandoning (oil) production, they're rehabilitating refineries ... under a logic of national sovereignty," said Leon Avila, a professor of sustainable development at the Intercultural University of Chiapas.

"It's an archaic perspective, based on production in the 70s during the oil boom, and they think they can do the same thing

– when really we’re in another context,” he told the Thomson Reuters Foundation.

Last Monday, Mexico’s government announced it would expand the rules of its “clean energy certificates” (CEL) programme to make them available to older hydroelectric plants operated by state utility company CFE.

The programme previously applied only to new projects, creating an incentive for local and foreign firms to invest in green energy.

The CEL-certified energy can be sold to big companies that are required to obtain a percentage of their electricity from clean sources.

But in a statement on Tuesday, CFE director general Manuel Bartlett Diaz said that, in line with the president’s vision for energy sovereignty, there was “no reason to subsidise private (electricity) generating companies”. Industry leaders and environmental experts said the move weakens incentives for renewable energy investment, and risks Mexico’s compliance with the 2015 Paris Agreement to fight climate change.

The Mexican CCE business council said on Tuesday that the change could jeopardise up to \$9bn in foreign and local clean energy investments tied to the original CEL rules.

“The decision detracts from the only mechanism considered by law to drive Mexico’s energy transition and meet the mandatory national clean energy adoption goals,” the CCE said in a statement.

The Lopez Obrador administration has emphasised its commitment to tackle climate change and adhere to the Paris accord.

At a UN climate conference last December, Sergio Sanchez, then undersecretary for environmental protection, said the government would implement “concrete policies and actions focused both on reducing emissions and adapting to climate change”.

The Mexican senate last week also called on the federal government to declare a “climate emergency” and take necessary steps to address climate threats.

Those can range from wilder weather and rising seas to more

crop-killing droughts that can drive worsening poverty and migration.

But at a press conference the following day, the president shied away from recognising climate change as a crisis.

"We have already considered a series of measures to face the climate change phenomenon in the Development Plan," Lopez Obrador said.

But the president's description of the plan – listing conservation efforts but omitting any policies to reduce emissions – irked environmentalists.

"There is a lack of understanding for the climate crisis we are confronting," said Claudia Campero from the Mexican Alliance Against Fracking, an advocacy group.

According to Avila, the university professor, the president has prioritised ending Mexico's entrenched poverty but is using oil as the primary engine to drive prosperity.

"He should care about climate change, but between climate change and going down in history for ending poverty...

well obviously he prefers that," Avila said.

Among Lopez Obrador's most important projects is the construction of a new oil refinery in his home state of Tabasco.

The project is set to cost \$8bn, and the government says it would generate up to 23,000 jobs.

But besides boosting Mexico's carbon footprint, the refinery, at a coastal site, is vulnerable to climate threats, environmental experts said.

Local media reported this week that the property had flooded due to heavy rains.

Environmentalists also point with concern to the government's proposed 2020 budget, which would see fossil fuel funding continue to increase.

Under the proposal, the energy ministry's budget would jump more than 70% compared to last year, to 48.5bn pesos (\$2.4bn), following a budget increase this year of over 900% compared to 2018.

According to an analysis of the budget published in September

by a coalition of environmental groups, 96% of the money is intended to support oil and natural gas related projects.

"There is no room for more development of fossil fuel extraction," said Campero, the fracking opponent." (But) that's far from being the vision of this government."

The budget does include about 56bn pesos (\$2.8bn) for "adaptation and mitigation of the effects of climate change," but of this, 70% is being set aside for transporting natural gas, a somewhat cleaner fossil fuel, Campero said.

A spokeswoman for the Mexican environment ministry did not respond to numerous requests for comment.

Conspicuously absent from the budget, advocates say, is funding for expanding renewables, despite the country's potential to adopt clean energy.

According to a 2017 study from the Friedrich Ebert Foundation, which focuses on promoting democracy and social programmes, 80% of Mexico's energy currently comes from fossil fuels.

But the country's landscape and weather conditions mean it could supply its electricity needs entirely from renewable sources, the study noted.

The Lopez Obrador administration has appeared reticent to capitalise on this potential, however.

In January, the government cancelled a public auction for companies to bid on clean energy contracts.

"Mexico is a very rich country in terms of its potential in renewables," said Pablo Ramirez, a campaigner at Greenpeace Mexico.

"But since the arrival of the new administration, that's been completely scrubbed off the map."

Mexico's 2020 budget is awaiting final approval by congress this month. – Thomson Reuters Foundation.