

# Towards the North American Union (NAU): Privatization of Mexican Oil Will Advance SPP Objectives

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Mexican President Felipe Calderon has proposed sweeping reforms to its state-owned oil company Petroleos Mexicanos (PEMEX). He denies that his reforms constitute privatization and claims they will serve to make PEMEX stronger. Many view his proposals as a threat to Mexican sovereignty and nothing more than an energy grab. It is through NAFTA and the Security and Prosperity Partnership (SPP) that the U.S. is further securing access and control to Canadian and Mexican resources. Former presidential candidate, Andres Manuel Lopez Obrador, who lost to Calderon, is spearheading a movement to stop oil privatization and pushing for a referendum. Opponents of the reforms were able to force the Mexican Congress to hold a series of debates which ended on July 22. There is a swell of national sentiment spreading across the country as the majority of Mexicans wish to retain control of one of their last symbols of sovereignty.

Mexico's oil industry was nationalized in 1938, and its constitution forbids foreign investment in the oil sector, including private corporate ownership. Calderon insists that his reforms are necessary for the very survival of the country. He describes PEMEX as broken and bankrupt, and believes that the only way to further develop any deepwater drilling is by opening it up to foreign investment. The reforms will allow for key components of PEMEX to be taken over by private companies. Opponents of the plan have called it backdoor privatization and fear it will lead to the complete takeover of the industry. If passed, the reforms will allow private companies to build refineries, transport oil, and own pipeline networks. It will open 37 of PEMEX's 41 divisions to private subcontractors. It has been reported that Halliburton already has a contract with PEMEX to drill for new wells and maintain pipelines. The move to privatize Mexican oil runs contrary to a worldwide trend to further nationalize oil reserves.

There is little doubt that there are many problems associated with PEMEX, but there should be the necessary funds in place to make upgrades and pay for future development. There have been allegations of corruption, including massive money deviations and other improprieties. Some of its profits also went to pay down Mexico's foreign debt. The point is that there has been very little in the way of accountability of money allocations. PEMEX also turns over 60% of its revenue to the government in the form of taxes. Some of this money is used for social programs and public work projects. It has been suggested that, by lifting the tax burden imposed on PEMEX, it would be able to reinvest in its own development. What is at stake is Mexico's future as a sovereign nation. There are fears that the privatization of PEMEX will only lead to more social unrest and plunge Mexico into even deeper poverty.

What are needed are reforms that truly strengthen PEMEX and guarantee its oil supply for Mexican demand. This runs contrary to the SPP and a North American resource pact which ultimately favors the United States.

The SPP is designed to consolidate U.S. control over North American energy supplies by expanding oil production in Canada and Mexico. This includes gaining more access by further deregulating energy markets. Under NAFTA, Mexico refused to privatize its state-owned oil industry. The SPP is being used to bypass the Mexican constitution, and privatization of North American energy resources is at the very core of its agenda. Stuart Trew of the Council of Canadians said that the North American Competitiveness Council is, "providing input into the SPP through the North American Energy Working Group, and their intentions are clear. In the case of energy, what they want is a fast-tracked continental integration policy." Laura Carlsen, the director of the Americas Program at the U.S.-based Center for International Policy, has stated that Calderon's reforms will help in achieving some SPP objectives. She said, "The first is to increase U.S. energy security by guaranteeing access to extensive deepwater reserves in the Gulf of Mexico, including Mexico's portion of it." She went on to say that, "The second objective is to open up oil and gas production and market to foreign companies." The SPP is paving the way for a North American Union.

Since Calderon came to power, he has aggressively promoted NAFTA, free trade, the SPP, and the further privatization of Mexican institutions. All represent steps toward a North American Union. Last year, former Mexican President Vincente Fox, made some amazing revelations on the Larry King and Daily Show. He discussed how he had been working with President Bush towards the creation of a single currency for North America. He also argued in favor of a North American Union, using the EU as its model. For all the talk of a North American Union being a conspiracy theory, it was an incredible admission by a most senior former government official. This was not a slip of the tongue, and was meant to test the waters and further condition the population for continental integration.

In Mexico, a movement is gaining momentum, fueled by anti-NAFTA sentiments and plans to privatize its oil industry. NAFTA has been a disaster for the average Mexican and has increased U.S. and Mexican income disparities and further widened the gap between rich and poor. Mexico represents the third world component of NAFTA, and this could spread to the U.S. and Canada. Some Mexican legislators have been working in conjunction with their NAFTA counterparts to try and stop the SPP. It appears as if a North American Union will be a hard sell in Mexico as much of the population has woken up to the evils of globalization, and are prepared to take action to stop it.

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