



NEWTON'S LAWS OF MOTION IN MEXICAN POLITICS

$F = mv^2/r$

IT MAY HAVE OCCURRED to persons in business, government, or academia who are competent bilingual speakers of English and Spanish that Mexico was not meant for the English language. A description of Mexican politics in the language of Western democracies is an exercise in frustration. What never gets fully explained is the outsize force of the president of Mexico.

We ourselves lack such an explanation, but we see an instructive analogy in Newton's SECOND LAW OF MOTION. The force of an object in curvilinear motion around an axis will be proportionate to the square of the velocity multiplied by the object's mass and scaled to the radius. If the mass and radius remain the same, then a doubling of the velocity increases the force by four times. If we set the mass and radius at 10 and the velocity initially at 5, $F = 25$; but if we double the velocity to 10, $F = 100$.

With a limit by tradition since 1928 of just one term in office, the president of Mexico is constitutionally in a hurry. Andrés Manuel López Obrador (AMLO) is the president who, compared to his predecessors, is the most hurried. In six years, he seeks to remake public institutions and their legal and constitutional foundations according to a vision that he calls the "Fourth Transformation" (4T) of Mexican history.

AMLO is in a hurry also to change the way the public understands the history of Mexico since the 1980s. He wants the public to see the six presidents that preceded him as corrupt: Acting in the interest of plutocratic elites, his predecessors perverted traditional Mexican values and institutions. Newspapers that he disparages as "conservative"—especially *Reforma*, published in Mexico City with its ownership in Monterrey—are those that criticize his political movement and policies. Journalists and other public figures are called out by name in his morning press sessions to discredit their reports and reputations. On Wednesday morning, a young woman (of uncertain employment status) is given the microphone to *desmentir* (rebut) press reports that are seen as "lies."

The president is also in a hurry to finish his controversial public works projects, among them a new refinery in his home state of Tabasco, a new rail system in Yucatan, and a transisthmian commercial corridor. To speed things up, he has personally assigned Energy Ministry, Army, and Navy, with the authority to hire sub-contractors directly without public tenders and oversight. As the military is involved, records will be sealed as matters of national security.

Filling in values for M, V and R in the formula from Mexico's distant and recent past, we eke out an explanation of how AMLO gained force in 2018 and what is happening to his force five years later.

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MEXICO ENERGY INTELLIGENCE™ (MEI) is a digital publication based in Houston since 1996 and edited by market analyst and historian George Baker. In an approach that upholds the standards of business journalism and academic scholarship, we analyze developments in law, regulation, policy, and institutional governance in Mexico's energy sector *from the perspective of regulated market solutions*. Subscribers are energy companies, regulators, trade associations, law firms and university libraries. Reports are distributed principally by paid subscription.



ADDITIONAL READING

Year	Topic	File #	Pages	Chart
2020				
Oct 12, 20	Pemex to explore AE-0152 without Asab-1: Zama investors have stranded assets by vote of CNH	918	20	2
	<p>This report notes the vote by the National Hydrocarbon Commission (CNH) to approve a modification of the exploration plan for the block AE-0152, which is contiguous with Contract Area 7 of Round 1.1, where Zama discovered in July 2017. As the reservoir is believed to extend into the Pemex block, a confirmatory well has been deemed essential. Under Pemex's revised exploration program, however, submitted to CNH in mid-August 2020, the drilling of the well has been reclassified as optional for the year 2023. Unless CNH takes steps otherwise to allow development to proceed, the Zama reservoir may become a stranded asset.</p>			
Sep 02, 20	L’Affaire Zama (Part 2): How CNH failed investors in Round 1.1	915	14	5
	<p>Mexico's National Hydrocarbon Commission (CNH) failed prospective investors in the first lease auction in 2015 (Round 1.1). They did so, first, by rushing the schedule for the auction, despite more than 600 questions from investors in the final 10 days before the final contract model would be issued. In parallel, the commission failed to provide the requested investor protection in the event of a unitization dispute (especially with Pemex).</p>			
Aug 28, 20	L’Affaire Zama (Part 1): How CNH, SENER and SHCP mismanaged Round 1.1	914	11	5
	<p>This report reviews the design and administration of the oil lease auctions, with a focus on Block 7 of Round 1.1. Attention is given to the lack of transparency in the three principal government agencies that are involved in the administration of the upstream: the Ministries of Energy and Finance and the National Hydrocarbon Commission. The report faults these agencies for their management of Round 1.1, and observe that better management decisions are required to avoid a meltdown of investor confidence that could provoked by a state-ordered settlement of the working interests and operatorship of the Zama prospect that is deemed unfair to investors.</p>			



Additional Reading

Year	Topic	File #	Pages	Chart
2015				
Jul 14, 15	Zero CNH Discretionality: The Counter-Arguments	1000075	6	3
	<p>A week before the CNH auction scheduled for July 15 for awarding blocks for 14 shallow-water fields, Energy Secretary Pedro Joaquín briefed the press on what to expect during the day. Emphasis was given to the transparency of the process, evidenced by a policy of “zero discretionality” and by the participation of multiple government agencies, as if to suggest that a system of checks and balances was in place. This report sets forth counter-arguments that support giving the Hydrocarbon Commission (CNH) discretionality in determining the best offer in each case.</p>			
2014				
Feb 25, 14	Upstream Governance: CNH's Cautionary Notes for the Peña Nieto Administration	100184	9	0
	<p>This report gives voice to concerns expressed in conversations in Houston, Mexico City and elsewhere regarding the role of Mexico’s National Hydrocarbon Commission (CNH) in the roll-out of the 2013/14 energy reform. These concerns are expressed as a series of recommendations about how to limit Pemex’s ability to prematurely enter into joint ventures and farm-out agreements. The report urges the government to regard the granting of stand-alone leases (without Pemex participation) to major IOCs as the true metric of success of the reform. For that, the national oil narrative needs major editing.</p>			

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