

# AMLO woos John Kerry and investors at a confab at the National Palace on March 31st

*A report by Mexico Energy Intelligence™ discusses the current controversy regarding Mexico's 2021 electricity law and proposed constitutional reforms*

HOUSTON, TEXAS, UNITED STATES, April 10, 2022 /EINPresswire.com/ -- In a new report issued by Mexico Energy Intelligence™ ([MEI 950 - Extracts](#)), the lobbying strategy of the American government toward Mexico's electricity law is depicted as an exercise of the psychology of Good Cop / Bad Cop.



Climate czar John Kerry and Amb. Ken Salazar are the good cops, expressing concerns on March 31st about climate change and the pollution caused by a pivot away from renewable energy and toward an electricity dispatching regime in which dirty fuels play a bigger role.



Granting CFE's power plants priority in dispatching wrecks the market for renewable energy investors"  
*George Baler*

The bad cop is Katherine Kai, the U.S. Trade Representative, who, [in her letter of March 31st](#) to Mexico's economy minister, Tatiana Clouthier, expressed her frustration: "Unfortunately, while we have tried to be constructive with the Mexican government in addressing

these concerns, there has been no change in policy in Mexico, and U.S. companies continue to face arbitrary treatment and over \$10 billion in U.S. investment in Mexico, much in renewable energy installations, is now more at risk than ever."

The letter was sent on the same day as the meeting with Mexico's President Andrés Manuel López Obrador (AMLO), Kerry and investors. Matters in dispute are all over the block: pollution abatement, clean energy, investor claims, treaty compliance, market governance, regulation and presidential discretionary authority.

"The negotiating strategy of Team Biden failed to recognize that for AMLO any consideration of

climate change must follow acceptance of his demand that the state-owned power utility (CFE) and oil company (Pemex) be accorded special market status," observes George Baker, principal author of the report. "Granting CFE's power plants priority in dispatching wrecks the market for renewable energy investors," he adds.

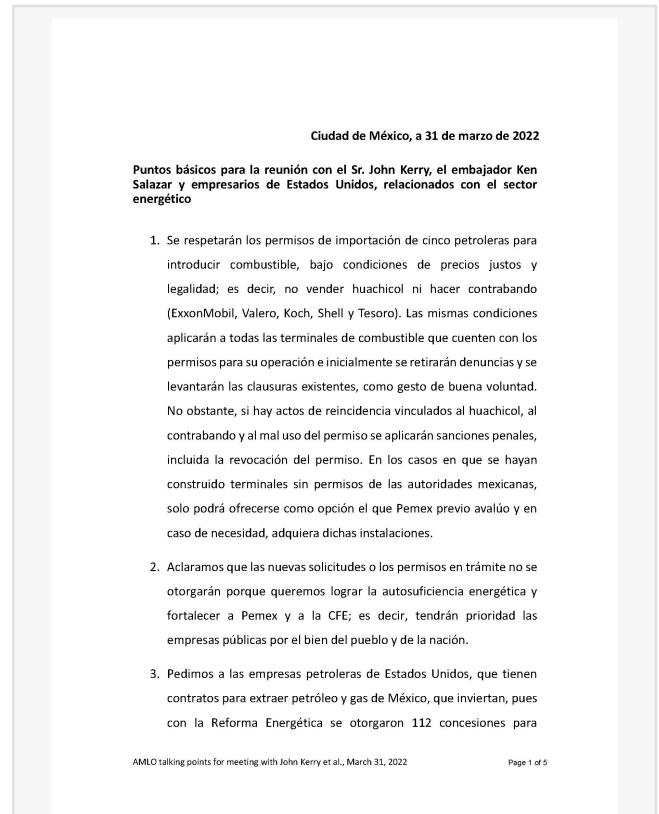
On his side, President Andrés Manuel López Obrador practiced the technique of "Bait and Switch." He offered to host a meeting to discuss concerns of American diplomats and investors, but the occasion was meant as an opportunity to instruct his guests about the merits of his programs and policies.

Regarding the presence of Tim Duncan, CEO of Houston's [Talos Energy](#), Inc., at the meeting, President López Obrador took advantage of the occasion to fault American oil companies for not continuing to invest in their contracts. The president said that investments could bring the huge Zama reservoir into production during his term and urged Talos to continue to invest under the terms given by the Mexican authorities. The president did not, however, offer an investment commitment by Pemex, which, since mid-2021, is the government-designated operator.

Table 1 of the report provides a chronology of the regulatory process regarding the ownership and operatorship of the Zama reservoir during 2020-22.

The only concession made by the president during the meeting was to lift sanctions against midstream companies as an act of goodwill, cautioning, however, that their permits would be revoked if they were to traffic in black-market gasoline.

The American diplomatic efforts to change official opinion in Mexico failed to produce a favorable outcome for investors in rulings by the Supreme Court on June 7th. None of the several



## AMLO talking points, March 31, 2022



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challenges to the constitutionality of the electricity law convinced the required eight of eleven justices. Pending judicial review are upwards of 200 requests for injunctions to block enforcement of the law.

The president has said that if the Supreme Court were to find the Electricity Law unconstitutional, then he would then change the constitution. His proposed constitutional amendments, presently under consideration in the Lower House, would downgrade Mexico's two energy regulators to departments within the Energy Ministry. In parallel, the electricity dispatching system operator (CENACE) would also lose its independent status and be reabsorbed as a unit inside CFE.

American, Canadian and European diplomats are at a loss: sweet-talking AMLO about climate change doesn't work to protect either the climate or investors, but they hesitate to recommend sanctions against Mexico, fearing making things worse," Baker adds.

George Baker  
Mexico Energy Intelligence™  
+1 832-434-3928

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