

**Mexico: Overview of the Investment & Operating Climate**  
**PGI Intelligence**  
**October 2016**

# Overview & Summary

## OVERVIEW

- Political & Regulatory Environment
- Security
- Wider Considerations

## SUMMARY

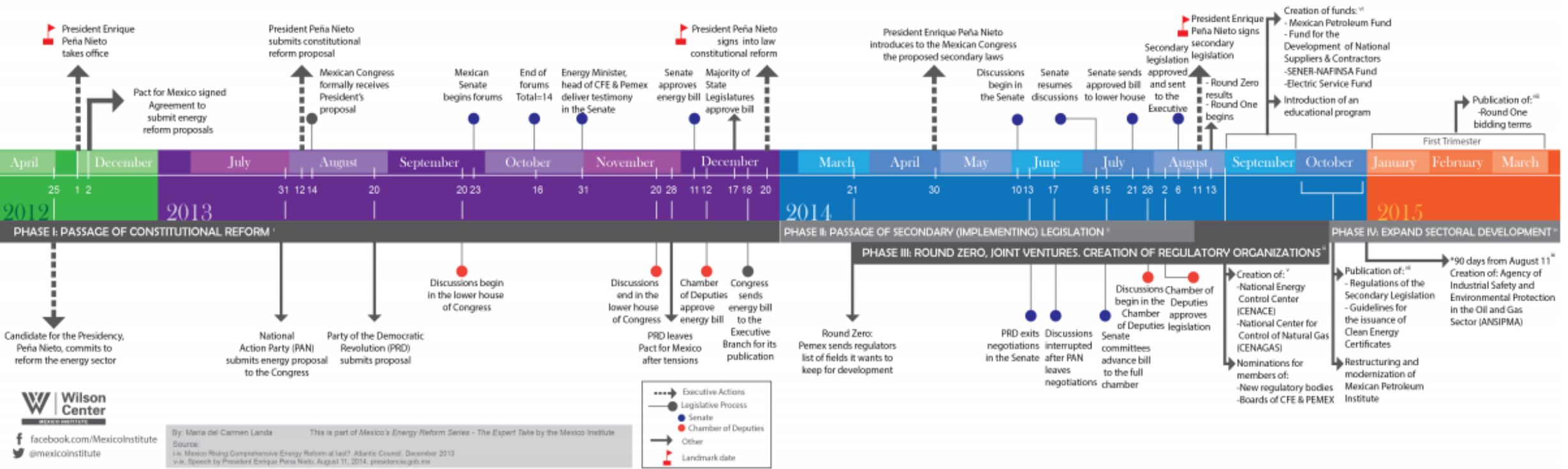
- Major Opportunity
- Security, Criminal & Reputational risks will persist
- Sector will continue to mature

# Timeline



## MEXICO'S ENERGY REFORM

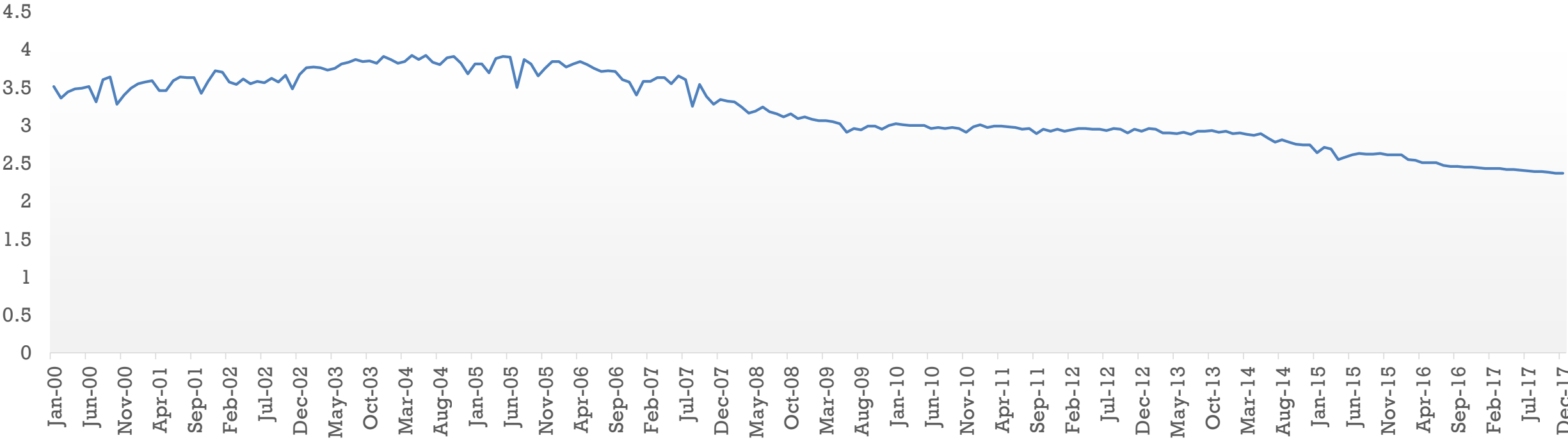
### The Timeline



# Declining Decade



Oil production (mn bpd)



Source: US Energy Information Agency

# Political & Regulatory

- Politically stable
- Local politics matter
- Key bodies: CNH, CRE, SENER, Finance Ministry
- Pragmatism & responsiveness
- Improving terms
- Improving results



# Deepwater Interest

PGI



ONGC Videsh Ltd.



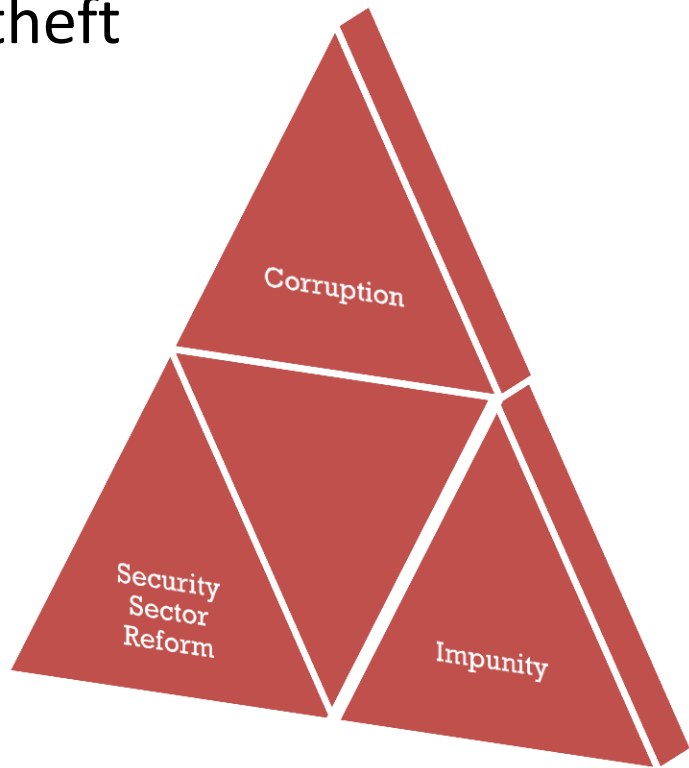
# Political & Regulatory Challenges

- Uncertain political horizon
- Weak institutional experience
- Regulatory uncertainty and ambiguities
- Contract sanctity and liability questions
- Undefined channels for dispute resolution
- Local presence matters

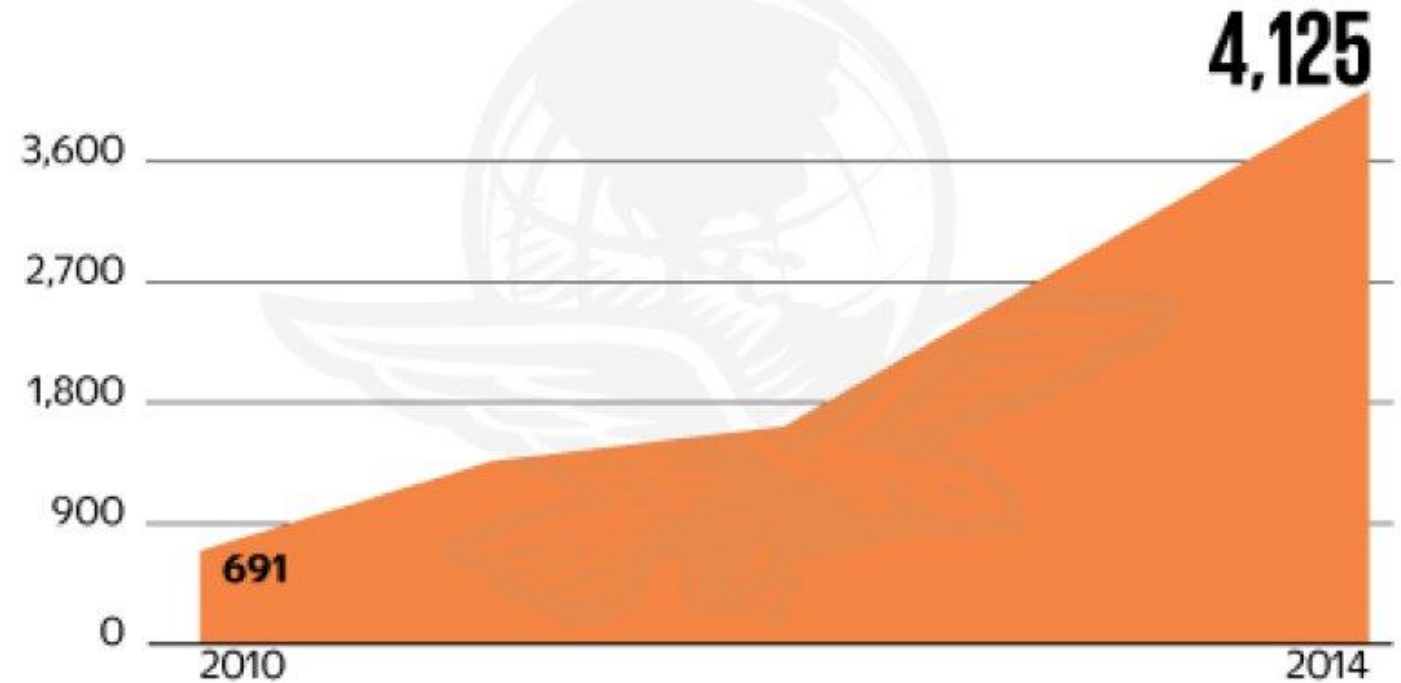


# Security

- Geographically uneven
- Threats to staff
- Fuel theft



**Tomas clandestinas detectadas por Pemex**  
(Unidades)



Fuente: Petróleos Mexicanos



# Wider considerations

- Ejidos & Activists
- Environment
- Infrastructure
- Unions
- Corruption



“ahhhh”



# PGI Intelligence

PGI

- Market Entry
- Country Risk Assessments
- Corporate Due Diligence
- Embedded Consultancy
- Political & Regulatory Monitoring
- Risk Portal