

Mexico holds firm in fuel theft fight, panic buying hits capital

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SALAMANCA, Mexico (Reuters) - Mexican President Andres Manuel Lopez Obrador said on Tuesday an army-assisted crackdown on fuel theft was “not in vain” despite shortages that spread to the capital after the government closed pipelines and refineries to choke the black market.

Fuel theft has dropped from 787 truck loads per day to 177 since thousands of soldiers were sent to state-oil company Petroleos Mexicanos’ (Pemex) installations last month, Lopez Obrador said at a daily news conference.

The crackdown on a crime that has drained billions of dollars from state coffers and is blamed for rising violence in some regions is the leftist president’s first major move against criminals and corruption since taking office on Dec. 1, but risks angering consumers and hurting the economy.

By closing off pipelines and refineries while it traced leakages, the government has triggered shortfalls and long lines at gas stations in at least six states. Worried motorists in Mexico City rushed to fill their tanks on Tuesday, causing some gas stations to shut their doors and lines at others.

Critics said that with pipelines closed there was less theft only because less fuel was available to steal. One internet meme likened the strategy to closing banks in order to tackle bank robbery.

Criminal groups linked to drug cartels have long been blamed for a fuel black market, but Lopez Obrador said last month that far more was being stolen directly from Pemex installations by an internal network of corrupt officials.

Cars line up to fill their tanks at a gas station in Mexico City, Mexico January 8, 2019.
REUTERS/Violeta Schmidt

On Tuesday he said the military had discovered a 3-kilometer-long (1.9 mile) “hose” that was funneling fuel out of storage tanks at Pemex’s Salamanca refinery in the state of Guanajuato, a major car-manufacturing hub in central Mexico, into a secret storage area.

Lopez Obrador admitted there were complaints, but said shortages were not widespread. He urged an end to “panic” buying and said the problem was distribution, not supply.

“This is not in vain,” Lopez Obrador said. “We are going to end corruption.”

Within sight of the Salamanca refinery's metal towers, hundreds of people waited for fuel to arrive for up to five hours at two Mobil-branded gas stations operated by Exxon Mobil Corp ([XOM.N](#)).

Federico Garcia, a 63-year-old construction company manager waiting at one of the stations, said his business was beginning to feel the pinch and would have to slow activities if normal supply did not resume in a couple of days.

"We are already beginning to stop work precisely because of the lack of fuel," said Garcia, wearing sunglasses and with sweat visible on his forehead under a bright midday sun.

At the refinery, convoys of military vehicles transporting armed soldiers could be seen approaching the facility, and inside the refinery gates uniformed soldiers could be seen inspecting tanker trucks both entering and leaving.

Juan Pablo Gonzalez, who heads a gas station owners association, said Pemex had reopened a pipeline from the Salamanca refinery for a few hours on Monday, but shut it quickly because officials immediately detected a drop in pressure as thieves opened up illegal taps on the line.

Lopez Obrador said the government was investigating members of the previous administration who were involved in the fuel distribution system for signs they had taken part in the black market.

The list of people under investigation includes the former head of security at Pemex, a military general close to former President Enrique Pena Nieto, he said.

Local media showed images of tanker trucks, escorted by federal police, heading from oil-rich coastal states to the country's interior.

It was not immediately clear what impact the crackdown will have on imports of fuel. Mexico is the top export destination for U.S. energy products, importing about 1.4 million barrels every day, or nearly a quarter of all U.S. overseas sales.

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