

Paper says Mexico's energy reform must follow the best sustainability practices

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For the new energy sector in Mexico to spearhead the economic development of the country, it must follow the best international practices of sustainability, according to a new paper from the Mexico Center at Rice University's Baker Institute for Public Policy.

The paper, "The Environmental Challenges of the Energy Reform," identifies areas of Mexico with an abundance of energy resources that could be targeted for exploitation in the wake of the reform. The paper also highlights areas of possible conflict in terms of access to and handling of natural resources and environmental impact with considerable consequences for Mexico's natural capital. It was authored by Luis Serra, executive director of Tecnológico de Monterrey's Energy Initiative, who wrote it while he was head of research at Centro de Investigación para el Desarrollo A.C.

Serra said Mexico's Security, Energy and Environmental Agency must establish regulatory criteria for operating safety and environmental protections in the sector based on a perspective that the handling of natural resources and productivity of the country remain closely related. The agency was established in 2014 to protect the personnel, environment and infrastructure of the hydrocarbons sector.

"Assuming from the get-go that the productive activities of the hydrocarbons sector will be prioritized over any other soil use, such projects require strategic planning that guarantees performance that is sustainable over the entire service life of the project and minimizes the impact such operations will have on other productive activities – among them fishing, agriculture, tourism and cattle raising," Serra wrote. "Such [strategic planning](#) on the one hand must contemplate the existing risk of environmental damage and its potential externalities – including social ones – not only to establish compensation for landowners whose soil is sought to be modified, but also to determine the actual opportunity cost represented by the activities of the hydrocarbon sector."

The paper was written for a Mexico Center [research project](#) examining the rule of law in Mexico and the challenges it poses to implementing the country's energy reform. The project's findings are compiled in a Spanish-language [book](#) and are being posted on the Baker Institute's

website in English.

Mexico's energy sector had been under strict governmental management since 1938. This changed in 2013 and 2014 when Mexico amended its constitution and passed legislation overhauling its energy sector to allow private and foreign investments.

"Mexico has finally reached the political consensus to rearrange its [energy sector](#) to achieve competitiveness in accordance with the requirements of international markets," Serra wrote. "Converting such a sector into the cornerstone of [economic development](#) in the country also requires sizing up the role played by its natural resources and its ecosystems. Otherwise, the risk exists that the benefits of the [energy reform](#) will become diluted over time."

More information: Paper: www.bakerinstitute.org/media/f...
[Law Serra-020917.pdf](#)

Provided by Rice University

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