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Mexico City, 26 June (Argus) — Mexico's state-run Pemex will import ten additional gasoline cargoes during the coming weeks, totaling 3.5mn bl, to make up for lost output from the fire-damaged 330,000 b/d Salina Cruz refinery.

A short circuit in the refinery's pump station on 14 June ignited spilled fuel, leading to a fire that was not extinguished until 16 June. Pemex expects the refinery located on the country's Pacific coast to restart operations on 30 July.

Pemex may make adjustments in the number of shipments "in accordance with progress of the rehabilitation works, evolution of demand and market conditions," a Pemex spokeswoman told *Argus* today.

The refinery is Mexico's largest, with the highest level of crude throughput of any refinery in March, at 271,584 b/d.

Pemex has not disclosed the utilization rate at the refinery prior to the fire but even at a 240,000 b/d rate, Turner, Mason & Company vice president John Auers told *Argus* he estimates a shortfall of about 140,000 b/d.

"An extended downtime could see imports returning north of last year's peak levels to around 800,000 b/d," Auers told *Argus*. "All the big players on the US Gulf Coast are going to get a piece of that."

A pool of importers, including the "big players Valero and Marathon," would be the likely candidates for the additional supply, said Auers. Pemex declined to comment on potential sources.

Auers predicts the drop in domestic supply will cause Mexican gasoline prices to increase in the short term, although a price spike may be partially mitigated by the recent drop in crude prices.

Pemex announced earlier this year that it would enter into a series of joint ventures in the refining sector in order to guarantee supply, reduce unscheduled shutdowns and revamp refineries.

However, Mexico's fuel market liberalization, a result of the country's sweeping energy reform that ended Pemex's downstream monopoly in 2014, is expected to focus initial investment on logistics infrastructure for fuel imports.

"I don't think we will see investment in the refinery sector any time soon," Auers said. "Investment in logistics is increasing and this is going to facilitate more US imports. I can see Mexico will continue to be dependent on US product in the short to mid term."

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