



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

Date: August 31, 2017

Submitted to: Washington State Department of Commerce
www.choosewashington.com

Prepared by: Business Development Partners, S.A. de C.V.
Av. Nuevo León 95, desp. 4
Col. Hipódromo Condesa
06170 México, D.F.
Tel. (52-55) 5286-9002
Email: info@bdp-americas.com
Web: www.bdp-americas.com

ECONOMY AND INDUSTRY

- The Mexican construction sector will grow by 2% this year, according to an estimate by the Mexican Construction Industry Chamber (CMIC). Growth is expected to be driven by domestic and foreign investment in infrastructure despite limited government spending. (*El Economista, August 23, 2017*)
- Foreign Direct Investment (FDI) into Mexico during the first half of the year reached US\$15.6 billion, the Economy Ministry reported. The figure represents an 8.8% increase over the same period last year, despite uncertainty over the outcome of NAFTA renegotiations currently underway. (*Mexico News Weekly, August 17, 2017*)
- Remittances to Mexico from abroad through the first half of the year are on a record pace, according the central bank Banco de México (Banxico). The US\$13.9 billion received through June is 5.6% above of the same figure the previous year. (*El Financiero, August 1, 2017*)
- Citibank affiliate Citibanamex raised its projected 2017 GDP growth for Mexico to 2.0% from 1.7%. The bump came on that basis of better than expected GDP results and improved private consumption in the second quarter. (*El Financiero, July 31, 2017*)

ECONOMIC ACTIVITY OF NOTE

- Candy: U.S.-based food processing giant Mondelez reported investment of US\$133 million in its confectionery plant in the southeastern state of Puebla over the past three years. Resources helped expand production by 40% of chewing gum for brands such as Trident, Clorets and Bubbalo. (*El Financiero, August 31, 2017*)
- Petroleum: Australian mining and oil multinational BHP Billiton plans investment of approximately US\$700 million in Mexico oil exploration, principally in the Gulf of Mexico, the company reported. BHP Billiton won rights to explore Gulf oilfields in a Mexican government tender last year. (*El Financiero, August 31, 2017*)
- Industrial parks: A consortium of Chinese and Mexican investors including Holley Group, Futon Group and the Santos family began construction of an industrial park in the northeastern state of Nuevo León, local media reported. Investment of US\$50 – 60 million is estimated for an initial phase of the facility, which investors project will attract up to 100 Chinese companies over the first 10 years of operation. (*Expansión, August 25, 2017*)
- Food processing: Mexican industrial baking giant Grupo Bimbo plans to construct a major new distribution center in Mexico City, the company reported. The US\$128 million site is planned to be LEED Gold certified and make use of wind-generated electricity. (*Aristegui Noticias, August 29, 2017*)
- Gym equipment: Taiwanese-owned fitness equipment brand Matrix Fitness will invest US\$3.5 million in a push to expand its participation in the Mexican market, the company reported. Matrix seeks to expand its market share from 5% to 30% by partnering with sports center chains such as Sport City and Smart Fit. (*El Financiero, August 25, 2017*)

- **Retail:** Mexican upscale department store operator Liverpool is projecting investment of up to US\$510 million in 2018, the company reported. Plans include four new Liverpool stores and six new locations under the Fábricas de Francia brand, as well as upgrades for the Suburbia clothing chain acquired last year from Walmart de México. *(El Financiero, August 23, 2017)*
- **Hotels:** Panama-based hotel operator Selina plans investment of approximately US\$45 million to open new locations in Mexico through 2019, the company reported. Selina projects opening 35 new hotels and hostels targeting the *millennial* market by the end of next year. *(El Financiero, August 23, 2017)*
- **Natural gas:** Spanish natural gas utility Gas Natural Fenosa plans investment of approximately US\$45 million over the next five years to construct gas transport infrastructure in the southeastern state of Campeche. Plans include installation of 310 miles of natural gas distribution pipeline. *(El Financiero, August 22, 2017)*
- **Wind power:** Leading Mexican grocery and general merchandise retailer Soriana inaugurated a wind power generation facility in the northeastern state of Tamaulipas. The US\$105 million wind park will provide electricity to 165 Soriana stores in the region *(El Financiero, August 22, 2017)*
- **Brewing:** Mexican craft brewer Cervecería de Colima will invest approximately US\$1.8 million to triple production capacity, the company reported. Cervecería de Colima plans to expand its presence into new regions of Mexico as well as into the U.S. market next year. *(El Financiero, August 21, 2017)*
- **Fuel transport:** Switzerland-based commodity trading multinational Glencore plans US\$1 billion in investment in Mexico over the next five years, the company reported. Plans include the construction of fuel storage terminals in the southeastern states of Tabasco and Veracruz. *(El Financiero, August 18, 2017)*
- **Automotive:** Chinese auto components manufacturer ESON Multiwin will invest approximately US\$15 million in advanced technologies for its plastic injection and metal stamping plant in the northern border state of Baja California. Resources reportedly will support expanded capacity to supply parts to U.S. auto maker Tesla. *(Siglo 21 Periódico Industrial, August 16, 2017)*
- **Commercial real estate:** Mexican developer Metrópolis plans investment of approximately US\$290 million in new projects in the country. Projects include a mixed-use complex including housing, offices and retail space in Mexico City and others in the cities of Guadalajara and Puebla. *(El Financiero, August 10, 2017)*
- **Manufacturing:** Comaudi Industrial, a Mexican manufacturer of acoustic panels, plans to establish a production plant in the northwest state of Baja California, the company reported. The US\$3.3 million site is expected to produce specialized noise reduction panels for use in automotive factories and other industrial plants. *(Reforma, August 8, 2017)*
- **Renewable energy:** Mexican renewable energy developer Zuma Energía reported plans to invest approximately US\$1.1 billion in new generation sites over the next two years. Projects include a wind farm in the northeastern state of Tamaulipas and two solar generation parks in the northwestern states of Chihuahua and Sonora. *(El Financiero, August 9, 2017)*

- Transport: Brazil-based taxi-hailing mobile application Easy Taxi projects it will invest approximately US\$14 million in Mexico operations over the next year. Resources will support safety strategies, new customer acquisition and brand positioning, among other needs. (*El Financiero, August 2, 2017*)

POLITICS AND SOCIETY

- Negotiations to update the North American Free Trade Agreement (NAFTA) began this month. Negotiators from the United States, Mexico and Canada began meetings in Washington, D.C., with Mexico and Canada expressing the objective of doing no harm to aspects of the accord they feel are working well. (*El Financiero, August 16, 2017*)
- The number of travelers from Mexico to the United States dropped by 9.1% in the first half of 2017 with respect to the same period the previous year, the first such decline since 2013. Analysts suggested the reduction was due to negative comments about Mexicans by U.S. President Donald Trump combined with the current high cost of the U.S. dollar. (*El Financiero, August 16, 2017*)
- The U.S. Department of the Treasury publicly identified several individuals in Mexico as being members of drug trafficking organizations, including the captain of the national football team and a well known musical artist. The two individuals denied having affiliations with drug traffickers. (*Mexico News Daily, August 10, 2017*)