



# Department of Commerce

**MEXICO**

**MONTHLY ECONOMY AND POLITICS BRIEF**

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## ECONOMY AND INDUSTRY

- Mexican exports are on a record pace through the first six months of the year, the National Statistics Institute (INEGI) reported. The country's US\$197.5 billion in first half exports are up 10.4% over the previous year and represent the highest first-half level since reporting began. *(El Financiero, July 28, 2017)*
- The Mexican peso continued its strong run against the U.S. dollar, closing below 17.5 pesos/USD July 18. The mark represents the lowest point for the dollar in 14 months. *(El Financiero, July 20, 2017)*
- Remittances to Mexico from abroad exceeded US\$2.5 billion in May, reaching the highest total since October 2008, according the central bank Banco de México (Banxico). Total remittances through the first five months of this year are up 6.3% over the same period last year. *(El Financiero, July 3, 2017)*

## ECONOMIC ACTIVITY OF NOTE

- Pharmaceutical: Mexican drug maker Chinoin invested US\$12 million to boost production capacity at its plant in the central state of Aguascalientes, the company reported. Upgrades included acquisition of latest-generation laboratory testing equipment and construction of a new specialized building for the facility's microbiology laboratory. *(Reforma, July 28, 2017)*
- Automotive: U.S. auto maker Ford reported plans to invest approximately US\$56 million to remodel its network of sales distributorships in Mexico. Upgrades for the 127 sales locations include WiFi, community centers and areas for viewing new models of sports cars. *(El Financiero, July 28, 2017)*
- Wind power: Danish wind turbine maker Vestas, in conjunction with U.S. turbine blade producer TPI Composites, announced plans to construct a blade manufacturing plant in the northeastern state of Tamaulipas. The amount of investment was not specified for the plant, which is expected to produce blades for the V136 model turbine. *(Reforma, July 20, 2017)*
- Automotive: German electronics and engineering multinational Bosch plans to open a new plant this year in the central state of Querétaro, the company reported. The US\$80 million facility will produce automotive steering columns for regional OEMs such as Volkswagen, General Motors, Mazda, Honda and Toyota. *(El Financiero, July 11, 2017)*
- Fuel storage: IEnova, the Mexican subsidiary of U.S. natural gas utility Sempra Energy, was awarded a concession to construct a fuel storage facility in the Gulf port city of Veracruz. The US\$115 million site is planned to handle gasoline, diesel and aviation fuel. *(El Financiero, July 13, 2017)*
- Pharmaceutical: U.S. drug maker Pfizer reported plans to invest US\$9.3 million to expand its production plant in the central industrial city of Toluca. Resources will support technology upgrades and acquisition of new equipment for quality control and blister packing. *(Forbes, July 10, 2017)*

- **Medical devices:** Iceland-based Össur will carry out a US\$20 million expansion of its production plant in the northern border city of Tijuana, the Baja California state government reported. The plant manufactures non-invasive orthopedics equipment including prosthetics and devices for compression therapy. (*Siglo 21 Periódico Industrial, July 11, 2017*)
- **Renewable energy:** Mexican clean power developer Thermion Energy announced plans to invest US\$2 billion to construct 10 generation plants over the next five years. Projects in development include eight wind farms and two solar sites in states including Tamaulipas, Sonora, Coahuila, Nuevo León and Guanajuato. (*El Financiero, July 6, 2017*)
- **Solar power:** Italian photovoltaic (PV) system installer Enerray announced it will build a major solar energy generation system for an industrial site in the central state of Guanajuato. The project, for which the cost was not revealed, is planned to include 3,726 polycrystalline solar panels and will be built for plastic products manufacturer Novatec Pagani. (*Comunicacae, July 6, 2017*)
- **Building materials:** Austrian building components maker Global Housing Solutions plans to establish a production site in the central state of Hidalgo, the state government announced. The US\$50 million plant is planned to produce modular housing units for supply to the Mexican, U.S. and Central American markets. (*El Sol de Hidalgo, July 5, 2017*)
- **Paper:** Swedish paper products manufacturer Essity is projecting investment of approximately US\$117 million to construct a plant in the central state of Hidalgo, the state government reported. The new facility is expected to produce specialty paper materials for the company's consumer products. (*El Economista, July 3, 2017*)
- **Logistics:** Walmart de México y Centroamérica, subsidiary of U.S. retail giant Walmart, reported plans to construct a new distribution center in the southeastern state of Yucatan at a cost of approximately US\$36 million. Walmart, Mexico's largest retailer, operates 36 stores in the state across formats including Walmart, Bodega Aurrera, Sam's Club and Superama. (*El Financiero, July 4, 2017*).

## **POLITICS AND SOCIETY**

- The administration of U.S. President Donald Trump abandoned a proposed "Border Adjustment Tax" in its proposal for tax reform. The proposed tax on imports into the United States is among the administration's objectives that most concern Mexico as it would make Mexican imports considerably more expensive in the United States. (*Los Angeles Times, July 27, 2017*)
- U.S. Secretary of Agriculture Sonny Perdue visited Mexico in July to meet with Mexican Agriculture Minister Jose Calzada in the run-up to renegotiation of the North American Free Trade Agreement (NAFTA). Talks to update the pact are scheduled to begin in August. (*Reuters, July 28, 2017*)