



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

Date: June 30, 2017

Submitted to: Washington State Department of Commerce
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ECONOMY AND INDUSTRY

- Remittances to Mexico from abroad exceeded US\$2.3 billion in April, reaching the highest total ever recorded for the month of April, according to the central bank Banco de México (Banxico). Employment growth in the U.S. construction sector helped to drive the strong performance, according to a report by Scotiabank. (*El Financiero*, June 2, 2017)
- Mexico's automobile exports grew 14% in May compared with the same month the previous year, the Mexican Automotive Industry Association (AMIA) reported. Automobile exports from Mexico to Latin America are up 50% through the first five months of the year compared to last year. (*Citibanamex Reporte Económico Diario*, June 7, 2017)
- The Mexican peso gained ground against the U.S. dollar this month, reaching 18.06 pesos/USD on June 13. The rate represents a 10-month high for the Mexican currency. (*El Financiero*, June 14, 2017)

ECONOMIC ACTIVITY OF NOTE

- Chemicals: U.S. chemical firm The Chemours Company initiated construction on a new production plant in the northern state of Durango, the company reported. The US\$150 million facility is planned to produce solid sodium cyanide for the Mexican mining industry. (*The Chemours Company*, June 26, 2017)
- Commercial real estate: Mexican real estate developers Fibra Shop and Grupo Frel will team up to expand existing retail complexes in the coastal tourist locations of Cancun and Los Cabos at a cost of approximately US\$111 million, the companies reported. The expansions will incorporate the companies' "Espacio Latino" marketing concept, which highlights Mexican culture, folklore, gastronomy and design into the shopping mall environment. (*El Financiero*, June 30, 2017)
- Gas stations: Mexican gas station operator Grupo Lodemo reported plans to invest approximately US\$5.6 million to convert 16 of its stations from the government-owned Pemex brand to the company's own La Gas brand. Lodemo seeks to close the year with 50 locations in operation under the La Gas brand in the southeastern state of Yucatan. (*El Financiero*, June 29, 2017)
- Electronics: French automation technology multinational Schneider Electric reported plans to invest US\$10 million in manufacturing operations in the northwest state of Baja California. Resources will support production of thermal magnetic circuit breakers. (*El Economista*, June 21, 2017)
- Aerospace: U.S. aerospace composites and textiles manufacturer Albany International plans approximately US\$14 million of investment in the central state of Querétaro, the state government reported from the Paris Air Show. The resources are expected to support composite manufacturing operations in the state. (*AM de Querétaro*, June 20, 2017)
- Construction: Mexican real estate developer MIRA plans to invest US\$152 million to build a multi-use complex in Mexico City adjacent to the capital's upscale Polanco

zone. The site is planned to include housing, offices and retail infrastructure in addition to public green space. (*Expansión, June 20, 2017*)

- **Aerospace**: The Governor of the central state of Querétaro announced plans to build a high technology industrial park specifically designed to attract aerospace manufacturers. The US\$30 million site will also offer facilities to automotive component makers and research and development centers. (*Zócalo, June 20, 2017*)
- **Urban rail**: Mexico City's metro or subway system, the SCT, plans investment of approximately US\$27 million in spare parts for the system's rolling stock, the organization reported. Areas to be upgraded include tires, air generators and railcar suspensions, among others. (*El Universal, June 16, 2017*)
- **Aerospace**: French aerospace components manufacturer Zodiac plans expansion of its Parque Industrial Pacífico plant in the northwestern border city of Tijuana, the company reported. The US\$5 million upgrade will allow increased production of aircraft cabin ceilings, side walls, seat covers and panels. (*El Economista, June 21, 2017*)
- **Healthcare**: Mexico's public health service provider Mexican Social Security Institute (IMSS) is currently carrying out a tender for the construction of a hospital in the central state of Hidalgo. The project valued at approximately US\$75 million is expected to include 144 beds and 39 medical specialties. (*La Jornada, June 20, 2017*)
- **Retail**: Mexican commercial real estate developer Gicsa is projecting approximately US\$1.1 billion in investment to build 15 shopping malls in Mexico through 2020, the company reported. The mall plans will add over 15 million square feet of new retail space to various urban areas around the country. (*El Financiero, June 16, 2017*)
- **Hotels**: Mexican real estate developer Thor Urbana is constructing the first Ritz Carlton hotel in Mexico City at the 58-storey Chapultepec Uno tower, also currently under construction. Investment to build and outfit the hotel is estimated at approximately US\$100 million. (*El Financiero, June 7, 2017*)
- **Manufacturing**: U.S. consumer goods giant Kimberly-Clark is projecting investment of approximately US\$250 million to expand production capacity at its plant in the western state of Michoacán, the company reported. The site produces goods such as diapers, bathroom tissue and pre-moistened wipes. (*Forbes, June 13, 2017*)
- **Fuel storage**: U.S.-owned rail freight operator Kansas City Southern de México (KCSM) is currently constructing the first phase of a fuel storage terminal in the northeastern state of San Luís Potosí at an estimated cost of US\$45 million, the company reported. The terminal is expected to be expanded as demand for gasoline from private companies grows under Mexico's energy reform. (*El Financiero, June 1, 2017*)
- **Mining**: Three mining companies will establish operations in the northeastern municipality of Cadereyta de Montes via projected investment of approximately US\$8.4 million, the municipal government reported. The operations will focus on the production of calcium carbonate for the domestic construction industry. (*El Financiero, June 5, 2017*)

POLITICS AND SOCIETY

- Chinese Ambassador to Mexico Qiu Xiaoqi stated publicly that China would be interested in negotiating a free trade agreement with Mexico. China is Mexico's second largest trading partner and is currently pursuing closer economic ties with the region. *(Milenio, June 28, 2017)*
- Mexico's Energy Regulatory Commission (CRE) voted to remove price limits on natural gas in order for market forces to determine prices more freely. Maximum prices had been fixed by government regulations for the past 20 years, however Mexico's 2014 energy reform has allowed new suppliers of natural gas to enter the market alongside former national oil and gas monopoly Petróleos Mexicanos (Pemex). *(Reforma, June 16, 2017)*
- Mexico and the United States reached a new agreement establishing terms under which Mexican sugar may be imported into the United States. U.S. Agriculture Secretary Sunny Perdue said in a statement the agreement "sets an important tone of good faith leading up to the renegotiation of the North American Free Trade Agreement". *(U.S. Department of Agriculture, June 6, 2017)*