



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

Date: November 30, 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

- Foreign Direct Investment into Mexico exceeded US\$21 billion through September, 10% ahead of the mark for the same period last year, according to Mexico's Economy Ministry (SE). The largest source of the investment has been the United States, despite uncertainty over the future of the North American Free Trade Agreement (NAFTA). (*Citibanamex Reporte Económico Diario, November 22, 2017*)
- Mexico's Social Security Institute (IMSS) reported that 194,758 new formal employment positions were created in October, the largest figure for a single month since records have been kept. Formal job creation through the first 10 months of the year is also on a record pace. (*El Financiero, November 15, 2017*)
- The Mexican economy grew at an annualized rate of 1.7% in seasonally adjusted terms in the third quarter, the slowest quarterly growth in three and a half years, according to the National Statistics Institute (INEGI). Analysts cited the impact of multiple hurricanes and earthquakes during the quarter as a partial explanation for the sluggish results. (*El Financiero, November 1, 2017*)

ECONOMIC ACTIVITY OF NOTE

- Automotive: Swiss machinery manufacturer Komax inaugurated a manufacturing plant in the central state of Guanajuato. The US\$5 million facility is planned to produce electromechanic systems and equipment used to test wire harnesses for the automotive industry. (*Reforma, November 30, 2017*)
- Manufacturing: U.S.-based multinationals Flex and Nike inaugurated a wearable electronics manufacturing plant in the western state of Jalisco. The US\$105 million complex includes its own electricity co-generation plant. (*Milenio, November 29, 2017*)
- Wind power: Italian renewable energy developer Enel Green Power plans to build four wind power plants in Mexico, the company reported. Projected investment of US\$700 million includes construction of approximately 593 Mw of generation capacity in the northern states of Coahuila and Nuevo León. (*El Financiero, November 24, 2017*)
- Brewing: Mexican brewer Grupo Modelo, subsidiary of Belgium-based brewing multinational Anheuser-Busch InBev, announced plans to build a new beer brewery in the central state of Hidalgo. The US\$737 million site is planned to have initial annual production capacity of 12 million hectoliters. (*Reforma, November 24, 2017*)
- Retail: Mexican grocery and general merchandise retailer La Comer opened a new store under its upscale City Market format in the western city of Guadalajara. The US\$10.5 million sales location features a wide selection of imported gourmet products. (*El Financiero, November 23, 2017*)
- Dairy products: Mexican dairy products producer Alpura inaugurated a research and development center in the greater Mexico City area. The US\$3.2 million facility is planned to develop innovations in product areas such as milk, baby formula, dairy beverages, yogurt and powdered milk. (*El Financiero, November 22, 2017*)

- **Poultry**: Mexican poultry giant Bachoco plans investment of up to US\$130 million for the coming year, the company reported. Resources will be focused on technology and processes to resolve chicken and egg production bottlenecks. (*El Financiero, November 16, 2017*)
- **Irrigation**: Israeli irrigation technology developer Metzerplas inaugurated a new production plant in the central agricultural state of Guanajuato. The US\$5 million facility is expected to produce irrigation tubing for sale to regional agribusiness operations. (*Government of Guanajuato, November 16, 2017*)
- **Automotive**: German sealing products multinational SaarGummi announced it will expand its manufacturing operations in the central state of Querétaro. Plans include a new \$36 million plant to produce moldings for automotive doors, trunks and windows. (*El Economista, November 17, 2017*)
- **Security**: The Mexican Mining Chamber (Camimex) projects the country's metal mining companies will invest approximately US\$40.6 million in security equipment and services in 2017. The estimate is 14% above the previous year for the category, according to Camimex. (*Reforma, November 16, 2017*)
- **Grains**: U.S. agricultural commodities trader Cargill and Mexican agricultural producer EnerAll inaugurated a new storage and distribution facility in the southeastern state of Yucatan. The US\$7.4 million joint venture is planned to handle bulk grains such as yellow corn, white corn, soybeans and sorghum. (*El Financiero, November 15, 2017*)
- **Gas stations**: Mexican gas station operator Fullgas announced plans to open 11 new filling stations next year at a cost of approximately US\$15 million. The company currently operates 60 locations in southeastern Mexico, as well as additional stations in Guatemala and Honduras. (*Reforma, November 10, 2017*)
- **Automotive**: Japanese metal processor Dowa Metaltech opened a new production facility in the central state of Guanajuato. The US\$11 million site will provide metal plating services for auto parts such as air conditioning controls, windshield wipers and metal connectors. (*El Economista, November 29, 2017*)
- **Mining**: Mexican mining company Minera Autlán is projecting approximately US\$300 million in investment over the next three years in upgrades and production expansion, the company reported. Resources will support improvements to the company's ferroalloys plant and expansion of manganese operations. (*El Financiero, November 9, 2017*)
- **Hotels**: Mexican airport operator Grupo Aeroportuario del Pacífico (GAP) reported plans to construct a hotel at the international airport the group operates in the western city of Guadalajara. The US\$14 million development will likely be followed by a similar project at the company's airport in the northern border city of Tijuana, GAP reported. (*El Financiero, November 7, 2017*)
- **Casual dining**: Mexican casual dining franchise operator Alsea is projecting investment of approximately US\$210 million in 2018, the company reported. Alsea plans to open approximately 240 – 270 new locations, focusing on high-margin chains such as Domino's and Starbucks as well as on e-commerce operations. (*El Financiero, November 6, 2017*)

- **Industrial parks:** Mexican industrial real estate developer Vesta initiated construction of an industrial park in the northwestern border city of Tijuana. The US\$14 million VestaPark Pacifico II will target manufacturers in industries such as automotive, aerospace, logistics, medical devices and others. (*El Financiero, November 3, 2017*)
- **Automotive:** German auto parts manufacturer Continental inaugurated a new production plant in the northeastern state of San Luís Potosí, the company reported. Total investment was not specified for the new site, which is expected to produce air induction systems using 3D blow molding processes. (*Revista Transportes y Turismo, November 3, 2017*)
- **Gas stations:** U.S.-based grocery and general merchandise retail chain Costco opened its second gasoline filling station at a cost of approximately US\$2.9 million. The new gas station is located on the grounds of a Costco store in the northwestern city of Culiacán, Sinaloa. (*Reforma, November 1, 2017*)
- **Railroad:** Mexican rail freight operator Grupo Mexico is projecting investment of approximately US\$2.1 billion in transport infrastructure over the next five years, the company reported. Projects will include new freight yards and terminals, double tracking in some locations, replacement of DC current locomotives with AC equipment and digitalization of the rail network's telecommunications system. (*El Financiero, November 1, 2017*)
- **Automotive:** Mobis, a parts subsidiary of South Korean auto maker Hyundai, reported investment of US\$450 million to establish two distribution centers in Mexico. Located in the metropolitan areas of the cities of Monterrey and Mexico City, the two facilities will provide nationwide distribution of parts for the parent company's Hyundai and KIA brands. (*El Financiero, November 1, 2017*)

POLITICS AND SOCIETY

- Mexican President Enrique Peña Nieto indicated that he supports current Finance Minister José Antonio Meade as the candidate of the ruling PRI to succeed him in the July 2018 presidential election. Barring a surprise, Meade is now expected to become the PRI candidate to compete against leftist Andrés Manuel López Obrador and the still-unnamed candidate of the Citizen Front for Mexico coalition to become the country's next president. (*El País, November 28, 2017*)
- The fifth renegotiation round for the North American Free Trade Agreement (NAFTA) took place this month in Mexico City. Mexican Foreign Affairs Minister Luís Videgaray declared that Mexico is preparing a "macroeconomic response" to implement in case the United States unilaterally abandons the agreement. (*Citibanamex Reporte Económico Diario, November 15, 2017*)
- Mexico's national oil company, Petróleos Mexicanos (Pemex), announced the discovery of the most important new on-shore oil well in 15 years. The announcement comes at a time when Pemex is registering its lowest oil production output in two decades. (*Expansión, November 3, 2017*)