



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

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ECONOMY AND INDUSTRY

- Mexico is on track to surpass Japan as the world's largest importer of corn in 2018, according to the United States Department of Agriculture (USDA) cited in Reforma. The vast majority of Mexico's corn imports currently come from the USA. (*Reforma, December 18, 2017*)
- The Mexican automotive industry produced 332,449 automobiles in November, 4.5% above the figure for the same month last year. Total auto production through November is running 9.4% ahead of 2016, despite uncertainty over the future of the North American Free Trade Agreement (NAFTA). (*Citibanamex Reporte Económico Diario, December 7, 2017*)
- The Organization for Economic Cooperation and Development (OECD) raised its projection for Mexico's 2017 GDP growth to 2.4% from 1.9%, the Finance Ministry (SHCP) reported. The OECD also upped its Mexico growth estimate for 2018 to 2.2%. (*La Jornada, December 3, 2017*)

ECONOMIC ACTIVITY OF NOTE

- Fiber optics: Japanese fiber optic cable manufacturer Furukawa Electric Group inaugurated a new manufacturing facility in the northwestern border city of Mexicali. The US\$4.5 million site is expected to produce cable principally for customers in the United States in its initial phase. (*Expansión, December 21, 2017*)
- Energy: U.S. gas and oil company Southwest Energy announced plans to invest approximately US\$460 million in Mexico's newly declared Special Economic Zone (ZEE) in the southwestern coastal port of Salina Cruz. Plans include plants for processing natural gas, methanol and synthetic lubricants. (*NVI Noticias, December 18, 2017*)
- Automotive: French tire manufacturer Michelin reported plans to build a new corporate building in the central state of Querétaro at an estimated cost of US\$10 million. The new building comes in addition to the US\$510 million the company is investing in a manufacturing plant under construction in the adjacent state of Guanajuato. (*El Financiero, December 20, 2017*)
- Pet supplies: U.S. pet products specialty retailer Petco, in association with Mexican diversified corporate group Gigante, projects it will open 20 new sales locations in Mexico next year. Investment was not specified for the expansion, which seeks to increase the chain's total stores in the country to 70. (*El Financiero, December 18, 2017*)
- Pharmaceutical: Mexican pharmacy retail chain Farmacias del Ahorro plans to open up to 150 new stores in Mexico in 2018, the company reported. Investment of approximately US\$14 million is slated for 44 new stores in the northern cities of Torreón and Mexicali alone. (*El Financiero, December 18, 2017*)
- Cosmetics: U.S. multi-level marketer Mary Kay inaugurated its second distribution center in the central State of Mexico, the company reported. The US\$5.3 million logistics site is aimed at boosting Mexico from fourth to third largest market worldwide for the company. (*El Financiero, December 14, 2017*)

- E-commerce: Swiss processed foods giant Nestlé reported plans to invest approximately US\$2.6 million to boost its internet commerce sales in Mexico. Resources will support brand positioning in YouTube, development of the products' own on-line sales platform and alliances with key retailers. (*El Financiero*, December 14, 2017)
- Pharmaceutical: Mexican pharmaceutical manufacturer Genomma Lab began construction of a production facility in the central State of Mexico, the company announced. The US\$74 million site is planned to produce over-the-counter (OTC) medications and personal care products. (*Reforma*, December 5, 2017)
- Electrical: German electronics manufacturing conglomerate Siemens inaugurated a new production line at its plant in the central industrial state of Querétaro. The US\$7 million expansion is planned to produce low voltage motor control centers. (*El Financiero*, November 30, 2017)
- Glass: French glass maker Saint-Gobain initiated construction of a new US\$135 million production plant in the northern state of Coahuila. The site is planned to produce architectural glass sheets of up to nearly 20 feet (6 meters) in length. (*El Financiero*, December 5, 2017)

POLITICS AND SOCIETY

- The field for Mexico's July 2018 presidential election was largely established this month, with the three main candidates as follows: Andrés Manuel López Obrador for the leftist Morena party, José Antonio Meade for the ruling PRI, and Ricardo Anaya for a coalition made up of the right-wing PAN, center-left PRD and the minor Citizen's Movement (MC) party. At this early date López Obrador, making his third attempt at the presidency, appears to be running ahead in the polls. (*Mexico News Weekly*, December 14, 2017)
- U.S. oil company Exxon this month became the first gasoline retailer to participate in the newly privatized market completely independently of former national monopoly Pemex. The company's new Mobil gas station in the central state of Queretaro will be supplied directly from refineries in Texas, USA. (*Reforma*, December 6, 2017)
- Mexico's Energy Regulatory Commission (CRE) removed gasoline price controls in the last remaining states under government price regulation, extending free market gasoline pricing throughout all areas of the country. The Finance Ministry (SHCP) expressed a commitment to monitor prices to identify potential abuses. (*Citibanamex, Report Económico Diario*, December 1, 2017)
- President Enrique Peña Nieto signed into law a controversial domestic security bill approved by the Mexican Congress. The bill establishes a legal framework for the country's armed forces to carry out law enforcement activities, prompting widespread criticism from Mexican and international human rights organizations. (*Mexico News Daily*, December 22, 2017)