



# Department of Commerce

**MEXICO**

**MONTHLY ECONOMY AND POLITICS BRIEF**

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## ECONOMY AND INDUSTRY

- Mexico received US\$29.7 billion in Direct Foreign Investment (DFI) in 2017, the Economy Ministry (SE) reported. The figure is 11% above the amount received the previous year, despite uncertainty over the future of NAFTA. (*El Financiero, February 22, 2018*)
- The number of formal jobs in Mexico grew 4.5% in January with respect to the same month the previous year, the Mexican Social Security Institute (IMSS) reported. Sectors adding the most jobs during the month included agriculture, communications and transport, and construction. (*Citibanamex Reporte Económico Diario, February 13, 2018*)
- Remittances to Mexico from abroad totaled approximately US\$28.8 billion, a new record high for the figure. Analysts suspect an improved job market in the United States and concerns about deportation of immigrants from the U.S. helped drive higher remittances to Mexico. (*Citibanamex Reporte Económico Diario, February 2, 2018*)

## ECONOMIC ACTIVITY OF NOTE

- **Greenhouse agriculture:** Mexican agricultural producer Hortigen Produce reported plans to invest approximately US\$80 million in greenhouse operations in the central state of Querétaro over the next four years. Projects include the addition of 97 hectares (240 acres) of pepper production utilizing hydroponic techniques. (*El Economista, February 28, 2018*)
- **Mining:** Mexican mining firm Fresnillo, a subsidiary of Industrias Peñoles, plans investment of US\$755 million during the current year, the company reported. Resources will support operations in silver extraction, zinc refining, and dynamic leaching and pyrites plants. (*El Financiero, February 28, 2018*)
- **Beverage:** Netherlands-based beer brewer Heineken inaugurated its most efficient plant worldwide in the northern state of Chihuahua, the company reported. The US\$500 million site makes use of latest technologies in areas such as water efficiency, energy conservation and recycling of raw material byproducts. (*Reforma, February 28, 2018*)
- **Retail:** Mexican grocery and general merchandise retailer Soriana plans investment of approximately US\$160 million this year to convert stores from its Commercial Mexicana format to its Soriana and Mega formats. Soriana purchased 143 Commercial Mexicana stores from Controladora Commercial Mexicana in 2016. (*El Financiero, February 27, 2018*)
- **Electricity:** Spanish energy infrastructure developer Iberdrola reported plans to invest US\$1.7 billion in new electricity generation projects through 2022. New plants are likely to include natural gas powered combined cycle generation as well as renewable energy such as solar or wind. (*El Financiero, February 22, 2018*)

- **Television:** Mexico's leading television network, Televisa, plans investment of approximately US\$950 million this year, the company reported. A substantial portion of the resources will support upgrades to the company's cable and satellite television networks. *(El Financiero, February 22, 2018)*
- **Aerospace:** French aerospace manufacturer Safran announced it will open a new manufacturing facility in the central state of Querétaro. The US\$75 million plant is planned to produce fan blades for aircraft turbines. *(El Financiero, February 21, 2018)*
- **Logistics:** Mexican freight and logistics operator Traxión will invest approximately US\$106 million this year in vehicles for its specialized fleets, the company reported. New equipment is expected to include school buses and other passenger vehicles, tractor-trailer trucks and various types of trailers. *(Reforma, February 16, 2018)*
- **Railroads:** Mexican rail freight operators Ferromex and Ferrosur, subsidiaries of Grupo Mexico Transportes, project combined investment of approximately US\$350 million this year. Resources will support areas such as track maintenance, bridge and tunnel construction, expansion of switching yards and construction of double track railways. *(Reforma, February 16, 2018)*
- **Automotive:** Mexican auto parts manufacturer Nemaq is projecting investment of approximately US\$384 million in Mexico operations this year, the company reported. Resources will focus on reinforcing structural components programs and production of parts for electric vehicles. *(El Financiero, February 14, 2018)*
- **Construction:** Mexican real estate investment fund Fibra Plus reported plans to invest approximately US\$114 million in new residential developments. Projects include 490 rental units at two sites in Mexico City and one in the western city of Guadalajara. *(El Financiero, February 8, 2018)*
- **Retail:** U.S. grocery and general merchandise retailer Costco opened a new US\$40 million location in Mexico City, the company reported. Costco currently operates 38 stores in 21 of the country's 32 states. *(El Financiero, February 22, 2018)*
- **Coffee:** Swiss processed foods giant Nestlé and Mexican casual dining franchise operator CMR announced plans to launch a chain of coffee shops in Mexico via joint investment of approximately US\$43 million. The partnership projects it will open 150 locations under the Nescafé brand throughout the country over the next eight years. *(El Financiero, February 8, 2018)*
- **Petroleum:** Mexican energy company Avant Energy plans to develop a network of storage terminals in northeastern Mexico, in conjunction with U.S. logistics company Savage and rail freight operator Kansas City Southern de Mexico, the company reported. The US\$200 million investment is planned to store and supply refined petroleum products from the port of Altamira in the Gulf state of Tamaulipas to the central Bajío industrial region. *(El Financiero, February 8, 2018)*
- **Solar power:** Spanish renewable energy developer Acciona Energía, in association with Mexican energy company Tuto Energy, began construction on a large scale solar power generation plant in the northern border state of Sonora, the company reported. The site is projected to become one of the largest in Latin America with planned capacity of 404 MWp / 317.5 MW (nominal). *(Reforma, February 6, 2018)*

- **Hotels:** Mexican hotel operator Grupo Presidente plans to double its locations in the country to 20 by the end of this year, the company reported. Investment of approximately US\$177 million will support the opening of new hotels under brands including Staybridge, Holiday Inn Suites and Loft. *(El Financiero, February 6, 2018)*
- **Beer:** U.S. drinks giant Constellation Brands, which produces Grupo Modelo Mexican beer brands including Corona for the U.S. market, plans investment of approximately US\$600 million in Mexico operations, the company reported. Resources will target expansion of production capacity and product innovation. *(Reforma, February 6, 2018)*

## **POLITICS AND SOCIETY**

- The three leading candidates for Mexico's July 2018 presidential election formally registered their candidacies February 18. Currently third-time candidate Andrés Manuel López Obrador, of the leftist Morena party, is leading in polls. *(El Financiero, February 19, 2018)*
- Mexican agricultural markets consultants Grupo Consultor de Mercados Agrícolas (GCMA) projected that Mexico could become the world's largest importer of corn following completion of the current agricultural cycle. GCMA estimates Mexican corn imports will climb to 16.5 million tons for the 2017/2018 one-year cycle. *(Reforma, February 16, 2018)*