



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

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ECONOMY AND INDUSTRY

- The peso – dollar exchange rate experienced strong volatility in April, jumping from approximately 18.0 to 18.9 within a few days mid-month. Analysts ascribed the instability to rising U.S. bond yields, uncertainty over NAFTA negotiations and the upcoming Mexican presidential election. *(El Financiero, April 24, 2018)*
- Same-store sales for Mexican retailers grew 9.9% in March year-on-year, the National Retailers Association (ANTAD) reported. Nominal sales grew 13.4% over the same period. *(Citibanamex Reporte Económico Diario, April 11, 2018)*
- Automotive production in March dropped 10.9% in March compared with the same month the previous year, the Mexican Automotive Industry Association (AMIA) reported. Automotive exports, meanwhile, jumped 7.5% for the same period. *(El Economista, April 9, 2018)*

ECONOMIC ACTIVITY OF NOTE

- **Food & beverage:** Mexican beverage bottler Arca Continental plans investment of approximately US\$195 million in Mexico operations this year, the company reported. Projects are expected to include purchase of refrigeration systems, upgrades to production lines and acquisition of transport equipment, among others. *(El Financiero, April 27, 2018)*
- **E-commerce:** Brazil-based e-commerce portal MercadoLibre plans investment of approximately US\$275 million to boost operations in the Mexico market, the company reported. Resources will support construction of two distribution centers in the Mexico City area, as well as an expanded loyalty program and shipping systems. *(Milenio, April 26, 2018)*
- **Automotive:** Mexican electric car manufacturer Zacia announced the inauguration of its first manufacturing plant, in the southeastern state of Puebla. The US\$27 million production site reportedly will produce the first electric car made entirely in Mexico. *(Auto Motores Informa, April 25, 2018)*
- **Pharmaceutical:** French pharmaceutical multinational Sanofi reported plans to construct a new production facility in the central State of Mexico. The projected US\$158 million plant is expected to produce vaccines for export to Latin America. *(El Financiero, April 24, 2018)*
- **Industry:** Mexican corporate group Grupo KUO reported plans to invest approximately US\$200 million in Mexico operations in 2018. Resources will support the group's activities in areas such as pork production and automotive transmission manufacturing. *(20Minutos, April 17, 2018)*
- **Petroleum:** Chinese oil company China National Offshore Oil Corporation (CNOOC) plans investment of approximately US\$289 million for deep water exploration in the Gulf of Mexico, the company reported. Resources will support drilling of up to four wells in areas to which the company won exploration rights in a 2016 Mexican government tender. *(Reforma, April 18, 2018)*

- **Fuel storage:** IEnova, the Mexican subsidiary of U.S. natural gas utility Sempra Energy, announced plans to construct and operate a marine fuel storage terminal in the northwestern state of Baja California. The US\$130 million facility will be used primarily for gasoline and diesel, the company reported. *(El Financiero, April 13, 2018)*
- **Food processing:** Leading Mexican food processor Grupo Herdez reported it will invest approximately US\$35 million in Mexico operations this year. The company plans to expand its frozen foods divisions, which include the Nestlé ice cream brand and Nutrisa health foods. *(El Financiero, April 12, 2018)*
- **Ports:** The Altimira Port Terminal in the northeastern Gulf state of Tamaulipas plans major expansion, the port authority reported. The US\$60 million upgrade will include extension of the port by 50% and addition of capacity to unload freight such as steel and automobiles. *(Milenio, April 6, 2018)*
- **Solar power:** Chilean green power developer Atlas Renewable Energy acquired its first project in Mexico, the Guajiro solar park in the central state of Hidalgo. Atlas projects investment of US\$100 million to develop the site, which is planned to have installed capacity of 126.45 Mw. *(Reforma, April 9, 2018)*
- **Retail:** U.S. grocery and general merchandise retailer Walmart, Mexico's largest retailer, will build a new distribution center in the southeastern state of Tabasco, the company reported. The US\$94 million site is planned to strengthen the chain's logistics network for perishables in the region. *(El Financiero, April 10, 2018)*
- **Generators:** Mexican electrical generator manufacturer IGSA will establish a new production plant to produce generators for German industrial manufacturer Siemens, the company reported. The US\$18 million facility will assemble Siemens products for the pharmaceutical, food processing and other industries. *(El Financiero, April 5, 2018)*
- **Fuel storage:** Mexican gasoline retailer Grupo Hidrosina reported plans to construct two fuel storage terminals in central Mexico. Each of the US\$40 million terminals is projected to have storage capacity of approximately 200,000 to 300,000 barrels of gasoline. *(Reforma, April 6, 2018)*

POLITICS AND SOCIETY

- Mexico and the European Union reached agreement in principle on an updated free trade agreement (TLCUEM) covering 99% of their products. The new pact will provide European exporters increased access to the Mexican market in areas including food products. *(El Economista, April 23, 2018)*
- Mexican presidential election frontrunner Andrés Manuel López Obrador (AMLO) has thrust Mexico City's new airport into the presidential campaign, saying he will cancel the US\$10 billion project if elected. AMLO's adversaries support the airport, which has been under construction since 2015. *(Mexico News Weekly, April 19, 2018)*
- López Obrador affirmed his support for maintaining the North American Free Trade Agreement (NAFTA), although with revisions, should he become president. AMLO

voiced support for increased wages for labor in Mexico under a revised trade agreement. (*Mexico News Daily, April 10, 2018*)