



Department of Commerce

MEXICO

MONTHLY ECONOMY AND POLITICS BRIEF

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ECONOMY AND INDUSTRY

- Exchange rate volatility continued this month, with the Mexican peso gaining sharply against the U.S. dollar early in the month. The dollar dipped to 18.55 pesos on July 30. (*Banca Mifel, July 30, 2018*)
- Mexico's automobile exports rose 8.1% in June over the same period last year, the Mexican Automotive Industry Association (AMIA) reported. The majority of the auto exports are sent to the United States. (*La Jornada, July 9, 2018*)
- Rocío Nahle, designated to become Energy Minister in the government set to take power in December 2018, announced that the new administration plans to renovate six oil refineries at a projected cost of approximately US\$2 billion. Local media report that only two of the six government-owned refineries are currently operating at full capacity. (*Mexico News Daily, July 26, 2018*)

ECONOMIC ACTIVITY OF NOTE

- Wind power: Spanish renewable energy developer Acciona Energía will initiate construction of a wind power generation plant early next year in the northeastern state of Nuevo León, the company reported. The electricity plant is part of an investment program of close to US\$1 billion intended to double the company's current 1,000 Mw generation capacity in the country. (*Reforma, July 30, 2018*)
- Food processing: Mexican industrial baking giant Grupo Bimbo is projecting capital investment of approximately US\$800 million for 2018, the company reported. Resources will support expanding production capacity and improving the company's product distribution network. (*El Financiero, July 30, 2018*)
- Electronics: German semiconductor maker Infineon plans to expand manufacturing capacity at its plant in the northern border city of Tijuana, the company reported. The US\$40 million expansion will allow the facility to boost output of electronic components for use in the automotive, medical and other manufacturing industries. (*Tecnoempresa, July 24, 2018*)
- Aerospace: U.S. aerospace components manufacturer Esterline Corp. announced it will expand one of its four plants in the northern border city of Tijuana. The US\$15 million expansion will boost the company's capacity to produce aerospace electronics and sensor equipment at the site. (*Mexico Now, July 23, 2018*)
- Aviation: Mexican low cost airline VivaAerobus reported plans to invest approximately US\$2.5 billion in new aircraft to modernize its fleet. The program includes acquisition of 25 Airbus A321neo and upgrade of 16 A320neo to A321neo models. (*Reforma, July 19, 2018*)
- Waste management: French waste and water management transnational Veolia plans to initiate construction this year on a thermal waste recovery plant in Mexico City, the company reported. The US\$650 million plant is planned to utilize inorganic municipal waste as fuel to produce electricity. (*El Financiero, July 18, 2018*)

- **Natural gas:** Canadian energy infrastructure developer TransCanada announced the entry into service of a major new natural gas pipeline connecting the states of Chihuahua and Sinaloa in northwest Mexico. The US\$1.2 billion infrastructure project will provide capacity to transport 670 million cubic feet of natural gas per day to supply power plants and industrial and residential markets. *(Mexico News Daily, July 17, 2018)*
- **Hotels:** Mexican hotel operator Grupo Posadas is nearing completion of a new luxury hotel outside the northeastern industrial city of Monterrey. The US\$10.6 million development will take advantage of the natural beauty of the site, which includes a reservoir and surrounding hills, to attract tourism. *(El Financiero, July 13, 2018)*
- **Automotive:** German auto and truck maker Daimler plans investment of approximately US\$23 million over the next two years to boost its presence in the Mexican market, the company reported. Resources will support upgrades and expansion of the distribution network for trucks under the brands Mercedes Benz and Freightliner. *(Reforma, July 12, 2018)*
- **Agricultural machinery:** U.S. agricultural machinery maker AGCO invested US\$10 million to upgrade its manufacturing plant in the central state of Querétaro, the company reported. The improvements are planned to boost output from approximately 4,000 tractors to over 10,000 tractors annually. *(Reforma, July 11, 2018)*
- **Fuel storage:** Spanish fuel storage and transport operator CLH in conjunction with Mexican fuel infrastructure developer HST will build the first privately built and owned fuel storage terminal in the central Valle de Mexico region, local media reported. The first phase of construction includes a planned 580,000 barrels of storage capacity at an estimated cost of US\$75 million. *(El Financiero, July 10, 2018)*
- **Telecommunications:** Mexican telecommunications operator Megacable Holdings plans to install an underwater fiber optic cable connecting mainland Mexico with the northwestern Baja California peninsula, through a public-private partnership with the Ministry of Communications and Transport (SCT). The US\$23.5 million project is intended to upgrade telephone, internet and television services in the peninsula. *(Mexico News Daily, July 7, 2018)*
- **Beverage:** Mexican beverage bottler Cooperativa Pascual announced plans to invest approximately US\$5 million to expand capacity at the company's plant in the central state of Hidalgo. Upgrades will include adding machinery and equipment for water purification, manufacture of drinking straws and production of flavored waters. *(El Financiero, July 5, 2018)*

POLITICS AND SOCIETY

- Leftist candidate Andrés Manuel López Obrador won Mexico's presidential election July 1 by a wide margin, with his Morena party picking up large numbers of seats in both legislative houses. Mr. López Obrador will be sworn in as president on December 1. *(Reforma, July 2, 2018)*

- A group of top U.S. officials including the Secretaries of State, the Treasury and Homeland Security, traveled to Mexico to meet with Mexican President-elect Andrés Manuel López Obrador July 13. The change in government in Mexico offers an opportunity for a fresh start in discussions on topics such as trade relations, immigration and border security, among others. *(CNN, July 13, 2018)*
- A high-level Canadian delegation led by Foreign Minister Chrystia Freeland traveled to Mexico City to meet with Mexican President-elect Andrés Manuel López Obrador July 25. A López Obrador spokesperson stated to the media that in the meeting the president-elect reiterated his support for maintaining NAFTA as a trilateral agreement among the North American countries. *(Mexico News Daily, July 26, 2018)*
- Mexico raised its retaliatory import tariffs on U.S. pork from 10% to 20% July 5 in response to the U.S. government's ongoing implementation of tariffs on imports from key trade partners including Mexico. Mexican imports of European pork are expected to rise as a result. *(La Jornada, July 4, 2018)*