

# Mexico Investment, Economy and Politics Brief

## – March 2020

### ECONOMY AND INDUSTRY

Electronic commerce sales in Mexico grew 28.6% in 2019 with respect to the previous year, according to the National Internet Association (Asociación de Internet.mx). The growth is particularly noteworthy considering the Mexican economy overall posted zero growth last year. (*El Economista, March 11, 2020*)

- Projections of Mexico's 2020 GDP growth are tumbling due to the expected economic impact of COVID-19. Citibanamex reported an average estimate of -3.0% March 20 in its monthly poll of financial services companies. (*El CEO, March 20, 2020*)
- Remittances to Mexico from abroad grew 5.2% in January with respect to the same month last year, central bank Banco de México (Banxico) reported. Both the number of transactions and the average amount per transaction rose for the period. (*El Sol de México, March 2, 2020*)

### ECONOMIC ACTIVITY OF NOTE

- Logistics: Mexican industrial warehouse operators IRESA and Basal launched a joint venture called Qualianz, the companies reported. The US\$70 million venture offers cold and dry storage at 28 locations in support of the food industry cold chain in Mexico. (*El Financiero, March 18, 2020*)
- Telecommunications: Mexican cable television, telephone and internet service provider Megacable reported plans to invest approximately US\$400 million during the current year. Programs include installation of fiber optic infrastructure and upgrades to their streaming platform and broadband internet services. (*Reforma, March 16, 2020*)
- Sports: Mexican hotel operator and real estate developer Mundo Imperial increased its projected investment in a new tennis arena in Acapulco to US\$15 million. The 10,000 seat Arena MIA complex is currently under construction and scheduled to open in early 2021. (*Reforma, March 12, 2020*)
- Healthcare: Mexican private hospital operator Grupo Angeles plans to establish a new upscale hospital in Mexico City, local media reported. The US\$65 million project will remodel an existing building which will be fully equipped with latest-generation medical equipment. (*El Financiero, March 11, 2020*)
- Mining: Mexican mining firm Industrias Peñoles plans to open three new mines in the country this year, the company reported. The US\$850 million expansion of operations will boost production of silver and other metals. (*El Financiero, March 11, 2020*)
- Logistics: German logistics multinational DHL forecasts investment of US\$107 million in Mexico operation in 2020, the company reported. Projects include purchase of 100 new delivery vehicles. (*El Financiero, March 4, 2020*)

- **Logistics:** Mexican courier operator Estafeta announced it will invest approximately US\$10 million in ecologically advanced transport vehicles this year. The trucks will significantly reduce emissions of oxides of nitrogen and particulate matter. (*El Financiero, February 27, 2020*)
- **Industry:** Mexican diversified conglomerate Grupo México is projecting total investment of approximately US\$2 billion this year across multiple industrial divisions. Plans include US\$1.2 billion for mining, US\$367 million for railroad operations and US\$412 million for infrastructure development. (*El Financiero, Febrero 27, 2020*)
- **Telecommunications:** Mexican telecommunications service provider Alestra is projecting investment of approximately US\$135 million this year in Mexico operations. Upgrades will principally target fiber optic infrastructure and cybersecurity solutions. (*El Financiero, February 28, 2020*)
- **Tourism:** Mexican adventure park operator Grupo Xcaret plans to construct an ecological theme park in the southeastern state of Yucatán. The US\$50 million site will feature a circuit for visiting the “cenote” limestone sinkholes popular with tourists in the region. (*El Tiempo, March 6, 2020*)
- **Gasoline:** Mexican gas station operator Wasconblue reported plans to open 60 filling stations in the country through 2021 at an estimated cost of US\$24 million. The company also plans to construct four refineries to reduce its dependency on imported gasoline. (*Reforma, March 5, 2020*)
- **Solar power:** Italian renewable energy developer Enel Green Power announced it will expand its Magdalena II solar energy generation plant in the central state of Tlaxcala. The site was inaugurated in late 2019 at a cost of US\$150 million. (*Mexico Industry News, March 2020*)

## **POLITICS AND SOCIETY**

- Canada ratified the U.S.-Mexico Canada Agreement (USMCA) March 13, clearing the last major hurdle facing the pact. The U.S. government reportedly is seeking a June 1 date for entry into effect of the new free trade deal. (*NASCO Bullet, March 13, 2020*)
- The U.S. dollar rose from below 19 the previous month to 24.95 pesos per dollar March 23 driven by fears over the impact of the corona virus on the world economy. Although the exchange rate receded during the day, it continues to present high volatility. (*Banco BX+, March 23, 2020*)
- Residents of Mexicali, Mexico, voted to oppose the completion of a new beer brewery under construction by U.S.-based Constellation Brands. The vote, backed by President Andres Manuel Lopez Obrador, once again raised concerns in the business community regarding the current government’s respect for investment agreements reached under the previous administration. (*Yahoo Finance, March 23, 2020*)