



Mexico Investment, Economy and Politics Brief – December 2020

COVID-19

Mexico City returned to red this month on the epidemiological traffic light system, indicating saturation of hospital beds and the highest degree of restrictions on business activity and movement. The rate of increase in cases of COVID-19 is uneven across the country's 32 states however overall the spread of the virus continues to increase rather than to decrease. Despite this, many coastal tourism zones remain in operation and received a substantial number of visitors from within Mexico as well as from the United States during the year-end holiday period. Mexico has begun to receive and distribute the U.S.-developed Pfizer-BioNTech vaccine, and plans to begin importing the Chinese CanSino vaccine in January.

ECONOMY AND INDUSTRY

- Revenues from international tourism in October represent an annualized decline of 53.4% in the category, demonstrating the severe impact on the Mexican economy from the COVID-19 pandemic. The figure does, however, represent a slight improvement in performance over September's results. (*Citibanamex Reporte Económico Diario, December 11, 2020*)
- Remittances to Mexico from abroad continued their robust performance in October, jumping 14.1% with respect to the same month the previous year. Accumulated remittances from January through October this year are running 10.4% ahead of last year. (*Citibanamex Reporte Económico Diario, December 2, 2020*)

ECONOMIC ACTIVITY OF NOTE

- Telecommunications: CFE Telecomunicaciones e Internet Para Todos (CFE Telecommunications and Internet For All), a recently launched state-owned enterprise associated with the national electricity company CFE, announced a major initiative to extend internet connectivity throughout Mexico. The US\$550 million program is intended to establish 200,000 free internet access points in underserved areas of the country over the next three years. (*Reforma, December 17, 2020*)
- Gas and petrochemicals: Mexican energy infrastructure developer Opus Energy Group announced plans to pursue a multifaceted infrastructure investment program in energy and chemicals in southeastern Mexico. The US\$5.6 billion

plan includes a Floating Storage and Regasification Unit (FSRU) operation to supply gas to offshore drilling platforms as well as a petrochemical plant to process high-nitrogen content associated petroleum gas. (*Reforma, November 27, 2020*)

- **Logistics:** U.S. logistics operator FedEx Express inaugurated an expansion of its air cargo operations terminal in the central state of Querétaro, the state government announced. The US\$3 million upgrade is projected to increase cargo processing capacity at the site by 200%. (*Diario de Querétaro, December 8, 2020*)
- **Meat processing:** Mexican pork producer Kekén, a division of industrial conglomerate Grupo Kuo, reported plans to reconstruct its pork processing plant in the southeastern state of Yucatán. The US\$100 million project will repair damage suffered in a fire earlier this year and boost the plant's output of processed pork products to supply the company's network of 500 retail stores as well as export clients in Asia and Latin America. (*Reforma, December 9, 2020*)
- **Fuel storage:** IEnova, the Mexican subsidiary of U.S. natural gas utility Sempra Energy, launched commercial operations at its new marine terminal for the unloading, storage and distribution of refined fuels at the Gulf port of Veracruz, the company reported. The US\$300 million facility provides storage capacity for over two million barrels of gasoline, diesel, jet fuel and oxygenates. (*Reforma, December 8, 2020*)
- **Logistics:** Argentinian e-commerce portal MercadoLibre established an air cargo fleet base at the international airport in the central state of Querétaro via investment of US\$50 million. The fleet consists of four cargo aircraft, each with its own route to improve delivery distribution throughout Mexico, the company reported. (*El Economista, December 3, 2020*)

POLITICS AND SOCIETY

- Mexican President Andrés Manuel López Obrador sent a letter Dec. 15 to U.S. President-Elect Joe Biden formally recognizing Mr. Biden's victory in the recent U.S. presidential election. López Obrador had faced criticism at home for tacitly supporting Donald Trump's campaign to overturn the election results by waiting nearly six weeks to recognize Biden as President-Elect. (*Reforma, December 15, 2020*)

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