



Mexico Investment, Economy and Politics Brief – September 2020

COVID-19

The spread of the Coronavirus in Mexico has slowed somewhat since reaching its peak in July, however the country continues to register approximately 3,000 to 5,000 new cases per day with no clear solution in sight. Nonetheless, one state, Campeche, has now reached the green level under the government's epidemiological traffic light system, meaning all activities may be resumed with caution. Currently 16 states are assigned yellow, or limited restrictions on activities and mobility, and 15, including Mexico City, are at orange, which implies a greater degree of restrictions on activities in the public space. Mexico is currently participating in clinical trials for multiple vaccines under development by international laboratories.

ECONOMY AND INDUSTRY

- Citibanamex, the Mexican subsidiary of U.S. bank Citibank, projects that Mexico's GDP will not return to pre-COVID levels until 2025. The bank's economic studies department is estimating the country's GDP will contract 11.2% in 2020. (*El Economista, September 14, 2020*)
- More jobs were created than lost in August in Mexico, the first month since March without a net employment loss, the Mexican Social Security Institute (IMSS) reported. The job gains represent less than 10%, however, of the more than 1.1 million formal positions lost as a result of the COVID-19 pandemic. (*El Financiero, September 12, 2020*)
- Mexico is the United States' largest trade partner through July, ahead of number two Canada and third place China. Mexico has imported over US\$117 billion in goods from the U.S. through the first seven months of this year. (*Benziga, September 4, 2020*)
- Remittances into Mexico from abroad in July exceeded US\$3.5 billion, jumping 21.6% over the same month last year. The value of remittances is running 10% ahead of 2019 through the first seven months of this year. (*Citibanamex Reporte Económico Diario, September 2, 2020*)

ECONOMIC ACTIVITY OF NOTE

Investment and economic activity in general remain lower than prior to the COVID-19 crisis, due to ongoing restrictions on business operations and mobility and their impact on the economy.

- Automotive: Chinese auto parts maker Daimay Automotive Interior Co. inaugurated a new manufacturing plant in the northern state of Coahuila, the company reported. The US\$86 million facility is expected to produce components such as sun visors, seats, headrests, steering wheels and roof consoles for regional OEMs including General Motors, Ford, Volkswagen and Chrysler. (*Cluster Industrial, September 25, 2020*)
- Confectionery: U.S. candy and snack maker Mount Franklin Foods announced the opening of a new candy production plant in the northern state of Chihuahua. Investment was not specified for the facility, which is expected to produce soft non-chocolate candies and will include a packaging line and research and development operations. (*Candy Industry, September 23, 2020*)
- Rail: The Ministry of Communications and transport is preparing a tender for the construction of a passenger rail line from the central state of Hidalgo to the new Mexico City airport at Sancta Lucía, currently under construction. Approximately US\$1.9 million have been requested to cover the cost of the initial technical studies, according to local media reports. (*El Universal, September 18, 2020*)
- Automotive: Japanese auto maker Toyota plans investment of US\$170 million to expand its assembly plant in the central state of Guanajuato, local media reported. The increase in capacity will allow to company to boost output principally of the Tacoma model pickup truck for distribution in North America. (*Expansión, September 15, 2020*)
- Sports stadium: New York-based sustainable stadium developer Juego de Pelota will lead construction of a new sports and recreational facility in the southeastern state of Yucatan, the state government announced. The US\$102 million structure is planned to be LEED Platinum certified and will be used for baseball and soccer games as well as concerts and other entertainment events. (*Mexico News Daily, September 10, 2020*)
- Manufacturing: U.S. tool manufacturer Stanley Black & Decker announced it will establish a new manufacturing plant in the northeastern state of Nuevo León. The US\$40 million site is planned to produce a range of electric tools and battery packs for home and construction use. (*State Government of Nuevo León, September 1, 2020*)
- Automotive: Chinese truck manufacturer Shacman plans to open an assembly plant in the central state of Hidalgo, the company reported. The amount of investment was not specified for the site, which is expected to produce trucks powered by natural gas and diesel for the local market as well as export to elsewhere in the Americas. (*El Economista, September 2, 2020*)
- Electric vehicles: The municipal government of Mexico City has invested approximately US\$112 million in electric vehicles for mass transit over the past 20 months, the city government reported. Equipment acquisitions include 80 electric city buses recently imported from China. (*Reforma, September 4, 2020*)
- Retail: U.S. DIY and hardware retailer The Home Depot inaugurated a new store in the western state of Jalisco at a cost of US\$19 million, the company

reported. The LEED-certified retail location is the chain's eighth in the state. (*Milenio*, September 3, 2020)

POLITICS AND SOCIETY

- Mexican President Andrés Manuel López Obrador announced he intends to put the nation's ports under the administration of the Marines (Marina) branch of the armed forces. The president shifted control of the country's Customs service to the army in July of this year. (*Excelsior*, September 27, 2020)
- The official campaign period for Mexico's 2021 mid-term elections began in September. Elections will take place in all 32 Mexican states for various offices in the state or federal legislatures as well as some governorships. (*Reforma*, September 7, 2020)

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