

Mexico Monthly Economy and Politics Brief

February 2023

ECONOMY AND INDUSTRY

- Same-store retail sales rose 10.3% in January 2023 with respect to the same month the previous year, the National Retailers Association (ANTAD) reported. Department stores led the way with 11% growth year-on-year for the month. *(Reforma, February 14, 2023)*
- Mexico closed 2022 as the United States' second largest trading partner, behind Canada and ahead of third place China. Mexico's exports to the U.S. exceeded US\$454.9 billion last year, representing growth of 18.3% over the 2021 total. *(Reforma, February 8, 2023)*
- Remittances to Mexico from abroad rose 5.9% year-on-year in December 2022, the highest monthly increase for the year. Total remittances for last year exceeded US\$57.3 billion, marking a new historic high for a single year. *(Citibanamex Reporte Económico Diario, February 1, 2023)*

ECONOMIC ACTIVITY OF NOTE

- Pharmaceutical: French pharmaceutical multinational Sanofi plans investment of approximately US\$17.5 million in Mexico research and development during the current year, local media reported. Resources are expected to support clinical studies and therapy development related to diabetes and heart disease, among other applications. *(Reforma, February 28, 2023)*
- Retail: Mexican diversified corporate group Fomento Económico Mexicano (FEMSA) is projecting investment of approximately US\$1.5 billion throughout Latin America during the current year, the company reported. Plans for Mexico include opening between 800 and 1,000 new locations of its Oxxo convenience store. *(Reforma, February 24, 2023)*

- **Information Technology**: Mexican information technology infrastructure provider KIO Networks announced plans to construct a new data center in the central state of Querétaro. The US\$400 million facility will serve as a 270,000 sq. ft. extension to an existing center at the site. *(Mexico Industry, February 24, 2023)*
- **Automotive**: German auto parts maker ZF Group plans to invest US\$255 million to upgrade its infrastructure in the central state of Querétaro, the state government reported. Projects include a new distribution center and expansion of an existing manufacturing plant to produce power steering components and integrated brake controls. *(Mexico Industry, February 23, 2023)*
- **Commercial real estate**: Mexican real estate developer Wolstrat reported plans to build a large-scale mixed-use complex in the central state of Querétaro via investment of US\$25 million in the initial phase. The site is expected to include four residential apartment towers and an upscale shopping center. *(Reforma, February 20, 2023)*
- **Retail**: Mexican grocery and general merchandise retailer Grupo Chedraui plans to open 60 new stores in Mexico and four in the United States during the current year, the Mexican Real Estate Developers Association (ADI) reported. Investment was not specified for the program, of which 50 Mexican locations are expected to be under the chain's small-footprint Supercito format, and three of the U.S. stores will be under the Smart & Final brand. *(Retailers.mx, February 16, 2023)*
- **Leisure**: U.S.-based soccer training center operator TOCA Football plans to establish entertainment centers in Mexico in partnership with Mexican theme park operator Ventura Entertainment, local media reported. The US\$100 million venture is expected to include seven soccer-themed entertainment centers by 2026. *(Reforma, February 15, 2023)*
- **Industrial parks**: Mexican commercial real estate developer Fondo Inmobiliario Meor has completed construction of a new industrial park in the northeastern state of Nuevo León, local media reported. The US\$15 million site plans to host new arrivals from the automotive, logistics and manufacturing industries attracted by the current nearshoring trend. *(Reforma, February 15, 2023)*

- **Food & beverage**: Mexican beverage bottler and savory snack maker Arca Continental reported investment plans totaling at least US\$623 million for the current year. The company expects to invest heavily in digital technology for operational applications. *(Reforma, February 14, 2023)*
- **Shopping malls**: U.S.-Mexican development group MRP will build a new shopping center in the central state of Aguascalientes, the Mexican Association of Real Estate Developers (ADI) reported. The US\$15 million complex is planned to be anchored by a leading department store and include movie theaters. *(Retailers.mx, February 9, 2023)*
- **Industrial parks**: Mexican commercial real estate developer American Industries plans investment of approximately US\$150 million to expand its industrial space in the northern states of Chihuahua and Nuevo León this year, local media reported. The company is seeking to take advantage of the nearshoring trend as multinationals move operations to Mexico to serve the U.S. and Latin American markets. *(El Heraldo de Chihuahua, February 6, 2023)*
- **Recreation**: Mexican real estate developer Thor Urbana has begun construction on a theme park in Mexico City based on the country's history and culture, the Mexican Association of Real Estate Developers (ADI) reported. The US\$182 million complex is expected to include museums, a venue for cultural events, a children's games area, a ferris wheel and other mechanical rides. *(Retailers.mx, February 9, 2023)*
- **Solar power**: Chinese-Mexican photovoltaic panel maker Solarever inaugurated its tenth Mexico distribution center in the northwestern border city of Tijuana, the company reported. The site is expected to provide Tier 1 photovoltaic (PV) technology to industrial clients in the Tijuana-Mexicali-Ensenada region. *(Energía a Debate, February 9, 2023)*
- **Personal care**: British consumer goods multinational Unilever announced plans to construct a new manufacturing plant in the northeastern state of Nuevo León. The US\$400 million factory is expected to produce cosmetics and skin care products among other personal care items. *(Reforma, February 8, 2023)*

- **Food processing:** Mexican multinational food processing giant Grupo Bimbo announced a US\$50 million expansion planned for its manufacturing plant in Mexico City. The upgrade will include a new production line to increase output of the company's signature baked goods. (*Reforma, February 6, 2023*)
- **Logistics:** Mexican laboratory equipment and materials distributor El Crisol inaugurated a new distribution center in the central state of Querétaro, the company reported. The US\$16 million facility is equipped to handle refrigerated, frozen and ultra-frozen materials. (*Noticias de Querétaro, January 30, 2023*)
- **Solar power:** Mexico's national electricity utility the Federal Electricity Commission (CFE) plans to inaugurate the first phase of a large-scale solar electricity generation site in the northwestern state of Sonora in April 2023, federal authorities reported. The full project is projected to cost approximately US\$1.6 billion and achieve 1,000 MW of generation capacity. (*Directorio Industria Energética Mexicana, February 3, 2023*)

POLITICS AND SOCIETY

- Hundreds of thousands of Mexicans attended public demonstrations February 26 to protest President Andrés Manuel López Obrador's efforts to undermine the country's independent electoral authority, INE. The president and his party, Morena, seek greater control over the INE, which opposition parties and NGOs see as a threat to democracy in Mexico. (*Reuters, February 27, 2023*)
- President López Obrador modified a 2020 decree banning genetically modified (GMO) corn in Mexico, set to enter into full effect by January 2024. The new decree permits the use of GMO corn for animal feed and industrial processes. (*Reforma, February 14, 2023*)