

Mexico Monthly Economy and Politics Brief

March 2023

ECONOMY AND INDUSTRY

- The Mexican peso continues to post significant gains against the U.S. dollar, reaching 18.12 pesos/USD on March 1. The mark represents a low point for the dollar vis-à-vis the Mexican currency since March 2018. *(Citibanamex Reporte Económico Diario, March 2, 2023)*
- Mexico's central bank Banco de México (Banxico) downgraded its projection of 2023 economic growth to 1.6%. Banxico is projecting 2024 growth of 1.8% at this time. *(Citibanamex Reporte Económico Diario, March 2, 2023)*

ECONOMIC ACTIVITY OF NOTE

- Electric vehicles: U.S. auto maker Tesla announced plans to establish a production plant in the northeastern state of Nuevo León. The facility, the cost of which was not specified, is expected to produce the company's Model 2 electric automobile, local media reported. *(Reforma, March 2, 2023)*
- Steel: Canadian steel products maker Nova Steel inaugurated a new processing plant in the northern state of Coahuila, the company reported. The US\$37 million facility is planned to produce custom metallic structures for the automotive industry. *(Mexico Industry, March 23, 2023)*
- Automotive: U.S.-owned plastic components manufacturer NYX Plastics Mexico announced US\$10 million in investment to expand its manufacturing plant in the northern state of Coahuila. The site seeks to double its output of plastic automotive components such as door panels, dashboards, frunks and decorative pieces. *(Transportes y Turismo, March 24, 2023)*
- Ports: Mexico's Pacific coast industrial port of Lázaro Cárdenas will receive major upgrades via investment from the National Port Administration in tandem with private investment, local media reported. The US\$360 million program is expected to include improvements to port

infrastructure and acquisition of new equipment that will help meet growing demand due to nearshoring. *(Mexicoexport, March 21, 2023)*

- **Automation**: Chinese-owned industrial automation engineers Paslin will establish a production plant in the northern state of Coahuila, the state government reported. The US\$10 million facility is expected to provide advanced automated welding systems for regional automotive OEMs and suppliers such as Tesla, Magna, Martinrea and Metalsa. *(Cluster Industrial, March 30, 2023)*
- **Logistics**: Grupo Scantibodies, subsidiary of U.S.-based biotechnology company Scantibodies Laboratory, initiated construction of a new logistics complex in the northwestern border state of Baja California. The US\$120 million site is planned to include four industrial buildings providing logistics services to industries with specialized needs such as medical devices, aerospace and electronics. *(Solili, March 14, 2023)*
- **Industrial parks**: Mexican commercial real estate developer Real Estate Investments reported plans to expand its Gate Escobedo industrial park in the northeastern state of Nuevo León. The upgrade will include five new industrial buildings totaling 1.1 million sq. ft. *(Reforma, March 21, 2023)*
- **Manufacturing**: Mexican construction finishings manufacturer Lamosa is projecting investment of approximately US\$260 million this year across operations in Mexico and elsewhere in Latin America. Plans include US\$80 million in machinery upgrades to produce ceramic tile, adhesives and flooring materials. *(El Economista, March 16, 2023)*
- **Automotive**: U.S. automotive components manufacturer Borgwarner announced it will expand its manufacturing operations in the northern state of Coahuila. The US\$47 million investment program will help the company's three plants in the state boost output of products such as ignition coils, exhaust gas recirculation modules and thermostats. *(Milenio, March 14, 2023)*
- **Industrial parks**: Mexican commercial real estate developer Vesta reported plans to invest US\$135 million to establish new industrial infrastructure in the State of Mexico in proximity of Mexico City. Plans include two industrial buildings in the city of Toluca and an industrial park in the municipality of Cuautitlán Izcalli. *(Milenio, March 13, 2023)*

- **Retail**: Walmart, Mexico's leading grocery and general merchandise retailer, is projecting investment of approximately US\$1.4 billion in Mexico and Central America operations during the current year. Resources are expected to support remodeling of existing stores, establishment of new sales locations and upgrades to operations technology and supply chain infrastructure. *(El Financiero, March 7, 2023)*
- **Logistics**: Mexican beverage bottler and savory snack maker Arca Continental inaugurated a new distribution center in the municipality of Tlaquepaque in the western state of Jalisco, the company reported. The US\$2.5 million facility is intended to serve consumers directly and will collaborate with the Coca Cola company's PetStar PET plastic recycling center, also in Tlaquepaque. *(Notisistema, March 8, 2023)*
- **Automotive**: Chinese-owned auto parts maker Xinquan Mexico Automotive Trim inaugurated an expansion of its manufacturing plant in the central state of Aguascalientes, the state government reported. The US\$30 million upgrade will boost production at the site of door panels, back panels and center consoles for luxury vehicles. *(El Universal, March 14, 2023)*
- **Solar power**: Chinese-Mexican solar panel maker Solarever inaugurated a new production line at its manufacturing plant in the western Pacific coast state of Colima, the company reported. The US\$35 million upgrade includes specialized automation technology and machinery for the production of photovoltaic solar panels. *(Mexico Industry, March 13, 2023)*
- **Retail**: Leading Mexican grocery and general merchandise retailer Soriana announced the completion of a US\$27 million program to renovate four of the chain's largest stores, located in Mexico City, Los Cabos and Monterrey. Upgrades focused on technology such as self-checkout stations and sustainability systems for increasing efficiency of water and electricity use. *(Reforma, March 3, 2023)*
- **Automotive**: U.S. vehicle parts manufacturer Phillips Industries inaugurated an expansion of its production plant in the northern state of Coahuila, the company reported. The US\$35 million upgrade will boost production at the site of electrical harnesses for tractor-trailers and other types of trailers. *(Mexico Industry, March 14, 2023)*

- Leisure: Mexican resort operator Pueblo in alliance with the Tourism Ministry (Sectur) and other Mexican government agencies plans to open a major aquarium complex in the Pacific coast city of Mazatlán this Spring. The US\$95 million site is expected to include a botanical garden and other visitor amenities. (*SoyNómada, March 2, 2023*)

POLITICS AND SOCIETY

- Mexico's President Andrés Manuel López Obrador (AMLO) mobilized his followers to hold a rally in support of his "Fourth Transformation" movement March 18 in the central plaza of Mexico City. The pro-government event was ordered in response to a prior march in defense of the INE independent electoral authority, which the president has been battling to bring under the control of his political party. (*El País, March 19, 2023*)