

# Mexico Monthly Economy and Politics Brief

*September 2021*

## COVID-19

COVID-19 conditions have improved in Mexico since the country experienced a third wave in August, with daily new cases falling below 4,000 from a peak of over 20,000 the previous month. Only four states remain at orange on the epidemiological traffic light, with 24 at the relatively light restriction level of yellow and four having returned to green, or minimal restrictions. In Mexico City, masks and physical distancing are required for public activities however most businesses have returned to otherwise normal operations. COVID tests or quarantine are not required for travel to Mexico.

## ECONOMY AND INDUSTRY

- Canadian rail operator Canadian Pacific Railway reached agreement to acquire U.S.-owned carrier Kansas City Southern in a widely reported deal. The acquisition will create the first direct freight railway linking the three members of the USMCA North American free trade zone. *(Reuters, September 15, 2021)*
- The Mexican subsidiary of Spanish bank BBVA raised its growth projection for the Mexican construction industry to 9% in 2021. BBVA Mexico's head economist underscored however that the strong growth comes with respect to the sharp downturn in 2020 and should not be interpreted as full recovery for the sector. *(Milenio, September 13, 2021)*
- Mexico became the world's eighth largest exporter of food and agriculture products in 2020, the World Trade Organization reported. The country's US\$41 billion in agri-food exports were led by products such as beer, avocados, tequila, tomatoes and peppers. *(El Economista, September 2, 2021)*

## ECONOMIC ACTIVITY OF NOTE

- **Retail:** Mexican grocery and general merchandise retailer La Comer opened a new location under its upscale store format City Market in the central state of Guanajuato. The US\$38 million store becomes the retailer's 75th in the format nationwide. (*La Comer in Reforma, September 24, 2021*)
- **Plastics:** Spanish plastics additives maker Delta Tecnic inaugurated its first overseas plant in the central state of Querétaro, the company reported. The US\$5.3 million facility, operations at which have been delayed by the COVID-19 pandemic, is expected to produce masterbatch pigments for plastics used in the regional automotive industry. (*Reforma, September 22, 2021*)
- **Logistics:** Mexican department store chain Coppel inaugurated a new distribution center in the northeastern city of Monterrey via investment of US\$17 million, the company reported. The new site and similar facility planned for the northwestern city of Tijuana are intended to help the retailer respond to exponential growth in its e-commerce channel. (*Retailers.mx, September 14, 2021*)
- **Automotive:** Austrian automotive lighting systems manufacturer ZKW Group will invest approximately US\$51 million to establish a plant in the central state of Guanajuato, the company reported. The facility is expected to produce advanced headlights for luxury vehicles. (*El Economista, September 9, 2021*)
- **Energy:** Mexican fuel producer Petgas will establish a plant to recycle plastic waste into fuel, the company reported. The US\$2.5 million processing site is planned to use non-catalytic pyrolysis to convert various types of plastics into fuels such as kerosene, diesel and gasoline, among others. (*Reforma, August 31, 2021*)
- **Big Data:** EPAM Systems Mexico, the Mexican subsidiary of U.S. software developers EPAM, inaugurated a new center of operations in the coastal city of Puerto Vallarta, the company reported. Investment was not specified for the expansion, for which at least 20 engineers will carry out operations in business analytics, big data and data science, according to EPAM. (*Somos Industria, September 2021*)

- **Automotive**: Italian vehicle components manufacturer Proma Group will establish a new production plant in the central state of Guanajuato, the state government announced. The US\$6.5 million site is expected to produce car seat structures principally for U.S. auto makers. (*Inmobiliare, September 1, 2021*)
- **Retail**: U.S. plastic container manufacturer Tupperware opened its third physical store in Mexico with the goal of reaching 15 locations in the country by year end. The brand is implementing an omnichannel marketing strategy in Mexico to complement its traditional catalog sales. (*TheMarkeThink, September 1, 2021*)
- **Manufacturing**: Japanese diversified manufacturer Kawasaki reported plans to establish a plant in the northeastern state of Nuevo León as part of a US\$273 million investment program across Mexico and the United States. The Nuevo León facility is expected to produce four-wheeled all-terrain vehicles. (*El Norte, September 3, 2021*)
- **Automotive**: Italian auto parts maker ITT Motion Technologies will establish a new manufacturing plant in the central state of Guanajuato, the state government reported. The US\$40 million site is expected to produce braking systems and components for the North American market. (*Revista Transportes y Turismo, September 3, 2021*)
- **Mining**: The Mining Chamber of Mexico (Camimex) projects that the Mexican mining industry will carry out investments totaling approximately US\$5 billion in 2021. This figure represents nearly double the value of the industry's investment the previous year. (*El Sol de México, August 30, 2021*)
- **Automotive**: Italian tire maker Pirelli will invest US\$36 million to upgrade its production plant in the central state of Guanajuato, local media reported. Resources will support installation of latest-generation automated machinery and advanced technology for production systems. (*Cluster Industrial, September 1, 2021*)
- **Healthcare**: British cannabis-based healthcare provider Quantum Farm announced plans to establish from five to 10 clinics in Mexico in the medium term via investment of approximately US\$1 million. The locations will provide products and therapy services to patients with chronic and debilitating ailments. (*Reforma, August 25, 2021*)



- **Metal casting:** Casting services provider Draxton, a division of Mexico's Grupo Industrial Saltillo (GIS), reported plans to expand its production plant in the northeastern state of San Luis Potosí. The US\$30 million expansion will allow the site to boost output of calipers and brackets for braking systems compatible with hybrid and electric vehicles. (*Somos Industria, September 2021*)
- **Food processing:** Swiss processed foods giant Nestlé announced plans to expand its production plant at the Guanajuato Puerto Interior in the central state of Guanajuato. The US\$160 million expansion will allow the facility to significantly increase its output of wet and dry pet foods. (*Inbound Logistics Latam, September 1, 2021*)

## **POLITICS AND SOCIETY**

- Cuban President Miguel Díaz-Canel attended the official celebration of Mexico's Independence on September 16 in Mexico City, at the invitation of Mexican President Andrés Manuel López Obrador. The invitation was a gesture by López Obrador to demonstrate solidarity with Latin America's leftist governments, and both leaders took the opportunity to lambaste the United States in their public comments at the event. (*Reforma, September 17, 2021*)
- New U.S. Ambassador to Mexico Ken Salazar began his ambassadorship this month with a meeting with Mexican President Andrés Manuel López Obrador. Mexican Foreign Relations Minister Marcelo Ebrard stated that he had high hopes for a close working relationship with Salazar. (*El Universal, September 15, 2021, 2021*)