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Mexican Business News

Mexican President Predicts Record Year for Foreign Direct Investment.



July 1st, 2013. Mexican President Enrique Peña Nieto predicted Monday that Mexico will receive a record amount of foreign direct investment in 2013, with foreign companies expected to invest \$35 billion or \$40 billion in the country.

While the Mexican economy has slowed in the first half of the year, and economists have been cutting their growth estimates, the deceleration hasn't appeared to affect appetite for investing in new projects.

Mr. Peña Nieto, who took office in December, said 2013 is shaping up to be a record for foreign direct investment, "maybe more than \$35 billion or \$40 billion, and the highest in the recent history of the country."

Foreign direct investment (FDI) fell short of expectations in 2012, reaching just \$13.4 billion. Preliminary data showed FDI of \$4.99 billion in the first quarter of this year.

A spate of new investments will be complemented by AB Inbev's (BUD) recently completed \$20.1 billion buyout of the half of Mexican brewer Grupo Modelo that it didn't already own.

Mr. Peña Nieto predicted the record year for FDI during a tour of northern Nuevo Leon state, where Danish toy maker Lego announced plans to invest \$125 million in a new packaging plant, and food giant Mondelez International (MDLZ), formerly Kraft Foods Inc., began construction of what it said will be the world's biggest cookie factory, with investment of \$600 million.

Mexico's growing aerospace industry has also been drumming up new investment, with officials recently unveiling close to \$200 million in expected investments.

Central Queretaro state, home to one of the country's principal aerospace parks, anchored by companies such as Bombardier Inc. (BDRBF) and General Electric Co. (GE), said it reached agreements for investments of \$160 million in aerospace, including up to \$50 million by Cormer Aerospace of Canada to make precision parts.

Snecma, part of the French Safran Group (SAF.FR), will invest \$30 million in a new plant, its fifth in the state, to build parts for turbines, while PCC Aerostructures, a unit of Precision Castparts Corp. (PCP), confirmed investments for \$70 million, according to the state government.

Marcelo Lopez, Queretaro's minister for sustainable development, said in a recent interview that the latest investments will bring to about \$1.5 billion the total invested in aerospace in the state, and that there are four or five other prospects for investment he doesn't expect to be ready this year.

The agreements were formalized last month at the Paris Air Show, which was attended by a number of Mexican state governors and officials of the Economy Ministry's investment promotion arm, ProMexico.

ProMexico said French company Zodiac Aerospace plans to invest \$25 million in northern Chihuahua state for two projects, one to make plane seat frames and another to build cabin interiors. Zodiac, which already has several plants in northern Mexico, didn't respond to a request for comment.

Precision Castparts declined to comment, Cormer didn't respond to requests for comment, and Snecma couldn't be reached. Mexico's aerospace industry exports exceeded \$5 billion in 2012, and the goal is for exports to reach \$7 billion by 2020, according to ProMexico.

Source: The Wall Street Journal

BBVA Bancomer will embolden in Mexico City.



July 4th, 2013. BBVA Bancomer, a leading financial institution in Mexico, announced an investment of \$1.9 billion dollars to transform its network of branches and conclude the construction of two new corporate headquarters in Mexico City.

According to the firm, its plan of investment for Mexico City will create a “new model” of banking, through the transformation of 300 branches operating in the capital of the country, based on innovation, technology and better services.

Branch offices will be equipped with a “innovative self-service system which will feature high transactional security standards, giving access to customers to its resources 24 hours, 365 days of the year”, according to the company.

“The new model implies a commitment to change traditional methods and thereby seeks to endorse the leadership in transactions by self-service which passed from 54% to 77% for digital channels and electronic banking”.

Bank of Spanish origin includes finishing the construction of the Torre BBVA Bancomer in Paseo de la Reforma and the Centro Operativo in Parques Polanco parks, which will channel 500 million dollars of the total amount of investment.

Both properties, said the company of the services sector, they will have international certification LEED, this means they will be friendly to the environment and will have low maintenance costs, allowing to save 25% on energy and between 30% and 50% in water.

Luis Robles, President of the Board of Directors of BBVA Bancomer, said that Mexico DF will become the most important economic and financial center of Latin America over the decade, hence

the size of the investment that the bank will place in the city.

For his part, Vicente Rodero, VP director of BBVA Bancomer, explained that the institution has 20 million customers, 1,800 branches, 40,000 employees, 7,700 ATMs and 125,000 terminal points of sale in shops.

Rodero revealed that “between the end of 2014 and 2015 all the investments we will make in this great city will be completed”.

Source: Mexican Business Web

Mexico, the favorite place of fund managers.



July 8th, 2013. China often comes to mind when one hears about “the growth of emerging economies” but it’s Mexico the most beloved by many fund managers of bond funds and the place where they want to establish their business.

A survey realized by Pensions Week, a publication of Financial Times specialized in global funds, which analyzes 16 debt funds in emerging markets, found out that Mexico occupies the highest ranked position, above Russia and Brazil.

The first of Mexico’s advantages is its role as exporter. Andre Loes, analyst of HSBC Brazil, believes that it will surpass China and Canada and become the biggest exporter to the United States in 2018.

This is because of the low wages inflation, which has only raised from 1.72 in 2001 to 2.10 in 2011, while in China it has gone from 0.35 to 1.63 in the same period. For this reason, Mexican exports could double in 6 or 8 years. The fund managers support the reforms carried out by the government and Banxico, since they will allow the peso to find its

right value in the market.

Helen Williamson, director of emerging markets debt in First State Investments, who has given Mexico the best position in local currency debt, said “we see attractive assessments, a central bank that’s not intervening aggressively to stop the currency’s appreciation and good opportunities in the structural reforms suggested by the new government”. But the popularity of the country is such that some managers have temporarily turn away fearing the market is overbought.

“We have been cautious with credit because of general opinion, the positioning and valorization about the currency. But the strong correction seen in the currency and the bonds market, as well as with crossover investor has reduced the exposition and eased these fears”, pointed Vivienne Taberer, debt portfolio manager in Investec.

Investors are getting away from the Mexican government’s debts to bonds of enterprises such as Alpek, a petrochemical enterprise focused in the production chain of polyester that supplies products to the sector of foods and beverages.

Some firms are more adventurous than others and have tried to fill in the space left by the banks of Wall Street, which are well represented in Mexico, but that have reduced their loans. Jan Dehn, research of investigation in Ashmore, says that the presence of American banks in Mexico has created a over populated market, which has deterred other firms of establishing an investment office in the country.

But now, the credit restrictions are creating an empty space, which investors may fill. “Because some Wall Street banks are fighting with the capital, they are becoming less competitive in emerging markets. They cant put actives in emerging markets in their balances, it is too expensive. The local banks are filling this space for fund managers to intervene and stop the intermediation of the banks”, he pointed.

Source: Financial Times

UAE - Mexican cultural cooperation discussed.



July 9th, 2013. Bilateral relations and cooperation between the UAE and Mexico, and ways to promote cultural relations between the two countries, were discussed by UAE Minister of Culture, Youth and Community Development, Sheikh Nahyan bin Mubarak Al Nahyan, and the Ambassador of Mexico to the UAE, Francisco Javier Escobar.

The discussions took place at a recent meeting at Sheikh Nahyan's palace in Abu Dhabi.

At the meeting, Sheikh Nahyan spoke about the role of culture in building bridges between peoples, and the exchange of cultural expertise between the two countries as a way to promote their cooperation.

Ambassador Escobar presented Sheikh Nahyan with three hundred copies of the Arabic edition of 'Nueva Historia Mínima de México' (Spanish for The New Shortest History of Mexico), one of the publications of the Mexican Agency for International Cooperation for Development (AMEXCID, by its Spanish acronym). The book is a reference on the history of Mexico since 1530.

The Mexican ambassador hailed the cultural development in the UAE and the role of the Ministry of Culture, Youth and Community Development in promoting cultural relations with other countries.

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Source: Zawya

Enterprises will invest \$27 billion dollars in Mexico.



July 9th, 2013. The president of the Mexican Council of Businessmen, Claudio González, announced an investment of \$27 billion dollars that will transform the enterprises of the country. "It is a historic figure without precedents, that will give economic strength and will generate more jobs", he highlighted.

He pointed that the 39 enterprises that conformed the Council will invest in sectors such as mining, telecom, chemicals and retailers.

During the National Investment Announcement of the Enterprises of the National Council 2013, the minister of Economy, Idelfonso Guajardo, emphasized that without the private sector investment, economy won't grow.

Source: El Universal

Culture

Huapango

Dance

"Living History"



Hundreds of couples from the whole country, and even from the US, assist to this event since 1970. Multiethnic and multicultural, this dance is similar to the zone it represents.

With musical characteristics from the Huasteca region (Querétaro, San Luis Potosí, Hidalgo, Tamaulipas, Puebla and Veracruz), huapango links the different identities that coexist in the Sierra and homogenizes feelings in a millenary and widely listened dance.

The classical trio huasteco brings together a violin, a huapanguera and a jarana huasteca. The classical huapango is characterized by a complex rhythmic structure mixing duple and triple meters which reflect the intricate steps of the dance.

When the players sing (in a duet, in a falsetto tone), the violin stops, and the zapateado (the rhythm provided by heels hitting the floor) softens.

Men and women as couples dance huapango. El querreque is a very popular huapango, in which two singers alternate pert and funny repartees.

The IMF feels optimistic about the structural reforms in Mexico.

July 10th, 2013. The International Monetary Fund (IMF) said it was feeling optimistic of the structural reforms that are being promoted by president Enrique Peña Nieto and affirmed that this will put the country nearer to its true potential. "Mexico is near of its potential. It has decelerated less than other economies. It will benefit of a better American prospect", said the chief of the Research Department of the IMF, Thomas Helbling.

In its report, the IMF pointed out that the inflationary rates will continue to go down, since consumer prices will go from 4.1% in 2012 to 3.7% in 2013 and to 3.2% in 2014.

The unemployment rate will keep the same rate during 2013, and may go from 4.8% to 4.5% in 2014, in any of the scenarios, the numbers will be smaller than the unemployment rate of United States and Canada, according to the April's report.

Source: *El Financiero*

Mexico's labor market growing.

July 17th, 2013. The Mexican labor market has performed better than many of the other economies that make up the Organization for Economic Cooperation and Development (OECD), according to an OECD report released Tuesday. Although the unemployment rate remains above the level present in Mexico before the onset of the Global Financial Crisis, it is below the OECD average.

The OECD report said that Mexico had the second highest economic growth rate among member countries in 2013, after Chile, and the strongest job creation rate. After reaching a peak rate of 6.0 percent in September 2009, unemployment in Mexico has steadily fallen, reaching 5.2 percent in April 2013.

The report went on to say that the relatively low unemployment rate can be explained by the absence of a staterun system of unemployment benefits, which means that most workers who lose their jobs have to take the first work opportu-

nity they get. Many workers who lost jobs in the formal economy after the crisis have found new employment in the informal economy, which has led to the robust growth of this sector.

Reducing the importance of the informal economy remains a challenge for the country, as 60 percent of all jobs in Mexico belong to the informal sector, which means that the majority of Mexican workers remain outside the reach of labor regulations, social safety networks and the income tax system, according to the report. Nevertheless, the OECD said that the employment prospects for young people in Mexico must be improved, as the majority of people, especially women, between 15 and 24 years of age have been left out of labor and educational markets.

After Turkey, Mexico is the OECD country with the second largest proportion of "ninis" — young people who neither work nor study — with one in ten young men and one in three young women belonging to this demographic. Though the Mexican unemployment rate has dropped in recent years, the proportion of young ninis has remained the same since the recession began.

The OECD recommended policies to promote the inclusion of women in the labor market. In the third quarter of 2013, only 47 percent of Mexican women had access to work outside the home, the second lowest rate among OECD member countries after Turkey. This employment rate has remained stable since the recession began.

The report mentioned that "increasing the participation rate of women by improving their opportunities at work would strengthen Mexico's economic potential and reduce the risk of poverty." The OECD was founded to help introduce the Marshall plan in Western Europe in the postwar period. Since then, it has expanded to 34 countries committed to democracy and market economies around the world.

Source: *The News*



The sound of the instruments, the colors of the costumes and the beauty of it surrounding huapango makes this genre of music and dance one of Mexico's most important traditions.

It brings together the many ethnicities and ways of life found in the Huasteca, a region touching several states that was once indigenous Huasteca territory. Let huapango's different rhythms and the stomping of the dancers' feet take you away.

Huapango has become a tradition in parts of the state of Queretaro. The famous National Huapango Contest is held in the municipality of Pinal de Amoles.

The National Huapango Dance Competition has been held for more than 40 years. It takes place in the municipality of San Joaquin.

Huapango is played in the states of Queretaro, Veracruz, San Luis Potosi, Hidalgo, Tamaulipas and Oaxaca, as well in Guatemala.

The genre emerged in the 1600s. It was born from the mix of indigenous musical traditions and Spanish instruments.

Traditional huapango bands are trios consisting of a five-string or eight-string guitar; a small five-string guitar called jarana huasteca; and the violin, which leads the melody. Two members of the band sing huapango's vocals, whose occasionally alternate singing couplet verses.

Business Opportunities

Mexican companies looking for distributors / importers

BEDACOM, S.A. DE C.V.

Product: Milk products.

Tel. +52 46 11 61 39 57
Fax. +52 46 11 61 38 46

Website: www.bedacom.com.mx

COMERCIALIZADORA INTEGRAL DE BELLEZA, S.A. DE C.V.

Product: Cosmetics.

Tel. +52 55 56 96 37 43
Fax. + 52 55 56 96 18 74

Website: www.cosmetobellezaim.com

CONDUCTORES MEXICANOS ELÉCTRICOS Y DE TELECOMUNICACIONES, S.A. DE C.V.

Product: Construction equipment.

Tel. +52 55 53 28 33 40
Fax. +52 55 53 28 33 46

Website: www.condumex.com

COSMOCEL, S.A.

Product: Fertilizers.

Tel. +52 81 86 25 31 00
Fax. N/A

Website: www.cosmocel.com

DERIVADOS DE AGAVE, S.A. DE C.V.

Products: Non based alcohol agave products.

Tel. +52 33 36 47 33 96
Fax. +52 33 31 22 61 22

Website: <http://dagosa.com.mx>

DISTRIBUIDORA LA MAESTRANZA, S.A. DE C.V.

Products: Egg powder and persian lemon.

Tel. +52 55 90 00 17 15
Fax. +52 55 90 00 17 16

Website: www.lamaestranza.com.mx

ELECTROMETER DE LAS AMERICAS, S.A. DE C.V.

Product: Components and parts for watt-hour meters.

Tel. +52 55 50 78 04 30
Fax. +52 55 50 78 04 02

E-mail: electrometer@prodigy.net.mx

EQUIPOS Y ASESORÍA AGROINDUSTRIAL, S.A. DE C.V.

Product: Edible products.

Tel. +52 77 11 48 31 13

E-mail: miguel_coronamx@yahoo.com

GREEN SUN, S.P.R. DE R.L.

Product: Avocado products.

Tel. +52 55 53 28 33 40
Fax. +52 55 53 28 33 46

Website: www.condumex.com

INTERNACIONAL FARMACÉUTICA, S.A. DE C.V.

Products: Pharmaceutical.

Tel. +52 55 55 44 87 60
Fax +52 55 55 49 42 34

Website: www.ifsa.com.mx

LABORATORIOS AVI-MEX, S.A. DE C.V.

Product: Pharmaceutical.

Tel. +52 55 54 45 04 60
Fax. +52 55 54 45 04 62

Website: www.avimex.com.mx

OCULUS TECHNOLOGIES OF MEXICO, S.A. DE C.V.

Product: Antiseptic.

Tel. +52 33 38 33 67 22

E-mail: egaribay@oculus.com.mx
Website: www.oculus.com.mx

PLANTAS MEXICANAS DE EXPORTACIÓN, S.A. DE C.V.

Product: Spices & medicinal herbs.

Tel. +52 24 44 44 19 38
Fax. +52 24 44 44 19 44

Website: www.plantamex.com.mx

PRODUCTOS CIENTÍFICOS, S.A. DE C.V.

Products: Pharmaceutical products.

Tel. +52 55 54 88 70 00
Fax. +52 55 55 75 76 98

Website: www.techsphere.com.mx

WEENER PLASTICS, S.A. DE C.V.

Product: PET.

Tel. +52 72 82 85 09 43
Fax. +52 72 82 85 30 70

Website: www.wppg.com

If you need further information about Mexican companies do not hesitate in contact the Arab-Mexican Chamber of Industry & Commerce

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