

Mexico in Brief

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NUEVO LEON LEADS ECONOMIC GROWTH.

The Secretary of Economic Development of the State of Nuevo Leon estimates a 5.5% GDP growth within the State during 2006; such growth would be approximately 22% higher than the overall country growth. GDP growth in Nuevo Leon is mainly derived from the manufacturing, construction, transportation and communications industries.

INVESTMENT IN THE MEXICAN MINING SECTOR IS EXPECTED TO INCREASE.

The Mexican mining industry continues to attract foreign investors, and is expected to receive considerable additional foreign funds during 2007. Among the new significant mining operation are *Mipillas*, in Sonora, which is part of the Peñoles Group and involves an investment of approximately U.S.\$250 million; the *Piedras Verdes* operation which is part of Frontera Copper Corporation and which started operations last October with an investment of approximately U.S.\$165 million, and *Alamo Dorado*, which is part of Plata Panamericana and involves an investment of approximately U.S.\$76.6 million.

MEXICO'S AUTOPARTS EXPORTS TO THE U.S. AT ITS RECORD.

During the first ten months of 2006, Mexico's autoparts exports to the United States of America reached a record value of U.S.\$21,322 million, representing a 5.9% increase from last year. This figure places Mexico as the most important autoparts' supplier of the United States, followed by Canada (with exports of approximately U.S.\$17,098 million) and Japan (with exports of approximately U.S.\$13, 194 million).

CEMEX PLACED PERPETUAL BONDS.

Cemex, the global cement and building-solutions company headquartered in Monterrey, placed U.S.\$1,250 million in fixed to floating perpetual callable debentures through a private offer.

MEXICAN CABLE COMPANIES TO INVEST IN TELEPHONIC SECTOR.

Cablevision, one of the leading Mexican cable companies, has announced that it will invest U.S.\$65 million in order to start offering telephone service in Mexico as early as next February. The new business will be developed in a partnership with Betel, a Mexican telecommunications company which has more than 6,000 kilometers of installed optic fiber. Megacable, another of the leading Mexican cable companies has also announced substantial investments in order to compete in the telephone service business.

ANTIDUMPING DUTIES REVOKED FOR MEXICAN STEEL.

The United States' International Trade Commission unanimously resolved to eliminate antidumping duties established since 1993 to Mexican steel. The decision may significantly impact the business prospects of the Mexican steel market, which has been undergoing an important consolidation process. Following the recent sale of Sicartsa, foreign companies will now control one-half of the steel-manufacturing business in Mexico, which is expected to grow approximately 4.4% during 2007, derived from the significant growth expected from the Mexican construction sector.

FEMSA REPORTS GOOD RESULTS AND CONTINUES EXPANDING.

Mexican beverage conglomerate Coca Cola Femsa reported a 44% net profit increase during the third quarter of 2006, compared to the same period of 2005. It also announced that it has reached an agreement to acquire 100% of Mexican Jugos del Valle for an approximate amount of U.S.\$380 million in cash, plus the assumption of debt for approximately U.S.\$90 million. Femsa also recently increased its participation in KOF through the acquisition of an 8% stake from the Coca-Cola Company, in a transaction valued in approximately U.S.\$427 million.

Business Summary for December 2006

Stock Exchange Index (BMV)

26,448.32

5.95% ▲

Exchange Rate (Fix)

MxP 10.8116 - U.S.\$1

1.69% ▼

Inflation-November/Cummulative/12 Months

0.52% / 3.45% / 4.09%

TIIE 28 / 91

7.34% / 7.60%

0.55% ▲ / 0.26% ▼

CETE 28 / 91 / 364

7.04% / 7.16% / 7.27%

N/A / N/A / 0.14% ▼

UDI

MxP 3.788954

0.69% ▲

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