

Mexico in Brief

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U.S. \$3 BILLION PROJECT ANNOUNCED FOR THE LORETO AREA.

The Loreto Bay complex, an ecological tourism development to be constructed in Loreto, Baja California within the next 12 years, will result in an investment of approximately U.S.\$3 billion. The project is lead by the Canadian-based firm *Loreto Bay*, and involves an area of more than 3,000 hectares where approximately 6,000 houses will be built in nine construction phases; 2,000 hectares will be dedicated to an ecological reserve. Real estate within the complex is expected to be sold between U.S.\$370,000 and U.S.\$1 million.

NUEVO LEON SEEKING LAW TO PROMOTE FOREIGN INVESTMENT.

The state of Nuevo Leon has announced that it will seek the State Congress to approve a law allowing the State to take specific actions to grant tangible economic incentives to companies seeking to establish within the State. While other Mexican states have similar laws, Nuevo Leon does not and the State Government believes that such circumstance has resulted in the State losing significant new investments, which decide to establish in neighboring states. The type of incentives proposed by the State includes the donation of land for new manufacturing entities which will generate job positions in the State. Nuevo Leon competitiveness in qualified labor, services and infrastructure have been the traditional factors considered by foreigners when establishing in Mexico. Companies such as *Halliburton*, *Franklin Electric* and *Hill-Rom* have announced investments in the State within the past months.

DELPHI SHIFTS MANUFACTURING TO MEXICO.

U.S.-based *Delphi* announced that it will relocate its Dayton, Ohio suspension and automobile components' manufacturing plant to Mexico. An important portion of the plant's operations will be transferred to a Mexican supplier located in Chihuahua, Mexico. Currently, *Delphi* is the largest employer in Mexico, with approximately 67,000 workers in 40 cities.

AEROMEXICO TO BE SOLD IN THE STOCK MARKET.

Aeromexico's shareholder's meeting announced that the company had decided to sell the different airlines conforming the group through domestic and international offers in the stock market. According to reports sent by the company to the *Bolsa Mexicana de Valores*, the sale will be made after it has negotiated cost reductions with the labor unions involved in the company's operation, which are expected to result in cost savings ranging within U.S.\$60 and U.S.\$90 million. *Aeromexico* expects that the negotiations will be completed by the end of this month of April.

FAMSA ACQUIRES U.S. COMPANY.

In an additional step outlined in its expansion plan in the U.S. for years 2006 through 2009, Mexican retailer *Famsa* announced that it had acquired a furniture retailer chain based in the U.S. for approximately U.S.\$37 million. The transaction involves the acquisition of a distribution center and 12 branches—9 in California and 3 in Texas—with 25,000 m2 of sales floor, in addition to inventories and other fixed and liquid assets. *La Canasta*, the target company, reported sales of approximately U.S.\$60 million during 2006 and is *Famsa's* third acquisition in the U.S.

NEW SIGNIFICANT INVESTMENTS IN MEXICAN REAL ESTATE PROJECTS.

Geo, a major Mexican house construction company, announced that it will invest approximately U.S.\$210 million during 2007 in the acquisition of land and in improvements related to water use. On the other hand, U.S.-based *Hines* announced that it had launched a U.S.\$100 million fund to finance real-estate projects in Mexico, focused in mid-class housing and taking advantage of the peak construction growth in the country. Additionally, Mexican construction material manufacturer *Grupo Lamosa* announced that it will invest U.S.\$83 million in the expansion of its businesses during 2007, of which U.S.\$23 million will be targeted to the real-estate business.

Business Summary for March 2007

Stock Exchange Index (BMV)

28,747.69

7.92% ▲

Exchange Rate (Fix)

MxP 11.0322 - U.S.\$1

1.22% ▼

Inflation-February/Cummulative/12 Months

0.28% / 0.80% / 4.11%

TIIE 28 / 91

7.46% / 7.68%

N/A / 0.13% ▲

CETE 28 / 91 / 364

7.04% / 7.21% / 7.52%

N/A / 0.28% ▲ / 1.90% ▲

UDI

MxP 3.83447700

0.22% ▲

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