

Mexico in Brief

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NEW STATE ECONOMIC DEVELOPMENT LAW IS PASSED AND SHALL PROVIDE FOR ADDITIONAL INCENTIVES FOR FOREIGN INVESTMENT.

As reported in previous issues of *Mexico in Brief*, the Government of the Mexican state of Nuevo Leon has been working on an Economic Development Law targeted to attract direct investment in the State, mainly from foreign sources. The new law was passed by the State Congress on June 22 and is now only pending its publication by the State Government in order to become effective. The new law is expected to provide clearer regulations involving incentives in favor of certain strategic sectors for the State, such as the aerospace, automotive, software, electrical appliances and medical industries. Some of the incentives contemplated by the new law involve support in the payment of real estate leases for up to ten years, 100% of infrastructure construction costs in some cases, the reduction of up to 95% of the State payroll tax for up to five years, and other ancillary support.

CHRYSLER AND ZHONGXING AUTOMOBILE COMPANY ANNOUNCE INVESTMENTS IN MEXICO.

Chrysler recently announced that it will invest U.S.\$570 million in the construction of a new motor plant in Saltillo, Mexico. The plant is scheduled to start operations in 2009 and is part of *Chrysler's* planned U.S.\$2 billion investment plan for Mexico announced in 2004. On another hand, China-based *Zhongxing Automobile Company* plans to export 50,000 automobiles into Mexico, and will invest U.S.\$300 million in the construction of its first Mexican plant to be located in Tijuana, Mexico. According to Jose de Jesus Calleros, Chairman of the National Council of Exports of the Manufacturing Industry, the Chinese company plans to manufacture low-cost cars and SUVs in its upcoming Tijuana plant.

GRUMA: PLANNING TO OPEN A PLANT IN JOHANNESBURG.

Considering the rising corn consumption in Africa, Mexican-based *Gruma* will start market-exploration actions targeted to the installation of a plant in Johannesburg, South Africa, in 2009. *Gruma* currently sales corn to Africa from Australia, and Roberto Gonzalez, CEO of *Gruma*, expects that such new plant may start supplying the African domestic market in 2009.

MAJOR INTERNATIONAL CONGLOMERATES OBTAIN SUBSTANTIAL SALES' GROWTH IN MEXICO.

The Mexican demand for technology is providing international technology conglomerates with increases in their Mexican-based sales that considerably exceed their worldwide growth rates. From 2001 to 2006, the Mexican sales of Dutch-based *Phillips*, U.S.-based *GE*, and German-based *Siemens* have raised 84%, 116% and 150%, respectively. In contrast, and during the same period, the overall global sales of *Phillips* dropped 16.6%, while *GE's* grew 45.9% and *Siemens* 0.4%.

ALFA INVESTS U.S.\$500 MILLION IN PETROCHEMICAL INDUSTRY.

By the closing of 2008, Mexican-based *Alfa* expects to have completed the construction of two plants for the production of petrochemicals in the city of Altamira, Mexico involving an investment of more than U.S.\$500 million. The announcement was made by Dionisio Garza Medina and witnessed by President Calderon in the inauguration of *Alfa's* subsidiary's purified terephthalic acid plant, having an annual production capacity of 13,000 tons, making it the largest in the Americas and the second largest in the world. The investment is part of *Alfa's* planned investment in the Mexican petrochemical industry involving U.S.\$2 billion.

Business Summary for June 2007

Stock Exchange Index (BMV)

31,151.05

0.79% ▼

Exchange Rate (Fix)

MxP 10.7946 - U.S.\$1

0.47% ▲

Inflation-May/Cummulative/12 Months

-0.49% / 0.46% / 3.95%

TIIE 28 / 91

7.70% / 7.82%

N/A / 0.13% ▼

CETE 28 / 91 / 364

7.20% / 7.38% / 7.58%

0.55% ▼ / 0.40% ▼ / 0.26% ▼

UDI

MxP 3.818896

0.35% ▼

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