

Mexico in Brief

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MEXICAN GOVERNMENT ANNOUNCES INFRASTRUCTURE INVESTMENT OF U.S.\$150,000 MILLION.

Mexican President Felipe Calderon announced that, subject to the Congress' approval of the pending tax reform proposed by his administration, approximately U.S.\$150,000 million of the taxes raised would be invested in major infrastructure projects. Specific investments have been announced in highways, railroad, ports, and in the construction of three new major airports in the Ensenada, Puerto Peñasco and Mayan Riviera areas.

FOREIGN INVESTMENT GROWS 30% IN NUEVO LEON.

During the first six months of 2007, direct foreign investment within the state of Nuevo Leon reached approximately U.S.\$830 million, representing an increase of 30% when compared to the same period of 2006. *KPMG* and the *Mexican Association of E-Commerce Standards* recently published the results of a survey according to which Nuevo Leon came only second to Jalisco as the preferred destination for foreign investment in Mexico. Examples of investments recently announced within Nuevo Leon include Austrian-based *Kopf*, which invested approximately U.S.\$20 million in a manufacturing facility in the area, and U.S.-based *HEB*, which announced the opening of four new stores in the State within the following 14 months, involving an investment ranging between U.S.\$28 and U.S.\$32 million. Construction within the State is also reporting good figures, considering that approximately 80% of the annual estimated construction investment had already been disbursed by the end of the second quarter. Additionally, the State's Economic Development Law was enacted on July 20, and is intended to provide investment incentives for businesses establishing within Nuevo Leon.

ADDITIONAL SPANISH INVESTMENT FLOWING INTO MEXICO.

FCC, the Spanish construction group, announced that one of its subsidiaries has entered in a contract to build, operate and maintain two new highway sections in central Mexico. The transaction will involve an investment of approximately €400 million. On the other hand, *Iberdrola Inmobiliaria* has announced that it will be undertaking its first project outside of Spain with an investment of approximately €43 million in Mexico; the Spanish energy company has acquired 35% of the *Laguna del Mar* vacation home development in Puerto Peñasco, Sonora, which will include houses, hotels, and a golf course.

ALFA'S GROWTH CONTINUES.

Mexican conglomerate *Alfa* announced that its subsidiary *Sigma Alimentos*, the cold cuts manufacturing leader in Mexico, recently entered into an agreement for the acquisition of *Mexican Cheese Producers* in the United States, a cheese and dairy products' manufacturer having a production capacity of 10,000 tons per year. This will be the first operating facility of *Sigma* in the United States. On the other hand, *Alfa's* subsidiary *Nemak* recently completed its acquisition from *TK Aluminum* of a manufacturing plant in China.

MEXICO CONTINUES TO ATTRACT REAL ESTATE INVESTMENT.

Mexico has become the principal Latin American country receiving foreign investment in real estate, and private funds and foreign companies continue announcing investments in this sector. According to *Cushman Wakefield Mexico*, the stability of the Mexican economy has substantially benefited this sector, which has estimated investment ranging between U.S.\$1,500 and U.S.\$2,000 million per year, with 60% of such amount funded by foreign entities. An example is *ProLogis'* recently-announced investment of approximately U.S.\$600 million in Mexico within the next three to four years.

Business Summary for July 2007

Stock Exchange Index (BMV)

30,659.66

1.58% ▼

Exchange Rate (Fix)

MxP 10.9273- U.S.\$1

1.23% ▲

Inflation-June/Cummulative/12 Months

0.12% / 0.58% / 3.98%

TIIE 28 / 91

7.70% / 7.78%

N/A / 0.51% ▼

CETE 28 / 91 / 364

7.19% / 7.34% / 7.51%

0.14% ▼ / 0.54% ▼ / 0.92% ▼

UDI

MxP 3.829755

0.28% ▲

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