

Viva Utah!

Q2 News Report

"I hope you are all enjoying your summer in the lovely state of Utah! This last quarter has been filled with meetings throughout Mexico. I met with numerous companies, and toured manufacturing plants and corporate headquarters. Please enjoy this newsletter highlighting what we are doing on behalf of the Beehive State to encourage Mexican companies to purchase more goods and services from Utah companies, and to promote Utah as the premier state for businesses to invest. Moreover, please read the News section, where we highlight Trade & Investment activities in Mexico!"

-Cristina Hernandez

Trade Representative Mexico

Trade & Investment Activities

"Discover USA" or "Descubre USA"



Descubre USA. The first annual Descubre USA Fair sponsored by 3 organizations: The Consulate General of the **United States** in Guadalajara. The American Chamber of Commerce, Guadalajara and the Mexican-American Cultural Center of Jalisco. Other exhibitors included the Representative of Idaho and Casa San Antonio. Topics Included: How to do business in USA and how to study abroad in USA Universities. Overall This event was a great opportunity to promote Utah with over 520 attendees! we met the **Consul General**- Susan Abeyta, Jose Miguel Zozayacorrea - **President of American Chamber** and companies interested in doing business in the USA. After this event the President of American Chamber, Mr. Zozayacorrea invited the Representative of the State of Utah be an Executive Board member of American Chamber!



Tour of the Largest Cluster of Industrial Parks in the state of Mexico. We met with the largest commercial real-estate and industrial park company in Mexico, called Fibra-Uno, this company is publically traded on the Mexican stock exchange. <http://fibra-uno.com/>. Specifically, we met with the head of Commercialization of The industrial parks division & the sub coordinator for the state of Mexico for international promotion. (cont)



Industrial Parks San Martin Obispo I & II in the State of Mexico.

Their team provided an introduction of the real estate properties and the companies located between all their parks. We toured 4 of the 58 parks that they own. Companies that are inside the parks are conducting nationwide distribution. Some companies included: [Baxter](#), [Walmart](#) Distribution Center, [Palacio de Hierro](#) Distribution Center, [Fedex](#), [Chevron](#), [Luis Vuitton](#), [Novartis](#), [National Distribution center for public hospitals in Mexico \(IMSS & ISSTE\)](#), and [Verde Valle](#).



Left to right: Angelica Madrigal (Managed Strategies), Leticia Miranda (FIDEPAR-State of Mexico), Cristina Hernandez (Trade Representative Utah), Hector Montelongo (Fibra Uno-Parks), Cynthia Benítez (Sate of Mexico, Intl. Promotion)



Utah trade Representative is asked to be on the board of Directors for the American Chamber (AMCHAM),

AMCHAM is an independent nonprofit organization with no political affiliations. their mission is to promote trade and investment between Mexico and the United States. On the board include High profile CEOs of Mexican companies & USA companies such as: [Dulces de la Rosa](#), [KPMG](#), [Coca-Cola](#), [Jabil](#), [Pacific Star](#), [Montes](#), [Fragamex](#), [Maxi Gas Natural](#), [CompuSoluciones](#), [MetroCarrier](#), [Hewlett Packard](#) These companies will be great resources for promoting FDI & Trade. The Utah Trade Representative is actively setting meetings with board members to Promote Utah.

Top FDI & Trade Meetings in Mexico

Jive Communications/Utah Company-Trade

[Jive](#) came to Guadalajara to search for Mexican companies specialized in Software in order to improve their payment system in Mexico. Jive needed a development team who has experience in developing cloud-based payment portals working with payment processors in HTML5 & complying with the Mexican IRS (SAT) invoices. Which are required by Mexico.

The Representative of the State of Utah programmed a business agenda for the VP of **International Development for Jive Communications, Dano Ybarra** with 8 Mexican over a two day period he was able to meet companies like; [UnoSquare](#), AgaveLabs, CTJ Global, She also set a meeting with Tec of Monterrey to evaluate the possibility of providing a market research for the company to know more about their presence in the Mexican market. Inclosing, Mr. Ybarra was able to meet with Patricia Reinoso and Héctor from the US Commercial Service and with the **President of IJALTI, (the Technology chamber from the state,) Jacobo González** who may be as a potential client.



Left to right: Angelica Madrigal (Managed Strategies), Dano Ybarra (VP Jive) and Cristina Hernandez (Trade Representative Utah) in Guadalajara, Jalisco.



Meeting with [HiUMAN](#) – FDI Prospect

HiUMAN is looking forward to expand its company operations in the USA. We set a phone meeting with Jorge Sanchez of EDC Utah and the CEO, Rommel Hüitron. EDC Utah delivered a project a market research project for HiUMAN, which included the industry profile target companies and potential partners information and the overview of the business environment in the State of Utah. HiUMAN is still validating the opportunity, and they are open to visiting the state of Utah. Our offices are working hand in hand with the company to answer any questions.



Meeting with [Corporativo Boro](#) – FDI Prospect

A garden hose manufacturer based in Jalisco. They manufacture PVC and aluminum hoses for lawn, home and industrial use. They are looking for expanding their sales and distribution in the USA, they are in the process of completing a research project for the USA market and could be exploring establishing distribution operations in the US, their board has requested that they expand more aggressively into international markets.



Meeting with [BioScents](#) – FDI & Trade

Bioscents is one of the fastest growing beauty and personal care companies in Mexico, they manufacture and sell different personal care products under their brands, Natural Scents, Bioscents and Blen, and also private label. They are currently doing business in the USA and they are focusing on the international sales, their focus could lead to establishing operations in a mid-long term in the USA. They are interested in participating in a future trade Mission with Utah.



Mexichem – FDI Prospect

One of the largest chemical and petrochemical companies, with more than 50 years of experience in LatAm. They are based in the State of Mexico, and we have approached them to introduce the Utah Trade Office and the potential of the state for doing business after reading in the newspaper that they are expanding in the USA. They currently have operations in Knoxville, Tennessee and they are focusing on growing their USA presence. We have spoken to the executives however we have not been able to schedule a meeting however we are working on this for Q3

Itexico – FDI Prospect



A global software development company. They have offices in Guadalajara and Texas. The company is growing and constantly running projects for efficiency, we met with the COO and discussed the strength of the IT cluster in Utah, cases such as Adobe, and the IT business environment of the state. Moreover in that meeting we identified a business lead for Jive. They needed VOIP services!

Q2 Business News in Mexico

Stores have the best sales performance since 2008.

ANTAD -National Assoc of Supermarkets and Department Stores). Store sales grew 2.1% in real terms in March, the highest rate in three years and 2% in the quarter, the greatest advance since 2008. ANTAD business noted a rise of 8.6 percent in March sales, accumulating in the three months an advance of 8.9 percent. Departmental Stores (Sears, Liverpool and Palacio de Hierro) once again led the industry with increases in March of 10.7 and 9.2 percent in the quarter. The Specialty Stores (Home Depot, Oxxo, Martí and Farmacias Benavides, etc.) had increases of 4.6 and 4.7 percent. The supermarkets (i.e. Walmart, Comercial Mexicana, Casa Ley, Chedraui and Soriana) showed increases of 3.9 and 4.3 percent. (El Financiero, April 14,2015).

Toyota makes Guanajuato the leading producer of cars.

With the arrival of Toyota to Guanajuato in addition to investment from companies like Honda, Mazda and General Motors, Guanajuato will become the largest automotive cluster in Mexico reaching a production capacity of 950,000 vehicles by 2020. (El Financiero, April 16,2015).



Alesa is divided into two business units.

The leading restaurant operator in Mexico, LatAm and Spain – is changing there Latam Strategy. Alesa chains include Starbucks, The Cheesecake Factory, Burger King and more. They also operate their own foodservice distributor, DIA. Alesa will be divided in Mexico Unit, managed by Federico Tejano and International, which include operations in Argentina, Brazil, Chile, Colombia and Spain, managed by Fabian Gosselin. They will be able to focus in growing and expanding more in international markets. (El Financiero, April

Mexico will be an aeronautical leader. The aeronautical industry has registered a 15% rise annually since 2009. In five years, Mexico will be in the top 10 exporters in the aeronautical industry by 2018 and Mexico seeks to duplicate this, to 12 billion dollars. (El Financiero, April 16,2015).

P & G leaves the toilet paper sector in Mexico.

According to JP Morgan, Procter & Gamble left the Mexican market in some categories, including toilet paper, where it operates with the Charmin brand. Procter & Gamble reported a fall of 8.3 percent in its global quarterly sales. The exit of P & G would free the 11 percent in the country, which would be used by Kimberly Clark Mexico. (El Financiero, May 13th,2015).

Schneider Electric is ready to invest 15 million dollars in a new production plant in Mexico.

The company will invest 15 million in the expansion of their plant which engages in house appliances production for national consumption and exportation. Company is also working on solar energy production for a supermarket chain in the north of the country that will increase their income by 2.8% in 2015. 60% of the production will be for exportation and 40% for domestic consumption. (El Financiero, June 12, 2015).



“SuKarne”, is expanding in Mexico & Abroad

Integradora SuKarne Lucero keeps expanding their operations they have a an industrial park for agriculture and Livestock titled : Agropark. SuKarne has been a key player in the transformation of the meat industry in Mexico and **worldwide**, they maintain the highest standards and pursue ongoing innovation of their processes. The company will export its product (meats) to Europe and Asia. They export to Angola, Canadá, Chile, Corea del Sur, Costa de Marfil, Cuba, Egipto, Estados Unidos, Gabón, Ghana, Hong Kong, Japón, Liberia, Panamá, Puerto Rico and Vietnam. (El Financiero, June 30, 2015).

Mexichem will take Duraline to Europe and Vestolit to USA.

Mexichem will expand the operation of the Duraline (telecommunication-EU) and Vestolit (PVC paste, USA) these are companies which they acquired last year to expand into key markets such as the UK and USA. United States increased 16.6% in net sales of the company, compared to 9.7 percent in 2014, while the UK increased from 3.5% to 11.8%. In the first quarter of 2015, Mexico had a share of 21.8% in sales of Mexichem. (El Financiero, April 23, 2015).

Walmart EBITDA increased 6% for consumption and Sam's Club.

Walmart Mexico and Central America reported positive results for the 1Q 2015 with a growth of 6.3% in its operating cash flow (EBITDA) and 8.9% in net income. In the first three months of this year Walmart opened 11 locations, 9 located in Mexico and 2 in Central America. (El Financiero, April 22nd, 2015).

L’Oréal has the biggest market share in Mexico.

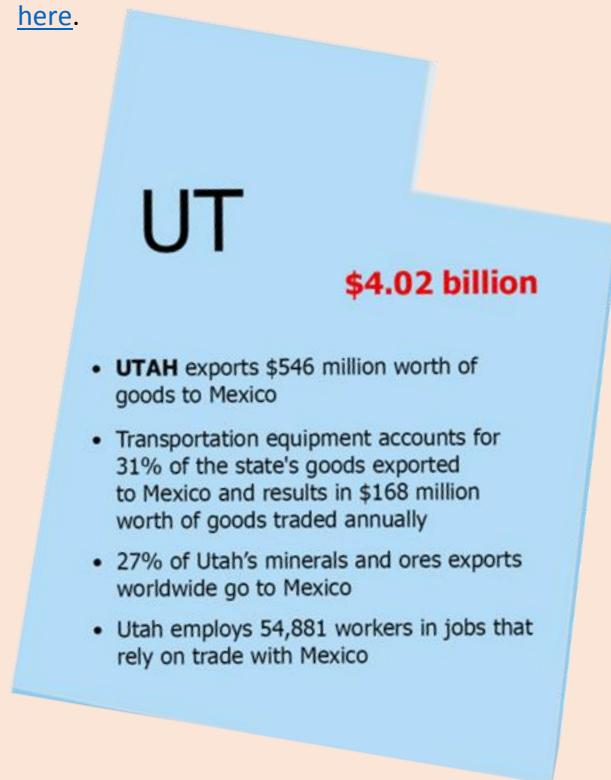
The market share in Mexico of L’Oreal is 14.6%, with 131.22 million. Followed by Estée Lauder with a 13.5% of market share with 121.33 million. In 5 years the premium segment of beauty and personal care, rose 52.7% in market share. (El Financiero June 12, 2015).

Mexicans hire landline & internet in a package

Most users hires landline service and internet in one package “double play”. A survey applied to 4017 users in the 1Q 2015, revealed most important elements to determine user satisfaction are quality service, price, ease of making and receiving calls and clarity of the invoice. 40% of Mexicans use WiFi to connect on mobile, and 38.6% of users are using public Wi-Fi hotspots to access Internet from their mobile device. (El Financiero, April 30th, 2015).

Did you know?

6 million jobs in the USA depend on trade with Mexico, however, less than 1% are in Utah (54,881). There are opportunities ahead! You can download the high resolution map to see how Utah compares to other states, Click Link: [here](#).



Take a closer look: Utah & Mexico trade. Source: Secretaría de Economía, NAFTA México 2014

Questions about Mexico?

Please Contact Us:

Managed Strategies Intl .LLC
Guadalajara, Mexico
Cristina Hernandez
Trade Representative-Mexico
E: Cristina@ managedstrategies.com
Tel: +52 33 3121 9138



Utah Governor's Office of Economic Development
International Trade & Diplomacy Office



Quick Mexico Facts

MEXICO DEMOGRAPHICS , ECONOMY & TRADE

- Population 119 The median age stood at 27.9 years in 2014
- Real GDP is expected to grow by 3.5% in 2015, up from 2.1% (Euro monitor Feb 2015)
- Mexico has the second largest consumer market in Latin America (after Brazil). In 2014, consumer expenditure per capita totaled Mx\$98,292 (US\$7,389).
- Disposable income per capita amounted to Mx\$110,266 (US\$8,289) in 2014. Growth (in real terms) of 2.6 is expected in 2015.
- Mexico rates above Argentina and Brazil with **55% of the total sales of luxury goods in Latin America**. According to AC Nielsen, 6.4 million Mexicans will have annual incomes of over US\$60,000 by 2030. (Euromonitor International, Mexico: Country profile, 2012) (Washington Post 2012).
- Since joining NAFTA in 1994, Mexico has negotiated 11 tariff-reduction accords and has more trade agreements (44) than any other country. (Euromonitor 2015)
- Mexico industry clusters include: IT, Aerospace, Medical devices, Automotive & food & beverage
- 70% of business in Mexico are SME's (Secretaría de Economía)
- 46 million people are internet users, 43.5% of the population (INEGI 2014)

UTAH-MEXICO TRADE

- US jobs supported by trade with Mexico in the state of Utah= 54,881. (Secretaría de Economía)
- Number of jobs created in Utah that are attributable to NAFTA 15,686 (US Chamber of Commerce, 2014).
- Utah's exports to Canada and Mexico have increased by \$1.9\$billion (482%) since NAFTA went into effect in 1994. Exports to Canada have increased \$1.5 billion (427%), while exports to Mexico have increased \$433 million (858%) (Thomas, 2013).
- In 2013, Mexico became Utah's eighth largest market for exports (\$546 million) (U.S. Census Bureau, 2014).
- **In 2013**, Mexico became the number one source of imports for the State of Utah (\$3.469 billion) (U.S. Census Bureau, 2014).
- Utah's 5 leading exports to Mexico are: **transportation equipment, food and kindred products, minerals and ores, machinery except electrical, and chemicals** (Governor's Office of Economic Development, 2013).

MEXICAN FDI IN THE US

- In 2012, FDI in the US from Mexico grew by 11% and was valued at \$14.88 billion USD, over 1000% higher than in 1993 (Estevez, 2013; OFII, 2013; Villarreal & Fergusson, 2014).
- In 2013, total Mexican investment stood at \$29.15 billion USD (SelectUSA, 2013).
- In 2012, Mexico was the largest Latin American source of FDI in the US. The nature of a large majority of this FDI is undisclosed, with "other industries" trailing behind. Retail trade is the third largest target for Mexican FDI, followed by manufacturing, information and finance (SelectUSA, 2013).
- Mexico is now the 12th largest FDI investor in the U.S, investing over \$2.8 billion USD in the US in 2012 alone, 31% more than in 2011 (\$2.1 billion USD) (OFII, 2013).
- Mexican companies frequently focus their investments in the US in the food, steel, petrochemical, retail and entertainment industries (Lara, 2014).
- Mexican companies are now industry leaders in at least four areas of the U.S. market: cement, breads & baked goods, tortillas, and milk & dairy products (The Wilson, 2011).
- In 2011, Mexican-majority owned firms **employed little over 76,000 people** and had assets for \$37 billion USD (Anderson, 2013).
- According to the US Embassy in Mexico City, in 2012, 4,000 investor visas were issued to Mexicans, more than any other country except Japan and Germany (Lara, 2014).

