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Carlos Navarro

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Insurance Organization Reports Large Increase in Thefts of Motor Vehicles in Mexico

by Carlos Navarro
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Vehicle thefts have reached a record level in Mexico, with almost 83,500 cars and trucks stolen during the 12-month period that ended in July. The Asociación Mexicana de Instituciones de Seguros (AMIS), which released the data in late August, said total thefts were about 13% higher than they were in the period between August 2009 and July 2010. But the rise in auto thefts has not deterred Mexican consumers from acquiring new automobiles. The consumer-research organization J.D. Power said that Mexicans are projected to buy 874,000 new cars in 2011, a slight increase from the 816,000 bought in 2010. This is good news for domestic auto dealers, which had seen sales plummet in recent years. But the Asociación de Distribuidores de Automotores (AMDA) said auto sales through the first half of the year remained slow even with the projected small increase.

Four states account for more than half of total thefts

México state accounted for the highest percentage of thefts during the 12-month period, with 20% of the total, followed by Nuevo León with 16%, the Federal District with 15%, and Jalisco with 8%. The three states and the Federal District are home to the country's three largest metropolitan areas: Mexico City, Guadalajara, and Monterrey. The Monterrey metropolitan area—along with the nearby communities of Guadalupe and San Nicolás de los Garza—recorded the greatest increase in vehicle thefts. Other municipalities with high theft rates include Torreón in Coahuila state, Culiacán in Sinaloa state, and Ecatepec de Morelos and Nezahualcóyotl, both in México state.

Roughly half the thefts nationwide were nonviolent, meaning that the vehicle was taken while the owner was not present. But there were just as many cases in which the vehicles were taken by force or threat. The highest number of violent thefts occurred in Sinaloa, Zacatecas, and Durango states, three states where drug cartels have been most active.

Authorities were able to recover about 30,000 of the stolen vehicles or slightly more than one-third of the total. The recovery rate is on par with the 12-month period the year before, the AMIS statistics indicated.

The vehicles targeted most frequently by thieves were automobiles manufactured by the Japanese automaker Nissan, particularly pickups and the Tsuru and Sentra models. More than 14,500 Tsurus were stolen between August 2010 and July 2011, a 6% increase from the previous 12-month period, said the AMIS.

Thieves also appeared to also target vehicles manufactured by Volkswagen, including the Bora and Jetta models.

Sales of new vehicles projected to increase from 2010

While Japanese cars are in strong demand by thieves, Mexican consumers also have a preference for vehicles manufactured by companies from the Asian country. The recent J.D. Power study, which projected an increase in domestic sales of motor vehicles, said buyers are not targeting Nissan

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vehicles but appear to have a preference for vehicles manufactured by Suzuki, Honda, Mazda, and Toyota.

The J.D. Power projections, which anticipated sales of about 874,000 new vehicles on the domestic market, represented good news for the beleaguered auto-distributors industry, which had experienced a decline in sales because of the downturn in the global and Mexican economy (SourceMex, July 6, 2011).

But demand only recently started to pick up. In a recent report, AMDA found the sales data for the 12-month period that ended in July of this year as barely ahead of the previous year. The automobile-distributors association reported sales of new vehicles for August-July at 8,750 units, an increase of only 1% from the same period a year ago. J.D. Power said demand started to pick up in August, with sales of new cars and trucks up by 10% from the same month in 2010, an encouraging trend.

Gerardo Gómez, director of J.D. Power de México, said an economic recovery in Mexico could boost domestic sales to about 1 million units by 2013 and to about 1.1 million by 2014.

AMDA president Guillermo Prieto Treviño said a special credit program offered by the national lending agency Nacional Financiera (NAFIN) could help boost sales. That line of credit, totaling 100 million pesos (US$7.3 million), would be available primarily to small and medium-sized businesses that want to update their fleets.

At the same time, other factors could threaten sales, including the relatively high rate of crime and insecurity in Mexico. In some states like Veracruz, dealerships have seen very few customers. "We don't know in percentages how insecurity is affecting sales," said Guillermo Rosales, AMDA's director of institutional relations. "But in Veracruz, some of the sales floors of empty."

Rosales said that even though AMDA does not break down statistics by state, new cars do not seem to be moving in some of the locations with the highest rates of drug-related violence, including Chihuahua, Sinaloa, Nuevo León, and Tamaulipas.

There have also been some concerns that the global economy could derail domestic auto sales. The recent fluctuations of the Mexican peso versus the US dollar could have an impact on the Mexican economy. The foreign-exchange rate on Sept. 28, 2011, was 13.58 pesos per US$1.00. This compares with 11.65 pesos per US$1.00 on July 27.

AMDA officials said they are not concerned about the peso. "The volatility in the foreign-exchange market is not a worry for our sector," said Prieto Treviño. "Even as the Mexican peso falls [versus the US dollar], currencies in other parts of the world are also declining."

Furthermore, said Prieto, Mexico has relatively stable macroeconomic data, including favorable inflation and GDP rates, which could keep the economy afloat. He projected domestic sales of automobiles this year would increase by 8% to 10%.

Prieto expressed some concern about sales to the US market, which accounts for 78% of total motor-vehicle exports. "We are at the mercy of the US economy, and this could translate to a reduction in exports." [Peso-dollar conversions in this article are based on the Interbank rate in effect on Sept. 28, 2011, reported at 13.58 pesos per US$1.00.]

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