

New Mexico's Border: Status, Vision and Action



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Top 25 Destinations for NM's Exports 2011 - 2013

Rank	Destination	2013		% Change from 2012 - 2013	2012		2011	
		Dollar Exports	% of Total		Dollar Exports	% of Total	Dollar Exports	% of Total
	World	\$ 2,727.52	100%	-7.79	2957.81	100%	2095.86	100%
1	Mexico	\$ 800.73	29%	35.02	593.03	20%	464.7	22%
2	Israel	\$ 788.48	29%	-39.11	1294.99	44%	444.34	21%
3	Canada	\$ 288.92	11%	-11.99	328.29	11%	352.24	17%
4	China	\$ 96.36	4%	25.14	77	3%	89.72	4%
5	Germany	\$ 67.86	2%	-5.21	71.59	2%	78.92	4%
6	Ireland	\$ 64.30	2%	256.4	18.04	1%	14.32	1%
7	Belgium	\$ 44.67	2%	173.97	16.3	1%	10.92	1%
8	Brazil	\$ 41.00	2%	0.44	40.82	1%	13.66	1%
9	Japan	\$ 40.50	1%	-23.21	52.74	2%	59.52	3%
10	Australia	\$ 40.40	1%	31.21	30.79	1%	29.11	1%
11	United Kingdom	\$ 37.62	1%	-24.99	50.15	2%	81.06	4%
12	Indonesia	\$ 28.65	1%	186.75	9.99	0%	11.11	1%
13	Netherlands	\$ 27.20	1%	50.02	18.13	1%	14.1	1%
14	Singapore	\$ 23.30	1%	22.01	19.1	1%	26.81	1%
15	Korea, South	\$ 21.23	1%	54.61	13.73	0%	29.71	1%
16	India	\$ 19.93	1%	27.04	15.69	1%	14.05	1%
17	Turkey	\$ 18.50	1%	3.85	17.81	1%	8.46	0%
18	France	\$ 16.76	1%	-16.83	20.15	1%	13.75	1%
19	Hong Kong	\$ 16.27	1%	-2.18	16.63	1%	31.29	1%
20	Thailand	\$ 15.52	1%	6.9	14.52	0%	45.17	2%
21	Spain	\$ 14.96	1%	13.15	13.22	0%	11.19	1%
22	Saudi Arabia	\$ 11.80	0%	-65.79	34.48	1%	14.54	1%
23	Algeria	\$ 9.83	0%	2551.49	0.37	0%	0	0%
24	Italy	\$ 9.40	0%	-45.66	17.3	1%	18.67	1%
25	Panama	\$ 8.89	0%	29.89	6.84	0%	7.96	0%

Facts:

- NM led the nation in export growth percentage in 2012 (42%), but saw a net decrease in exports in 2013 (\$2.96B to \$2.71B)
- However, NM exports to Mexico grew 33% (\$603M to \$802M)
- More than 50% all New Mexico Exports to Mexico originate in Dona Ana County (Santa Teresa-Las Cruces Corridor)
- Largest exporters (by city) to Mexico:
 - #1 Detroit
 - #2 Los Angeles
 - #3 Houston
 - #4 El Paso
 - #5 San Diego

Facts/Statistics

Lion's share of the state's exports to Mexico is comprised of industrial inputs/components that New Mexico's industrial base is exporting to Mexico's maquiladora industry:

- ▶ Manufactured steel components
- ▶ Plastic injection components
- ▶ Packaging materials
- ▶ Other production inputs

Facts/Statistics:

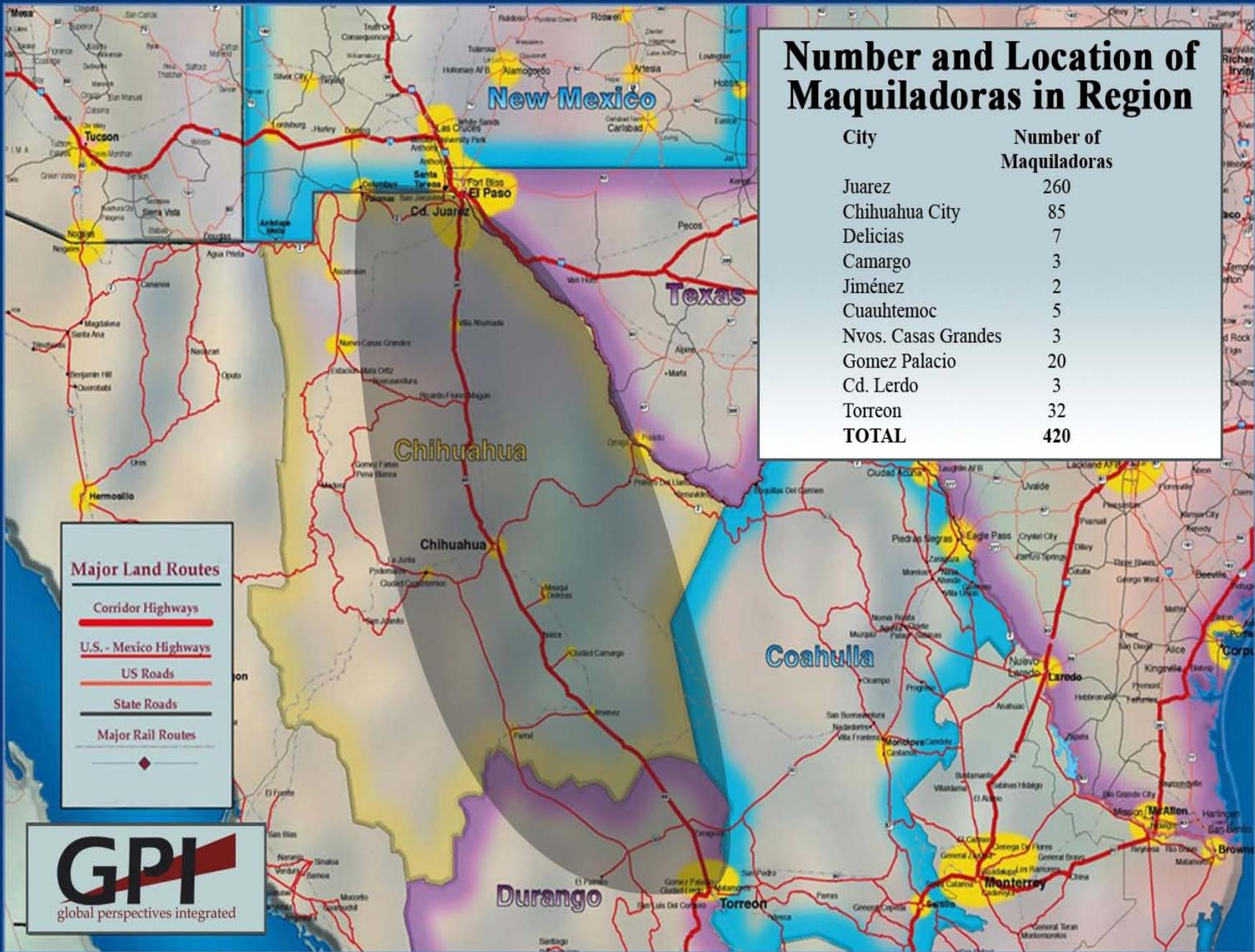
- ▶ More than \$1 to 1.5 billion of products crosses the Santa Teresa Port monthly – three years ago this was \$1 billion per year.
- ▶ Trade with Mexico has grown steadily since NAFTA (1994), but there is room for improvement. State needs to focus on developing a stronger supplier base to the Mexican maquiladora industry, thus creating more production and jobs in New Mexico.
- ▶ NM companies must be made aware of the opportunities to supply Mexico's industrial base through an active program to promote our companies' capabilities to our southern neighbor. Industrial suppliers from other states, already with an existing relationship with Mexico that are being pressured to move closer to their buyers, must be made aware of New Mexico's business advantages, particularly on its border with Mexico.

Facts/Statistics

- ▶ Mexico's maquiladoras import approximately 95% of the billions of dollars of annual production inputs it uses to manufacture products.
- ▶ Most of these production inputs such as plastic injection components, metal parts, resins, and packaging are supplied by U.S. firms (mostly in the Midwest), which are being pressured to move closer to their Mexican buyers due to tightening supply chains.
- ▶ This presents a tremendous opportunity for New Mexico to recruit out-of-state maquiladora suppliers to the state, thus attracting new investment and creating new, high-paying manufacturing jobs.

Mexican Miracle

- Violence toning down.
- Mexico's GDP 3.8% during next two years - higher than U.S. (3% growth).
- U.S. is Mexico's largest trading partner and largest foreign investor. Mexico is 3rd largest U.S. trading partner after Canada and China, and U.S.'s 2nd second largest foreign supplier of petroleum.
- Mexico had record exports to the U.S. in 2013 (\$280.4 billion); Mexico also imported \$226.1 billion from the U.S.
- U.S.-Mexico trade relationship \$506 billion per year - increase of 2.6% over 2012. The main sectors driving exports: automotive, automotive parts, and aerospace.
- Goldman Sachs and Nomura predict that the Mexican economy will enter the 10 ten largest in the world by 2020
- Moodys Investors Service increased Mexico's debt rating to A3 from Baa1- 2nd country in Latin America behind Chile.



Number and Location of Maquiladoras in Region

City	Number of Maquiladoras
Juarez	260
Chihuahua City	85
Delicias	7
Camargo	3
Jiménez	2
Cuauhtemoc	5
Nvos. Casas Grandes	3
Gomez Palacio	20
Cd. Lerdo	3
Torreon	32
TOTAL	420

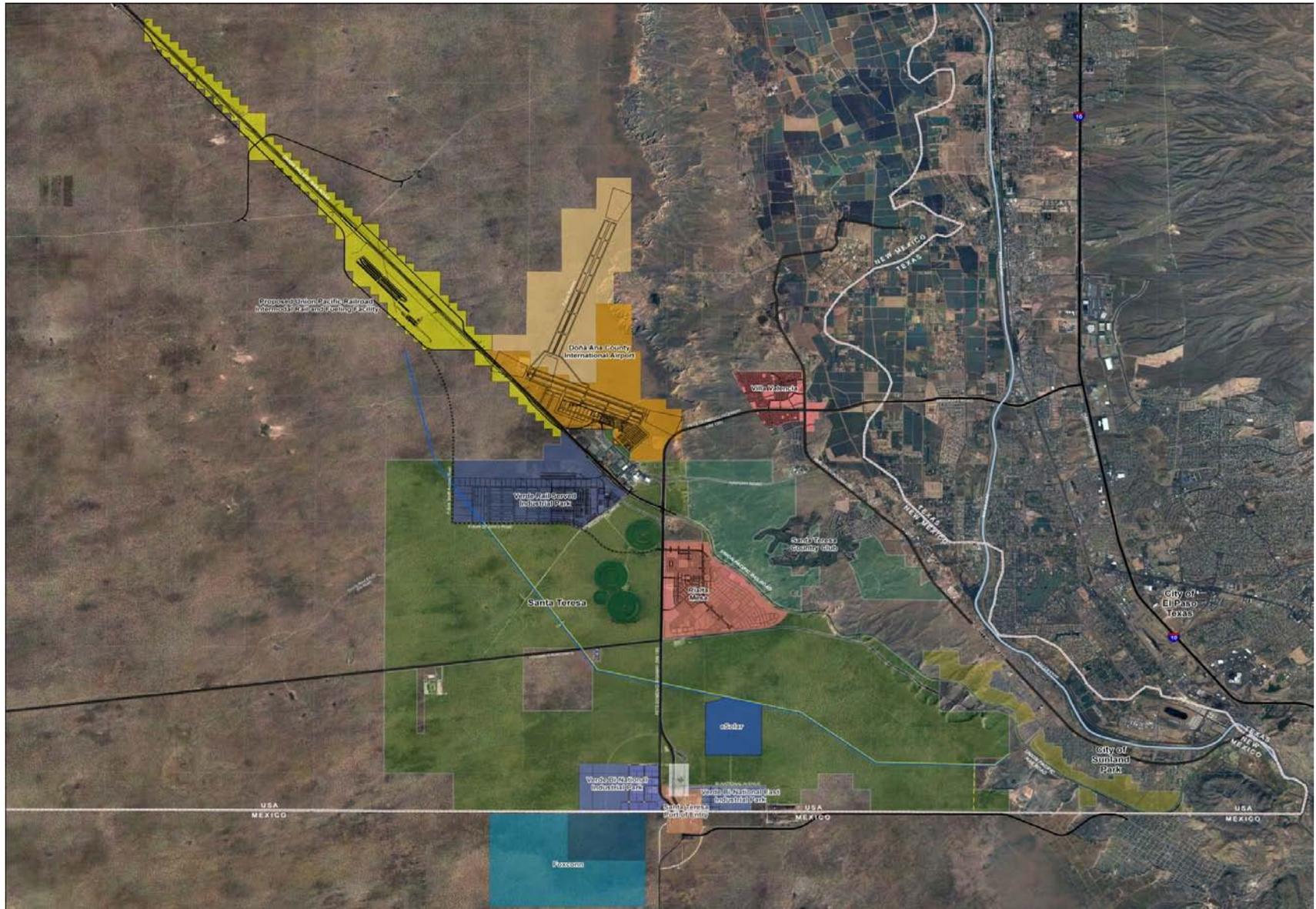
Major Land Routes

- Corridor Highways
- U.S. - Mexico Highways
- US Roads
- State Roads
- Major Rail Routes



Maquiladoras: Central Border Region

The Santa Teresa Region



Santa Teresa Region Overview:

- Vacancy in the Santa Teresa industrial parks has gone from 800,000 s.f. six years ago, to 32,000 s.f. - 99% occupancy rate.
- Four company expansions just completed
- \$12.5 M water/wastewater funding has been committed by the governor and legislature
- Other than the oil patches, the Santa Teresa region is one of the bright economic development spots in the state
- CBP pilot program in San Jeronimo
- Recruitment pipeline as big as it has ever been

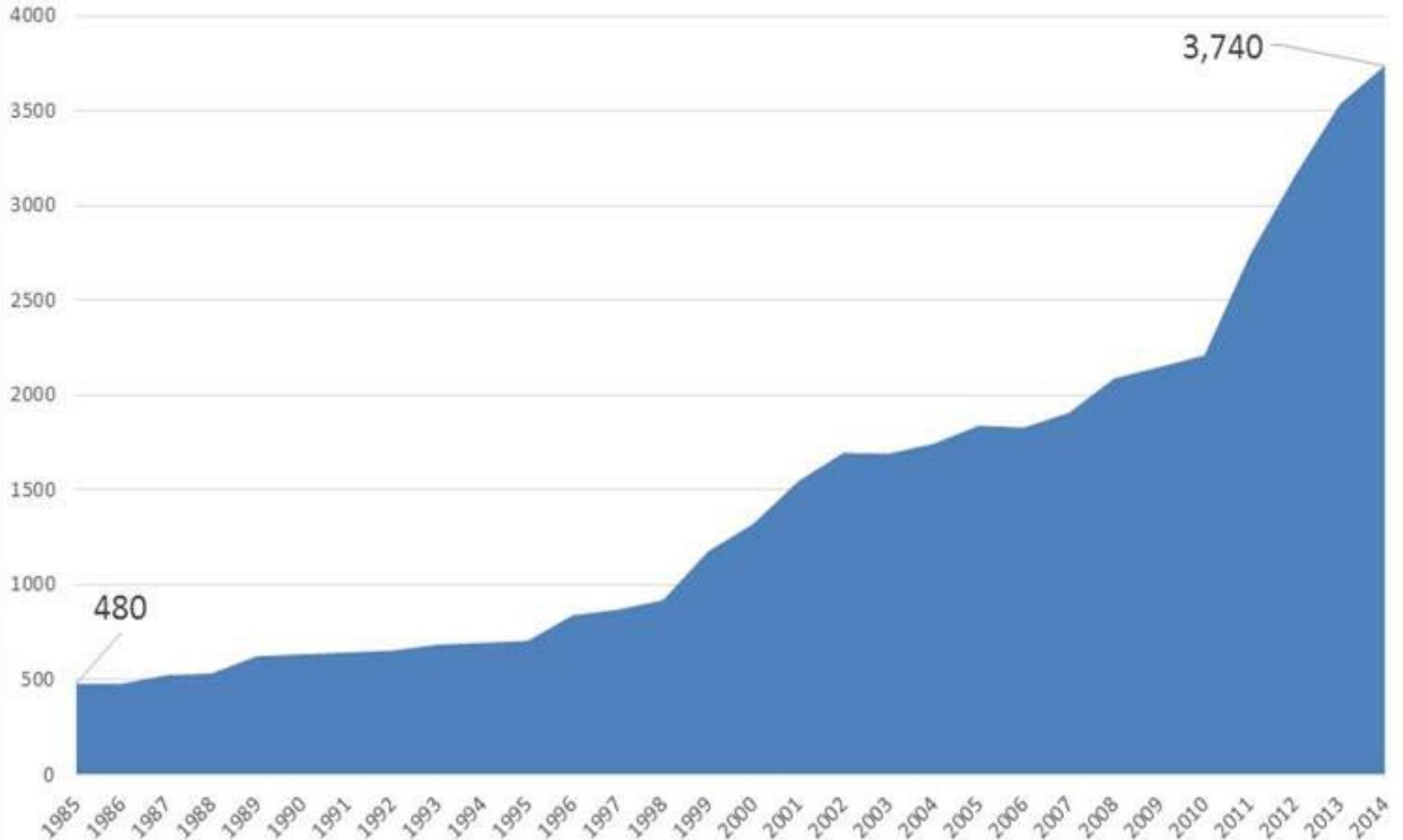
Snap Green Industries	2011	40	Chaparral	Rural	plastic recycling	Manufacturing	BTS
	2011	60	Santa Teresa	Rural	metals recycling	Manufacturing	BTS
Kalisch Chatarra							
TE Connectivity (expansion)	2011	100	Santa Teresa	Rural	telecommunications	Distribution warehouse	Lease
Interceramic	2012	30	Santa Teresa	Rural	tile distribution center	Distribution warehouse	Lease
Southern NM Shortline Railroad (Ironhorse)	2012	12	Santa Teresa	Rural	shortline railroad/logistics services	Distribution warehouse	BTS
Bizlink	2012	70	Santa Teresa	Rural	wire harnesses	Manufacturing	BTS
Ferza	2012	30	Santa Teresa	Rural	Transloading/transpotting	Distribution warehouse	BTS
JH Rose Logistics (expansion)	2012	20	Santa Teresa	Rural	third-party logistics	Distribution warehouse	Purchase
Southwest Steel Coil (expansion)	2013	30	Santa Teresa	Rural	Steel slitter and steel coils	Manufacturing	Purchase
Mallory Metals (expansion)	2013	20	Santa Teresa	Rural	Metal fabrication	Manufacturing	Purchase
CMP	2013	15	Chaparral	Rural	Metal recycling	Recycling processing center	Lease
Twin Cities	2013	50	Santa Teresa	Rural	Transloading/transpotting	Container yard and terminal	Purchase
W Silver Recycling	2013	20	Santa Teresa	Rural	Metal recycling	Recycling processing center	Purchase
Stagecoach	2014	9	Santa Teresa	Rural	Trucking/logistics	Logistics yard	Purchase
ERO Resources	2014	50	Santa Teresa	Rural	Logistics	Logistics yard	Purchase
Transmaritime	2014	15	Santa Teresa	Rural	Logistics	Logistics yard	Purchase
CN Wire	2014	300	Santa Teresa	Rural	Wire manufacturing	Manufacturing	Purchase
CertoPlast	2014	100	Las Cruces	Urban	Automotive tape manufacturing	Manufacturing	Purchase
Oak Tree Inn Hotel and Penny's Restaurant	2013	34	Santa Teresa	Rural	Lodging/hospitality	Hospitality	Purchase
Union Pacific	2011	600	Santa Teresa	Rural	Railroad	Logistics	Purchase
TOTAL		1605					

Deals That Are Strong

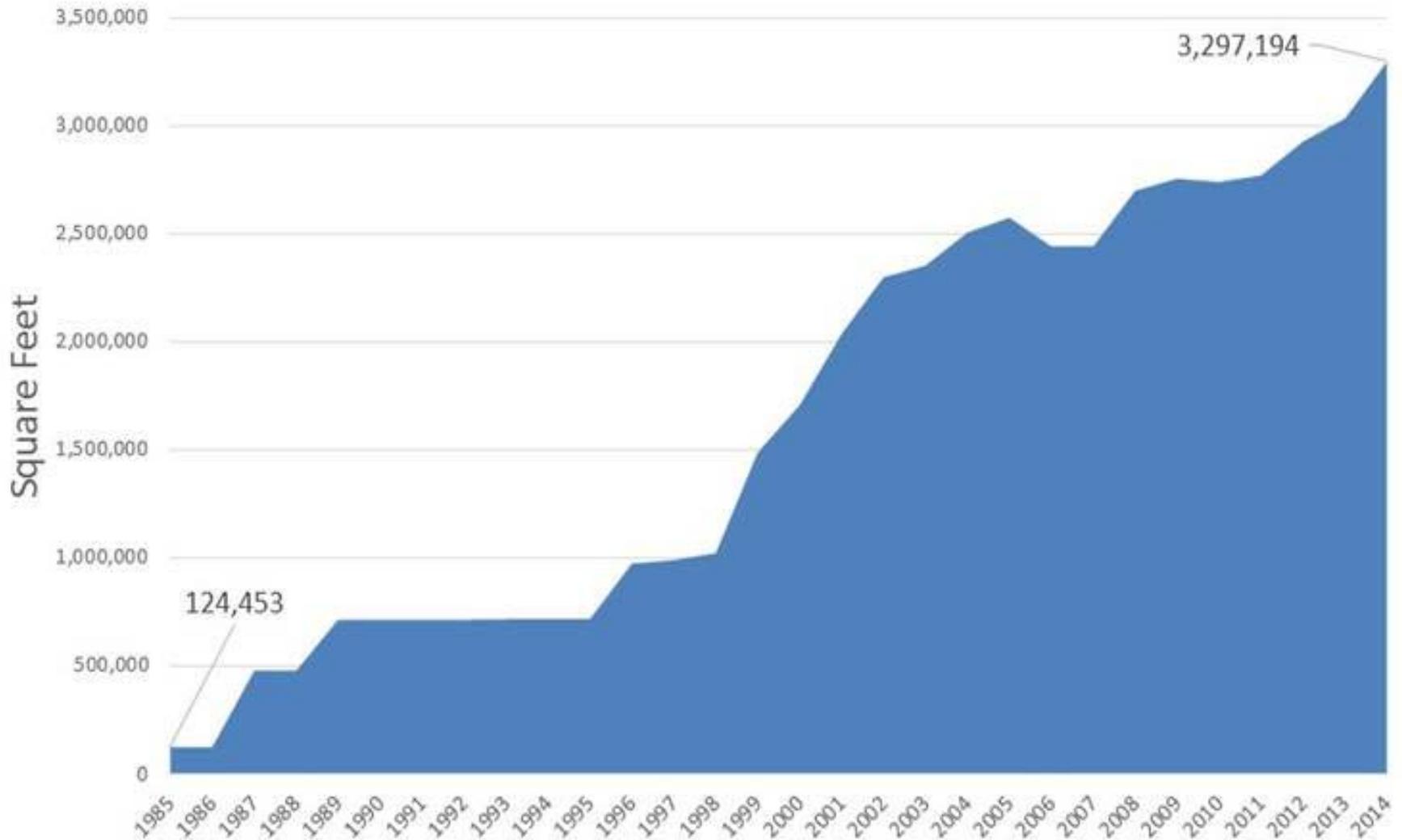
- Project Fairbanks (steel fabrication)
- Project Nut (confections)
- Project Valve (valves)
- Project Hank (fertilizer)
- Project Truck (logistics)
- Project Surge (logistics)
- Project Wildcat (manufacturing)
- Project Viento (manufacturing – 500 employees)
- Project Bull (manufacturing 300 employees)
- Several others are being worked on

Santa Teresa Historical Job Creation (Industrial)

Total Jobs in Santa Teresa
1985 - 2014



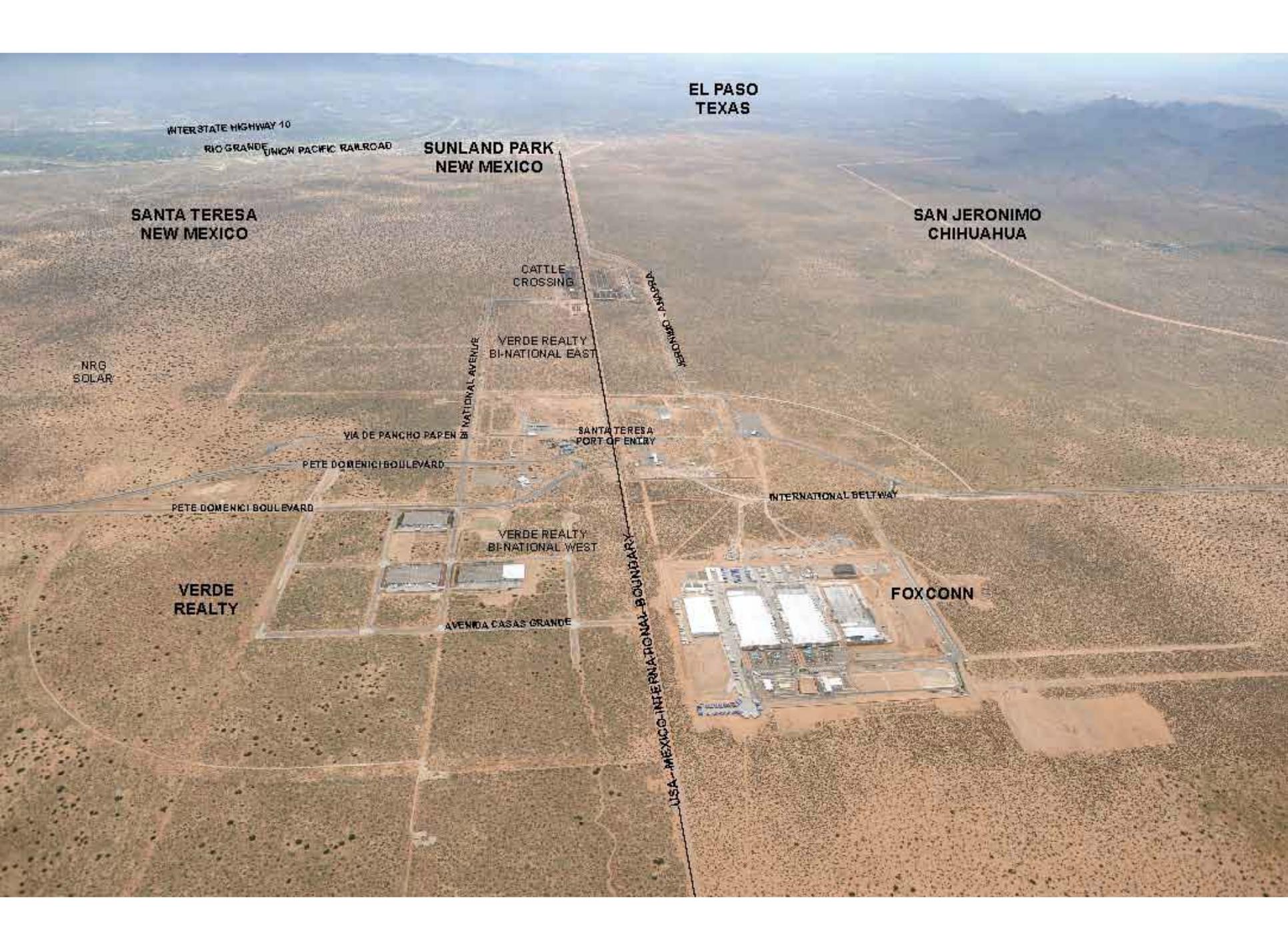
Total Occupied Space in Santa Teresa 1985 - 2014



* Note does not include the UP project or Foxconn

Foxconn:

- Largest maquila in the 45-year history of the industry.
- Assembly of Dell computers – 55,000 per day
- 9,700 employees – approximately 300 northbound trucks through STPOE
- Eventually: 3 million square feet/20,000 employees
- Just announced that it is shutting its Juarez HP operations down and moving them to San Jeronimo
- Customs preclearance project



**EL PASO
TEXAS**

INTERSTATE HIGHWAY 10
RIO GRANDE
UNION PACIFIC RAILROAD

**SUNLAND PARK
NEW MEXICO**

**SAN JERONIMO
CHIHUAHUA**

**SANTA TERESA
NEW MEXICO**

CATTLE
CROSSING

VIA DE PANCHO PAPER

VERDE REALTY
BI-NATIONAL EAST

NRG
SOLAR

B NATIONAL AVENUE

SANTA TERESA
PORT OF ENTRY

VIA DE PANCHO PAPER

PETE DOMENICI BOULEVARD

INTERNATIONAL BELT WAY

PETE DOMENICI BOULEVARD

VERDE REALTY
BI-NATIONAL WEST

FOXCONN

**VERDE
REALTY**

AVENIDA CASAS GRANDE

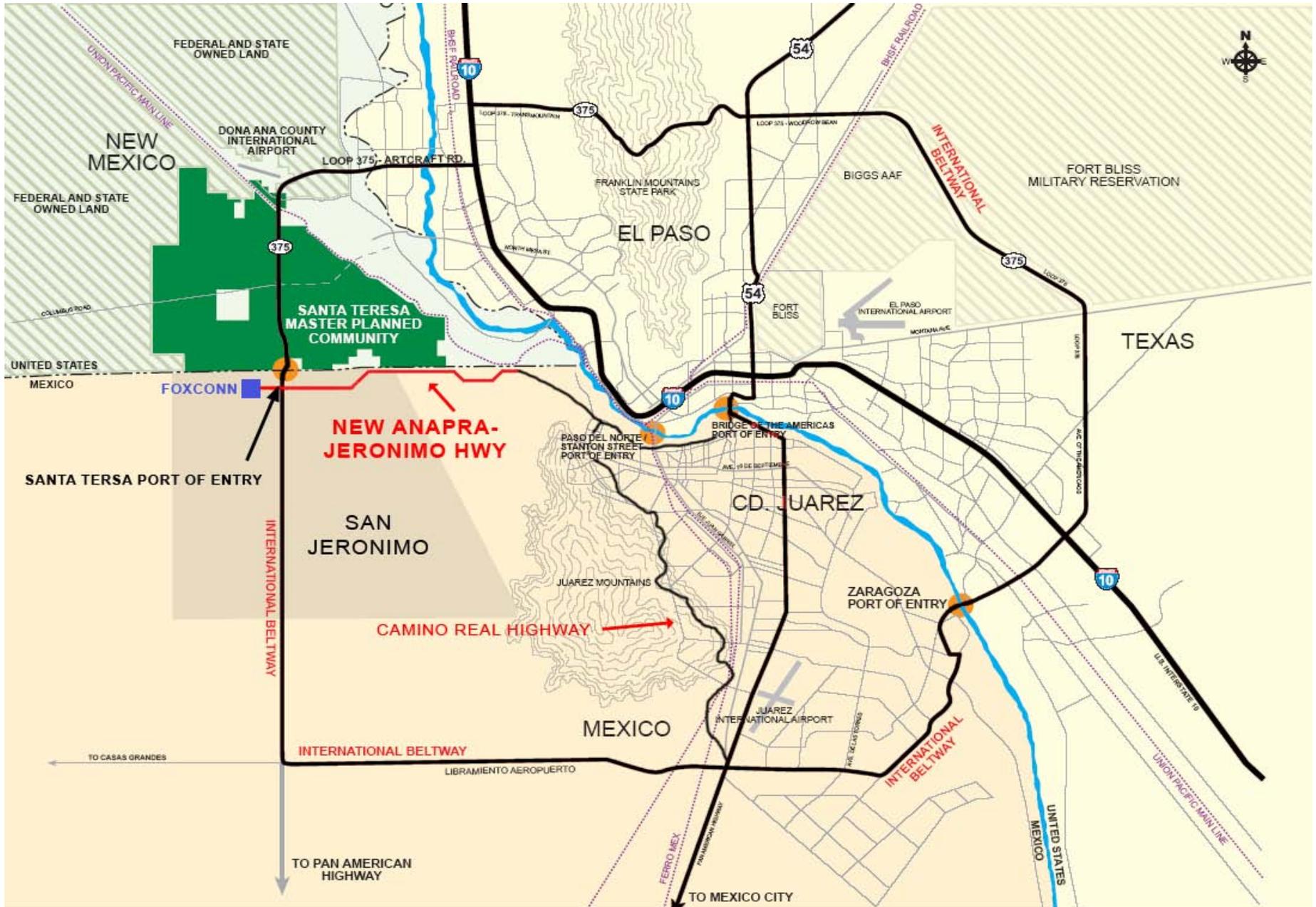
USA-MEXICO INTERNATIONAL BOUNDARY

Union Pacific



UP Statistics

- Overall economic impact of \$500 million for the New Mexico economy,
- Investment in the project totals more than \$418 million.
- The facility created 3,000 jobs during the construction phase from 2011 to 2014, and will eventually be headquarters for more than 600 permanent jobs.
- Fully operational on April 1, 2014, inauguration May 28th





BORDER INDUSTRIAL ASSOCIATION

- Formed as 501(c)6 in 2009
- Comprised of businesses involved in industrial operations
- 100 members
- Represents:
 - Approximately 3,000 jobs
 - Hundreds of millions in investment
 - Millions in annual taxes
 - Billions in annual production
- Represents the 2nd largest industrial base in New Mexico

San Jeronimo - Santa Teresa

Bi-National Community

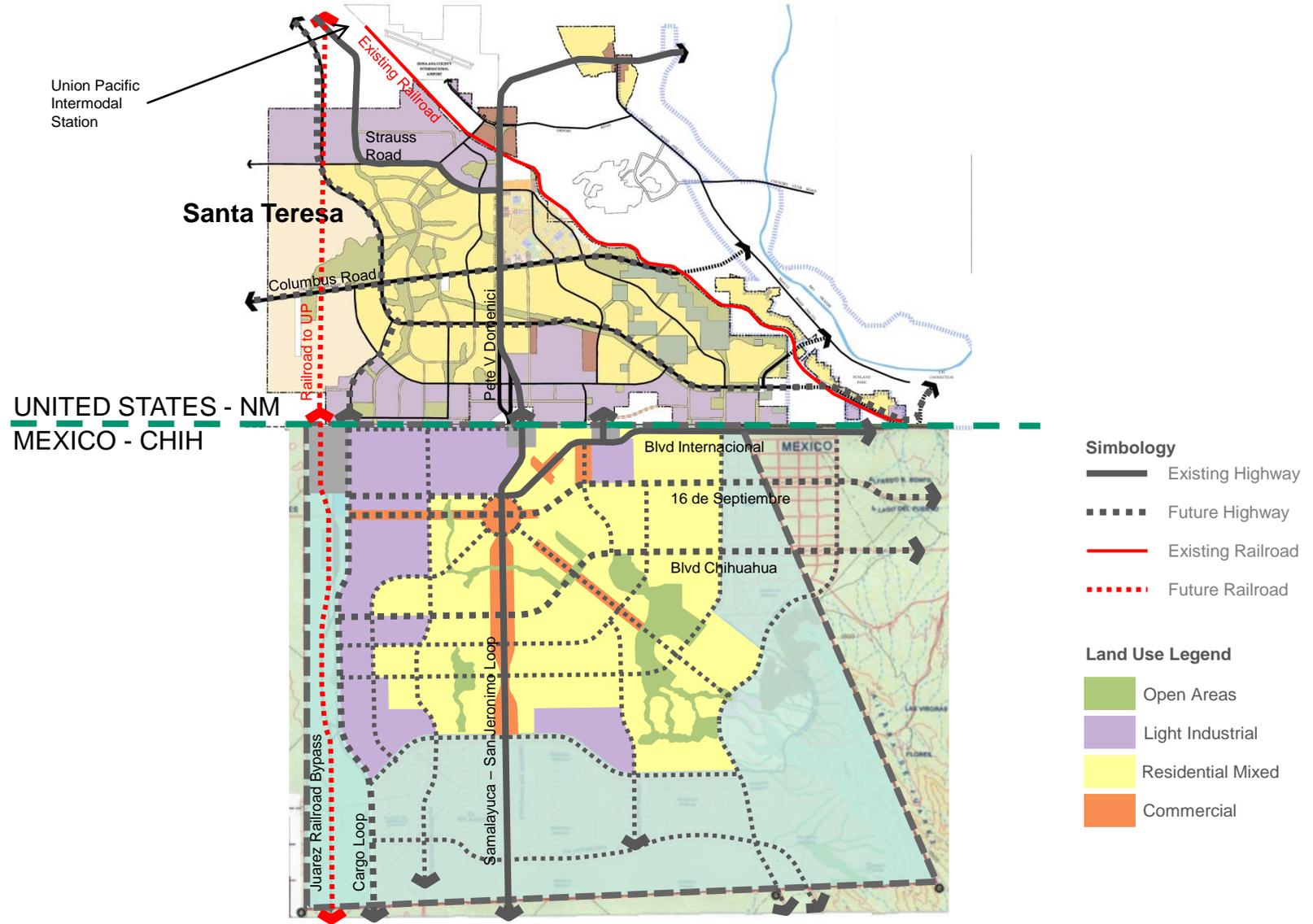
Chihuahua Governor Cesar Duarte and New Mexico Governor Susana Martinez

Signed a Bilateral Agreement to Begin Promotion in 2013

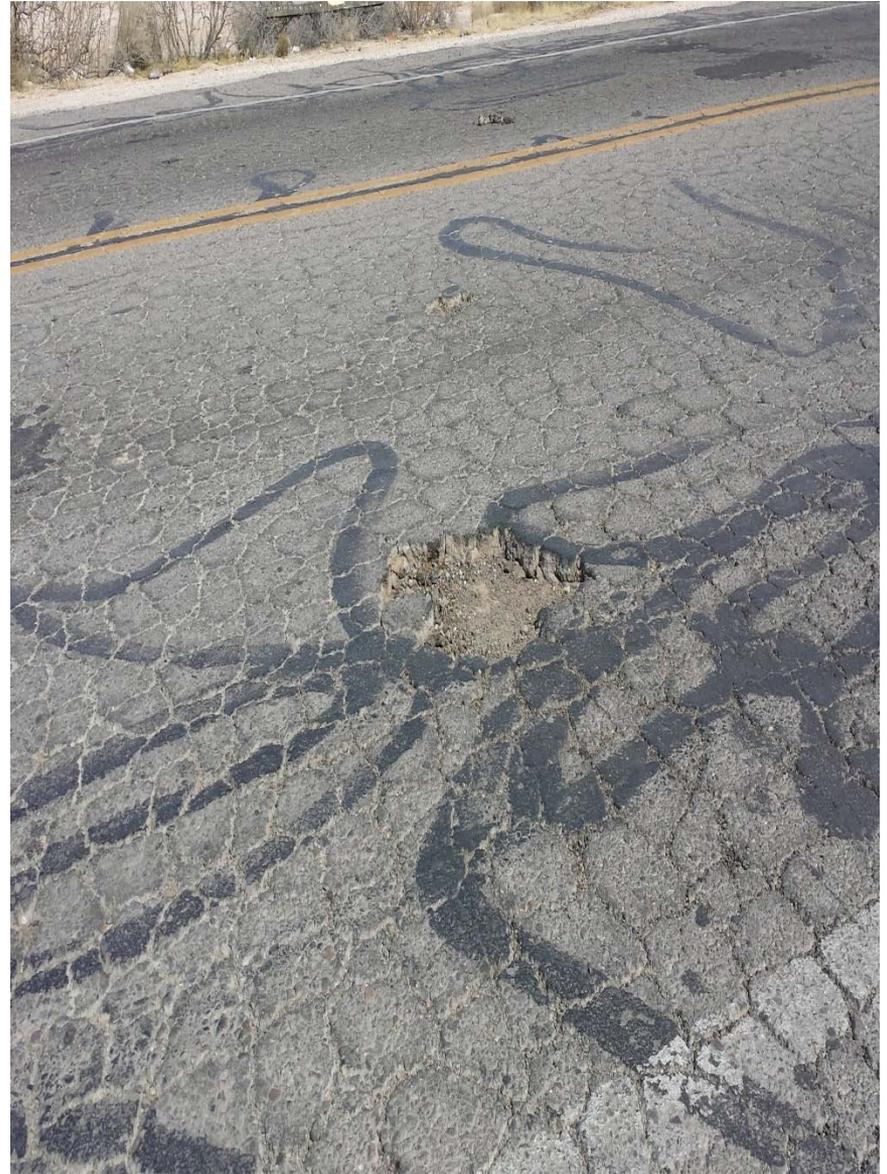
to Facilitate Economic Development of both Border States by Consolidating
a New Industrial Anchor to Boost the Region's Economy at the San Jeronimo-Santa Teresa Port of Entry



San Jeronimo/Santa Teresa Master Plan



Legislative Priority: Roads

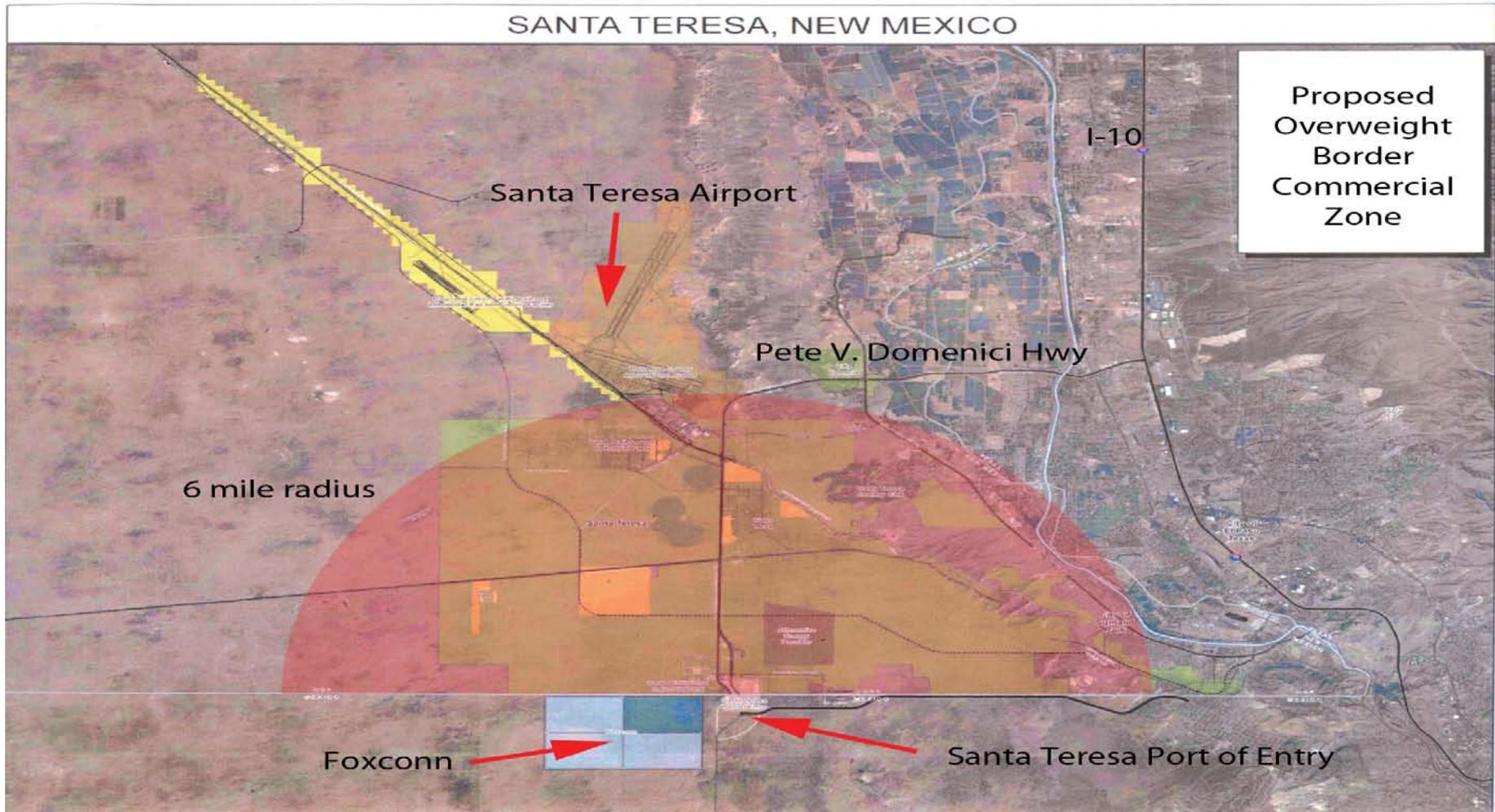


Roads



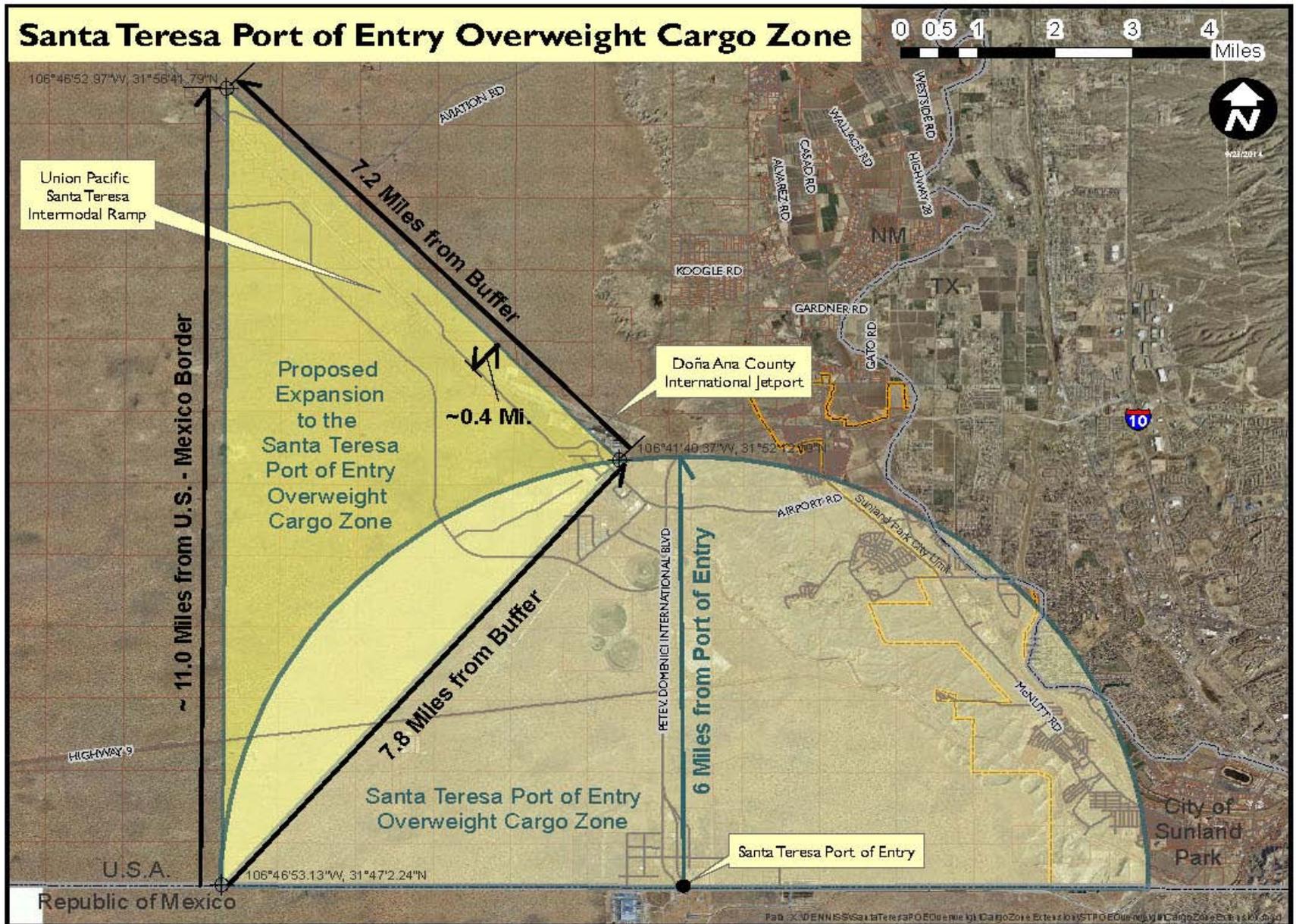


•Overweight Border Commercial Zone



- 12 companies have been recruited using the Overweight Zone since inception three years ago
- 606 jobs are tied to these 12 companies (does not include UP project)

Legislative Priority: Proposed Extension of Overweight Zone



Thanks!



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