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U.S.-Mexico Trade at Record

Trade using surface transportation between the United States and its North American Free Trade Agreement (NAFTA) partners Canada and Mexico rose 6.2% to $960 billion in 2012 to an all-time high vs. 2011’s $904 billion, US DOT reported March 21.

Surface transportation is freight movements by truck, trail, and pipeline, and nearly 90% of U.S. trade by value with Canada and Mexico moves by land.

Total North American surface transportation trade is up 42.0% since 2009, when it fell 23.3% compared to 2008.

Total North American surface transportation imports gained 5.6% in 2012 over 2011, while U.S. exports grew 6.9%. Michigan again stood first among states in surface trade with Canada in 2011 at $73.3 billion.

U.S. surface transportation trade with Mexico climbed 10.0% in 2012 to $403.9 billion.

Texas led all states in surface trade with Mexico in 2012 at $145.8 billion, the fourth time Texas has achieved more than $100 billion in trade with Mexico by surface modes of transportation in a calendar year.
Texas is No. 1 U.S. Exporting State

- Texas total exports for 2012 hit $265.4 billion
- #2 California exports in 2012 hit $161.7 billion
- (Calif is $100 bn behind Texas as a state exporter)
- For Perspective: Total U.S.-Mex trade in 2012 hit
  - $216 bln exports,
  - $277 bln imports
- or together $493 billion in 2012
- So Texas’ 2012 exports to Mexico of $94.8 billion amounted to nearly half ($108 billion) of total U.S.-Mexico exports.
- (In 1987 Texas exported $6 bln to Mexico. By 1994 that was $23 billion. By 2000 that was $50 billion and now almost $100 bn.)

Top destinations for Texas exports in 2012

- Mexico ($94.8 bn);
- Canada ($23.7 bn);
- China ($10.3 bn);
- Brazil ($10.0 bn); (Mexico FTA w Brazil)
- Netherlands ($9.5 bn);
  South Korea ($7.8 bn); (US FTA w S. Korea)
- Venezuela ($6.9 bn);
- Singapore ($6.3 bn);
- Colombia ($5.6 bn); (US FTA w Colombia)
- Japan ($4.7 bn) (Mexico FTA w Japan)
Texas' top exporting industry segments in 2012

- Petroleum and Coal Product ($57.2bn);
- Chemicals ($47.0);
- Computer and Electronic Products ($45.2);
- Machinery, except electrical ($29.4);
- Transportation Equipment ($25.2);
- Electrical Equipment, Appliances and Components ($9.2);
- Fabricated Metal Products ($9.0);
- Primary Metal Manufacturing ($7.9);
- Food and Kindred Products ($5.4);
- Oil and Gas ($5.3);
- Plastics and Rubber Products ($4.3);
- Agricultural Products ($4.3)

Source: North Texas U.S. Export Assistance Center - U.S. Commercial Service

Mexico Exports to Texas by state

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Global Growth 2030

- The 2007 World Bank Report titled “Global Economic Prospects: Managing the Next Wave of Globalization,” said international trade in the world economy will rise from 25% of the world Gross Domestic Product at present to more than 33% of the world economy.

- The report’s ‘central scenario’ predicts that the global economy could expand to $72 trillion U.S. in 2030 from $35 trillion U.S. in 2005.

- “This outcome represents only a slight acceleration of global growth compared to the past 25 years, but it is driven more than ever before by strong performance in developing countries,” said Richard Newfarmer, the report’s lead author and Economic Advisor in the WB Trade Department.

- "While exact numbers will undoubtedly turn out to be different, the underlying trends are relatively impervious to all but the most severe or disruptive shocks.

Import demand in developing countries

- “Import demand from developing countries is emerging as a locomotive of the global economy,” the report said.

- Continuing integration of markets will make jobs around the world more subject to competitive pressures.

  "As trade expands and technologies rapidly diffuse to developing countries, unskilled workers around the world — as well as some lower-skilled white collar workers — will face increasing competition across borders," the WB report emphasizes.

- "Rather than trying to preserve existing jobs, governments need to support dislocated workers and provide them with new opportunities. Improving education and labor market flexibility is a key part of the long-run solution."

According to the report, globalization could spur faster growth in average incomes in the next 25 years than during 1980-2005, with developing countries playing a central role.
Hundreds of millions new Middle Class

• "By 2030, 1.2 billion people in developing countries—15 per cent of the world population—will belong to the "global middle class," up from 400 million today.

• This group will have a purchasing power of between $4,000 and $17,000 per capita, and will enjoy access to international travel, purchase automobiles and other advanced consumer durables, attain international levels of education, and play a major role in shaping policies and institutions in their own countries and the world economy.

The rise of Mexico

• Goldman Sachs research in 2007 on Next 11 Emerging Markets (after its famous 2003 BRIC grouping of Brazil, Russia, India and China) places Mexico at the head of the pack.

• The Next 11 Report forecasts Mexico’s -- GDP already at $1.13 trillion USD and No. 13 in the world -- ahead of all G-7 nations (except USA) – INCLUDING GERMANY – by 2038.

• Goldman Sachs forecasts that the Mexican economy will become the world’s 5th largest economy (excluding USA) by 2050.

• The criteria that Goldman Sachs used were macroeconomic stability, political maturity, openness of trade and investment policies and the quality of education.

• Mexico surpassed Canada in 2011 as OEM supplier to the USA’s automobile production industry in a significant historic milestone.
Mexico in perspective

- Of the N-11 emerging nations, only Mexico, Korea and, to a lesser degree, Turkey and Vietnam, have both the potential and the conditions to rival the current major economies or the BRICs (Brazil, Russia, India, China) themselves.
- Goldman Sachs argues that the economic potential of Brazil, Russia, India, Mexico and China is such that they may become (with the USA) the six most dominant economies by the year 2050.
- Due to Mexico's rapidly advancing infrastructure, increasing middle class and rapidly declining poverty rates it is expected to have a higher GDP per capita than all but three European countries by 2050.
- This new found local wealth also contributes to the nation's economy by creating a large domestic consumer market which in turn creates more jobs.

Corredor Económico del Norte
Corredor Michoacan – Hidalgo - Veracruz
Goldman Sachs: Mexico in 2050

- **GDP in USD**
- $9.340 trillion
- **GDP per capita**
- $63,149
- **GDP growth** (2015–2050)
- 4.0%
- **Total population**
- 148 million (up from today’s 113 million)

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