

Source Logistics: Built on the California - México Relationship

Sacramento, Chamber of Commerce

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Source Logistics

- ▶ Third Party Logistics company
- ▶ Over 1.5 Million sqf. of Warehouse space
- ▶ 10 different Locations across 6 States in the US
- ▶ Over 350 employees full and part time



How we got started using California as Platform

- ▶ Needed to be at the most important Hispanic Market of the US
- ▶ Mexican manufacturers targeting the CA market
- ▶ Top Hispanic Distributors located in CA
- ▶ Out of State distributors purchasing in California
- ▶ California; a State with barriers for businesses, but worth being here



California as the Platform



SOURCE LOGISTICS Fca Locations:

1. Portland, OR
2. Brea, CA
3. Los Angeles, CA
4. Laredo, TX. Location 1
5. Laredo, TX. Location 2
6. Laredo, TX. Location 3
7. Houston, TX. Location 1
8. The Woodlands, TX. Office
9. New Brunswick, NJ
10. Chicago, IL
11. Hawaii



Mexican Companies are investing and creating jobs across the US

Mexican-owned companies operate more than 6,500 business establishments in the U.S.



- | | | | | |
|---|---|---|---|--|
| ● Bimbo | ● Grupo Mexico | ● Metalsa | ● Lala | ● IUSA |
| ● GCC | ● Mexichem | ● Softtek | ● Kuo | ● Gruma |
| ● Cemex | ● La Costeña | ● Katcon | ● Bachoco | ● Banorte |
| ● Industrias CH | ● Sanluis Rassini | ● Chedraui | ● Bio-Pappel | ● Minsa |
| ● Grupo Alfa | ● Cinopolis | ● Kaltex | ● Grupo Bal | ● Lamosa |

Source: SE- NAFTA with information from iMap. FDI figure from Bilateral FDI Statistics 2014 by the UNCTAD, using a historical-cost basis 2012

Mexican investment supports jobs in CA

- Mexican companies operate 735 business establishments in California and provide 13,296 local jobs.



Leadership in key sectors

AEROSPACE

- Mexico is the 6th supplier to the American aerospace industry.
- The number of companies grew 4 times since 2005.



ELECTRIC-ELECTRONIC

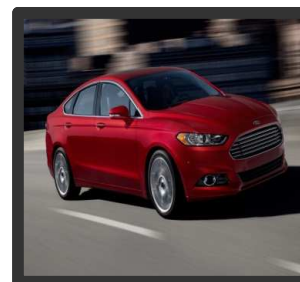
- Leading flat television screen exporter in the world.
- The first exporter of refrigerator with freezer (with separate doors)..

Source: FEMIA/ GTA/ AMIA/ OICA.



MEDICAL DEVICES

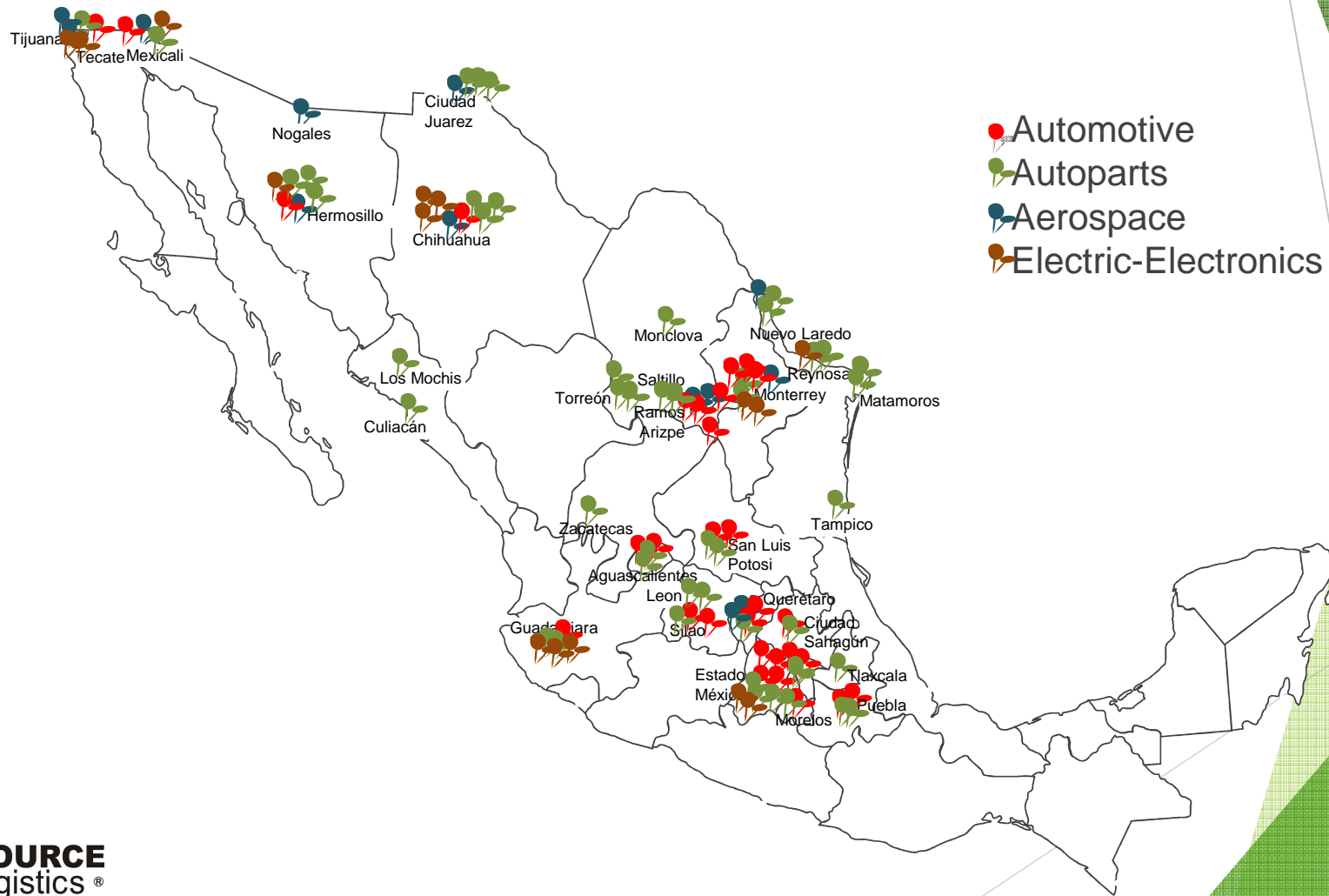
- Mexico is the largest exporter in Latin America and main supplier to the US.



AUTOMOTIVE AND AUTOPARTS

- 7th producer and 4th exporter globally of new light vehicles in the world (Q1 2012).
- 11% of light vehicles sold in the US were produced in Mexico.
- Mexico is the main auto parts supplier to the US and the 5th world-wide

Map of Mexico's Advanced Manufacturing



Mexico: an excellent business case for advanced manufacturing...And more



Some of the investments announced in Mexico in the Automotive industry

- ▶ Ford: 2.5 Billion
- ▶ BMW: 1.8 Billion
- ▶ Hyundai: 1.2 Billion
- ▶ Nissan: 1.2 Billion
- ▶ Toyota: 1,5 Billion
- ▶ Audi: 1.3 Billion
- ▶ Goodyear: 550 Million

Conclusions

- ▶ Use California as Platform and evolve
- ▶ Get close to organizations like the Chamber of Commerce and ProMexico
- ▶ Think of Mexico differently;

Before

- ▶ Cheap labor
- ▶ Maquiladora and Assembly
- ▶ Unprepared labor

Now

- ▶ Highly qualified Labor
- ▶ High tech production
- ▶ Graduating around 130K Engineers a year

- ▶ CA-Mexico are profoundly integrated as partners rather than competitors in the global economy.