INSTITUTE FOR COMPETITIVENESS AND INTERNATIONAL COMMERCE OF NUEVO LAREDO

Keys to our Future
12th Annual Port-to-Plains Conference
Lubbock, Texas Sep 30 - Oct 2, 2009

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DIRECTOR OF ICCE OF NUEVO LAREDO

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WHAT IS IT?

Region Laredo is located in the border of the United States (Texas) and Mexico (Tamaulipas).

Nuevo Laredo is the land port with the highest movement of merchandise, in the whole world, and the highest number of international trade operations in all the continent.
WHAT ARE THE ADVANTAGES?

Because of its relatively recent origin and late development, Nuevo Laredo is a city conceived to provide all required customs services in order to achieve fast and precise merchandise crossings across the border.

Over 65% of its economically active population works in international trade and/or transportation, while 20% of this population works in industry, mainly maquila.

The privileged geographical location of Nuevo Laredo is a strong advantage so all products crossing its border quickly arrive to Mexican, American and Canadian main markets.
WHAT ABOUT ITS PROXIMITY TO MARKETS?

Besides its privileged geographical location, Nuevo Laredo is in one of the areas with the greatest economical growth on the border of Mexico and the United States.

This last fact, together with its communications infrastructure, allows the city to be connected with 80% of Mexican consumers, directly covering the northern, central and western regions by the Carretera Nacional [National Highway].

Also, Nuevo Laredo connects with 80% of the consumers in the United States, and 76% of the Canadian market, through Interstate Highway 35 and its many interconnections.
## Nuevo Laredo

### Strategic Location

<table>
<thead>
<tr>
<th>TO:</th>
<th>Distance in Miles</th>
<th>Driving Time (hrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monterrey</td>
<td>143</td>
<td>2.5</td>
</tr>
<tr>
<td>Saltillo</td>
<td>196</td>
<td>3.5</td>
</tr>
<tr>
<td>Torreón</td>
<td>454</td>
<td>8.0</td>
</tr>
<tr>
<td>Zacatecas</td>
<td>440</td>
<td>7.5</td>
</tr>
<tr>
<td>San Luis</td>
<td>477</td>
<td>8.0</td>
</tr>
<tr>
<td>Leon</td>
<td>593</td>
<td>10.0</td>
</tr>
<tr>
<td>Guadalajara</td>
<td>620</td>
<td>10.5</td>
</tr>
<tr>
<td>Mexico City</td>
<td>740</td>
<td>12.5</td>
</tr>
<tr>
<td>Puebla</td>
<td>793</td>
<td>13.5</td>
</tr>
<tr>
<td>Láz Cárdenas Mich.</td>
<td>992</td>
<td>17.0</td>
</tr>
</tbody>
</table>

60 m/hr. Approx.
**STRATEGIC LOCATION**

**Laredo Tx.**

<table>
<thead>
<tr>
<th>TO:</th>
<th>Distance in Miles</th>
<th>Driving Time (hrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>San Antonio</td>
<td>138</td>
<td>2.5</td>
</tr>
<tr>
<td>Austin</td>
<td>215</td>
<td>3.5</td>
</tr>
<tr>
<td>Mc Allen</td>
<td>140</td>
<td>2.5</td>
</tr>
<tr>
<td>Brownsville</td>
<td>180</td>
<td>3.0</td>
</tr>
<tr>
<td>Corpus Christi</td>
<td>140</td>
<td>2.5</td>
</tr>
<tr>
<td>Dallas</td>
<td>390</td>
<td>6.0</td>
</tr>
<tr>
<td>Houston</td>
<td>303</td>
<td>5.0</td>
</tr>
<tr>
<td>El Paso</td>
<td>495</td>
<td>8.0</td>
</tr>
</tbody>
</table>

60-65 m/hr. Approx.
Logistic Platform

Nuevo Laredo is situated on a strategic geo-political location. It has become the most attractive border with the US in terms of logistics, infrastructure, human capital, intensive use of telecommunications and information technologies.

Región Laredo is well communicated via highway, railway and airport with the rest of the world. To the North, Región Laredo is directly connected to San Antonio, Houston, Dallas as well as many major distribution centers in the US leading all the way to Canada. Región Laredo connects to South East Asia through the Pacific Ocean using the Lazaro Cardenas – Manzanillo Port.
Logistic Platform

We also connect to major European business centers through the Atlantic Ocean using the ports of Tampico Madero – Altamira as well as that of Veracruz. Thanks to its unbeatable geographic location, great specialized infrastructure, certified quality workforce, Foreign Trade Zones, Free Trade Areas, and Just in Time Procedures, Región Laredo is the most important Integrated Logistics Platform in North America.
The Most Active Inland Port

39% of Mexico’s total International Trade activity passes through Nuevo Laredo. Our infrastructure includes four international bridges:

- **Gate to the Americas**
  - Bridge #1 pedestrians, bicycles, motorcycles and non-commercial vehicles

- **Juarez — Lincoln**
  - Bridge #2 motorcycles and non-commercial vehicles

- **Railroad Bridge**
  - World Trade Bridge
  - Bridge #3 exclusive for commercial vehicles

- **SENTRI Lane**
  - International Airport will provide freight service.

![Comparative Chart of the Most Important Land Ports in Mexico](image)
The Most Active Inland Port

Nuevo Laredo offers the best competitive advantages:

Customs Services: 237 Customs Brokers
(Out of 464 in all country)

Carriers: 350 registered companies (approximately)

Bonded Area

Save time through our national highway system.
Trade Growth after NAFTA

The border trade between Mexico and the United States has had a great impulse starting with the implementation of the North American Free Trade Agreement (NAFTA).

Official records show a doubling of foreign trade, from 106 billion dollars in 1994, up to the 252.5 billions it reached in 2004.
The World Bridge

WHAT IS IT?

Nuevo Laredo’s World Trade Bridge is the answer of United States and Mexico governments to the increasing demand of infrastructure to support the exchange of merchandise between both countries.

When Nuevo Laredo’s World Trade Bridge was opened in 2000, the area’s strategic value was confirmed as the greatest and the most important land port for international trade in the American Continent. With this bridge, the area got the needed infrastructure to assure a strong growth during the next decades.
Services

WHAT IS ITS AAANLD

The Asociación de Agentes Aduanales de Nuevo Laredo [Nuevo Laredo’s Customs Brokers Association], is the most important professional organization in Mexico. It is formed by highly capable and licensed professionals of international trade.

The activities related to international trade generate about 10 thousand direct jobs and 40 thousand indirect ones in this border city, and that is why the roll of the Association in the economy of the region is as important as its commitment to improve permanently the quality of its services and those of its members.
Services

What are the services that Nuevo Laredo custom brokers offer?

- Training to start international trade operations.
- Legal and juridical counseling to speed temporary or definitive import or export of goods.
- Training to manage the clients’ imports and exports.
- Support for accounting analysis of tariffs’ fractions.
- Linking with Association of Laredo Forwarding Agents, Inc. in Laredo, Texas.
- Helps to develop systems to combine actions between clients and customs broker in order to improve requisition processing and other transactions, integrating them with the rest of the operations.
Empresas instaladas:

1. "Disponible"
2. "Disponible"
3. Bulk Lift
4. Tecnología Modificada (Caterpillar)
5. Delphi Alambrados
6. Fromex
7. "Disponible"
8. Tecnología Modificada (Caterpillar)
9. Aclor, Banabor
10. Sony CPC, S.A. De C.V
11. Kongsberg Automotive (Teleflex)
12. Casa de Pesca
13. Teleflex Medical
14. Converca del noroeste
Empresas instaladas
1. Branson de México, S.A. de C.V.
2. Controles Temex
3. "Disponible"
4. Chromalloy
5. "Disponible" (GBC)
6. "Disponible" (ACCO Brans)
7. "Disponible"
8. Ag. Aduanal
9. "Disponible"
10. Visko
11. Sony Nuevo Laredo
Empresas instaladas:
1. NCH Promotional Services de México, S. de R.L. de C.V.
2. *Disponible*
3. Caterpillar
Empresas instaladas
1. Balatas Mexicanas, S.A. de C.V.
2. Emmerson Wiegand, S.A. de C.V.
3. "Disponible"
4. Onilog
5. Radiadores Daniel
6. Proliance (6 Naves)
7. Linamar
INDUSTRY

O.L. LONGORIA

Empresas instaladas

1. "Disponible"
2. Delphi
3. Industrias Fronterizas HLI, S.A. de C.V.
4. Ugimag, S.A. de C.V.

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Empresas instaladas

1. Modine Transferencia de Calor, S.A. de C.V.
2. Rheem S.A. de C.V.
3. Maquila Lobo
4. Gaylord Containers
Empresas instaladas
1. GST Autoleather
2. "Disponible"
3. Productos Medline S.A. de C.V
4. Caterpillar y Bodega
5. "Disponible"
Empresas instaladas:

1. Industrias Tri-Con de México, S.A. de C.V.
The first maquiladora company established in Mexico was: **A. C. Nielsen Co. S. A. de C. V.**, starting operations in Nuevo Laredo in 1962, since, the city has seen a constant industrial growth.

- **42** Companies
- **22,000** Employments in industrial sector (average)
- **6.5%** Unemployment ratio
- **2%** Turnover ratio
- **80%** growth is estimated for the following 3 years
- **$20 million USD** monthly in payroll
- **$120 million USD** monthly in Exports

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<table>
<thead>
<tr>
<th>COMPANY</th>
<th># of EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delphi - Alambrados</td>
<td>2,500</td>
</tr>
<tr>
<td>Teleflex Medical, S. A. de C. V.</td>
<td>1,900</td>
</tr>
<tr>
<td>Industrias Rheem, S. A. de C. V.</td>
<td>1,300</td>
</tr>
<tr>
<td>Sony Nuevo Laredo, S. A. de C. V.</td>
<td>1,400</td>
</tr>
<tr>
<td>Wiegand, S. A. de C. V.</td>
<td>1,080</td>
</tr>
<tr>
<td>Controles Temex</td>
<td>1,000</td>
</tr>
<tr>
<td>Linamar (Former Lamosa)</td>
<td>900</td>
</tr>
</tbody>
</table>
There is one Union in Nuevo Laredo:

- **CTM** Confederación de Trabajadores de México.
- Founded in **1936**
- National Leader: **Joaquín Gamboa Pascoe**
- Local Leader: **Mr. Francisco Martínez Cortéz**
- Both, the Government and the local companies have a great relationship with the Union.
VII ARTICLE:

Grant subsidy for the Payroll Tax to all newly established companies that comply with the following sections:

a) and b) and all the requirements described in sections c) through g) enlisted on the side.

a). If the company is located within an Industrial Park in the cities of Matamoros, Reynosa, Nuevo Laredo and Altamira, and they generate 250 new jobs during their first year of operations and 200 within the second year, they will obtain a 100% subsidy during the first two years and 50% during the following two.

b). If the company is in another location within the State of Tamaulipas and generates 150 new jobs during its first year of operations and 100 in the second year, they will obtain the benefit of 100% subsidy for four years.
VII ARTICLE:

c). Prove the integration of at least one local and/or state supplier to your production process, starting in January 2007.
d). Acquire goods and/or services of at least three suppliers located in the city where the company is established.
e). Notify the State’s Department of Finance about the incentive usage, which must contain all requirements of the fiscal law, as well as the period within said incentive will be applied.
f). In the tax declaration form SF-002 the total payable tax amount should be specified, as well as the total amount of the subsidy reduction in the line with the letter L; and in the line with the letter N, the total payable amount.
g). Submit the application during the 2007 fiscal year.
VIII ARTICLE:

Grant 100% subsidy of the Payroll Tax to all the newly established companies that generate between 20-149 permanent jobs and that comply with the following requirements.

a). Prove at least 5 years of residency in the State of Tamaulipas, in case of both an individual and a corporation, which in this case would apply to its main partner.
b). Specifically for the industrial sector: Prove the integration of at least one local and/or state supplier to your production process, starting in January 2007.
c). Acquire goods and/or services of at least three suppliers located in the city where the company is established.
e). Notify the State’s Department of Finance about the incentive usage, which must contain all requirements of the fiscal law, as well as the period within said incentive will be applied.
STATE INCENTIVES

VIII ARTICLE:

Grant 100% subsidy of the Payroll Tax to all the newly established companies that generate between 20-149 permanent jobs and that comply with the following requirements.

f). In the tax declaration form SF-002 the total payable tax amount should be specified, as well as the total amount of the subsidy reduction in the line with the letter L; and in the line with the letter N, the total payable amount.
g). Submit the application during the 2007 fiscal year.
STATE INCENTIVES

IX ARTICLE:

Grant a 75% subsidy on the registration fees to the Public Registry of Properties and Commerce of the Articles of Incorporation and Bylaws as well as of any capital increase, specifically to those companies involved in production activities, such as those referred to in sections II, III, IV, V and VI of article 17 of the Tamaulipas’ Fiscal Code.
Local Incentives

- Municipal Strategy: The city of Nuevo Laredo has also come up with the following specific incentives:
  - Real Estate tax reduction
  - Discount on permits and licenses (i.e. construction and land use permits).