

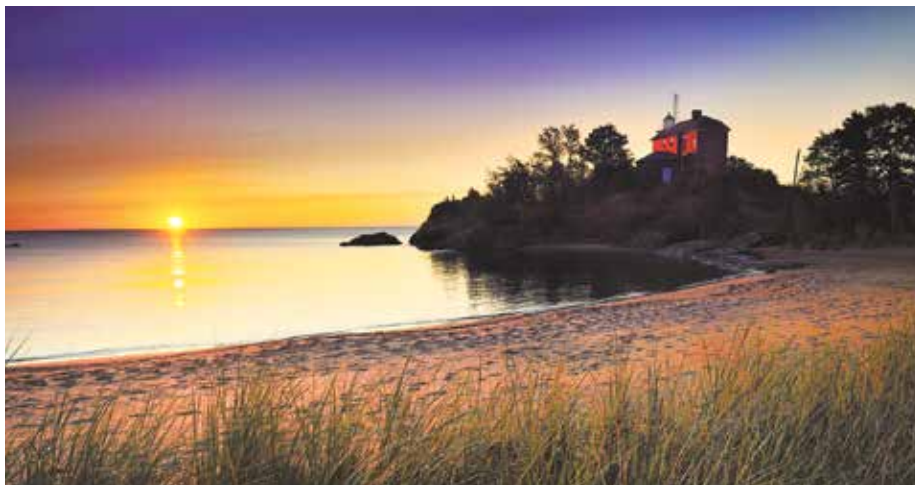
# MICHIGAN

Michigan/Mexico trade profile



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Mexico's  
expanding and  
highly diversified  
economy  
provides strong  
opportunity  
for Michigan  
companies.



Michigan is in the fourth year of a reinvention strategy to provide a favorable business climate. State business taxes are the lowest in decades. We have eliminated hundreds of outdated and burdensome environmental, workplace, and business rules. Michigan is now a freedom-to-work state, enabling Michigan businesses to partner with a world-class workforce that is free to decide whether union is right for them while preserving the roles of unions and collective bargaining. These changes, combined with the state's manufacturing leadership, talent, geographic advantage, and Pure Michigan lifestyle, make Michigan a great destination — and a great partner — for Mexican companies.

#### A global player

A global site selection publication named Michigan the eighth most competitive state (out of 50 U.S. states) for achieving success in job creation and economic development. The same publication ranked Michigan

No. 5 in major corporate facilities and expansions in 2013. Michigan is home to 1,231 foreign-owned companies that employ approximately 141,000 and have invested \$25.3 billion in plants and equipment. Foreign direct investment in Michigan totaled \$1.24 billion in 2012, resulting in 5,277 jobs.

#### Manufacturing and R&D leader

Nearly 14,000 manufacturing establishments produce everything from cars and trucks to medical devices and military hardware. Eight of the top 10 automotive global suppliers are headquartered in Michigan and the state is home to the world's largest concentration of industrial R&D. The Michigan GDP of \$400.5 billion is the 13th-largest in the U.S.

#### World-class talent

Michigan is one of the nation's premier centers of brainpower. With more than 87,000 engineers, 70,000 R&D professionals and 75,000 skilled tradespeople, Michigan is No.1 state for the availability of skilled labor



and has the fourth-largest high-tech workforce in the U.S.

#### Tax Competitive

A simple, fair and flat 6 percent corporate income tax has reduced the state business tax for Michigan businesses by at least 80 percent. It is one of the most competitive among the midwest U.S. states and among the lowest in the entire U.S. According to the nonpartisan, Washington, D.C.-based Tax Foundation, Michigan's corporate tax is seventh-best in the U.S.

#### Gateway to North America

Located within 805 km of half of the U.S. and Canadian population and income, Michigan is a strategic entry point to the North American market. The state has nine international border crossings, nautical connections to the Atlantic via the St. Lawrence Seaway, a rail system with 5,794 km of track, 18 airports, and 1,997 km of toll-free interstate highway lines built for industrial use.



#### Pure Michigan lifestyle

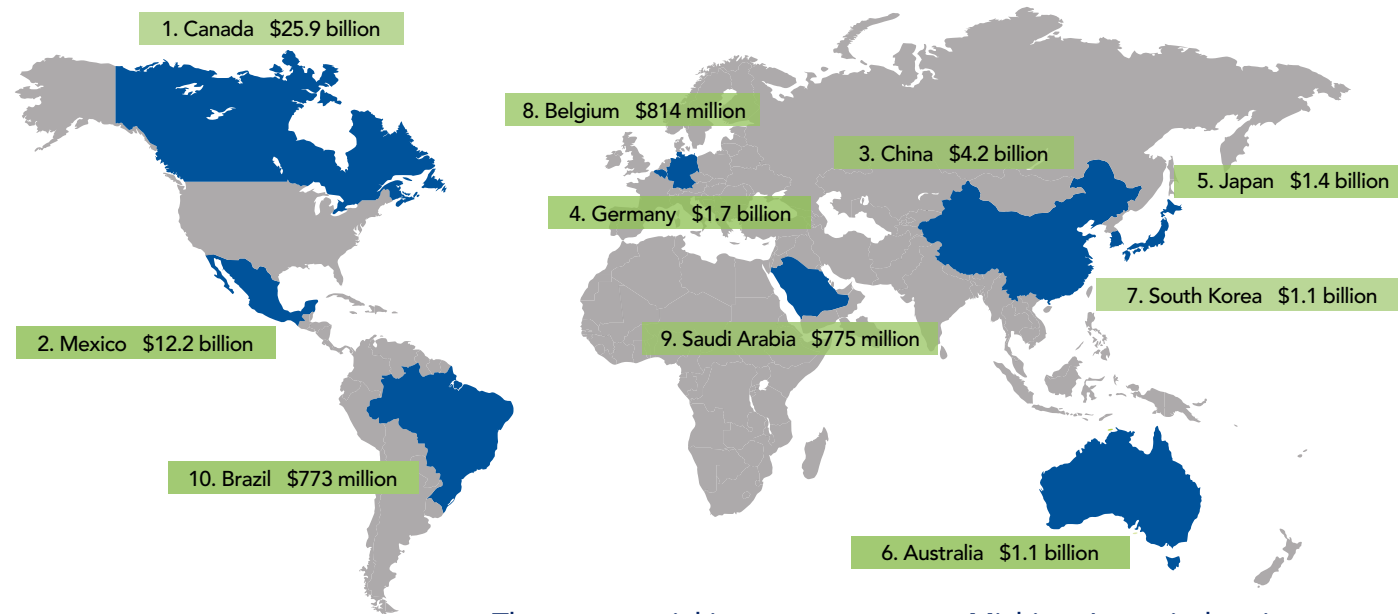
Michigan is a great place to do business, and it is a great place to live and play. From urban excitement to the great outdoors, the state offers beaches, mountains, forests, parks, museums and hundreds of cultural and historical attractions to suit every taste. Home to four of the five Great Lakes, Michigan's 5,150 km of freshwater shoreline is the longest in the world. No matter where you stand, you are never more than 10 km from a body of water among our 11,000 inland lakes and 58,000 km of rivers and streams. For golfers, there are 800 public courses set among glorious natural surroundings. ABC News' Good Morning America named Sleeping Bear Dunes the "most beautiful place in America."

#### MICHIGAN PROFILE

Michigan has taken a number of steps to support international trade, investment and growth. Michigan exported over \$12.1 billion in manufactured goods to Mexico in 2013. Over the last four

years, this represents a more than 133.4 percent increase. Mexico reciprocated as a large Michigan import market, totaling over \$40.2 billion (2013). Top commodities include transportation equipment, machinery, computers and electronic equipment, and electrical equipment.

The Michigan Economic Development Corporation (MEDC) has taken a number of steps to secure a strong trade partnership with Mexico, establishing a wealth of on-the-ground resources in Mexico. In 2013, MEDC established a Mexico trade office in partnership with the Council of Great Lakes Governors. This foreign office provides Michigan companies with an invaluable resource in the Mexican market. The Mexico team of professionals along with the MEDC export team helps companies to research, identify and capitalize on market opportunities in a broad range of industry sectors across Mexico.



## MICHIGAN TOP 10 TRADE PARTNERS\*

Total exports from Michigan to other countries exceeded \$58 billion in 2013, with Mexico representing the second largest partner.

### The commercial importance of trade to Michigan

In 2012, Michigan GDP was \$400.5 billion, making Michigan the 13th largest economy within the U.S. Goods produced in Michigan for export (2013) were valued at \$58.4 billion, ranking eighth among U.S. states. Michigan 2013 imports were \$118.1 billion (29.5 percent of Michigan's GDP), making Michigan the sixth largest importing state in the U.S. In other words, almost half (\$176.5 billion or 44 percent) of Michigan's economy is dependent on foreign trade.

Michigan ports of entry play a significant role in facilitating Michigan's foreign trade as well as that of other states. In 2013, the port of Detroit alone handled approximately \$67.7 billion of imported goods and exported over \$73.1 billion of goods. The port of Detroit was ranked eighth amongst all U.S. ports for imports and was ranked fourth amongst all U.S. ports for exports.

### Michigan's top industries

1. Advanced automotive
2. Agriculture
3. Tourism
4. Medical devices
5. Bio-tech
6. Clean energy

### Michigan industry clusters and products

In Michigan, companies can leverage the state's position as the global capital of vehicle R&D and advanced manufacturing with tens of thousands of engineers and scientists working toward new solutions. Many of the world's most innovative corporations, including every major vehicle-related manufacturer and supplier, have established over 330 R&D tech centers in Michigan. Companies are finding opportunity in the production of everything from medical devices to military hardware and increasingly alternative energy technologies. With nearly 15,000 manufacturing establishments in the state, Michigan's high-quality engineering and skilled manufacturing continue to attract employers in emerging 21st century industries.

Michigan is targeting state and nationwide markets for alternative energy sources such as bio energy and fuels; wind generation (wind energy); advanced energy storage (advanced batteries); and solar cells (solar energy). The strong alignment of scientists, universities, policy makers, industry players, the natural resource management community and engineering talent is creating the next generation of power provision for businesses, consumers and vehicles through alternative energy.

With a 140-year legacy of biotechnology innovation and an eye toward the future, life science companies of every stage are experiencing great success in Michigan. Starting in 1866 with the founding of Parke-Davis Pharmaceuticals in Detroit and followed two decades later by Upjohn Company in Kalamazoo, Michigan has been home to a life sciences market. Emerging and well-established companies looking to develop and commercialize leading-edge products, everything from the latest diagnostic tool to creative advancements in pharmaceuticals, know that Michigan is the place to be.

Michigan has played an important role in defense and homeland security since World War II, when its engineering and manufacturing prowess helped equip and protect our nation's soldiers and defenders. This sector is important as ever. Michigan is home to an impressive number of military and defense-related facilities, including advanced research labs, testing grounds and bases, and is also a leader in the manufacture of military vehicles.

Michigan's agriculture industry is comprised of 54,900 farms totaling over 10 million acres. The top agricultural exports are soybeans and related products, feed grain products, dairy, vegetables and fruits, as well as forestry-based products. The "Cherry Capital of the World" is in Traverse City, demonstrating the volume of quality fresh and processed consumer fruit products which can be found originating in Michigan. In total, over 200 commodities are produced commercially. With an estimated nine billion people worldwide to feed by 2050, Michigan is poised to take a lead in meeting those needs.

## RECENT MICHIGAN INVESTMENTS IN MEXICO

**General Motors (GM)** (Detroit) is investing in Mexico with multiple projects estimated to create thousands of jobs. The latest \$15.3 million investment by GM subsidiary General Motors de Mexico in January 2014 opens a rail spur at its \$300 million manufacturing plant in San Luis Potosi. The rail spur provides direct access to a Kansas City Southern de Mexico mainline and facilitates the movement of 45,000 vehicles per year to serve the North American market.

GM also invested \$349 million to expand production capacity at its manufacturing plant in Silao, Mexico in June 2013. The facility builds 8-speed transmissions.

In the same month, GM invested another \$211 million to expand its production capacity at its manufacturing plant in Toluca, Mexico.

**DPH Holdings** (Delphi) expanded its harnesses manufacturing plant in Nuevo Laredo in October, with a total investment of \$93.9 million. Earlier in 2013, DPH Holdings invested another \$219.1 million in the expansion of its manufacturing plant in Meoqui, Chihuahua, Mexico.

**Ford Motor Company** (Detroit) invested \$59.1 million to expand its Ford engine plant in Chihuahua in December 2012. The investment was divided into three parts: to increase the manufacturing capacity of the petrol engine I-4 from 375,000 to 450,000 engines annually (\$27 million), extending the life of the rod machining line Duratec 35 (\$2.75 million) and expanding the Motor Nano project (\$29.35 million).

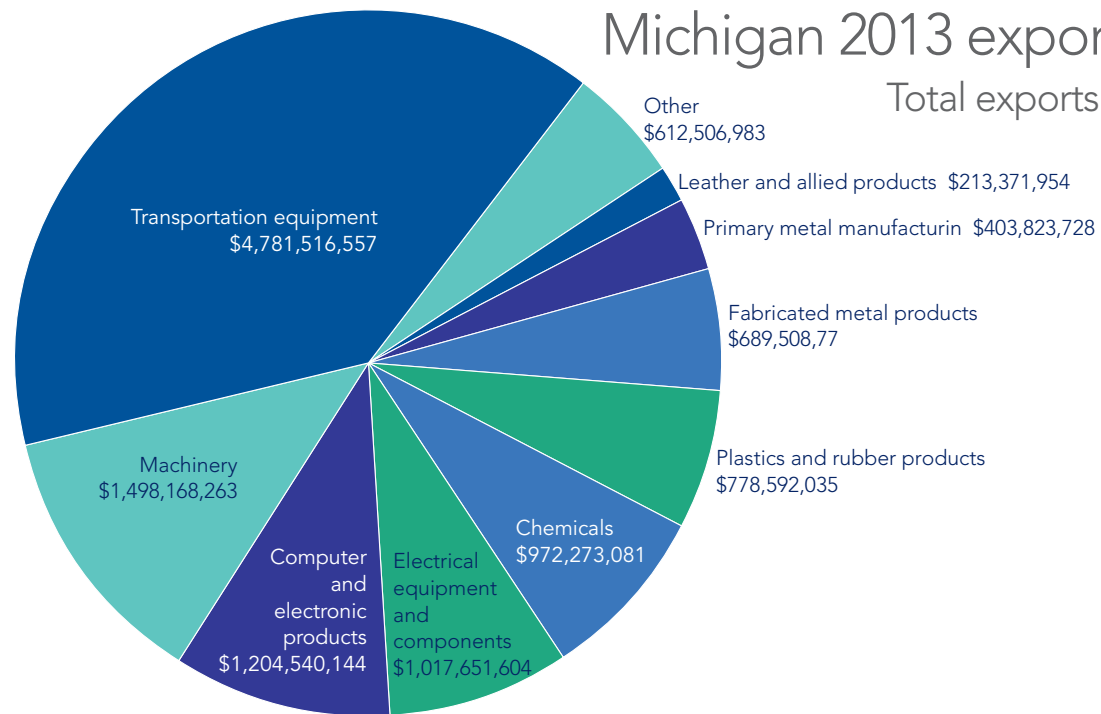
## MICHIGAN COMPANIES IN MEXICO

American Axle and Manufacturing  
Chrysler Group  
Cooper-Standard Automotive  
Con-way  
Domino's Pizza  
Dow Chemical  
DPH Holdings (Delphi)  
Federal Mogul Corp  
Ford Motor Company  
General Motors  
International Automotive  
Components Group  
Kelly Services  
Lear  
Meritor  
Metaldyne  
Penske  
Perrigo  
Steelcase  
TI Automotive  
Whirlpool



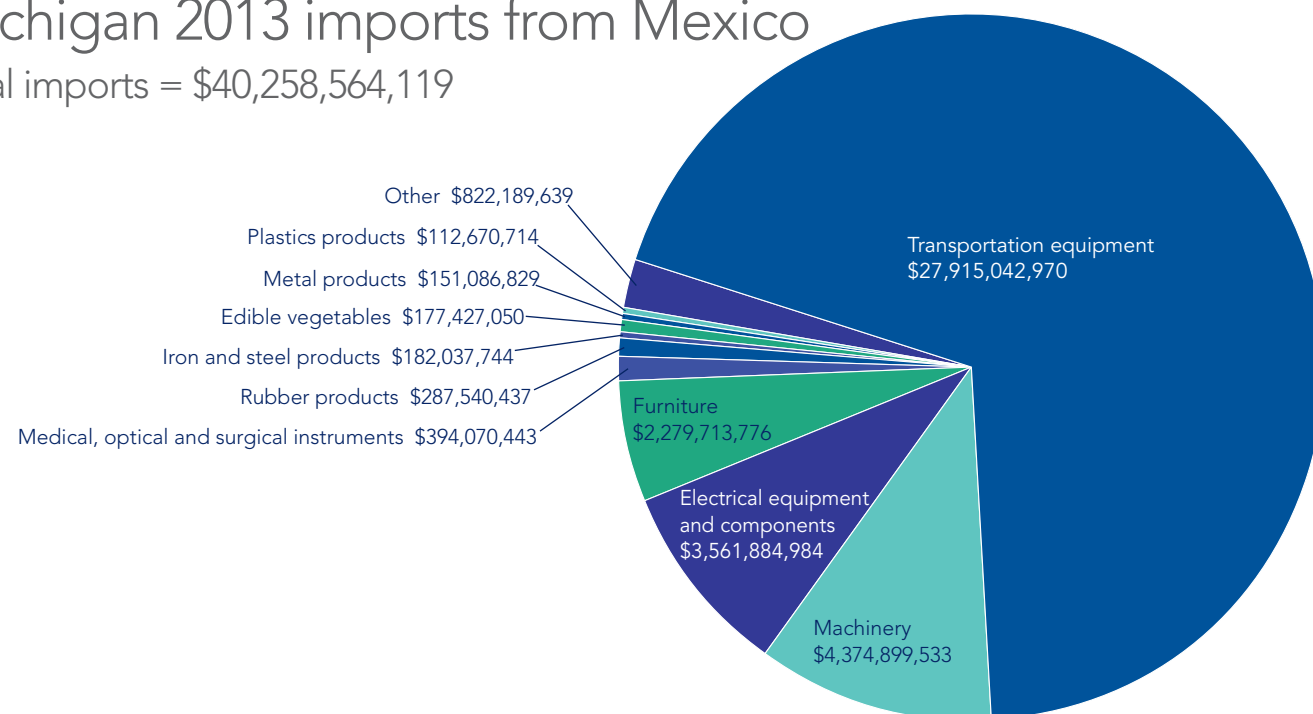
## Michigan 2013 exports to Mexico

Total exports = \$12,171,953,122



## Michigan 2013 imports from Mexico

Total imports = \$40,258,564,119



### MEXICO COMPANIES IN MICHIGAN

Bienes Turgon  
Cemex  
Grupo Carso  
Grupo Industrial Bocar  
Grupo Bimbo  
Grupo Proeza  
Grupo Elektra  
Hildebrando  
Metalsa  
Sanborns  
Sanluis Corporación  
Sydsa Señales y Dispositivos  
Villacero

### RECENT MEXICO INVESTMENTS IN MICHIGAN

**Katcon Global:** Mexico automotive parts supplier Katco Global, a subsidiary of Bienes Turgon (Monterrey, Mexico) invested \$22.5 million in a new automotive exhaust systems manufacturing facility in Auburn Hills, Michigan, in December 2010.

**Metalsa,** a subsidiary of Proeza Troup (Monterrey, Mexico) which manufactures structural components for commercial vehicles relocated some of its manufacturing operations from Pennsylvania to Novi, Michigan, in August 2010. Investment: \$1.9 million.

Mexico is the second largest recipient of Michigan exports and represents 20% of all exports from the state.



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