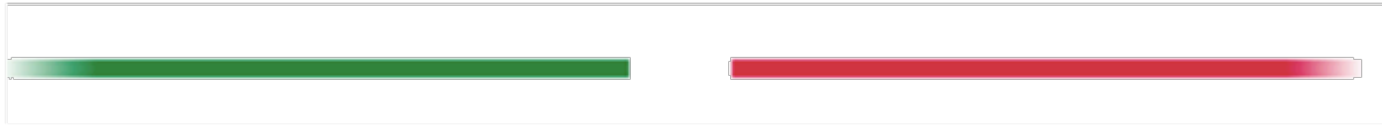


MÉXICO



AUSTRALIA

Relations & Opportunities

By: Salomon Sacal - mail@sacal.net

Feel free to contact me for any further assistance

Salomon Sacal Bio

With a Swiss BA in International Business, an MBA from IPADE and a specialty in doing business in Asia from HKUST, Salomon has been working with China and Asia for the last 15 years, working on global supply chains and the development of international and corporate business strategies. In 2008 ProMexico appointed Min. Sacal as the Regional Director, for Asia Pacific and Middle East. He led operations for the promotion of foreign direct investment and commerce between the Asia Pacific and Middle East regions and Mexico

Salomon currently leads an international procurement company with operations across 5 different continents, helping large and medium size companies purchase better internationally.

On a personal level he has become an advocate on Australia and Mexico relations having married an Australian.

Submission Summary

Export opportunities: Australia has the opportunity to export high value goods, components and more important services which are highly developed in Australia. In Agriculture they can find opportunities given the opposite seasonality (ex: export Mangoes when Mexico is not harvesting them or even plant them in Mexico to export all year round)

Investment Opportunities: In several sectors mentioned below, Australia has great technology and manufacturing capabilities and operations which have partly been sent to Asia. However, given the TPP and other agreements, in many cases Mexico would be much more competitive if the company is trying to access the Americas and Europe.

Education: Partner with great new Universities like ASUCQ (happy to provide introduction)

Infrastructure: The access you have with Macquarie should be used as a platform or example for other investment firms given the ground they have already covered

TPP Opportunities: The main opportunity for Australian exporters is to compliment their operations in Mexico so they can keep exporting from both sides, instead of having to compete with all the new players.

STUDENTS 220,531

Most Important Private Higher Education institutions in Mexico (Data of 2009)			
Institution	Faculty	Enrollment	Programs
Del Valle de México	7,878	64,237	819
ITESM (Tec de Monterrey)	7,013	61,524	771
La Salle	4,396	14,325	352
Tecnológica de México	3,357	27,588	195
Panamericana	2,873	8,674	132
Anáhuac	2,314	13,296	196
Iberoamericana	2,161	19,907	209
Autónoma de Guadalajara	1,665	10,980	190

Private Universities Education Market

Annual costs aprox. p/p
\$ 300,000 pesos

\$208 per day \$3500 per month \$1416 per month

Education + Food + Housing + GYM
\$166,000 \$75,000 \$42,000 \$17,000

Over \$5,000 Million USD

Costos Universidades 2013		
Universidad	ANUAL	SEMESTRE
TEC DE MONTERREY DF	\$ 198,000.00	\$ 99,000.00
Tec de Monterrey Queretaro	\$ 187,958.00	\$ 93,979.00
IBEROAMERICANA DF	\$ 183,720.00	\$ 91,860.00
Universidad Panamericana (UP) DF	\$ 173,400.00	\$ 87,100.00
ANAHUAC DF	\$ 169,006.00	\$ 84,503.00
Universidad de las Américas Puebla (UDLAP)	\$ 158,760.00	\$ 88,650.00
Anahuac Queretaro	\$ 134,000.00	\$ 70,000.00



ARKANSAS STATE UNIVERSITY

CAMPUS QUERÉTARO, MÉXICO.



Arkansas State University in Queretaro: Is a great opportunity to go right in with a new University which is the first US University in Mexico, this university will open in Queretaro in 2017 and is planned to be one of the largest private University in Latin America. **This would allow Australian students to have a double major in both Mexico and US. Opening a world of new opportunities for both students and Universities**

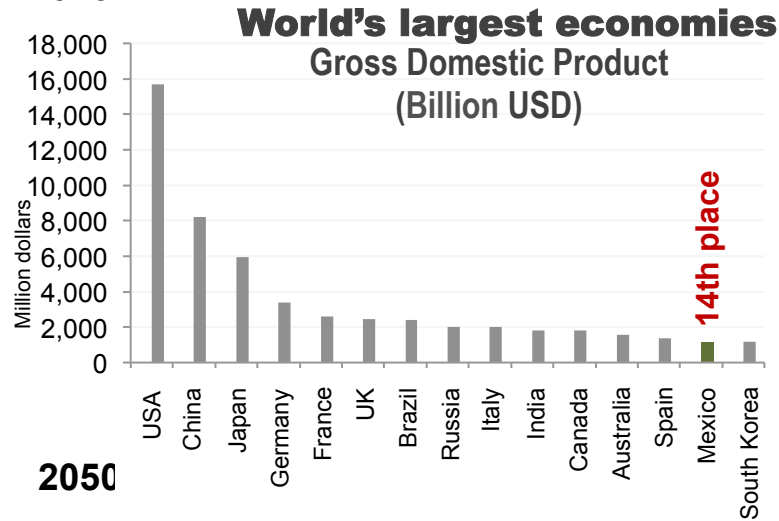
- Growth based economic compensation
- Facilities and processing of RVOE's in Mexico
- Dissemination and recognition in Mexico
- Increased technological platform
- Link with multinational companies
- Raising funds for research
- Student mobility
- Base language program
- Graduate placement
- Partnership with Australian Universities
- Investment opportunity for Australia

Oportunities

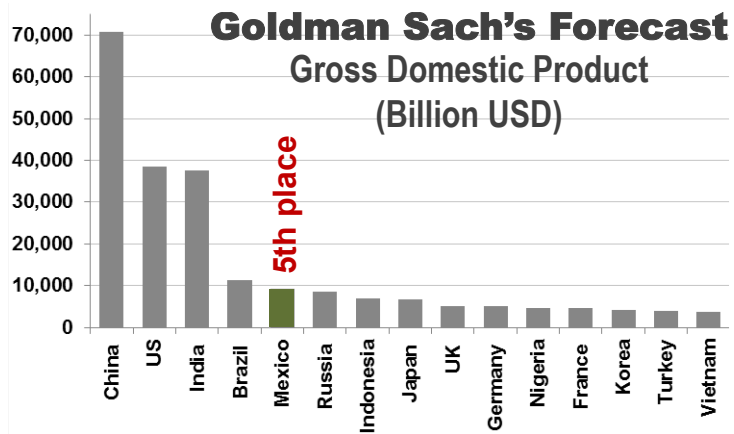
- World-class academic standards
- Ethical and moral values that promote leadership
- Focus on research and development
- Links with industry in academia and research
- Innovation in science and technology
- Development of high performance sports skills

Forecasts

2013



2050



Goldman Sachs estimates that Mexico will be the 5th largest economy by 2050.



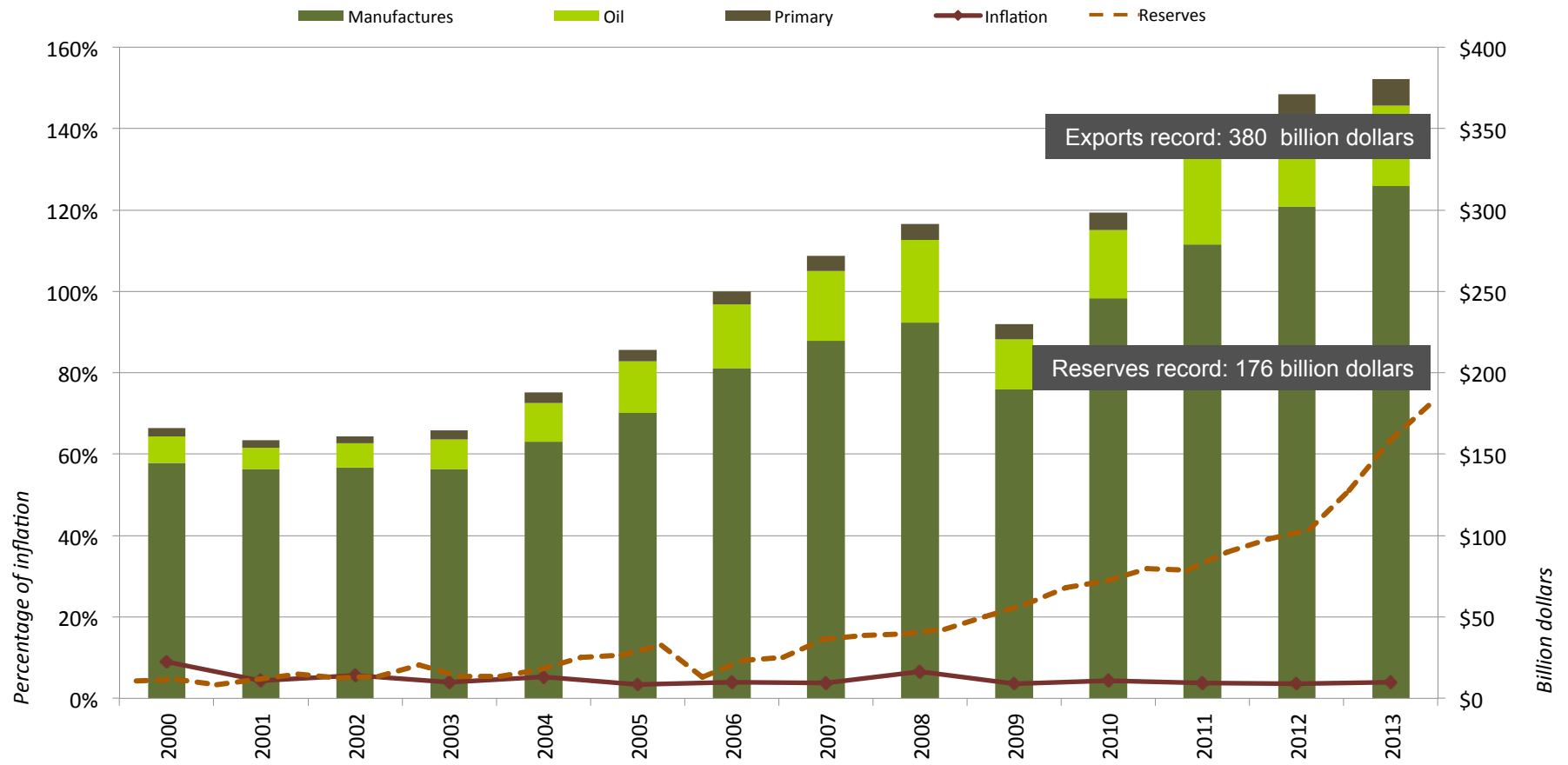
According to Accenture, Mexico will be one of the Big Six in 2025.



According to HSBC Mexico will be the 8th largest economy in the world by 2050.

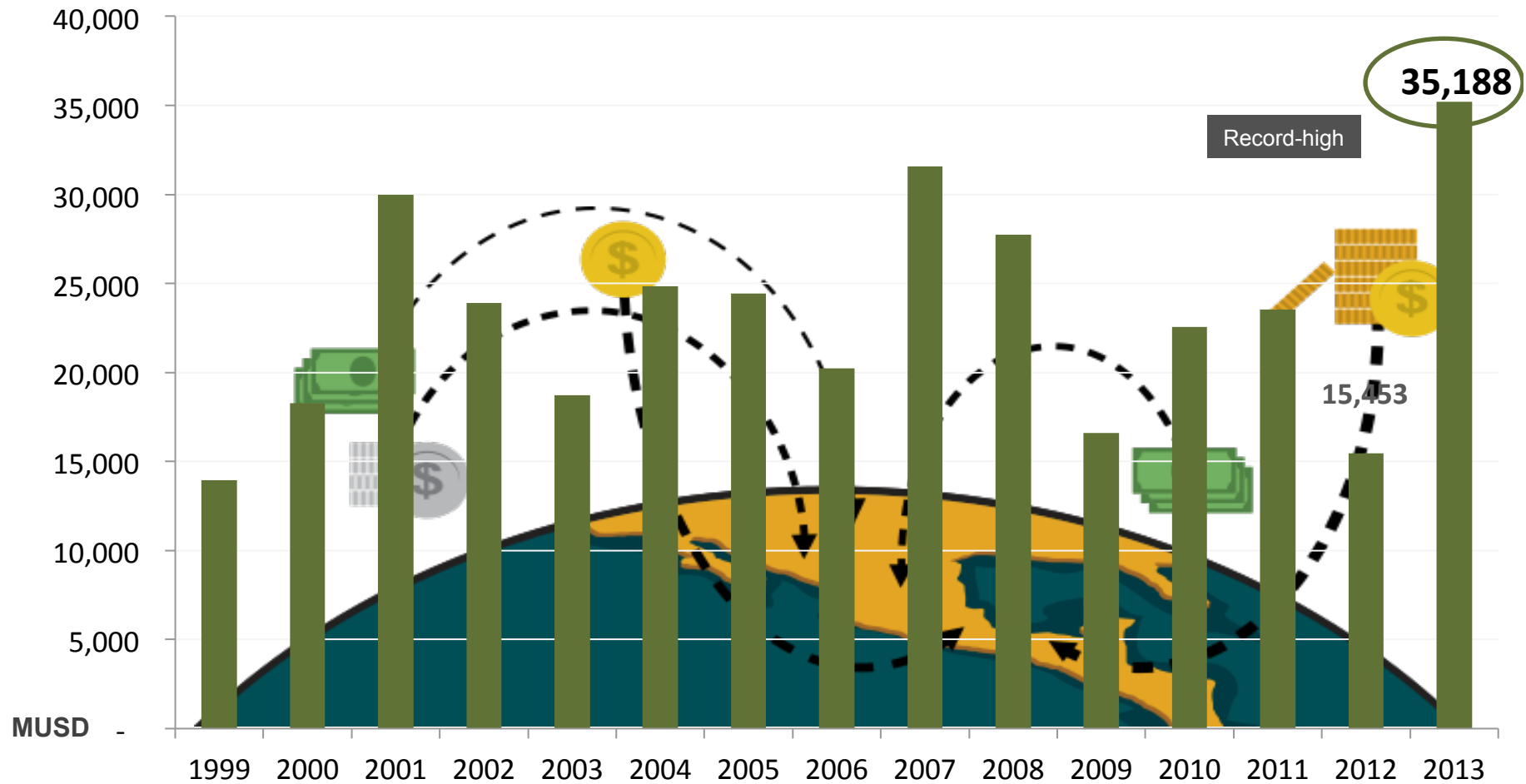
Solid macroeconomic environment

Evolution of inflation, exports and international reserves in Mexico
(2000- 2013)

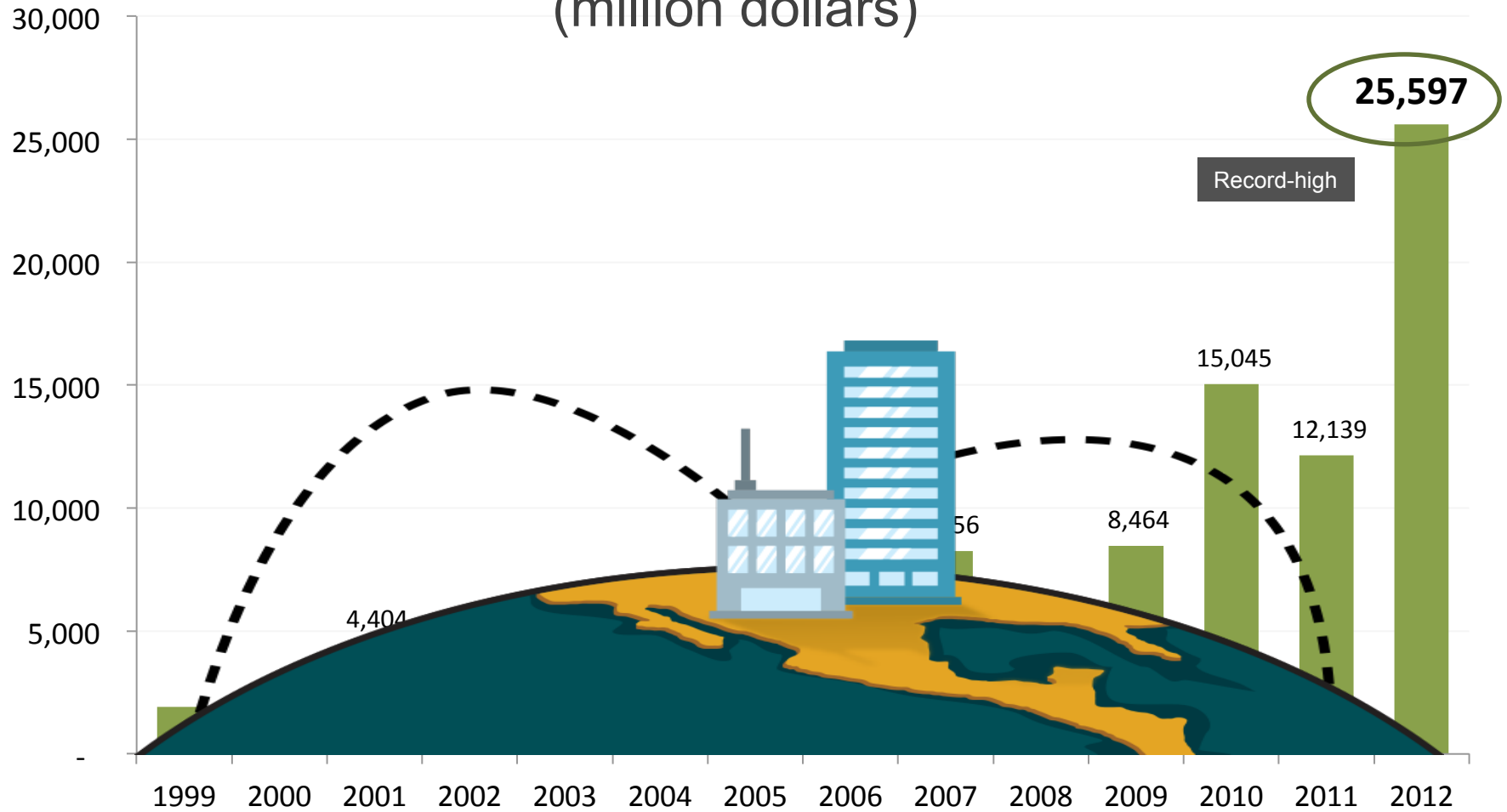


Source: INEGI / Bank of Mexico.

FDI flows into Mexico (1999-2013*)

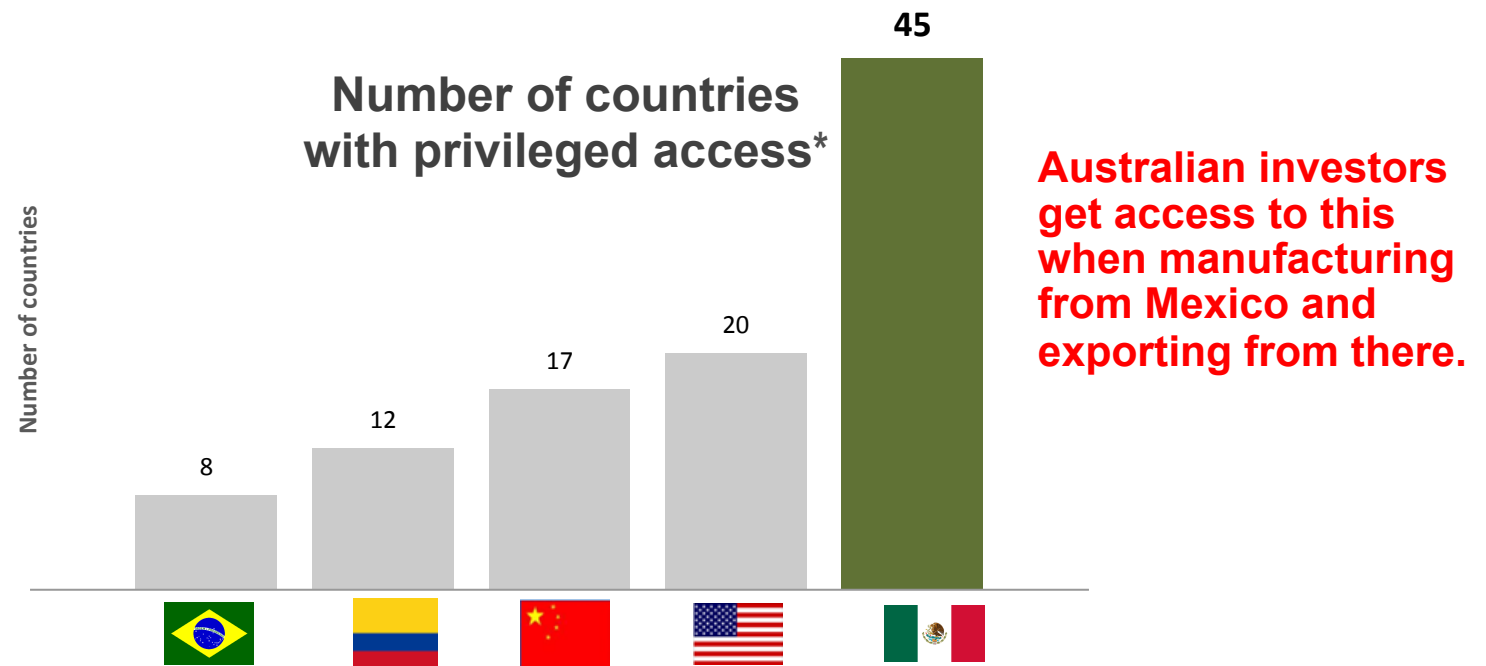


Mexico's FDI Outflows (million dollars)



Access to other economies and markets

Mexico has access to **45 countries** through its free trade agreements (1.2 billion people).

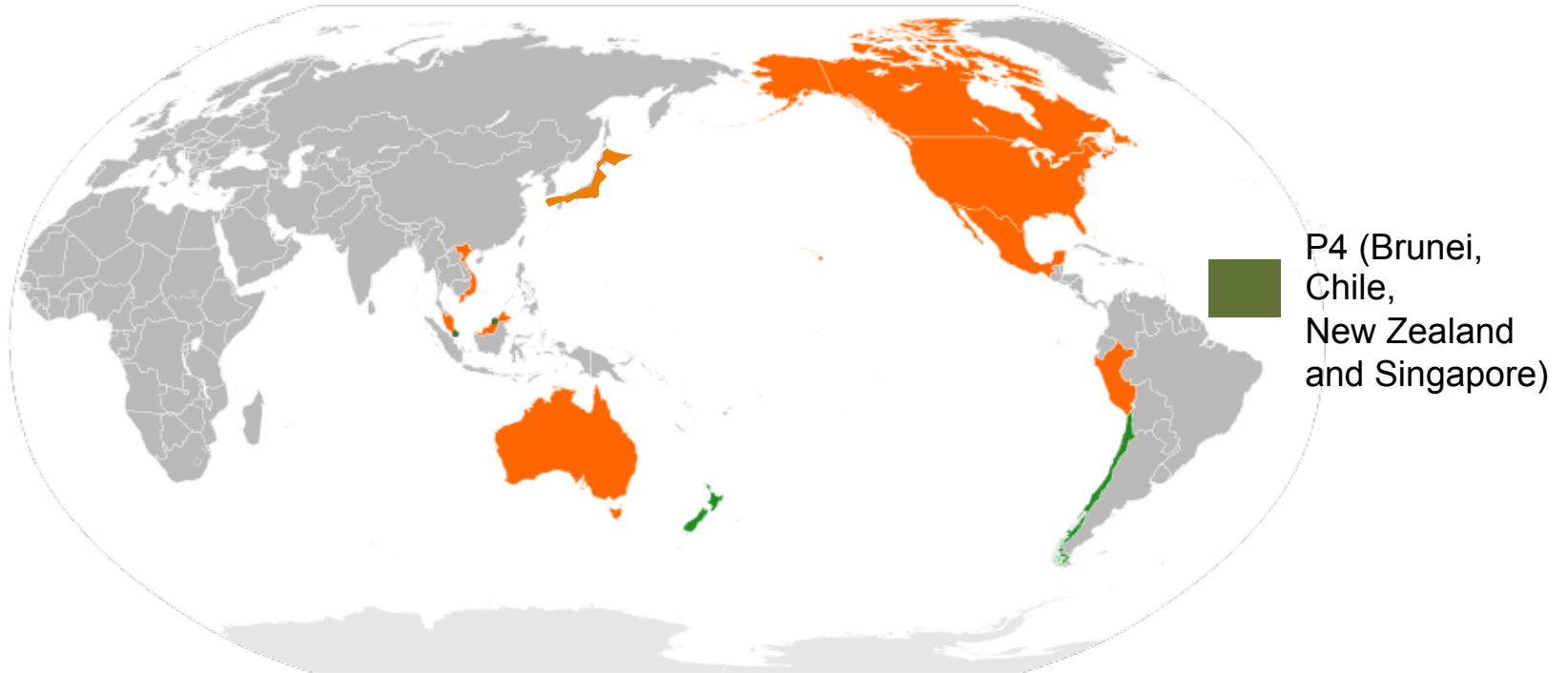


Our FTAs give privileged access to 61% of the world's GDP.

Easy access to the world

Days port to port										
Destinatio n	German y	Brazil	China	Colombi a	Korea	US	India	Mexico	Poland	Turkey
New York	11	15	32	6	21	-	25	6	12	16
L.A	25	23	18	10	17	-	31	4	26	28
Rotterdam	-	17	32	15	33	11	20	15	1	10
Yokohama	35	35	4	24	3	15	17	18	36	27
Río de Janeiro	17	-	31	12	34	15	24	16	18	19
Shanghai	32	32	-	26	2	17	11	20	33	24
Shenzhen	30	30	-	28	4	19	9	22	31	22
Average	25.0	25.3	23.4	17.3	16.3	15.4	19.6	14.4	22.4	20.9

México And the TPP



Given the location it's a perfect place to offset Asian manufacturing and being close to big part of the TPP market

The 12 countries of the TPP represent:

- 38% of global GDP.
- 23% of world exports.
- 28% of world imports.
- 11% of the world's population.

TPP Opportunities

USE MEXICO AS PLATFORM NOT ONLY A MARKET

From an Australian trade in goods perspective, the TPP outcomes will be nominal, and possibly negative for our exporters. Unless they invest and export from other locations like Mexico
The TPP is made up of Australia, the US, Japan, New Zealand, Canada, Mexico, Vietnam, Peru, Chile, Singapore, Malaysia and Brunei. Australia already has free trade agreements with all of those countries except Canada, Mexico and Peru.

It is true that the TPP will open up trade with Canada, Mexico and Peru. However, Canada and Australia will never be major trading partners, due to the similarities in their economies. While Mexico is a significant economy, it does not import high volumes of agricultural products or minerals.

Most of the new trade opportunities for Australia as a result of the TPP will come from improved access to the US and Japanese agricultural markets through Mexico operations.

A significant benefit of a large regional trade agreement is that trade preferences will apply to goods that originate from the TPP region, not merely a specific country. That is, a good finished in Australia could consist of components from the US, Japan, Mexico and Australia, and be given duty preferential treatment on export to any TPP country. This helps to facilitate Australia's involvement in global supply chains.

More so than any other FTA, the TPP tackles much more than trade in goods. Its aims include liberalizing trade in services, government procurement and investment, and puts in place minimum standards regarding labor laws, environmental standards, competition laws and intellectual property.

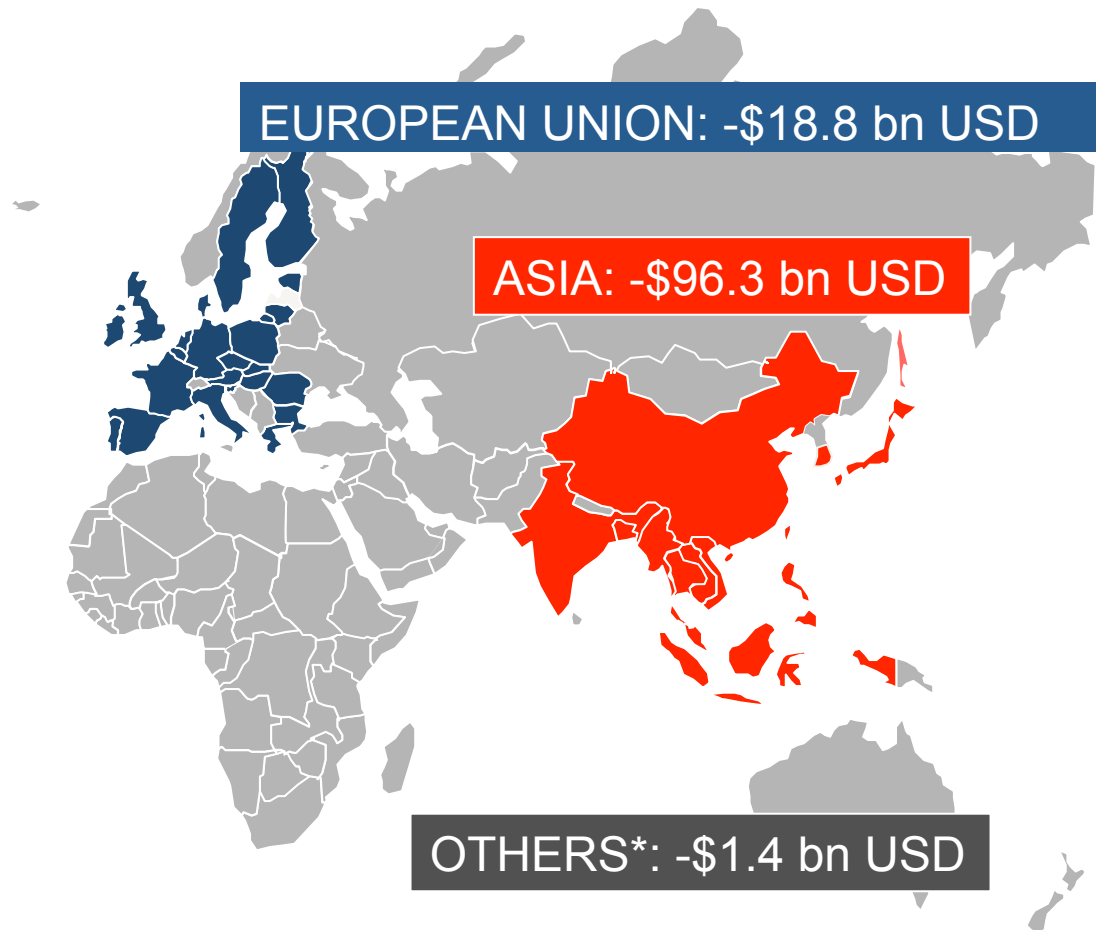
Mexico's Trade Balance (2012)

NAFTA: +\$103.8 bn USD



LATAM: +\$12.9 bn USD

EUROPEAN UNION: -\$18.8 bn USD



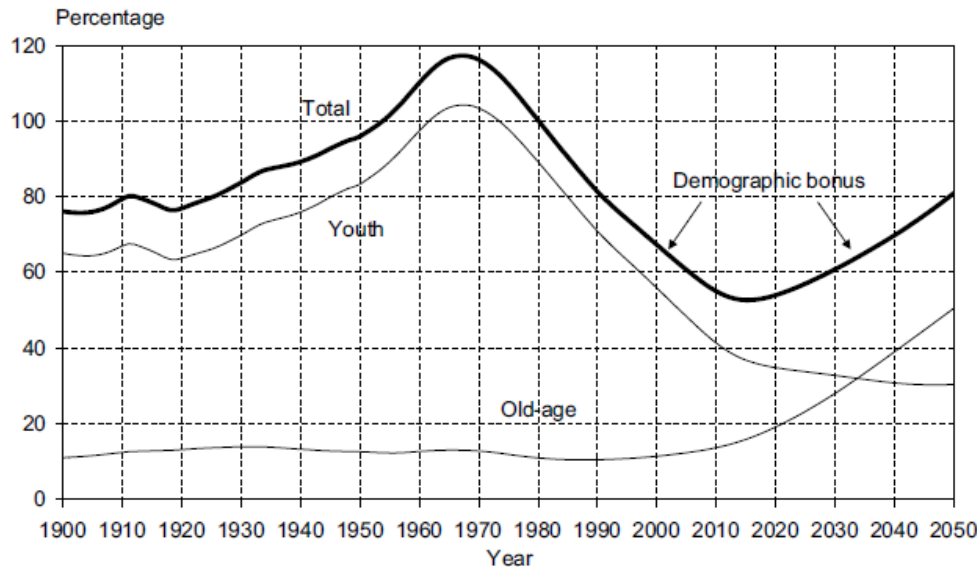
ASIA: -\$96.3 bn USD

OTHERS*: -\$1.4 bn USD

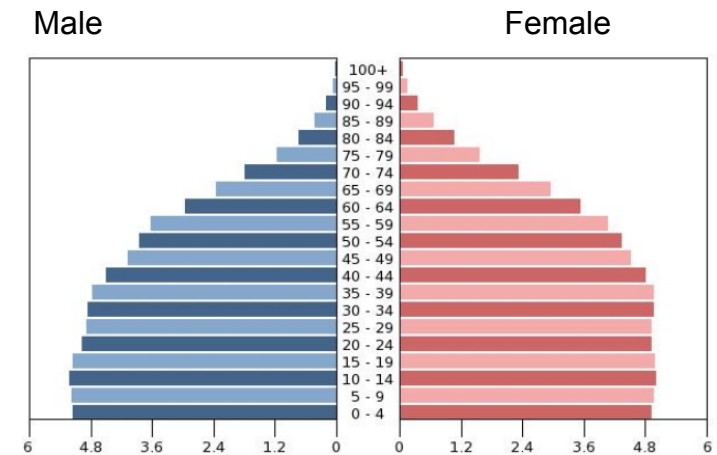
*Includes Africa, Oceania and other European countries
Source: 2012 Data. Mexico's Central Bank and Global Trade Atlas.

Demographics are on our side

Mexico's demographic bonus



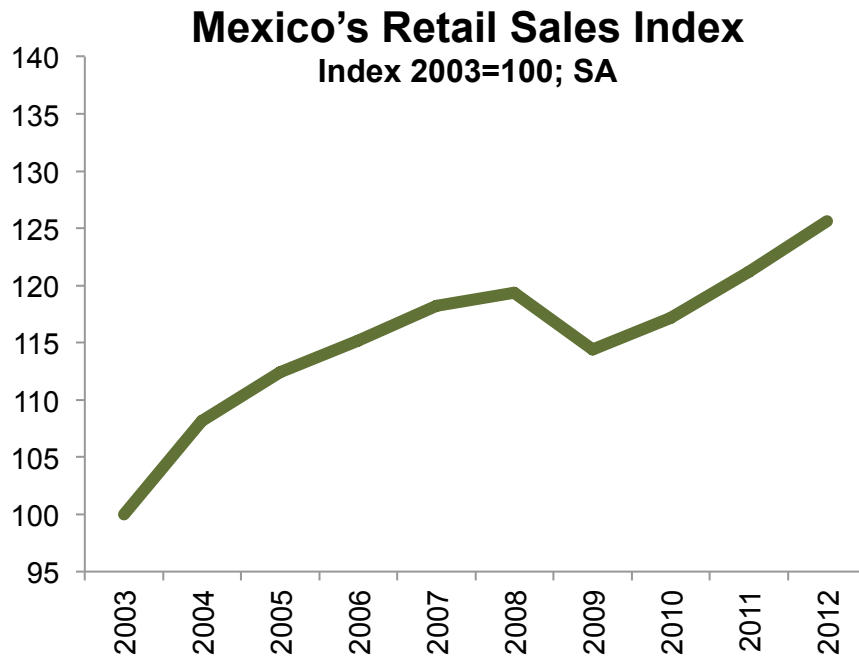
Mexico's population pyramid (2030)*



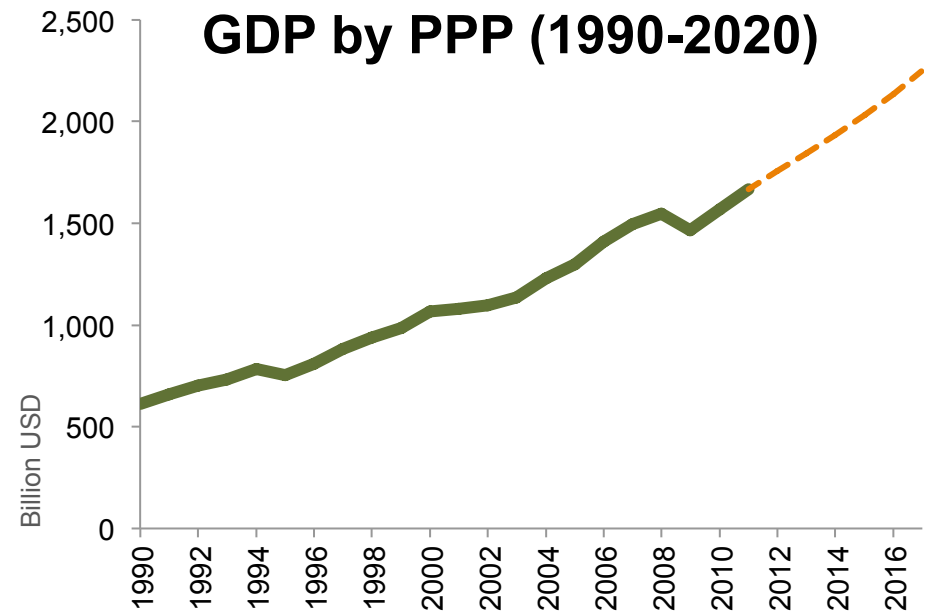
- 118 million inhabitants with a **median of 27 years**.
- **52 million** in the **labor force**.
- According to forecasts, there will be more than **83 million** people of productive age **by 2020**.

Compared to Australian and European aging populations Mexico provides a big competitive workforce and also a growing consumer platform for Australian products and services

Large domestic market



SA/ Seasonally adjusted figures

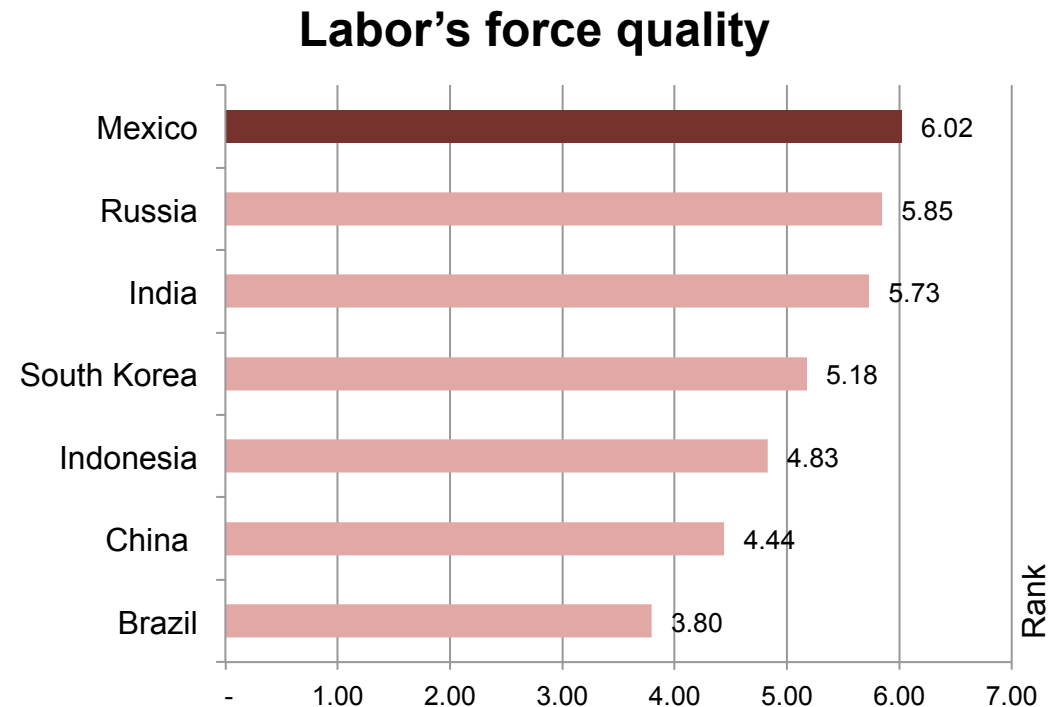


— Historic - - - Forecasts

- **\$15,000 USD=** median income.
- According to forecasts, income will grow **20% by 2016.**

Quality of our labor force

According to IMD, Mexico offers a higher quality and availability of labor force and talent in comparison with other emerging markets.



When manufacturing, its important Australian companies take into account hidden transportation and inventory costs, as well as efficiency and quality labour which add costs to the final product

Most competitive total costs

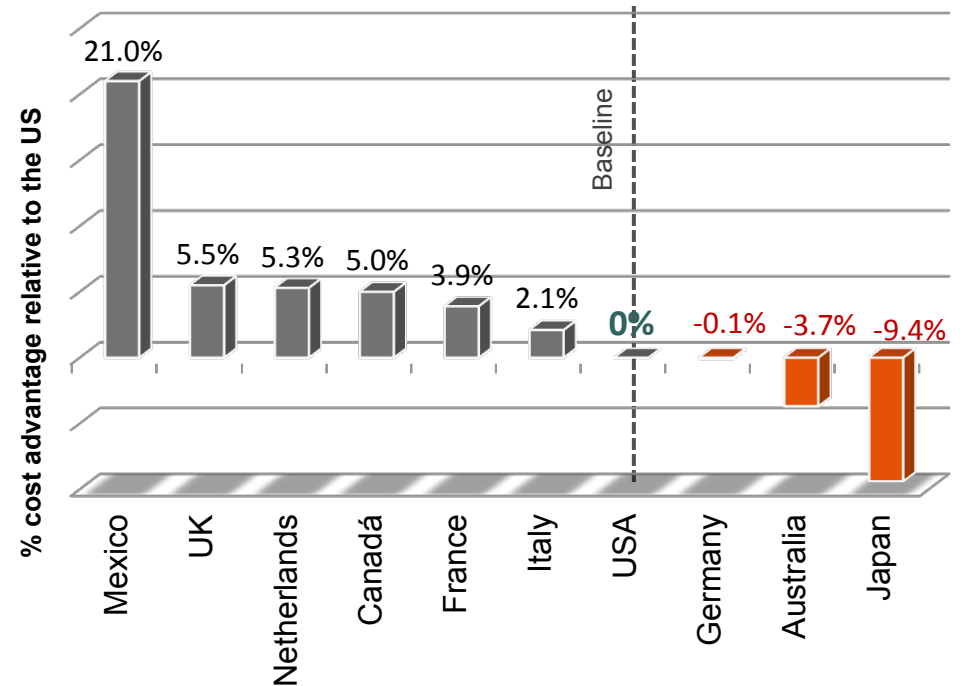


The Alix Partners *Manufacturing Outsourcing Cost Index* ranks Mexico as the best country (better than BRIC's).

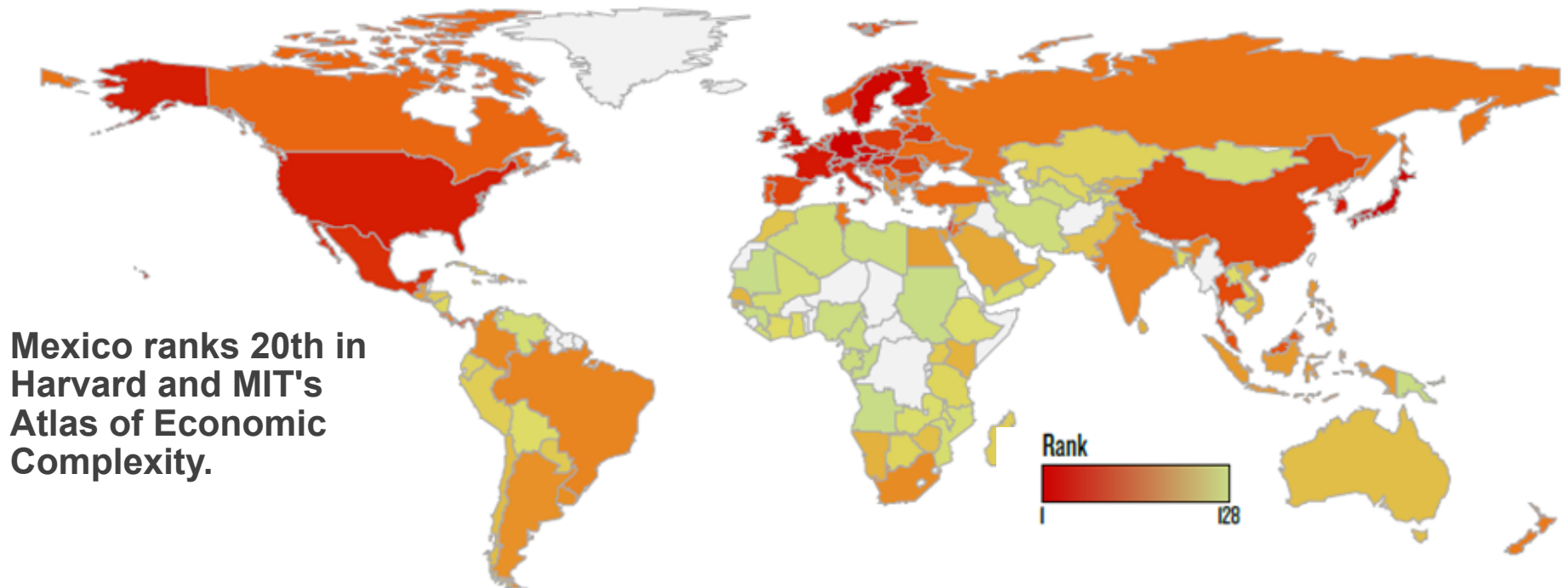


The most competitive country in terms of costs and taxes, according to *Global Benchmark Report*.

According to KPMG, in 2011 Mexico had an average cost advantage of 21% (over 19 industries), compared to the US.



Mexico is an exporter of sophisticated products



Mexico ranks 20th in Harvard and MIT's Atlas of Economic Complexity.

- **It acknowledges that Mexico can retain large amounts of productive knowledge.**
- **Mexico manufactures and exports a large number of sophisticated products.**
- **Manufacturing accounts for 80% of our exports.**

A sophisticated economy

Medium and High-Tech Exports as a percentage of GDP (2011)

No.	Country	% GDP
1	South Korea	30.4%
2	Germany	28.1%
3	Mexico	17.2%
4	China	15.0%
5	France	13.2%
6	Italy	12.9%
7	United Kingdom	11.1%
8	Japan	9.9%
9	Canada	7.3%
10	Turkey	7.0%
11	South Africa	5.8%
12	United States	5.1%
13	India	4.5%
14	Indonesia	4.1%
15	Argentina	3.7%

Medium Technology (MT):

- Specialty Chemicals
- Machinery, Equipment, Appliance
- Electrical Industrial Machinery
- Motor Vehicles & Parts Total
- Motorcycles & Transport. Equipment
- Railroads & Equipment

High Technology (HT):

- Aircraft & Spacecraft
- Advanced materials
- Computers & Office Machinery
- Communication Equipment
- Medical, Precision & Optical

We are leaders in key sectors

AEROSPACE

- Mexico is the 6th supplier to the American aerospace industry.



MEDICAL DEVICES

- We are the largest exporter in Latin America and main supplier to the US.



**370 billions in exports
50% medium and high tech
manufactures**



AUTOMOTIVE AND AUTOPARTS

- 8th producer and 4th exporter globally of new light vehicles in the world.



ELECTRIC-ELECTRONIC

- Leading flat television screen exporter in the world.

2nd country with the largest number of foreign patients



Medical tourism revenues will reach in 2013 a total of 2,847 billion.



More than 1 million foreign patients attended, which rank us in second place in the sector globally, with a percentage of 14%.

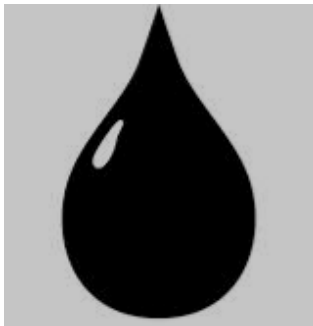


Savings in medical services compared to the United States: from 36% to 89%.

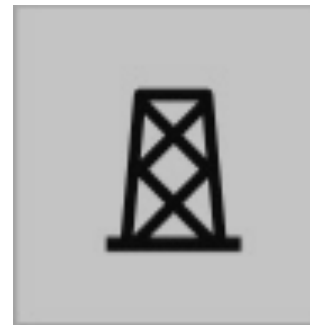


Top medical specialties: cardiology, cosmetic and reconstructive surgery, reproductive health and fertility, oncology, orthopedics, dentistry, spine surgery and bariatric surgery.

Opportunity in the energetic sector



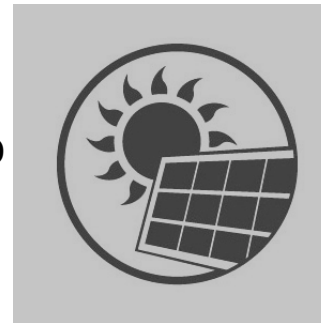
The energy Reform allows foreign businesspeople to participate in profit sharing contracts.



5th oil producer in the world and 13th in refining capacity.



Enables collaboration with the private sector to engage in transmission and distribution of electricity.

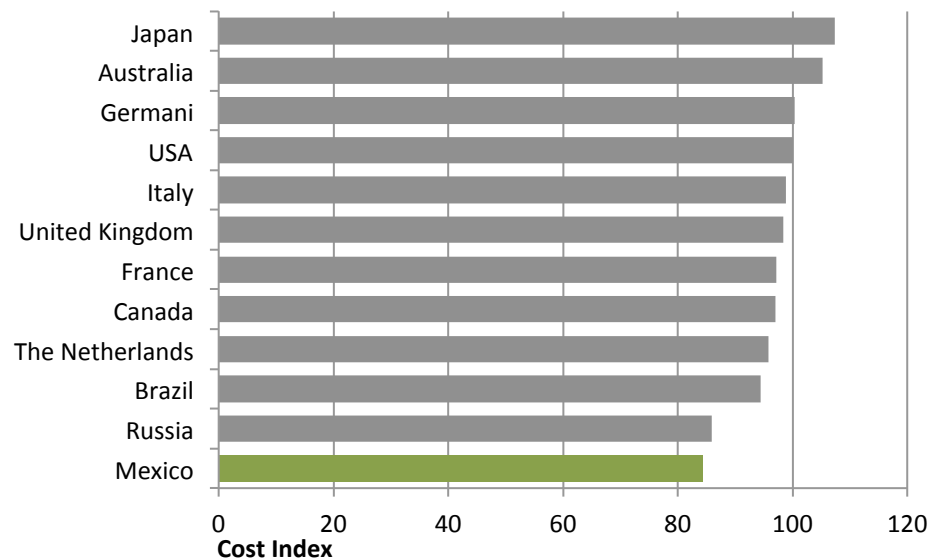


Mexico is the 3rd most attractive country in the world to invest in solar projects.

Australia should not only go for the big exploration projects, it should look into providing services and complementary products. There is a new PEMEX sourcing office in Asia-Pacific (contact me for introduction)

Aerospace

Aerospace part manufacture
(US=100)



According to KPMG, aerospace parts manufacturing costs in Mexico are approximately 16% lower than in the United States.

- **There are 270 aerospace companies in Mexico.**
- In 2012, exports from this sector exceeded 5 billion dollars.
- Mexico has the second largest fleet of business jets in the world (after the US).
- Every two minutes takes-off an airplane with Mexican technology.
- Mexico is the 6th supplier to the American aerospace industry.

Queretaro is big HUB and Australia can manufacture and supply High-tech parts and components to this industry which is one of the most important growing industries in Mexico

Automotive

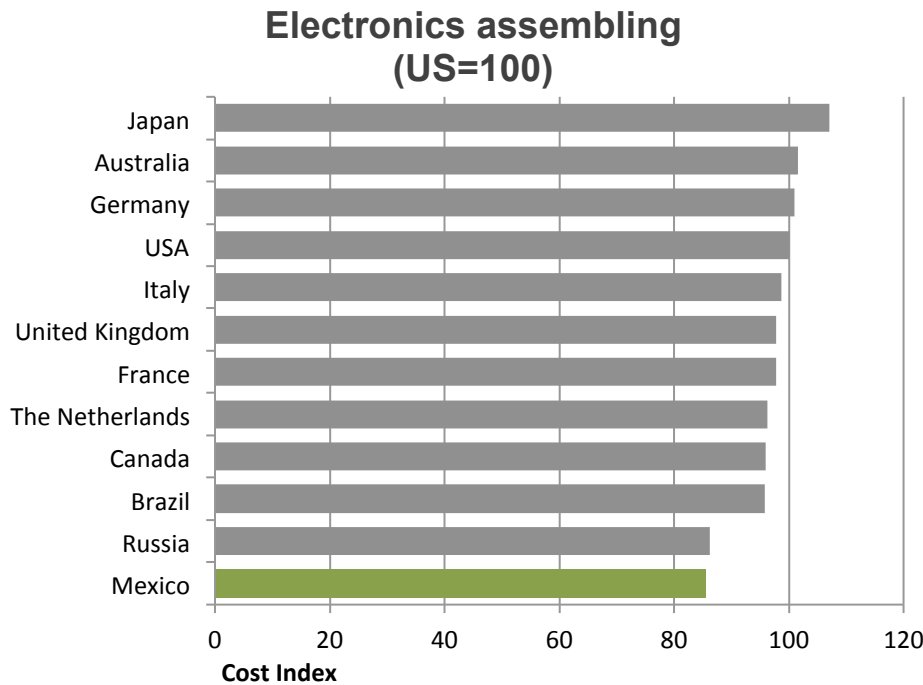


Ford's plant in Hermosillo, Mexico, is the only facility in the world to produce the new Fusion model and the Lincoln MKZ.

Many Automotive companies have been struggling in Australia due to raising costs, but Mexico is growing in this sector. So good opportunity to relocate or setup complimentary operations as other European and Asian counterparts

- **Mexico is the 8th vehicle producer in the world.**
- **And the 4th exporter globally of new light vehicles in the world.**
 - We export almost three times more than Brazil and India combined.
- We are a strategic supplier to the North and Latin American automotive markets.
 - In 2011, Mexico was the leading auto parts supplier to the United States.
 - Eleven of every 100 light automobiles sold in the United States are manufactured in Mexico.
- 84 of the top 100 auto parts companies in the world have production facilities in Mexico.

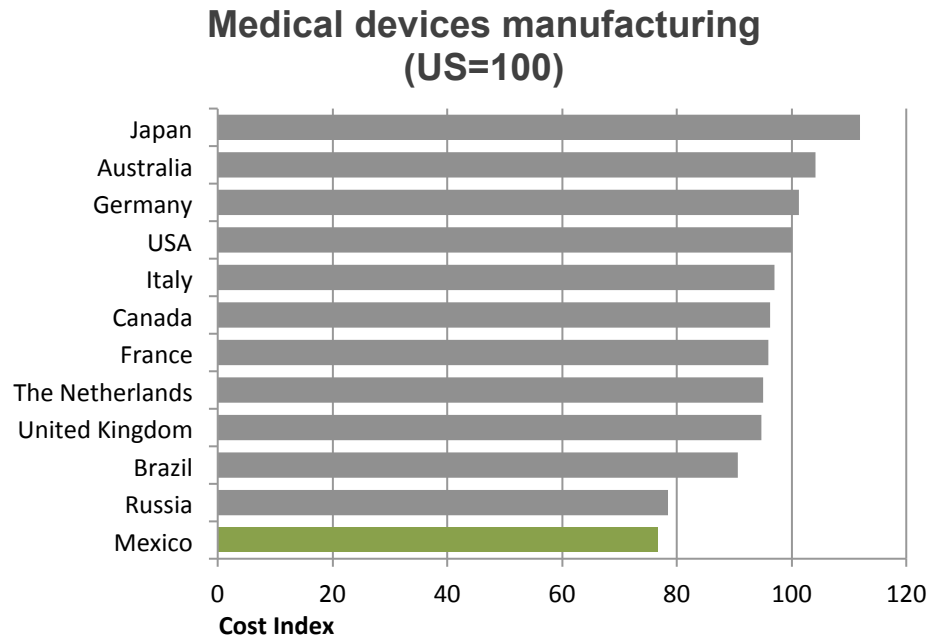
Electric-electronic



- **Mexico is the leading home appliance exporter in Latin America.**
- **And the 6th globally.**
- It is the leading flat television screen exporter in the world.
- The second refrigerator exporter.
- The 4th global exporter of computers.
- 8 of the top 10 transnational electronics manufacturing services (CM's) have operations in Mexico.

According to KPMG, electronics assembling costs in Mexico are 15% lower than in the United States.

Medical devices

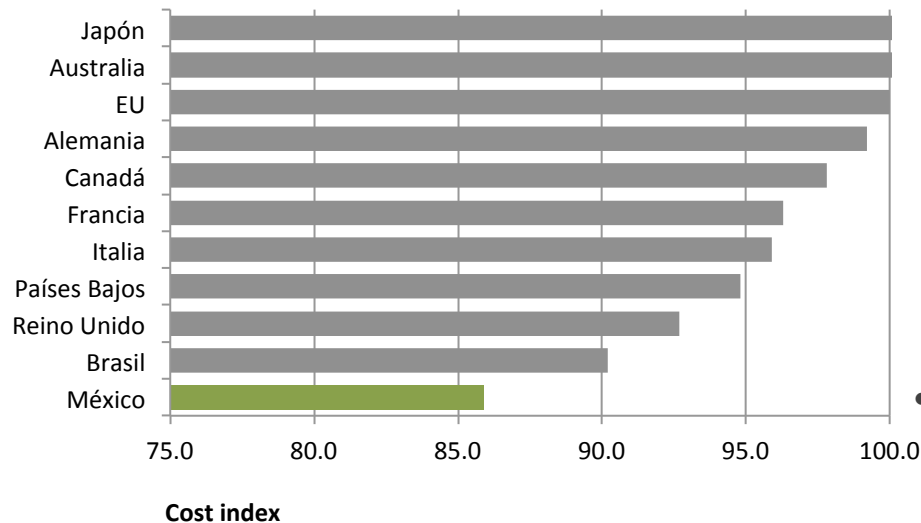


According to KPMG, medical device manufacturing costs in Mexico are 23% lower than in the United States.

- **Mexico is the 5th global exporter of medical instruments and devices.**
- We are the largest exporter in the medical device industry in Latin America.
- The 3rd global exporter of suture needles in the world.
- And the 6th exporter of respiratory and mechanic therapy equipment in the world.
- Our country is the leading exporter of orthopedic items and gauzes and bandages in Latin America.

Agrifood

Food processing
(US=100)



According to KPMG, processed food costs in Mexico are 15% lower than in the United States.

Australia is not a competitor but a complementing economy as its seasons are opposite

Source: Global Trade Atlas/ KPMG.

- **Mexico is the leading exporter of**
 - Avocado.
 - Mango.
 - Guava.
 - Papaya.
 - Processed peppers.
 - Sweetened, powdered cocoa.
 - Fresh tomato.
 - Beer.
- **And the second exporter of**
 - Watermelon.
 - Limes.
 - Raspberry, blackberry and mulberry.

Australia can benefit from selling and also producing in opposite seasons for the customers that they already have.

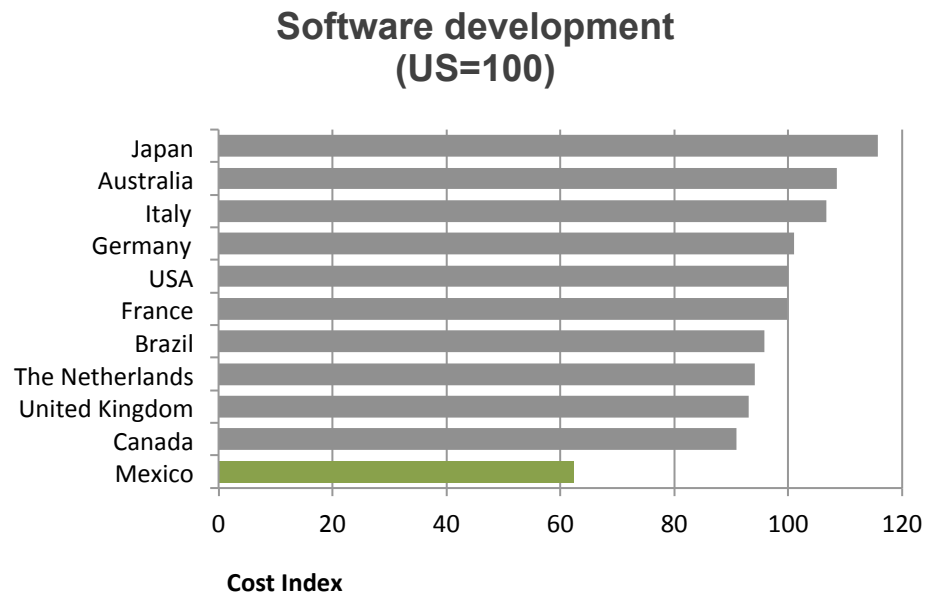
Mining



Australia should invest not only in mines but with its research centers, technology development given its expertise

- **According to Behre Dolbear, in 2013 Mexico was ranked 5th best destination for investment in mining projects.**
- Mexico is the leading country in Latin America and the 4th globally in terms of receiving investments for mining exploration in nonferrous minerals.
- Mexico is the leading silver producer and exporter globally.
- The second global fluorite producer and third bismuth producer.
- The second gold producer in Latin America.

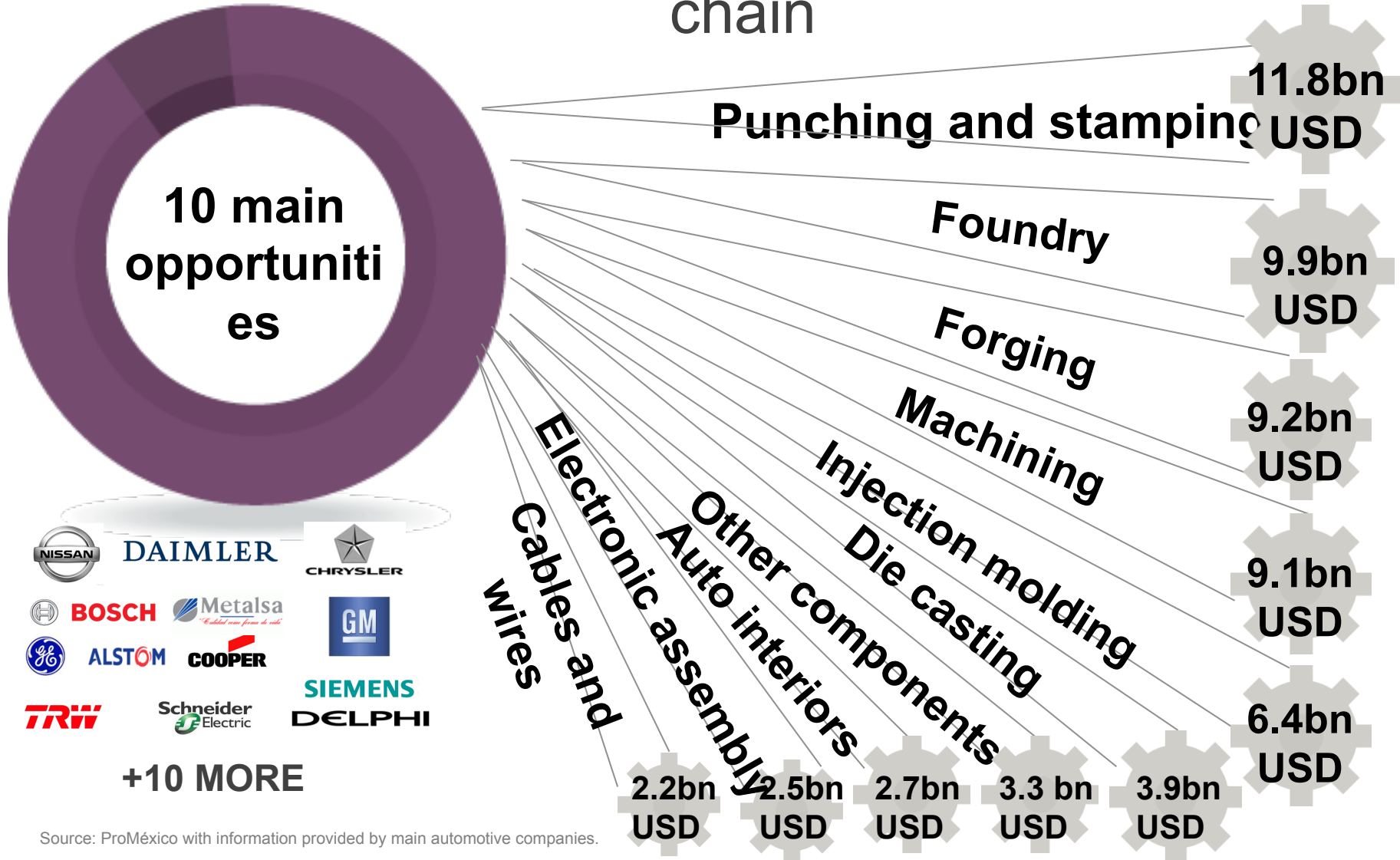
Information technology



- Mexico is the natural IT services supplier to the Latin and North American markets
- Mexico is ranked as the best destination in America for providing IT services, according to A.T. Kearney.
- Gartner Consulting ranks Mexico 3rd global IT services supplier.
- Mexico is ranked 2nd investment destination in Latin America with a 23% share in software projects in the region.

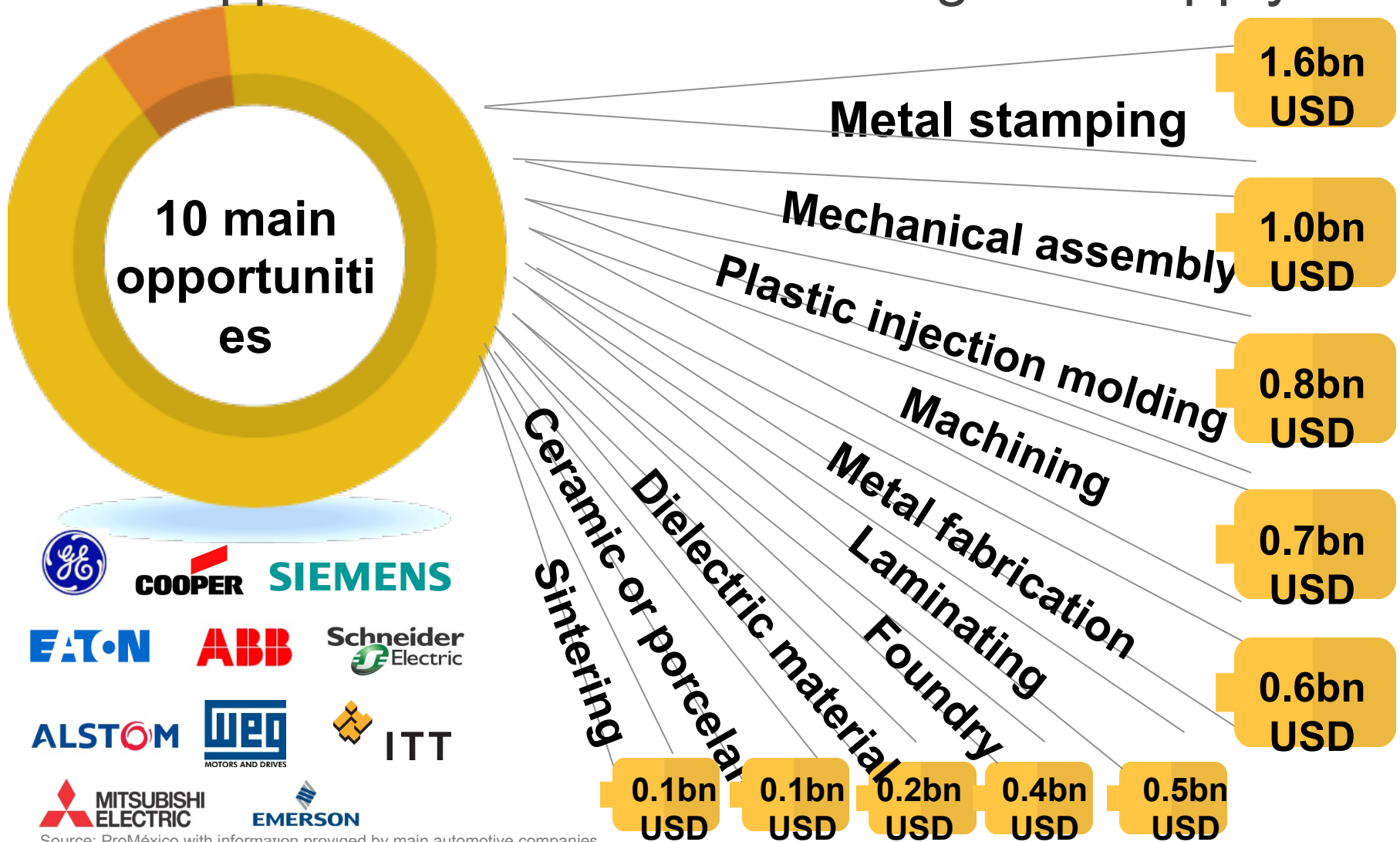
According to KPMG, software development costs in Mexico are 40% lower than in the United States.

Main opportunities in the automotive global supply chain



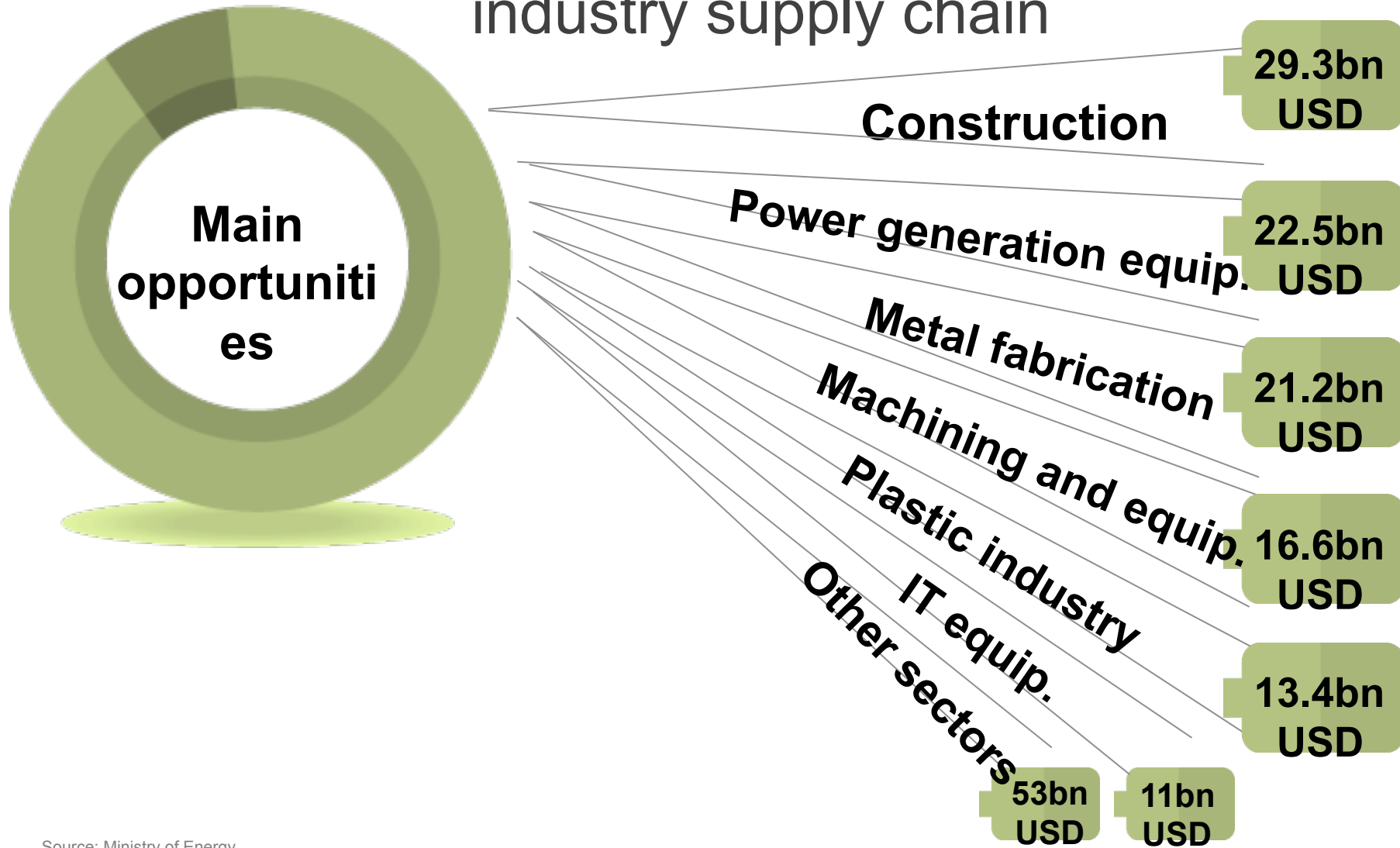
Source: ProMéxico with information provided by main automotive companies.

Main opportunities in the electric global supply chain

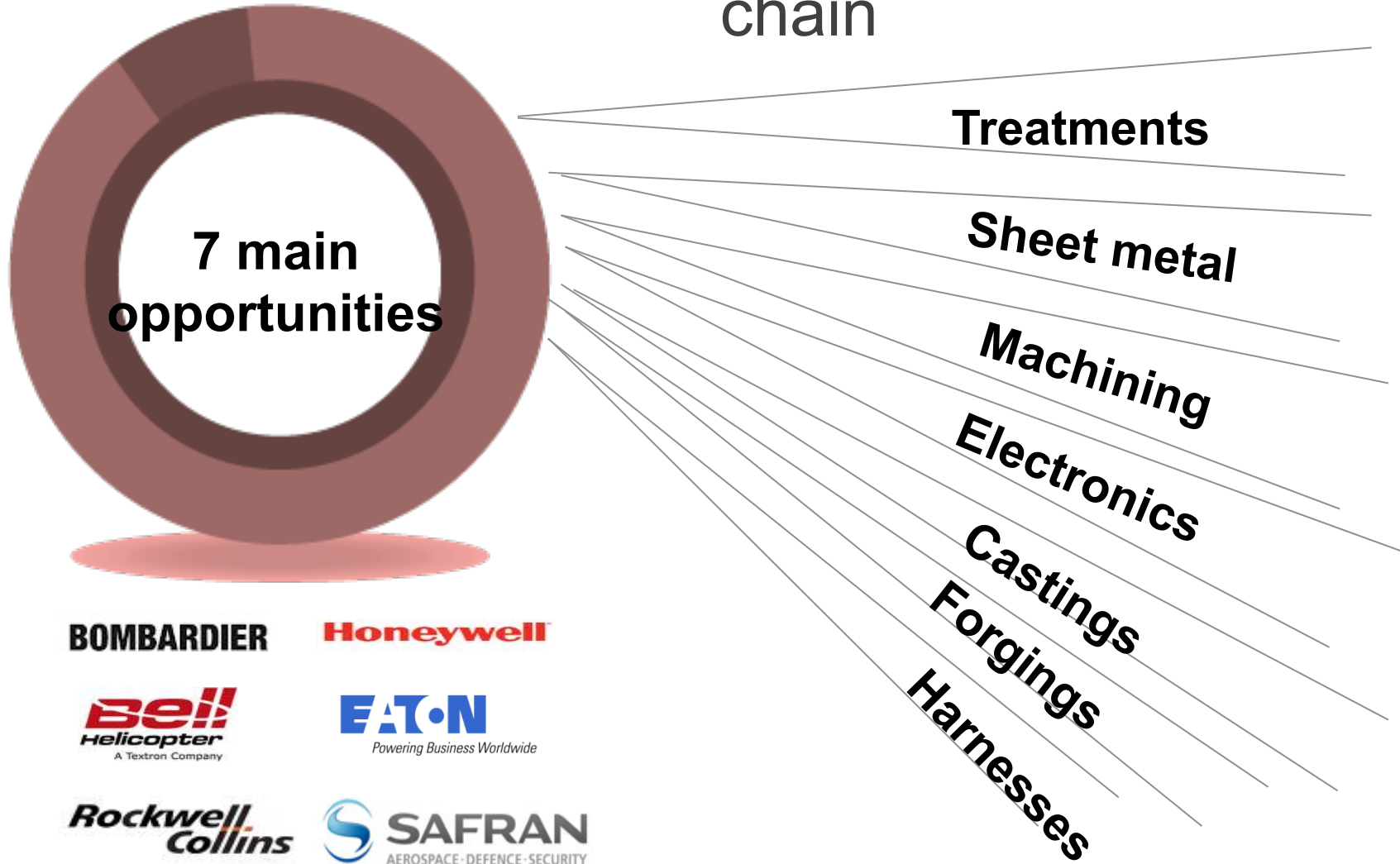


Source: ProMéxico with information provided by main automotive companies.

Main opportunities in the wind industry supply chain



Main opportunities in the aerospace global supply chain



Source: ProMéxico with information provided by main automotive companies.