

**Mission Statement**  
**Automotive Supply Chain Trade Mission**  
**to Monterrey, Saltillo, Aguascalientes, and Silao, Mexico**  
**March 26 – 30, 2007**

**Mission Description**

The United States Department of Commerce, International Trade Administration, U.S. Commercial Service is organizing an Automotive Industry Trade Mission focused on Supply Chain opportunities in both northeastern (Monterrey & Saltillo) and central (Aguascalientes & Silao) Mexico's automotive clusters. This event offers a timely and cost-effective opportunity for U.S. firms to tap into fast-growing markets for automotive equipment, technology and services. Target sectors holding high potential for U.S exporters include process engineering design, sub-assembly, stampings, tool and die maintenance and fabrication, plastic component parts, progressive stamping dies, cutting tools and lubricants, industrial safety equipment, process controls and testing equipment, and general industrial supplies. Mission participants will benefit from country briefings, one-on-one appointments with prospective business contacts, and high-level meetings with government officials and business leaders.

**Commercial Setting**

The automotive industry continued to be the largest and fastest growing manufacturing sector in Mexico during 2005 and 2006.

In late 2005 and early 2006, Mexico emerged with positive and encouraging results in the North American automobile industry. Mexico is rapidly becoming a more important strategic partner for automakers who want a competitive edge to succeed in the North American auto industry. In 2001, Mexico was the ninth largest producer of automotive vehicles in the world, manufacturing 1.92 million units (including trucks and buses). In 2004, production decreased to 1.5 million vehicles due to an economic slowdown. However, it grew to 1.6 million vehicles in 2005 and is expected to grow to over 2.1 million vehicles in 2006.

The accumulated production for the first quarter of 2006 was 54 percent ahead of the vehicles produced during the same period in 2005. Mexico will surpass the two million-unit annual production mark during 2006. As a result of new investments in their assembly lines and the launching of innovative vehicle platforms, Ford, Volkswagen, and Nissan significantly increased their production.

This activity provides an extraordinary opportunity for additional growth for U.S. first and second tier suppliers, and especially for providers of raw materials, technological advancement, parts, machinery, and consumable supplies. Automotive assembly plants are now requiring their basic suppliers to be within a 30-minute drive to the

manufacturing facility in an effort to reduce inventory costs, increase supply controls, and successfully implement JIT practices.

The Monterrey, Saltillo, Aguascalientes, and Silao metropolitan regions have become major automotive parts manufacturing hubs. Component manufacturers located in the area supply major automotive assembly plants nationwide.

**Monterrey** - Greater Monterrey, home to 4 million people, is considered Mexico's industrial powerhouse. Well over 100 auto parts manufacturers are active in the region. Additionally, there are hundreds of other types of suppliers providing assembly processes for component manufacturers that aren't necessarily considered direct suppliers to the auto industry. Monterrey's homegrown successes include NEMAK, a major producer of aluminum heads and blocks, and METALSA, Latin America's largest manufacturer of small truck and car chassis. Other prominent firms in Monterrey include IMSA Enertec (car battery manufacturer), Carplastic-Visteon (plastic injection parts), and Delphi (automotive electronics for GM and other brands). Finally, Navistar buses, Freightliner trucks, and Volvo and Mercedes class 8 trucks are assembled in Monterrey.

**Saltillo** - The capital of Coahuila, Saltillo is located an hour west of Monterrey. This city of 1.2 million is home to two of the largest auto manufacturing and assembly plants in Latin America. GM has three divisions in Saltillo, engaged in motor and transmission assembly, body part stamping, and car assembly. Daimler Chrysler also has two plants in Saltillo, both in the midst of a major expansion due to the company's decision to close its Mexico City operation. One of Daimler Chrysler plants assembles Dodge Rams. The second focuses on engine assembly. These plants are served by a large number of Mexican, U.S., European and Japanese companies. And new suppliers are regularly being attracted to Saltillo, encouraged by a series of expansion announcements including Toyota's US\$800 million assembly plant in nearby San Antonio.

**Silao** - The region of Guanajuato has made great strides in the automotive and automotive parts industry with the installation of important plants such as the light truck assembly plant of General Motors, situated in the outskirts of Silao, a small city located one and a half hours south of Aguascalientes. The state government is interested in promoting the development of an automotive parts supply cluster in the area. Silao is a small city, but located very close to a large industrial center that includes Leon, Salamanca, and Irapuato. In this sector, opportunities can be found for manufacturers of leather seats, electric and electronic components, air conditioners, oil and fuel filters, suspensions, paint, tires, batteries, wheels and rims, springs, shock absorbers, engine parts, gears, alternators, starters, brake systems, etc. 85% of Mexico's automotive plants are within a 400-mile radius of Guanajuato, thereby offering a strategic position for the development of OEM suppliers. GM requires that the majority of the 1st and 2nd tier suppliers be located within a 30-minute drive from the plant.

**Aguascalientes** - A small state with less than a million inhabitants, the GDP of Aguascalientes has been growing by 10% almost every year since the early 90's. With an established ten-year record, the Aguascalientes automotive cluster represents one of the

major industrial markets in Mexico. Automotive-related industry, services, and trade contribute to 85% of the state's gross domestic product. Most industry is located in the Aguascalientes-Rincon de Romos corridor, in two industrial parks in the capital and two parks outside of it. More than 30 companies make up this important cluster. A very large Nissan assembly plant is located in Aguascalientes and the majority of the 1st and 2nd tier suppliers to that plant are located nearby. Opportunities in this sector can be found for U.S. suppliers of precision metalworking, plastics, electronic components, tool and die, molds, specialized packaging, automation and sensors, and laboratory equipment for quality assurance.

### **Mission Goals**

The goal of the Automotive Supply Chain Trade Mission to Mexico is to enable U.S. participants to gain first-hand market exposure, access to government decision makers, and meetings with private-sector contacts, including potential agents, distributors and business partners, so they can position themselves to take advantage of growing automotive industry clusters in Northeastern and Central Mexico.

### **Mission Scenario**

Mission members will meet with potential partners and buyers in all four cities at local manufacturing facilities. Additionally they will meet with manufacturers' associations and government officials to learn about the local market and sales opportunities. The precise schedule will be structured based on specific goals of the mission participants and availability of local government officials.

### **Mission Timetable**

#### **Day One (Sunday, March 25th)**

Arrive Monterrey / Hotel check-in / Evening organizational meeting

#### **Day Two (Monday, March 26th)**

- a) Commercial and cultural briefing with U.S. Commercial Consul, industry association, and local industry specialists.
- b) 4-5 meetings with potential partners or customers (translators and transportation provided).
- c) Dinner reception with Commercial Consul, partners, and local government officials.

#### **Day Three (Tuesday, March 27th)**

- a) Transportation via chartered bus to Saltillo. Travel time is approximately one hour.
- b) Business briefing with local industry representatives and government officials.

- c) 4-5 meetings with potential partners or customers (translators and transportation provided).
- d) Return to Monterrey via chartered bus.
- e) No-host dinner in Monterrey.

**Day Four (Wednesday, March 28th)**

- a) Check out of hotel.
- b) Travel to Monterrey International Airport (MTY) for flight to El Bajío International Airport (BJX).
- c) Check-in to hotel in Silao.
- d) Dinner reception with Commercial Consul, partners, and local government officials.

**Day Five (Thursday, March 29th)**

- a) Business briefing with local industry representatives and government officials.
- b) 4-5 meetings with potential partners or customers (translators and transportation provided).
- c) Travel to Aguascalientes by chartered bus
- d) Check in to hotel
- e) No-host dinner

**Day Six (Friday, March 30th)**

- f) Business briefing with local industry representatives and government officials.
- g) 4-5 meetings with potential partners or customers (translators and transportation provided).
- c) No-host dinner

**Day Seven (Saturday, March 31st)**

Return to the United States from Aguascalientes International Airport (AGU).

**Criteria for Participation and Selection**

- Relevance of a company's product line to automotive industry base of suppliers;
- Potential business in the NAFTA market;
- Provision of adequate information concerning company's primary market objectives in order to facilitate appropriate matching with potential business partners;
- Maximum of 20 and a minimum of 10 participating companies;
- A company's products or services must be either produced in the United States, or, if not, marketed under the name of a U.S. firm and have at least 51 percent U.S. content of the value of the finished product or service. In cases where the value of U.S. content does not exceed 50 percent of the product or service's cost, the determination of a company's benefit to the US economy may be made on a case-by-case basis.

Any partisan political activities (including political contributions) of an applicant are irrelevant to the selection process.

Mission recruitment will be conducted in an open and public manner, including publication in the *Federal Register*, posting on the Commerce Department trade mission calendar – [www.ita.doc.gov/doctm/tmcal.html](http://www.ita.doc.gov/doctm/tmcal.html) – and other Internet web sites, press releases to the general and trade media, direct mail and broadcast fax, notices by industry trade associations and other multiplier groups, and at industry meetings, symposia, conferences, trade shows.

Recruitment for the mission will begin immediately and conclude no later than February 28, 2007. The participation fee for the event will be \$4,900 per company (\$330 per additional participant from the same company). The participation fee does not include international travel, the flight leg between Monterrey and Aguascalientes, and lodging costs. Applicants will be considered on a first-come, first-serve basis, and applications received after the closing date or beyond the maximum of 20 will be considered only if space and scheduling constraints permit.

Event participants will be recruited by the U.S. Commercial Service in accordance with the objectives of the mission statement. Any company interested in participating and that meets the U.S. Department of Commerce (USDOC) servicing guidelines is eligible to participate, subject to CS Mexico's determination that there is a market for their product or service in Mexico.

#### **On-line Information**

The details of this Trade Mission, relevant market research, promotional literature, recruitment tools and registration site are available at <http://www.buyusa.gov/autoteam/mexicomission.html>

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11/9/06