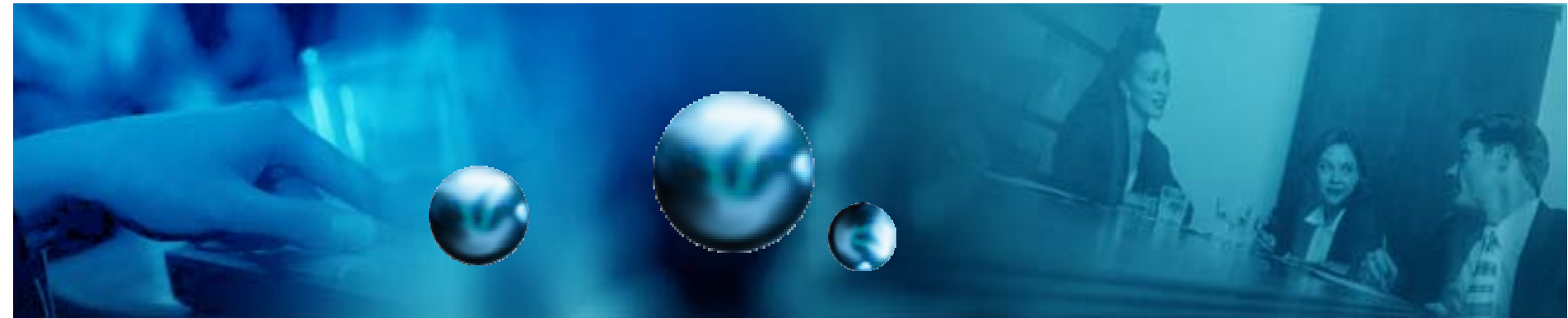
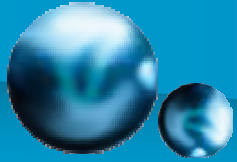


**Welcome To:
McAllen, Texas &
Reynosa, Tamp Mexico**



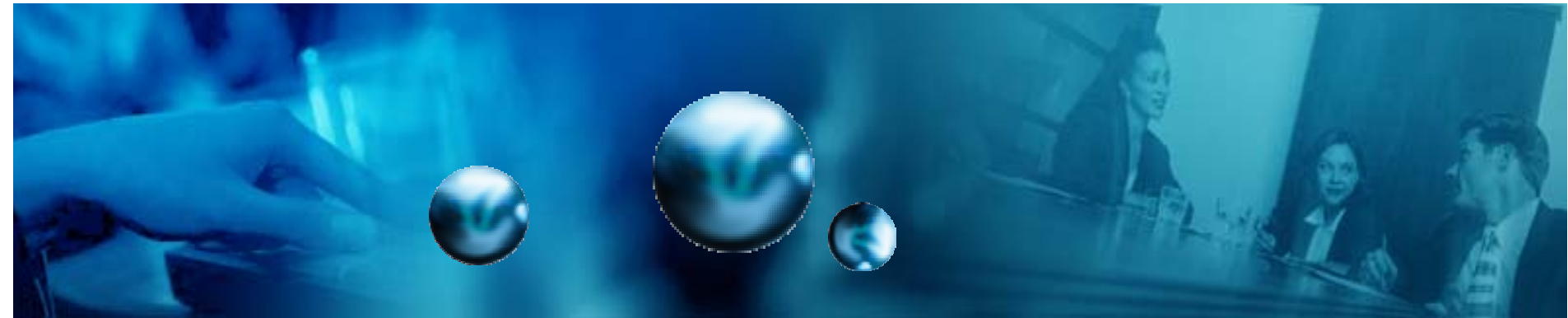
Presented By:
McAllen Economic Development Corporation
6401 South 33rd Street · McAllen, TX 78503, USA
(956) 682-2875 • www.medc.org



Contents

- I. MEDC & Relationships
- II. Demographics
- III. Business Trends Affecting McAllen & Reynosa

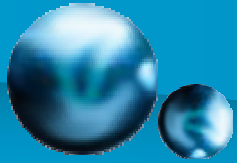
I. MEDC & Relationships



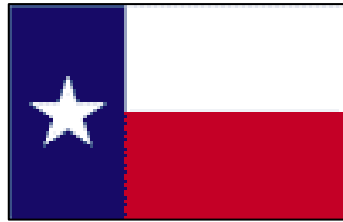


City of McAllen

The City of McAllen and M.E.D.C. work with Global Companies planning a strategic move or expansion to service their industry from a cost competitive market.



International Relationships



The City of McAllen & M.E.D.C. maintains a strong international relationship with Mexico. We work closely with Mexican officials in Reynosa, Tamaulipas, to attract new investment, develop infrastructure, enhance workforce education and training, and promote the construction of worker housing.





McAllen Foreign Trade Zone #12

FACTS:

- 1st Inland, or non-seaport, Foreign Trade Zone in the United States.
- Operational since 1973.
- The 865-acre FTZ is being utilized for its central location on the North American continent by providing easy access to Mexico, Canada, Central and South America.



DEFINITION:

The McAllen Foreign Trade Zone is a “free port” that is regulated by U.S. Customs. Raw materials and/or finished goods may be brought into the zone from another country and then may be stored, assembled, repackaged, graded, manufactured or re-exported without payment of U.S. Customs duties.

BENEFITS:

- Over 600,000 square feet of dedicated logistics space
- Cross Docking
- Certified Public Truck Scale
- Vendor Managed Inventories
- Quality Inspection/Sorting
- Customs Documentation
- Contract Labor (Logistic Operations)
- 24 Hour Guarded Security & Video Surveillance

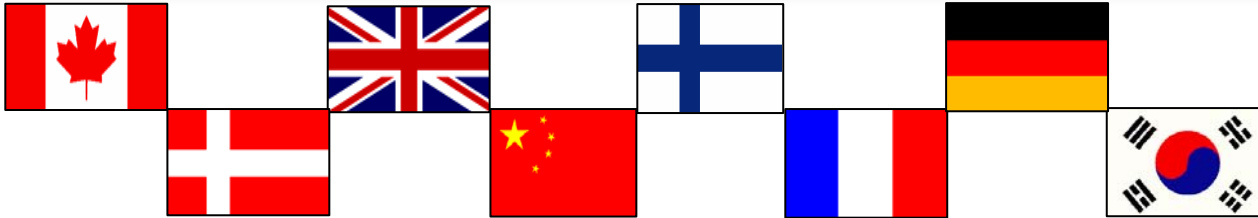
COST SAVINGS:

- Elimination of state and local property taxes
- Storage of foreign materials indefinitely
- Pay only for space occupied
- Short/Long Term Leases
- Duty deferral
- Duty Exemption (Exports & Waste)
- Duty Savings on Tariff Shifts
- Weekly Consumption Entries
- Reduced Fees on Customs MPF





International Clients



CANADA:

EMU Plastics
Progressive Molded Product
Windsor Mold

DENMARK:

Unomedical, Inc.

ENGLAND:

BSN Medical
TI Group Automotive Systems

CHINA:

Ganzhou China/Import Export

FINLAND:

Nokia Mobile Phones
Perlos Inc.

FRANCE:

Cinch Connectors
Hutchinson Automotive
Pechiney Plastics
Valeo Electornics

GERMANY:

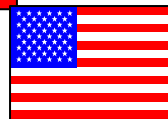
Autech
Draexlmaier
Landis & Gyr
Siemens Energy
Siemens VDO
Kern Liebers

KOREA:

LG Electronics (Zenith)



International Clients



ITALY:

Haemotronic

JAPAN:

Alcom

Alps Automotive

Bigston Corporation

Fujitsu Ten

GSW

JVC

Matsushita Electronic

Mikuni

Panasonic Service Company

Sharp

Shin Etsu Polymers

MEXICO:

Galvotec Alloys

Sabritas

Select Elastics

NORWAY:

Kongsberg Automotive

SWITZERLAND:

Siemens-Landis & Gyr

SWEDEN:

Atlas Copco Group

Kuehne & Nagel

TAIWAN:

King's Prosperity Industries

UNITED STATES:

Bissell, Inc.

Black & Decker

Brunswick

C.R. Bard

Corning Scientific

Delphi Automotive

Eaton Corporation

Emerson

Escalade Sports

Hoffman Engineering

Jabil

Johnson Controls

Kimball

Maytag

R. R. Donnelly

Symbol Technologies

TRW



McAllen Residents





Reynosa Residents



TI Automotive



Symbol Technologies



Fujitsu Ten



Draexlmaier



Corning Cable Systems



ARC Automotive

Delphi



Mikuni



2005 Company Recruitments

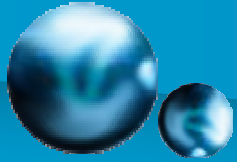
<u>City</u>	<u>Companies</u>	<u>Jobs</u>	<u>Square Feet</u>
McAllen	14	742	1.1 Million
Reynosa	36	11,440	3.2 Million
Total:	50	12,182	4.3 Million



18 Year History

Since 1988 We Have Recruited:

	<u>Companies</u>	<u>Jobs</u>	<u>Square Footage Occupied To Date</u>
McAllen Metro	226	20,000	15,000,000
Reynosa Metro	308	100,000	23,500,000
Total:	534	120,000	38,500,000



MEDC Business Projections

2035

# of Companies	403	592		583	772		733	1,012
Sq. Ft.	9,905,514	48,201,930		21,849,854	66,258,480		23,846,184	84,315,030
# Employees	26,911	120,151		45,121	192,811		71,731	280,531

NOTE: All numbers are cumulative for companies, square feet and number of employees and reflect current companies in McAllen and Reynosa with annual projected increase thru 2035.

II. Demographics





Population

McAllen Metro Region:

Cameron County	378,311
Hidalgo County	678,275
Starr County	60,941
Willacy County	20,382
Totals:	1,137,909

Reynosa Metro:

Total:	1,200,000
--------	-----------



Population Breakdown

McALLEN METRO:

Gender:

Female	51.4%
Male	48.6%

Age:

0 - 19	38.6%
20 - 64	51.5%
65 +	9.9%
Median Age	27

(Source: U.S. Census Bureau, 2005)

REYNOSA METRO:

Gender:

Female	50.3%
Male	49.7%

Age:

0 - 14	31.5%
15 - 64	63.6%
65 +	3.7%
Median Age	24

Migration By State:

Veracruz	40.0%
Nuevo Leon	14.8%
San Luis Potosi	11.9%
Other States	31.7%
Foreign	1.6%

(Source: City of Reynosa)

Business Trends Affecting McAllen & Reynosa





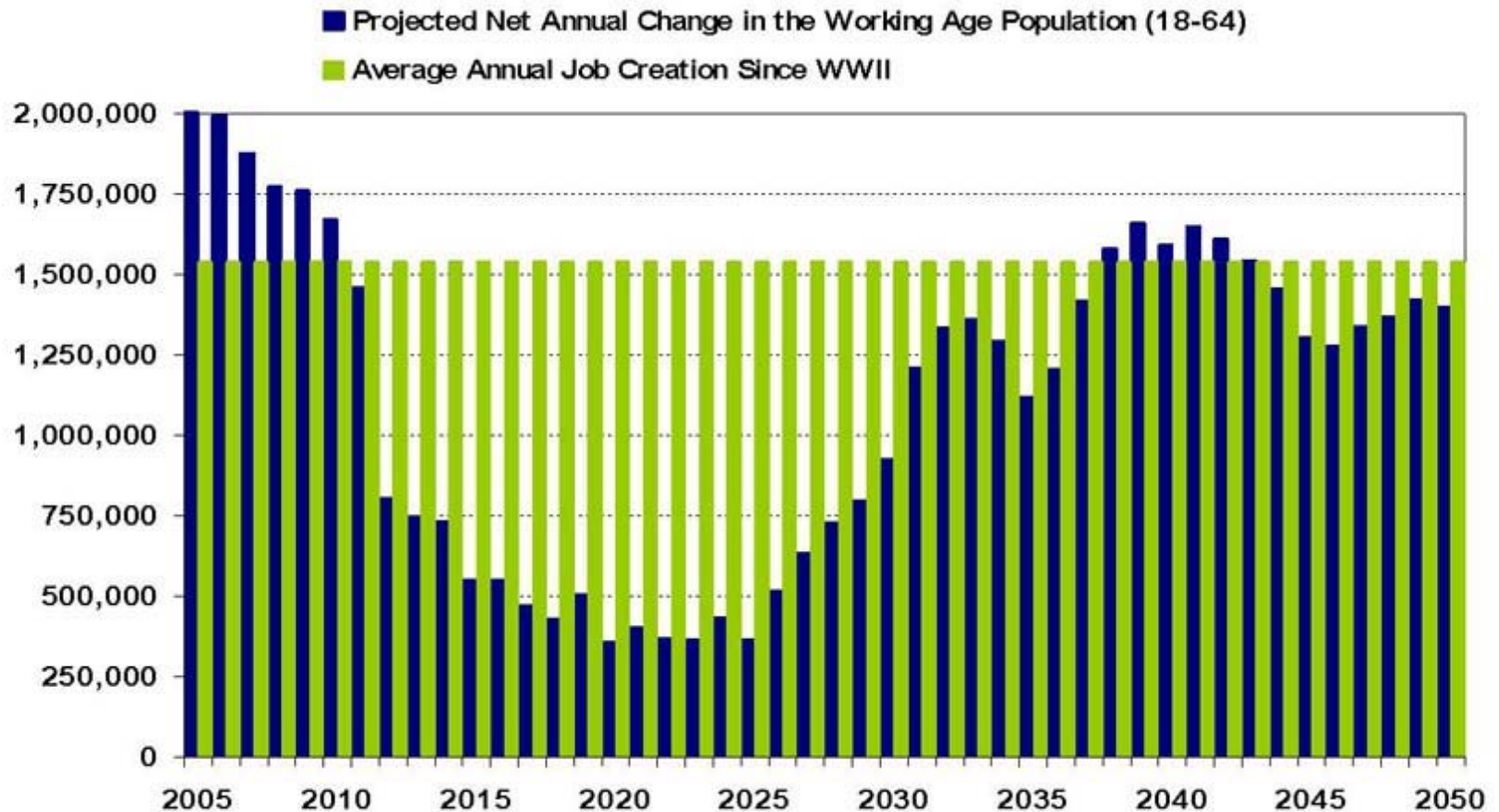
National Worker Deficit

- Shortages of labor constitutes the foremost challenge confronting U.S. manufacturers
- In 2005 90% of manufacturers surveyed by the National Association of Mfg. reported moderate to severe shortages of production workers and 65% indicated a moderate to severe shortage of scientists and engineers; 54% say this is causing moderate to high negative impact on customer service.
- NAM estimates U.S. mfg. will face a deficit of 10 million workers by 2020.
- According to a recent article in Forbes magazine it was stated that currently there is a person turning 60 yrs of age every 7 seconds in the U.S. and in 3 years 40% of the existing work force will reach retirement age.



Future National Worker Deficit

APPROACHING DEFICIT OF WORKERS: THE NATIONAL PICTURE

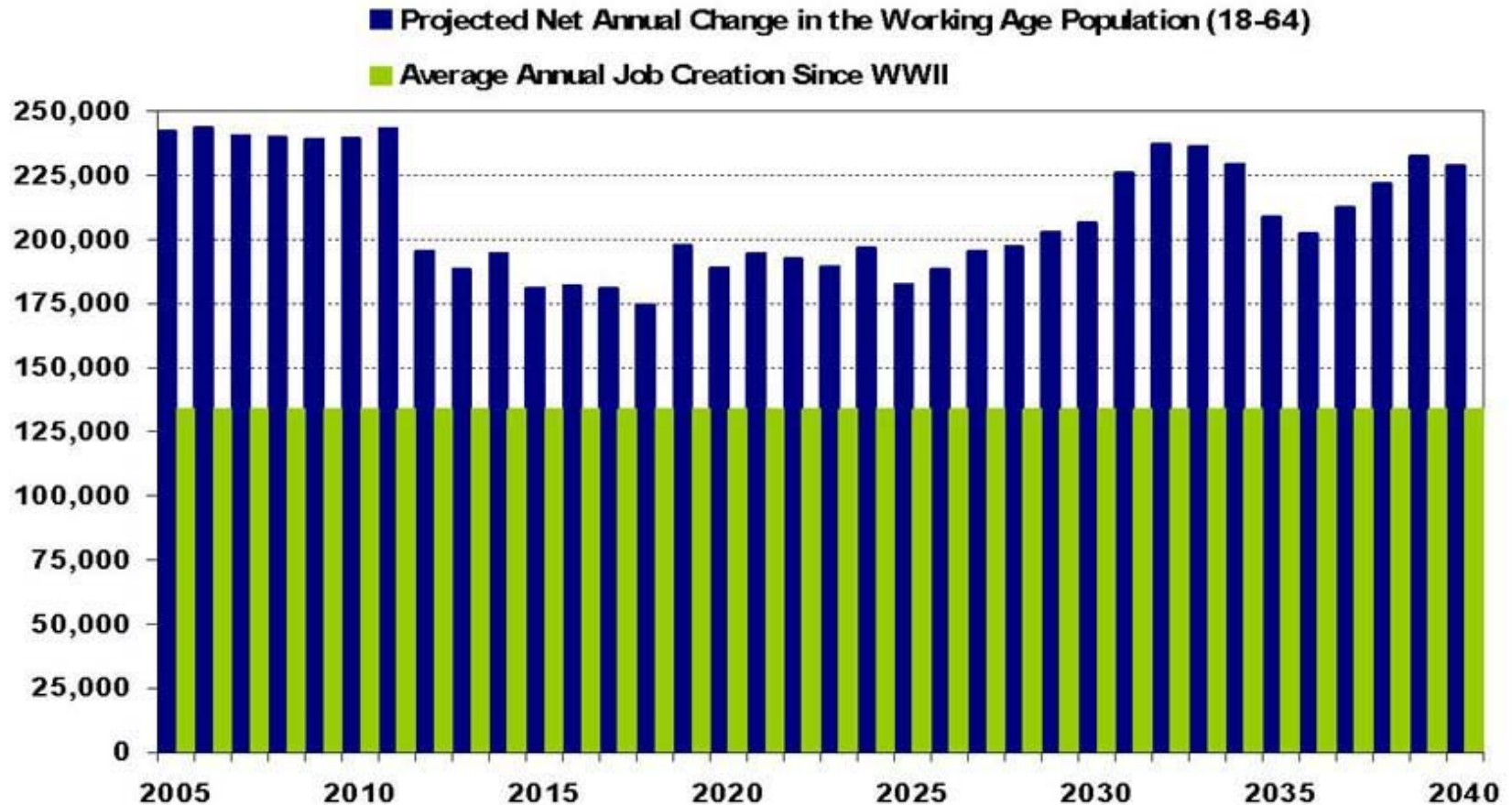


Sources: TIP Strategies; U.S. Bureau of Labor Statistics; U.S. Census Bureau

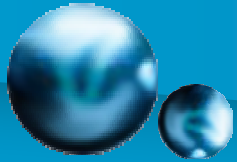


Future Texas Workforce

APPROACHING DEFICIT OF WORKERS: THE VIEW FROM TEXAS

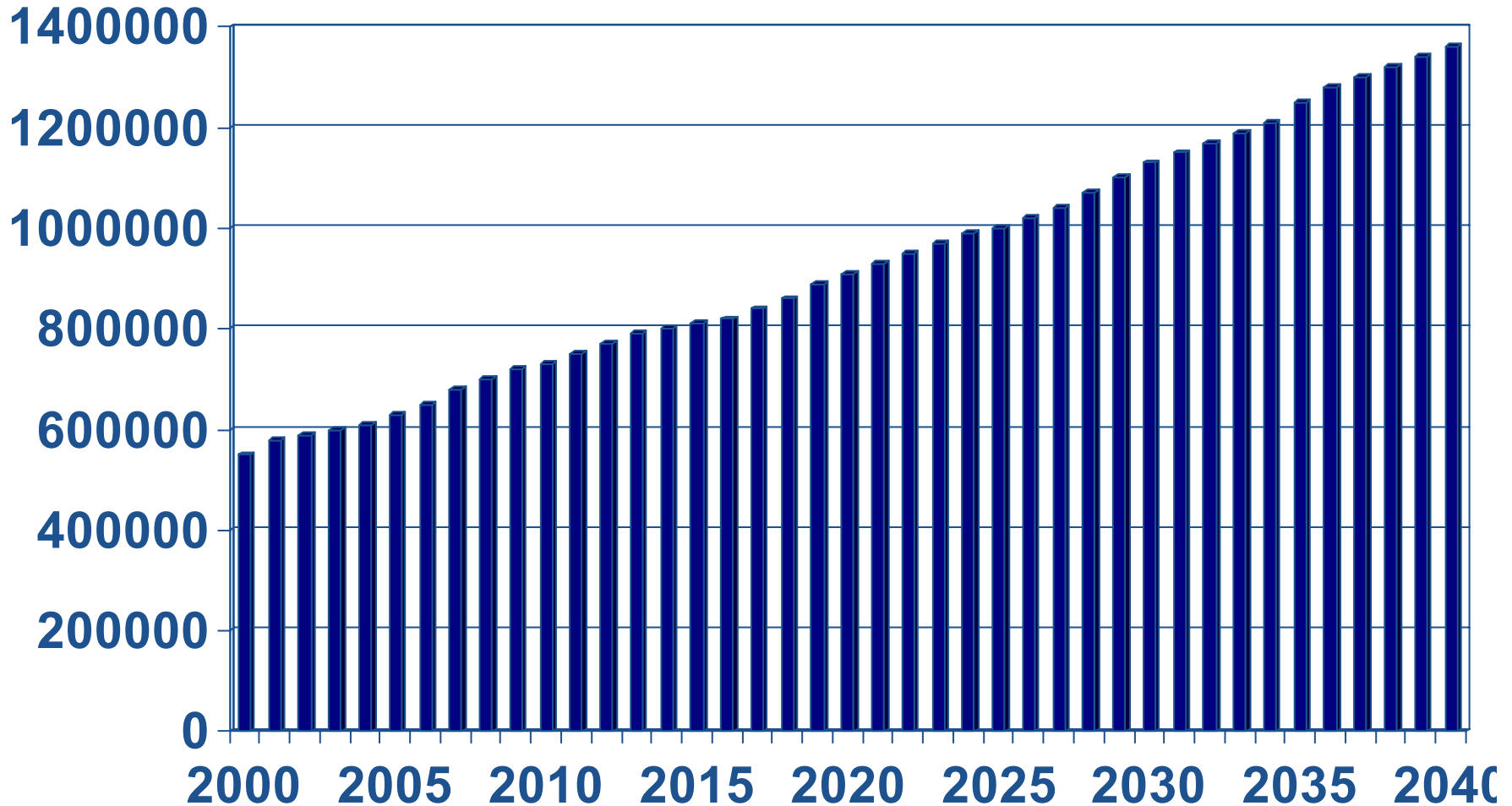


Sources: TIP Strategies; U.S. Bureau of Labor Statistics; TX Comptroller of Public Accounts; TX State Data Center



Future McAllen Workforce

Greater McAllen Region Working
Age Population (Ages 18-64)





Working Age Population

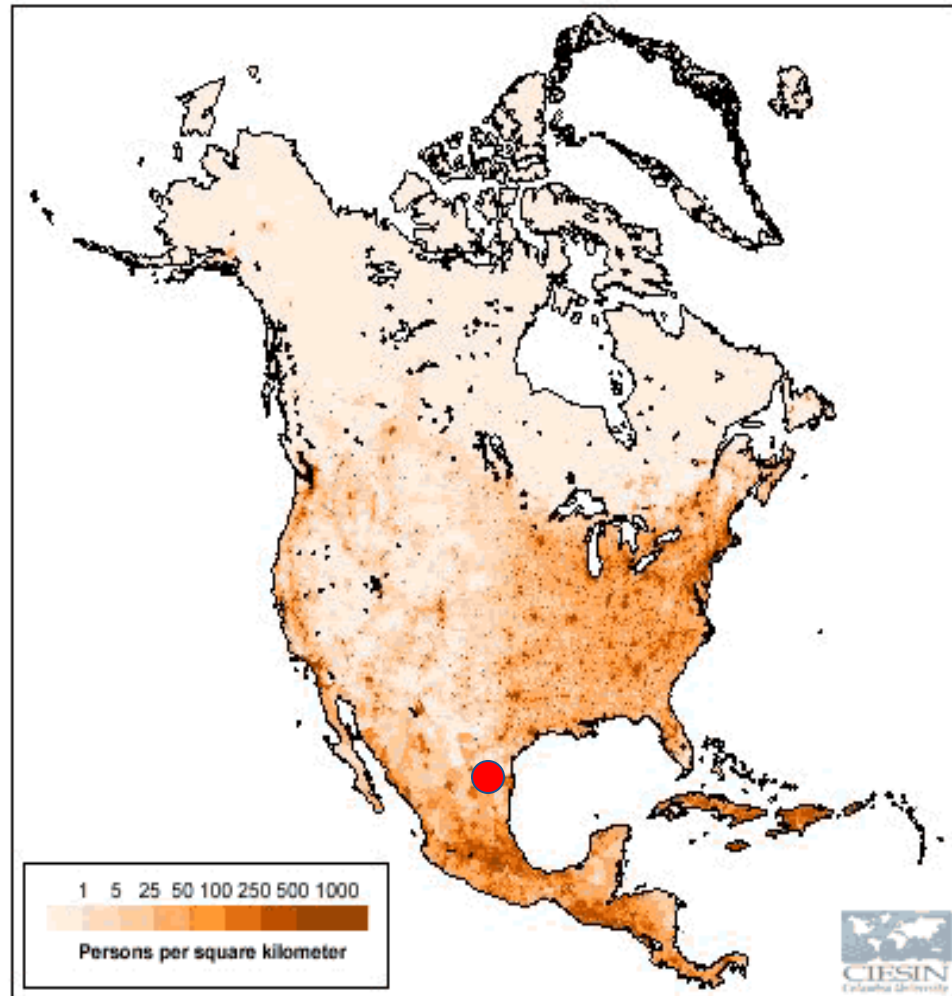
States versus McAllen/Reynosa Comparison Ages 18-64

	July 1, 2005	July 1, 2015	July 1, 2025
Alabama	2,899,000	↑ 3,064,000	↓ 3,017,000
Arkansas	1,697,000	↑ 1,762,000	↓ 1,698,000
Louisiana	2,776,000	↑ 2,910,000	↓ 2,906,000
Mississippi	1,776,000	↑ 1,842,000	↓ 1,791,000
Texas	13,214,000	↑ 14,664,000	↑ 15,469,000
McAllen Metro	588,000	↑ 823,000	↑ 1,150,000
(Combined)	(1,352,000)	(1,969,000)	(2,869,000)
Reynosa Metro	764,000	↑ 1,146,000	↑ 1,719,000

Source: U.S. Census Bureau and INEGI



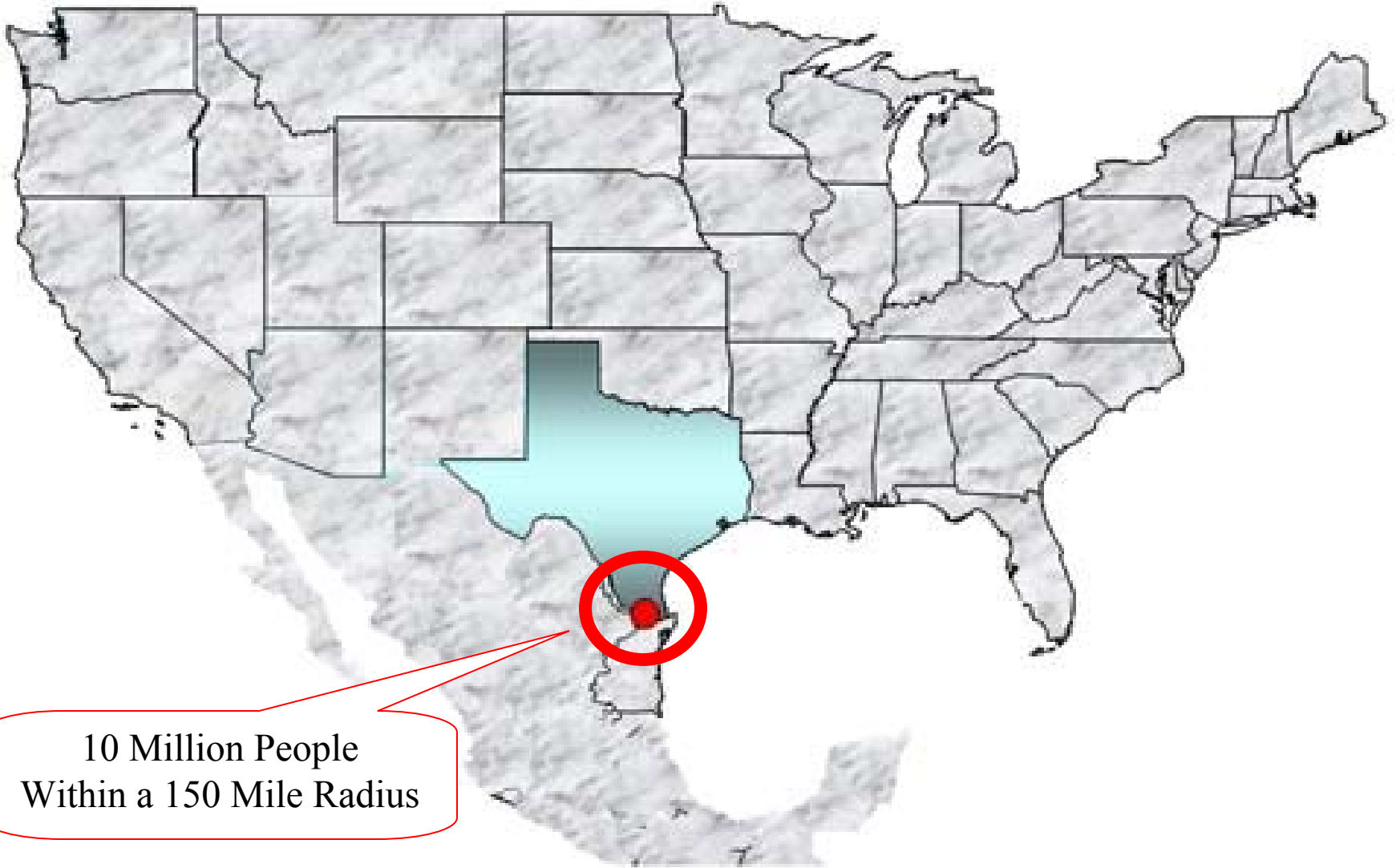
Population Density



Source: CIESIN, Columbia University



Population





Manufacturing Trends – Speed to Market and Customization

- Companies have found a way to compete with low cost areas outside North America by encouraging customers to custom order with a short turn around time (24-72 hours)
- Increases customer satisfaction, reduces finished goods inventory, increases margins



Labor Force, Unions, Wages

Reynosa Metro:

- Abundant Labor Supply
- Three Unions in Maquiladora Sector:
 1. S.I. de Trabajadores en Plantas Maquiladoras
Javier Hernandez
 2. S.I. Autonomo de Operarios en General de Maquiladoras, Angel (Tito) Rodriguez
 3. S.I. de Trabajadores en Fundicion, Operadores, Armadores y Demas Ramas Conexas, Reynaldo Garza Elizondo
- Largest Available Labor Force in the State
- Reynosa's workforce increased through migration of neighboring states

McAllen Metro:

- Abundant Labor Supply
- Texas is a right-to-work state
- No unions in the manufacturing sector
- Texas has instituted major reforms in worker's compensation, lowering employer's costs substantially over the past several years
- 4th Largest Available Labor Force in the State

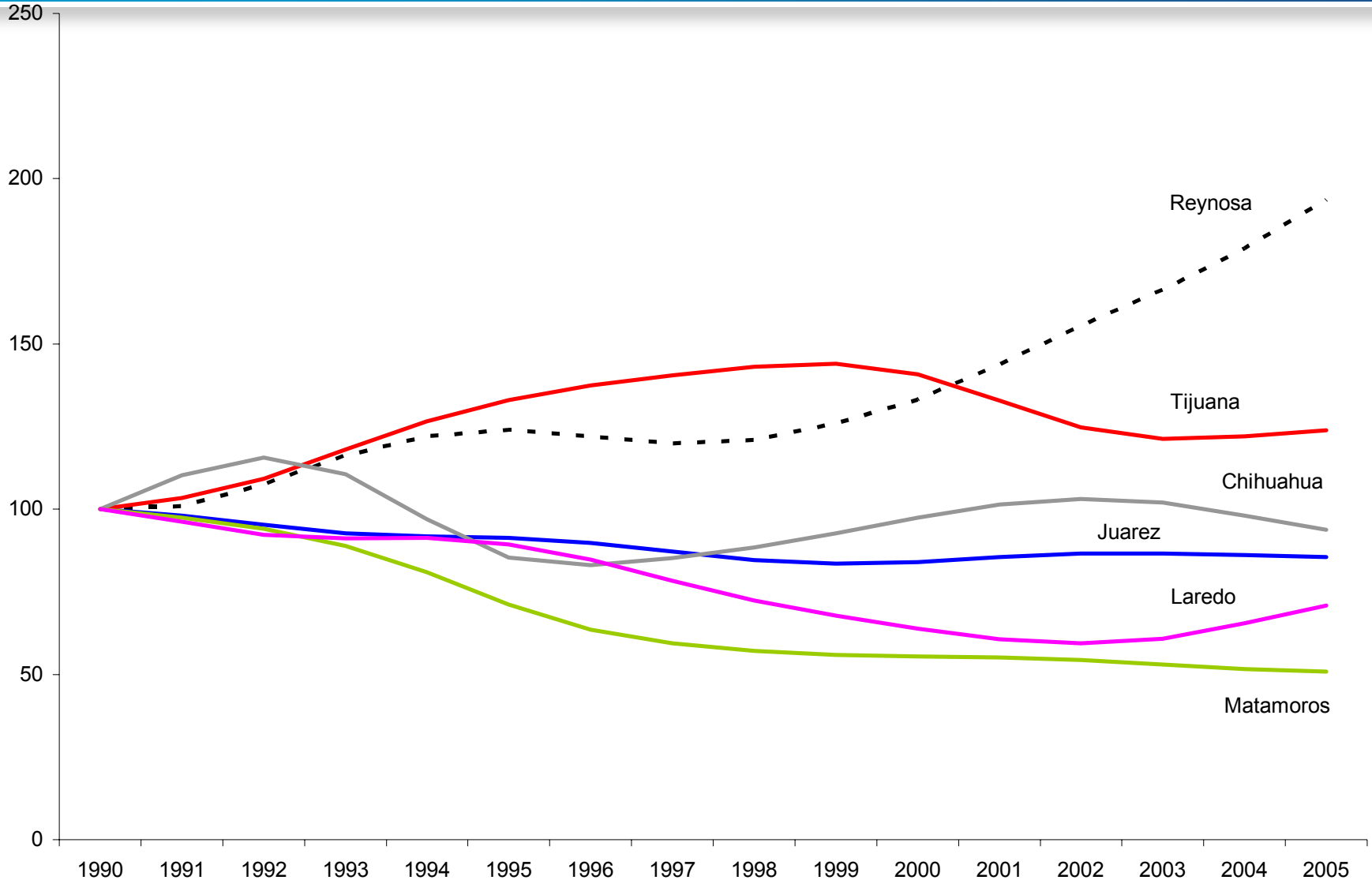
Average Fully-Loaded Manufacturing Entry Wage Rate for Laborers:

McAllen	\$ 7.93/hr per 40 hr work wk	Hourly rate includes benefits (22%)
Reynosa	\$ 2.40/hr per 45 hr work wk	Hourly rate includes benefits (100%)

Labor Demographics	Reynosa	McAllen
Civilian Labor Force	549,504	426,543
Employed	175,796	395,552
Available Labor Force	373,708	30,991
Unemployment Rate	32%	7.26%



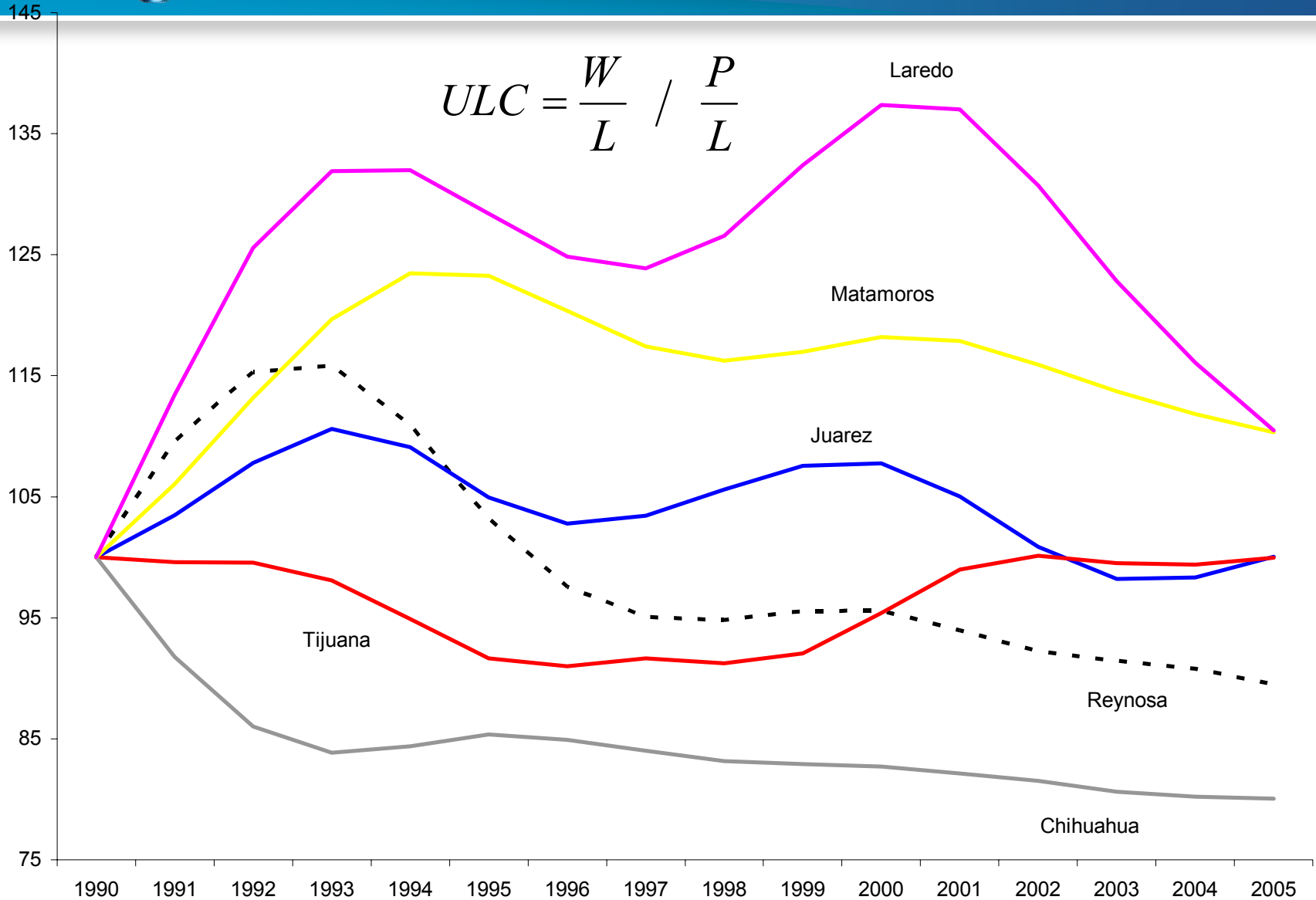
Export Market Share





Unit Labor Cost

$$ULC = \frac{W}{L} / \frac{P}{L}$$





This is fundamentally changing how companies compete in the Global Marketplace

- ~~Past~~ Minimum Requirements
 - Cost control, Total quality, Continuous Improvement
- ~~Future~~ Current Requirements
 - Flexibility
 - Collaboration
 - Boundary spanning organization, and
 - **Rapid response Extended Production Enterprise**



Rapid Response Manufacturing Center

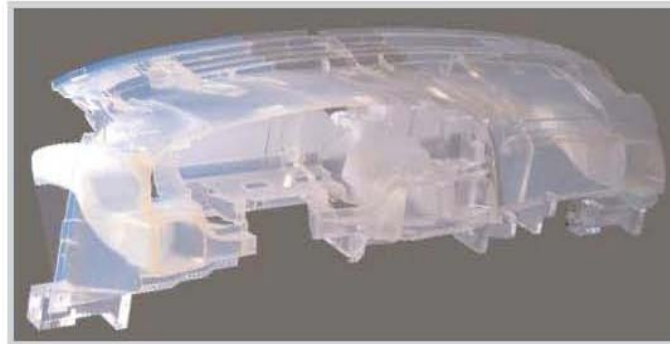




Viper Pro SLA System



Extraordinary part manufacturing system offers speed, accuracy, surface finish and a maximum part size normally associated with CNC machining.



APPLICATIONS

- Large mockups and models
- Functional prototypes and assemblies
- Investment casting patterns
- Vacuum forming patterns
- End-use parts made without tooling

FEATURES

- Multiple build size configurations
- Adjustable beam size
- Automatic material refill and leveling
- Fast, clean material changeover
- Self-leveling re-coater
- Remote operation and monitoring

BENEFITS

- Minimum part finishing
- Excellent part feature detail and definition
- Outstanding build speed and throughput
- Significantly reduced part cost
- Great materials and applications versatility

3D SYSTEMS CORPORATION

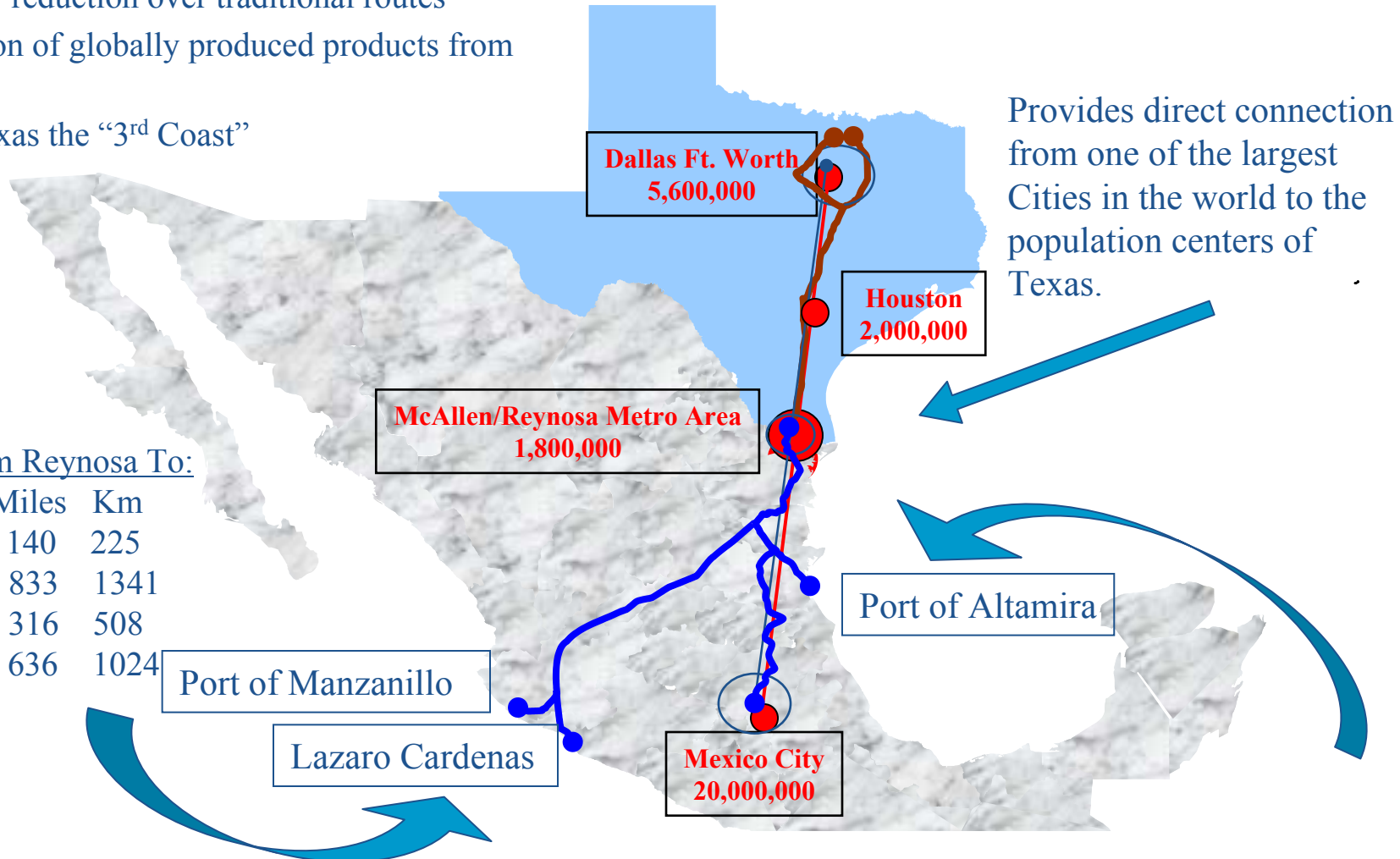
TRANSFORM YOUR PRODUCTS



Emerging New Global Logistic Routes/Distribution Trends

New Global Shipping Routes

- 25% cost reduction over traditional routes
- Avg 3 day reduction over traditional routes
- Distribution of globally produced products from one point
- Makes Texas the “3rd Coast”



Distance from Reynosa To:

	Miles	Km
Monterrey	140	225
Manzanillo	833	1341
Altamira	316	508
Mexico City	636	1024

Port of Manzanillo

Lazaro Cardenas

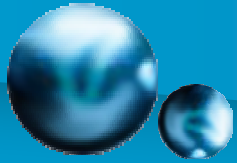
Mexico City
20,000,000

Port of Altamira

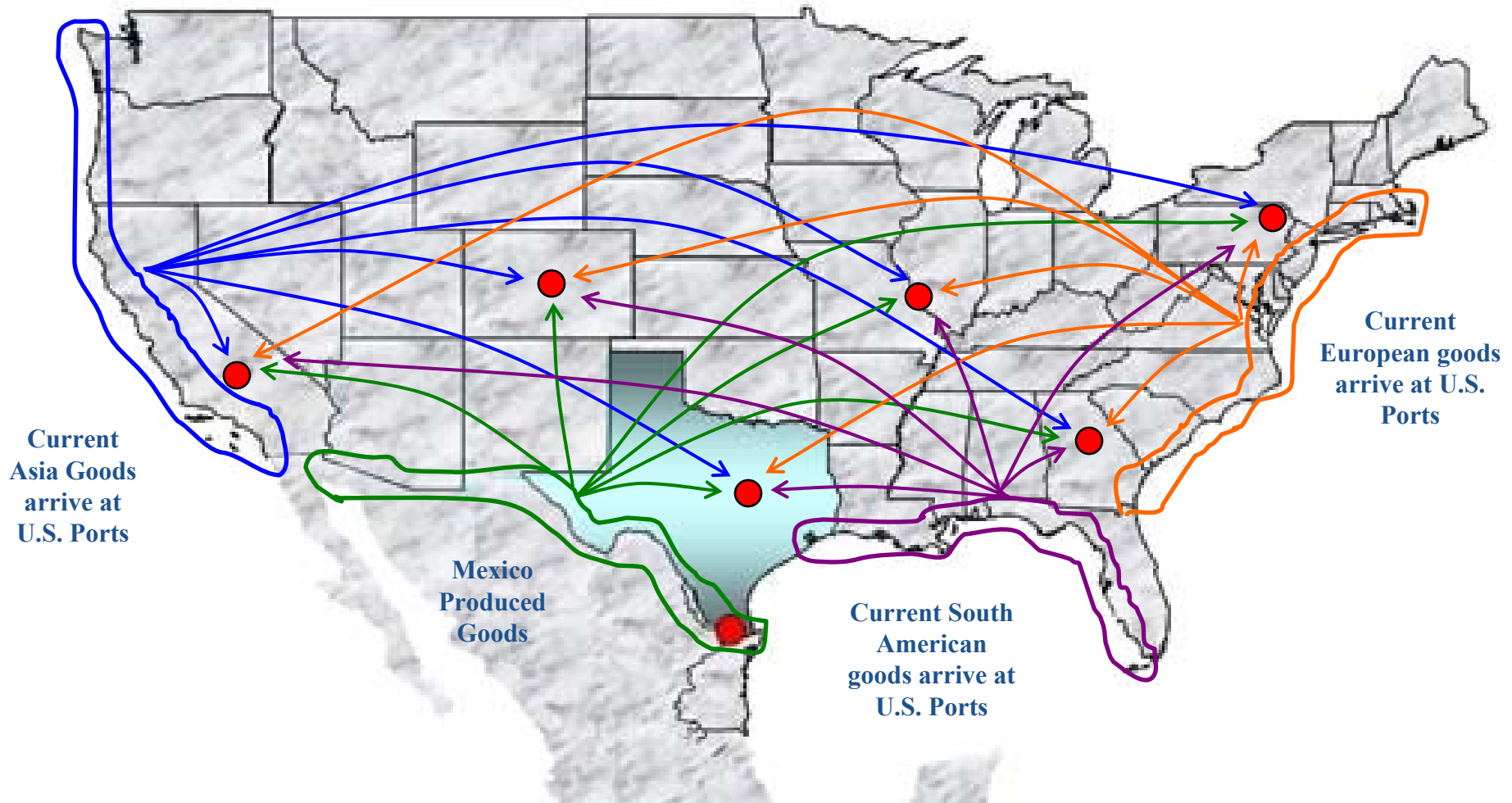
Dallas Ft. Worth
5,600,000

Houston
2,000,000

McAllen/Reynosa Metro Area
1,800,000



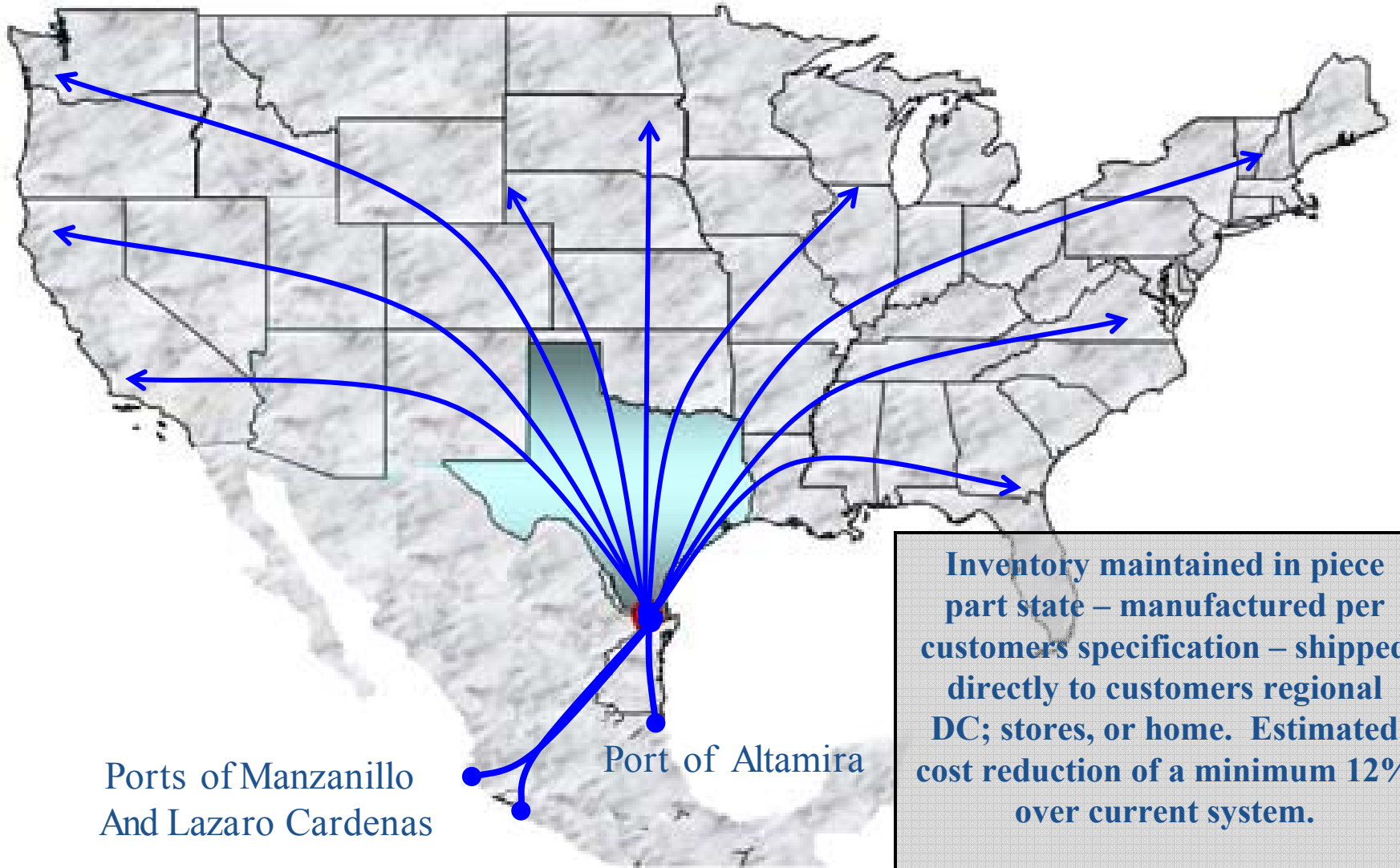
Current Distribution Channels

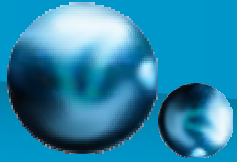


The requirement to ship complete orders to customers require companies to have multiple distribution centers – Products must be moved to those cities to be staged for sale



Emerging Distribution Channels





Contact Information

For Further Information Please Contact:

McAllen Economic Development Corporation

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