
Area Development – Automotive Forum:

March 6, 2017

NAFTA Considerations for the Supply Chain

NAFTA: Ross Perot, Jr.

NAFTA "Giant Sucking Sound"

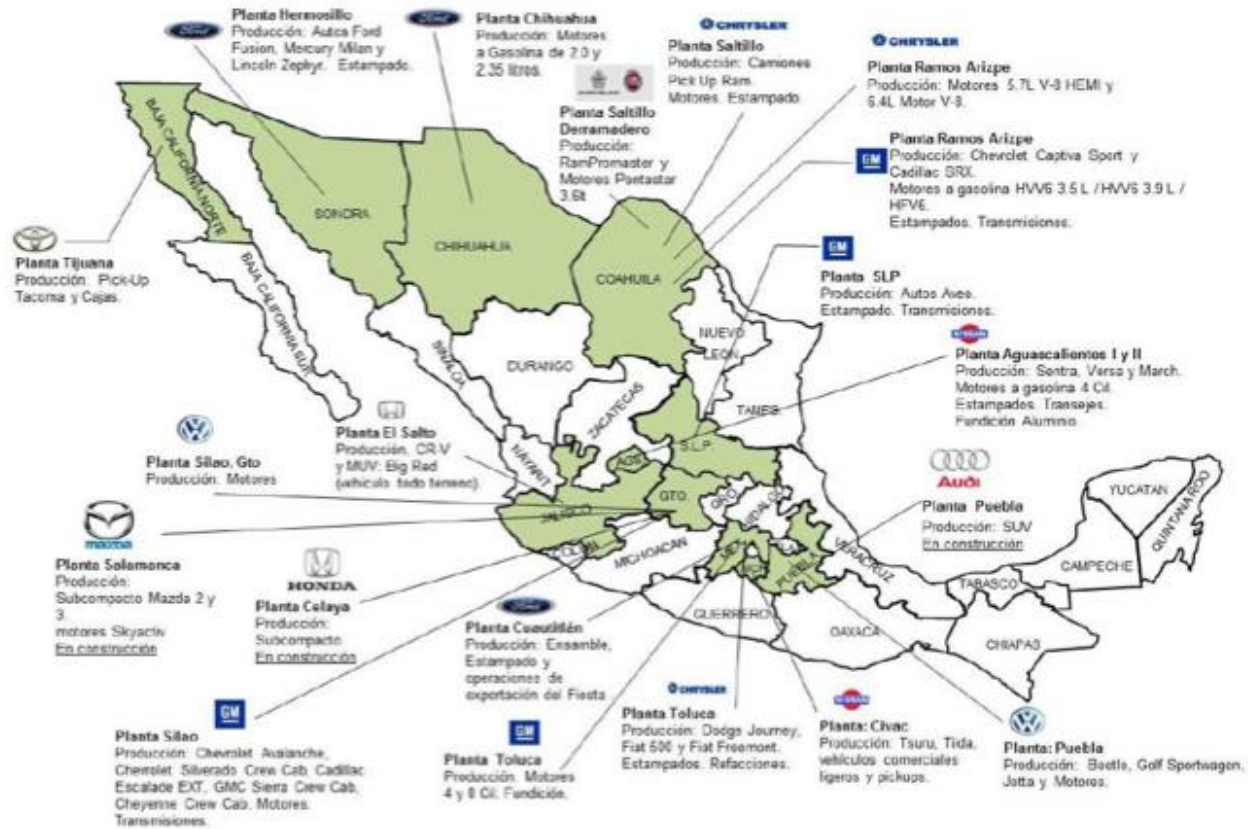
https://www.youtube.com/watch?v=Rkgx1C_S6ls



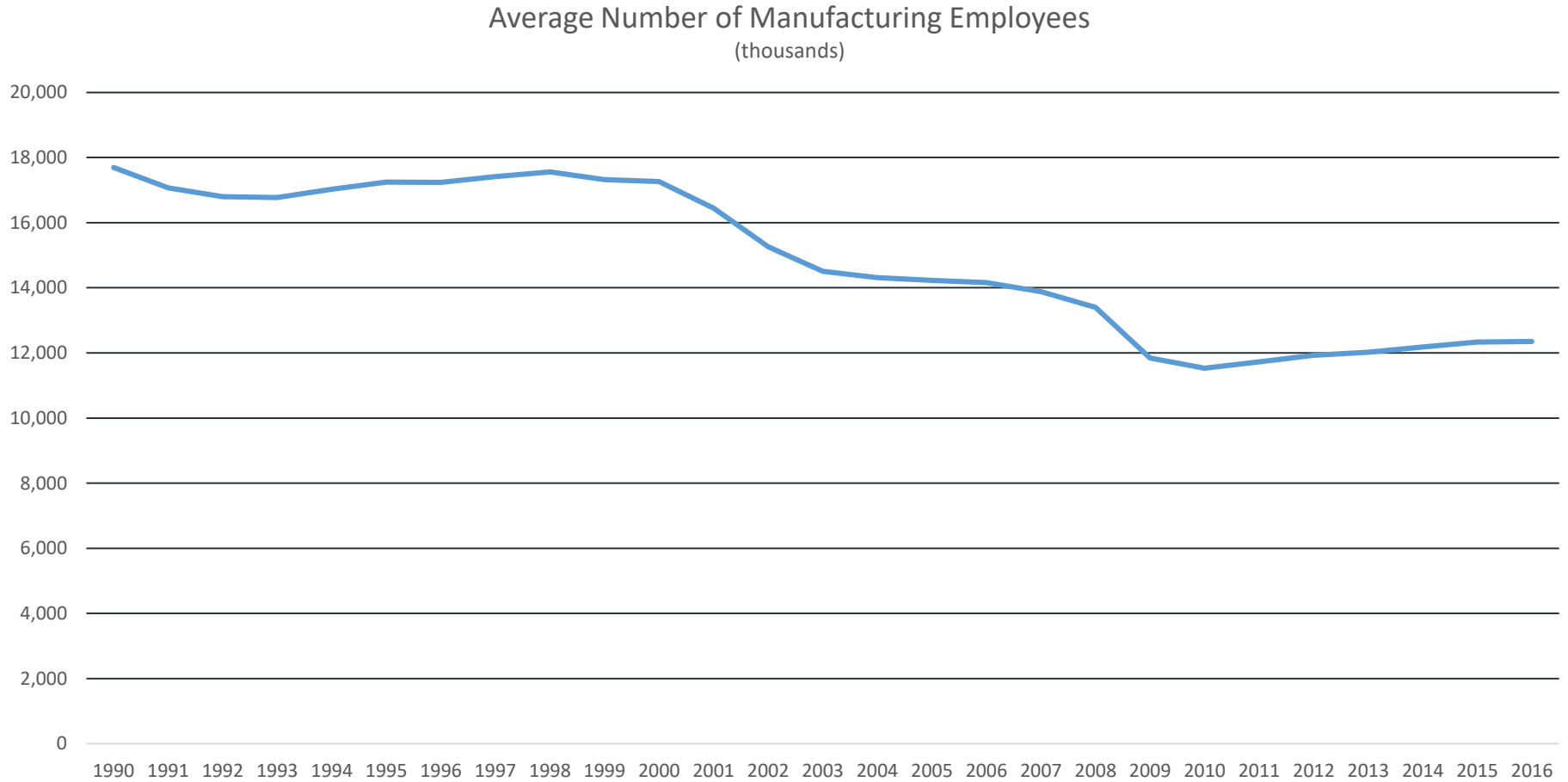
NAFTA - History

1994 to Current

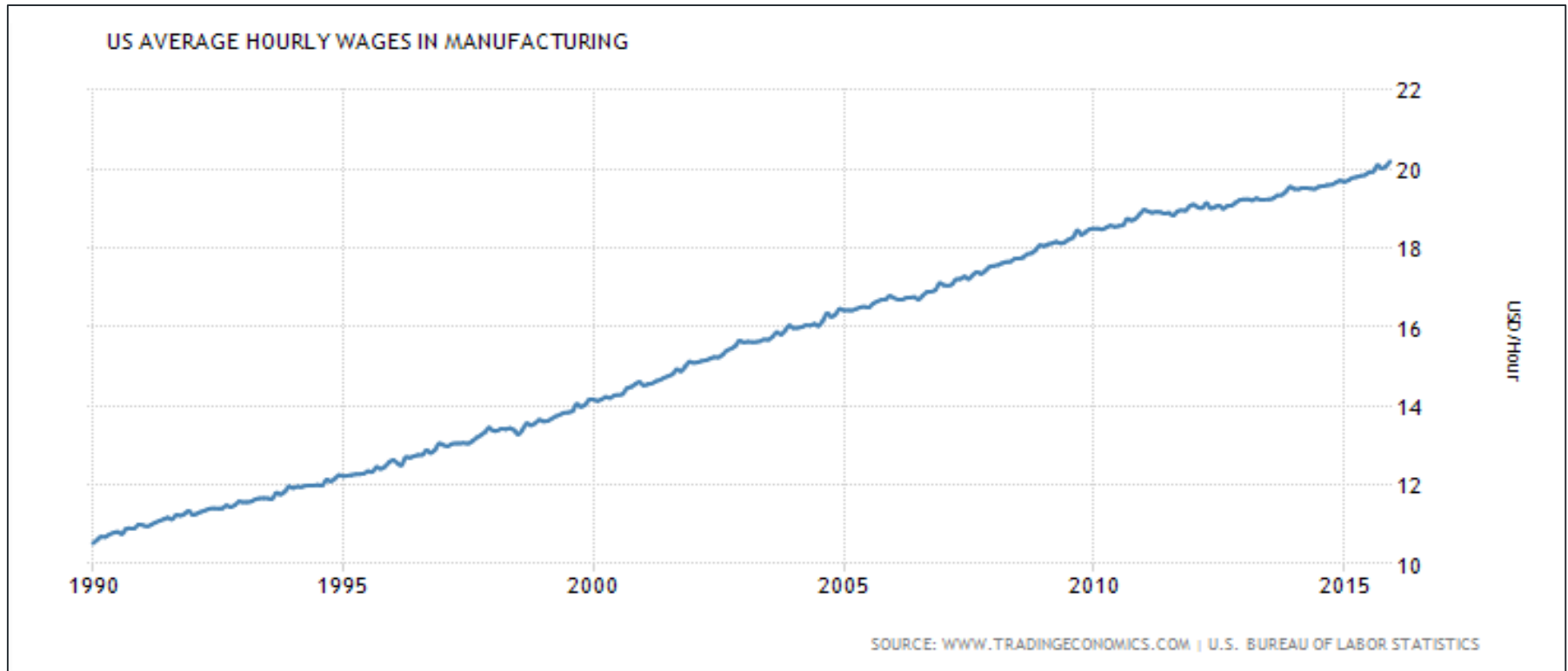
Localización de las Plantas de Vehículos Ligeros



NAFTA - 1994 to Current: Manufacturing Employment



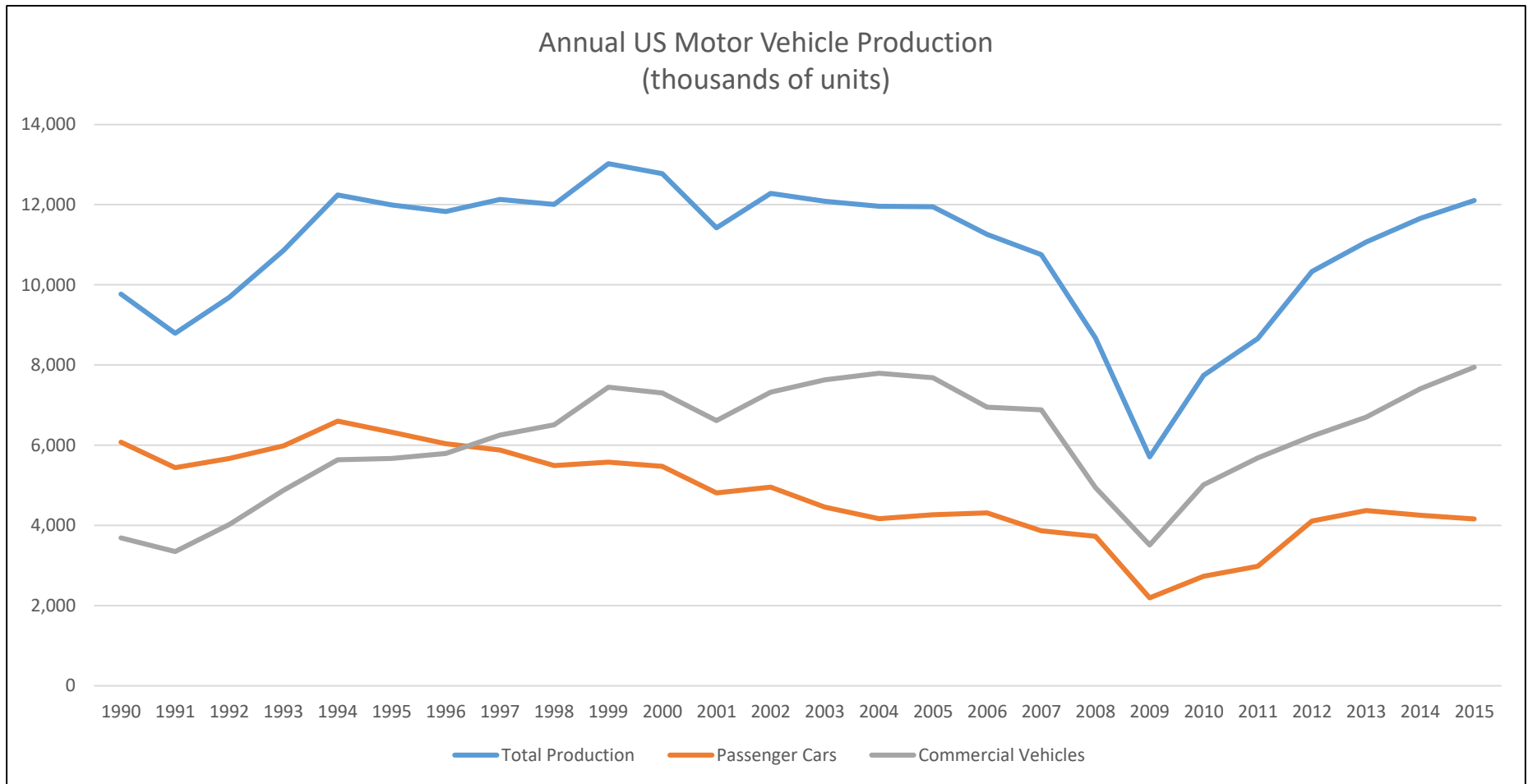
NAFTA - 1994 to Current: Manufacturing Wages



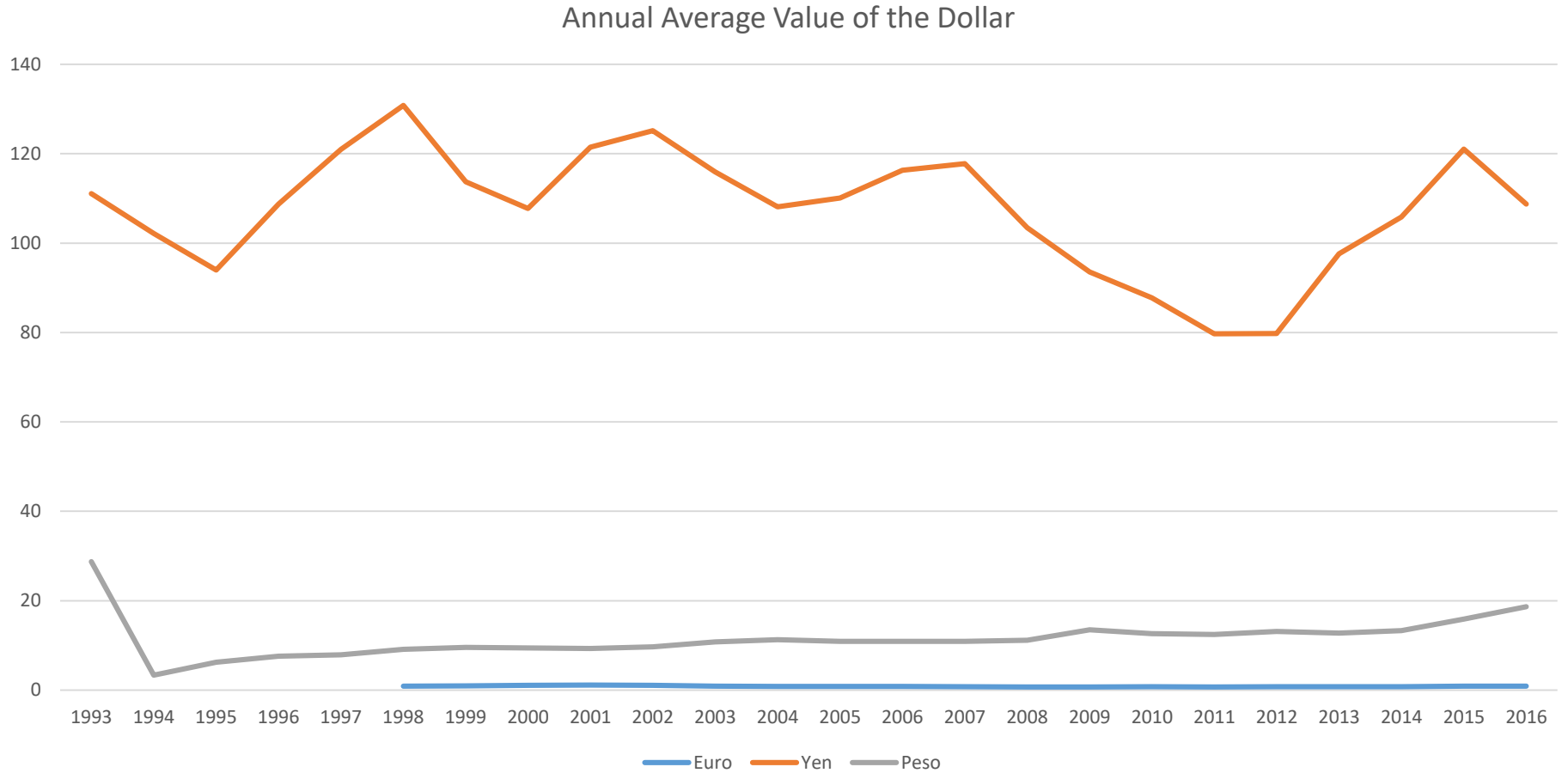
NAFTA – 1994 to Current: Retail Wages



NAFTA – 1994 to Current: Vehicle Production



NAFTA – 1994 to Current: Currency Exchange Rates



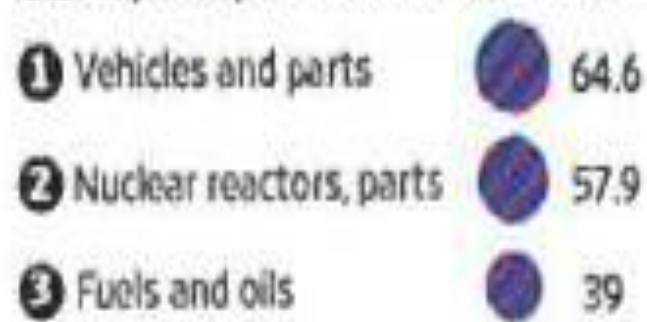
Vehicles and Automotive Parts - #1 Import/Export Values

Selling and Buying (2015 total value, billions of dollars)

U.S. top 3 imports from Nafta countries



U.S. top 3 exports to Nafta countries



NAFTA – Who's Affected?

No.1 Export Partner by State (2015 dollar value)

■ Mexico ■ Canada ■ Other countries

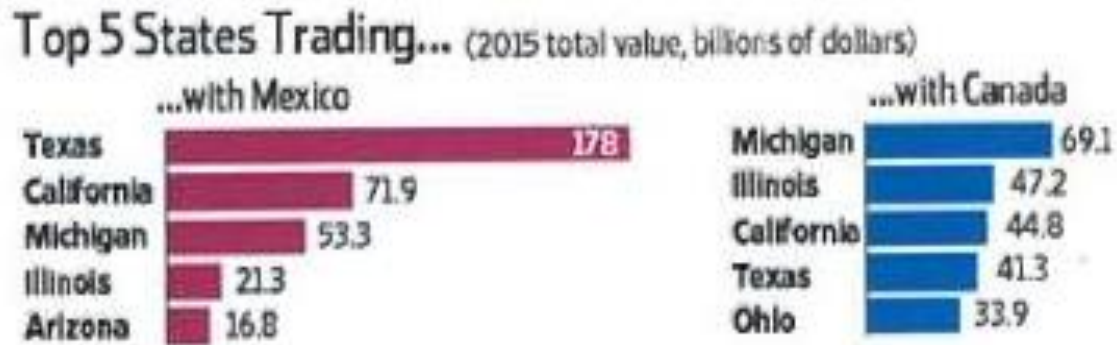


* Through November

Sources: United States International Trade Commission (U.S. imports vs. exports); U.S. ITI (selling and buying); Bureau of Transportation Statistics (Top 5 states); Census Bureau (No.1 export partner by state)

THE WALL STREET JOURNAL

NAFTA – Who's Affected?

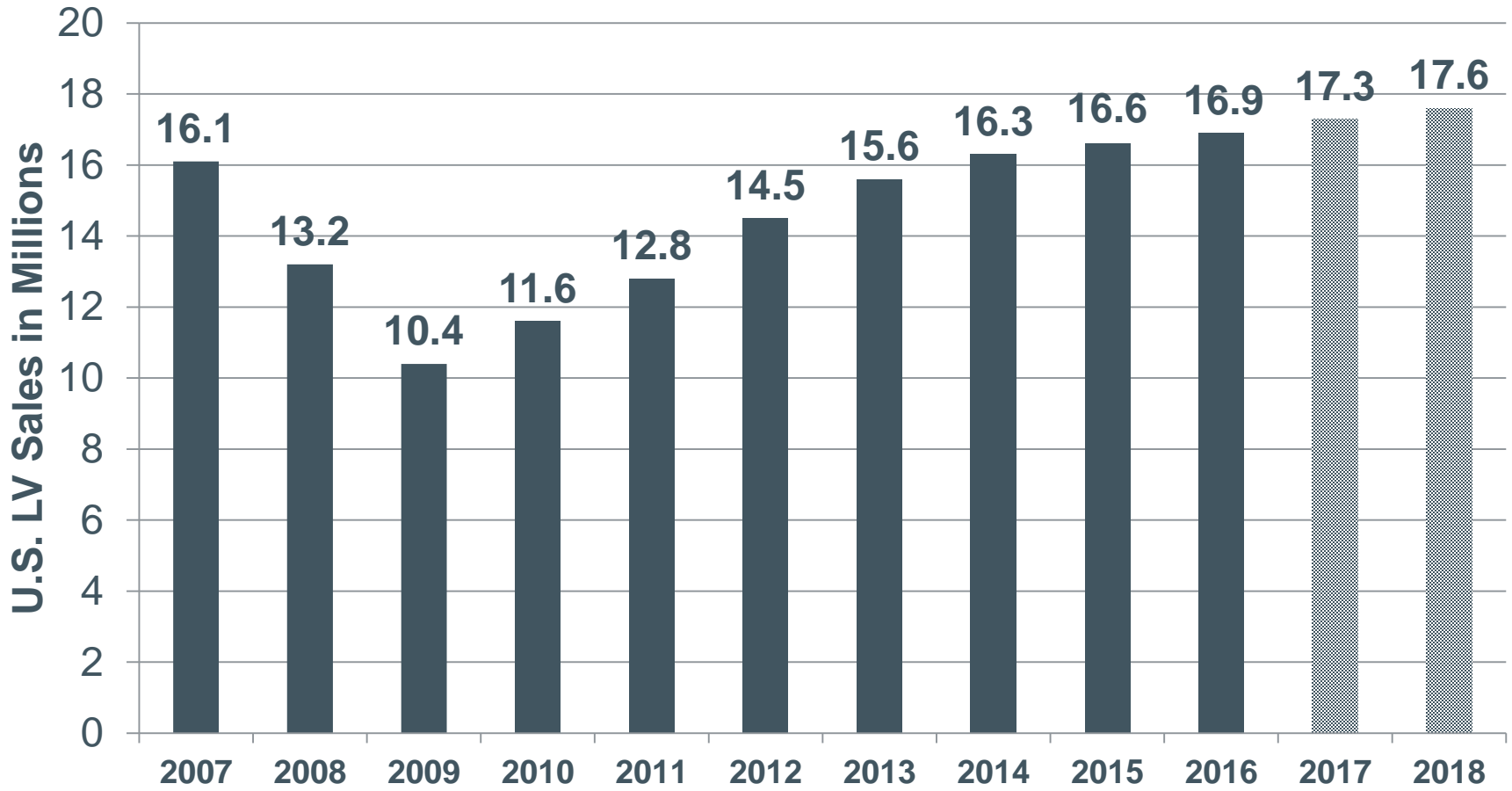


Automotive Industry

Forecasts

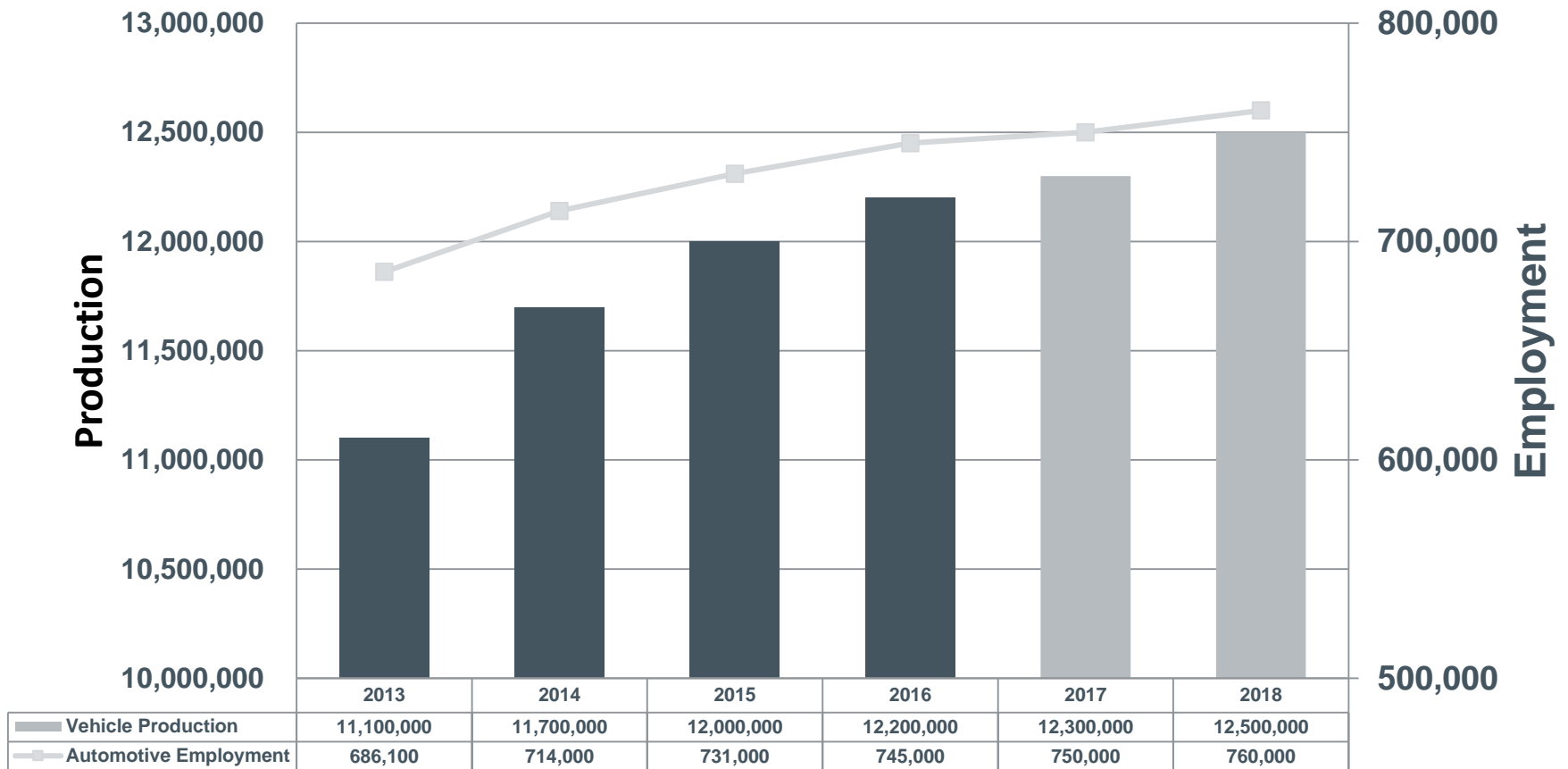
Auto Industry - Vehicle Sales Forecast: 2014-2018

Source: CAR Research (10/14)



Auto Industry - U.S. Vehicle Prod & Employment Forecasts 2013-2018

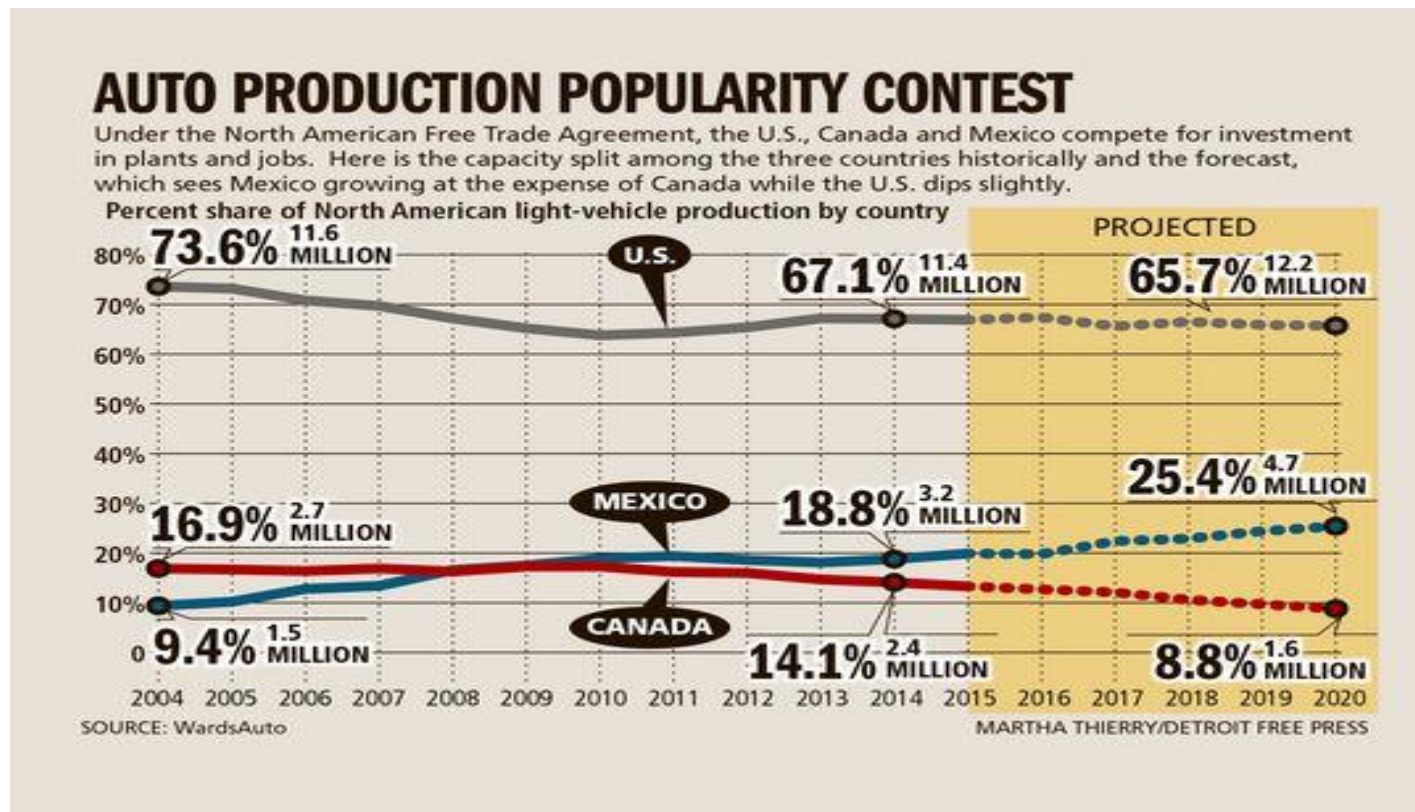
Source: Automotive News, CAR Research, BLS (10/14)



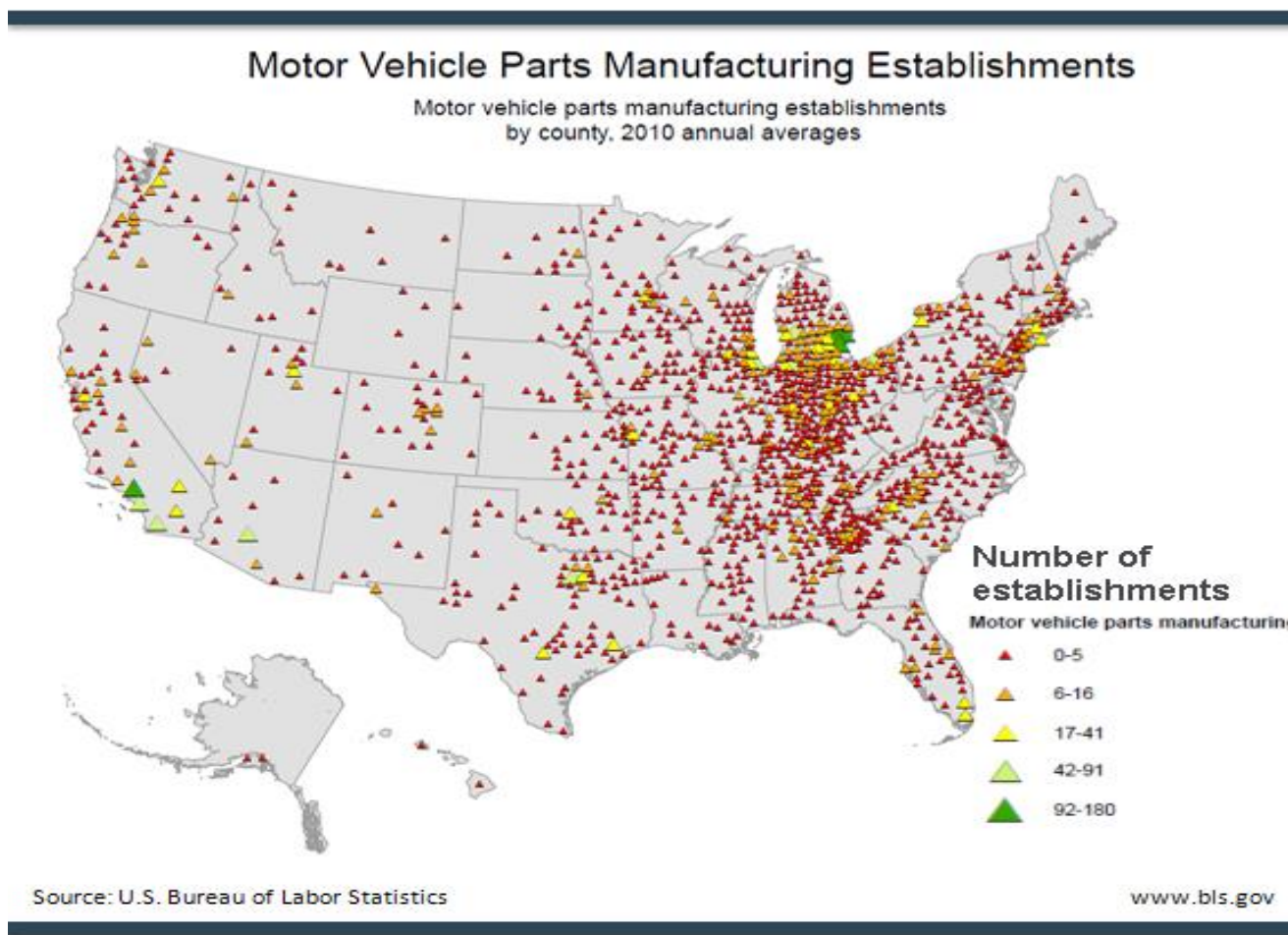
NAFTA - OEM's & Suppliers

Auto Alley Emerges

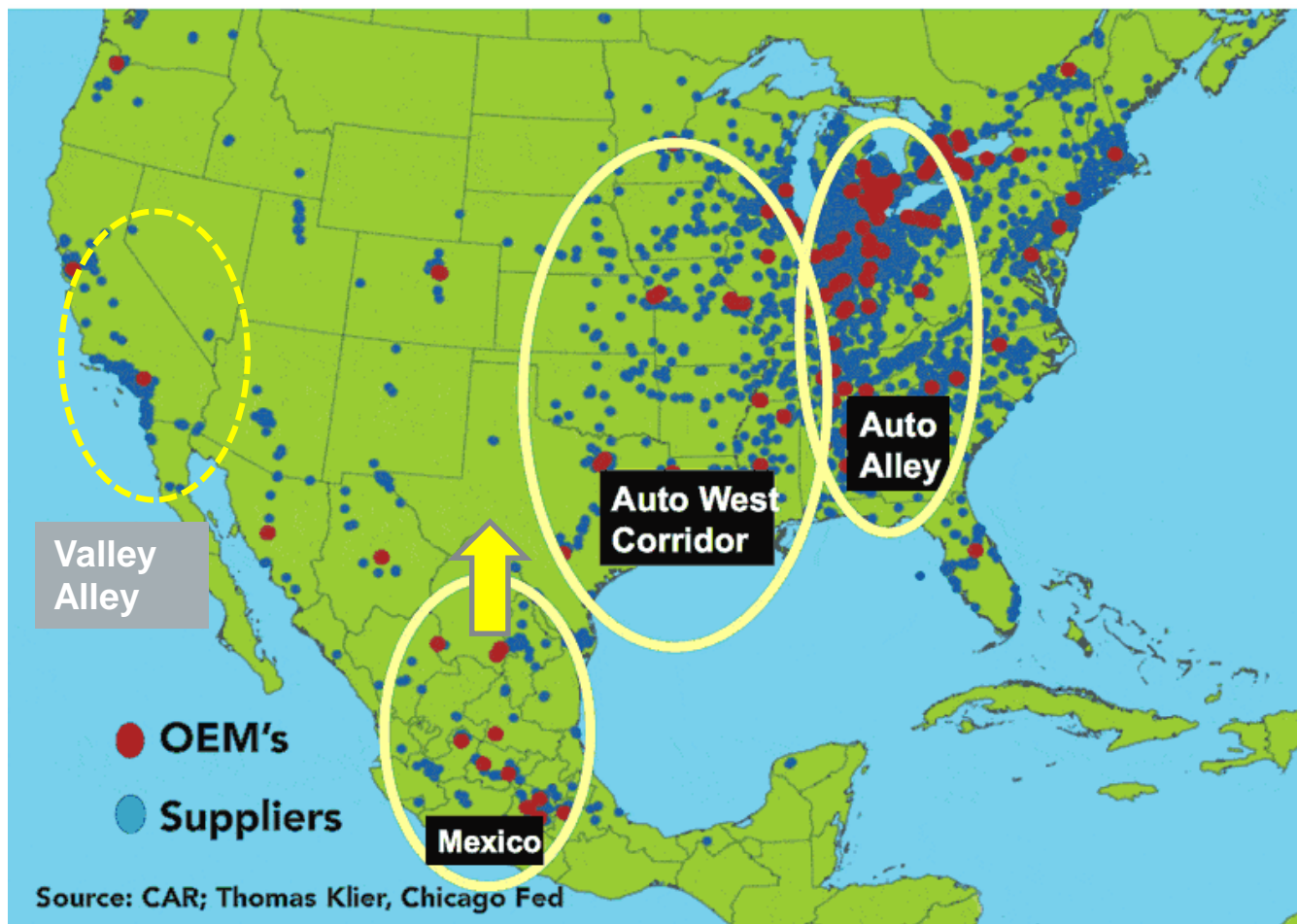
Auto Industry – Who Loses and Who Wins?



Auto Industry – Who Benefits?



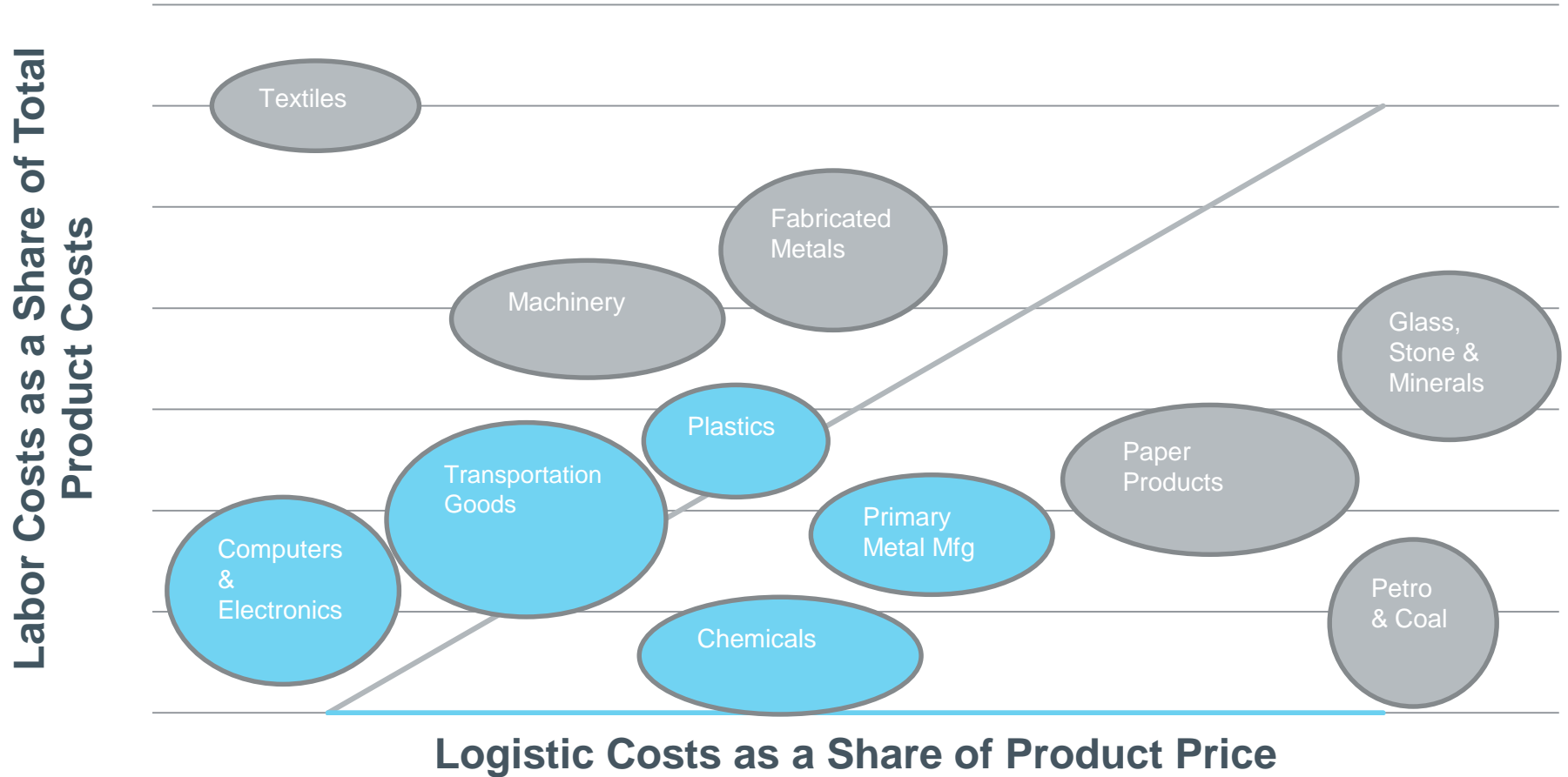
Auto Industry – Who Benefits?



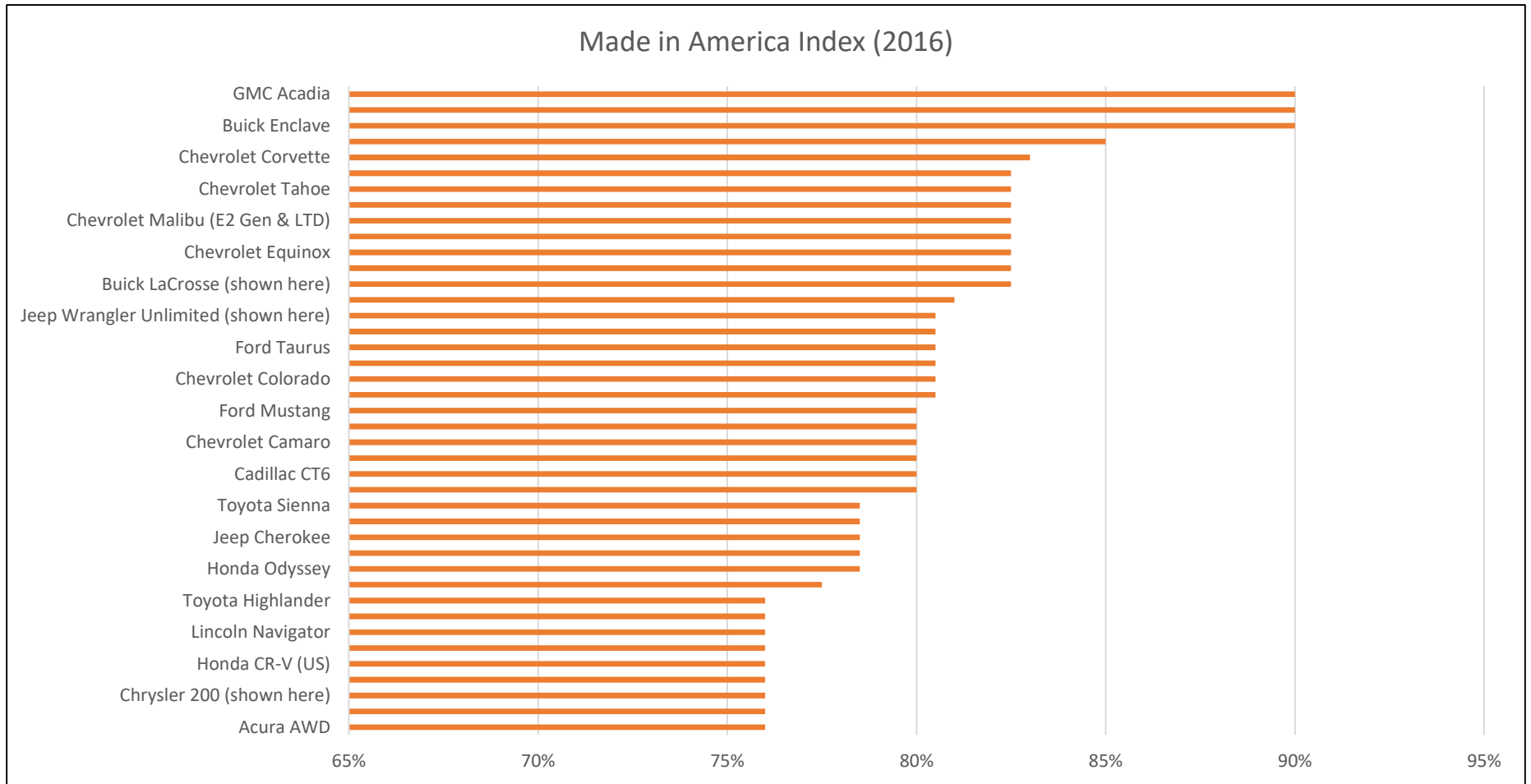
Source: Dennis Cuneo, "The Changing Geography of the Auto Industry", Area Development, Advance Industries, 2014.

Auto Industry – Reshoring Opportunities

Source: "US Manufacturing Nears the Tipping Point", bcg.perspectives, The Boston Consulting Group (Sirkin, Zinser, Hohner, Rose 3/22/12)



Auto Industry – Who is At Risk & Who could Benefit?



Econ Dev Strategies to Capture Reshoring Opportunities

Characteristics of “In-Sourcing”

- ❑ Labor content of finished goods is ~25%
- ❑ Increased productivity required to manufacture components
- ❑ Logistics costs are high
- ❑ Proximity to market, supplier and R&D clusters

Economic Development Strategies

- ✓ Skilled labor & open training
- ✓ Flexible work rules

- ✓ Reduce tax burden on capital investment
 - » Sales/use tax
 - » Personal property tax
 - » Franchise tax

- ✓ Supplier parks, road and rail access

- ✓ Focus on key cluster development

Thank You!

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