



Mexico's Aerospace Summit

INDUSTRY ANALYSIS - NEAR SHORE MANUFACTURING

Queretaro, Mexico
September 26 - 27, 2013

FEMIA

The logo for FEMIA features the word "FEMIA" in a bold, blue, sans-serif font. A stylized yellow and orange swoosh graphic is positioned behind the final letter 'A', extending to the right.

FEDERACION MEXICANA DE LA INDUSTRIA AEROESPACIAL, A.C.

C O N T E N T

- **Federation of the Mexican Aerospace Industry (FEMIA®)**
- **The Aerospace Industry in Mexico**
- **Opportunities in the Aerospace Industry in Mexico**
- **Challenges of the Aerospace Industry in Mexico**
- **Facets the Aerospace Industry in Mexico**

La Federación Mexicana de la Industria Aeroespacial, A.C. (FEMIA® - Federation of the Mexican Aerospace Industry)

- **It is a non-profit organization established in November 2007**
- **It has 72+ members with exports above 5.1 billion USD in 2012**
- **It has had an annual growth of 20% since 2002 (Decrease due to global crisis in 2009)**
- **Its growth in 2012 was o 24% including services**
- **We expect a growth of 13% in 2013**
- **It is a strategic industry in the country (it has a had clustering potential)**
- **There are public policies to incorporate more local supply and to encourage OEM's and Tiers' competitiveness.**

La Federación Mexicana de la Industria Aeroespacial, A.C. (FEMIA® - Federation of the Mexican Aerospace Industry)

OUR MISSION

To represent the aerospace industry sector and to be a reference as a company, providing support regarding all the sector's challenges in order to obtain better benefits for its members.

La Federación Mexicana de la Industria Aeroespacial, A.C. (FEMIA® - Federation of the Mexican Aerospace Industry)

OUR MAIN OBJECTIVES

- **For associates to inter-relate to exchange information regarding the industry.**
- **To represent its members before government organizations**
- **To function as consultants for governmental authorities regarding the establishment and modifications of the sector's regulations.**
- **To support the national integration of the aerospace industry.**
- **To develop special programs together with educational institutions (COMEIA, Technical Universities) for the formation of the industry.**
- **To promote the certification of its members in accordance with international**

La Federación Mexicana de la Industria Aeroespacial, A.C. (FEMIA®— Federation of the Mexican Aerospace Industry)

Mexico: population of 114.9 M
\$710 billion USDs of International
Commerce
PIB >\$1.08 billion USD

VP Northwest Region
Noroeste:
Eva Valdez

VP Northeast Region
Benito Gritzewsky

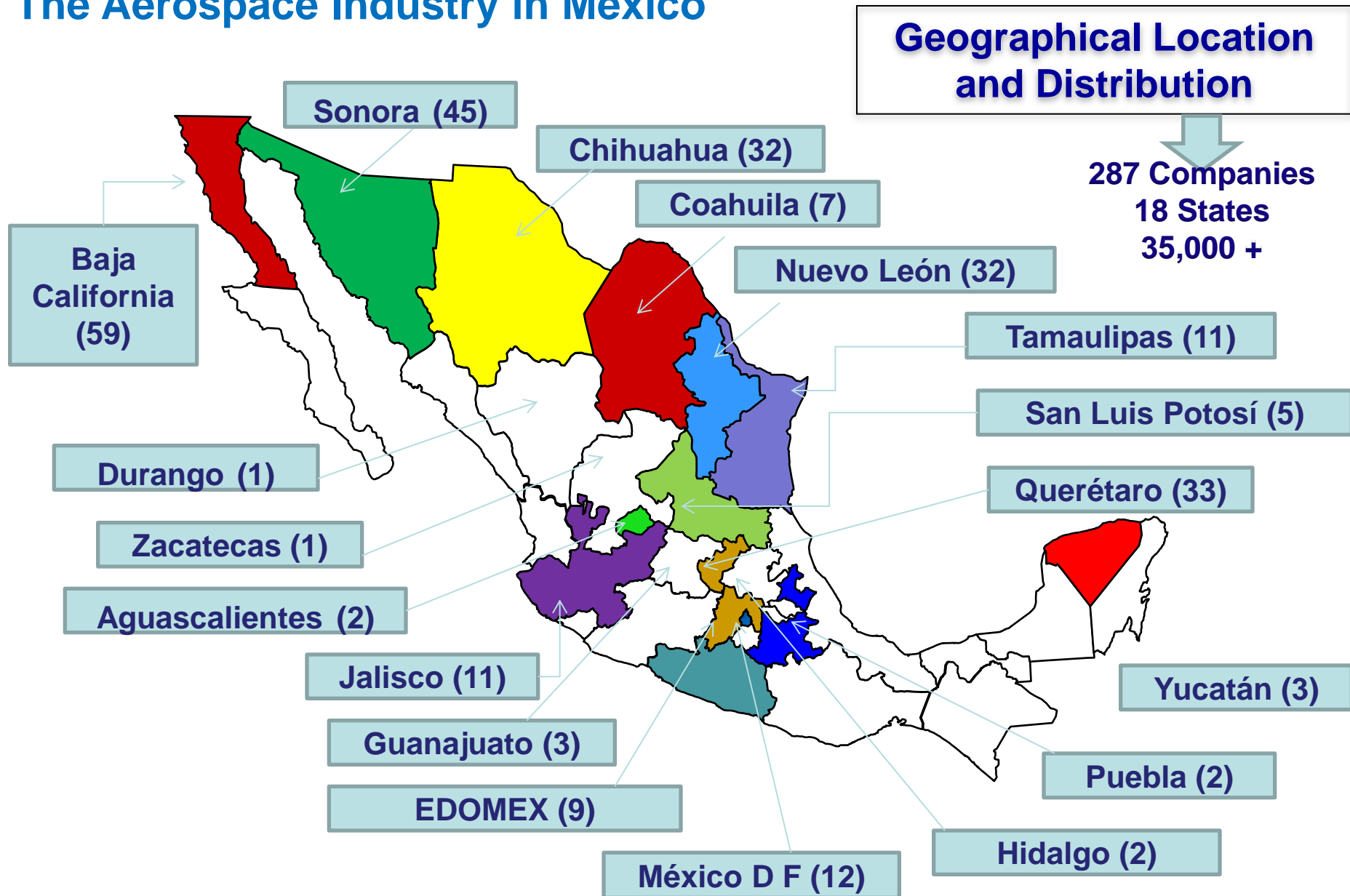
MANUFACTURE 54 ●
MRO 12 ▲
DESIGN & ENGINEERING 23 ■

72+ MEMBERS

BC	8
SON	4
CHIH	9
COAH	2
NL	10
SLP	3
QRO	20
GTO	2
JAL	4
EM	6
DF	9
PUE	1
HGO	1

VP Central Region
Stephane Lauret

The Aerospace Industry in Mexico



Source: Dirección General de Industrias Pesadas y de Alta Tecnología, (SE) ProMéxico y FEMIA / General Direction of Heavy and Advanced Technology, (SE) ProMexico and FEMIA

The Aerospace Industry in Mexico



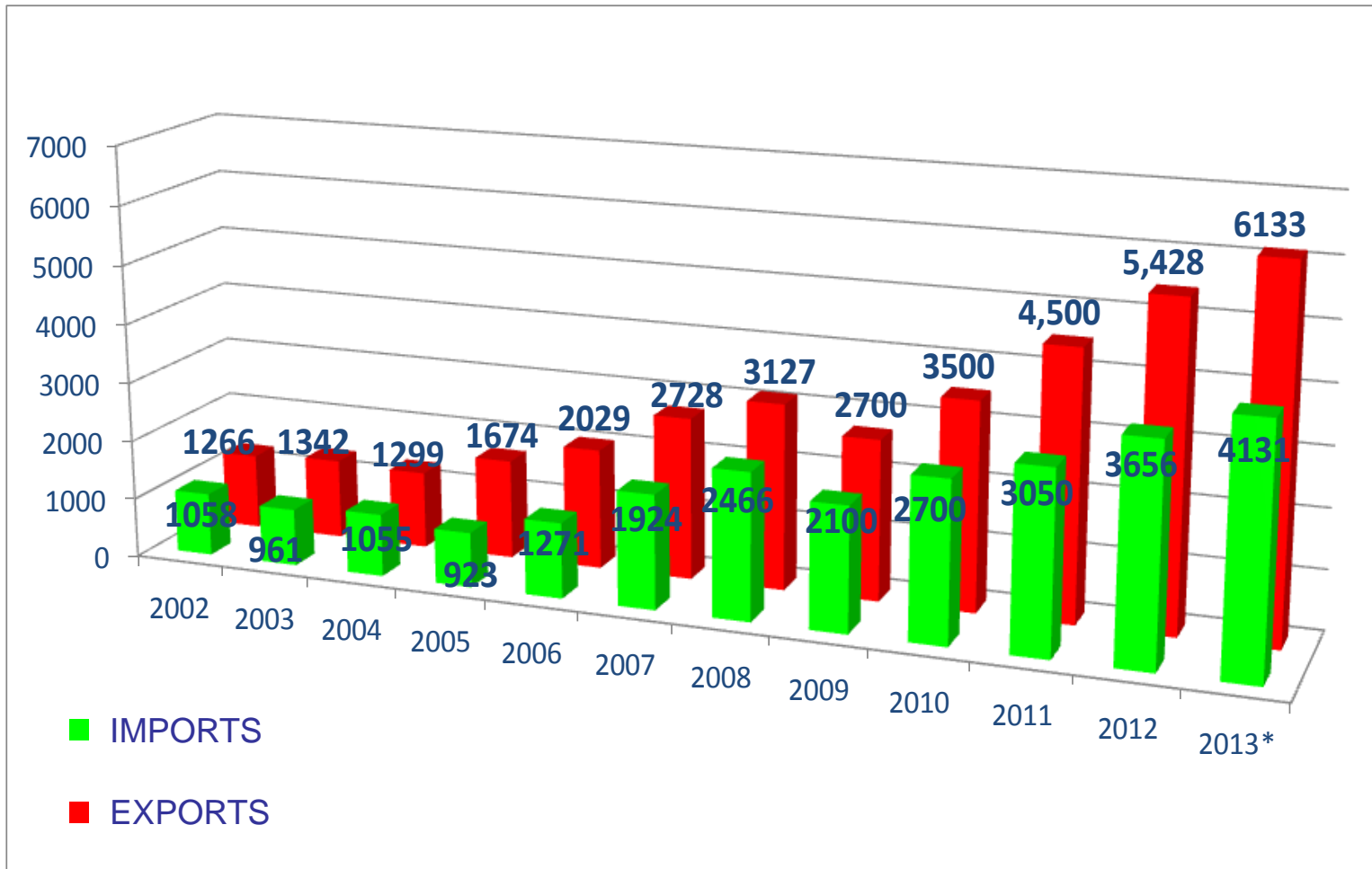
- New industry with an outstanding growth as of 2004 (20%+ annually)
- More than 267 companies; 79% MNF, 11% MRO and 10% D&I
- Employment: More than 35,000 jobs in 18 states
- Exports: 3.4 billion USD (2010) and 4.5 billion in 2011 with a growth greater than 25%. Growth in 2012 was of 24%, including services
- Expecting to grow 13% in 2013
- In 2015, we expect to provide more than 37,000 jobs, with 350+ companies of the sector in the country, achieving exports above 7.5 billion USD, with a 30% national content
- Have a competitive industrial platform in less than 10 years

The Aerospace Industry in Mexico



- The total estimate of direct national and foreign investment is close to 15 billion USD.
- In 2011 and 2012, we had knowledge of more than 18 new factories and companies.
- Increasing direct investment close to 4.2 billion USD in 2008-2012. Approximately 1.3 billion are expected in 2012. In 2013, a similar growth of 1.5 billion is expected.
- It is one of the main receptors of Aerospace IED in the last 4 years.
- It is the 10th biggest supplier of the U.S.'s market and growing.
- It is the new global aerospace manufacturing hub!

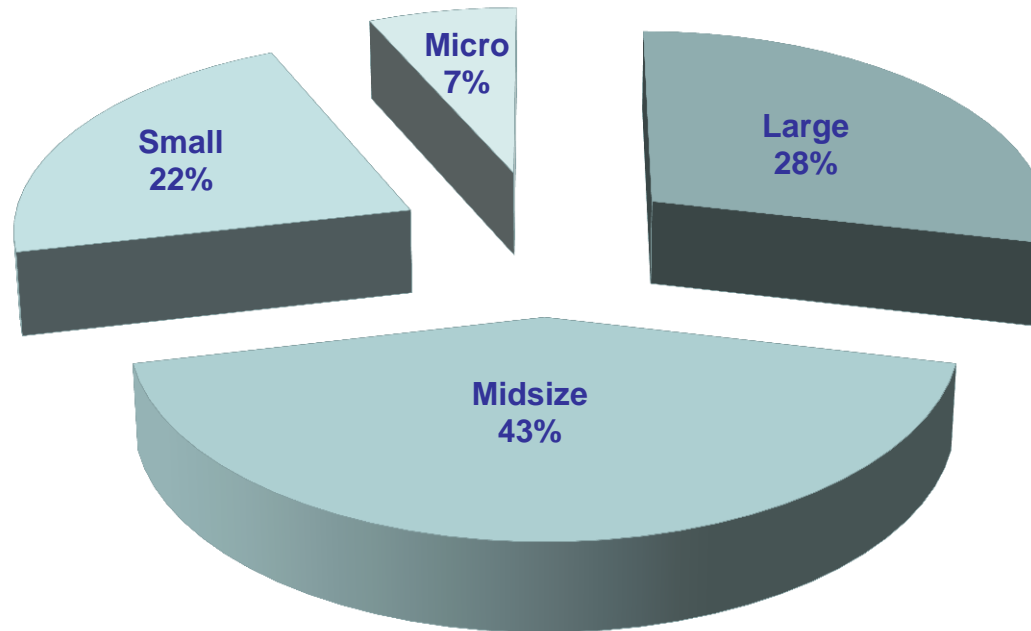
The Aerospace Industry in Mexico



Source: DGIPAT with data from DGCE,
Data is in millions USD
*Includes estimates of services provided

The Aerospace Industry in Mexico

Structure by Number of Employees



Source: S.E

Size	No. of Jobs
Micro	1 - 10
Small	11 - 50
Midsize	51 - 250
Large	More than 251

15 companies with more than 500 employees, 8 in Baja California, 2 in Chihuahua, 3 in Querétaro and 1 in Coahuila and Tamaulipas

The Aerospace Industry in Mexico

OEM suppliers by airplane model

Corporation	Model	# of Suppliers	# of Suppliers in Mexico*	Percentage
Airbus	330-300	355	16	4.5
Airbus	A380	399	20	5.0
Boeing	787	299	14	4.7
Boeing	747-400	354	12	3.4
Bombardier	CRJ200	299	13	4.3
Embraer	ERJ 135	279	17	6.1

* Suppliers identified do not necessarily supply parts for the aforementioned models

Source: S.E.and AROSPACE DATABASE, PROGRAM TRACKER

Challenges of the Aerospace Industry in Mexico

- Increase the local capacity for certification to attract companies of other sectors.
- Continue providing human talent to satisfy the industry's needs.
- Rationalization of government incentives in D&I and I&D
- Optimize regional comparative and competitive advantages
 - Geographical Location
 - Infrastructure Connectivity
 - Network of Free Commerce Treaties
 - “Same time” work zone
 - Great capability to react to immediate adaptation of products
- Avoid waste of limited resources

National Strategic Program of the Aerospace Industry

The Ministry of Economy and the FEMIA presented Pro-Aero, which is the National Strategic Program for the Aerospace Industry. The document is based on 5 strategies:

1. Promotion and development of the internal and external market

- Development of purchases of the industry with the “Buy Mexico Act” and “Offsets”)
- Participation in international projects and programs (strategic projects)
- Definition of Mexico’s niches in the chain of supply and global innovation networks and identification of associate’s competitiveness

2. Strengthening and Development of the national industry’s capacity

- Have a developed and integrated chain of suppliers
- Integral focus on the product’s complete life cycle: design, engineering, manufacturing and repair
- Development of national suppliers
- Development by current and new clusters
- Facilitate the country’s companies to become international and attract strategic investments in any of its
- Specialization by services or products of the global chain of supply

National Strategic Program of the Aerospace Industry

3. Development of the necessary human capital:

Promotion of formation, training, specialization and technical assistance programs at all levels

- Development of joint aerospace vocational programs together with educational and technical entities
- Development of specialized technical careers
- Development of certified personnel

4. Necessary technical development:

- Establish Technical Development Centers together with the industrial sector in the main aerospace clusters
- Development of new technical areas
 - Development of I&D related to the sector's necessities
 - Linking of parties and mechanisms for the development of joint projects
- Development of specific test and design laboratories for the industry with the participation of the industrial sector
- Development of new materials
- Design, development, manufacture and assembly of an engine's module
- Assembly of an airplane with a national content of at least a 50%

National Strategic Program of the Aerospace Industry

5. Development of transversal factors:

- Institutional framework
- Adopt coordination mechanism and management of the sector
- Specific support program for the sector
- Financing
- Regulations (Facilitation and tax strategy)
- Infrastructure, Certifications, Logistics and Technical Centers
- International agreements

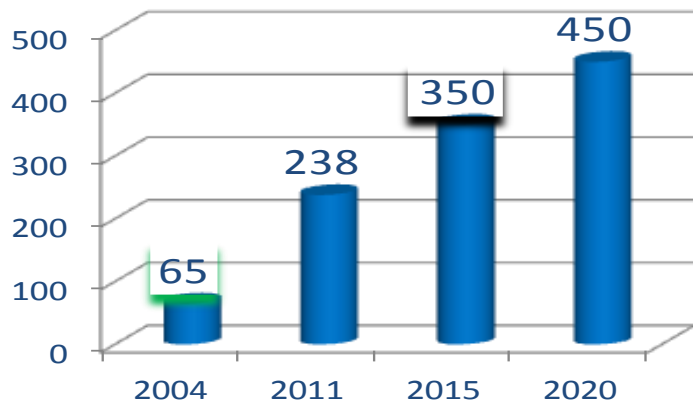
National Strategic Program of the Aerospace Industry

GOALS 2020:

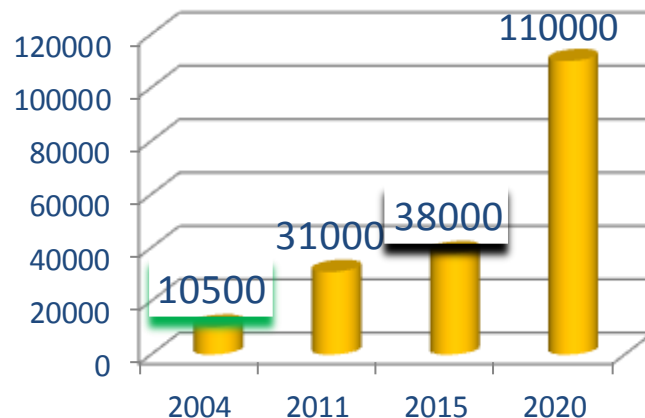
1. That the country be within the first 10 places at an international level
2. For there to be exports beyond 12 billion dollars.
Provide 110 thousand jobs
3. 50% national integration in the manufacture carried out by the Industry

National Strategic Program of the Aerospace Industry

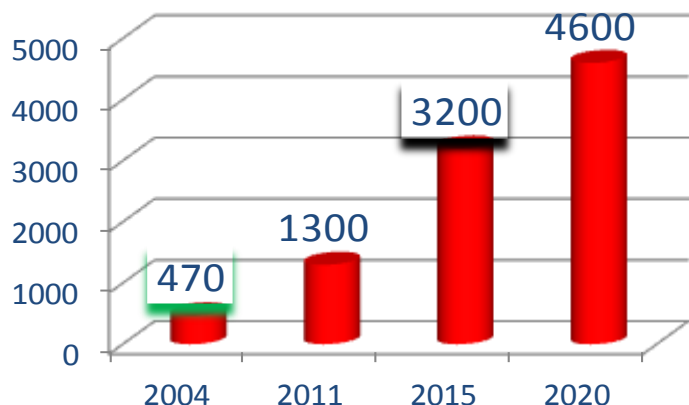
**NÚMERO DE EMPRESAS
AEROSPACIALES EN MÉXICO**



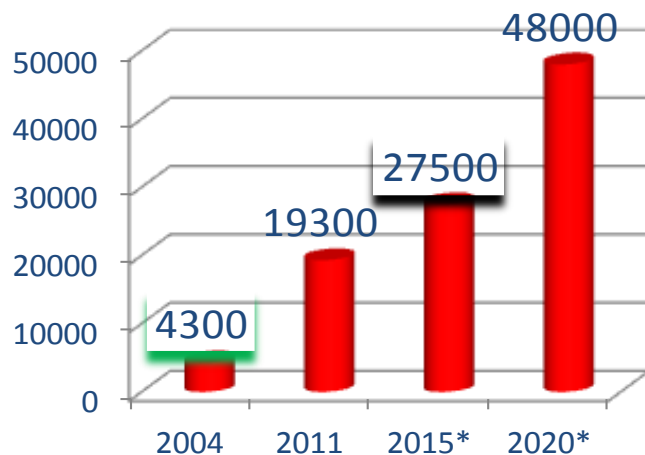
EMPLEO



**RECEPCIÓN DE INVERSIÓN EXTRANJERA
DIRECTA POR AÑO (IED)**

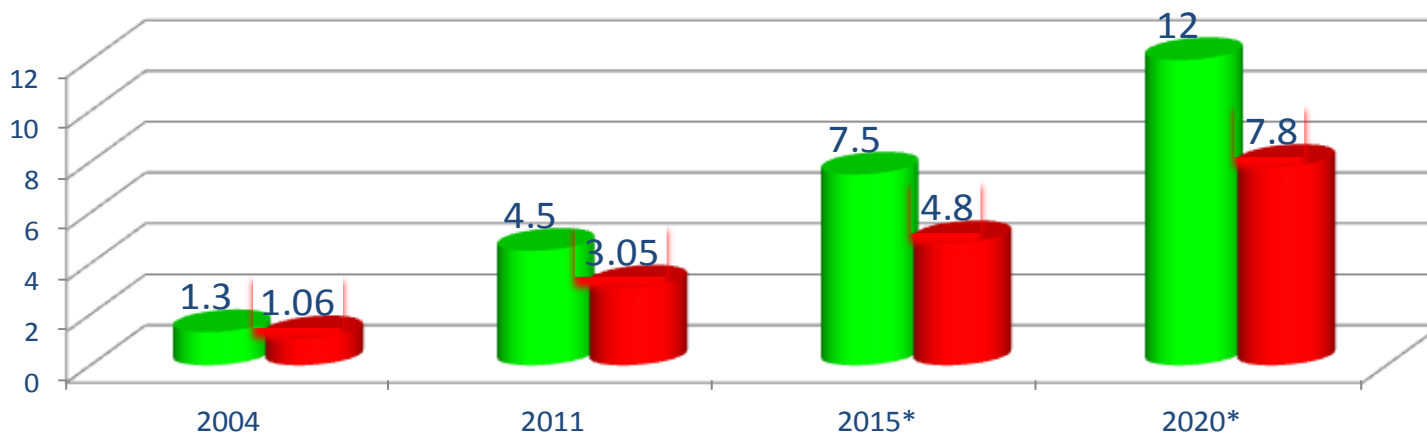


IED ACUMULADA

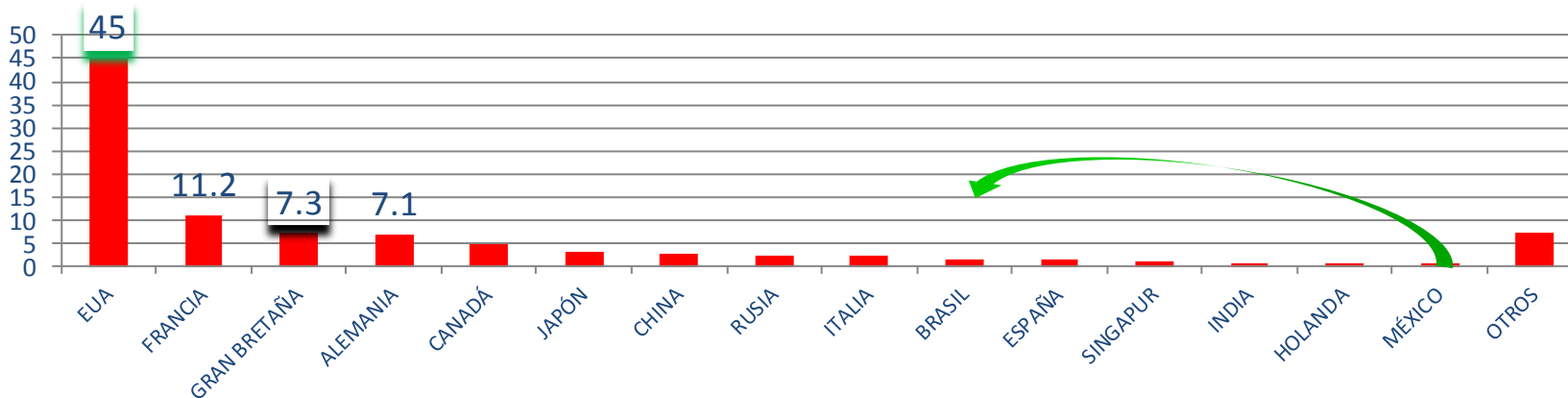


National Strategic Program of the Aerospace Industry

AEROSPACE INDUSTRY EXPORTS AND IMPORTS



MAIN PLAYERS IN THE COMMERCIAL AEROSPACE INDUSTRY IN THE WORLD



Final Observations

Mexico, a place in which to do business in the Aerospace Industry

- Mexico: in half the world
- Mexico: Young and energized labor force
- Mexico: Good infrastructure
- Mexico: Government associated
- 24%+ growth in international commerce in 2012
- Mexico: Updated with and developing the regulatory environment
- Mexico: Increasing its industrial seal
- Mexico: Working on Compulsory Regulations
- Mexico: Facing opportunities and challenges
- Mexico: A growing industrial environment with the chance to influence the future

**Federación Mexicana de la
Industria Aeroespacial, A.C.**

Tel. (55) 90 00 73 79.

www.femia.org.mx

**(Federation of the Mexican Aerospace
Industry)**

MUCHAS GRACIAS



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