



The United States-Mexico



Chamber of Commerce



TRAFFIC CLUB OF CHICAGO

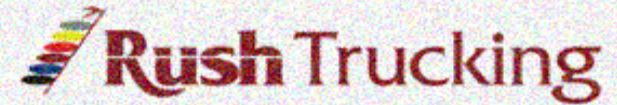
"Where Transportation and Logistics Professionals Network and Learn"

April 14, 2018

The Supply Chain Blue Print



NAFTA coming together



One Strategy NAFTA

- Looking Down the Tiers
 - Sub Assembly
 - Continued Growth
 - Consolidation
 - Expected to increase in next three years
 - Mexico is expected to be US largest trading partner by the end of 2018
 - Automotive is the Largest Industry and Fastest growing in the Mexico
 - Southern US is fastest Growing in Supply Base



Canada Trade \$660 Billion

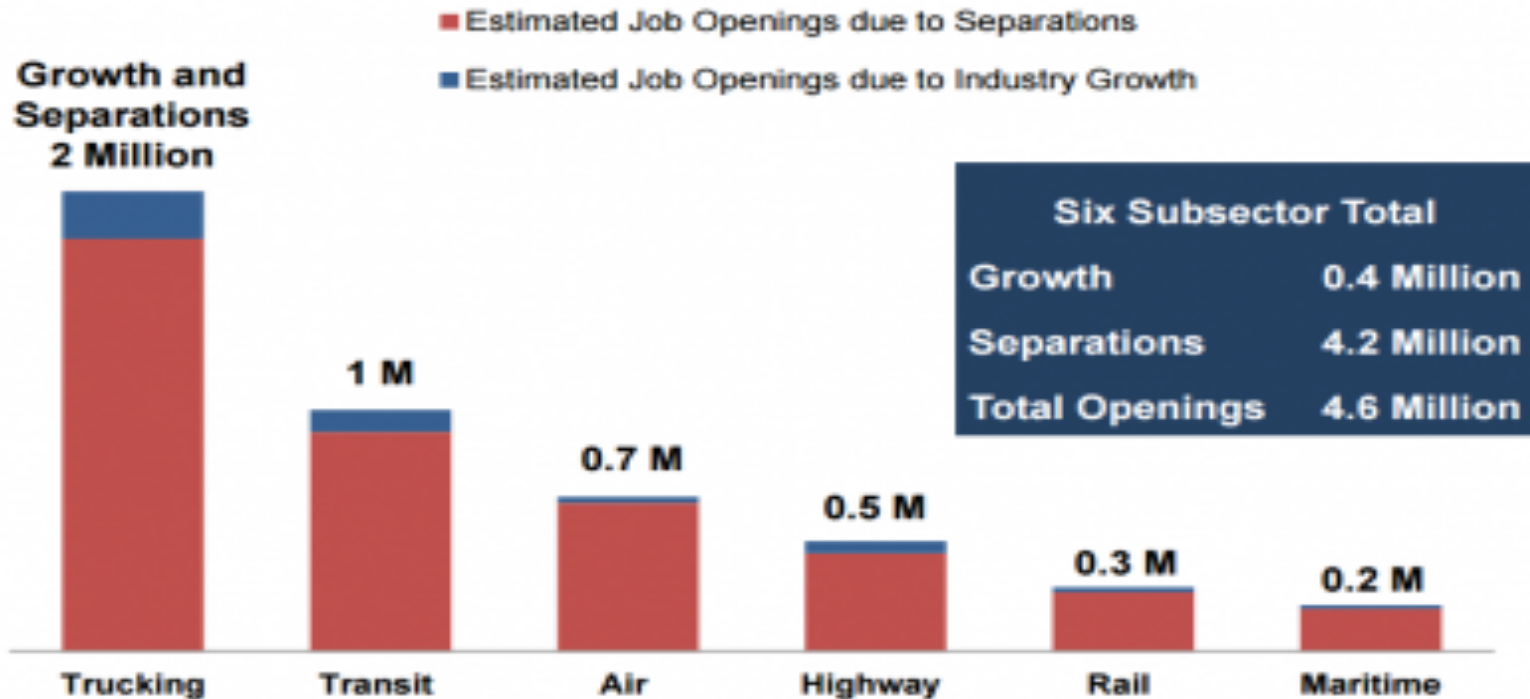
Mexico Trade \$592 Billion

2014 Total Import and Export

Driver Shortage



Estimated Number of Total Job Openings due to Growth and Separations 2012–2022 (Ranked)



Source: Subsector job openings due to growth based on TLC and JFF analysis of EMSI Industry Report. Data retrieved from EMSI June 2014. Subsector job openings due to separations based on TLC and JFF analysis of EMSI Industry Report and Separation Rates from BLS Employment Projections program. *Projected occupational separation rates, 2012-22 experimental data set.* http://www.bls.gov/emp/ep_separations_data.xlsx. Released May 9, 2014.

- Sourcing
 - North America Sourcing
 - Product is usually in Plant with 7-10 days versus 20 to 30 days from China
 - New Visibility Tools for OTR
 - System integration
 - New Rail Link over US-Mexico Border
 - Connecting Brownsville to Matamoros
 - First in over a Century
 - Canadian Border Customs Process
 - Delays almost non existent
 - Bonded Rail Service to and from Mexico
 - Canadian Exchange helping Canadian Suppliers
 - Electronic systems for Clearance

Touch Points



- Mexico Supply Chain Issues
 - 85% of Goods traded with the US in 2017 moved Rail or Truck
 - Visibility in the Movement (Current Study)
 - Truck movement has many hand offs
 - Average Static Time at US Mexico Border is 21-28 hours
 - » 16,000 average truck crossings per day 2013
 - » Cost of over \$1.5 Billion in additional Inventory sitting at the Borders daily
 - Border Crossings 2014
 - » Canada 11,551,000
 - 16% decrease since 2000
 - » Mexico 9,678,000
 - 29% increase since 2000

Additional Hurdles



- Other Hurdles
 - Imbalance Mexico
 - 40% Imbalance North vs South
 - Causing Rates to Rise
 - Infrastructure
 - Growth is out pacing the infrastructure plans
 - Hand off issues will still be here for another 18-24 months
 - Disparate Rules
 - » Truck Weight Limits
 - » Mexican Border Freight Inspections
 - Capacity
 - North American Shortage is here

- Initiatives
 - Automation of Customs Clearance Process
 - US/Mexico Chamber (Supply Chain Blue Print Committee)
 - Working with the OEMS and US & Mexican Customs
 - Looking at best practices
 - » US-Canadian Border Process
 - » Customs Pre Clearance
 - Technology Driven solution, “paperless”
 - Collaboration with supply base
 - » Co-Loading-Density
 - Security
 - » Expansion of patrols on Highway
 - Unified Cargo Process (Columbia Bridge)