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CITY OF OAKLAND



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TO: Chairperson Reid and Members of the Community & Economic Development
Committee

FROM: Councilmember Noel Gallo

DATE: April 29, 2014

RE: **A Report and Strategies To Enhance Our Economic Growth, from Our City Of
Oakland-Mexico City Trade Mission On February 12-15, 2014**

Attached for your reference is a report which provides an overview of the City of Oakland-Mexico City Trade Mission. Representatives from the Hispanic Chamber of Commerce-Alameda County will join me in presenting the report, outline strategies to enhance economic growth between Oakland and Mexico, and will be available to answer questions.

Respectfully submitted,

A handwritten signature in cursive that reads "Noel Gallo".

Noel Gallo - Councilmember Dist. 5

Item: 3
CED Comte.
April 29, 2014

Report: Mexico Trade Mission

2014 APR 30 PM 1:45

National Context: Mexico is a Key Trading Partner for USA

- The U.S.-Mexico bilateral relationship is among the United States' closest and most extensive in the world and one of the reasons it was selected by Department of Commerce Secretary Penny Pritzker as the destination for her first trade mission. Mexico is the United States' third-largest trading partner, and approximately \$1.3 billion of merchandise trade and one million people cross the 2,000 mile shared border daily. In addition, deeply integrated supply chains in North America and an established free trade agreement make it easy for Mexico and the U.S. to do business with one another.
- The Department of Commerce recognizes that there is incredible potential for both countries to deepen their economic relationship and for U.S. and Mexican companies to do business together. With common values and shared aspirations for prosperity, it is a crucial relationship for both nations, and with Canada's involvement, it can help make the North American platform the most competitive in the world.
- US & Foreign Commercial Service have three offices in Mexico; Mexico City (US Embassy), Monterrey (US Consulate) and Guadalajara (US Consulate) can assist the city of Oakland explore and deepen relationships. The Oakland Office of Exports can assist Oakland.

Look South Initiative – US Department of Commerce

Look South will ensure that U.S. companies are aware of emerging trade opportunities in Latin America and understand the federal resources available to help them penetrate these markets. Federal agencies will work to encourage U.S. companies – with a focus on small and medium sized businesses – to export to the region by:

- Increasing the availability and awareness of trade financing and investment tools for the region from agencies including the Export-Import Bank (Ex-Im Bank), Small Business Administration (SBA), and the Overseas Private Investment Corporation, and the U.S. Department of Agriculture. Mexico and Colombia are already top markets for Ex-Im Bank, which is also active in Chile and Peru.
- Training and educating government procurement officials in the region through U.S. Trade and Development Agency's new Global Procurement Initiative, so that they have a more fulsome understanding of U.S. quality, innovation, and service (as opposed to just price) when deciding on tenders for infrastructure projects.
- Connecting more firms to concrete business opportunities in the region through State Department Direct Line teleconferences with U.S. Ambassadors in Look South countries.
- Expanding the Small Business Network of the Americas, a network of small business support centers in the U.S. and Latin America, to link more U.S. small businesses to potential business partners and buyers in Look South markets.

- Partnering with targeted public and private-sector stakeholders – including UPS, FedEx, the U.S. Chamber of Commerce, the Association of American Chambers of Commerce in Latin America, the U.S. Hispanic Chamber of Commerce, Council of the Americas, Mayors, Governors, and Latino Diaspora-owned businesses – to help promote trade with Look South markets in a number of ways.

Mexico is the #1 Export Market for State of California

- *Mexico continues to be California's number one export market.* California exports to Mexico amounted to nearly \$24 billion in 2013. Mexico purchases over 14 percent of all California exports.
- Top CA export markets are Mexico, followed by Canada, China, South Korea, Hong Kong
- California's exports to Mexico are driven by computers and transportation equipment, which account for 32 percent of all California exports to Mexico.
- California now has the ninth largest economy in the world. Mexico has the 14th largest, but Goldman Sachs projects that by 2050, Mexico's growing economy, with an expanding middle class, will be the fifth largest in the world.
- Some have called *Mexico as California's China*—a vital economic partner that's also a competitor, a society that is rapidly advancing even as it remains troubled by poverty and other social issues.

Trade Mission to Mexico

- Meetings
- Interest in Port of Oakland, Oakland Airport, investments and business trade opportunities
- Site Visits
- Opportunities & Interest
- MOUs of cooperation

Next Steps & Recommendations for City of Oakland

- Request that this Informational Report be forwarded to the full City Council for educational and possible action to better support international trade activities through our economic development programs, Port of Oakland and Sister Cities Programs.
- Encourage the designation of Oakland as the site in the Northern California for the Mexico Chamber of Commerce MOU
- Ask for a report on Oakland Sister Cities Activities and the Port Sister Ports Program – how active are these programs?
- Encourage the Port of Oakland and support its efforts to increase flight and shipping commerce with Mexico

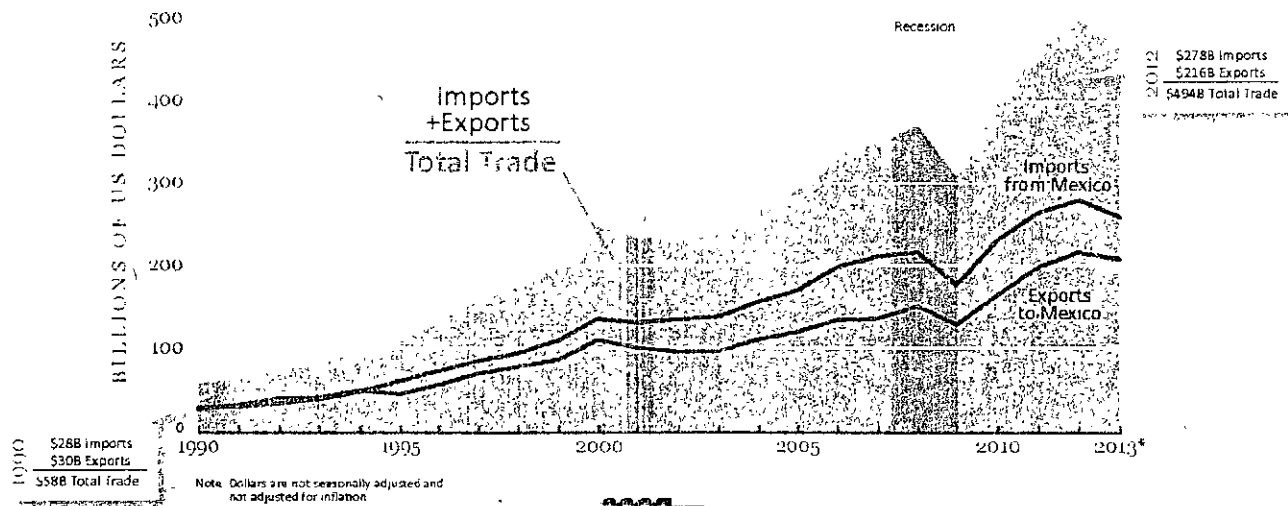
America is Open for Business

International Trade Between U.S. and Mexico

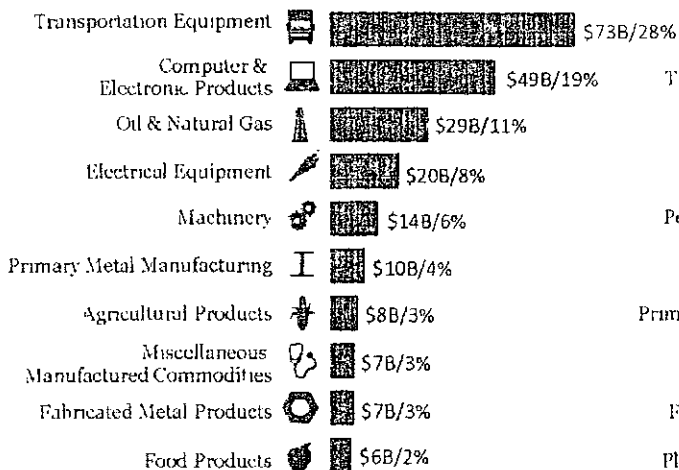
The United States and Mexico not only share a border that is nearly 2,000 miles long, but also a long history of trading a variety of goods that range from computers to oil. Over the years, this economic partnership has developed and grown to the levels we see

today. Currently, Mexico is the United States' third largest trading partner and second largest export market. The data below show this continually growing trade relationship between the United States and Mexico.

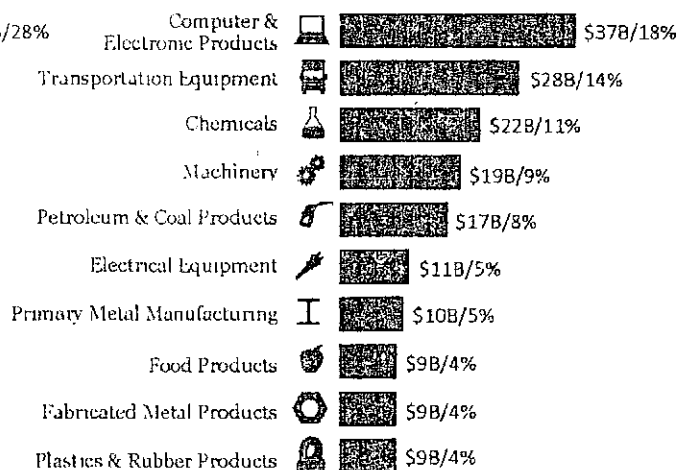
Trade in goods is eight times 1990 levels



Top Imports from Mexico in 2013*



Top Exports to Mexico in 2013*



Source: U.S. Census Bureau, Foreign Trade Division | www.census.gov/trade

* January through November 2013