

Tehuantepec Corridor

A New Trade Corridor in the Americas

November, 2021



GOBIERNO DE
MÉXICO



**CORREDOR
INTEROCEÁNICO**
ISTMO DE TEHUANTEPEC



**PROGRAMA
ISTMO**



VERACRUZ



OAXACA








Mexico's new trade corridor provides:

Superior trans-oceanic logistics

A development boost in a neglected region of high potential

Fast, cost-efficient and secure logistic for international commerce

10 development poles in ample hinterland for industry location

-  Local Airport
-  International Airport
-  Development Poles
-  Refinery
-  Terminal
-  Storage
-  Port



 Railway  Highway

A natural link with competitive advantages



Coast-to-coast
(+180 mi) in less than 6h



5-day reduction in
transit time vs Panama
Channel



26 days reduction in
transit time vs Cape
Horn for crude oil



From USD 300 up to USD
1000 intermodal cost
reduction vs LA/LB for cargo



Access to the fastest growing market
with 1.3 million TEUs potential
demand



Tax and other Incentives to start
attracting investors in poles

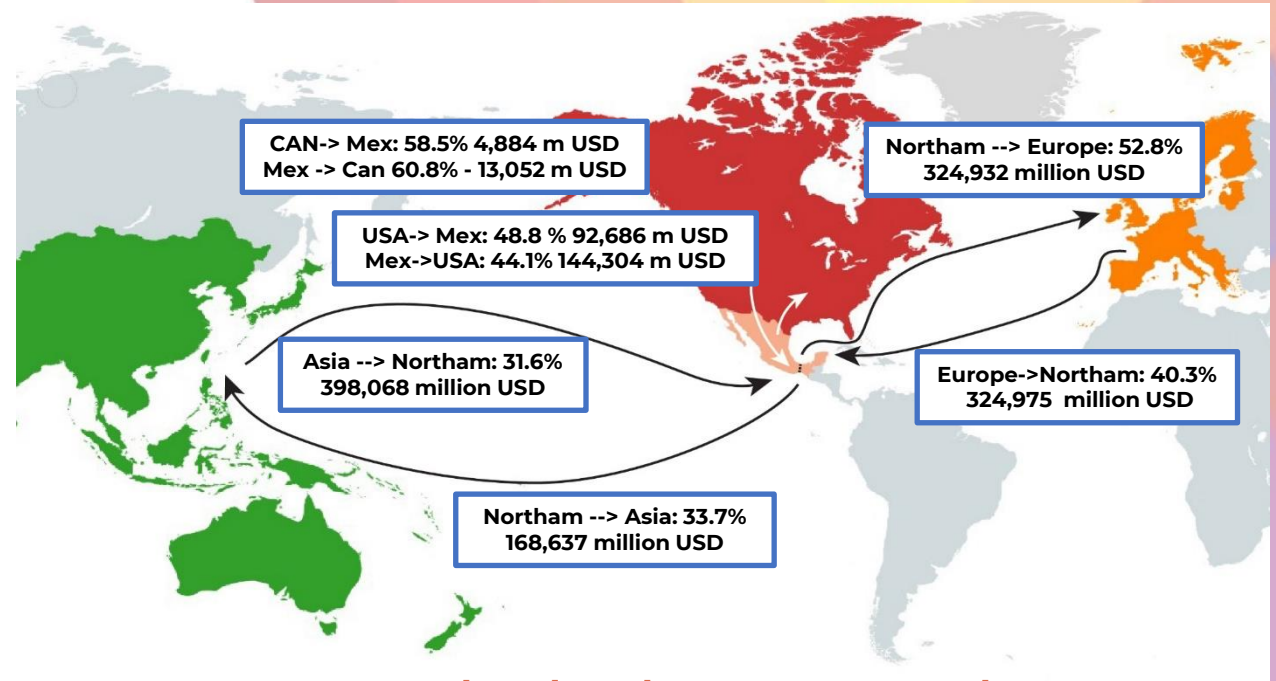
Global Value Chain Integration

Potential for increasing North America's exports' reach

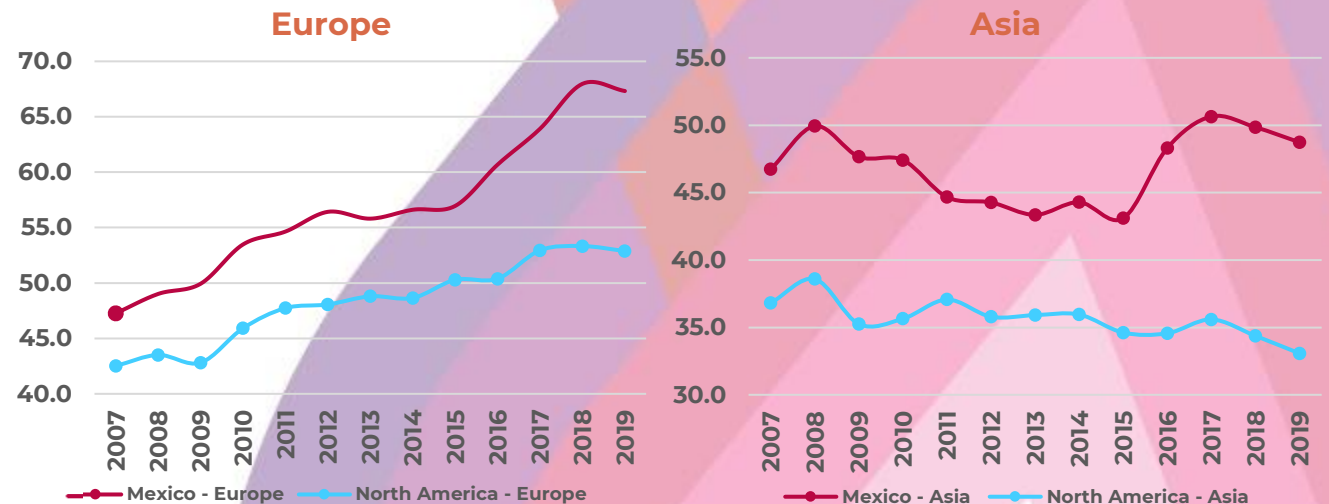
Faster connectivity with Asia and Europe

Competitive wages and highly skilled professionals

Additional investment opportunities in infrastructure, industry and logistics



GVC – Related trade as % Gross Trade



Infrastructure being developed in the region

Current

With corridor



**SALINA
CRUZ**

Ports without specialized equipment.
30 feet draft - 12 moves per hour
Panamax tanker ship with 500,000 barrels.

World class ports for 1 million TEU containers
72 feet draft - 64 moves per hour in 2023
VLCC with 2 million barrels.

**COATZA-
COALCOS**

32 feet draft
12 moves per hour.

40 feet draft
64 moves per hour in 2023 2 POST PANAMAX vessels



**RAILWAY
TRACK**

3 railway lines (616 miles)
Max. speed: 12 mph
Capacity: 242 to 268 mil lbs (110-123 ton)

Existing railway lines to refurbished
40 mph
286 mil lbs (130 ton)

HIGHWAY

1 unfinished highway

60 miles highway more local roads



PIPELINES

No existing infrastructure

186 mile-long gas pipeline
LNG terminal in Salina Cruz Port capacity: 400 – 800 (MMscfd)




TELECOMM



No optical fiber mainline and limited internet connectivity

Interoceanic optical fiber mainline increased internet connectivity

World-class infrastructure with state-of-the art technology - A driving force for the region

 INFRASTRUCTURE	 SYNERGIES	 POTENTIAL
<ul style="list-style-type: none"> • 1 million TEU installed capacity specialized terminals at both ports • 4 Daily trains / 5.8 hours transit time • From feeder vessels to ULCV (22 mil TEU ´S) in the Pacific • Vastly improved Telecomm • Natural gas supply for 10 development poles 	<ul style="list-style-type: none"> • Transportation of goods produced in the region • Connectivity with Tren Maya y Centroamerica • Tourism • Productive ecosystem integration 	<ul style="list-style-type: none"> • Specific locations to set up industries and services in special poles (+8K Acres) • FDI evolving opportunities in designated special areas



Safety: a key issue:

Strategic belt for homeland security

Jobs to retain local workers and migrants

Secure and continuous operation

Legal Framework

Integrated regional development

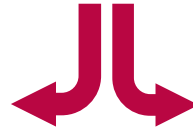


Tehuantepec: Development Program

STRUCTURING PROJECTS



LOGISTIC CORRIDOR
PORT – RAILWAY – ROADS



DEVELOPMENT POLES
INDUSTRIAL PRODUCTION ECOSYSTEM



PRODUCTIVE SECTOR PROGRAMS

AGROINDUSTRY

AGRICULTURE



LIVESTOCK



FISHING AND AQUACULTURE



FORESTRY



INDUSTRIAL DEVELOPMENT

LARGE



SMEs



SOCIAL ECONOMY



SUSTAINABLE TOURISM



COMMERCE / SERVICES



SUPPORT PROGRAMS

**PUBLIC SECURITY
AND SOCIAL PEACE**



HUMAN CAPITAL



SOCIAL DEVELOPMENT



R&D / INNOVATION



CULTURE / IDENTITY



FUNDING



**SOCIAL
COMMUNICATION
AND DIFFUSION**

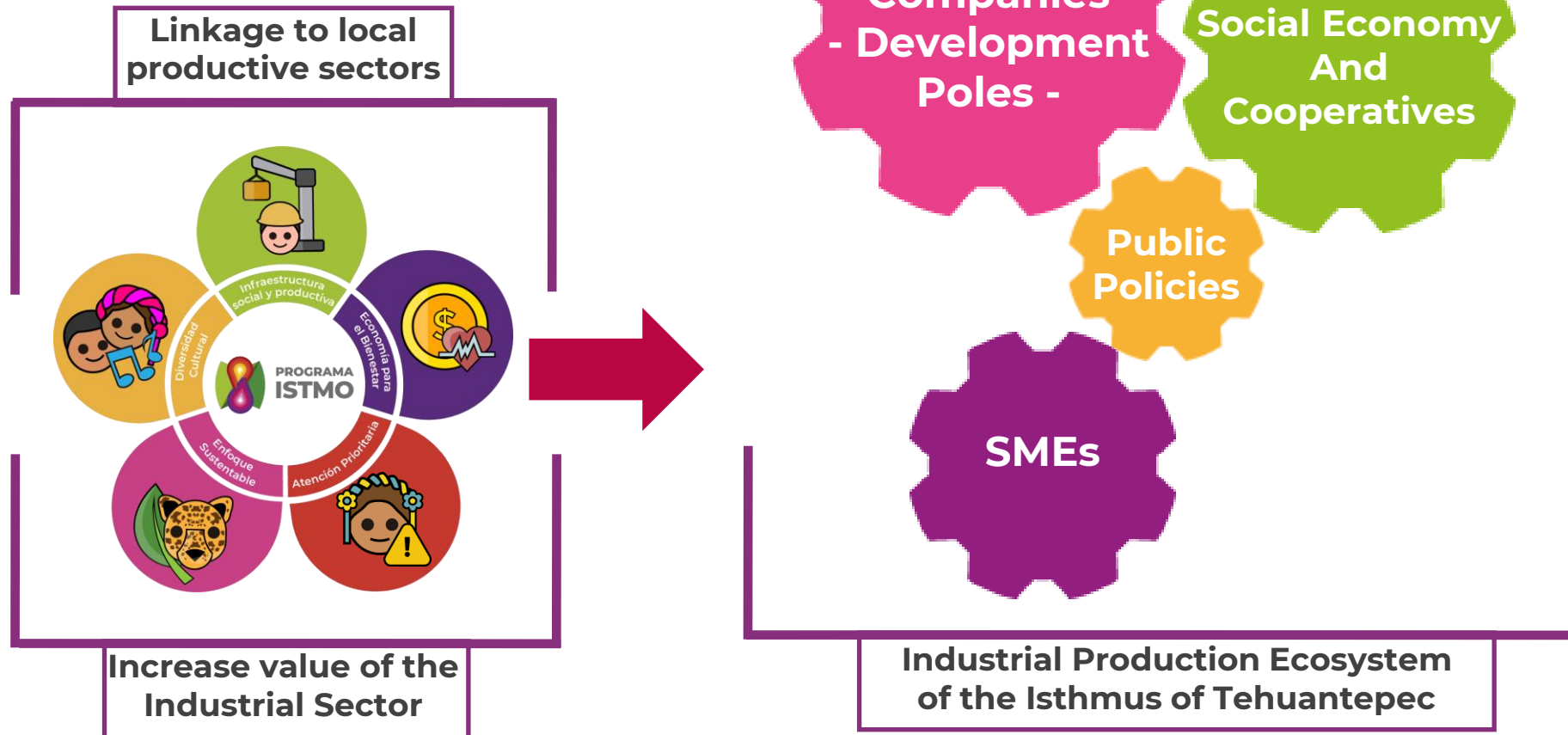


ENVIRONMENTAL MANAGEMENT

MODERNIZATION AND STRENGTHENING OF INFRASTRUCTURE

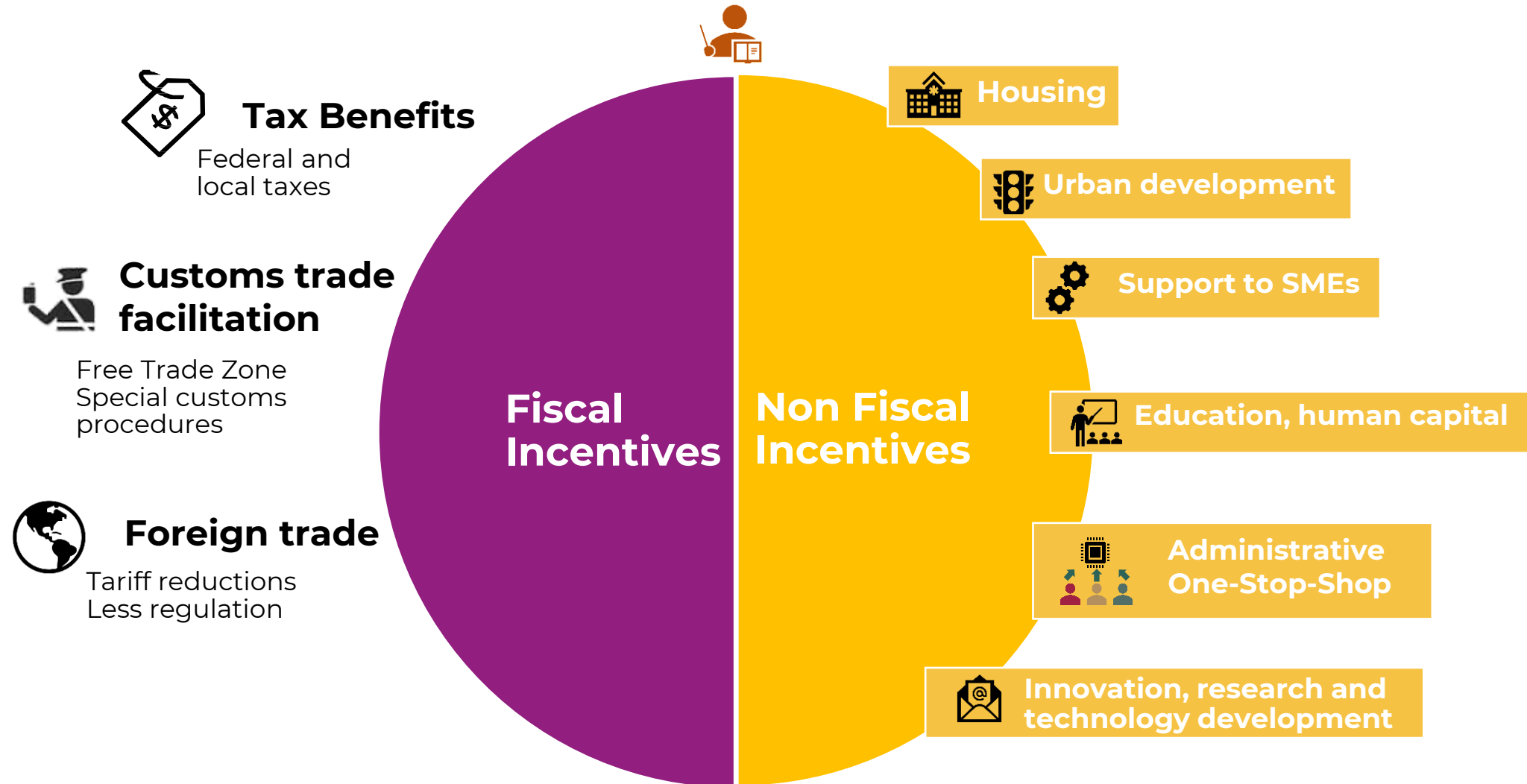
LAND-USE PLANNING

Industrial Strategy: Scope and production linkages






Enhanced Competitiveness: Taxes and Free Zone

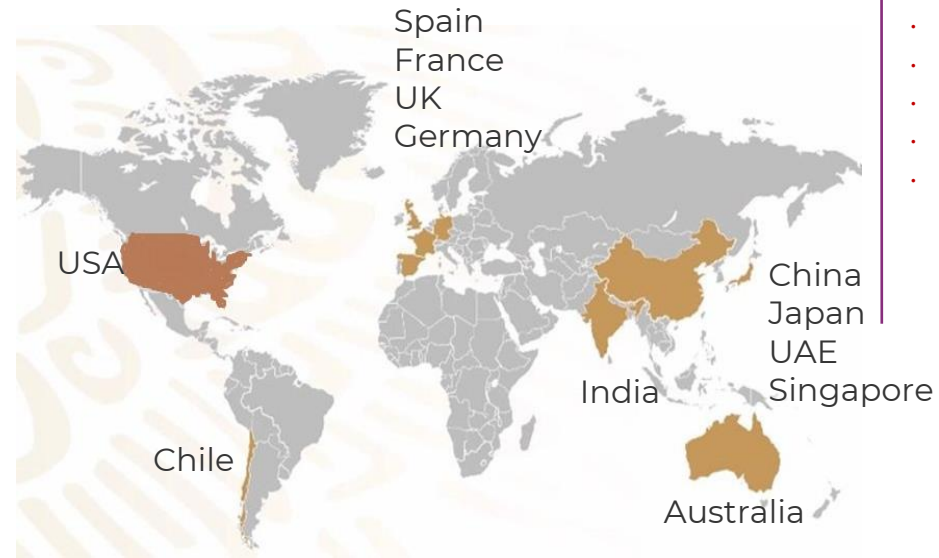
Its main, natural competitiveness is its shorter distance factor for international trade



Business Model of the Project

	Landbridge infrastructure funded by Government	USD \$5 bn (60% public / 40% private)
	Income split between Mexican Government and landbridge operator	
	Private investment in industries that merge with global value chains	
Containers: 1,300,000 TEUs	Bulk: 43,300,000 tons	General Cargo: 3,730,000 tons

Main commercial destinations



New Trade Context

- USMCA
- USA-China
- CPTPP
- Mex-EU Modernization
- Pacific Alliance

Expected benefits:

1.05% → 2.65%
Contribution to GDP

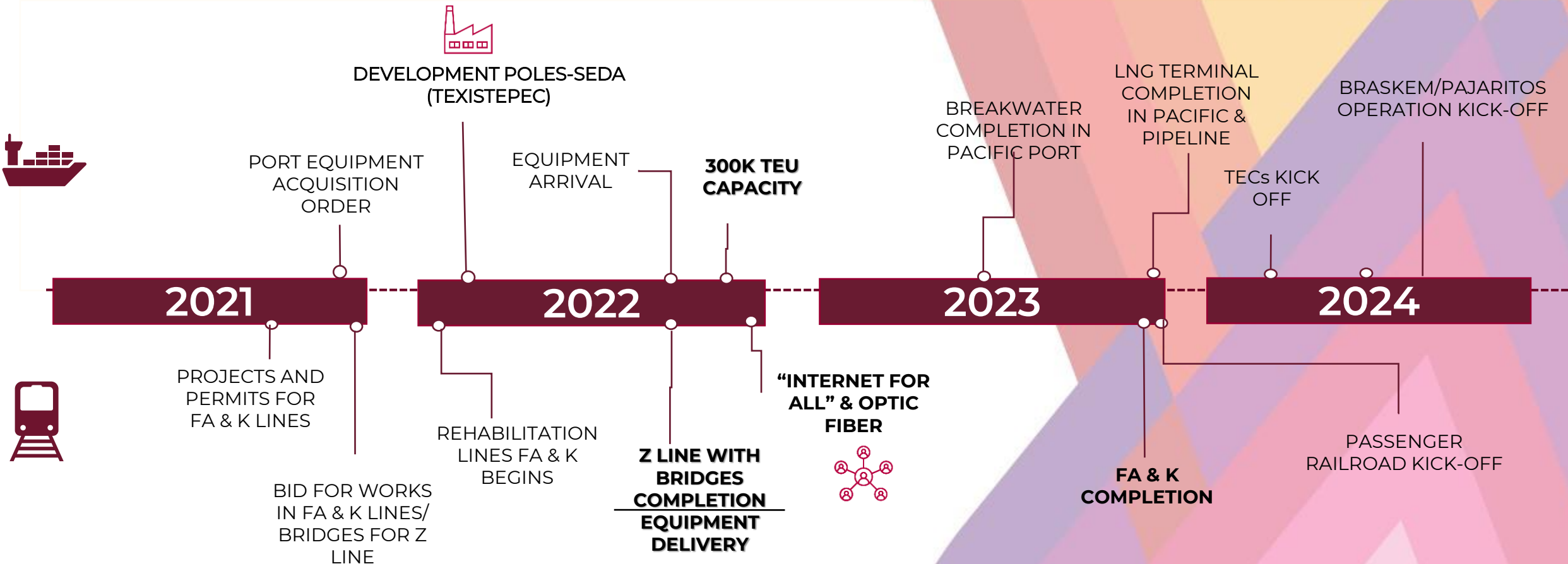
USD 50 billion
Expected investment

2,430 → 5,830 USD*
Regional GDP per capita

2.47 → 3.87 M
inhabitants
Population

790k → 1.42m (+80%)
Direct and indirect **jobs**

Infrastructure development schedule



Its potential linked to investment attraction



Nearshoring and reshoring of production processes and access to the largest consumer markets



Mexico a permanent link to world trade and investment



Industrial clusters integrated into global value chains



Safety Belt: Retention of local workers and mitigation of migration



Strategic security centers provided by the Government



Long-term program continuity based on economic and social development

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THANK YOU!

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