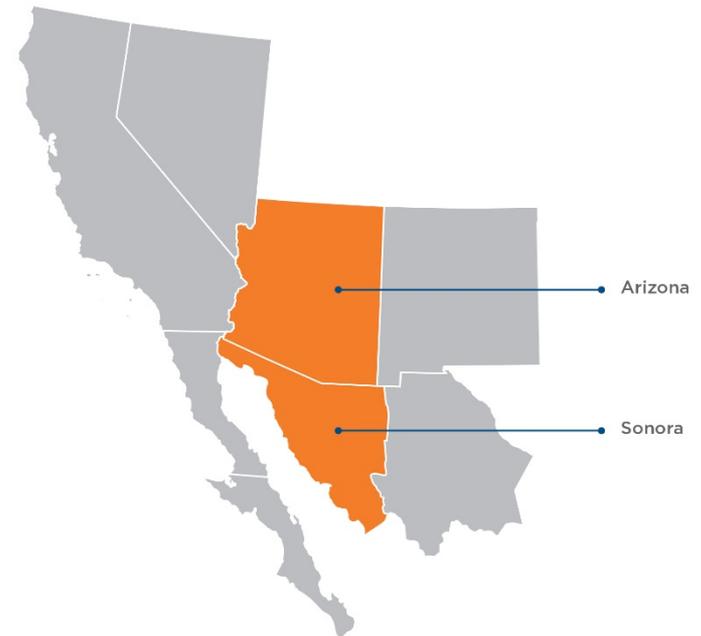


# Mega - Region Sonora Arizona



## MEGA - REGION SONORA ARIZONA

- Strategic vision to position itself to the world as a pole of attraction for investment development.
- Leverage shared resources to offer a competitive platform in strategic sectors such as aerospace, automotive, minery and electric-electronic fields.





## MEGA -REGION SONORA ARIZONA

- Strategic location.
- Access to the largest economies in the world.
- Skilled labor.
- Productive infrastructure quality.
- Varied tourism.
- Quality of life.





## FIRST ACTIONS

Signing of **Memorandum of Understanding** in which the Governments of Sonora and Arizona are committed to sharing information in strategic sectors: Aerospace, Automotive and Mining.





## FIRST ACTIONS

### JOINT ACTION PLAN 3 AXES:

#### 1. MARKETING AND JOINT PROMOTION

Launched a video and brochure of the Mega Region.

#### 2. SUPPLY CHAIN ASSESSMENT

Advice to integrate database in Sonora, where buyers can identify sellers.

#### 3. ATTRACTION INITIATIVE JOINT BUSINESS

Joint participation in two international events:

-Processed Food Expo in Sacramento, California  
(February 2017)

-Paris Le Bourget Aerospace Fair (June 2017)





## FIRST ACTIONS

### MEETING OF SISTER CITIES

Phoenix, August 25th

To identify opportunities and better working practices in the areas of Economy, Tourism, Public Administration, Security, Civil Protection and Community Services.

- Hermosillo -----Phoenix
- Caborca -----Prescott
- Guaymas -----Mesa
- Álamos-----Scottsdale
- San Luis Río Colorado-----Yuma
- Cananea -----Sierra Vista
- Ciudad Obregón -----Tucson
- Puerto Peñasco -----Tucson/Pima County
- Nogales----- Nogales
- Agua Prieta-----Douglas





## FIRST ACTIONS

### MEETING OF SISTER CITIES

Phoenix, August 25th

#### Established Agreements:

- Share calendar of events and actions to promote the Mega Region, to avoid duplicating efforts.
- Working on a project to interconnect the Mesa cargo airport with the port of Guaymas.
- Promote health tourism between the sister cities. (Follow model of Nogales, Arizona, which allows workers met in Nogales, Sonora)
- Boosting investment attractiveness according to the productive vocation of the regions in both states.





## SONORA'S ACTION PLAN

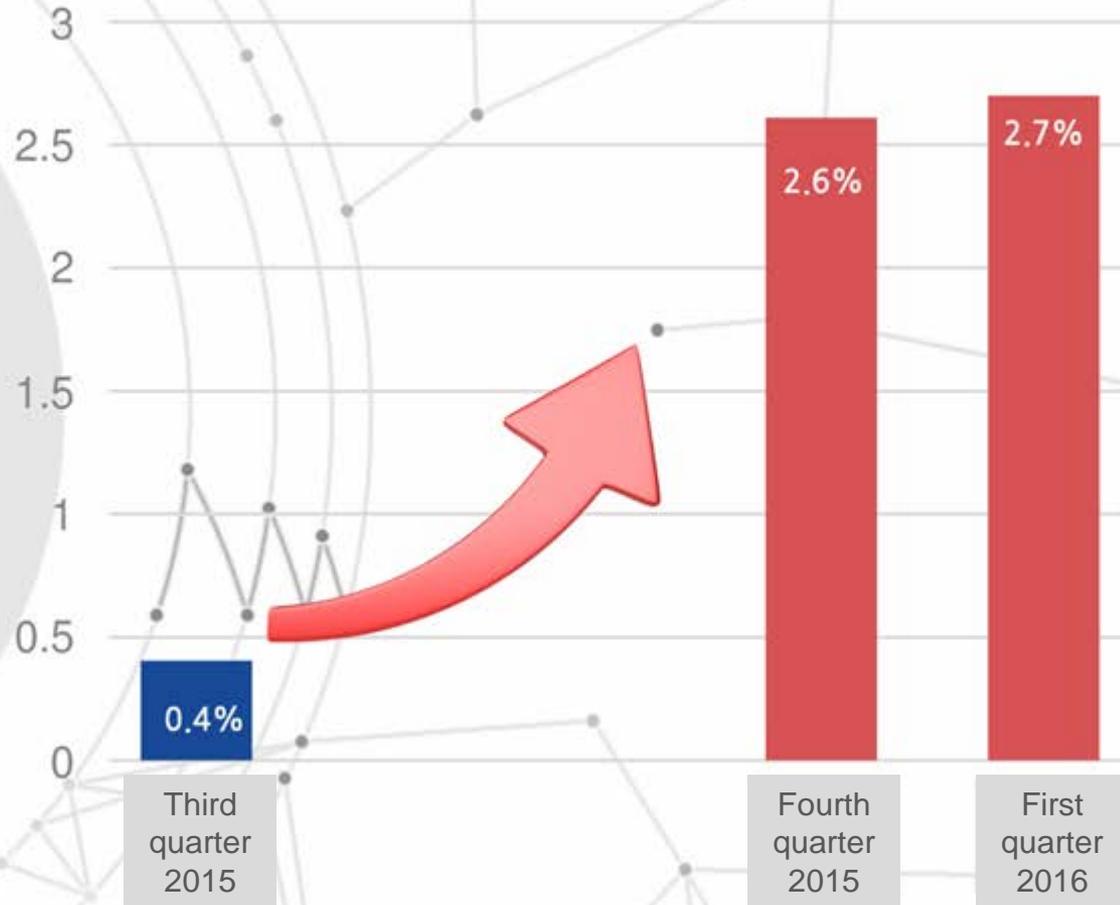
- Gave Arizona a database of sonoran companies export quality within strategic sectors.
- In Sonora, a directory is developed in line with all companies that may be suppliers to the Aerospace, Automotive, Electrical & Electronics, Mining, Health, Agroindustrial and Exporters.
- Trade missions were conducted in Arizona in May. Another is planned for November, SME, Industry, Mining and Aerospace.





## Comparing growth

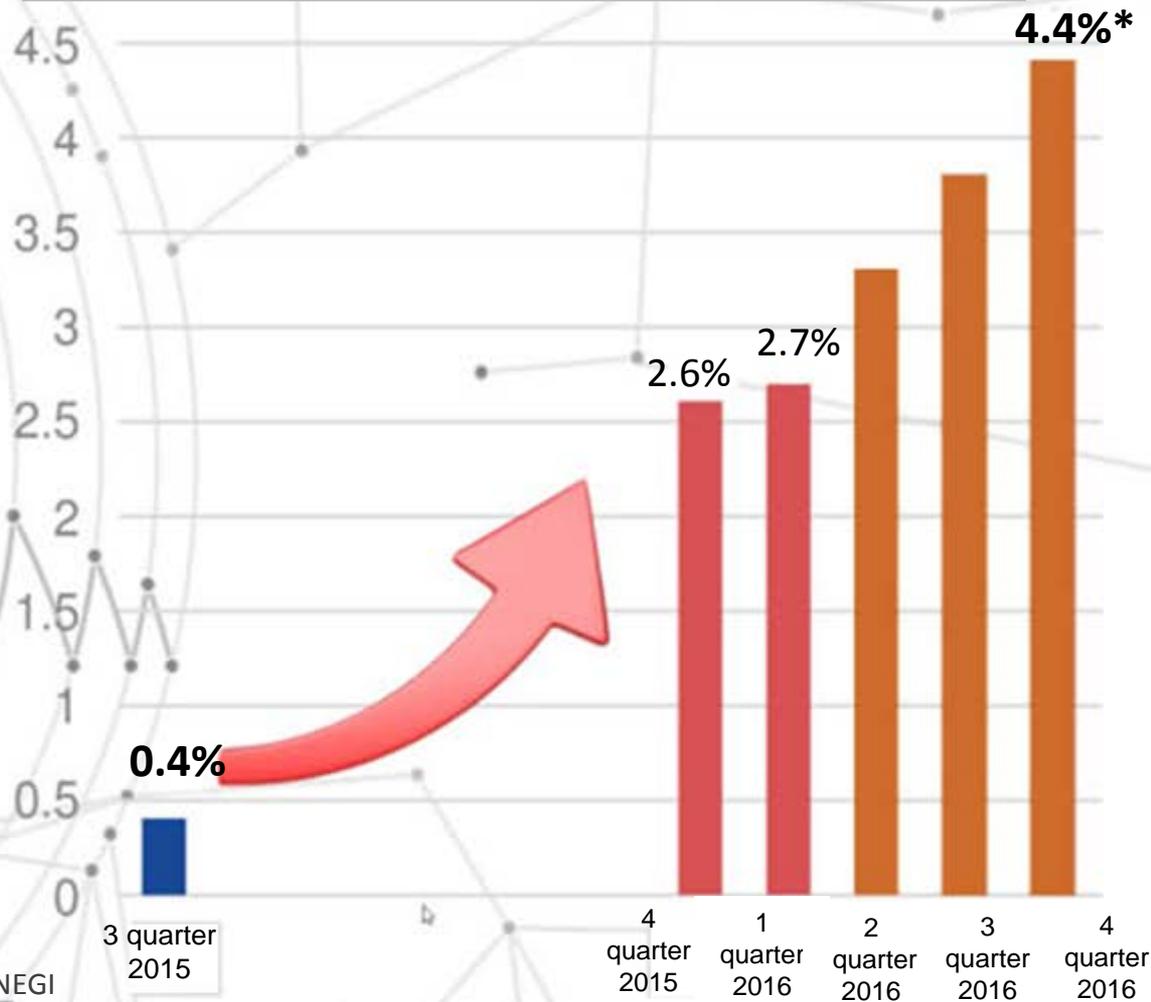
GROSS DOMESTIC PRODUCT





# Growth Projection

GROSS DOMESTIC PRODUCT



SOURCE: INEGI



# Job Creation

JOB CREATION	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	TOTAL
Permanente Jobs	1,987	4,968	1,371	4,871	-11	3,296	1,385	17,867
Temporary agricultural	4,649	-90	2,547	-126	-1,516	-7,396	-3,038	-4,970
Net total	6,636	4,878	3,918	4,745	-1,527	-4,100	-1,653	12,897
ACCUMULATED	6,636	11,514	15,432	20,177	18,650	14,550	12,897	

SOURCE IMSS

12,897 jobs created in the first 7 months of the year



# C5i- Increases Security for Investors

- The highest technology to protect citizens will be used, with a comprehensive program to attend emergencies and crime prevention.
- It will be completed in 18 months and will have 12 sub-centers in the Sonora state.
- The Hermosillo building will house up to 900 certified people, including members of all security corporations, local, state, federal and military, emergency services and digital school health.

Before

189 cameras

11 municipalities covered

5,000 call buttons

6 highway arches

789 communication radios

20.5 miles of fiber optic

C5i

2,966 cameras

39 municipalities covered

25,000 call buttons

34 highway arches

3,132 communication radios

55 miles of fiber optic



## RESULTS

- 9 Investment projects
- \$221.23MDD investment
- 2,876 new jobs

5 New companies projects

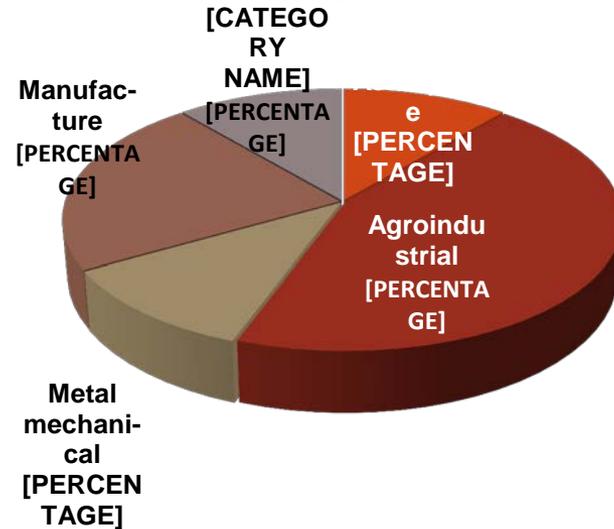
4 Organic growth projects

**Municipalities:** Agua Prieta, Hermosillo, Ciudad Obregon, Guaymas, Navojoa and Rosario Tesopaco.

### Investment origin



### Investment sectors

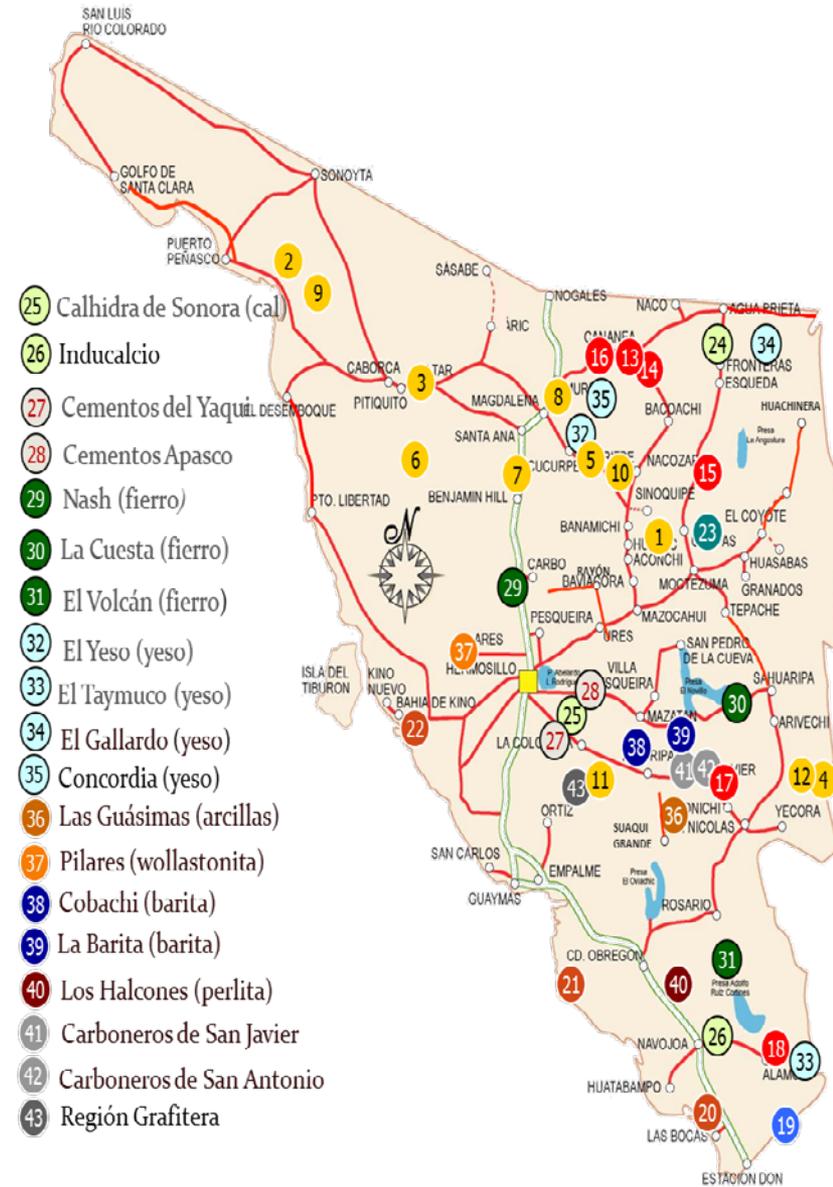




# MINING INVESTMENT

## 400 MILLION DOLLARS

- 1 Santa Elena (oro)
- 2 La Herradura (oro)
- 3 El Chanate (oro)
- 4 Mulatos (oro)
- 5 Cerro Prieto (oro)
- 6 El Boludo (oro)
- 7 San Francisco (oro)
- 8 Lluvia de Oro (oro)
- 9 Noche Buena (oro)
- 10 Mercedes (oro)
- 11 La Colorada (oro)
- 12 La India (oro)
- 13 María (cobre)
- 14 Cananea (cobre)
- 15 La Caridad (cobre)
- 16 Milpillas (cobre)
- 17 Luz del Cobre (cobre)
- 18 Piedras Verdes (cobre)
- 19 Álamo Dorado (plata)
- 20 Yavaros (sal)
- 21 Salina de Lobos (sal)
- 22 Salinera Kino (sal)
- 23 Molimex (molibdeno)
- 24 Calera Nacozari (cal)
- 25 Calhidra de Sonora (cal)
- 26 Inducalcio
- 27 Cementos del Yaqui (cemento)
- 28 Cementos Apasco (cemento)
- 29 Nash (fierro)
- 30 La Cuesta (fierro)
- 31 El Volcán (fierro)
- 32 El Yeso (yeso)
- 33 El Taymuco (yeso)
- 34 El Gallardo (yeso)
- 35 Concordia (yeso)
- 36 Las Guásimas (arcillas)
- 37 Pilares (wollastonita)
- 38 Cobachi (barita)
- 39 La Barita (barita)
- 40 Los Halcones (perlita)
- 41 Carboneros de San Javier
- 42 Carboneros de San Antonio
- 43 Región Grafitera





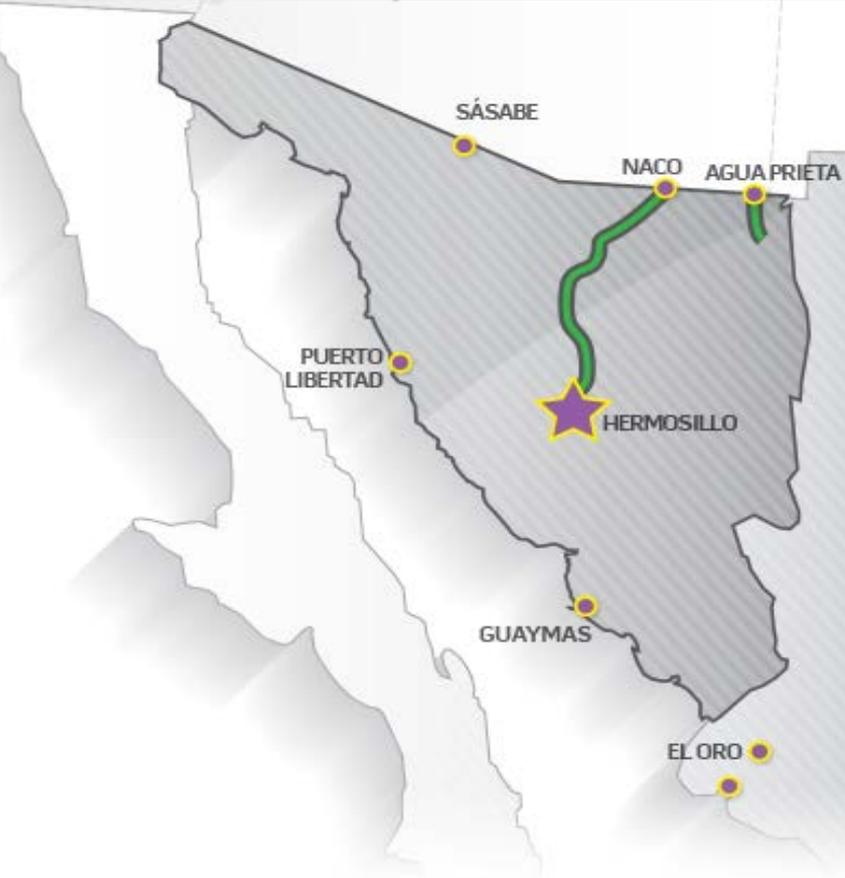
## Natural Gas Pipelines

### ■ Naco – Hermosillo Segment

- In operation with a 340 km (211 miles) pipeline, 104 MMPCD capacity and 16" diameter
- Supplies natural gas to Hermosillo for residential, commercial and industrial consumption

### ■ Agua Prieta Segment

- In operation with a 13 km (8 miles) pipeline, 200 MMPCD capacity and 20" diameter
- Transports natural gas from the US border to the combined cycle plant of CFE Naco-Nogales



- PIPELINES IN OPERATION (Naco-Hermosillo / Agua Prieta)
- CONCLUDED PIPELINES (Sásabe - Puerto Libertad - Guaymas)
- PIPELINES IN PROCESS (Guaymas - El Oro)
- STRATEGIC PIPELINES (Samalayuca - Sásabe)

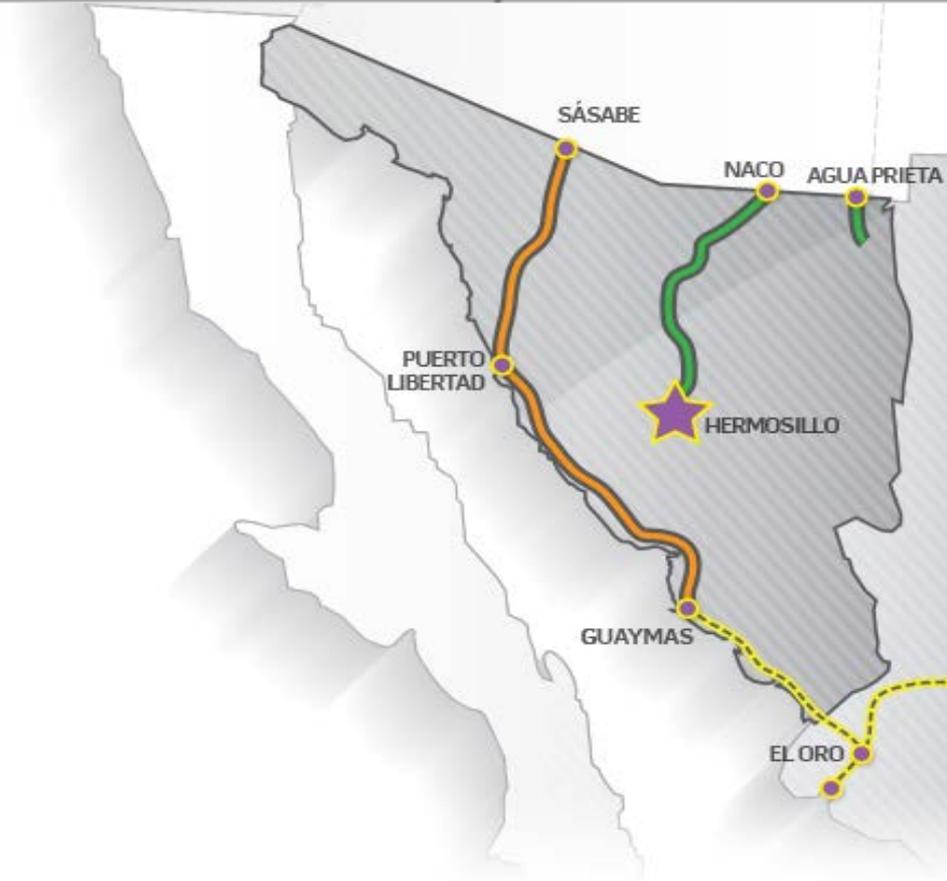


## Natural Gas Pipelines

### ■ **El Sasabe – El Oro Segment**



- From Sasabe, Sonora to El Oro, Sinaloa
- **+\$1,000 MDD** investment
- In process with a 831 km (516 miles) pipeline, 770 MMPCD capacity and 36" diameter

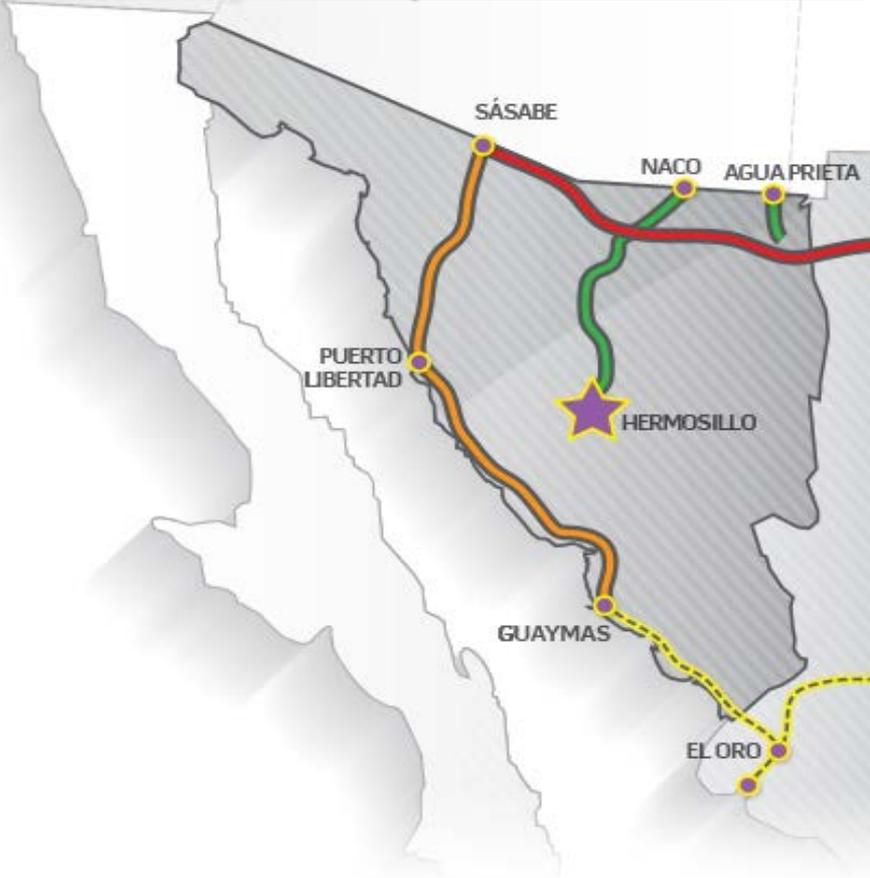


-  PIPELINES IN OPERATION (Naco-Hermosillo / Agua Prieta)
-  CONCLUDED PIPELINES (Sásabe - Puerto Libertad - Guaymas)
-  PIPELINES IN PROCESS (Guaymas - El Oro)
-  STRATEGIC PIPELINES (Samalayuca - Sásabe)



## Natural Gas Pipelines

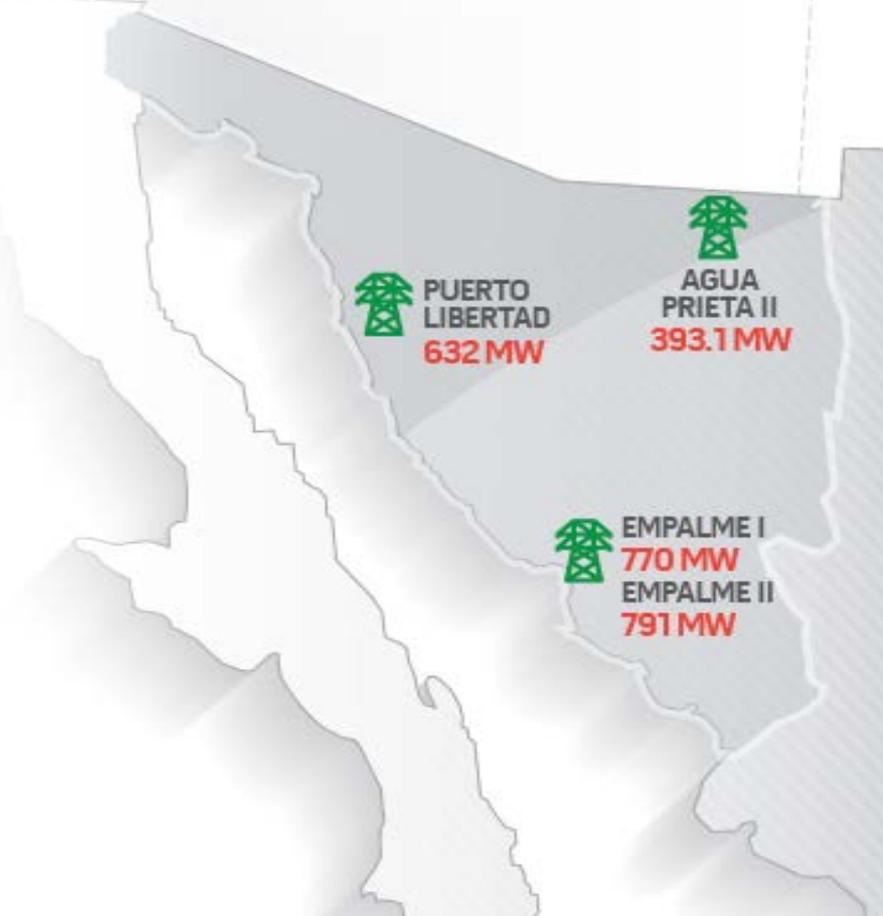
- **Samalayuca – El Sasabe Segment**
  - \$570 MDD investment
  - In process with a 650 km (404 miles) pipeline, 472 MMPCD capacity and 36" diameter
  - Projected to transport natural gas from the region of Waha, Texas. This pipeline will interconnect with Sasabe – El Oro Segment and San Isidro – Samalayuca Segment



- PIPELINES IN OPERATION (Naco-Hermosillo / Agua Prieta)
- CONCLUDED PIPELINES (Sásabe - Puerto Libertad - Guaymas)
- PIPELINES IN PROCESS (Guaymas - El Oro)
- STRATEGIC PIPELINES (Samalayuca - Sásabe)



- CFE is investing **1.941 Millions USD** in the construction and conversion of its combined cycle power plants in Sonora
  - **Puerto Libertad:** \$52 Millions USD
    - Fuel oil and natural gas
  - **Agua Prieta:** \$426 Millions USD
    - Integrated solar field
  - **Empalme I:** \$738 Millions USD
    - Natural gas
  - **Empalme II:** \$725 Millions USD
    - Natural gas





## Connectivity | Deep Sea port of Guaymas

- Efficient Port in handling general cargo, agricultural and mineral bulk, containerized cargo and fluids in international traffic by **multimodal corridors** Guaymas-Arizona and Guaymas- Mexicali
- 6 public multipurpose docks
- 1 cruise terminal
- 1 private cement terminal
- 1 terminal for oil
- **10 port facilities** operated by APIGUAYMAS and international private companies
- **\$240.6 Millions USD** on investment projects:
  - 2016 - Ammonia plant, strategic enclosure, minerals terminal, minerals warehouse, SILOS modernization
  - 2017 - **Fluids Terminal** | 2016/2017 - **Multipurpose terminal** | 2016/2018 - **Port Expansion**





# Connectivity | Highway project

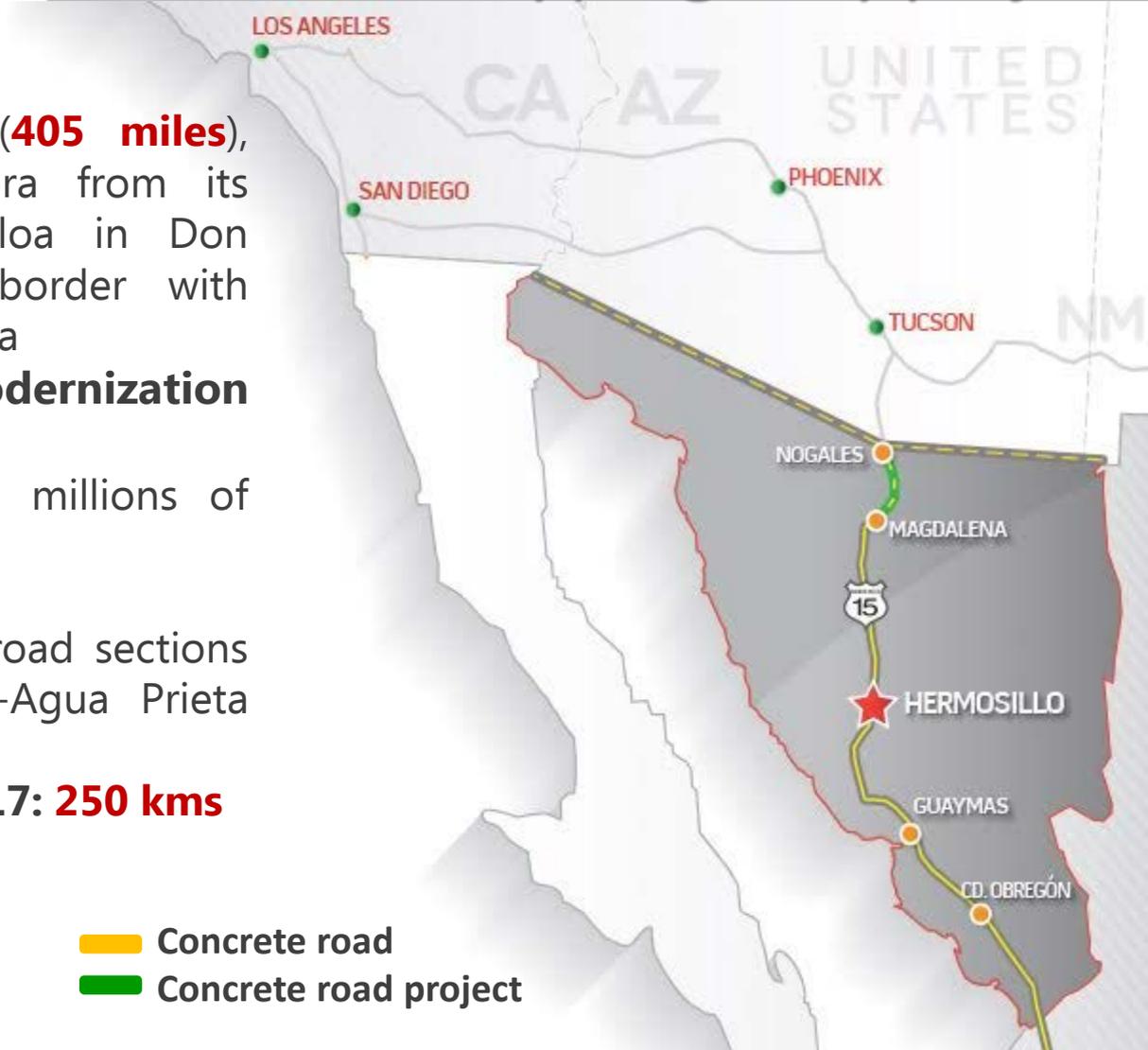
## Federal 15 Highway Project

- Length of 652 kilometers (**405 miles**), crosses the state of Sonora from its southern border with Sinaloa in Don Station, to the northern border with Arizona, U.S in Nogales, Sonora

## Reconstruction and modernization project:

- Investment amount: \$16,500 millions of pesos (**US \$917 Millions**)
- Operation date: March 2018
- Rehabilitation works on the road sections of Imuris-Cananea, Cananea-Agua Prieta Agua Prieta and Chihuahua
- **2016: 200 kms finished / 2017: 250 kms**

- Concrete road
- Concrete road project





## Sonora's Road Rescue

- \$2,700 millions of pesos (**US \$150 Millions**) resource management additional to the Federal 15 Highway Project Investment
- 1,747 kilometers (1,086 miles) of **14 road sections** to rehabilitate to strengthen the connectivity of rural areas including:
  - Northwest Region
  - Sonora River
  - Hermosillo Coast
  - Guaymas – Empalme Valley Region
  - Southern Region (Mayo and Yaqui Valleys)





## New aircraft platform

- **Project in process** that includes new aircrafts platforms, footbridges to aircrafts, new luggage bands, gates and platforms extension



Investment amount:

- \$425 millions of pesos ( **US \$24 Millions**)
- Operates 50 daily commercial flights and is considered the **#10 on traffic volume** in the country



# Connectivity | Hermosillo New Airport

## New Flights

### ▪ **TAR Airlines**

Flights to La Paz and Ciudad Juárez since October 2015

## Flights to United States

- Los Angeles - Aeromexico
- Phoenix –American Airlines

## Announced flights

**Tucson-Hermosillo**, direct flight with connections to Los Mochis, Mazatlan and Guadalajara.

**Aeromar. Starts Octubre 3**



## Future planned flights

- Guaymas
- Tucson
- Phoenix