North America for Business
Entrepreneurial, Open, Connected

At J.P. Morgan, we’re proud of our long history in North America. Over the years here, we’ve successfully adapted and thrived in times of political and economic challenge as well as stability.

As a global firm with local market expertise, we serve clients from middle market companies to large multinationals, scaling our solutions to support every stage of business growth.

With strong infrastructure, a diverse workforce and a low-risk trade environment, North America is one of the most powerful regions in which to do business. Its gross domestic product is 18.5 percent larger than the European union, the world’s second largest economy. In a similar vein, North America accounts for more than 18 percent of global imports and 30 percent of global exports, the latter of which is the most of any region.

To further support the growth and development of foreign direct investment in North America, we created this business guide highlighting the reasons why multinational companies are investing in this dynamic market.

We hope this business guide will be of benefit to you as you consider setting up or increasing your investment in North America.

Morgan McGrath
Head of International Banking
Commercial Banking
J.P. Morgan

Sources: World Bank and UN Comtrade, DESA/UNSD

The Power of a Region

Trade between the US, Canada and Mexico surpassed $1.25 trillion in 2018, rising nearly 9 percent from 2017.

In 2018, the US’s top trade partners were China, Canada and Mexico, but combined US exports to Canada and Mexico were 4.5 times higher than those to China.

Seven US states counted Mexico as their No. 1 export market in 2018, with 19 others counting it as No. 2.

Merchandise imports between the three countries totaled nearly $1.1 trillion in 2017.

North American countries’ combined GDP was $22.21 trillion in 2018.

Sources: Americas Society and Council of the Americas North American Trade by Numbers report, Global Affairs Canada, World Bank
Canada

By the Numbers

10 provinces and 3 territories
9.99 million sq km by total area
2nd largest country in the world by land area

$1.65 trillion nominal GDP

10th largest economy in the world

3rd largest economy in the Americas

THE NORTH covers about 33% of the country’s land area but its residents make up less than 1% of the population

THE WEST COAST produces nearly 50% of the wood harvested in Canada annually for lumber production

THE PRAIRIE PROVINCES are the agricultural center of Canada and home to 80% of the country’s farmland

CENTRAL CANADA is where more than 50% of the population lives and 75% of manufactured goods are produced

ALBERTA is the largest producer of crude oil in Canada, accounting for more than 80% of total production

OVER 75% of Canada’s merchandise exports go to the US each year, with more goods going to the state of Michigan than the entire European Union

THE ATLANTIC REGION harvested almost 600,000 metric tons of seafood in 2017, 71% of the national total

Over 75% of Canada’s merchandise exports go to the US each year, with more goods going to the state of Michigan than the entire European Union

Macroeconomics

Economically, Canada has developed in parallel with the US. The two are similar in their market-oriented economic systems, patterns of productions and high living standards. Likewise, Canada is home to a highly skilled labor force and abundant natural resources.

Agricultural Exports

<table>
<thead>
<tr>
<th>Product</th>
<th>Value (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oilseed and grains</td>
<td>$21.1</td>
</tr>
<tr>
<td>Fish and seafood</td>
<td>$2.4</td>
</tr>
<tr>
<td>Fruits, vegetables and tree nuts</td>
<td>$1.2</td>
</tr>
<tr>
<td>Cattle ranching and farming</td>
<td>$1.1</td>
</tr>
</tbody>
</table>

Source: Innovation, Science and Economic Development Canada as of 2017

Industrial Exports

<table>
<thead>
<tr>
<th>Industry</th>
<th>Value (B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>$97.7</td>
</tr>
<tr>
<td>Oil and gas extraction</td>
<td>$80.6</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>$41.8</td>
</tr>
<tr>
<td>Food manufacturing</td>
<td>$33.9</td>
</tr>
</tbody>
</table>

Source: Innovation, Science and Economic Development Canada as of 2017

Credit Ratings (as of July 2019)

<table>
<thead>
<tr>
<th>Rating Agency</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s</td>
<td>Aaa</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>AAA</td>
</tr>
<tr>
<td>Fitch</td>
<td>AAA</td>
</tr>
</tbody>
</table>

Source: Trading Economics
United States

By the Numbers

50 states
5 territories
1 district
9.83 mm sq km by total area
3rd largest country in the world by land area
$19.39 trillion nominal GDP
No. 1 largest economy in the world

NORTHERN CALIFORNIA’S Silicon Valley is the headquarters of thousands of technology firms with more than 750K employees in the region

CALIFORNIA has a GDP of more than $3 trillion; if it were a country, it would have the fifth-largest GDP behind the US, China, Japan and Germany

TEXAS has a thriving oil and gas sector - oil production totaled a record 1.54 billion barrels in 2018

ATLANTA’s Hartsfield-Jackson airport is the busiest in the world and serves 150 US destinations and over 75 international destinations in 50 countries

WASHINGTON, DC is the country’s largest and most diverse city, with 3.4 million residents, 37.2% of which were born outside of the US

No. 5 Ultimate Beneficial Owners

United Kingdom
Canada
Japan
Germany
Ireland

Source: Bureau of Economic Analysis

Credit Ratings (as of July 2019)

Moody’s
Aaa
S&P
AA+
Fitch
AAA

Source: Trading Economics

Macroeconomics

The United States has remained the world’s largest economy since 1871 despite an increasingly competitive global landscape. The country’s economic strength has been the result of its natural resources, highly developed physical infrastructure and large, educated and productive workforce, as well as its free-market and business-friendly environment.

The total value of exports to Mexico from Texas alone was $297.75 billion in 2018

Mexico is the No. 1 export market for the states of Arizona, California, Kansas, Louisiana, Nebraska, New Mexico and Texas

Mexico

By the Numbers

- 32 states
- 2 mm sq km by total area
- 14th largest country in the world by land area
- 5th largest country in the Americas by land area
- $1.24 trillion nominal GDP
- 15th largest economy in the world
- 2nd largest economy in Latin America

By the Numbers

- 32 states
- 2 mm sq km by total area
- 14th largest country in the world by land area
- 5th largest country in the Americas by land area
- $1.24 trillion nominal GDP
- 15th largest economy in the world
- 2nd largest economy in Latin America

A Top Tourism Destination

No.1 within Latin America
No. 2 within the Americas, after the US
No. 3 internationally (2017)

NORTHERN MEXICO

- 27% of the population
- 27% of GDP

CENTRAL MEXICO

- 64% of the population
- 60% of GDP

GUADALAJARA

- has a concentration of highly skilled workers within the tech industry and is known as the Mexican Silicon Valley

MICHOCAN

- 77% of avocados produced in the region are exported to the US

MEXICO CITY

- is both the capital and economic engine of the country, home to 90% of office space inventory and responsible for 17.5% of GDP

SOUTHEAST MEXICO

- 9% of the population
- 12% of GDP

Macroeconomics

Unlike most countries in Latin America, Mexico is not commodity-dependent and has one of the most developed manufacturing industries in the region. The government has remained committed to free trade and slowly diversifying its exports base away from dependence on the US.

FDI per sector expected by 2019

- 49% Manufacturing
- 14% Utilities
- 9% Commerce
- 8% Financial
- 4% Mining
- 16% Other

Credit Ratings (as of May 2019)

- Moody’s: A3
- S&P: BBB+
- Fitch: BBB

Sources: INEGI and CIA World Factbook

Sources: J.P. Morgan Mexico 101 Handbook; El Economista; World Tourism Organization 2017

Sources: J.P. Morgan Latin America 2019 Outlook
Energy
North America ranks second in oil production globally, according to the latest BP Statistical Review of World Energy report. As a result of the North America Free Trade Agreement, the region offers businesses a high level of political stability and control, especially compared to other oil-rich countries such as Cameroon, Gabon and Venezuela.

With an oil and gas supply chain that runs from Alberta to the Gulf of Mexico, the region is home to a skilled energy workforce—everything from drill-pipe suppliers to safety engineers and shipping providers. Foreign parent companies frequently operate in all three countries, with a US office (often in Texas) handling regional operations.

Automobile
Vehicle components cross the borders between the US, Canada and Mexico multiple times throughout the auto production process, demonstrating just how closely the three countries are economically intertwined.

Through the countries’ trade agreement, production runs smoothly, with technology, engineering and design taking place in the US while assembly and production occur in Canada and Mexico. The latter, in fact, has become the US’s largest market of sourcing components.

Agriculture
The region’s agriculture sector thrives thanks to an abundance of natural resources. In the US, the sector is dominated by soy beans and wheat, the country’s largest agricultural exports. Meanwhile, Canada’s top agricultural exports include wheat and oilseed, and Mexico’s agricultural exports include barley, fruits and vegetables. Regardless of the agricultural product, the region’s strong infrastructure and logistics make it an attractive and efficient location for global agricultural businesses.

Technology
Silicon Valley remains the epicenter of the tech world. Overall, however, the US climate is a breeding ground for startups, and the tech industry is expanding into other American cities like Austin, Chicago and Los Angeles. Toronto and Guadalajara are tech hubs as well. The former has seen recent research investment from the Canadian government, while the latter has grown steadily for decades, earning it the moniker “the Mexican Silicon Valley.”

Regardless of their location, most major North American tech companies are software-as-a-service or platform providers, although some are more traditional semiconductor companies.
Benefits of Doing Business in North America

Efficient Transportation
Low fuel costs complement the region’s robust infrastructure system, which includes nearly 5 million miles of developed interstate highways and upwards of 243,000 miles of railways, along with more than 14,000 airports. Furthermore, goods commonly ship via truck or railroad, which is both less expensive and faster than a trans-oceanic cargo flight.

Global, Low-Risk Trade Environment
All three countries are considered business-friendly, in part because of the laws in place to protect businesses and their intellectual property in particular.

Furthermore, North America serves as a great jumping off point for businesses. The region’s many trade agreements allow for access to virtually any country in the world.

Streamlined Treasury and Banking
Many companies are located throughout North America, with a treasurer and main office in the US, for example, and operations in Canada and Mexico. Depending on business needs, banking can be done through a single platform that covers all three countries. And because North American organizations conduct business in English—an official language in both the US and Canada—and increasingly in Spanish, communication across countries runs smoothly.

NAFTA vs. USMCA
Since the North American Free Trade Agreement (NAFTA) was implemented in 1994, US trade with Canada and Mexico has more than tripled, as have Mexican farm exports to the US and investments in Canada from the US and Mexico.

In an effort to support continued trade and economic growth, in November 2018 the three countries’ leaders signed an updated agreement to replace NAFTA: the US-Mexico-Canada Agreement (USMCA), known as CUSMA in Canada and T-MEC in Mexico. The agreement’s most notable revisions include a sunset clause, country-of-origin changes for automakers, stricter labor and environmental standards, intellectual property protections and digital trade provisions.
Whether your operations are in the US, Canada or Mexico, J.P. Morgan’s single global platform can offer integrated, comprehensive solutions customized to your needs across North America.

**Account Services**
- US Dollar, Canadian Dollar and Mexican Peso deposit accounts
- Liquidity management

**Payments and Collections**
- Electronic, same-day domestic and cross-border payments
- Foreign exchange
- Tax and bill payments**

**Lending**
- Multicurrency lending offshore or in-country

**Advisory Services***
- M&A advisory
- ECM and DCM

**Trade Finance**
- Import and export and standby letters of credit
- Supply chain finance
- ECA financing

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*These solutions will be made through our investment banking partners

**In Mexico, these solutions include the ability to lock in exchange rates to protect against losses and tax payments through Virtual Branch

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**Client Service and Onboarding**
- Multilingual electronic banking and trade platforms
- Corporate client focus

**Hedging**
- Currency, rates and commodities

**Merchant Services (Available in US and Canada)**
- Lockbox
- Commercial card
- Purchasing card
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