



North America for Business

J.P.Morgan

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
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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 8 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 mm sq km
by total area

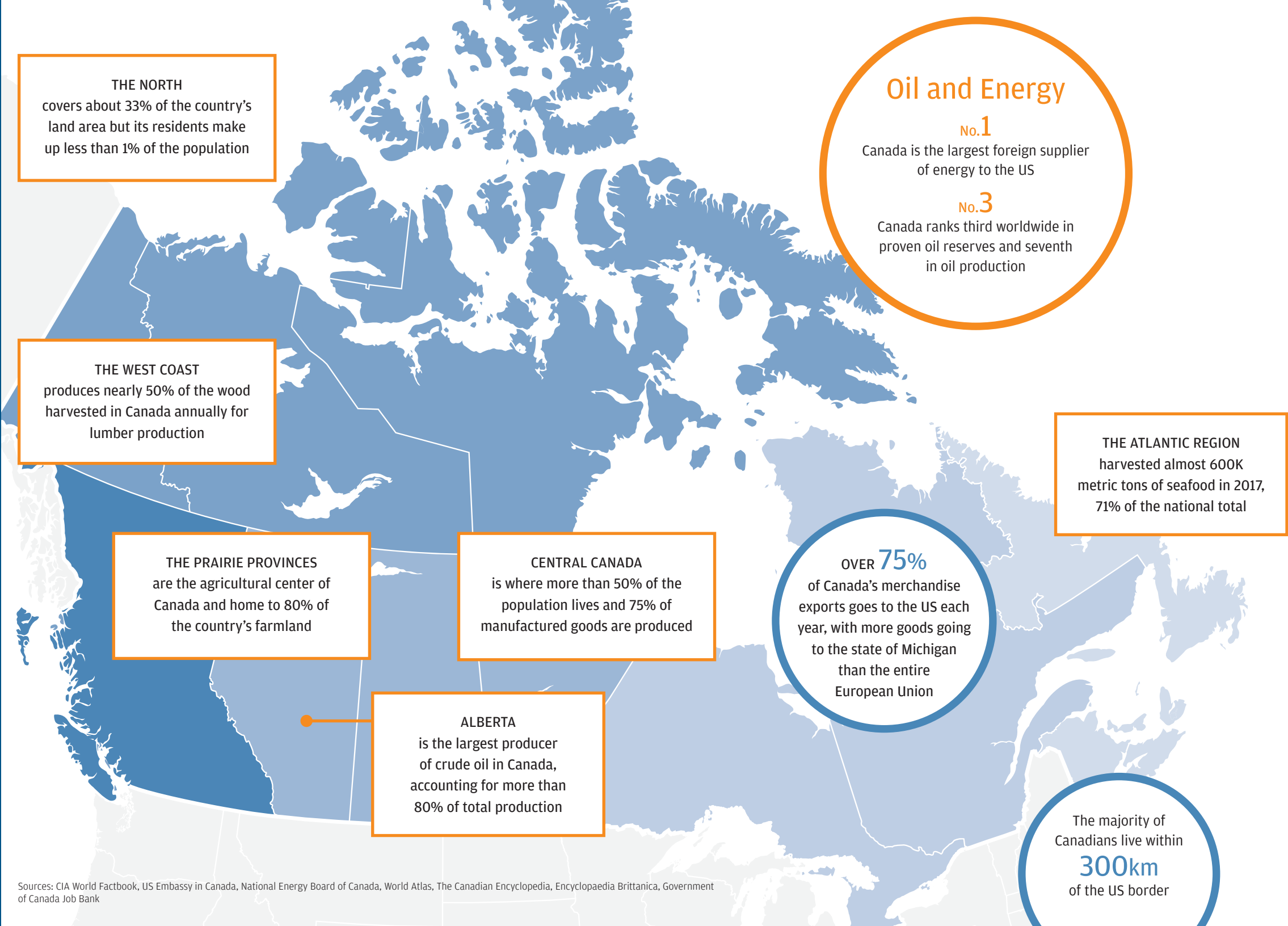
2nd largest
country in the world by land area

\$1.65 trillion
nominal GDP

10th largest
economy in the world

3rd largest
economy in the Americas

Sources: World Atlas, World Bank, Focus Economics



Sources: CIA World Factbook, US Embassy in Canada, National Energy Board of Canada, World Atlas, The Canadian Encyclopedia, Encyclopaedia Britannica, Government of Canada Job Bank

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

\$21.1^B Oilseed and grains

\$2.4^B Fish and seafood

\$1.2^B Fruits, vegetables and tree nuts

\$1.1^B Cattle ranching and farming



Industrial Exports

\$97.7^B Transportation manufacturing

\$80.6^B Oil and gas extraction

\$41^B Mining and quarrying

\$33.9^B Food manufacturing

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

Credit Ratings (as of July 2019)

Moody's
Aaa

S&P
AAA

Fitch
AAA

Source: Trading Economics

United States

By the Numbers

50 states
and **5** territories
and **1** district

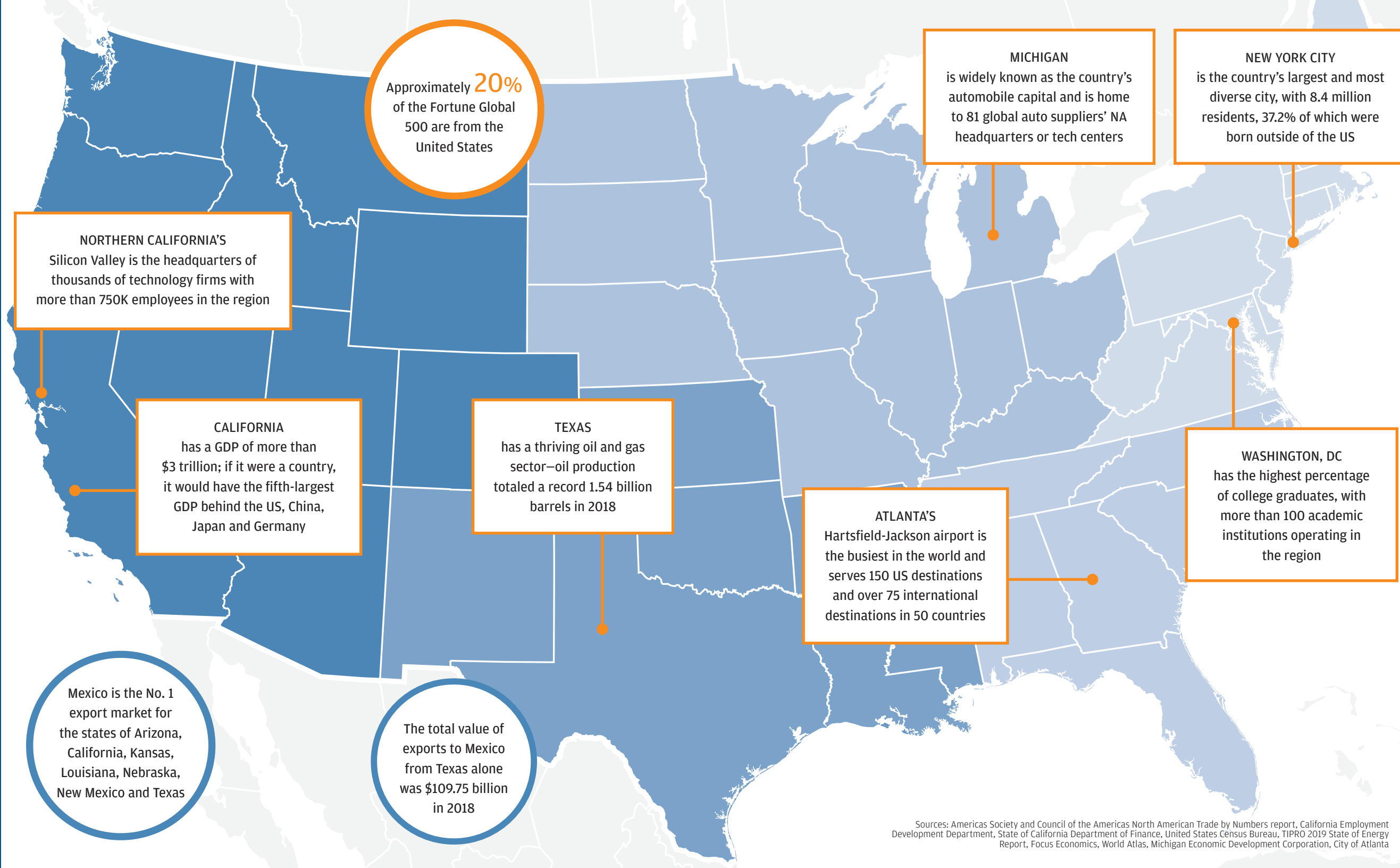
9.83 mm sq km
by total area

3rd largest
country in the world by land area

\$19.39 trillion
nominal GDP

No. 1
largest economy in the world

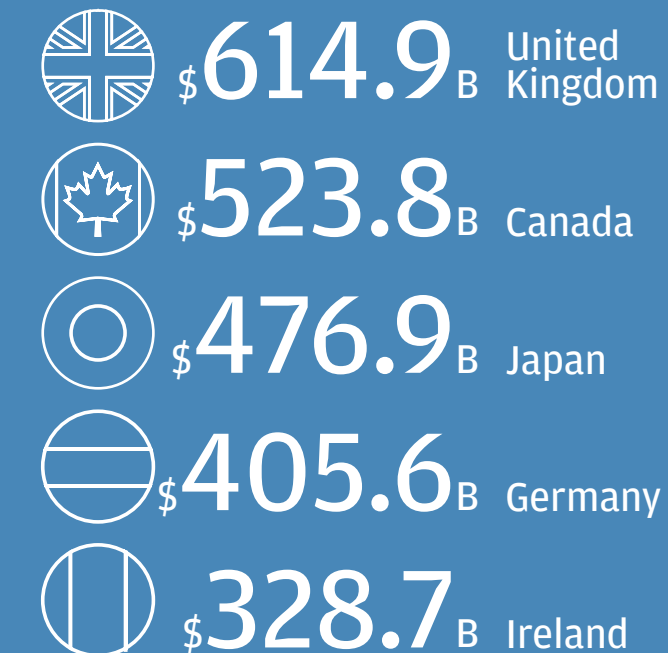
Sources: World Atlas, World Bank, Focus Economics



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.

Top 5 Ultimate Beneficial Owners



Source: Bureau of Economic Analysis

Credit Ratings (as of July 2019)



Source: Trading Economics

Mexico

By the Numbers

32 states

2 mm sq km
by total area

14th largest
country in the world by land area

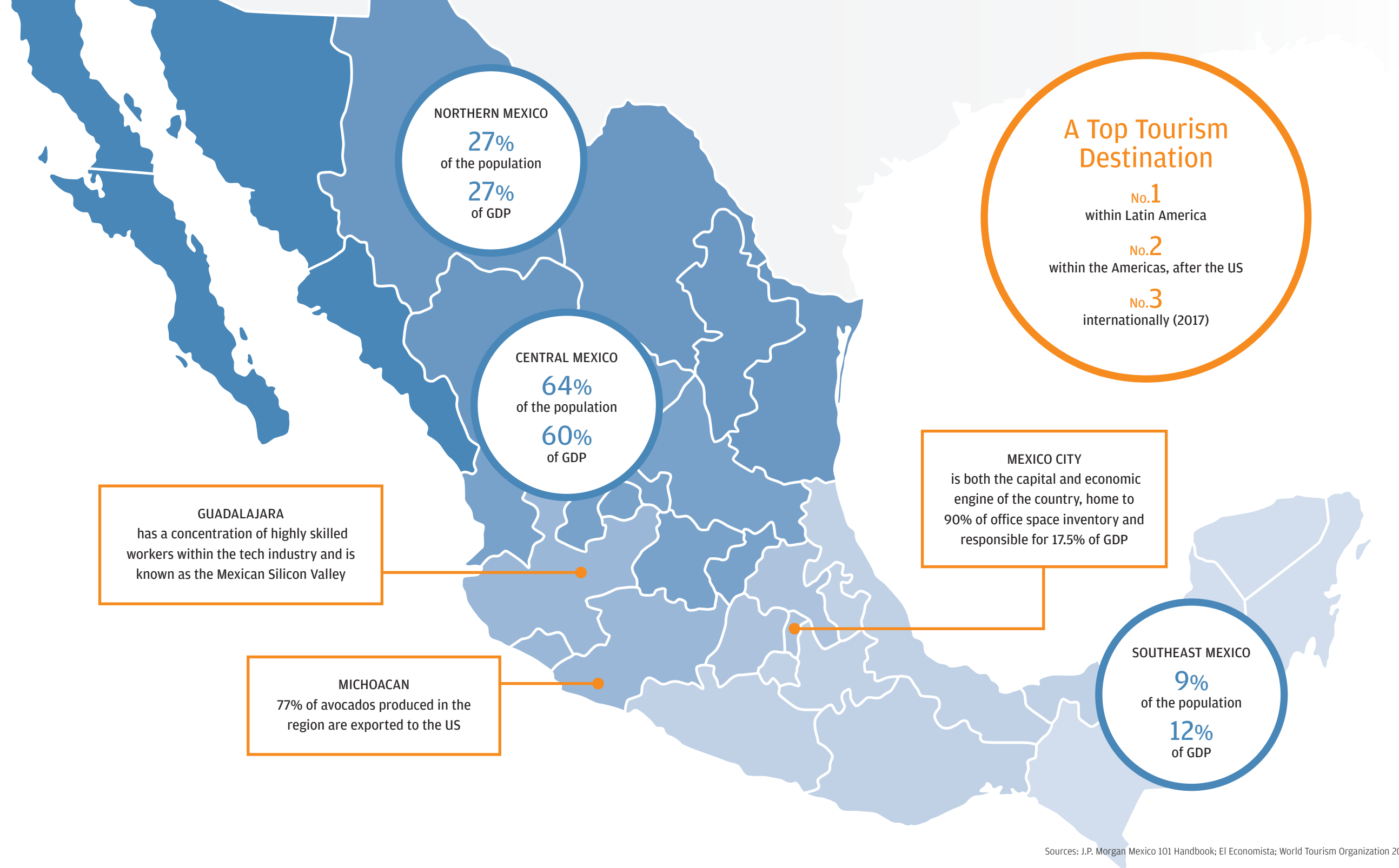
5th largest
country in the Americas by land area

\$1.24 trillion
nominal GDP

15th largest
economy in the world

2nd largest
economy in Latin America

Source: INEGI and CIA World Factbook



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



Source: J.P. Morgan Latin America 2019 Outlook

Credit Ratings (as of May 2019)





Key Sectors



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.

Source: US Department of Commerce



Agriculture

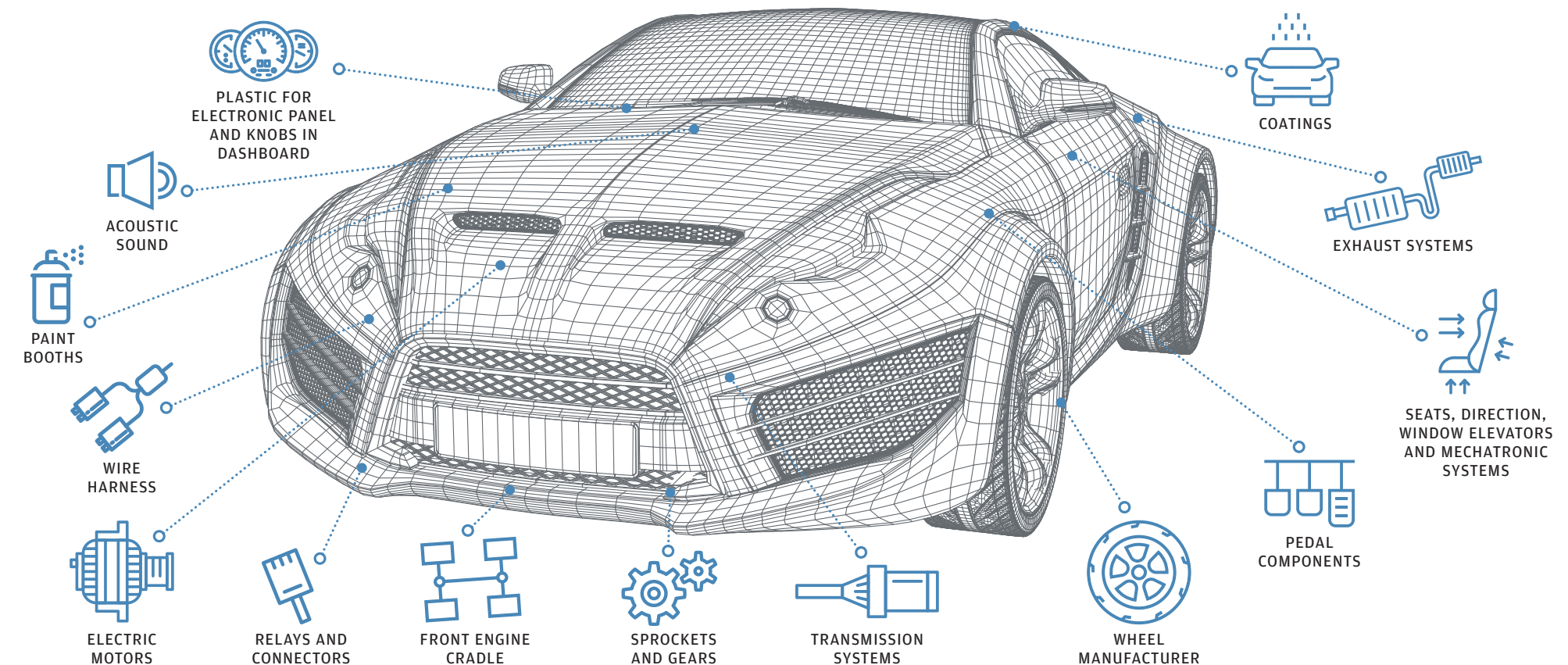
The region's agriculture sector thrives thanks to an abundance of natural resources. In the US, the sector is dominated by soy beans and wheat, the country's largest agricultural exports. Meanwhile, Canada's top agricultural exports include wheat and oilseed, and Mexico's agricultural exports include 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-ocean 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

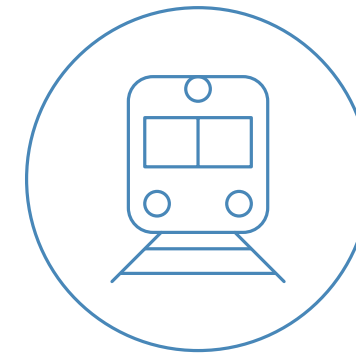
Many companies are located throughout North America, with a treasurer and main office in the US, for example, and operations in Canada and Mexico. Depending on business needs, banking can be done through a single platform that covers all three countries. And because North American organizations conduct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



5 million
miles of developed
interstate highways



14,000+
domestic and
international airports



243,000
miles of
railroad tracks

Sources: CIA World Factbook



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.

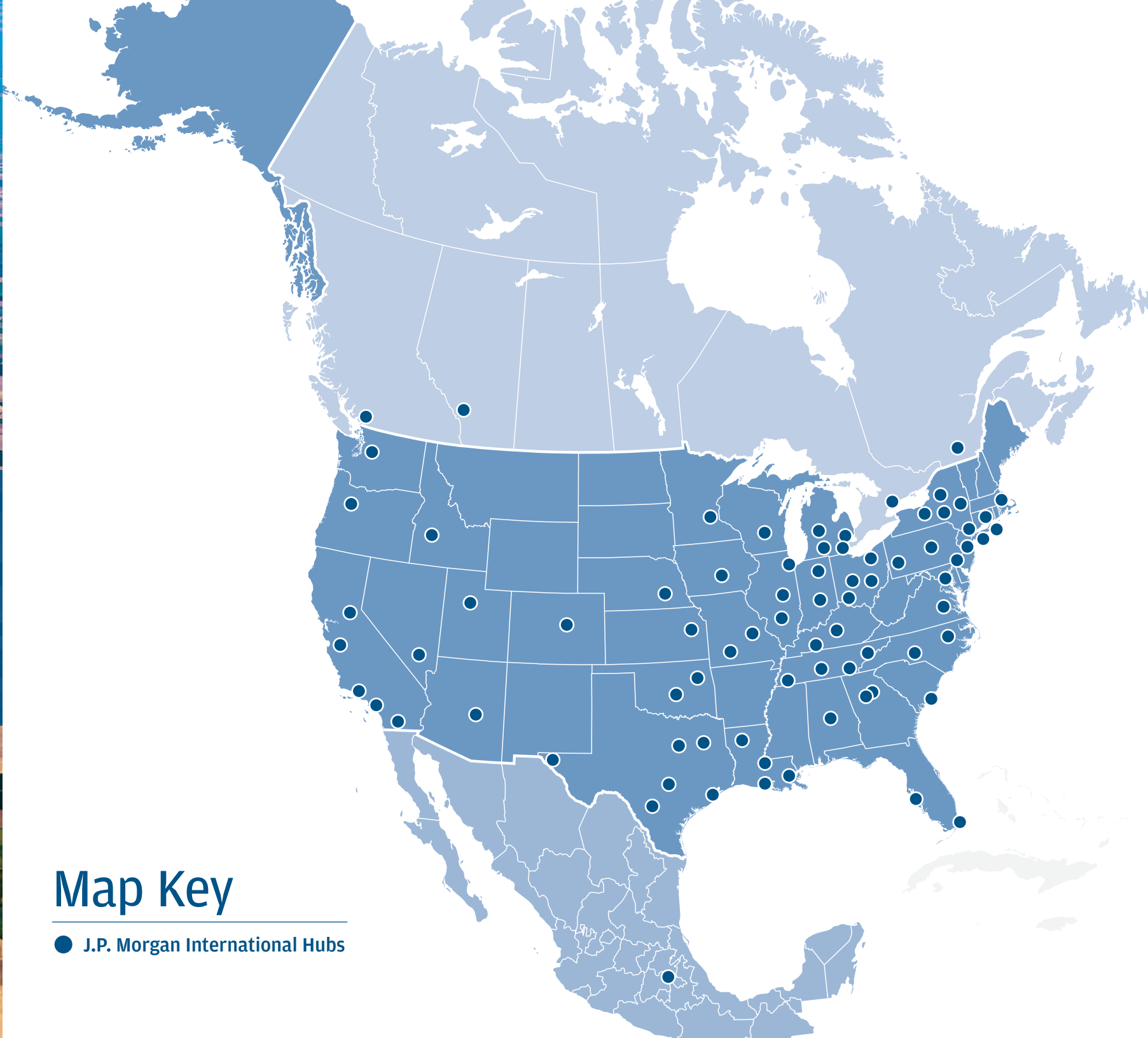
Sources: Council on Foreign Relations



J.P. Morgan in North America

Map Key

- J.P. Morgan International Hubs



Solutions

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

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

*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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