



SINALOA

OBJECTIVE

Sustainable growth and diversification of our economy in line with global market trends.

INTRODUCTION

THE STRATEGIC LOCATION OF THE STATE, THE AVAILABILITY OF NATURAL AND HUMAN RESOURCES, AND A FAVORABLE BUSINESS ENVIRONMENT PROVIDE AN EXCELLENT OPPORTUNITY FOR INVESTMENT PROJECTS, IN PARTICULAR THOSE AIMED AT THE NORTH AMERICAN MARKET (NAFTA).

LOCATED ON THE PACIFIC NORTHWEST OF MEXICO, SINALOA HAS DIRECT ACCESS TO PACIFIC RHIM COUNTRIES THROUGH ITS TWO PORTS.

SINALOA HAS OTHER UNIQUE ADVANTAGES; ITS COMMUNICATIONS NETWORK VIA HIGHWAY, RAIL, SEA, AND AIR AND THE ABUNDANCE OF KEY RESOURCES; WATER AND LABOR.

THESE TWO KEY RESOURCES WERE DETERMINING FACTORS IN DEFINING OUR OBJECTIVE; TO CONVERT SINALOA INTO AN IMPORTANT TEXTILE CENTER FOLLOWING A COMPREHENSIVE PLAN TO DEVELOP THE VERTICAL INTEGRATION OF THE INDUSTRY, WHILE COMPLYING WITH ENVIRONMENTAL AND HUMAN RIGHTS CRITERIA.

State Profile

SINALOA is located on the northwest part of Mexico, 500 miles south from the U.S. border. Its strategic location provides an advantage for distribution from U.S. to Asia and Central American countries. The State has a total area of 23 thousand sq.mi. 3% of the country's total.

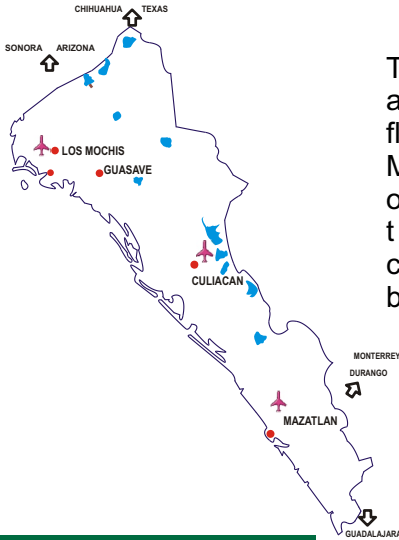
On the west it is bordered by the Pacific Ocean and the Sea of Cortez with 400 miles of coastline. During 8 months of the year temperatures averages 74°F, the remaining 4 months, temperature average 84.2°F. Annual average temperature is 77°F with 68% average humidity.

Infraestructure

Our highway system provides easy accessibility to the U.S. by road through a modern four-lane highway linking Sinaloa to the U.S. border at Nogales.



FROM SINALOA TO	Miles	Km	Time
US border	892	980	11
Phoenix, AZ	665	1400	14
Houston, TX	1335	2150	30
Los Angeles, CA	1175	1890	24
Mexico City	745	1199	20



Three international airports with daily direct flights to Los Angeles, Mexico City as well as other important cities of the United States communicate Sinaloa by air.

FROM SINALOA TO	Hrs
Mexicali (US border)	2 ½
Phoenix, AZ	2
Houston, TX	2
Los Angeles, CA	2
Mexico City	1 ½

By rail, Sinaloa has access to the U.S. through Nogales, Arizona and Mexicali; and to the eastern region of the United States via the Chihuahua-Pacific railroad.

The railroad network connects SINALOA with:

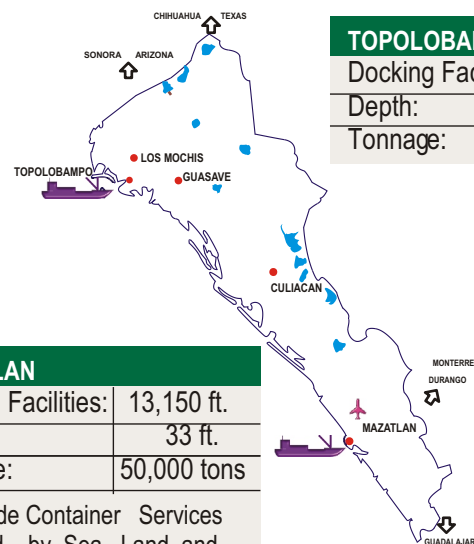
- US border (Nogales, AZ)
- Mexicali
- San Diego, California
- Dallas, Texas
- The rest of Mexico



Two ports, Topolobampo on the north and Mazatlan on the south provide the State with additional means to move goods throughout the Pacific Basin.

Travel time from Mazatlan to the California ports of Long Beach and Los Angeles is approximately 3 days . Mazatlan is also a port of call for cruisers.

Goods can be moved from the port of Topolobampo through the Chihuahua-Pacific to Midwest U.S. and to the West Cost of the U.S. through the Southern Pacific Railroad. Truck freight from Culiacan, the capital of the state, to the Arizona border is approximately U.S. \$1,400.00 for a 48 ft. container, and travel time to Los Angeles is approximately 20 to 24 hours.

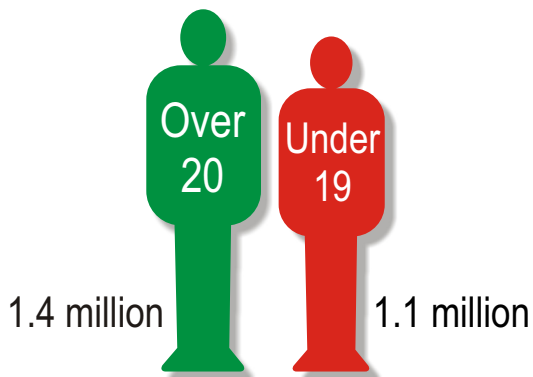
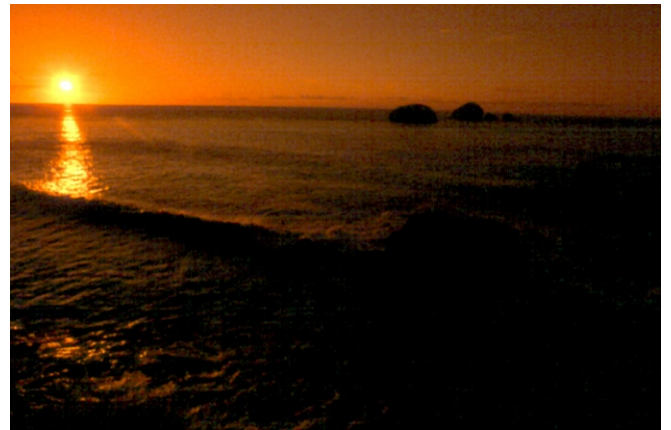


TOPOLOBAMPO	
Docking Facilities:	4,650 ft.
Depth:	40 ft.
Tonnage:	50,000 tons

MAZATLAN	
Docking Facilities:	13,150 ft.
Depth:	33 ft.
Tonnage:	50,000 tons
Worldwide Container Services Provided by Sea Land and D'Amico Lines.	



CITY	POPULATION	RAINFALL Inches / year	TEMPERATURE F (min-max)	ELEVATION Ft / m
Los Mochis	358,663	10-23	45-90	33-10
Guasave	277,201	10-28	48-92	164-50
Culiacan	744,859	17-27	54-95	197-60
Mazatlan	380,265	27-47	50-93	33-10



POPULATION BREAKDOWN

Men	1'216,415	51%
Women	1'209,260	49%
Total	2.5 million people	



INFRASTRUCTURE

Water storage capacity	22 billion m ³
Electricity	8 power plants/1,800 Mw
Coastline	400 miles
Universities and Technological Schools	25
Technical training facilities	106



TRANSPORTATION COSTS (USD)

From Sinaloa to:

TRUCK 48 ft. Container		
	US Border (Nogales, Az)	900
	Los Angeles, CA	1,400
	San Diego, CA	1,200
	Guadalajara, JAL	600
	Mexico City	1,040
	Monterrey, NL	1,200
RAILROAD (Boxcar)	U.S. Border (Nogales, AZ)	850
AIR FREIGHT	Los Angeles, CA	0.092/Kg
SHIP 40 ft. container	From Mazatlan to:	
	Long Beach, CA	1,800

ELECTRICAL RATE	(USD/Kwh)
Energy	0.080
ANNUAL AVERAGE RATE 2000	(USD/Kwh)
Sinomex	0.070
Coca Cola	0.074
Wal-Mart	0.068
QVS Clothing	0.106
WATER	(m ³)
Tap	0.30-0.70
Raw	0.15-0.25



REFERENCE LABOR COSTS

	\$ USD/MONTH*
Operator	210-350
Plant Manager	2600-5900
Production Manager	1580-3150
Production Engineer	845-1580
Production Technician	470-1050
Assistant	630-1050
Including all benefits	

*Source: Mexico Trade Commission





INDUSTRIAL COSTS (USD)

At industrial parks*	
Land Sale	10 – 56 (\$/m ²)
	0.93 – 5.20 (\$/ft ²)
Construction	110 – 180 (\$/m ²)
	10.22 – 16.72 (\$/ft ²) <small>A/C not included, special electrical facility not included</small>
Leasing	0.13 – 0.25 (\$/ft ²)
	1.40 – 2.70 (\$/m ²)

* Utilities: water, sewage, energy power, telephone, optic fiber.



LA PRIMAVERA

Industrial Park*	
Location:	Culiacan
Available area:	250 acres, 100 hectares
Lease:	0.35 usd/ft ²
	3.76 usd/m ²
	A/C not included
Land price:	20-25 usd/m ²

* Utilities: water, sewage, energy power, telephone, optic fiber.



DISSA

Industrial Park*	
Location:	Los Mochis
Available area:	146 acres available
Land price:	35-50 usd/m ²

* Utilities: water, sewage, energy power, telephone, optic fiber.



GOVERNMENT SUPPORT PROGRAM (Inner Cities)

Industrial Park*	
Location:	Cities with a population under 60,000 along the State
Facility:	1,500 and 3,000m ²
Lease:	0.23 usd/ft ²
	2.47 usd/m ²
	A/C not included

* Utilities: water, sewage, energy power, telephone, optic fiber.

TEXTILE PLAN

¿WHY SINALOA?

Sinaloa has all the elements and conditions industry requires:

- Water
- Labor
- Closeness to western U.S.
- Infrastructure
- No background in the textile-garment industry
- No garment industry with unflexible infrastructure
- There is a common effort between public and private sector
- There is a need for employment
- **Ranked No. 1 in Mexico in administrative procedure to establish a business.**

OBJECTIVES

Orderly development of the Textile Industry

- Generate 15,000 permanent jobs in 3 years
- Assure a long term success of the Textile Industry
- Generate jobs in those communities needing them most.

STRATEGY

- * Integrate a vertical productive chain yarn-forward
 - From yarn to finished garment
- * Promote the development of the knitted cotton apparel chain
- * Focus on high quality and fashion markets
 - Liz Claiborne
 - Ralph Lauren
 - Limited
 - Gap
 - Nautica
 - Hugo Boss
 - Champion
- * Take advantage of our strategic location to provide quick response
- * 2 Textile Parks located in Culiacan and Los Mochis
- * Construct:
 - 4 manufacturing parks
 - 4 integration centers
 - 28 apparel centers
 - 49 Communities with more than 2,000 inhabs. Directly integrated
- * More than 100 communities directly and indirectly involved in the plan.

★ Textile Parks:

- * Complete textile centers:
- * Spinning
- * Weaving
- * Knitting
- * Dyeing
- * Laundry
- * Training Centers

● General Purpose Parks

- * Low water consumption
- * Non pollutant industry
- * Textile (without dyeing)
- * Manufacturing in general

✶ Integration Centers

- * Product development
- * Either outside or inside IP
- * Packing
- * Cutting
- * Finishing
- * Shipping

⦿ Garment Factories

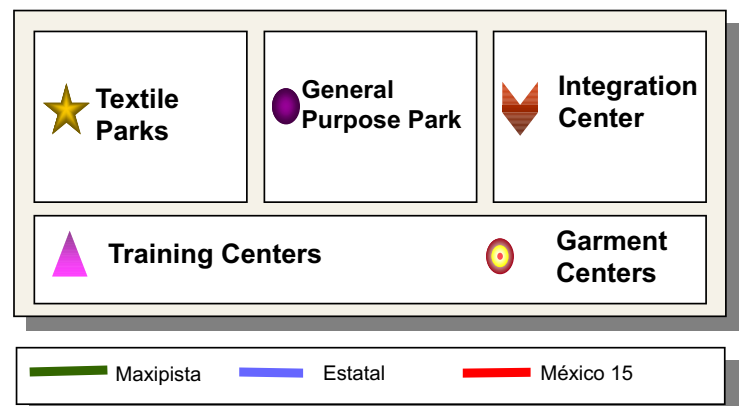
- * Sewin



North



Communities	Distance from Los Mochis	Population	
Los Mochis		196,537	
Adolfo Ruiz			
Cortinez	30 km	11,990	
San Blas	40 km	6,583	
Ahome	22 km	10,294	225,404
Mochicahui	20 km	4,620	
Juan Jose			
Rios	22 km	4,585	
Higuera de			
Zaragoza	35 km	8,614	17,819
Zapotitlan	21 km	5,782	5,782
	Total	249,005	249,005

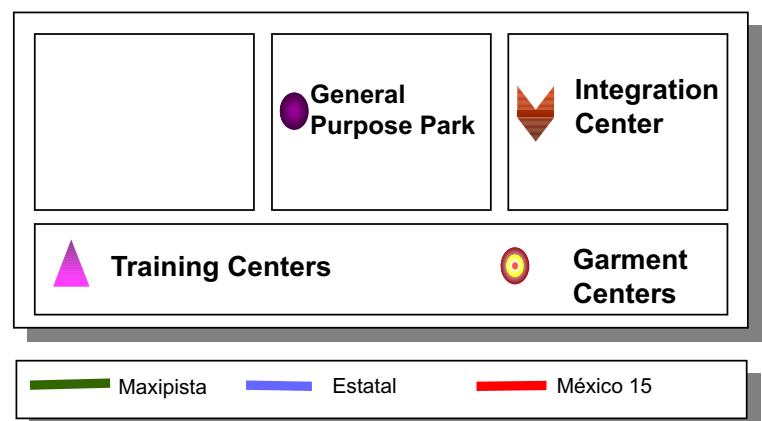


TEXTILE PLAN

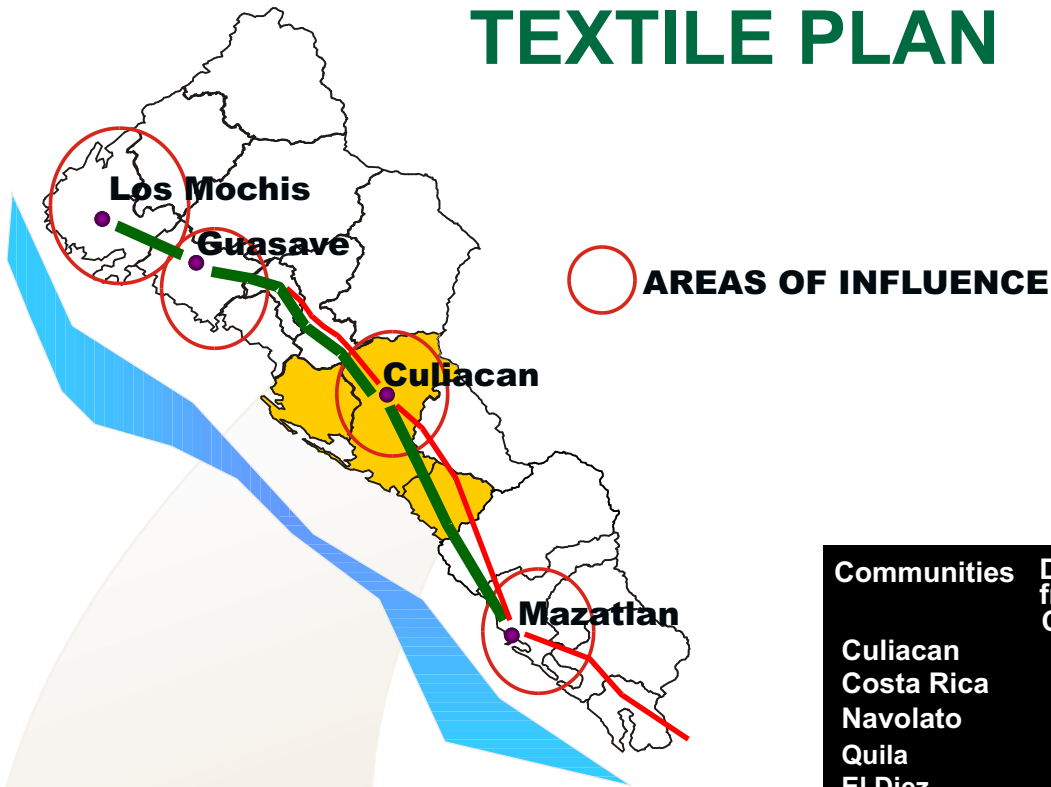


Communities	Distance from Guasave	Population	
Guasave		59,002	
Guamuchil	46 km	56,091	
Mocorito	64 km	5,059	
Estación			
Bamoa	28 km	8,065	
Gabriel Leyva			
Solano	20 km	23,654	151,871
Angostura	55 km	4,687	
Villa Benito Juarez	34 km	5,456	10,143
	Total	162,014	162,014

NORTH CENTRAL ZONE



TEXTILE PLAN



Communities	Distance from Culiacan	Population
Culiacan		535,439
Costa Rica	16 Mi	21,452
Navolato	21 Mi	24,340
Quila	28 Mi	4,965
El Diez	7 Mi	5,464
Villa Benito		
Juarez	12 Mi	15,570
Villa Angel Flores	19 Mi	7,494
Villa Adolfo López		
Mateos	17 Mi	5,334
Pericos	28 Mi	6,749
Total		626,807

CENTRAL ZONE



Textile Park	General Purpose Parks	Integration Centers
Training Centers	Garment Parks	

Maxipista State Mexico 15

COMPANIES ESTABLISHED IN SINALOA

SINALOA GARMENTS

Facility area: 1486 sq.m.
 Started operations: July-1999
 Country of origin: Mexico
 Employees: 211
 Installed equipment: 192 sewing machines
 Products: Blouses for ladies, juniors and girls for the US market.
 Initial investment in machinery and equipment: 0.8 million USD
 e-mail: clark@lmm.megared.net.mx
 Tel and fax: (52)(68) 18-15-15 and 18-36-05



SINOMEX

Facility area: 19975 sq.m.
 Started operations: December-1998
 Country of origin: P.R. of China-Mexico
 Employees: 450
 Installed equipment: 30,000 spindles
 Products: 100% cotton thread, combed and carded
 Initial investment in machinery and equipment: 14 million USD
 e-mail: sinomex@prodigy.net.mx
 Tel and fax: (52)(67) 58-55-00 and 58-55-10



QVS CLOTHING

Facility area: 5008 sq.m.
 Started operations: August-1998
 Country of origin: USA
 Employees: 450
 Installed equipment: 330 sewing machines, 30 fancy machines and 5 inspection tables
 Products: Apparel manufacturing for the US market to brands as: Hanes, Champion, Guess, Disney and Warner Brothers.
 Initial investment in machinery and equipment: 2.5 millions USD
 e-mail: qvs@infosel.net.mx
 Tel and fax: (52)(68) 11-82-17 and 11-82-19



TEX-RAY

Facility area: 7246 sq.m.
 Started operations: May-2000
 Country of origin: Taiwan
 Employees: 150
 Installed equipment: 80
 Products: Knitting fabric dyeing
 Initial investment in machinery and equipment: 10 million USD
 e-mail: texray@infosel.net.mx
 Tel and fax: {52}(67) 58-55-15 and 58-55-16

TYTEX

Facility area: 3995 sq.m.
 Started operations: April-2000
 Country of origin: Taiwan
 Employees: 60
 Installed equipment: 38
 Products: Flating and circular knitting fabrics
 Initial investment in machinery and equipment: 2.5 million USD
 e-mail:
 Tel and fax: {52}(67) 58-55-15 and 58-55-16

PDH Corporation

Facility area: 3000 sq.m.
 Employees: 400
 Products: Garment

Max Ray (Factory #I) El Palmito

Facility area: 1950 sq.m.
 Employees: 1314
 Products: Garment

Max Ray (Factory #II) Unpeg

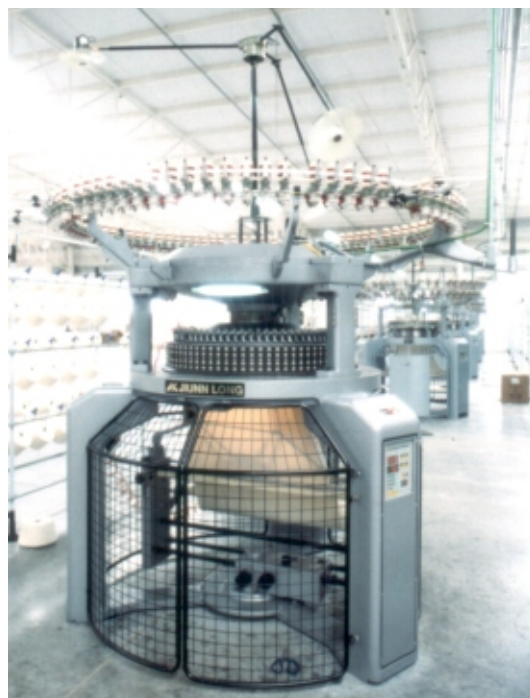
Facility area: 2200 sq.m.
 Employees: 350
 Products: Garment
 To be opened February, 2001

Max Ray (Factory #III) Navolato, Sin.

Facility area: 3050 sq.m.
 Employees: 450
 Products: Garment
 To be opened May, 2001

Max Ray (Factory #IV) Costa Rica, Sin.

Facility area: 1500 sq.m.
 Employees: 250
 To be opened June, 2001



BASIC INCENTIVES

Exemptions:

- Payroll taxes
- Real state acquisition taxes
- Fees at public registry of property
- Of license fee for land use
- Construction license fees
- Used motor vehicles tax
- Of potable water and sewage fee
- Reduction on the base to calculate property taxes

Additional Support to Investors:

- Translators
- Employment Services
- Project assistant
- Two months training program
- Full government support setup process
- Customs facility

**FOR MORE INFORMATION
PLEASE CONTACT:**

**SINALOA DEVELOPMENT COUNCIL;
BUSINESS PROMOTION DIVISION**

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