

Local Partnerships

Lead to Solutions and **Success**



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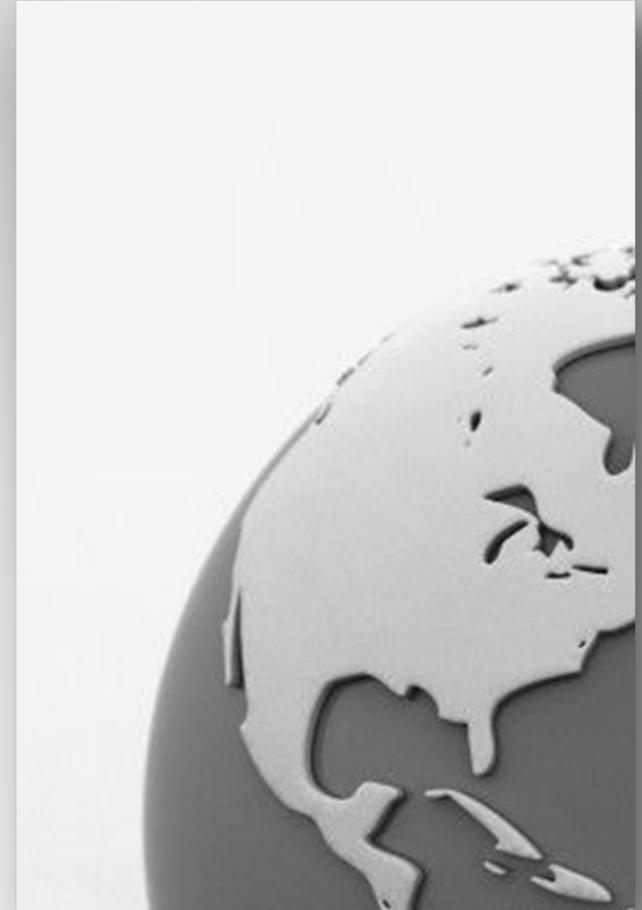


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Going Global

- International business is different from domestic business.
- The environment changes when a firm crosses international borders.
- A firm understands its domestic environment, but is less familiar with the environment in other countries.
- Companies must invest more time and resources into understanding the new environment.



Different Environments

Main differences:

- Level of economic activity
- Education
- Infrastructure
- The "way of doing business"
- The degree of government intervention
- Relationships at all levels
- **Culture**

How to be effective:

- In a foreign location, an international firm or project relies on the knowledge of a good and reliable partner that has a good understanding of all of these aspects, knowledge of the business or areas of opportunity.



Types of Alliances

- Exports
- Licenses
- Contracts/Turnkey operations
- Franchises
- Wholly owned subsidiaries
- **Joint ventures** - provide an effective international entry when partners are complementary
- **Strategic alliances**- involve no joint ownership or specific license agreement, but rather two companies working together to develop a synergy





US-Mexico scrap tire initiative

- A great mutual problem
- Integrated solutions, and integrated commitments
- Accumulating in years, and grows day-by-day
- The hazard that this represents to families, communities, countries and to the planet
- Mutual problems call for many local strategies
- A business plan and knowledge is needed to solve the problem and create a viable business.



Scrap tire initiative- Challenges

Different levels of concern:

- Personal interests
- Incentives
- Enforcement
- Barriers
- Financing
- Equipment
- Technologies
- Markets
- Knowledge to make it happen.



Tires - México

- Mexico generates 30,000,000 tires a year
- Just this year, 1 million used cars will be imported, each car with its 5 tires.
- Adding up to more than 35,000,000 tires each year, plus what we have and get from the border each year.

The main use of Scrap Tires today in Mexico are:

1. As alternate fuel for the Cement Kilns (Whole Tires and TDF). (Greenpeace and environmentalists are against this use)
2. Burning them in brick manufactures, with terrible damage to the environment and ecology.
3. Ambient Grinding (fully Ecological Process)
4. Huaraches "Mexican sandals"



Advantages

Advantages in for producing in México:

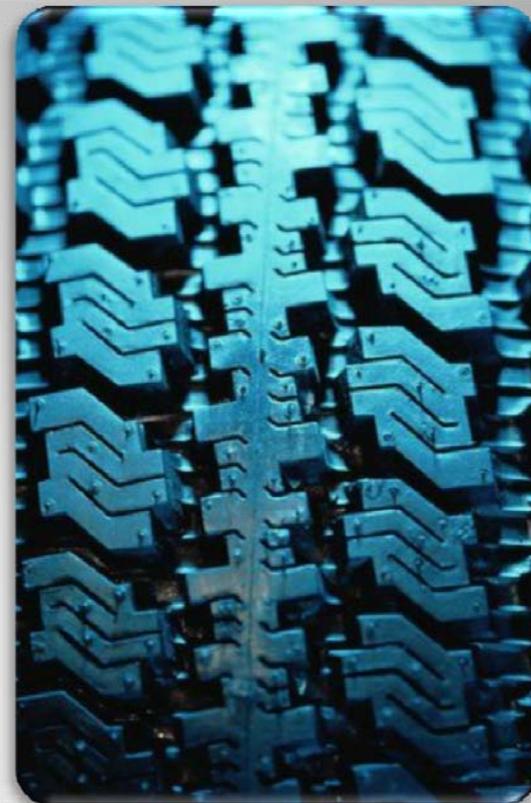
- Low labor costs
- Low competition
- Access to MEXICAN, LAC, and international markets (Free trade agreements)
- Possibility in developing vertical added value chains



Disadvantages

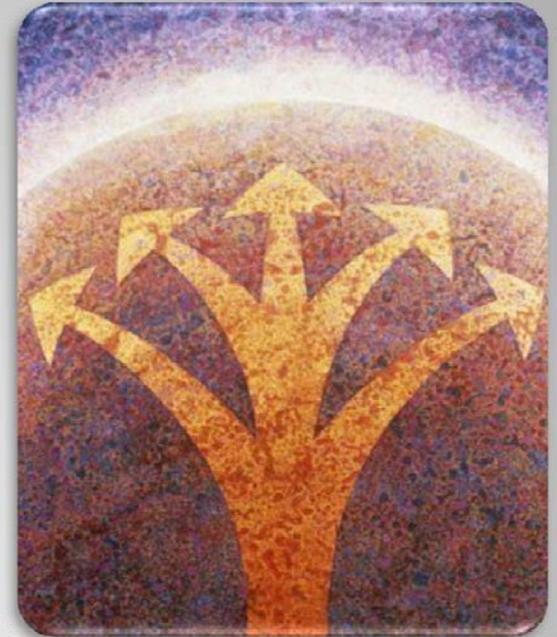
Disadvantages in México:

- No tipping fees
- Few incentives
- Difficult financing
- Poor markets for crumb rubber
- Compete for tires with Cement Kilns



Opportunities

- Tire recycling plants (plants on both sides)
- Added value plants, manufacturing products
- Sport Courts/ Playgrounds
- Develop Asphalt Rubber
- Free trade agreements and domestic markets.
- Financing and development funds.
- Carbon Credits (Kyoto Protocol)
- Lower Labor costs.
- Cleaner countries, prevent health problems, promote Healthy Youth, and social development projects.



Q & A



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