

USA MARKET OVERVIEW

1. GENERAL INFORMATION

The United States of America is the third most populated country in the world with a population of 334.998.398 people. According to the US Census Bureau, the majority of Americans are of European or Middle Eastern origin, representing more than 73% of the population. In addition, more than 17.6% of the population has Hispanic or Latino roots, 12.7% are African American, and about 5.4% are Asian.

Currently, the United States is positioned as the main economic power in the world, followed in second place by the European Union and by China in third place. Its GDP represents approximately 24.7% of the total worldwide, making this country a highly strategic market in the international economy due to its magnitude and its influence on other markets.

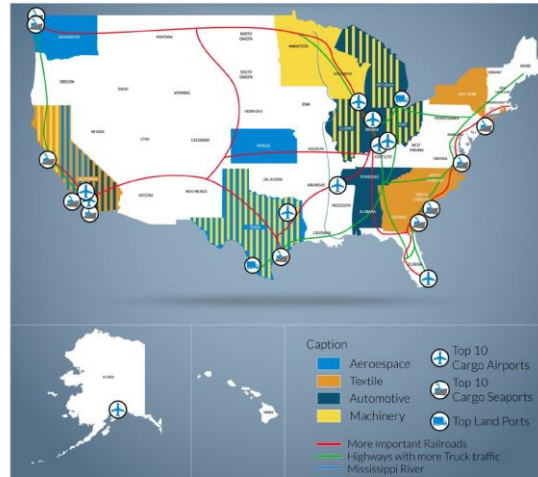
Some key structural points of United States:

POLICY	<ul style="list-style-type: none">• Political stability and low risk	<ul style="list-style-type: none">• COFACE A2 Country Risk
ECONOMY	<ul style="list-style-type: none">• Huge economic market with strong growth perspective	<ul style="list-style-type: none">• 13th country in GDP per capita (more than 60,000 \$USD)
INNOVATION	<ul style="list-style-type: none">• Innovation and technology-intensive, consolidated R&D investment mentality	<ul style="list-style-type: none">• Global Innovation Index: 3rd
ENVIRONMENT	<ul style="list-style-type: none">• Increasing environmental and sustainability sensitivity in consumers, companies and governments	<ul style="list-style-type: none">• Environmental Performance Index: 25th
LEGAL	<ul style="list-style-type: none">• Legal security but existence of some trade barriers	<ul style="list-style-type: none">• Absence of Free Trade Agreement

2. MARKET OUTLOOK

The United States market presents consolidated economic, political, environmental, technological and sociodemographic factors, which makes this country as a strategic market to the expansion for internationally focused companies. For the geographic location of the different industries of interest for ADMANTEX2i, they are located in some key States, being critical to focus the commercial actions due to the vast amplitude of the country.

GEOGRAPHY



The aerospace sector activity is highly concentrated within the country in the main poles, especially Seattle (WA), followed by other important ones such as Los Angeles (CA) or Dallas (TX). However, these territories have lost numerous jobs in the aerospace sector in recent decades, as a result of relocation. Around two dozen major aerospace firms merged into three (Lockheed Martin, Boeing-McDonnell Douglas and Raytheon-Hughes).

Regarding the textile manufacturing sector, it is worth noting the concentration in two main areas: on the one hand, in the southern states of the east coast (Georgia, North Carolina and South Carolina), and on the other hand in the states north of the east coast, in New York and Massachusetts. It also has a significant presence in the state of California.

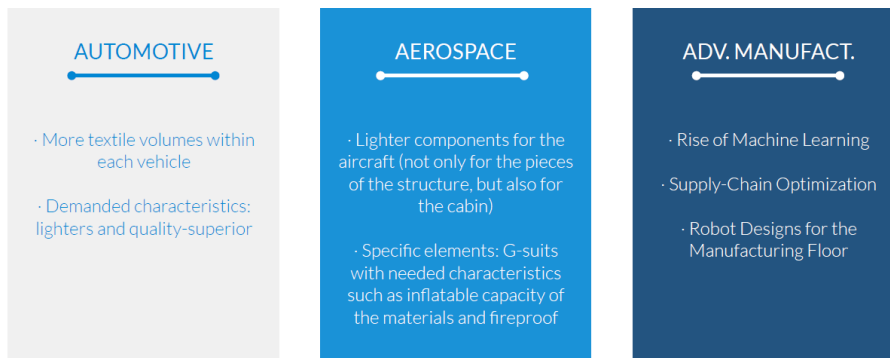
The automotive industry in the United States has a historical concentration in the area known as Auto Alley, which includes a corridor of states that starts from the Great Lakes to the Gulf Coast, in the eastern part of the country (east of the Mississippi River that runs vertically across the country from the center). Without a doubt, Detroit is the most important focus in the sector, which currently concentrates the vast majority of jobs, despite having also been the area that has lost the most jobs in recent decades due to the restructuring of companies, the closure of factories and the transfer of production to other countries with lower labor costs such as Mexico.

Regarding the location of companies dedicated to manufacturing and production technologies, in the United States they are located in different states, depending on where the industries they supply are present. For this reason, companies in this sector are present in areas where the previously analyzed sectors (Aerospace, Automotive and Textile) have a significant concentration, such as California, Illinois, Texas, Wisconsin, Ohio or Michigan.

3. MARKET OPPORTUNITIES

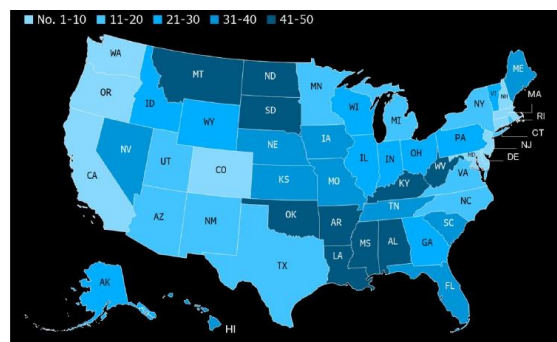
The legislation and regulations of the market provides a stable framework for the companies that are seeking to expand its business to the United States. However, the absence of a Free Trade Agreement with the European Union implies the application of some trade barriers such as tariffs or the request for certifications that can hinder exports.

The market trends for the sectors aerospace, automotive, textile and advanced manufacturing share some important aspects such as perspectives of a future increase in production due to the reshoring of manufacturing capacity, as well as a highly exigent demand for the quality and environmental impact of the fabrication. This would have a direct impact on the employment of some value-added material on these industries such as technical and sustainable textiles. The main trends for those sectors in terms of technical and sustainable textiles are:



4. INNOVATIVE COMPANIES

The United States of America is the third most innovative country in the world following the Global Innovation Index. Its strengths are the market sophistication (2nd), the business sophistication (2nd), and the Knowledge and technology outputs (3rd). Nevertheless, they also have negative points, such as their Infrastructure which is ranked as the 23rd. In addition to this, they are ranked 11th in Human capital and research, and 12th in Institutions and Creative outputs.



United States of America Bloomberg Innovation Index by State. Source: Bloomberg, 2021

California and Massachusetts are ranked as the 1st and 2nd innovative states respectively, thanks to their historical commitment with learning and innovation. California is positioned 1st in the ranking because of their great performance in the different fields. It is ranked as 1st in patent activity, and second for both technological companies' density and concentration of science and engineering degree holders. Both state university systems along with Stanford University were influential in building Silicon Valley for tech companies including Google and Apple. Massachusetts as 2nd in the ranking is the 1st ranked for tech-company density. Before, the pandemic, Boston-based Toast which is a restaurant management platform and one of the favorites for venture-capitals raised \$400 million at a \$4.9 billion valuation last year. Together with California and Massachusetts, Washington (3rd), Connecticut (4th) and Oregon (5th) are the states that form the Top5 states in innovation of the United States. It is also interesting to see that Colorado is the only state in the Top 10 that is not in the East or West coast.

In conclusion, the USA market offers great expansion opportunities for European companies, which have the capacity to tackle it. These companies, in addition to being aware of the possibility of generating business in the country, must take into account that this market requires a high commitment and dedication of resources for a successful entry. That is why, through collaboration programs such as ADMANTEX2i, synergies can be promoted that allow a process of commercial opening to begin in the United States that can be supported by different companies, both small and medium-sized, as well as larger ones and with more experience in international development.