



***10 Topics You Should Know About and Consider Before Expanding Operations to Mexico***



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Before Expanding Operations to Mexico

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# *Recruitment won't be a problem.*

## *1. Human Talent and Skills*



### You should know that...

Mexico has a wide range of skilled technicians, and the employee selection process depends on the nature of your business.

Technical schools and university academic programs are tailored to each region's needs, meaning there is a pool of reliable technicians with the skills to perform high-quality work.

*Experts, like those at American Industries can help you find the right talent for your operation to avoid unnecessary recruitment and operational costs.*



There are regions in Mexico with over 40 years of manufacturing experience. Quality certifications vary depending on the type of industry.

Some companies in these regions have obtained certifications with the highest quality standards, such as NADCAP, AS9100, ISO 9001:2018, and IATF 16949:2016.





### ***3. Local Suppliers***

**Different regions have developed different capabilities, including:**

- Injection molding
- Die casting
- Precision machining
- Assembly and testing
- Gravity casting
- Heat and chemical treatment
- Urethane molding
- Harness assembly
- Sheet Metal forming
- Metal stamping



***Before your visit, you can provide American Industries with a list of the types of suppliers you would like to contact in Mexico to include them on your business agenda.***



### Save on Duties

Take advantage of the free-trade agreements Mexico has with over 40 countries to import your raw materials and export your finished goods.

Obtain the Customs-Trade Partnership Against Terrorism (C-TPAT) Certification to expedite the transit process of your goods from Mexico to the US.

***As a customs and international trade expert, American Industries can help you design a flow of goods that optimizes logistics and customs costs.***



There are 2 start-up alternatives to choose from when expanding your operation to Mexico:

**1. Establishing Your Own Legal Entity.-**

You assume all risks and liabilities.

**2. Working Under a Shelter Program.-**

You eliminate the risk of working in an unknown country with different laws, regulations, language, culture and lobbying strategies through their administrative umbrella.



***Make sure you understand the costs, risks and liabilities of having your own legal entity compared to working under a Shelter provider's legal entity.***

## ***6. Tax Implications***

***American Industries can help you fully understand the costs of setting up and running your operation in the short and long term.***

Your company will be taxed in Mexico depending on your incorporation status, and how your inventories, imports, and exports are handled.

### **You might be liable for the following taxes:**

- Value Added Tax (VAT): 16%
- Income Tax: 30%



## ***7. Site Selection***

*The best way to find the most convenient and cost-effective region for your operations in Mexico is to get assistance from a Shelter provider like American Industries.*



Not all regions have the same profile, benefits and costs. Therefore, it is very important to identify your specific needs and find the region that best meets these. Here are 10 of the most important elements to consider during the site selection process:

1. Business environment
2. Labor
3. Demographics
4. Academic infrastructure
5. Quality of life
6. Political environment
7. Geography and climate
8. Accessibility
9. Supply base
10. Infrastructure



## ***8. Industrial Facilities***

***Get help from a real estate company that can ensure you find the most cost-effective option for your operation in Mexico. American Industries also offers real estate solutions.***





## When looking for your industrial facility in Mexico, there are several things to consider:

- Will an existing facility work for your operation, or will you need to find a build-to-suit option?
- Will you rent or own the building? If your priority is to minimize startup investment, you could look for a real estate developer who will finance and lease the facility to you.
- Make sure you know what the specifications for a suitable facility for your operations are, including building height, number of docks, foundation type, and electricity, water, and natural gas needs, among others. Not having this information could result in increased operational expenses.



## 9. Security

*Contact American Industries so we can help you fully understand the measures implemented and security environment in the area you plan to start up operations.*





## Things you need to know about industrial security in Mexico:

- Manufacturing companies have not been affected by organized crime.

*American Industries recommends adding another level of security to plants by obtaining C-TPAT certification, updating employee security manuals, and establishing emergency contingency plans.*



## ***10. Costs of Operating in Mexico***

Some of the most important questions every manufacturer has include:

- How much will my total monthly operating cost be?
- How about the total cost per hour?
- How much will labor cost?
- How much will importation, exportation and logistics cost?
- How much will real estate facilities and utilities cost?
- Are there any other expenses involved in the total cost besides these?

***Contact an American Industries' representative to receive a custom cost model simulation for your operation.***



A man in a dark suit stands on a high-rise building, looking out over a city at night. The city lights are visible in the background, and the man's silhouette is prominent against the sky. The overall tone is professional and forward-looking.

# ***Mexico's Industrial Shelter Program***

*The easiest way for your company to start up operations in Mexico*



## By operating under American Industries® Shelter Program, you obtain the following benefits:

- Trouble-free access to operating in Mexico
- The ability to focus 100% on your manufacturing operation
- Lower start-up cost than a stand-alone operation
- Quick start-up
- Minimal liability in fiscal, customs, and human resources matters
- Minimum supervision required from headquarters for administrative functions
- Full compliance with Mexican laws and regulations
- Indirect purchasing: Maximize savings by taking advantage of our economies of scale
- Ongoing consulting services (human resources, fiscal and customs) included
- Robust IT platform
- ISO 9001-2015 certified



**With the Shelter Program you will not have to worry about:**

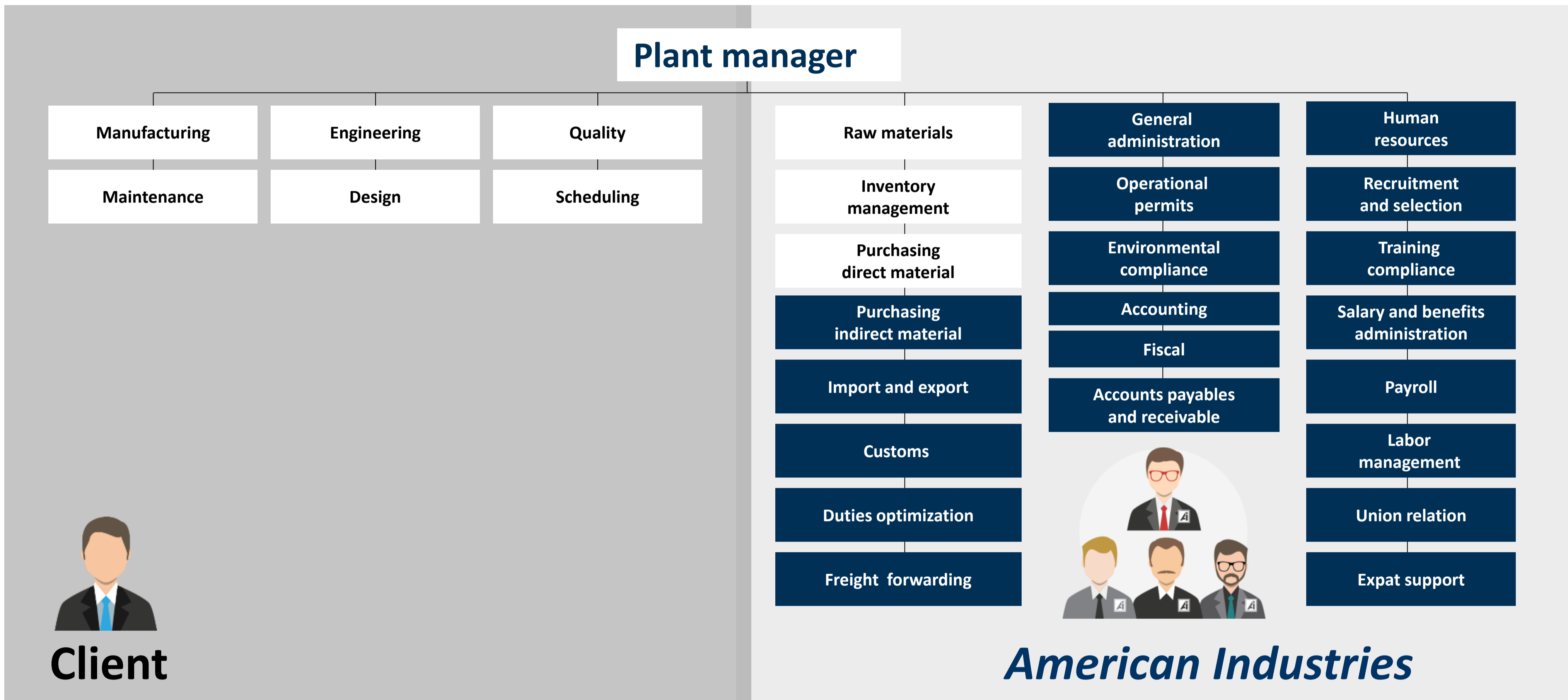
- Optimizing or handling duties and taxes on raw materials, machinery, or equipment
- Customs clearance (northbound, southbound, or in-bond)
- Obtaining permits from government agencies or certifications (FCC, FDA, USDA, HAZMAT) or handling audits
- Freight forwarding  
(Consolidating and warehousing)
- Finding Mexican or US customs brokers
- Purchasing customs software (required by law)
- Compliance with regulations (permits)
- Filling of legal documentation
- Labeling control system for equipment
- Proper account reconciliation to save on duties
- Obtaining C-TPAT certification



*Among other benefits, the Shelter Program allows you to leverage Mexico's numerous free-trade agreements to lower costs to your customers.*

***The Shelter Program takes care of all legalities so you can import and export materials to and from your Mexican manufacturing plant.***





*The boxes in white above show the functions you will be in charge of for your new operation in Mexico to meet your customers' needs. The blue boxes show all the duties a full Shelter Program covers.*



*One of the many advantages of this program is that you will start operating in Mexico entirely focused on sales, customer service, and production or have to worry about legal or administrative risks and liabilities during your start-up stage.*



- ✓ You will receive a custom evaluation and roadmap to start operations in the regions with the most potential for your business to grow in Mexico.
- ✓ You will receive a custom cost model simulation where you will be able to compare the total cost of **your operation** per hour in each region.

- ✓ At this point, the Shelter provider will prepare custom business meeting agendas in the selected regions for your operations in Mexico.
- ✓ The agenda will include site visits to the Shelter Company's real estate facilities and others that are available and suitable for your operations.
- ✓ Additionally, the Shelter Company will provide a presentation outlining the supporting services included in the Shelter program and you will have the opportunity to meet with government officials, industrial associations and clusters.

- ✓ At this stage you will get all permits for your operations.
- ✓ You will get your human resources hired and organized (including payroll management).
- ✓ You will install your machinery and equipment.
- ✓ You will get all your customs & logistics set up.
- ✓ You will get all paperwork and administrative tasks done so that you can start serving your clients from your new location.



Now that you have an idea of the various expenses that will affect the total cost for your manufacturing operation, you will want to begin estimating the specific cost for your operation, which requires more than just adding up numbers.

You might find numerous hidden costs based on “small picture” assumptions, such as starting up in a location that has a labor force with the wrong type of skillset, suppliers, or infrastructure to support your operations, or differences in employee benefits depending on the region.

We suggest you request a **Complimentary Cost Model Simulation** to compare the total cost of doing business in key industrial regions in Mexico.

This cost model tailored to your project in Mexico will include direct costs of:

- Direct and indirect labor
- Real estate and utilities
- Customs and Logistics
- Administrative, legal, and other indirect costs

Request yours today at [start@americanindustriessgroup.com](mailto:start@americanindustriessgroup.com)





## ***American Industries<sup>®</sup> Group***

**American Industries<sup>®</sup> is a private Mexican company established in 1976 that has helped over 200 international companies successfully start up and grow their manufacturing and distribution operations in Mexico through Shelter Administrative Services and Industrial Real Estate.**



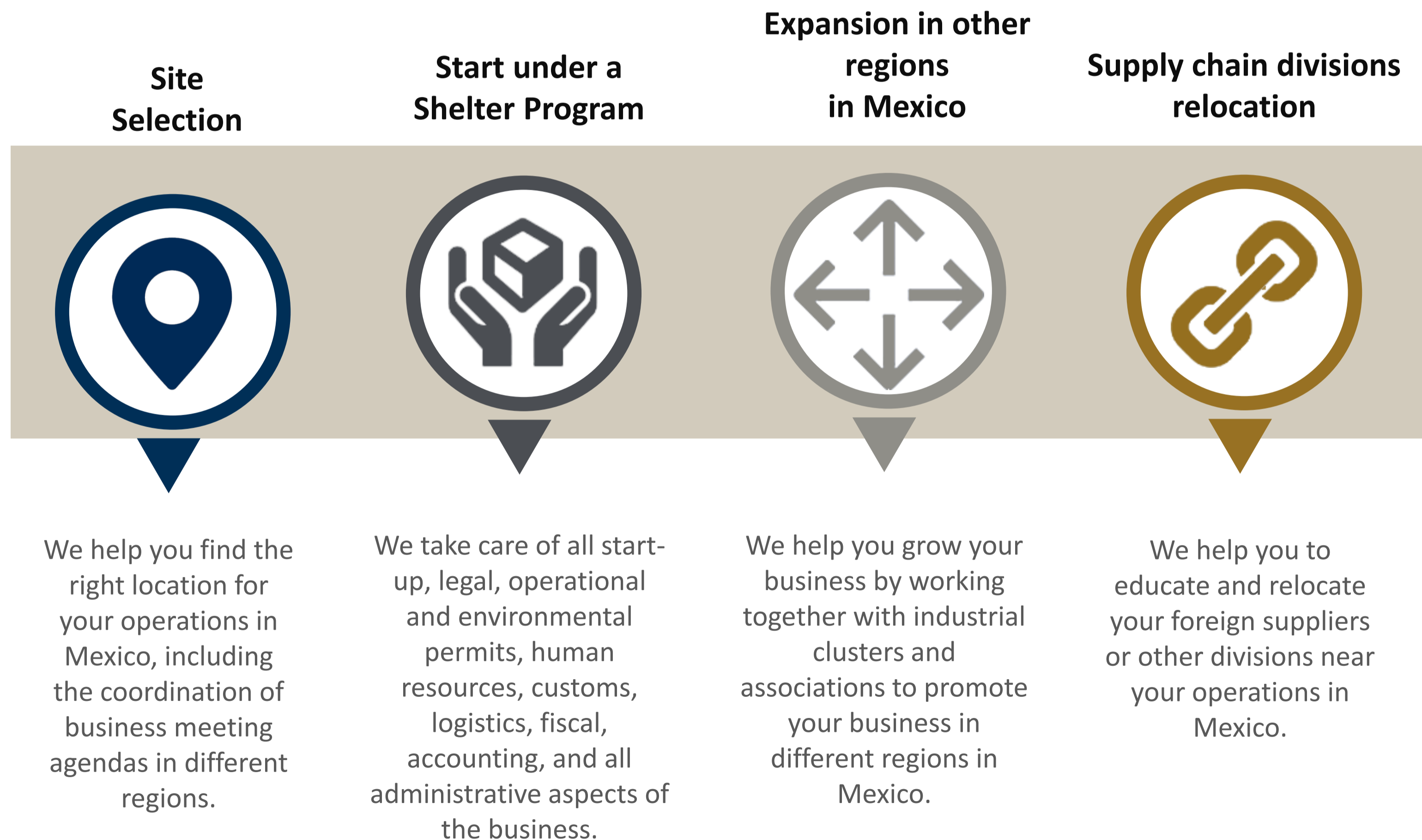
## *Value Proposition Why a Shelter?*



*We team up with the arriving company as their day-to-day administrative solutions provider, including human resources, accounting, fiscal, customs, and logistics services, so that you can focus on key aspects of your business such as quality, productivity and on-time delivery.*



We accompany you throughout the entire process, handling all your industrial business needs in Mexico:





**Aerospace**



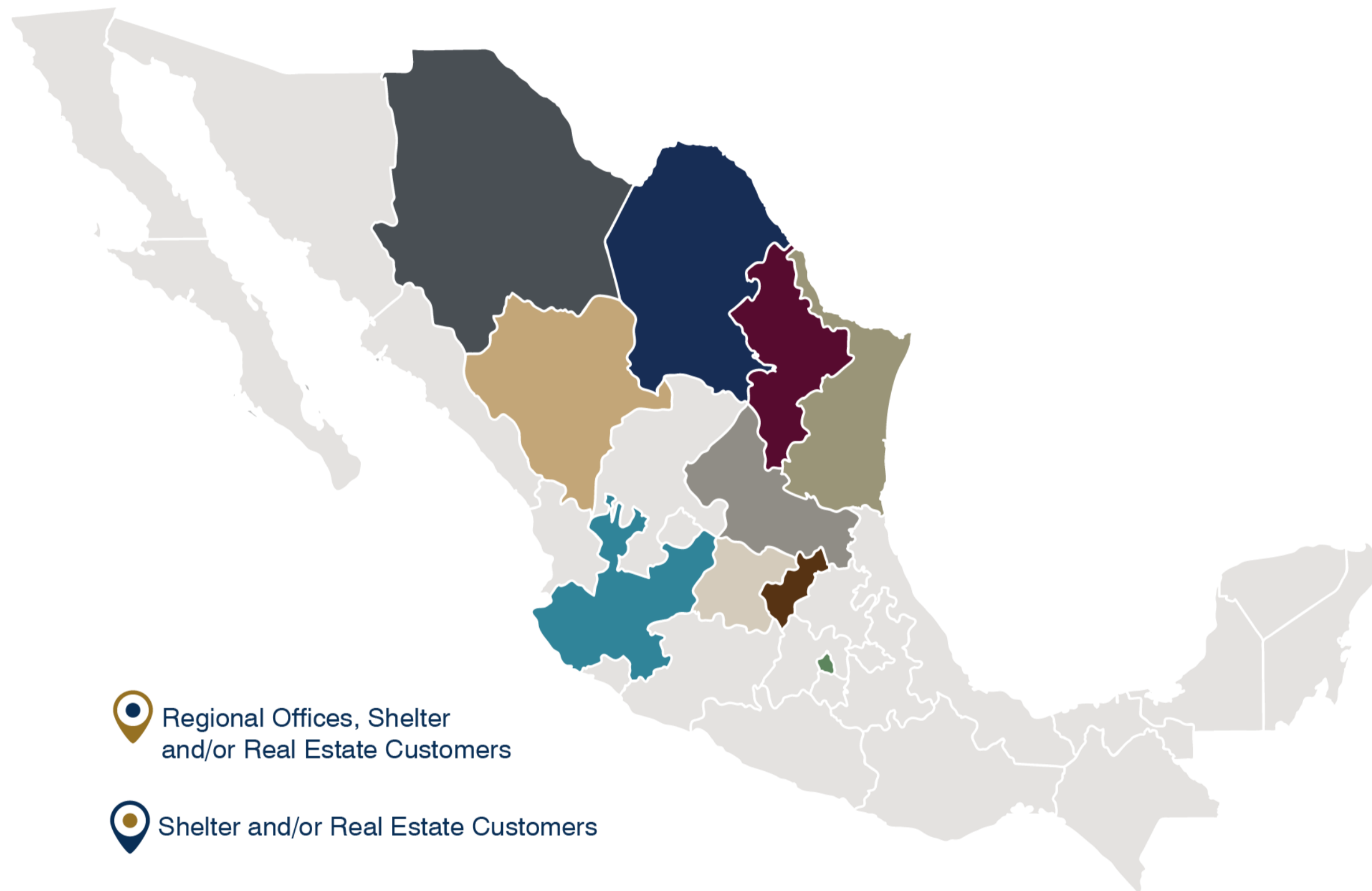
**Automotive**



**Others**







**United States**  
 • El Paso  
 • Laredo

**Tamaulipas**  
 • Matamoros  
 • Reynosa

**Jalisco**  
 • Guadalajara

**Chihuahua**  
 • Juarez  
 • Chihuahua  
 • Delicias  
 • Camargo

**Queretaro**  
 • Queretaro

**San Luis Potosi**  
 • San Luis Potosi

**Guanajuato**  
 • Silao

**Mexico City**  
 • Mexico City

**Nuevo Leon**  
 • Monterrey

**Coahuila**  
 • Saltillo  
 • Torreon

**Durango**  
 • Gomez Palacio

• Regional Offices, Shelter and/or Real Estate Customers

• Shelter and/or Real Estate Customers

### Shelter and start-up services

- Over 60 clients from more than 13 countries
- Over 17,000 employees headcount from our clients
- Over 30,000 trouble-free import /export transactions per year

### Real Estate

- Over 140 buildings built and leased (20 M sq. ft. / 1.8 M sq. m)
- Class A new buildings
- Presence in more than 17 Industrial Parks
- More than 160 tenants



*You can count on American Industries®' expertise to start and maintain a successful operation by avoiding unnecessary problems and costly mistakes, while maximizing savings as much as possible.*





# *American Industries*

Site Selection - Shelter Administrative Services - Industrial Real Estate

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**Partner for Success<sup>®</sup>**