



***How Much Will It Cost You
to Operate in Mexico?***

How Much Will It Cost You to Operate in Mexico

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1. Real Estate Costs: Land, Construction and Leasing



Industrial Real Estate costs will vary from one region to another, as well as depending on if you select a greenfield or existing facility.



- If you are looking for land for a build-to-suit project, you will want to do your due diligence, including verifying information such as ownership titles, land use permits, access to utilities, and infrastructure.
- The costs of land will range between US\$2.50 and US\$6 per sq. ft. Then, you will also have to consider construction costs, which range from US\$27 to US\$35 per sq. ft.
- Of course, you will have to consider the type of soil because it will have a direct impact on your construction costs.
- We recommend that you bid the construction project with several key players in the market to ensure your facility is built-to-suit according to your specifications and on time.
- An Industrial Real Estate developer can help you to lease a land reserve and build a facility that meets your needs.
- If you prefer to find an existing facility, cost range from US\$4.20 to US\$5.60 per sq. ft.

2. Utilities Costs



Before selecting any real estate facility or land for a build-to-suit project, it is important to consider if it has enough available utilities (access to infrastructure) to support your operations in the short and long term.



- Electricity costs range between US\$0.09 and US\$0.11 per kWh
(You need to make sure there are enough KVAs as part of the available infrastructure)
- Water costs range between US\$5 and US\$9 per 1K gallons
- Gas costs range between US\$4.90 and US\$6.70 per 1 M BTUs

3. Labor Costs



Standard employee benefits include savings fund, transportation, cafeteria, and medical insurance, among others, and depend on what the regional market offers beyond those required by law for each type of worker.



Skilled and unskilled labor costs will vary from one region to another, especially when you calculate the fully-loaded cost per employee, including all the benefits necessary to remain competitive and maintain a stable working environment.

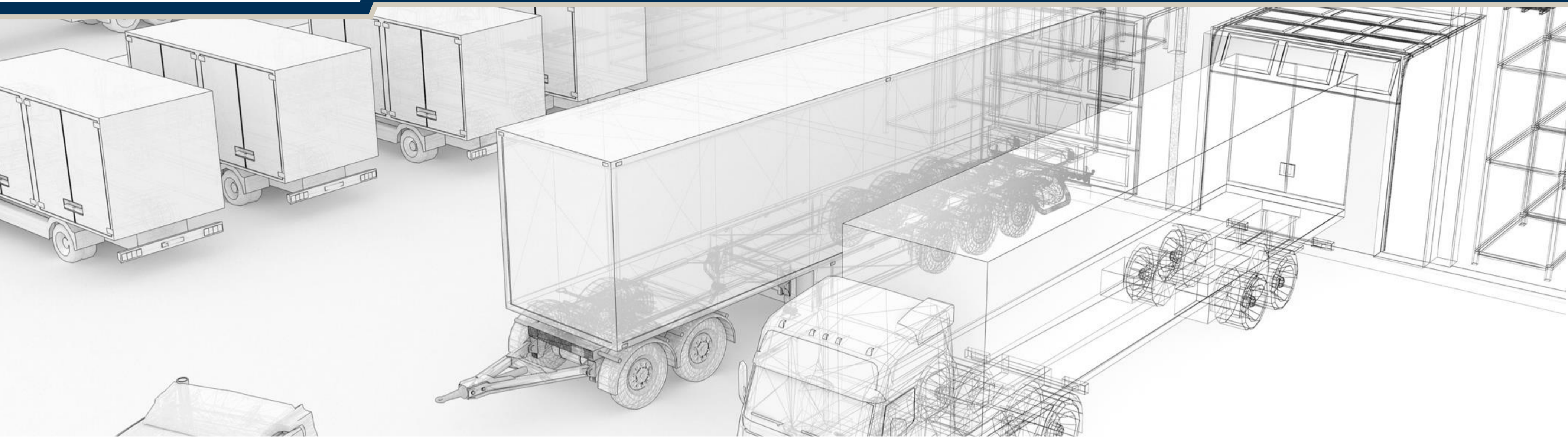
For the following generic positions, these are the average fully-loaded direct labor costs per clock hour:

- Unskilled direct labor costs range from US\$1.95 to US\$3.45 per clock hour
- Skilled direct labor costs range from US\$2.79 to US\$7.16 per clock hour
- Technicians range from US\$4.50 to US\$7.90 per clock hour
- Engineers range from US\$7.83 to US\$19 per clock hour
- Managers range from US\$22 to US\$53 per clock hour

Note: Cost ranges may fluctuate due to changes in exchange rates.

4. Logistics Costs

Logistics are a significant component in calculating the total landed cost of delivering your goods to your clients' doors.



Some of the elements impacting logistics costs include:

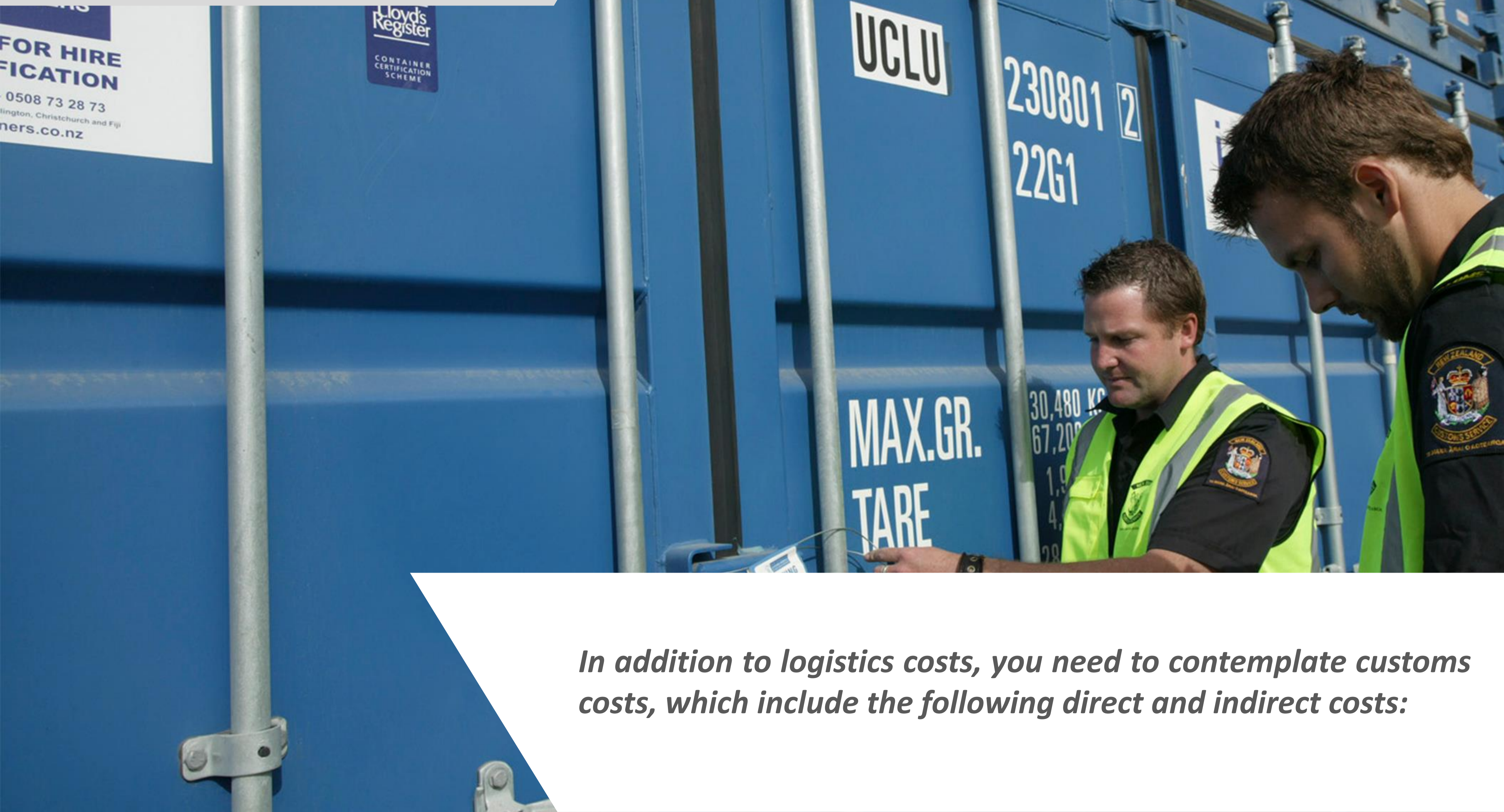
The transportation method used:

- Full or partial truck loads
- Railroad
- Air transportation

Then there are additional costs related to logistics in addition to the cost per mile or kilometer, such as:

- Insurance
- Security escort (depending on the load value)

5. Customs Costs



In addition to logistics costs, you need to contemplate customs costs, which include the following direct and indirect costs:



Direct Costs:

- Mexican customs broker fees: These will vary depending on the U.S.-Mexico border crossing you use (some charge a flat fee; some charge a percentage of your truck load)
- U.S. customs broker fees
- Bonded warehousing services
- *Pedimento* (document required to import raw materials into Mexico)
- Tariffs and taxes: Amounts vary depending on Free-Trade Agreements, maquila permits, and according to how your customs agents fill out your import and/or export paperwork

Indirect Costs:

- Access to Mexican customs software (required by law)
- Long lines to cross the U.S.-Border with finished goods (unless you have certifications like OEA and C-TPAT)

6. Administrative and Legal Costs

When doing business in Mexico, without the proper information and assistance, your operation may be subject to fines, delays, and even shutdowns.

A man in a dark suit stands on a high-rise building, looking out over a city skyline at night. The scene is overlaid with a large, semi-transparent image of a man in a light-colored suit, creating a layered effect. The city lights are visible in the background, and the overall color palette is dominated by blues and oranges.

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 (in just 9 weeks)
- 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

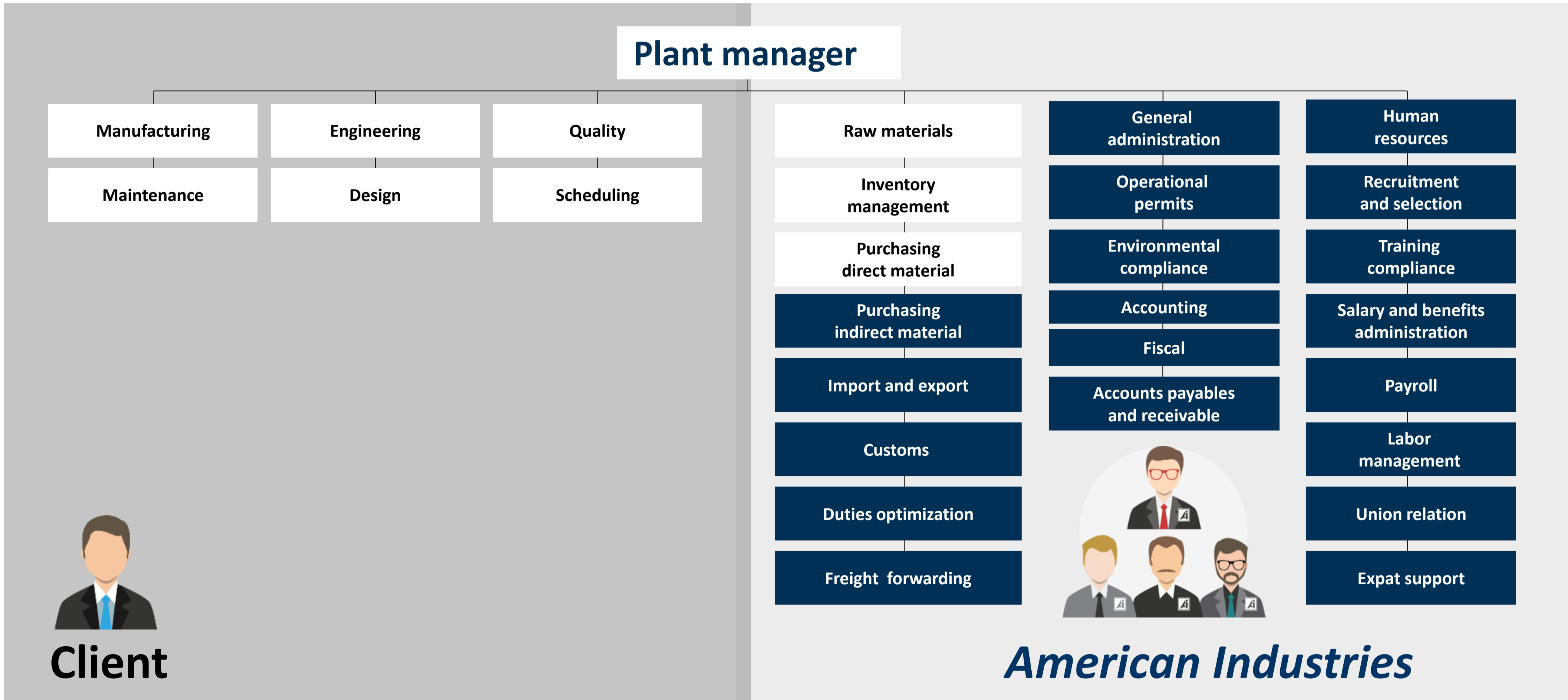
With the Shelter Program you will not have to worry about:

- 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 (like Chihuahua or Queretaro).
- ✓ 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



American Industries® Group

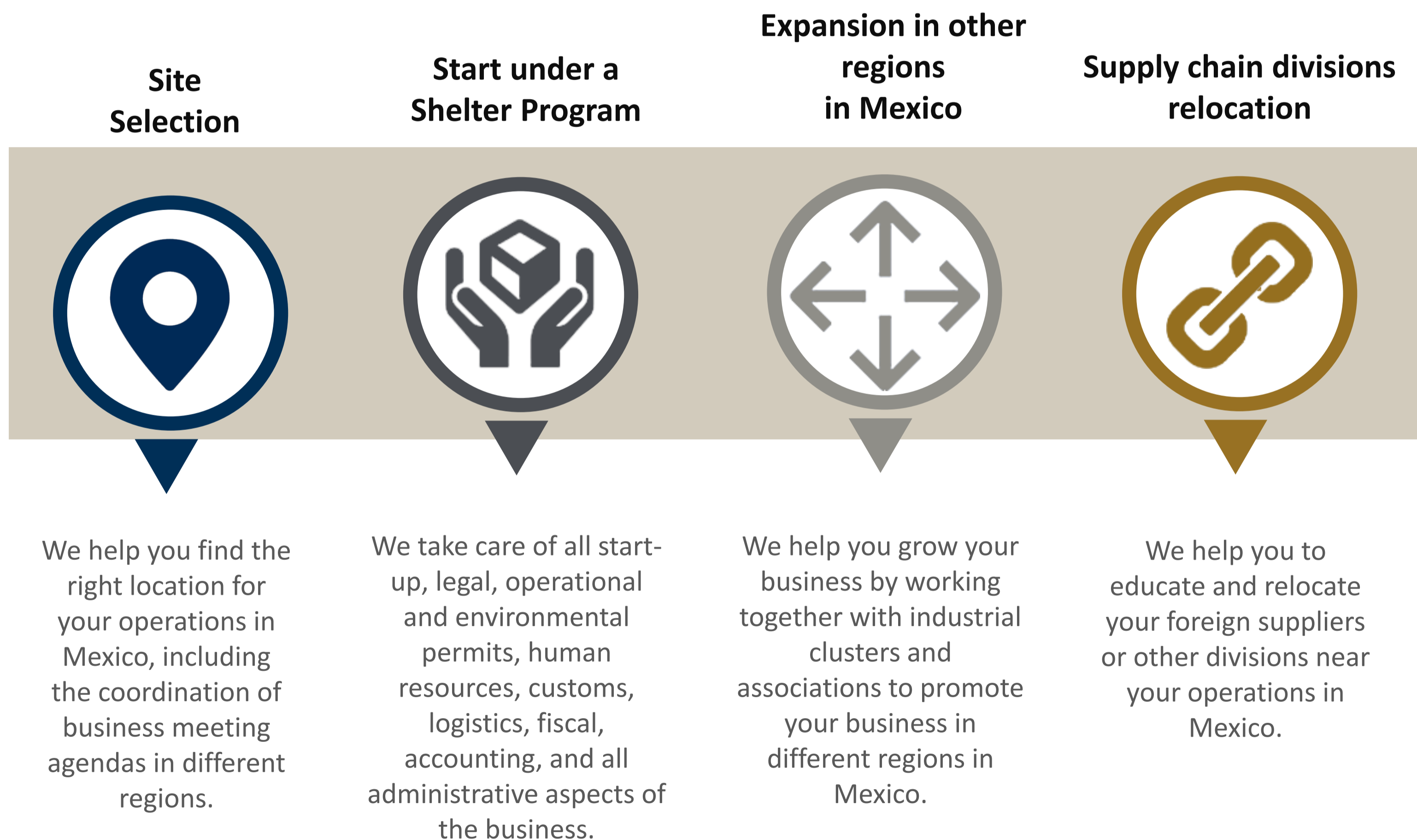
American Industries® is a private Mexican company established in 1976 that has helped over 200 international companies successfully start up and grow their manufacturing and distribution operations in Mexico through Shelter Administrative Services and Industrial Real Estate.

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

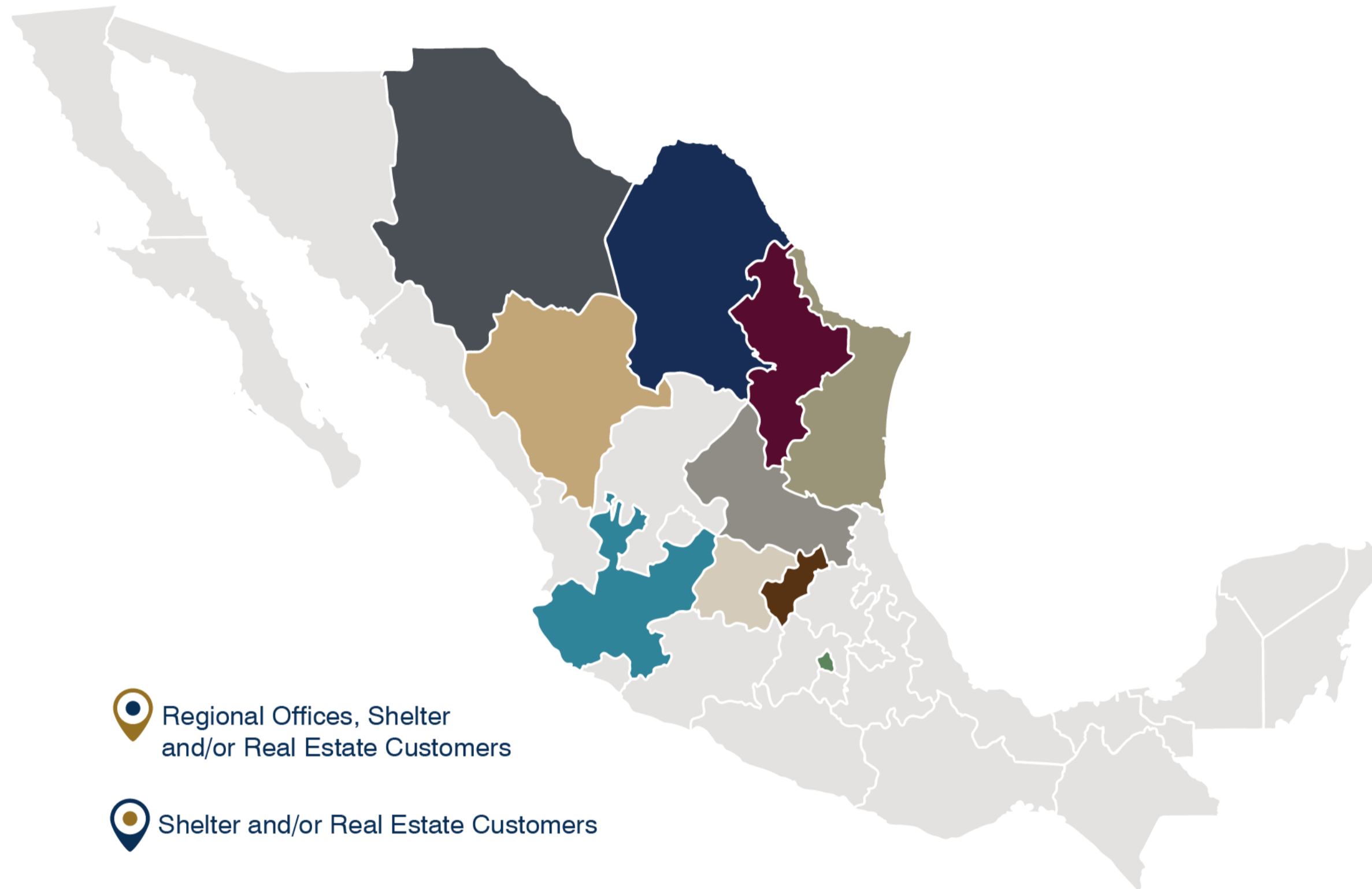


Automotive





Others





 Regional Offices, Shelter and/or Real Estate Customers

 Shelter and/or Real Estate Customers

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

Shelter and start-up services

- Over 16,000 headcount
- Over 30,000 trouble-free import and export transactions per year

Real Estate

- Over 13 million sq. ft. of developed and leased industrial space
- All our buildings are classified into Class A category
- 15 industrial parks

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[®]