



eBooks
American Industries

10 Things You Should Know **Before You Expand Operations to Mexico**

American Industries

Partner for Success

10 Things You Should Know **Before You Expand Operations to Mexico**

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Site Selection - Shelter Administrative Services - Industrial Real Estate

Recruitment won't be a problem

1. Human Resources and Skills

You should know that...

Mexico has a wide range of skilled technicians, and the selection process must be carried out in accordance with the nature of your business.

Technical schools and university academic programs are designed based on each region's needs, providing technicians with the sufficient skills to perform their work with expertise and delivery reliability.

It is recommended to consult an expert who helps you find the right talent pool for your operation to avoid an increase in your recruitment and operational costs.



There are regions in Mexico with over 40 years of manufacturing experience. The 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 like:

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



Provide the soft-landing company with the list of suppliers you would like to contact in Mexico, so they can include them in your agenda for a visit.



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.

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

It is recommended that you get a customs and international trade expert on your team to design a flow of goods that helps you optimize logistics and customs costs.

There are 2 start-up alternatives to choose from if you are considering to expand your operation to Mexico:

1. Establish Your Own Legal Entity.-

You assume all risks and liabilities that might arise.

2. Establish Under a Shelter Program.-

You eliminate the risk of working in an unknown country with different laws, regulation, 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 Program's legal entity.

6. Taxation

Consult a soft-landing company to fully understand how much you will have to pay in for your operation in the short and long run.

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 type of taxes:

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

7. How to Find the Best Location

The best way to find the most convenient and cost-effective regions for your operations in Mexico is to get assistance from a soft-landing company.

Not all regions have the same profile, benefits and costs in Mexico. Therefore, it is very important to know what your specific needs are and then to match it with what key regions have to offer. Here are 10 of the most important elements to consider while doing site selection:

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 Facility

Get help from a real estate company to run your numbers and find the most cost-effective option for your operation in Mexico.



When you look for your industrial facility in Mexico, there are several things to consider:

- ✓ Will you fit in any existing facility or will you require a build-to-suit option?
- ✓ Will you rent or own the building? If you do not want to use a lot of startup capital in your new project, you could look for a real estate developer who will finance and lease the facility for you.
- ✓ Make sure you are aware of the specifications you will require for your facility like height, number of docks, foundations, energy, water, natural gas and so on. Not having these numbers might make you overspend in operational expenses.

9. Security

Contact a soft-landing company to fully understand what has been done in the locations where you plan to get established in terms of security.



Things you must know about industrial security in Mexico:

- Manufacturing companies have not been hit by the organized crime.
- It is recommended to have security in the plants by incorporating the C-TPAT certification, updating employee security manuals, and establishing emergency contingency plans.

10. How Much It Will Cost You to Operate in Mexico

These are some of the most important questions every manufacturer wants to have solved:

- How much will the 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 the real estate facility and utilities cost?
- Are there any other costs involved in the total cost equation that should be considered?

Get a tailored cost model simulation for your operation by contacting an American Industries representative.

Mexico's Industrial Shelter Program

*Designed to make it easy for
your company to
start operations in Mexico*

- ✓ B2B meetings and business agenda coordination with the local clusters to help you promote your products and services as well as to identify potential suppliers
- ✓ Real Estate space: Starting from 5,000 Sq. Ft.
- ✓ Freedom to start doing business in Mexico without an own legal entity
- ✓ Legal and operational permits: Fast start in 9 weeks
- ✓ Human resources: We will help you find and recruit your sales, distribution and operations staff (starting from 2 employees)
- ✓ Government incentives negotiation on technical training and other applicable
- ✓ Customs: We will help you get the maximum tariffs savings from the free-trade agreements with over 40 countries for your imports and exports
- ✓ Fiscal and accounting management
- ✓ No VAT effect on cash flow
- ✓ No startup or exit fees (under American Industries Shelter partnership)
- ✓ No risks, nor legal or administrative liabilities

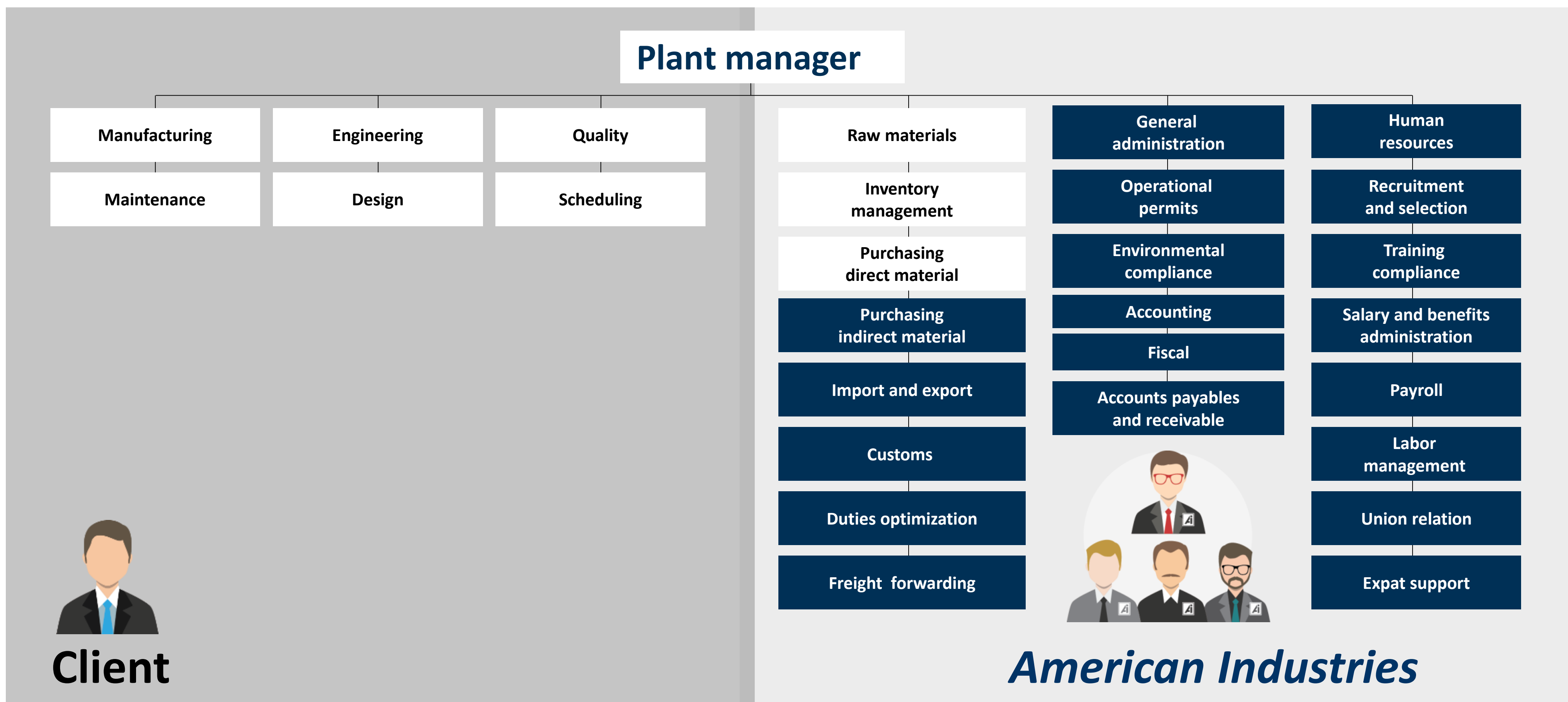
Amongst other benefits, the Shelter Program gives you the alternative to improve the total cost for your customers due to our free-trade agreements.

These are some of the legalities you will not have to worry about with the Shelter Program:

- Optimization and management of duties and taxes on raw materials, machinery, and equipment
- Customs clearance (northbound, southbound, and in-bond)
- Other Government Agencies permits, audits and certifications (FCC, FDA, USDA, HAZMAT)
- Freight forwarding
(Consolidating and warehousing)
- Mexican and US Customs Broker
- Customs software (required by law)
- Regulation compliance (permits)
- Adequate filling of legal documentation
- Labeling control system for equipment
- Proper reconciliation to save on duties
- Assistance to get certified by C-TPAT



The Shelter Program will help you by-pass all of these legalities so you can import and export your materials from your Mexican manufacturing plant.



*In the white boxes of this diagram you can find the description of functions that you will be in charge in your new operation in Mexico, to meet your customers' needs.
The blue boxes contain all the duties that a full Shelter Program cover.*

One of the many advantages of this program, is that you will start operations in Mexico being entirely focused on sales, customer service, and production. You will not have to worry, nor face, any legal or administrative risks/liabilities on your start-up stage.



- ✓ You will get a tailored evaluation and roadmap to start operations in the regions that there might be potential for your business to grow in Mexico (like Chihuahua or Queretaro).
- ✓ You will get a tailored cost model where you will be able to compare the total cost of production per hour in each region.
- ✓ At this point we will coordinate business agendas in the selected regions for your operations in Mexico with industrial associations and clusters.
- ✓ As part of the agenda, you will be able to visit the Shelter's real estate facilities where you will be able to operate.
- ✓ Additionally, you will get a presentation of the different enabling services that you will get as part of the Incubator and you will be able to meet with government officials.
- ✓ 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 get your machinery and equipment installed.
- ✓ 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.

You have already seen different types of costs that will have an impact on your distribution or manufacturing total operation cost. However, putting all the pieces together require more than just adding up numbers.

There might be a lot of hidden costs based on “small picture” assumptions, such as going to a certain location with the wrong type of skillset, suppliers, or infrastructure to support your operations.

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

The cost model simulation 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 at start@americanindustriesgroup.com



About American Industries Group

American Industries Group is a private Mexican company founded in 1976 that has supported the successful establishment of manufacturing operations for more than 200 companies in Mexico through Shelter Administrative Services and Industrial Real Estate.

Value Proposition “Why a Shelter?”



We team up with the arriving company becoming their day-to-day administrative solution provider -human resources, accounting, fiscal, customs, logistics- so that our client can focus on key variables such as quality, productivity and on-time delivery.

We are present at all stages of your industrial business needs in Mexico:



Aerospace

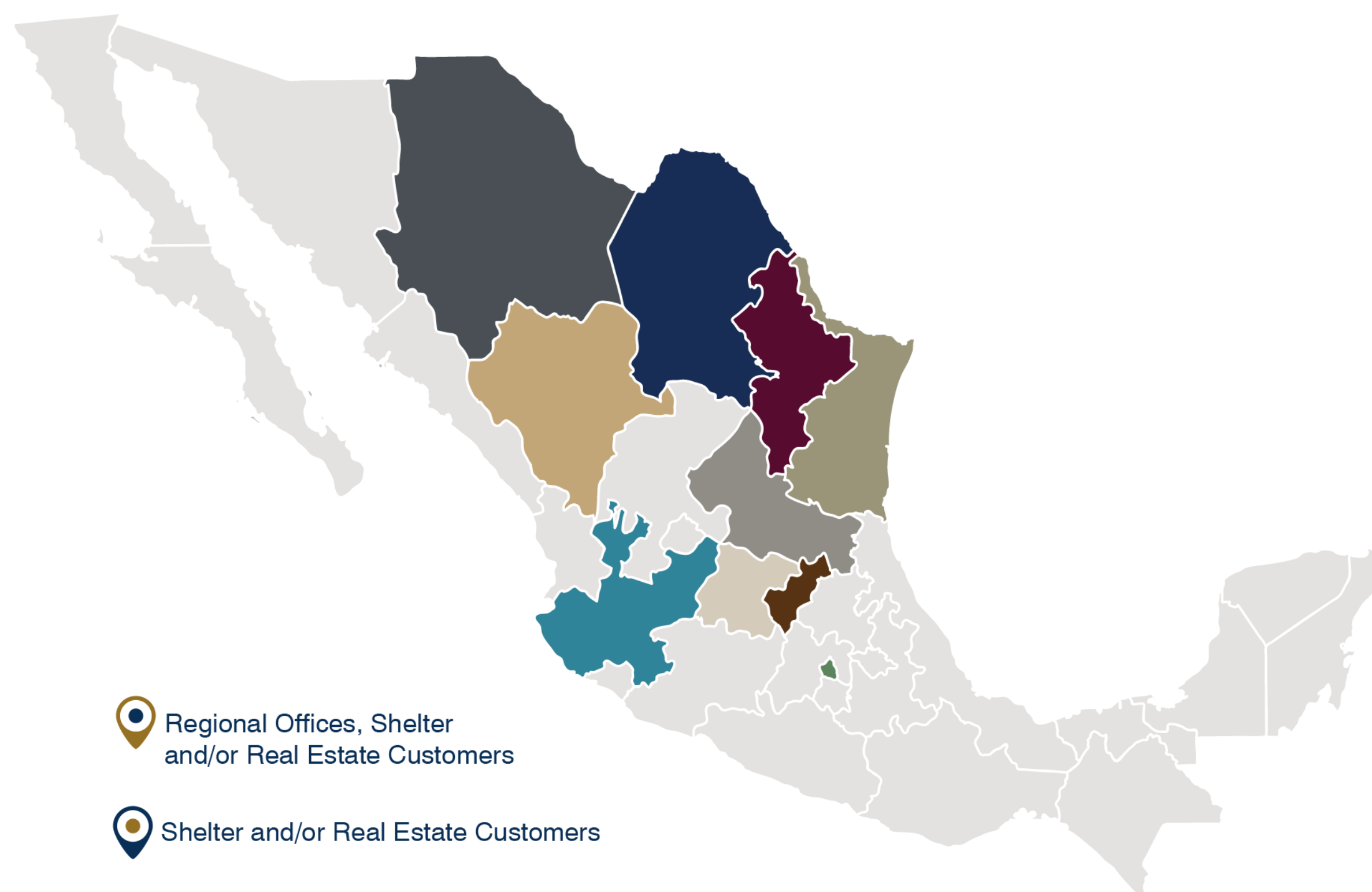


Automotive



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

Shelter and start-up services

- Over 15,000 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
- 13 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

Visit us at www.americanindustriesgroup.com

Email: start@americanindustriesgroup.com

US toll-free: +1 (877) 698 3905



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