



5 Business Models
to Start Manufacturing in Mexico

American Industries

Partner for Success

Why Mexico...

... is the Best Option for International Manufacturers?

- High skilled and world-wide recognized labor at a low cost
- Free-trade agreements with over 40 countries
- Internal market growing
- Average age of population: 26 years

Now that you decided to start distributing, assembling, or manufacturing operations in Mexico, you can choose from these options based on your needs:

5 Business Models to Start Manufacturing in Mexico



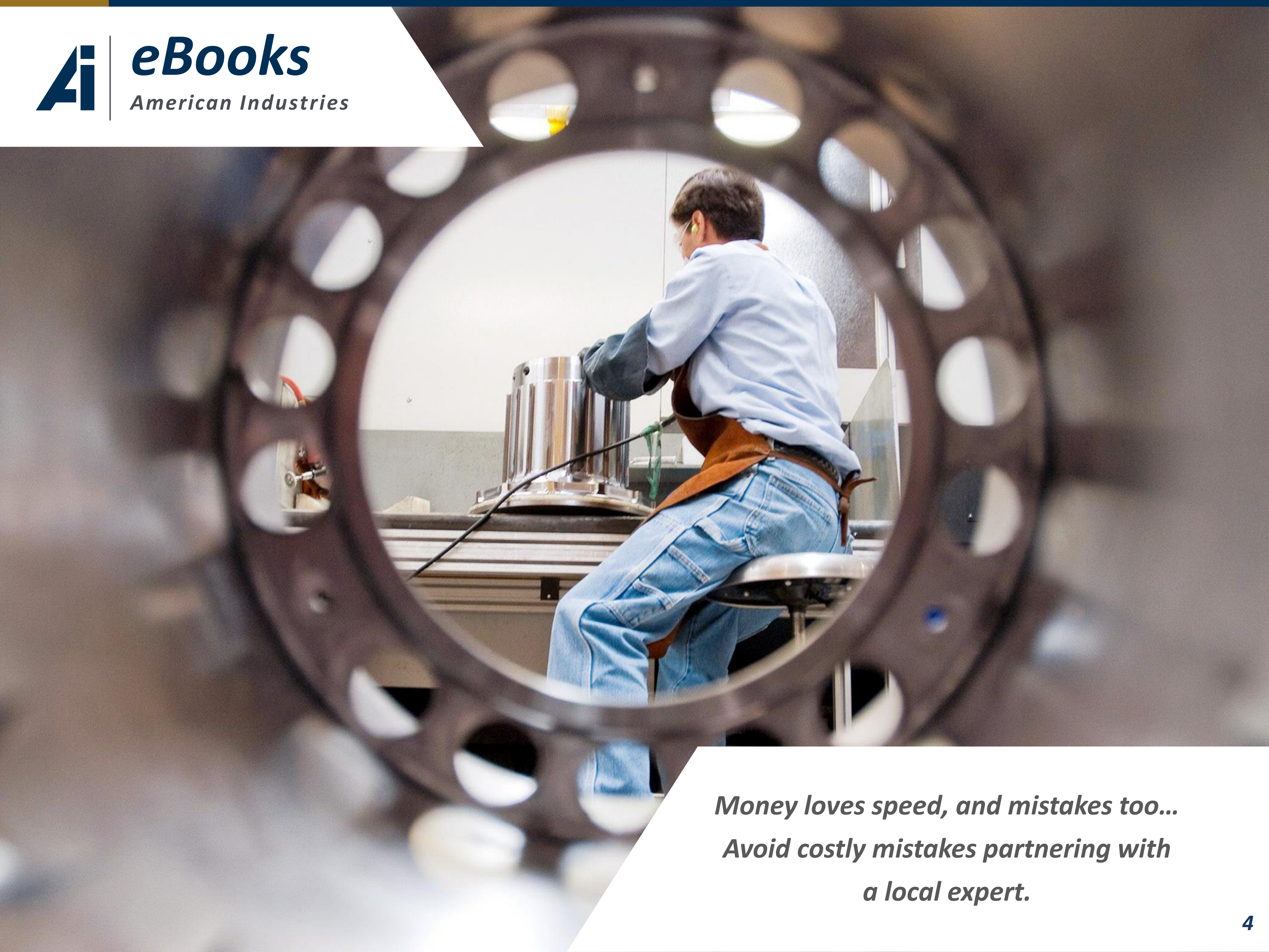
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*Money loves speed, and mistakes too...
Avoid costly mistakes partnering with
a local expert.*

1. Finding a Joint Venture Partnership

These are the characteristics of a joint venture partnership:

- Immediate start-up process
- Import and export transactions might be already in place
- Assistance from both companies' representatives
- Shared intellectual property (IP)
- Face liabilities in the event of legal issues or problems with the operations
- Proper proceeding with authorities and suppliers' background investigation
- Although the entrance cost is low, INCOME TAX and profit-sharing obligations must be put into effect
- Shared control of the operation



2. Acquiring an Existing Operation

These are the characteristics of acquiring an existing operation:

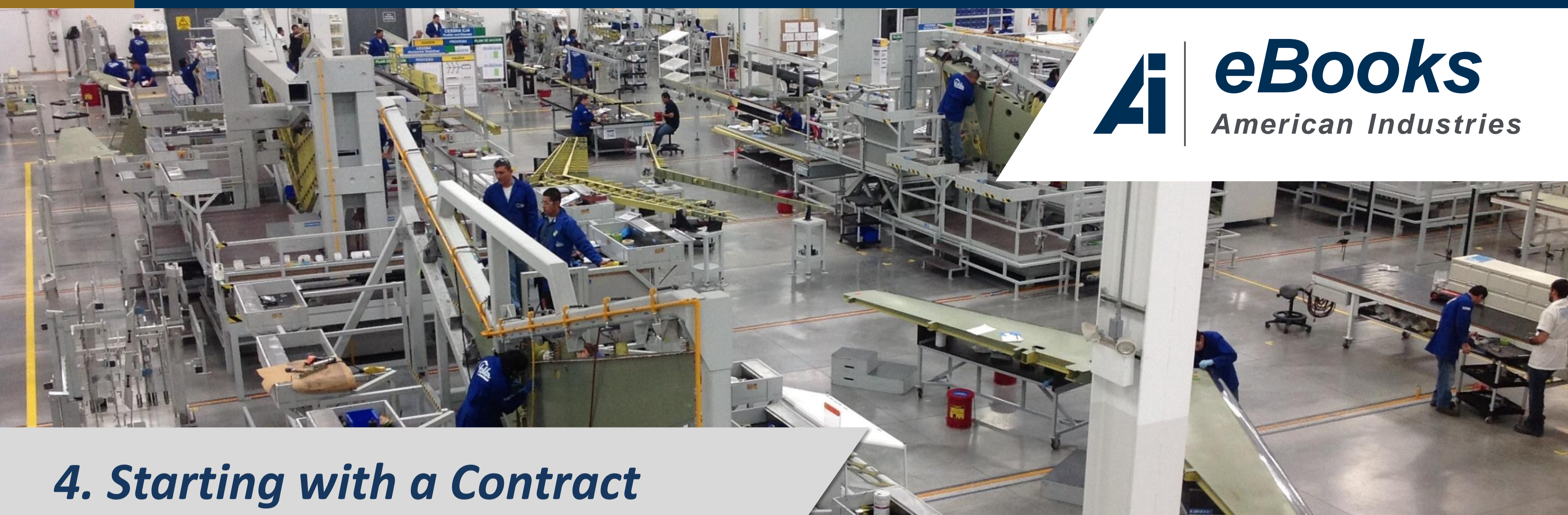
- Training employees and assisting them with the culture transition
- Although there is a low entrance cost, VAT, INCOME TAX, and profit-sharing obligations must be put into effect
- Proper proceeding with authorities, background check of the company, suppliers, clients, and employees
- Face liabilities in the event of legal issues or problems with the operation
- Full control of the operation
- Low risk sharing intellectual property (IP)



3. Starting with a Stand-Alone Operation

These are the characteristics of starting with a stand-alone operation:

- Costly learning curve for the local business culture
- High entrance cost = (16% VAT + income tax + profit-sharing) from the beginning
- High risk and liabilities for all legal, labor, fiscal, and customs start-up and operational permits
- Lack of local networking
- Real Estate, land ownership, use of land permits, and taxes administrative formalities
- No risk of sharing intellectual property (IP)
- Full control of the operation



4. Starting with a Contract Manufacturing: Outsourcing

These are the characteristics of starting with a contract manufacturing:

- Low entrance cost and easy start
- Local network in place
- No risk of liabilities
- No control of the production
- Intellectual property at risk
- No control on efficiency, quality, deliveries, and costs of production



5. Starting with a Shelter Program

These are the characteristics of starting with a Shelter Program:

- Local networking in place with industrial associations, clusters, and local suppliers
- Academic infrastructure and understanding of government incentives
- Immediate access to the know-how of doing business in Mexico
- Start of operations in 9 weeks
- Optional legal entity
- Intellectual property safe at all times
- No liabilities in Mexico: labor, fiscal, legal, and other operational permits
- No VAT effect on your cash flow. Profit sharing is substituted by a fixed bonus.
- Full control of your operation



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The background features a man in a dark suit and tie, seen from behind, looking out over a city skyline at night. The city lights are visible in the distance, and the overall scene is overlaid with a semi-transparent, light blue and white graphic that resembles a large, stylized letter 'A' or a similar shape. The lighting is soft and atmospheric, with a mix of blue and white tones.

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

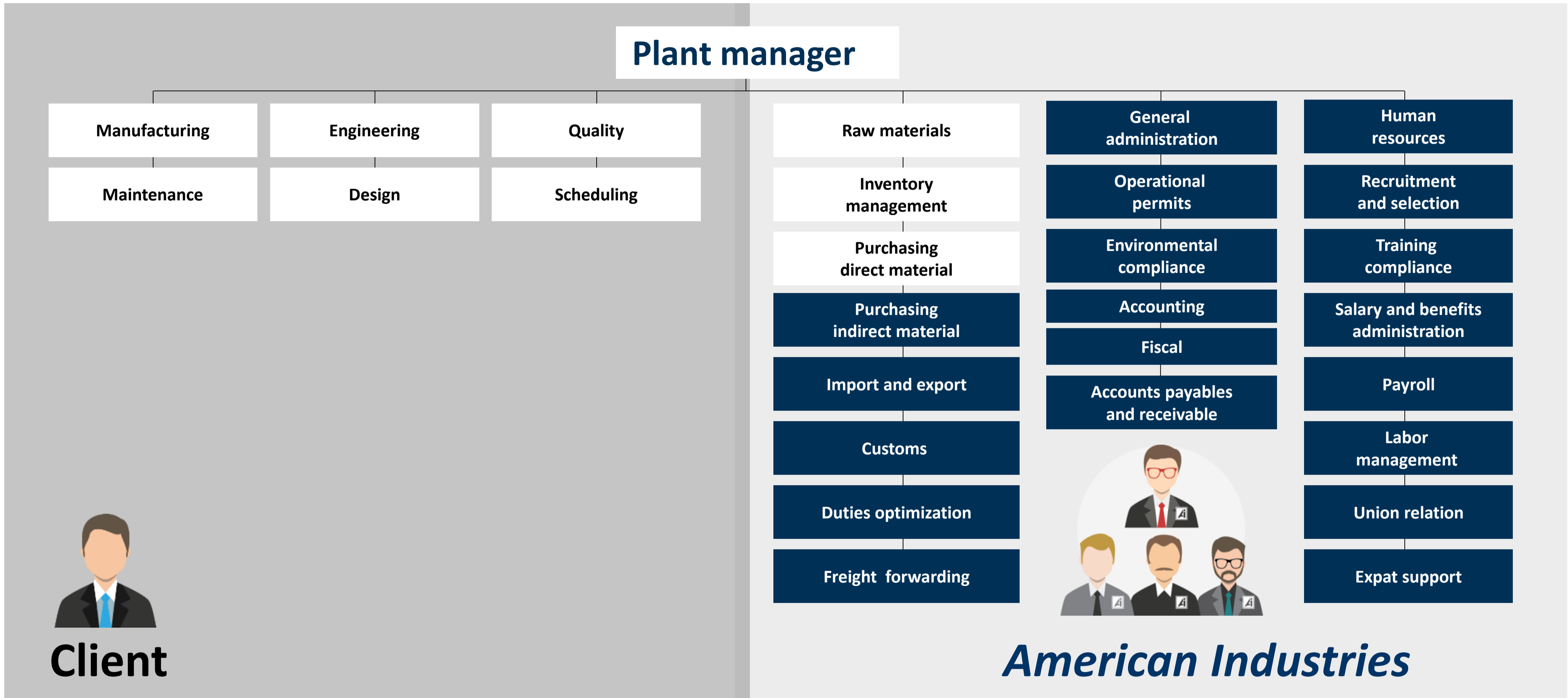
Amongst other benefits, the Shelter Program gives you the alternative to improve the total cost for your customers due to our free-trade agreements.

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:

Site Selection



We help you find the right location for your operations in Mexico including the coordination of business agendas in different regions.

Start under a Shelter Program



We take care of all start up, legal, operational and environmental permits, human resources, customs, logistics, fiscal, accounting and all the administrative part of the business.

Expansion in other regions in Mexico



We help you grow your business by working together with industrial clusters and associations to promote your business in different regions in Mexico.

Supply chain divisions relocation



We help you to educate and relocate your foreign suppliers or other divisions near your operations in Mexico.

Aerospace

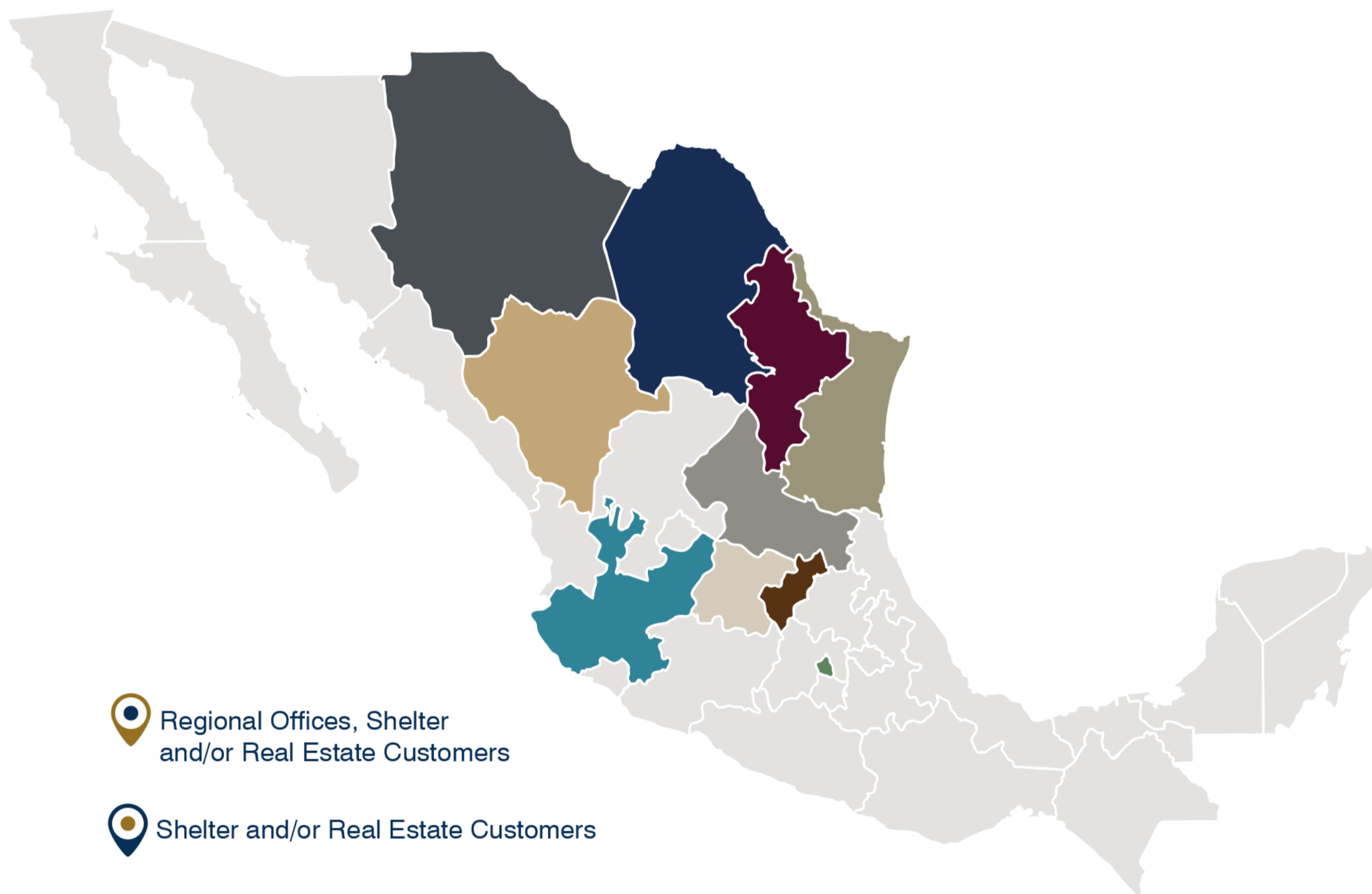


Automotive



Others





Ai United States
 • El Paso
 • Laredo

Ai Tamaulipas
 • Matamoros
 • Reynosa

Ai Jalisco
 • Guadalajara

Ai Chihuahua
 • Juarez
 • Chihuahua
 • Delicias
 • Camargo

Ai Queretaro
 • Queretaro

Ai San Luis Potosi
 • San Luis Potosi

Ai Guanajuato
 • Silao

Ai Mexico City
 • Mexico City

Ai Nuevo Leon
 • Monterrey

Ai Coahuila
 • Saltillo
 • Torreon

Ai Durango
 • Gomez Palacio

Regional Offices, Shelter and/or Real Estate Customers

Shelter and/or Real Estate Customers

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

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