

Rolando Pablos

Rolando Pablos works with Cross-National Advisory Partners, a consulting firm dedicated exclusively to guiding and assisting governmental, private sector and non-profit organizations in their efforts to access domestic and foreign markets, he is a strong advocate for North American market integration.

Most recently he served as the 111th Texas Secretary of State and the Texas Border Commerce Coordinator.



**NORTH
AMERICA
FIRST™**



CROSS-NATIONAL
ADVISORY PARTNERS

The Texas-Mexico Manufacturing Nexus

Rolando Pablos, MBA, JD, LL.M

August 25, 2020

NORTH AMERICA FIRST™

Initiative intended to:

Raise awareness about the tremendous manufacturing and logistics environment that exists in North America

Highlight the importance of working together as **ONE** allied international region and trading bloc

Showcase our combined capabilities as three distinct, but unified nations

TAKEAWAY OBJECTIVES

- **THE TEXAS-MEXICO BINATIONAL MEGAREGION**
- **WORLD-CLASS CROSS-BORDER MANUFACTURING INFRASTRUCTURE**
- **BINATIONAL JOINT-COLLABORATION EFFORTS**

TEXAS AT A GLANCE



9TH LARGEST ECONOMY IN THE WORLD*

*IF TEXAS WERE A NATION

27 COMMERCIAL AIRPORTS

16 SEA PORTS

NO PERSONAL OR CORPORATE INCOME TAX



11 INTERSTATE HIGHWAYS

32 FOREIGN TRADE ZONES



TEXAS IS THE LARGEST ENERGY-PRODUCING STATE IN THE NATION

46 FREIGHT RAILROADS

624 MILES OF COASTLINE

#1 U.S. EXPORTER
FOR 18 YEARS IN A ROW



\$331B
IN 2019



TEXAS IS THE LEADING DESTINATION FOR COMPANIES RELOCATING FROM OTHER STATES

#1 JOBS CREATOR
IN THE NATION

In 2019, Texas added
342,800 JOBS

14 MILLION
PEOPLE IN THE
CIVILIAN LABOR FORCE



TEXAS' HIGH SCHOOL GRADUATION RATE IS AMONG THE TOP 5 HIGHEST IN THE NATION, WITH AN 89.7% COMPLETION RATE



TEXAS LEADS THE NATION IN HIGH TECH EXPORTS FOR THE 7TH CONSECUTIVE YEAR

THE LONE STAR STATE IS HOME TO
50 FORTUNE 500 COMPANY HQs



MANUFACTURING

Texas has an unusually diverse manufacturing economy. Its resources make it a natural leader in petroleum and chemical manufacturing; its research institutions have fostered computer and other high-tech manufacturing; and its business-friendly environment and skilled labor have nurtured a burgeoning automotive manufacturing sector.



TEXAS MANUFACTURING ACCOUNTED FOR 10% OF U.S. MANUFACTURING GDP IN 2019

TEXAS IS SECOND IN THE NATION FOR NUMBER OF MANUFACTURING FIRMS WITH

25,401 COMPANIES



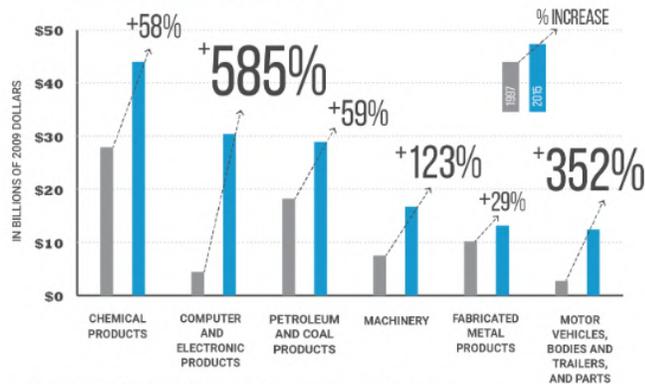
IN 2019, THE STATE EXPORTED \$243.9 BILLION IN MANUFACTURED GOODS



TEXAS IS THE TOP TECH EXPORTING STATE FOR THE 7TH YEAR IN A ROW



LARGEST MANUFACTURING SUBSECTORS IN TEXAS BY GDP: GROWTH FROM 1997 TO 2015



Sources: U.S. Bureau of Economic Analysis, Texas Comptroller of Public Accounts



TEXAS COMPANIES DOMINATE THE LIST OF AMERICA'S 500 LARGEST PUBLIC MANUFACTURING COMPANIES

IN 2019, TEXAS' MANUFACTURING INDUSTRY DIRECTLY EMPLOYED



917,800



Office of Governor Greg Abbott, Economic Development & Tourism | P.O. Box 12428 | Austin, TX 78711
512.936.0100 | gov.texas.gov/business | TexasEconDev

TARGET INDUSTRY CLUSTERS

- 1. ADVANCED MANUFACTURING**
- 2. AEROSPACE, AVIATION AND DEFENSE**
- 3. BIOTECHNOLOGY AND LIFE SCIENCES**
- 4. ENERGY**
- 5. INFORMATION TECHNOLOGY & CYBERSECURITY**



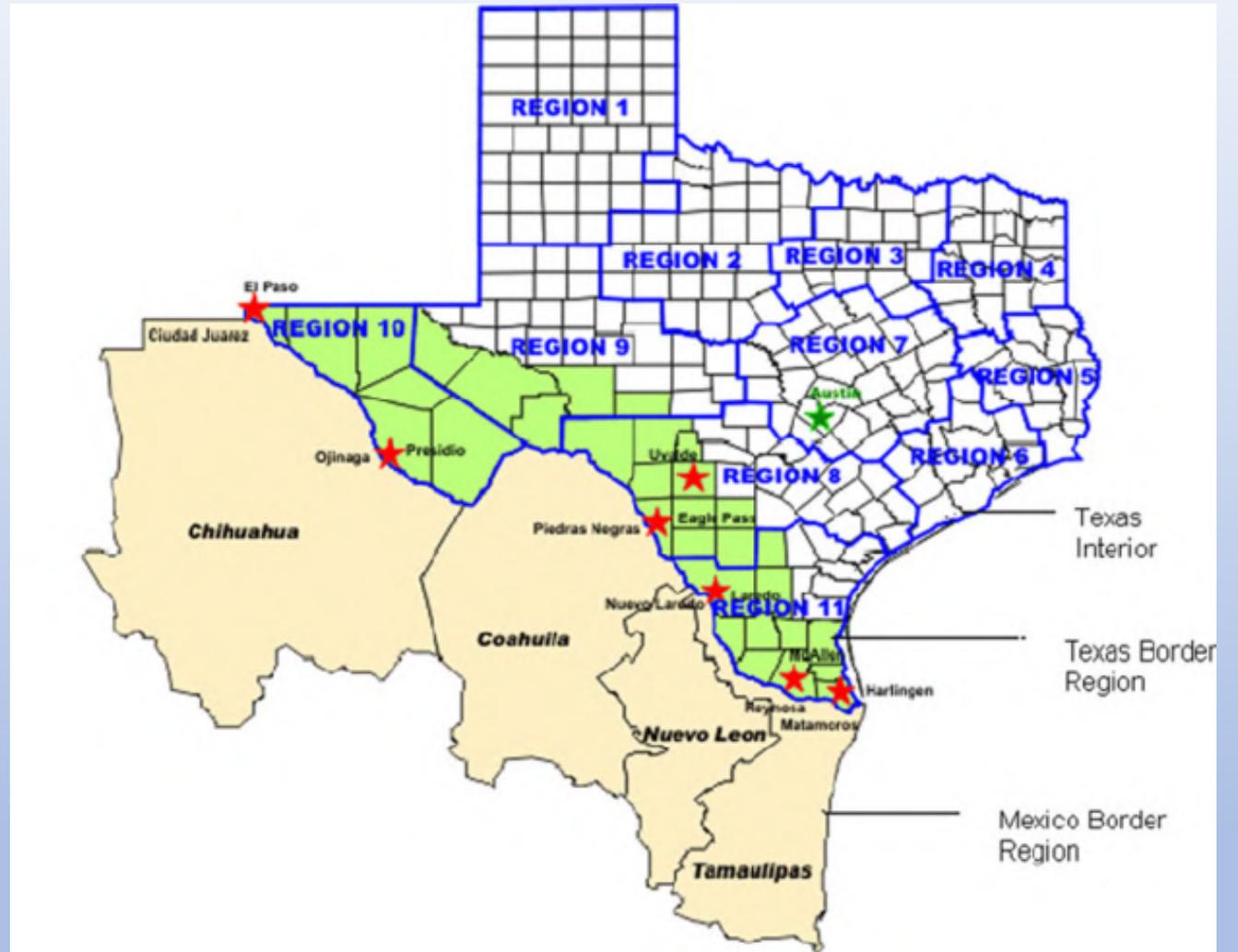
**TEXAS AND MEXICO ARE EACH
OTHER'S TOP TRADE PARTNERS**

THE TEXAS-MEXICO MEGAREGION...

**....A UNIQUE MANUFACTURING
POWERHOUSE**



TEXAS-MEXICO PROXIMITY CORRIDOR



TEXAS PORTS OF ENTRY

With 16 Texas seaports, 27 commercial airports and the nation's largest network of freight rail and public roads, Texas offers international companies approximately 29 ports of entry.



Office of the Governor
Texas Economic Development & Tourism
gov.texas.gov/business



PORTS OF ENTRY

THE NORTH AMERICAN BORDERPLEX

MANUFACTURING HUB



ATTRIBUTES OF THE BORDERPLEX MANUFACTURING HUB

Best of Both Worlds

- **Tremendous Industry Experience** – Manufacturing powerhouse over 60-years in the making. Hundreds of factories located on both sides of the border
- **Robust Logistics Network** – Transportation Infrastructure; Warehousing; Customs Programs
- **Vast Supplier Base** – Many manufacturing clusters formed
- **Qualified Workforce** – Legitimate manufacturing culture; Excellent universities and skills training programs

MANUFACTURING HUB DEVELOPMENT EFFORTS

Binational collaboration in building a world-class manufacturing corridor

Solid commitment from both sides

Successful regional integration efforts

JOINT-COLLABORATION EFFORTS - GOVERNMENT

- **Local & State**
 - **Mayors**
 - **Governors**
 - **Agencies**
 - **Programs - BTAC; Export Assistance; Trade Expansion**
- **Federal**
 - **US Congress Senator Cornyn; Reps Hurd, Escobar, O'Rourke**
 - **US House of Representatives –US and Mexico Consulates –SRE and US Department of State**
 - **US Department of Commerce and SE**
 - **Federal Reserve Bank**
 - **CBP**

JOINT-COLLABORATION EFFORTS – PRIVATE SECTOR

- **Manufacturers Associations**
- **Various Transportation Associations**
- **Cluster Development Organizations**
- **Chambers of Commerce**
- **Economic Development Entities**

JOINT-COLLABORATION EFFORTS – ACADEMIA/NGOs

UTEP

UTSA

TAMU

UACJ

UACH

ITESM

SMU

Rice
University

Wilson
Center

Aspen
Institute

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The Texas-Mexico Manufacturing Nexus

Rolando Pablos, MBA, JD, LL.M

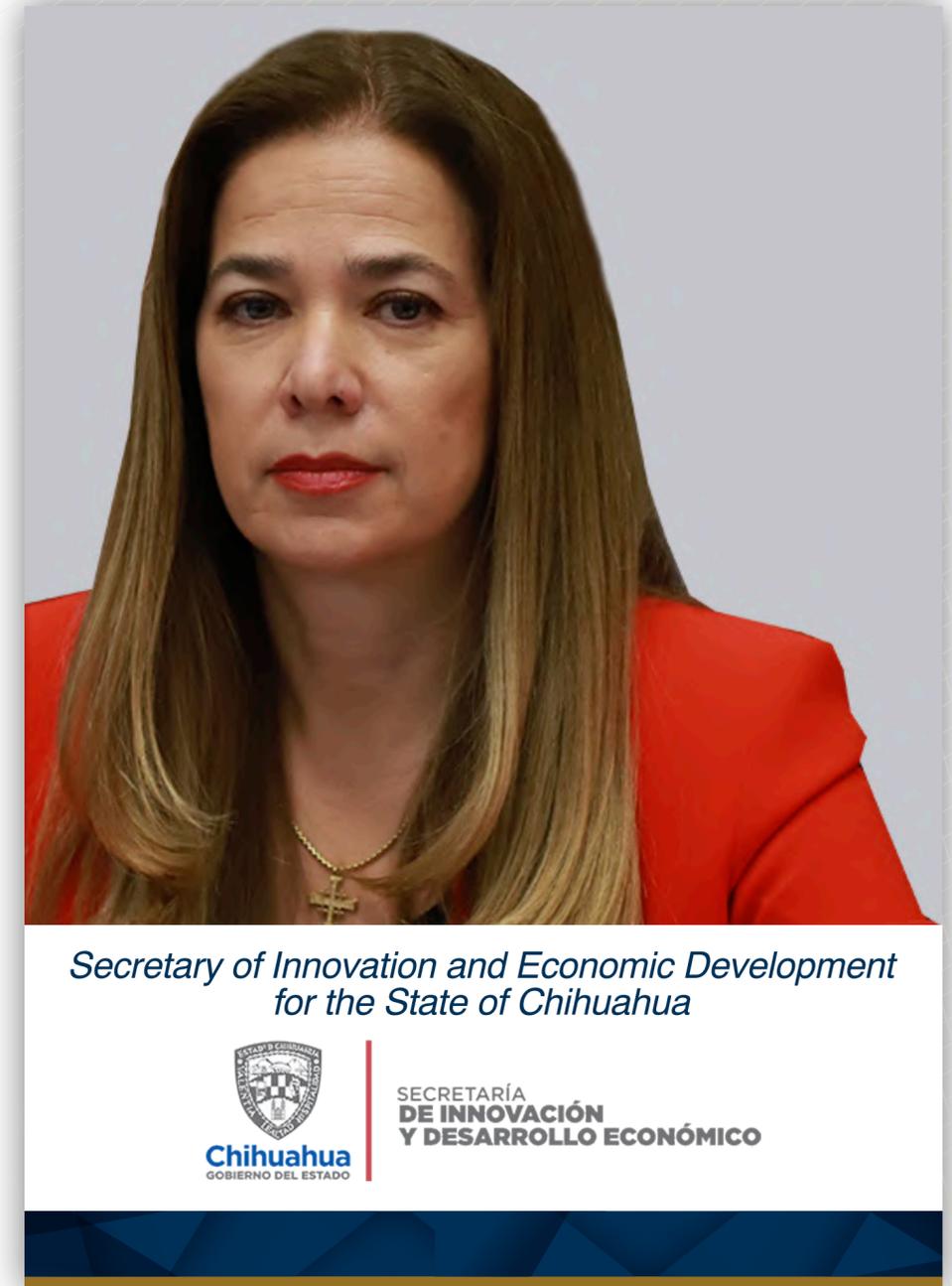
August 25, 2020

Alejandra De La Vega

Alejandra De La Vega was appointed in 2016 by the Governor of the State of Chihuahua, Mexico to serve as Secretary of Innovation and Economic Development.

She is also a businesswoman and entrepreneur.

Actively involved on both sides of the border, Mrs. De la Vega serves or has served on numerous business, civic, and charitable boards and committees.



Exponential Talent ⁿ



Chihuahua
STATE GOVERNMENT



Chihuahua
STATE GOVERNMENT

Chihuahua is the #1 on the Medical Devices Industry

n



1st place in Medical Devices Exports 2019



60,000 workers in Medical devices Manufacturing



4% above 2nd place with 11,000 less employees

Ventas internacionales

Entidad federativa		Municipio	
Valor comercial	Variación (US\$)	Variación (%)	
Año Inicial	2018		
Año Final	2019		

\$2.61MM
ENTIDAD FEDERATIVA CON MÁS VENTAS INTERNACIONALES (2019)
[Baja California](#)

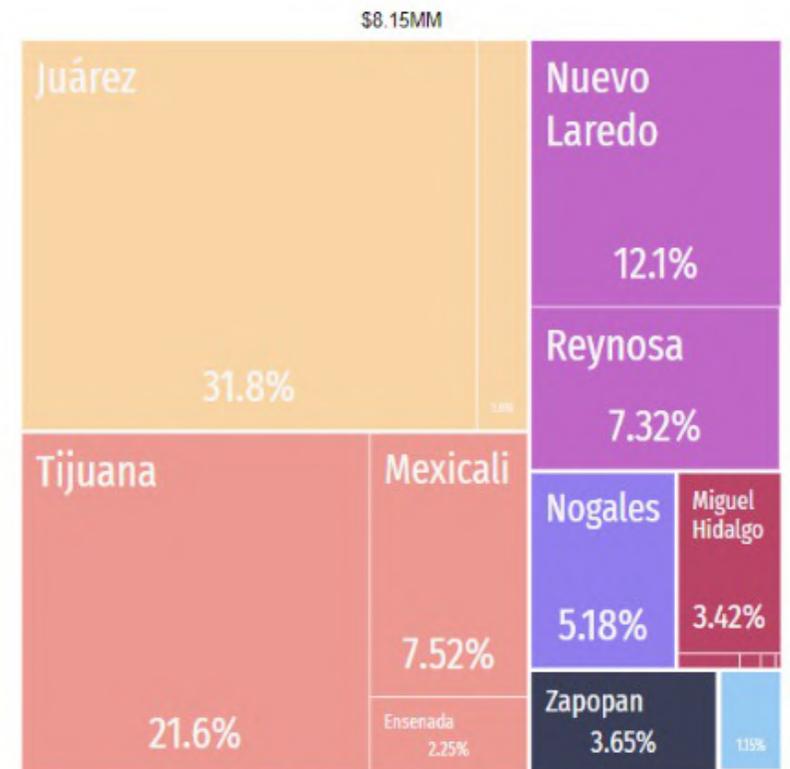
\$3.33MM
PRINCIPAL DESTINO COMERCIAL (2019)
Estados Unidos

En 2019, las entidades federativas con mayores ventas internacionales en Instrumentos y Aparatos Utilizados en Ciencias Médicas fueron [Baja California](#) (\$2.61MM), [Sonora](#) (\$468M), [Ciudad de México](#) (\$301M), [Jalisco](#) (\$299M) y [Nuevo León](#) (\$96.9M).

En 2019, los países con más compras internacionales a México fueron Estados Unidos (\$3.33MM), Irlanda (\$130M), Francia (\$115M), China (\$35.4M) y Alemania (\$27.2M).

Fuente [Secretaría de Economía](#).

Por municipio (2019)
[Clic para seleccionar]





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Chihuahua is the #1 on the Medical Devices Industry

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COMPLEJIDAD ECONÓMICA

NIVEL GEOGRÁFICO

Entidad Federativa	Zona Metropolitana	Municipio
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NIVEL INDUSTRIAL

Rama Industrial	Industria SCIAN	Industria Nacional
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INDICADOR

Empleados	▼
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TEMPORALIDAD

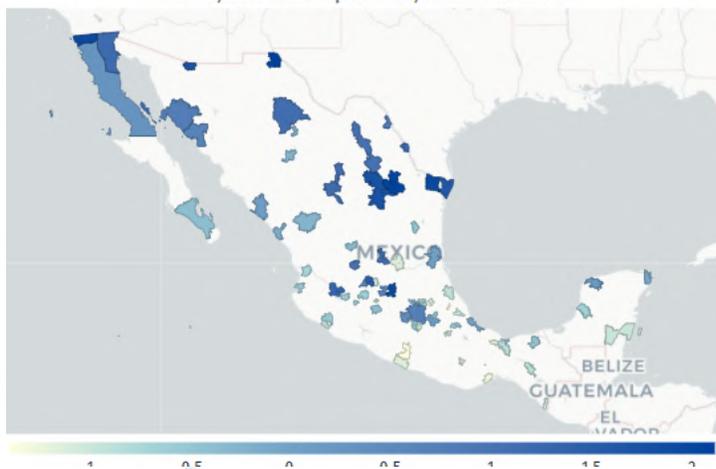
2020-S1	▼
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> OPCIONES AVANZADAS

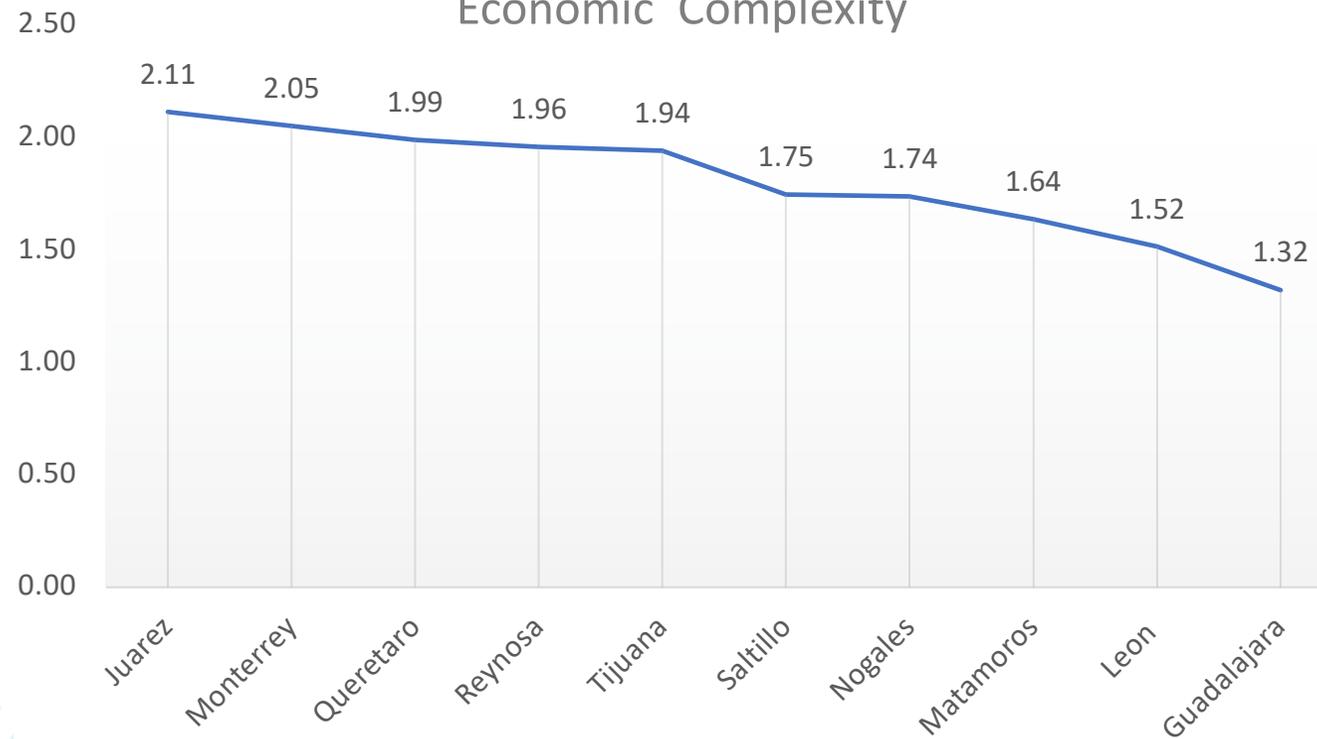
Calcular ECI / PCI

Índice de Complejidad Económica (ECI) (2020-S1)

DENUE, Zona Metropolitana, Industria SCIAN



Economic Complexity



1st place in Economic Complexity

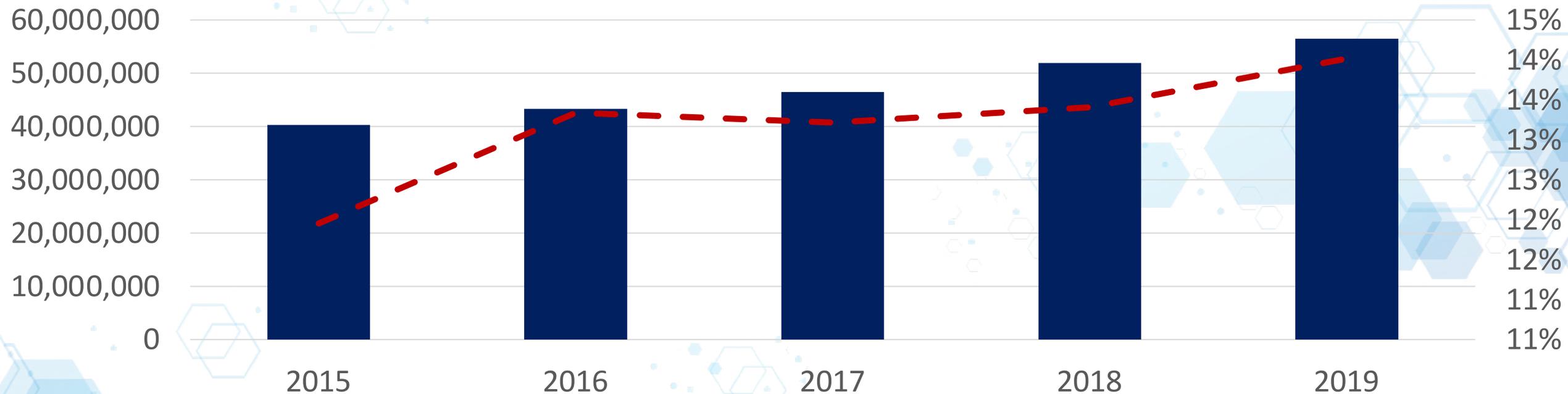


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Chihuahua 1st Place in Exports

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Exportaciones de Chihuahua
(Miles de dólares)



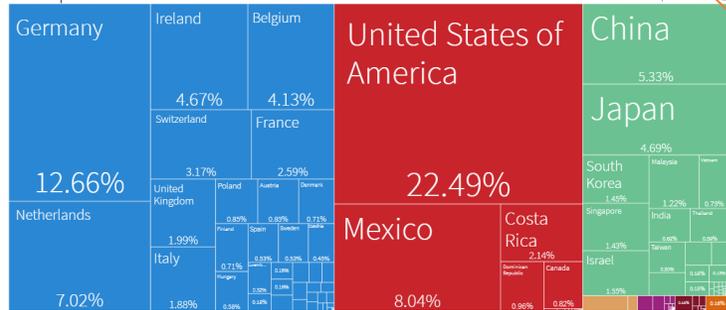


Chihuahua
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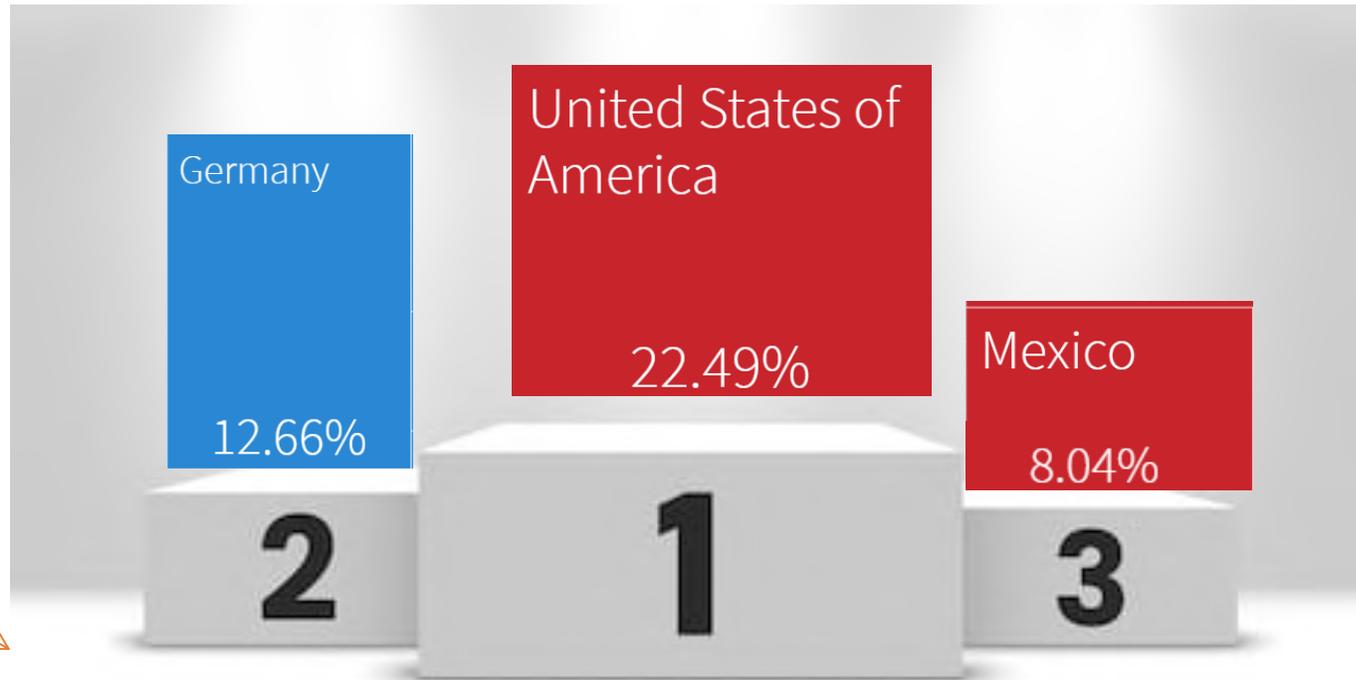
Who is who in Medical Devices

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Who exported Medical instruments in 2018?



Worldwide leaders in Medical Device Exports





Chihuahua
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The Strategy for Growth

n



Education



Cooperation



Innovation



Chihuahua
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Talent and Industrial Culture

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More than +6k engineering graduates, 34k skilled trades graduates and 29% of science, technology, engineering and mathematics graduates (STEMs).



More than 98% of region industry engineers and technicians are local.



State-of-the-art training in the High-Technology Training Centre and in the 59 universities and 65 vocational/technical institutions of the state.



Extensive Skilled Workforce; 909,403 formal jobs in the IMSS as of November 2019, friendly and stable unions with an industrial culture of more than 3 generations



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Chihuahua's Competitive Advantages

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The State of Chihuahua leads the fight against corruption; in November 2019 the organization #MexicoSinCorrupcion positioned Chihuahua at number 1 as the most transparent and corruption-free state with an index of 18.2% ahead of Querétaro and Baja California



World Class Infrastructure and Availability of Natural Gas for Industrial Projects.



Clusters and Industries with Advanced Integration and Cooperation; 14 clusters working together



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Strategic Logistics



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Located in the north-west region of Mexico.

Neighboring States with Texas and New Mexico.

Largest shared border with the United States.

Access to East and West coast from the same location





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Diversified

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Automotive

157 Suppliers
155K Employees
2 OEMS



Aerospace

45 Suppliers
17K Employees
6 OEMS



Medical Devices

54 Suppliers
60K Employees



Electrical and Electronics

126 Suppliers
94K Employees



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Medical Device Cluster ⁿ

More than 60k employees and 54 companies producing state of the art products in medical devices and pharmaceutical products.





Chihuahua
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Medical Device Success Stories

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Johnson & Johnson

- ❑ Recognized in the fortune index as one of the largest medical companies in the world
- ❑ More than 134,000 total employees Worldwide and 8,000 in Chihuahua state
- ❑ The first company in Chihuahua that manufacture medical devices based on cardiovascular and neurovascular catheters, sutures and ultrasonic technology equipment.



- ❑ More than 70,000 employees worldwide and 2000 in Chihuahua across two plants making catheters.
- ❑ BD is ranked #195 in the 2019 **Fortune 500** list
- ❑ The first medical company to manufacture internal and external urinary stabilization devices
- ❑ Annual revenue of US \$ 63,000 billion



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Innovation and Technology Development

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2 Innovation and Technology Development Centers in progress:
SPARK (Chihuahua) & CIITA (Juarez).



SPARK



CIITA



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Government Support ⁿ

The Chihuahua State Government is fully committed to support new investment projects with attractive and tailor made incentives.

We ask you to provide quantitative data to make an analysis of your projects & define State support.

- ✓ Investment Amount
- ✓ Payroll Quality
- ✓ Strategic Sectors
- ✓ Local Procurement
- ✓ Intellectual property development
- ✓ Geographic Location

Up to 10% of
Capital
Expenditure
(CAPEX)

Payroll tax

Worker training

Real Estate





Chihuahua
STATE GOVERNMENT

Welcome to Visit Chihuahua

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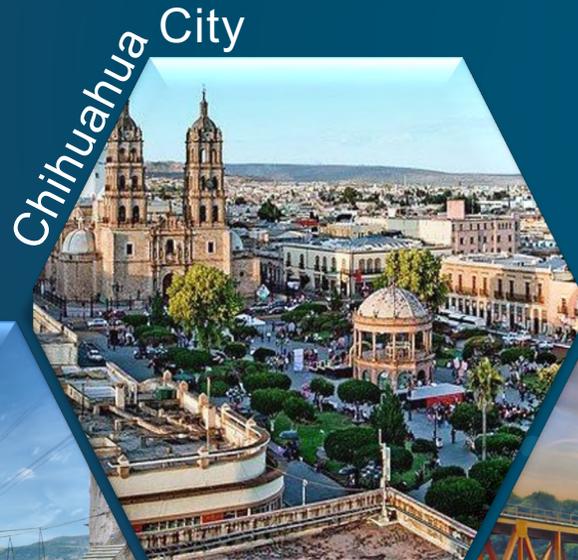


Samalayuca

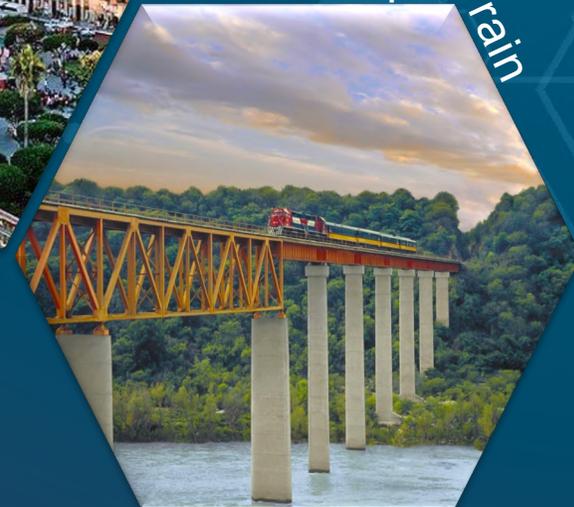
Desert



Copper Canyon



Chihuahua City



Chepe Train



Chihuahua
STATE GOVERNMENT

SECRETARIAT OF
INNOVATION AND
ECONOMIC DEVELOPMENT



Thank You

Secretariat of Innovation and Economic Development



Alejandra de la Vega
Secretary



Javier Corral Jurado
Governor of Chihuahua

www.chihuahua.com.mx

Emma Schwartz

Emma Schwartz is President of the Medical Center of the Americas (MCA) Foundation.

She serves on numerous boards and committees.

She was also appointed to the El Paso United COVID-19 Transition Task Force, also she was inducted into the El Paso Business Hall of Fame and named 2017's El Pasoan of the Year.



*President
at Medical Center of The Americas Foundation*



MEDICAL CENTER
OF THE AMERICAS
FOUNDATION



Medical Device Development in Mexico:
Value Added Industries

A healthcare professional in a blue scrubs, hairnet, and mask is operating medical equipment in a hospital room. The professional is wearing a blue hairnet, a blue surgical mask, and blue gloves. They are standing in front of a medical monitor displaying various waveforms and data. The background shows a typical hospital setting with other medical equipment and a window.

Medical Device Industry - Trends

The global medical devices market size was valued at \$425.5 Billion (USD) in 2018 and is expected to reach \$612.7 Billion (USD) by 2025

- **COVID-19 Disruption**
 - Stockpiles
 - Supply chains
 - Regulatory processes

Mexico's Medical Device Exports

Mexico's Medical Devices Exports



Source: Global Trade Atlas data

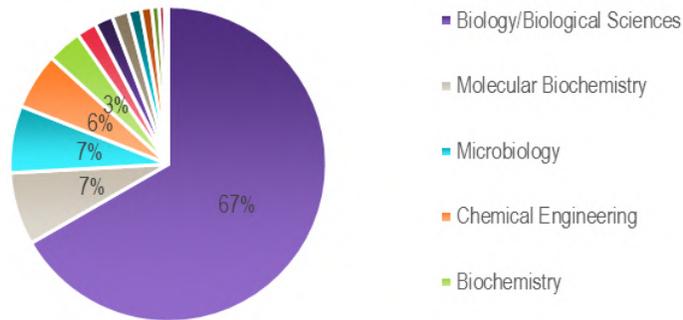
- 8th global place as an exporter
- 1st place in Latin America as an exporter
- Main supplier of the USA
- Chihuahua state exports in 2018: 3,864 million

El Paso-Juarez MedTech Sector Economic Contribution

Educational Institutions

- 7 charter school districts
- 9 independent school districts
- 13 post- secondary institutions
- 15 programs in the LS field

Life Sciences Graduates Completion, El Paso, 2015



Workforce

- **1,022** local jobs in **75** establishments in the Life Sciences/Medical devices sector in El Paso
- **7%** of 329 companies participating to the IMMEX program in Juarez focus on the medical industry
- Average earnings for the advanced industries is **\$65,106** per year - Compared to an average of **\$38,720** for all industries
- Professional, Scientific and Technical Services field is the **third highest** paying job category locally
- Talent:
 - **500** Army Veterans transition each month from Fort Bliss to civilian life locally
 - Transferrable skillsets to medical devices sector

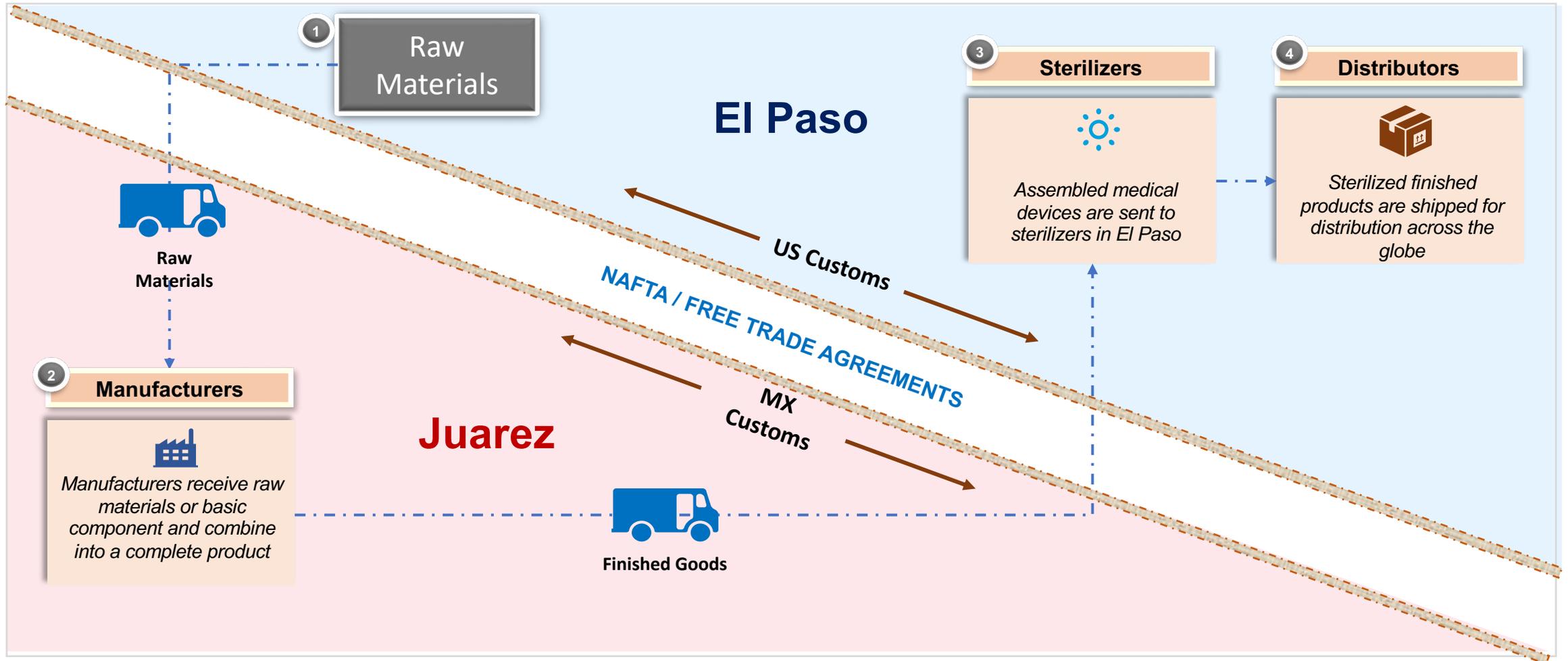
Healthcare

- Texas Tech physicians, clinics, and partnering hospitals provide over **\$33 million** in free healthcare to El Paso each year
- **14** Hospitals
- Texas Tech University:
 - School of Medicine
 - School of Nursing
 - School of Biomedical Sciences

Incentives

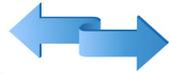
- El Paso Foreign Trade Zone
 - Ranked 11 among over **300** centers in the U.S.
 - Contributed to **2,366 jobs** to the community in 2017
 - 22 direct customers but only **2** are medical devices manufacturers, representing 10% of the volume

Manufacturing Movement in the BIO-EPJ Region



Positive Impact of Medical Devices on the Border

El Paso



Juarez



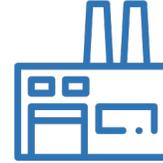
Stats

- ❑ Annual trade is \$101 bn / yr
- ❑ El Paso exports \$22.4 bn to Mexico
- ❑ 23,000 pedestrians cross each day
- ❑ 50,000 residents of El Paso and 115,000 in wider region cross into MX to work in Maquiladoras (US Manufacturing)

INDUSTRY SNAPSHOT



Over 30 medical device manufacturers in EPJ producing Class I, II, and III medical devices



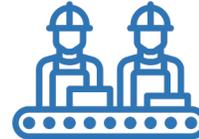
Corporate, contract, and drug/device combination manufacturing



Value/Supply Chain Gaps



Over 50 medical device suppliers



Employing over 40,000 in EP-J



Workforce/talent pipeline needs



Projected to grow by 11% over next 5 years in El Paso



Over 20% cost-savings in producing medical devices in MX



FDA regulation / compliance needs

Over 30 MD Companies in the Region | More Than 40,000 Direct Jobs

REXMED
Quality for life

 **seisa**[®]
medical


CardinalHealth

Johnson & Johnson

 **BD**

 **ASO**

 **SALTER LABS**

JABIL

 **UFP**
TECHNOLOGIES

 **Firstronic**
electronic manufacturing solutions

Cordis[®]
A Cardinal Health company


GE Healthcare


Integer[™]

FIH 富智康[™]

 **VISHAY**[®]

 **bvi** Beaver Visitec

align

Ansell

 **NEOTech**
NATEL EPIC OnCore

rd

 **KeyTronicEMS**
Trust. Commitment. Results.

flex

 **CUSTOM PROFILE**
PLASTIC PROFILE EXTRUSIONS

3M

 **BI-LINK**[®]

 **Medtronic**

 **FILTERTEK**
An ITW Medical Company

 **TIMS**
Where great products take shape

 **Technimark**

 **MFI**
INTERNATIONAL

Medical Device Manufacturing Value Chain

Regional Participation



BIO El Paso-Juarez drives innovation, collaboration, growth and resilience in the regional medical device sector by bringing together medical, industrial, academic, governmental, and entrepreneurial leadership.



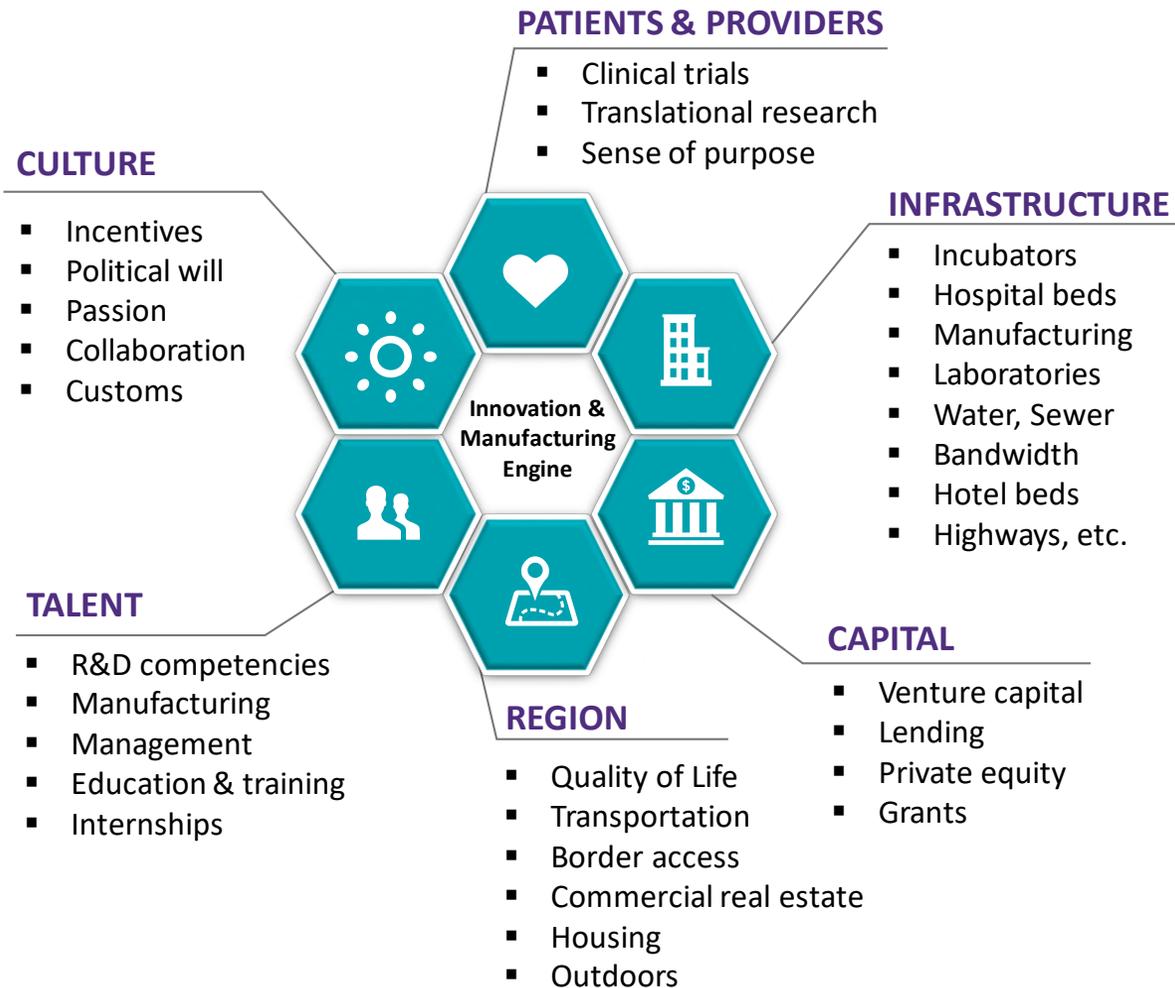
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BioMed
CLUSTER TEXAS & CHIHUAHUA



Innovation & Manufacturing Strategic Framework



- *Experience shows that life sciences innovation and manufacturing rely on several ingredients. Deny any one and growth will be limited.*
- *The BIO-EPJ Medical Device cluster nurtures a holistic ecosystem in order to achieve its vision.*

GOALS & OBJECTIVES

- **Promotion:**
 - BIO International
 - MedTech Conference (with exhibitor booth)
 - MD&M West (Medical Design & Manufacturing)
 - THBI Conference
 - Baja Cluster Summit
- **Talent Development:**
 - FDA Courses in GMP, Regulatory Compliance, Design Control, etc.
 - COFEPRIS Summit in Ciudad Juarez
- **Connections & Collaborations:**
 - THBI and CPRIT Roundtable
 - Annual El Paso/Juarez Medical Device Summit
 - Member networking events and plant tours
- **Strategic Planning for Growth:**
 - U.S. EDA grant to conduct bi-national ecosystem map and cluster analysis
 - Develop industry-driven task forces to address ecosystem gaps





BIO
EL PASO • JUÁREZ

We are here to serve you!

Emma W. Schwartz
CEO, BIO-EPJ
915-269-2569
emma@MCAmericas.org

Wilf Ruiz-Caban

Wilfredo Ruiz-Caban joined the CONMED as Executive Vice President of Quality Assurance & Regulatory Affairs in September 2015 and in February of 2016 was named Executive Vice President of Quality Assurance, Regulatory Affairs and Operations.

Mr. Ruiz also has held a number of managerial positions in manufacturing and quality operations.



CONMED Chihuahua & AI A Partnership for Success

August 25, 2020

Westborough, MA



A little bit about us...CONMED Today

Our Story...

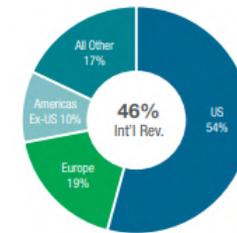
CONMED Today

- A global medical technology company with over 50 years serving customers.
- We specialize in the development and sale of surgical and patient monitoring products and services.
- Our mission focuses on allowing our physician customers to deliver high quality care and as a result, enhanced clinical outcomes for their patients.
- Global presence with iconic brands playing in a growing field - Orthopedic, Laparoscopic, Robotic & Open Surgery, Gastroenterology & Pulmonology and Cardiology & Critical Care specialties have come to value the CONMED name across the world.

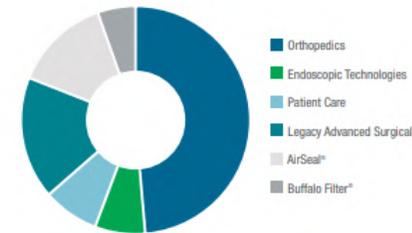
2019 Company Snapshot

\$955M / FY2019 Revenue

Geographic Revenue



Product Revenue



Orthopedics

Surgical devices including capital, single-use, and implants used in the repair of soft tissue and joint injuries.

79%

Recurring, single-use revenue

General Surgery

Low Impact™ Laparoscopy, enabled by the AirSeal® System
 GI therapeutic and diagnostic products
 ECG, MFE (Multi-Function Electrodes), and other Patient Care devices
 OR Smoke Management, Buffalo Filter® product line

3,300

Employees globally

1970

Founded and Headquartered in Utica, New York

Looking to the future...

New Product Revenue as % of Total



- Innovation becoming a Company strength
- New product revenue a meaningful contributor
- Market opportunity, margin profile, and innovation as inputs to pipeline decisions
- Exceptional connection to global market Key Opinion Leaders

Key focus....

- ✓ **People** – Core to our strategy and success
- ✓ **Products** – Global customers expect continued innovation in their specialties
- ✓ Improving **Profitability** – Consistent execution enhancing the profit outlook



Site Profile

- Started operations in 2008
- Total Employees over 850
- Two shift operation Mon-Fri
- 43M+ units shipped per year
- 940+ SKU's
- 550+ Suppliers/ Over 5000 part numbers
- Total Plant Area 178,350 sqft
 - ✓ Clean Room Manufacturing 52,900 sqft
 - ✓ Electronics Manufacturing 21,200 sqft
 - ✓ Warehouse 30,250 sqft B1, 40,000 sqft B2
 - ✓ Offices and Common areas 57,000 sqft

Certifications

- ✓ FDA Facility Registration # 3007305485
- ✓ ISO 13485:2016 Certification No FM 594143 Exp 05/13/2021
- ✓ COFEPRIS Mexican Certificate Act # 143301129X0205
- ✓ UL Subscriber 100546021
- ✓ Intertek Brazil Subscriber 4008706
- ✓ TUV Rheinland TUVBR326-R01
- ✓ JPAL Certification
- ✓ Industria Limpia (Environmental)
- ✓ OEA (Formal Audit Approved)
- ✓ GPTW (27 place in the national ranking)

Manufacturing Capabilities

- Extrusion lines
- Ultrasonic Welding
- Ultrasonic Cleaning
- Mechanical Assembly
- Pad Printing
- Electronic Box Build
- Electrical Test
- Testing vision systems
- Cable Assembly
- Sterile Packaging



Our Products

HIGH VOLUME	HIGH MIX	EXTRUSION	ELECTRONICS			
<p>Staplers</p>  <p>Cleaning brushes</p>  <p>Specimen Bags</p>  <p>Filters Tube Sets</p> 	<p>Electrodes</p>  <p>ES pencils</p>  <p>Dispersive Electrodes</p> 	<p>ES reusable pencils</p>  <p>Dilators, ligators, specimen & cytology devices</p>  <p>Gravity Flow Controller</p> 	<p>Argon Beam pencils</p>  <p>Smoke evacuation pencils</p>  <p>Laparoscopic Hand pieces</p> 	<p>Tubing sets</p>  <p>Connecting Tubing</p>  <p>Tri - Lumen Extrusion</p> 	<p>Extrusion tubing</p>  <p>Spiral Tubes</p> 	<p>Endoscopy and Arthroscopy Consoles</p>  <p>Battery chargers Cords and Cables</p>  <p>ESU Generators</p>  <p>Fluid Management Systems</p> 

Global Operations Footprint



Why did we come to Mexico?

- Like many other companies, we were looking to improve our cost
- From 13 international mfg operations we optimized our footprint to 3 mfg centers
- Leverage of NAFTA advantages – Proximity, access, IP protection, industrial base
- American Industries

Why did we choose Chihuahua?

- Chihuahua is one of the most important manufacturing centers in North America
- World class industrial parks infrastructure and buildings available and according to our needs
- Design and advanced engineering centers specialized in giving support to companies
- Highly specialized workforce at a competitive cost
- Important universities and technological institutes from where a large number of high-level professionals graduate every year
- Multicultural business environment and with professionals who speak English language
- Nearby border in El Paso Texas just 230 miles away from Chihuahua City
- Location and logistics with infrastructure, facilitating the products transportation and sterilization.
- Shelter companies giving the support and advice to new companies that need to invest**



MEXICONOW Mexico's Medical Devices Industry

Mexico's Medical Devices Production Outlook 2014-2020

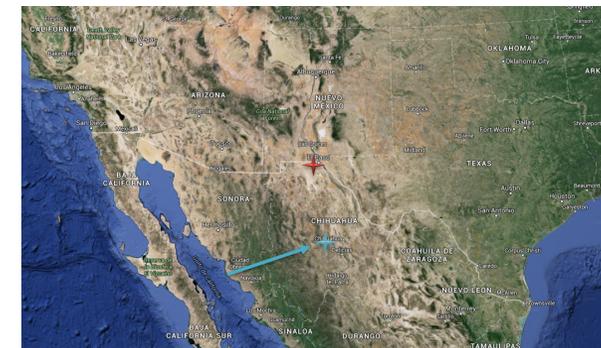


*Estimated
Source: Estimates by ProMexico, with data from INEGI, Global Trade Atlas and IHS

Mexico's Medical Devices Consumption Outlook 2014-2020



*Estimated
Source: Estimates by ProMexico, with data from INEGI, Global Trade Atlas and IHS



Chihuahua is located 200 miles South from El Paso, Texas

38 Universities in Chihuahua City



Public:

Universidad Autónoma de Chihuahua (UACH)
 Universidad Autónoma de Durango (UAD)
 Universidad Pedagógica Nacional (UPN)
 Universidad Politécnica de Chihuahua
 Universidad Tecnológica de Chihuahua (UTCH)
 Instituto Tecnológico de Chihuahua (ITCH)
 Instituto Tecnológico de Chihuahua II
 Centro de Formación y Actualización Judicial

Private:

Centro Chihuahuense De Estudios De Postgrado
 Universidad TecMilenio
 Universidad del Desarrollo Profesional (UNIDEP)
 Universidad del Valle de México (UVM)
 Universidad Interamericana del Norte (UIN)
 Universidad de Estudios Avanzados (UNEA)
 Universidad La Salle Chihuahua
 CUDACH Corporativo Universitario de Arquitectura
 Escuela Libre de Psicología (ELPAC)
 Isthmus Norte



Private:

Estudios Superiores de la Comunicación
 Tecnológico de Monterrey (ITESM)
 Centro de Especialidades en desarrollo y Educación
 Centro de Estudios de Posgrado y Capacitación Mundo
 Centro de Estudios Penales y Forenses
 Centro de Estudios Superiores del Norte (CESNO)
 Centro de Estudios Superiores Elizabeth Seton (CEIES)
 Centro de Estudios Superiores Ignacio Allende
 Centro de Estudios Superiores Milton H. Erickson
 Centro de Estudios Universitarios Univer
 Centro Regional de Estudios Superiores Palmore
 Centro Universitario de Chihuahua
 Claustro Universitario de Chihuahua
 Colegio Nueva Vizcaya
 Conservatorio de Música de Chihuahua
 ELPAC Universidad de Ciencias del Comportamiento
 Escuela de Psicología y Pedagogía "Sigmund Freud"
 Escuela Superior de Comunicación Grafica
 Instituto Agustín Palacios Escudero
 Universidad Regional del Norte (URN)



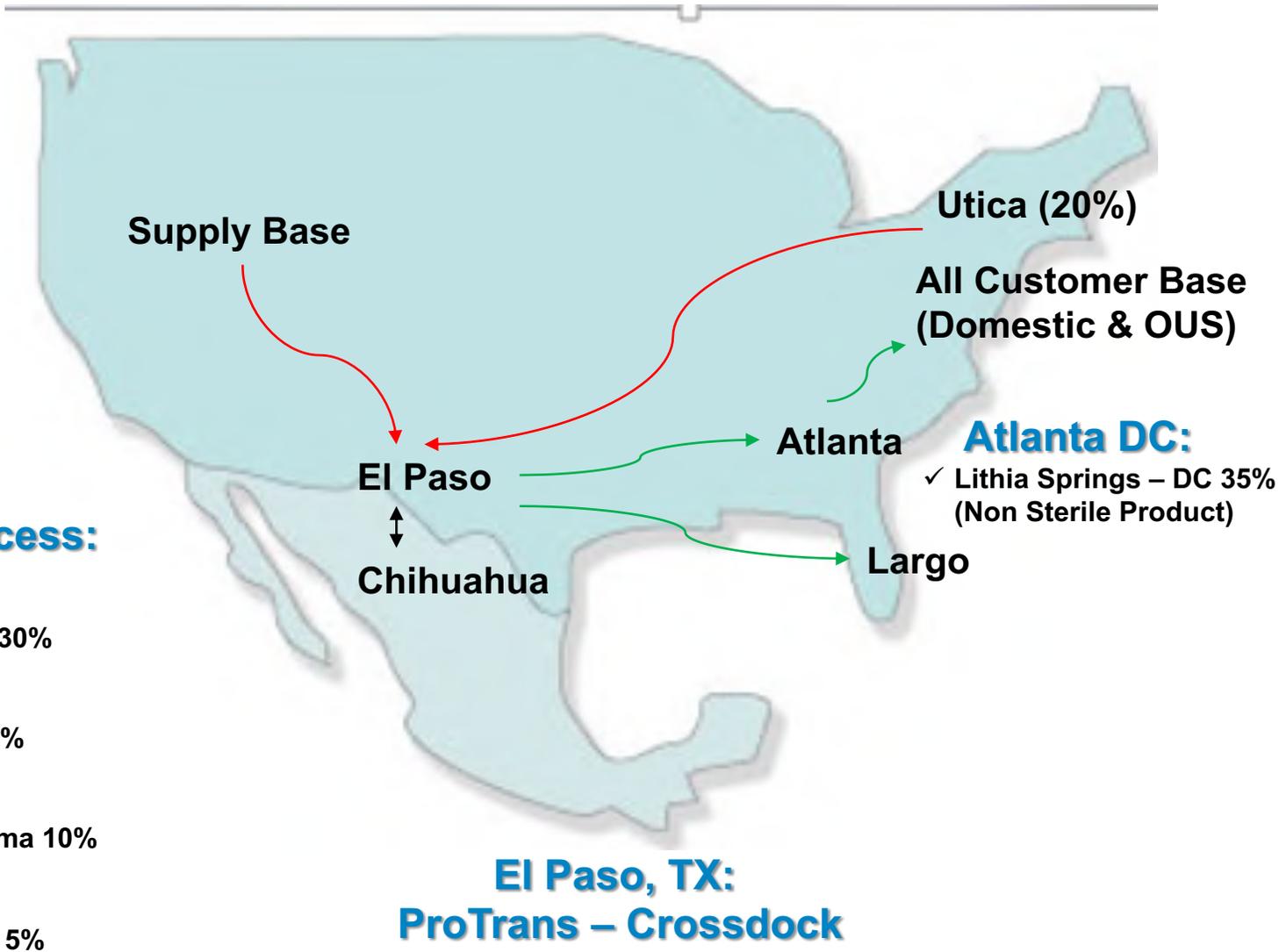
Tecnológico de Monterrey



Inbound – Outbound Logistics

Sterilization Process:

- Atlanta, GA:
 - ✓ Sterigenics – ETO 30%
- El Paso, TX:
 - ✓ Steris – Gamma 20%
- West Memphis, AR:
 - ✓ Sterigenics – Gamma 10%
- Santa Teresa, NM:
 - ✓ Sterigenics – ETO 5%



Why did we choose American Industries?

- Solid shelter company with extensive experience supporting investors
- High level of expertise in the areas of customs, finance, human resources and fiscal management
- Company with an excellent image, and good and close relationship with the government, associations, educational institutions and engineering and technological training centers.
- Specialized Real Estate department giving advice and with availability to adapt the building according to the company needs.
- Specialized customs area offering tax incentives in import and export processes
- Financial and legal advice by experts, available at all times
- Most advanced purchasing, finance, payroll and customs systems available to companies
- Highly trained human talent available at a competitive cost



Partner for Success[®]

American Industries[®]

Our People

This certification is given to companies that are focused on improving the life quality of their employees



A great place to work is a company where:

The employees Achieve or exceed business **objectives**

Every one give **the best of themselves**

There is a sense of **team and family**

In an environment of **HIGH CONFIDENCE**



- ✓ ConMed Chihuahua has 7 consecutive years achieving this certification
- ✓ 27th place in the ranking of the best companies to work for in the country



credibility



respect



fairness



pride



camaraderie

Thank You !

Adán Gómez

Adán has more than 20 years of experience working in world-class and multicultural environments facilitating and promoting the establishment of new businesses in Mexico with a strong focus on the manufacturing industry, including the aerospace, automotive and auto-parts, medical devices and electric and electronics sectors.

He is responsible for coordinating the business development team at American Industries Group.



Softlanding in Mexico

End of Globalization or opportunity to reinvent it?

every event impact us...

... more frequent and severe unexpected events

 Acute climate change	 Macroeconomic/ financial crisis	 Trade dispute	 Pandemic
 Chronic climate change	 Cyberattack	 Terrorism	 Supplier bankruptcy

Concerns



a disruption of this
length
2+ months
occurs in intervals of
4 - 5 years average

Events that finally forces many companies,
and entire industries, to rethink and transform
their global supply chain model



- Companies have exposed their vulnerabilities, specially those highly depending on China

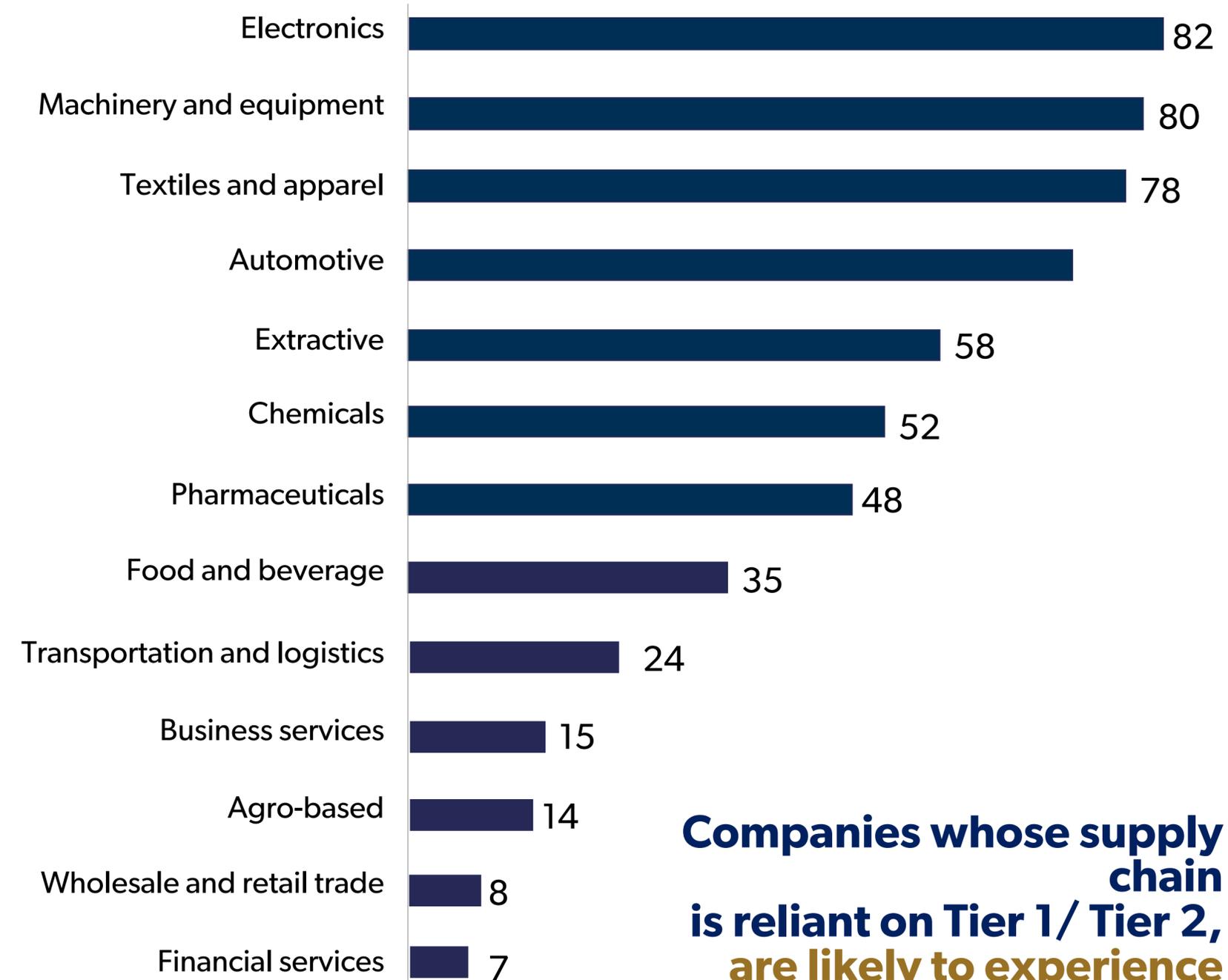
Reshaping of the Global Landscape

China's dominant role as the "world's factory" means that any major disruption puts global supply chains at risk

80%
of Global Trade
involves nations with
declining
political stability scores

Degree of Internationalization of selected industries

gross exports as a share of output (%)



Companies whose supply chain is reliant on Tier 1/ Tier 2, are likely to experience significant disruption



Concerns drive diversification,

Global sourcing trends

+/- Shifts in policies and regulations have changed how businesses can operate

1. US-China relations
2. COVID-19 impacts
3. Competition with Chinese companies
4. Tariffs
5. Cost increases
6. Travel restrictions
7. Licenses and approvals
8. IPR enforcement
9. Data flows / Cybersecurity
10. Innovation policies
11. Investment restrictions on foreign companies

15-30%

GDP decline in major economies

Workforce forced to stay home

< US\$ 1 T

Global FDI falling to - 40% due to COVID impact

Success in today's global manufacturing landscape requires the flexibility to respond & capitalize on, near-term disruptions

Why Mexico?

Think more strategically about where to invest in new manufacturing capacity



Ensure flexibility, dynamism and global balance

By optimizing manufacturing and supply chain capabilities



Consider nearshore production, close to customers

to improve market and reduce inventory



Certainty in trade policies

New USMCA and the largest network of FTA's



Adaptive and highly skilled labor force

That can adjust to new technologies and policies



Focus in enhancing productivity

Through advanced manufacturing technologies

Wages rose faster than productivity lately (+ a strong dollar vs peso)



Within Mexico, companies can adopt a regional strategic approach

Savings on labor from manufacturing offshore may be offset by the ability to:

- Reach markets more rapidly
- Replenish inventory
- Develop product prototypes
- Implement design changes

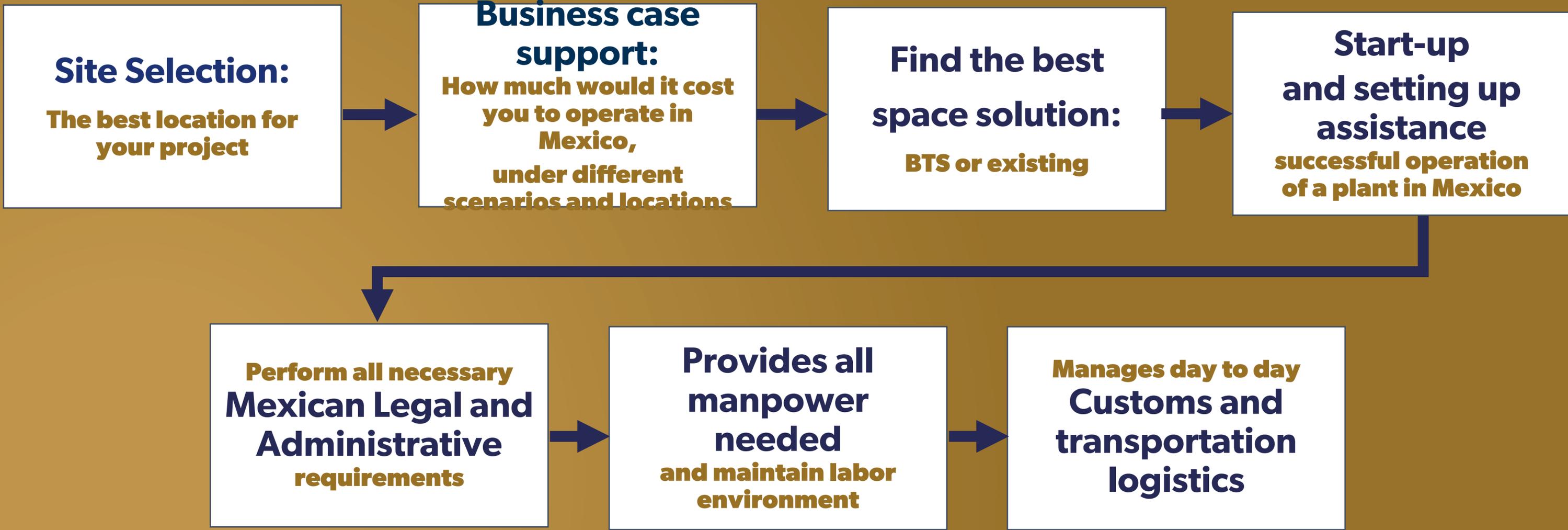
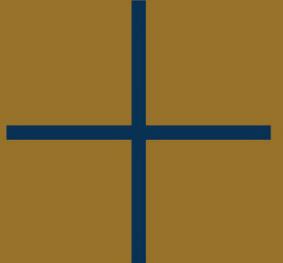
-80% *
shipping time

-75% *
transporting cost

* Comparison between Mexico and China

Setting up operations in Mexico:

Facilitation process



Site selection

Understanding the Project

- **Project scope**
- **Company objective**
- **Corporate criteria**

Regional Site-Selection

- **Cities rough cut**
- **Cost analysis**
- **Evaluation matrix**
- **Final Site Selection**

Building options

- **Due dilligence**
- **Facility adecuation**

Selected Site

- **Site visit**
- **Incentives**

Select Location

- Product / Processes / Supply Chain
- City Profile: Border, Interior, large/medium size
- Time Frame
- Talent requirements: # and Skills / Stability
- Logistics: Lead time, customers /suppliers
- Quality of Life: Ex-pat and families
- Educational Infrastructure: Pool / Availability
- Security

Facility

- Time Frame
- Utilities requirements
- Existing or Build-To-Suit Facility
- Buy or Lease
- Outside or Inside Industrial Park
- Curv Appeal

Incentives and support programs

- Based on projects characteristics and needs

Options to setting up in Mexico

5 Business Models To Start Manufacturing in Mexico

American Industries
Site Selection - Shelter Administrative Services - Industrial Real Estate



identification plan optimization
standards quality
treatment management event strategy
RISK



Which business model better fit your needs

- ◉ Wholly owned subsidiary
- ◉ Find a JV Partner
- ◉ Outsourcing
- ◉ Contract Manufacturing
- ◉ **Shelter Program**

About

American Industries®

American Industries® is a private Mexican company that has helped over 200 international companies to successfully start up and grow their distribution and manufacturing operations throughout Mexico since 1976 through our 2 Business Units:



Shelter Services

Administrative support
for your operation



Industrial Real Estate

Ideal space solutions



American Industries®



CLIENTS: + 50



HC: +14,000 employees



Industrial Parks: 14



Buildings: +125 / 14 M ft²
Tenants: 149



Trade transactions:
+30,000 trouble-free

Our Mission

To provide high quality, value added products and services that facilitate the successful establishment and operation of international companies in Mexico

American Industries®

*presence in the most important
Industrial locations*

+45 years

Assisting Foreign Investors
in Manufacturing Industry

**+ 200
clients**



- Ai** United States
 - 📍 El Paso
 - 📍 Laredo

- Ai** Canada
 - 📍 Toronto

- Ai** Tamaulipas
 - 📍 Matamoros
 - 📍 Tamaulipas

- Ai** Jalisco
 - 📍 Guadalajara

- Ai** Chihuahua
 - 📍 Juarez
 - 📍 Chihuahua
 - 📍 Delicias
 - 📍 Camargo

- Ai** Nuevo Leon
 - 📍 Monterrey

- Ai** Queretaro
 - 📍 Queretaro

- Ai** San Luis Potosi
 - 📍 San Luis Potosi

- Ai** Guanajuato
 - 📍 Silao

- Ai** Mexico City
 - 📍 Mexico City

- Ai** Coahuila
 - 📍 Saltillo
 - 📍 Torreon

- Ai** Durango
 - 📍 Gomez Palacios

Our clients



Industrial Real Estate Solutions



Services & Products

- **Services: Site Selection, PM**
- **Industrial Parks**
- **Inventory Buildings**
- **Multi-tenant Facilities**
- **Modular Warehousing**
- **Build to Suit Lease**
- **Sale and leaseback**

Shelter Concept

Client manufacturing in Mexico:

- ✓ Management to direct operations
- ✓ Full control over production, Quality, Engineering, Design, Delivery

Partner for Success®

American Industries provides:

- ✓ Administrative support
- ✓ Consulting firm
- ✓ Partnership in México

“You bring your manufacturing expertise, we provide you with a comprehensive package of administrative functions required for your business to succeed in Mexico.”

Focus on your core business,
We'll take care of everything else!

Setting-up process

under different frameworks

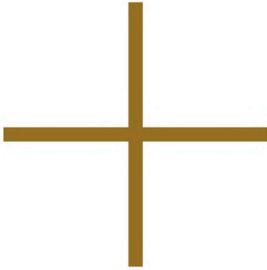
NOT-INCORPORATED

- Existing legal entity
- Existing maquila (IMMEX)
- Existing VAT certification
- Fastest start-up option – 2 to 3 months
- Permits and structure already exist
- Reduces exposure and liability in Mexico
- Maximize savings

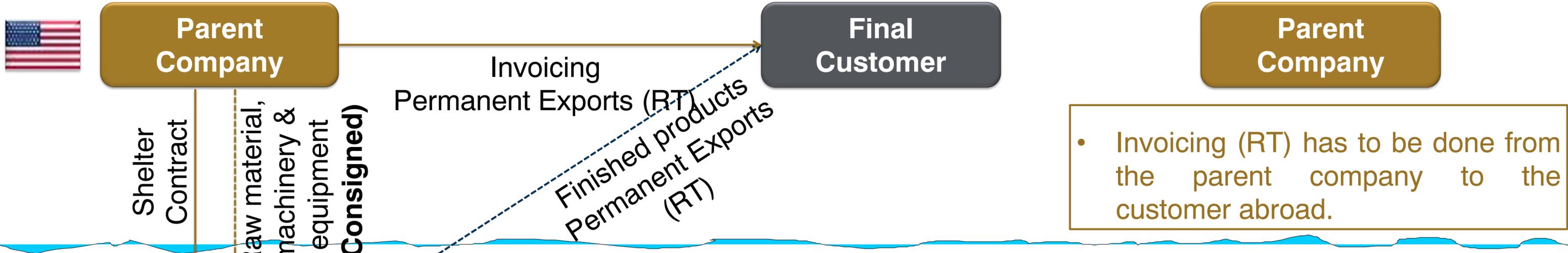
INCORPORATED

- It is a must if your Mexican operation is required to invoice in Mexico
- New legal entity /entity incorporation is required
- All licenses, permits and certifications need to be obtained prior to operating
- Application for a new maquila (IMMEX) program is needed
- Application for a new VAT certification is needed
- 6 to 7 months for initiate operations
- Full exposure and liability in Mexico

Not-Incorporated Operating framework



Permanent exports of finished goods (IMMEX)



American Industries

- Income tax
- No profit sharing
- No VAT on Mexican purchases
- IMMEX Program (temporary imports)
- OEA certification (security in the supply chain)
- VAT certification (No VAT on imports,

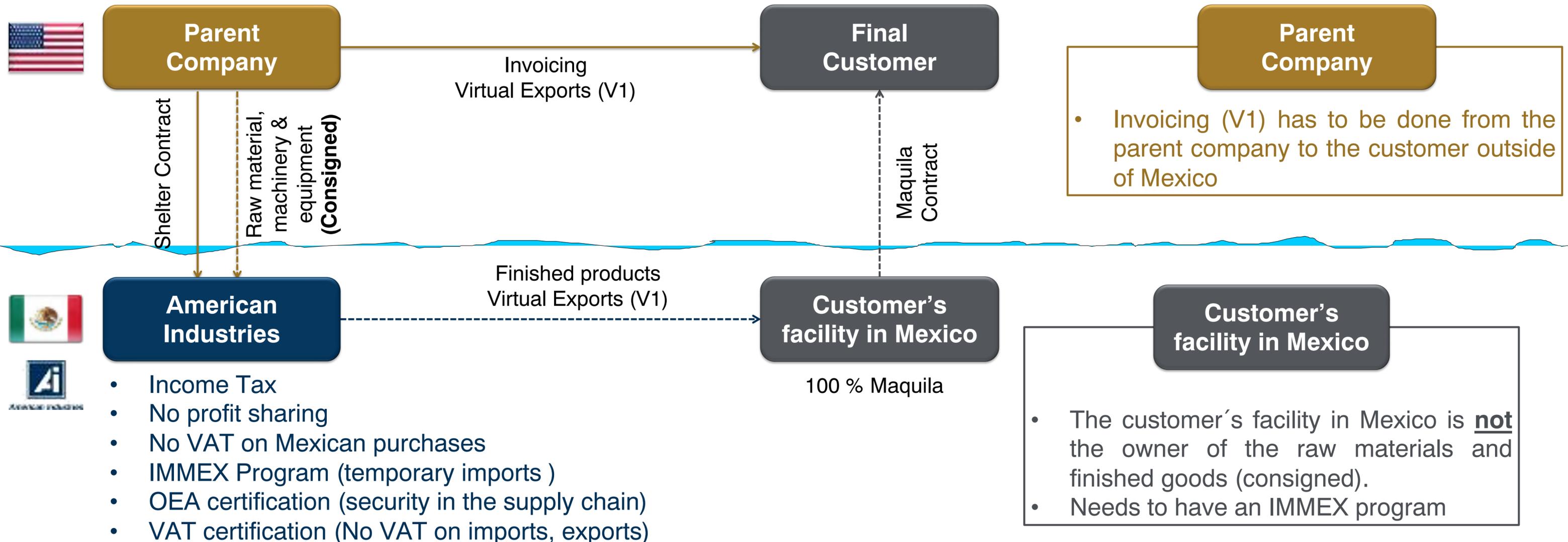
• Invoicing (RT) has to be done from the parent company to the customer abroad.

IMMEX Is defined as an instrument to temporarily import goods and services that will be manufactured, transformed or repaired, and then re-exported.
Offers TAX benefits to companies that manufacture in Mexico.

Not-Incorporated Operating framework



Virtual exports of finished goods (IMMEX)



Services covered

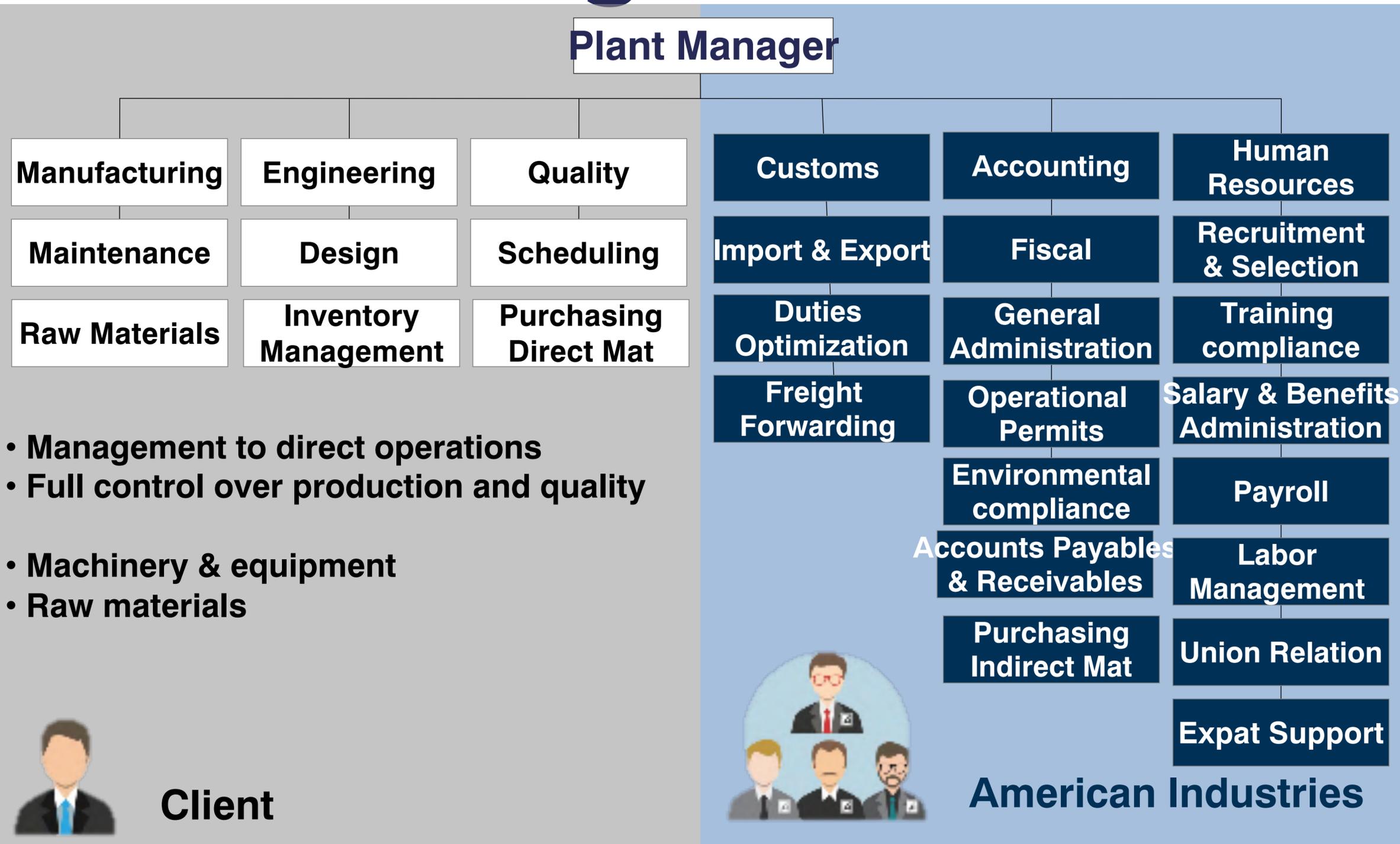
Under AI Shelter Program



- **37 Services**
- **Term:** Typically 4 years for Start-up and run
- **No entrance or exit fee**
- **All-size of projects**
- **All sectors**



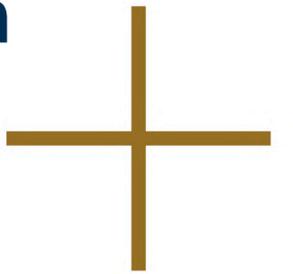
Responsibilities under AI Shelter Program



Benefits of the A.I. Shelter Program



Full control of your operation



Quick Start-up / Lower Cost / Administrative functions covered / savings

- Immediate access to an experienced A.I. Team / established processes / Certifications / ongoing advisory in HR, Customs, Fiscal, etc.
- Speed up the Start-up (2-3 months) / Lower the learning curve
- Shelter Fee lower than Stand Alone
- Indirect / Local Purchasing with no VAT (16%). Maximize savings. Economies of scale
- No extra or hidden fees nor Mark-ups like: Entry / Exit / Recruitment / Purchasing
- IT Platform is set (licenses & equipment)



Less Risk / Minimal liabilities / Focus on core business

- Trouble-free access to operating in Mexico
- Full compliance with Mexican laws and regulations
- Minimum supervision from HQ
- Focus on productivity, quality, customer, on time delivery
- Option to operate under the Not-Incorporated framework



**Start a successful
story in Mexico
with us today.**

Thank you!

Juan Ivan Alvarez Chabre

jialvarez@aiig.com

Mobile: +52 1 (656) 366 09 50



WE INVITE YOU TO OUR UPCOMING WEBINAR

How to Benefit from the USMCA
in the Automotive Industry

SEPTEMBER 24, 2020
11:00 PM EST / 10:00 AM CST

Participants



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aiwebinars@americanindustriesgroup.com

Participants



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Chihuahua
GOBIERNO DEL ESTADO

SECRETARÍA
DE INNOVACIÓN
Y DESARROLLO ECONÓMICO

Our Partners

