



***5 Business Models***  
to Start Manufacturing in Mexico

## Why Mexico is the Best Option for International Manufacturers?

- Open economy: With one of the world's largest networks of free trade and commercial agreements, Mexico gives you access to more than 1.2 billion consumers in over 40 countries
- Competitive labor costs: Mexico has an ample, highly-skilled and technically-proficient workforce
- Great connectivity: Mexico's world-class infrastructure in constant development and its geographic location allow for seamless integration of global value chains
- A mature hub for manufacturing and a growing domestic market
- Stable macroeconomic environment and favorable economic performance
- Fastest-growing labor force compared to other emerging economies
- Offers legal certainty for intellectual property
- Short lead time: it takes 75% less time to transport goods to clients in North America versus Asia
- Offers protection from the uncertainty of China-US trade policy

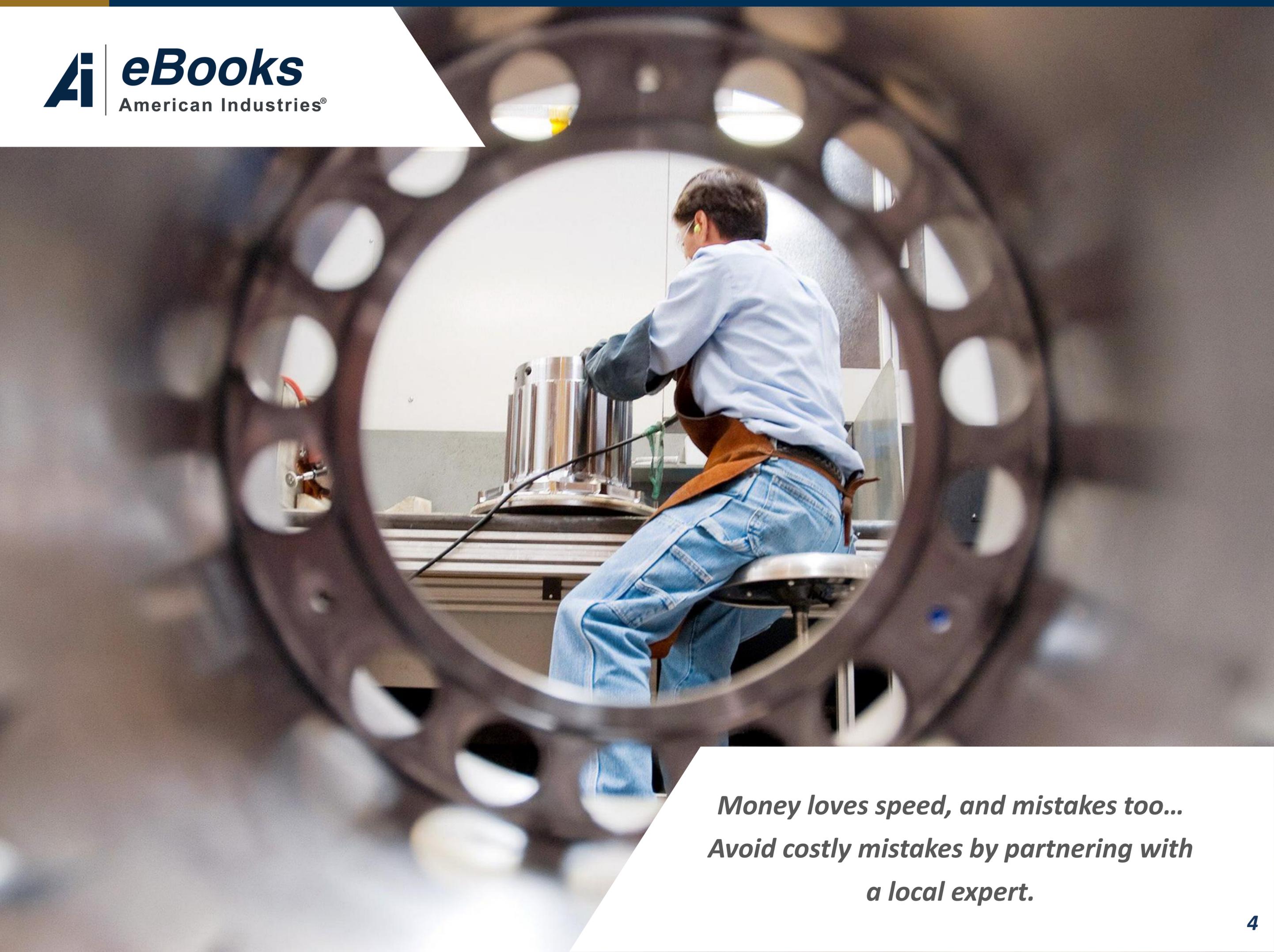
Now that you have decided to start distributing, assembling, or manufacturing operations in Mexico, you can choose from the following options based on your needs:

# 5 Business Models to Start Manufacturing in Mexico



## Content

1. Finding a Joint Venture Partnership
2. Acquiring an Existing Operation
3. Starting with a Stand-Alone Operation
4. Starting with Contract Manufacturing: Outsourcing
5. Starting up with a Shelter Program



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

## ***1. Finding a Joint Venture Partnership***

### **Characteristics of a joint venture partnership:**

- Immediate start-up
- Import and export transactions might be already in place
- Assistance from both companies' representatives
- Shared intellectual property (IP)
- Exposure to liabilities in the event of legal issues or problems with operations
- Established relationships with authorities and knowledge of suppliers' background investigation
- Although startup costs are low, applicable income tax and profit-sharing obligations may result in higher expenses
- Shared control of the operation



## ***2. Acquiring an Existing Operation***

### **Characteristics of acquiring an existing operation:**

- Hiring and training personnel: You will need to find and help new employees adapt to your business culture and operations
- Although startup costs are low, applicable income tax and profit-sharing obligations may result in higher expenses
- Established relationships with authorities and network of suppliers
- Exposure to liabilities in the event of legal issues or problems with operations
- Full control over the operation
- Low risk to intellectual property (IP)



### ***3. Starting with a Stand-Alone Operation***

#### **Characteristics of starting with a stand-alone operation:**

- Steep learning curve in adapting to local business culture
- High startup costs = (16% VAT + income tax + profit-sharing)
- High exposure to risk and liabilities for all legal, labor, fiscal, customs, start-up, and operational permits
- Lack of local networking
- You will have to handle all real estate, land ownership, land permits, taxes, and administrative formalities
- No risk to intellectual property (IP)
- Full control over the operation



## ***4. Starting with Contract Manufacturing: Outsourcing***

### **Characteristics of starting with contract manufacturing:**

- Low entrance cost and easy startup
- Local network in place
- Low liabilities
- No control over production
- High risk to Intellectual property
- No control over efficiency, quality, deliveries, or production costs



## ***5. Starting with a Shelter Program***

### **Characteristics of starting with a Shelter Program:**

- Access to established local network of industrial associations, clusters, and local suppliers
- Fully leverage academic infrastructure and government incentives
- Immediate access to the know-how of doing business in Mexico
- Optional legal entity
- Minimal risk to Intellectual property
- Minimal liabilities in Mexico: labor, fiscal, legal, and other operational permits
- No VAT applied to your cash flow
- Profit sharing is substituted with a fixed bonus.
- Full control over 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

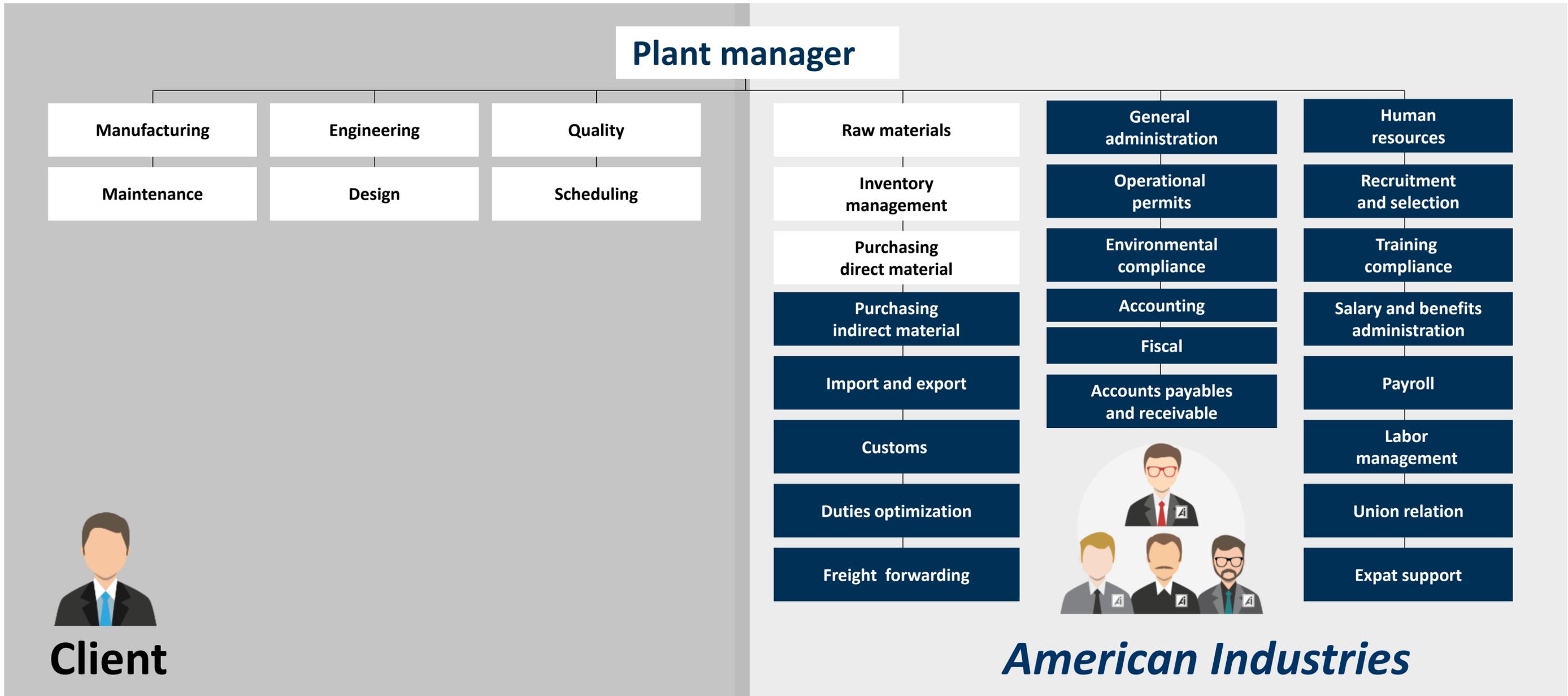
**With the Shelter Program you will not have to worry about:**

- 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® Group***

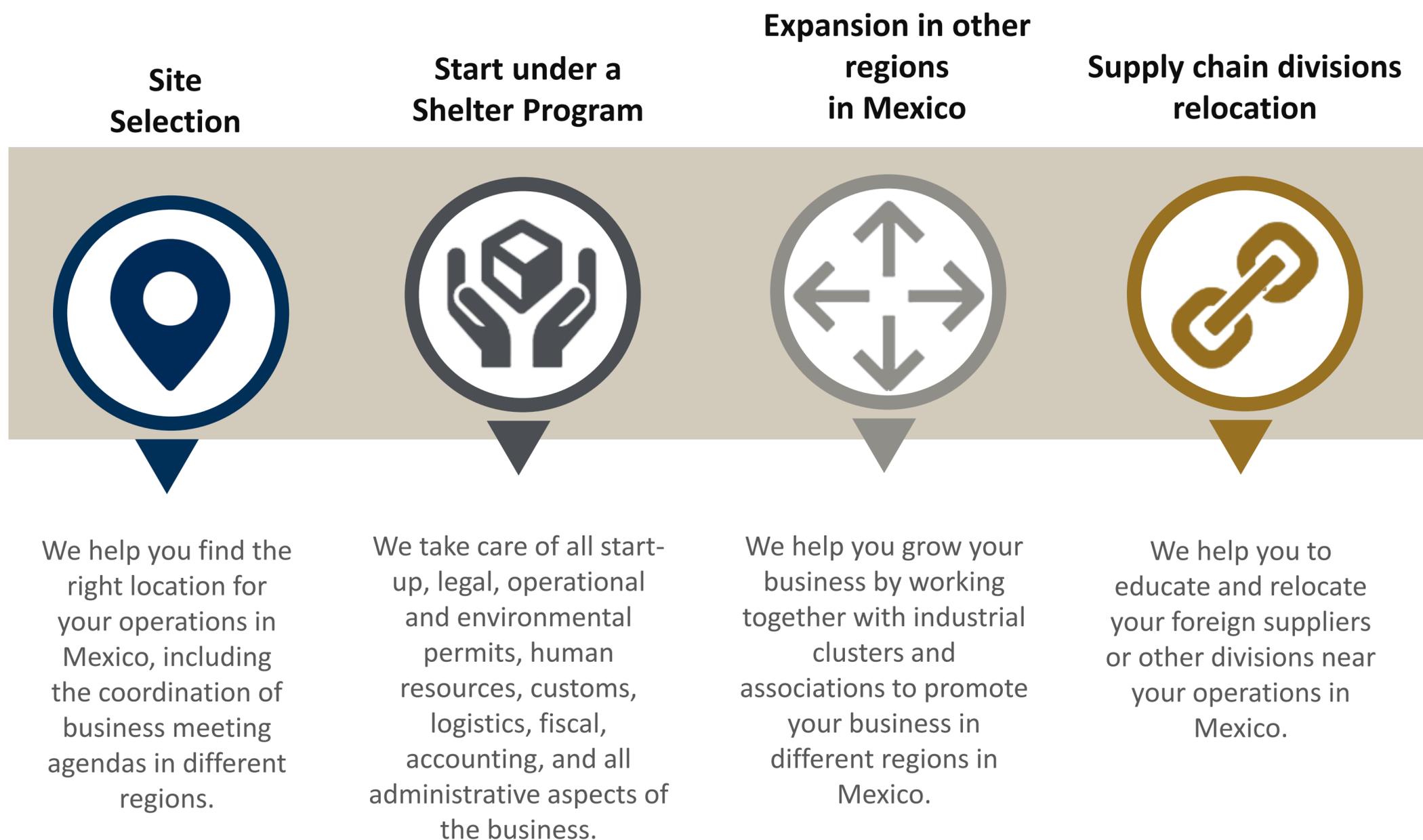
**American Industries® is a private Mexican company established in 1976 that has helped over 200 international companies successfully start up and grow their manufacturing and distribution operations in Mexico through Shelter Administrative Services and Industrial Real Estate.**

## *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**

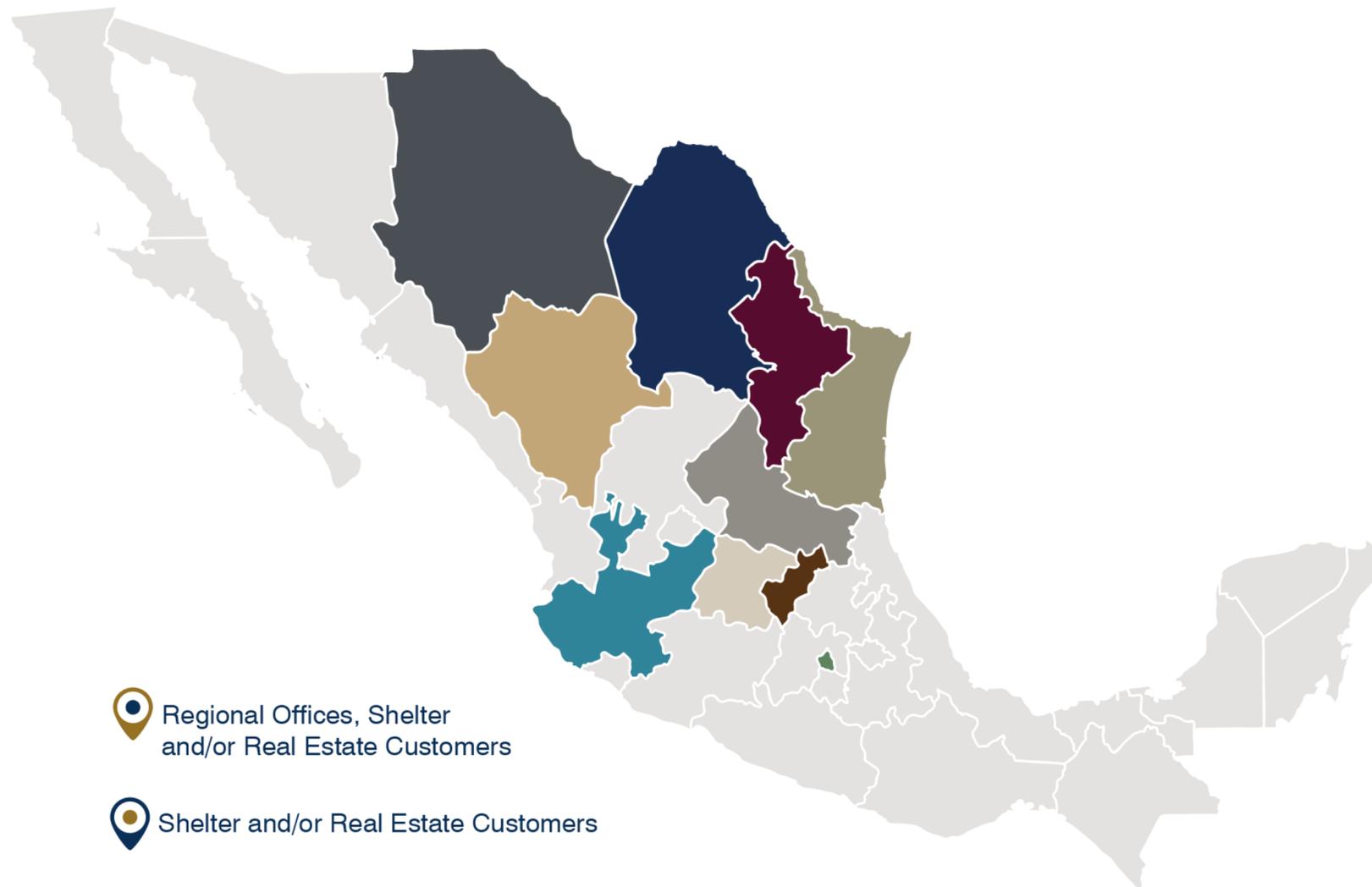


**Automotive**



**Others**





**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<sup>®</sup>**

Site Selection - Shelter Administrative Services - Industrial Real Estate

Visit us at [www.americanindustriessgroup.com](http://www.americanindustriessgroup.com)

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**Partner for Success<sup>®</sup>**