



5 Business Models to Start Manufacturing in Mexico

American Industries® **Partner for Success®**



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

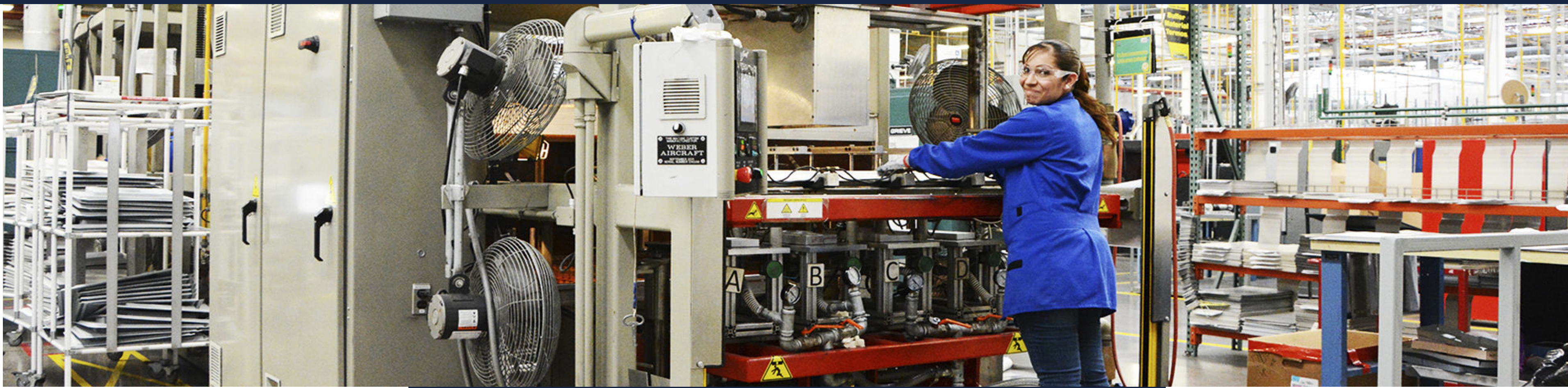
Offers protection from the uncertainty of China-US trade policy

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

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A welder wearing a light blue shirt, jeans, and a brown leather apron is working on a large industrial machine. The machine has several vertical cylindrical components. The welder is wearing yellow earplugs and is focused on his work. The background is blurred, showing a pattern of large, dark, circular shapes, possibly from a large industrial structure. The overall scene is industrial and professional.

**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

Mexico's Industrial Shelter Program

The easiest way for your company
to start up operations in México.



American Industries®

Site Selection - Shelter Administrative Services - Industrial Real Estate

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



Among other benefits, the Shelter Program allows you to leverage Mexico's numerous free-trade agreements to lower costs to your customers.

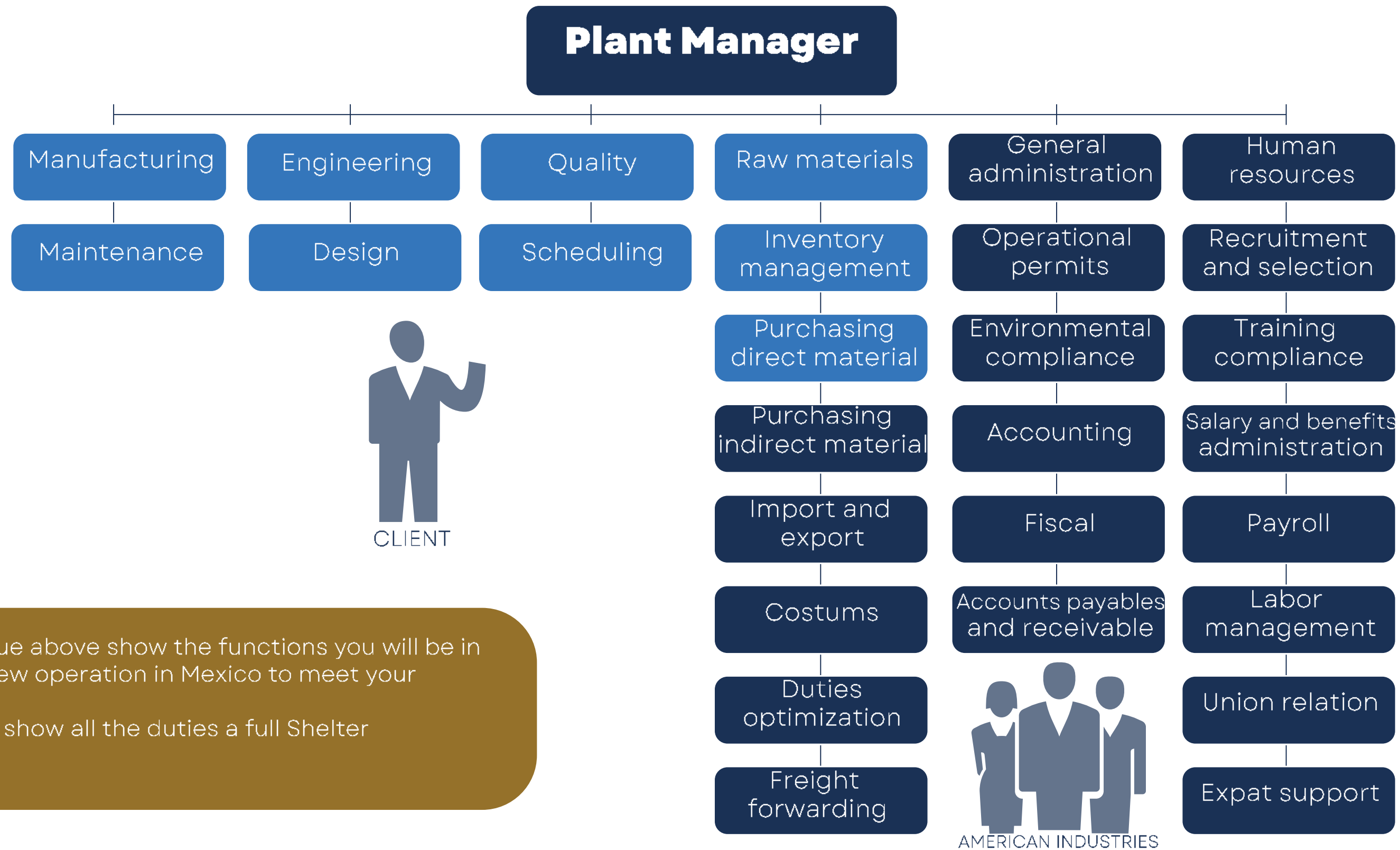


With the Shelter Program you will not have to worry about:

- Optimizing or handling duties and tax 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

The Shelter Program takes care of all legalities so you can import and export materials to and from your Mexican manufacturing plant.

How Does a Shelter Look Like?



The boxes in light blue above show the functions you will be in charge of for your new operation in Mexico to meet your customers' needs. The dark blue boxes show all the duties a full Shelter Program covers.

Mexico's Industrial Shelter Program: Stages

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.



Complimentary Cost Simulation



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@americanindustriesgroup.com**

About American Industries® Group

American Industries® is a private Mexican company established in 1976 that has helped over 250 international companies successfully start up and grow their manufacturing and distribution operations in Mexico through Shelter Administrative Services and Industrial Real Estate solutions.



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.



How We Help Companies to Succeed in Mexico

We accompany you throughout the entire process, handling all your industrial business needs in Mexico:



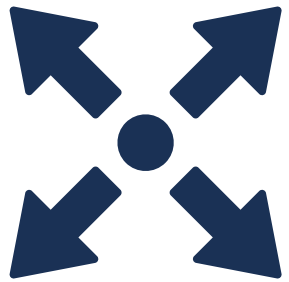
Site Selection

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



Expansion in other regions in Mexico

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



Start under a Shelter Program

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



Supply chain divisions relocation

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

Our Clients

Aerospace



Automotive



Others



Our Presence



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

Shelter and start up services

- 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

In summary

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.americanindustriessgroup.com

Email: start@americanindustriessgroup.com

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

