



# Why Operate in Mexico?

This infographic will focus on top 5 advantages of operating your business in Mexico.

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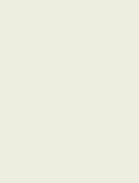
## Government Support

Mexico allows foreign companies to ship components into Mexico **FREE** of duty for assembly and manufacturing processing (Maquiladora Program).

- ✓ Mexican Government protects industrial property rights
- ✓ Promotes private investment in transportation services previously government owned
- ✓ Actively promotes, supports all activities, investments related to the export of goods
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Raw Materials

Production Equipment



Free of Duty

## Minimize RISK of operating in Mexico

- No incorporation needed
- No long-term commitment
- No major financial commitment
- No Mexican income tax nor IVA (VAT)

Labor

2

Annual Savings in Labor of up To:



\$20,000

Per

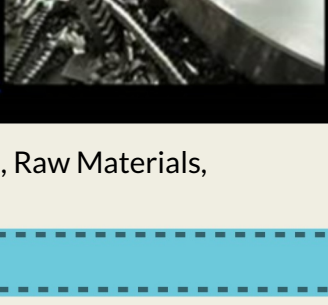


Worker

- ✓ Mexico has a very large, experienced group of executives, managers, engineers, and supervisors trained by foreign companies
- ✓ Mexican labor force: young, skilled, highly productive, continually improving
- ✓ Among best in labor stability

## Case Study: Labor Costs in Mexico (Precision Machining/Brake Systems Parts)

Location:	CHIHUAHUA	
Sector:	AEROSPACE	
Process:	SPECIALIZED MACHINING	
Product:	LANDING GEAR PARTS	
• Direct: • Indirect Hourly: • Indirect Salary: • Administrative: • Total Headcount:	Year 1	Year 2
	26	52
	0	0
	0	0
	1	1
	27	53
Shift:	1st Shift: 100%	
Facility Size:	56,984 Sq. ft.	56,984 Sq. ft.
Shipments:	El Paso	Inbound (24)
	Juarez	Outbound(24)
Exchange Rate:	\$20.00 pesos per \$1.00 usd	



✓ Cost Model does not include: Non Recurring Expenses (NRE), Raw Materials, Equipment & Depreciation, "Ex-Pat" Costs

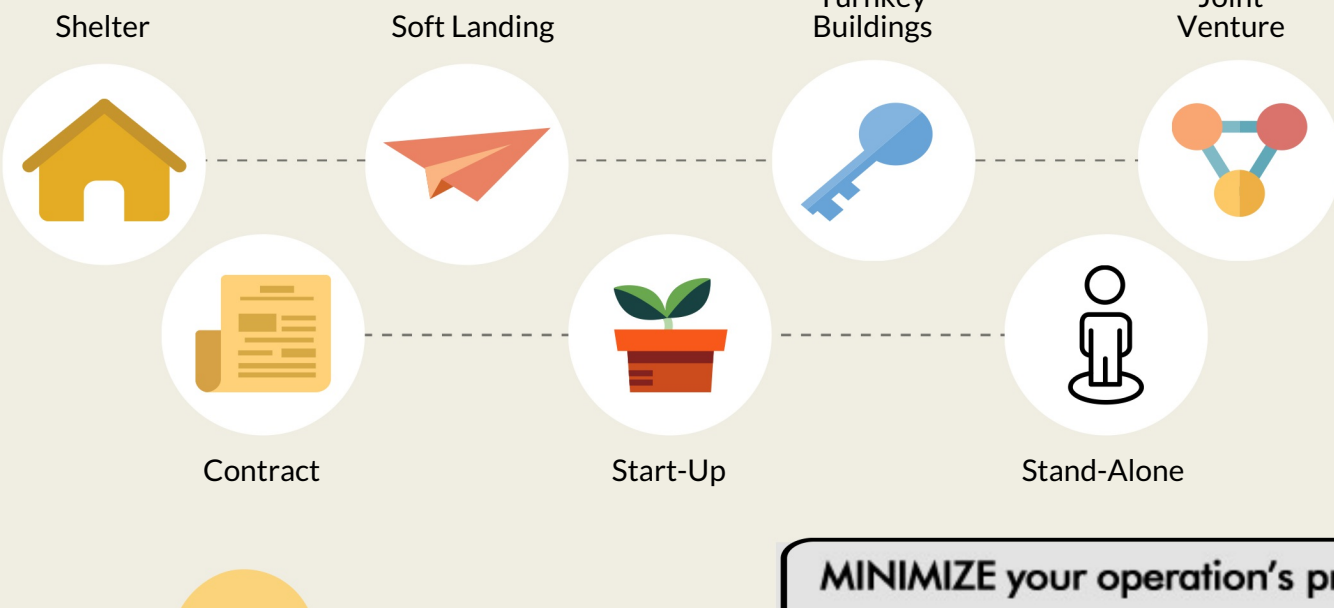
## Aerospace Precision Machining/ Chihuahua Cost Curve



3

## Manufacturing: Resources & Capabilities

Range of Manufacturing Options:



## MINIMIZE your operation's problems

- Red Tape
- Avoid hidden costs
- Low turnover / absenteeism
- Cultural shock
- Start-up costs

Manufacturing Support

Ample Base of Suppliers from all Over the World Provide:



## Minimize LEARNING curve

- Get feet wet with short-term commitment
- Gain experience at known cost
- Incubator for expatriates' learning

## Financial Stability

4

## Certain Treaties Avoid Double Taxation between Mexico and Other Countries



Certain treaties avoid double taxation between Mexico and other countries including the U.S., Germany, Canada, Sweden, France, Japan, Brazil, China, United Kingdom, Italy, and more!

NAFTA

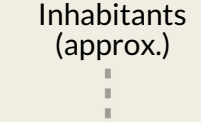
- ✓ NAFTA signed to promote free trade throughout Mexico, U.S., and Canada
- ✓ NAFTA terms allow maquiladoras to sell in the Mexican market up to 100% of production

Free Trade

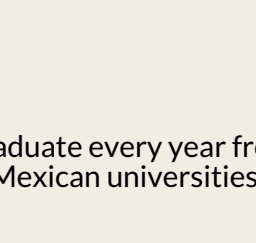
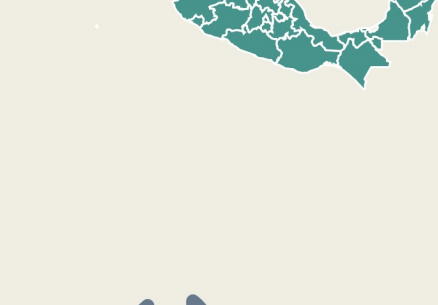
- ✓ Mexico has free trade agreements with the European Union, Japan, many Latin American countries, and more

## Mexico at a Glance

5



107 Inhabitants (approx.)



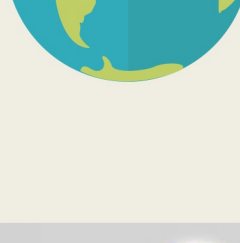
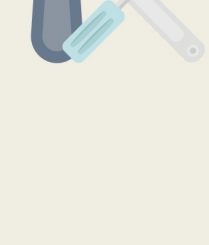
750,000 Engineering Students

Graduate every year from Mexican universities.

13,000 Engineers

&

77,000 Technicians



40 Years

Using international standards.



Intermex has been part of the success of over 200 multi-national companies manufacturing and distributing in Mexico.

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