



# FAST FACTS

## The Mexican Manufacturing Advantage

# COST SAVINGS IN LABOR, LOCATION AND THE SHELTER MODEL



For over 50 years Mexico has been a manufacturing center for companies from around the world. The reasons for this are wide-ranging and include:

- » Access to an abundant, young, educated labor pool
- » Competitive costs for utilities, leases and support services
- » A growing and stable supply chain
- » A savings of up to 30% in labor costs over comparable US salaries
- » A strong pro-business environment
- » Strategic placement of manufacturing facilities with direct access to North and South America as well as Pacific Rim
- » One of the strongest IP and trademark protections in the world with agreements in force with over 40 nations
- » Efficient, cost-effective transportation options with numerous international seaports, airports and commercial border crossings
- » Infrastructure costs similar or less than the states

MEXICO HAS A TOTAL OF **5,056** FOREIGN MANUFACTURING COMPANIES THAT GENERATE **2,451,472** DIRECT JOBS

Coupled with an understanding and dedication to assisting companies with the need to cut costs in an increasingly competitive global economy, all work to make Mexico an ideal location for international manufacturing

Outlined below in details are some of potential cost savings for manufacturers who are considering setting up and running operations in Mexico.

## LABOR SAVINGS & AVAILABILITY

The Mexican labor pool offers a number of significant benefits from availability to highly educated, motivated personnel, to reduced salary costs. With abundant universities and vocational schools throughout the country, talented professionals are available in unprecedented number with over 110,000 new graduates per year in engineering alone constituting only 21% of total graduates.

### Cost Savings

Labor costs in Mexico have been shown to help decrease personnel expenses by 10-30%. Below is a general outline of average monthly wages for typical manufacturing personnel. All numbers are in U.S. dollars.

	Basic operator	\$280	Plant manager	\$6,000
	Semi-skilled operator	\$408	QA engineer	\$2,240
	Skilled operator	\$456	Production supervisor	\$1,440
	Group leader	\$560	Production engineer	\$2,240

ALL WAGES ARE UNBURDENED AND DO NOT INCLUDE BENEFITS.

As well, productivity in Mexico is generally higher with typically a 48 hour work week (before overtime is required) vs the 40 U.S. hours per week. When compared to overall lower operational costs, the labor rate is an even better value. And, thanks to the lower cost of living in Mexico, the labor rate is a win-win for all concerned.

*“After an objective evaluation, IVEMSA was simply the best value, and not only is IVEMSA well established and connected, we were also very impressed with the professionalism and transparency with which they do business.”*

**LOREN ENGEL,  
GENERAL MANGER,  
GKN AEROSPACE COMPOSITES**

The IVEMSA labor recruitment and retention team will create labor/benefit packages customized to keep you competitive and make you an attractive employer regardless of where in Mexico you chose to set up your business.

#### **Location and Industrial Site Leasing**

While gated industrial parks are available throughout Mexico with the country's long established manufacturing tradition, today Mexico has the world class infrastructure that foreign companies need. The Northern Border States (Baja California, Sonora, Chihuahua, Nuevo León, Coahuila and Tamaulipas), and the States located in El Bajío region (Guanajuato, Queretaro, Aguascalientes, Puebla and San Luis Potosi) in particular have a long history of successful manufacturing and are set up to meet the needs of international companies.



The majority of the new available buildings are Class A facilities located in either gated industrial parks or secured and stand-alone buildings. Existing industrial sites are available in A, B and C and lease terms are available from 3 to 10 years and leasing rates range from:

**Class A:** \$0.38 - \$0.45/sq. ft.    **Class B:** \$0.30 - \$0.36/sq. ft.    **Class C:** \$0.25 - \$0.29/sq. ft.

In line with the class of building, sites have systems (mechanical, HVAC, elevator and utility) and capacities that meet both current tenant needs future growth or upgrade needs. Tenant improvements can be easily met by abundant professional providers.

IVEMSA's site selection and negotiation team has over 35 years of experience in assisting companies make the right choices and get what they need to meet their manufacturing specifications.

#### **STARTING AND OPERATING UNDER A SHELTER PROGRAM: SAVE MONEY AND FAST TRACK OPERATIONS**

Mexico's shelter program is a unique way to do business in a foreign country and many international companies choose to operate their manufacturing facilities under this program. The shelter option is one of three choices to operate legally in Mexico. It's often the safest, fastest and the most cost competitive way to start and run manufacturing in Mexico. If you operate under a shelter you will enjoy numerous benefits including:

- 1) No legal exposure in Mexico - operate under permits, licenses and infrastructure that already exist  
*Cost savings: most permitting in place*
- 2) Tax benefits for 4 years  
*Cost savings: No income tax for first 4 years*
- 3) Partner and advisor for handling all government, legal, labor and environmental compliance issues  
*Cost savings: Reduced outside consulting fees*

- 4) Eliminates chance of penalties for non-compliance  
*Cost savings: Avoid costly mistakes*
- 5) Eliminates the need to hire infrastructure personnel & software for HR, Accounting and Import/Export  
*Cost Savings: Personnel already in place*
- 6) Allows you to focus on your core business of manufacturing while administrative services are handled  
*Cost Savings: concentrate on streamlining manufacturing process*



An additional benefit of operating under the shelter umbrella in Mexico is that it allows for a rapid start up to operations. In as little as three months you can be up and running. Then, if you want to change status to a stand-alone corporate entity, you can do so on your timetable. Or stay with the convenience of the shelter. The choice is yours. Services available through a shelter include:

- » Site selection
- » Start-up project management
- » Legal advice
- » Human resources recruitment, hiring, retention and compliance
- » Payroll processing
- » Tax and fiscal compliance
- » Mexican accounting
- » Environmental and health compliance
- » State and federal incentive programs negotiations
- » Import/export services including forms, costs and interface with warehousing and brokers
- » Import / export compliance
- » Government and legal compliance

Other companies that are incorporated independently in Mexico, can still select individually from the above services to take advantage of the economies of scale offer by a shelter's administrative services team. Either way, small and large operations receive the benefit of local experts and the cost savings created by a shelter.

Having a knowledgeable expert in Mexico allows your company to tap into networks and resources that assure you are getting the best value for your investment, as well as meeting all local, state and federal regulations.

Whatever your choice, IVEMSA will fully support you with compliance and expertise every step of the way.

## EXPERIENCED IN SUPPORTING COMPANIES FROM AROUND THE GLOBE

Mexico is the leading exporter in Latin America and accounts for more than 30% of all Latin American trade.

Mexico has a total of 5,056 foreign mfg. companies that generate 2,451,472 direct jobs, (only foreign companies not including Mexican companies). The Mexican states with the largest footprint of foreign manufacturers are:

*“We realized that with IVEMSA we would be dealing with not only a highly experienced company, but also with a professional and honest group who reflects our own values and emphasis on integrity. Technically speaking Wonderbar doesn’t exist in Mexico – IVEMSA handles it all. They step in, take over and get it done.”*

**RICK MARTINDALE,  
PRESIDENT OF WUNDERBAR**

- » Baja California with 17.8%
- » Nuevo Leon with 12%
- » Chihuahua 9.3%
- » Coahuila 7.2%
- » Tamaulipas 6.7%
- » Sonora 6.1%
- » Guanajuato 5.1%
- » Queretaro 3.5%
- » Puebla 2.9%
- » San Luis Potosi 2.5%
- » Aguascalientes 1.3%

Manufacturing in Mexico is a standard around the world:

- » 3<sup>rd</sup> largest IT exporter in the world
- » 4<sup>th</sup> auto parts exporter globally
- » 5<sup>th</sup> exporter of computers
- » 6<sup>th</sup> supplier to the American aerospace industry
- » 8<sup>th</sup> producer of new light vehicles in the world
- » 10<sup>th</sup> exporter of cellphones
- » Main exporter of Medical devices in Latin America
- » Largest exporter of two-door refrigerators with freezers
- » Leading flat screen TV exporter in the world

## Extensive, Efficient Transportation Options

Mexico has some of the most active border crossings and transportation options in the world. There are also multiple options to choose from in moving commercial goods in and out of Mexico:

- » 50+ border crossings with the US
- » 76 operational airports (12 domestic and 64 international)
- » 117 Sea Ports (49 costal shipping ports and 68 international)
- » 27,000 kilometers of railroads
- » More than 370 thousand kilometers of roads

## MEXICO FOR YOU

Is setting up a manufacturing operation in Mexico the right step for your company? Only you can make that decision. But if cutting costs or moving operations from Asia or the U.S. to a more strategic location is a factor in your growth, Mexico is an option that deserves to be considered. For a more detailed analysis of cost savings for your operation, or to see for yourself how Mexico can fit into your cost reduction plans, we can help plan a visit tailored to your specific requirements.

### US Contact:

Rebecca Amroian – rebecca@ivemsa.com

### Mexico Contact:

Roberto Durazo – robertod@ivemsa.com

## ABOUT IVEMSA

IVEMSA is a comprehensive administrative services provider with nearly 35 years of supporting foreign companies' manufacturing operations in Mexico. We offer both shelter and stand-alone support services with a dedicated team of professionals in six functional areas. Many of the IVEMSA team members have been with the company for many years, building and mining the resources and network necessary to provide the smoothest manufacturing operations and shipping possible for companies from around the world. And no matter how the company has grown, the core values of honesty, integrity, hard work and customer satisfaction, remain at the heart of everything IVEMSA does.

*“Everything the IVEMSA team told us to expect was dead on. We simply could not independently do what they do for us in an economic manner.”*

DAVID BOULEY  
PRESIDENT OF MIRACO



## HEADQUARTERS

Circuito Internacional Sur #21  
Parque Industrial Nelson  
Mexicali, Baja California,  
Mexico 21395  
MX: 011 52 (686) 561 6741

## IVEMSA Tijuana

VIA Corporativo Building  
Misión de San Javier 10643,  
Zona Rio  
Suite 403. 4to Piso  
Tijuana, BC, Mexico 22010  
MX: 011 52 (664) 615 7256

## Email Contact

Rebecca Amroian – VP of Sales  
rebecca@ivemsa.com

Roberto Durazo – Director of Business Development  
robertod@ivemsa.com

