

The background of the entire page is a photograph of a welder in a dark blue protective suit and a red and yellow helmet, working on a large, perforated metal plate. Bright sparks are being generated from the welding point. The image is split diagonally from the top-left to the bottom-right. The upper-left portion is a dark green overlay containing the text 'FAST FACTS' and 'The Mexican Manufacturing Advantage'. The lower-right portion is white and contains the 'ivemsa' logo. The bottom-left corner is a solid dark green triangle.

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 it does in the US

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 in this guide are some of potential cost savings for manufacturers who are considering setting up and running operations in Mexico.



*Mexico has a total of 5,056 foreign manufacturing companies that generate 2,451,472 direct jobs.*

## Labor Savings and 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 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.

Position	Monthly Wage
Basic Operator	\$280
Semi-Skilled Operator	\$408
Skilled Operator	\$456
Group Leader	\$560
Production Supervisor	\$1,440
QA Engineer	\$2,240
Production Engineer	\$2,240
Plant Manager	\$6,000

As well, productivity in Mexico is generally higher with 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.

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 choose to set up your business.

All wages are unburdened and do not include benefits.

### 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	CLASS B	CLASS C
\$0.42 - \$0.48/sq. ft.	\$0.36 - \$0.41/sq. ft.	\$0.30 - \$0.35/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.

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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 Manager,  
GKN Aerospace  
Composites



## 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:

Benefit	Cost Savings
No legal exposure in Mexico - operate under permits, licenses and infrastructure that already exist	Most permitting in place
Tax benefits for 4 years	No income tax for first 4 years
Partner and advisor for handling all government, legal, labor and environmental compliance issues	Reduced outside consulting fees
Eliminates chance of penalties for non-compliance	Avoid costly mistakes
Eliminates the need to hire infrastructure personnel & software for HR, Accounting and Import/Export	Personnel already in place
Allows you to focus on your core business of manufacturing while administrative services are handled	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. IVEMSA can provide the following services when you operate under our shelter:

- 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 offered 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. Many companies start out with the shelter program then transition to a standalone entity. Whatever your choice, IVEMSA will fully support you with compliance and expertise every step of the way.



*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 Wunder-Bar doesn't exist in Mexico – IVEMSA handles it all. They step in, take over and get it done.*

**Rick Martindale,**  
President of  
Wunder-Bar





*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

## Experienced in Supporting Companies 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 manufacturing 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:

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

## Manufacturing in Mexico Is a Standard Around the World

- |   |  |
|---|--|
| • 1st medical device supplier to the US – the largest market in the world | • 10th exporter of cellphones                              |
| • 3rd largest IT exporter in the world                                    | • Main exporter of medical devices in Latin America        |
| • 4th auto parts exporter globally  | • Largest exporter of two-door refrigerators with freezers |
| • 5th medical device exporter in the world                                | • Leading flat screen TV exporter in the world             |
| • 6th supplier to the American aerospace industry                         |  |
| • 8th producer of new light vehicles 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 coastal shipping ports and 68 international)
- 27,000 kilometers of railroads
- More than 370 thousand kilometers of roads

## Is Mexico Manufacturing Right 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. Contact us to schedule a consultation.

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## 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.

### Headquarters

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