

## 1. SAFEST BORDER CITY IN MEXICO

- Statistically much more secure than many US cities (examples: Los Angeles, Nueva York, Detroit, New Orleans, Baltimore, Chicago, Cincinnati, Washington D.C.)
- Statistically similar in security to US cities as Dayton (Ohio), Kansas City (Kansas), Buffalo (NY), Gary (Indiana), Birmingham (Alabama)
- Of the cases of homicides in the city...
  - o ...93% are persons connected to drug traffic
  - o ...5% are soldiers and/or agents
  - o ...only 2% are civilians
- Studies show Mexicali as the safest city in the border region (Business week article)

## 2. GOVERNMENT AND COMMUNITY STRONGLY SUPPORT FOREIGN INVESTMENT

Governments at all levels are strongly committed to encouraging and attracting investment and support by:

- streamlining business processes
- offering programs to assist investors in their expansion and relocation decisions
- offering insight into companies operating in Mexicali and educational institution in order to give (potential) investors the opportunity to “feel” why Mexicali is the place to invest in and facilitate contacts
- ensuring a competitive, friendly and receptive business environment
- offering incentives for new investment project as well as projects of expansion and companies already established in Mexicali

## 3. WORLD CLASS INFRASTRUCTURE WITH ABUNDANT NATURAL REOURCES

Water (1,850,000 m<sup>3</sup>/year to Mexicali):

- 3 water treatment plants covering 95% of the population
- Main source: Colorado river
- Supply of water to other cities

Energy (total available 2,285 MW):

- 2nd largest Geothermal Electricity Generating Plant (Cerro Prieto Geothermal plant) in the world with a production capacity of 720 MW whose high excess of energy is exported to US
- 1065 MW natural gas-fired, combined cycle facility (InterGen), exporting more than 40% to the US
- 400 MW electric generating facility (SempraEnergy), exporting 100% to the US

Telecommunication:

- full integration of communication systems with the rest of the world
- telephone lines, fax, data transmission, satellite communication service, internet servers

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#### 4. LOGISTICS AND FREIGHT TRANSPORTATION/ STRATEGIC LOCATION

Superior transportation network, which facilitates the movement of goods and services, efficiently and economically:

- Bordering the North American States of California and Arizona and Mexican state with highest proximity to the Asian market
- Quick access to the United States thanks to the three ports of entry for pedestrians and vehicles (15-30 minutes waiting time) and one for cargo (60 minutes waiting time) that facilitate commercial exchange.
- Cargo crossing capacity: 4000 containers/day
- express fast passes exist as an option for vehicles and cargo transportation crossing into the United States (10-20 minutes waiting time)

- **Railroad Transportation:**

Railway connection to transport merchandise to all parts of Mexico and United States through joint venture (50/50) between Mexican Ferromex and American Union Pacific.

Mexicali's railroad network:

131 kms long (71 main routes, 39 kms auxiliary routes, 21 kms private routes)

- **Air Transportation:**

- Offers private and commercial air service from its own International Airport (General Rodolfo Sanchez Taboada), located 20 kms east of the city with daily flight to other major cities in Mexico, including Guadajajara, Monterrey and Mexico City.
- Access to Imperial Valley airport, located just 15 miles north across the Mexican border, operating commercial flights to different US cities.
- The airports of Tijuana, San Diego and Los Angeles offer a wide range of options for flight from and to cities all over the world.

- **Sea Transportation:**

Marine access to ports with shipping throughout the world:

- Ensenada (3hr drive on Mexican side)
- Long Beach and Los Angeles (5 hr drive on US side)

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- High-way Transportation:

Rapid access to efficient and modern highway system on both sides of the United States- Mexican border:

Unites States

- Interstate 8 (18.6 km from border) - access to western and eastern half's of continental US
- Interstate 10 (187 km from border) – access to northern part of California and other northern states

Mexico

- Well connected within Baja California and nationwide through federal highways

## 5. NON-UNIONIZED LABOR

- ability to resolve issues in timely manner
- development of cooperative work environment to the benefit of both, employee and company
- higher flexibility in work assignments

## 6. GOVERNMENT INCENTIVES

Fiscal and non-tax benefits, which may vary depending on the particular characteristics of the invest project such as:

- Job creation
- Wage level of jobs
- Linkage programs with Educational Institutions
- Amount and Source of Investment
- Suppliers
- Research for Technology Development
- Investment in innovation projects for environmental protection
- Treatment and reuse of water
- Investment projects located outside the urban area

Depending on the project's impact on the mentioned items, it will be granted a certain number of points which will clearly define the tax benefits that the company may be credited. These benefits are described as follows:

Tax Incentives

It consists of fixing a credit for a company for the equivalent of certain number of minimum wages, against the offset debits for the municipality taxes.

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A) Tax on Property Acquisition: A tax credit in percentages ranging from 25% to 35% respect to the amount paid as Tax on Property Acquisition which represents 2% of the value of the acquisition.

B) Municipal Rights and Permissions: Regards to fees being paid for services rendered to the company requesting stimulus of any municipal agency or entity related to the investment project, in percentages ranging from 25% to 75%.

## Non-tax Incentives

A) Management Support: Consist in supporting the management of the proceedings with the different government agencies at federal, state and municipal levels, through the Industrial Development Commission of Mexicali, for the creation, establishment and strengthening of activities of the company; in the same way to obtaining advice to resolve problems that could inhibit the competitiveness of the company or affect its operation.

In addition to these incentives provided, the IDCM, in coordination with other State and Federal authorities, we can help you to manage other different incentives to consolidate your project in Mexicali.

### a) State incentives

1. Payroll Tax Exemption
2. Exemption of 20 or 50% in connection rights
3. Exemption of 30% in water consumption

### b) Support programs energy-saving

1. Energy imports
2. Savings and energy efficiency
3. Self-sufficiency
4. Cogeneration

### c) Incentives for Research and Technology Development and Innovation

1. CONACYT federal incentives
2. INNOVA state incentives

### d) Support in public infrastructure

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## EXCELLENT EDUCATION

- Strategic partnerships between government, private sector (industry) and educational institutions in order to guarantee human resources for companies established in the city:

National leadership in linkage programs through:

Mexicali Linkage Committee: established 1996 in order to guarantee availability of qualified human resources for established manufacturing companies and support the talent of the city's growing labor force. Representatives from local educational institutions and private sector coordinate the committee.

- Universities in Mexicali: 12

Mexicali has some of the highest rated private and public universities in the country:

- State University of Baja California: ranked as one of the top public universities in the country. Programs of Engineering, Accounting, Business, Law, Medicine, Dentistry, Political Science, Agriculture, Nursing, Computer Sciences and Languages

- Total specialties: 27

- Enrollment: 12,000

- Graduates/year: 750

- Graduates average age: 23-25 years

- Cety's University: high education private institution that was established in 1961 by local businessmen. Solid Engineering and one of the best Business programs in Mexico.

- Total specialties: 11

- Enrollment: 1,700

- Graduates/year: 230

- Graduates average age: 22-25 years

- Technological Institute of Mexicali: Federal university dedicated to superior level education in technology for Engineering.

- Total specialties: 7

- Enrollment: 3,500

- Graduates/year: 380

- Graduates average age: 23-25 years

- UVM: top private university with nationwide presence. Member of a global university network.

- Polytechnic University of Baja California: public university, member of a nationwide network of polytechnic institutions that focus on engineering programs.

- Technical Schools in Mexicali: 48

• Engineering programs: Electrical, Electronics, Computer Sciences, Industrial, Mechanics, Mechatronics, Cybernetics, Manufacturing, Chemical, Civil

- Bilingual programs

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## 8 . HIGHLY PRODUCTIVE AND CAPABLE WORKFORCE

- High quality and quantity of skilled labor
- Loyalty and long term commitment
- Cost competitiveness of labor force (average salary of normal operator: \$3.10 USD/hr (including benefits)
- Stable labor force with rotation rate of: 5%
- Unemployment: 10 %
- Young population: 66% younger than 34 years
- Economically active population: 360,000 (36% of total)
- Employment generated by the maquiladora industry: 52,000

## 9. AVAILABILITY OF INDUSTRIAL SPACE AND BUILDINGS

- 25 industrial parks and zones (3 million square feet available)
- flat land ready to develop
- (11 industrial developers)

## 10. START-UP SERVICES/ASSISTANCE IN ESPANSION AND RELOCATION DECISIONS:

### SITE SELECTION ASSISTANCE

- Partnership between government agencies and leading industrial real estate companies in order to guarantee that you identify a suitable building or site location for your new or expanding business
- Find comprehensive and experienced strategic advice in every aspect of site selection through local market expertise

### SHELTER SERVICES OPTION

- allows your company to establish and efficiently start operations within 90 days or less
- avoidance of administrative and language complications
- avoidance of large financial investments and risks or long-term commitments
- Shelter Company hires, trains and pays the workers, handles the utility bills, provides transportation and warehousing, and performs other administrative duties.
- Shelter client provides the equipment and pays the costs on a pass-through basis, plus a shelter service fee.
- Variations on basic format

- o incubator,
- o start-up,
- o sub-contracting/outsourcing

- A standard shelter agreement period goes from 3 to 5 years.

### MULTIDISCIPLINARY CONSULTANT TEAM

- free and confidential information services with respect to legal, fiscal and custom issues during business seminar

### GOVERNMENT RELATIONS

- introduction to public sector officials
- government support through incentives
- assistance in dealing with local, state and federal government agencies

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## BUSINESS COMMUNITY KEY CONTACTS

- agendas with plant visits in order to receive insight into operations established in Mexicali
- contact with plant managers that gained experience in operating in the city
- contact with educational institutions

## SUPPORT IN ESTABLISHING CONTACT WITH POTENTIAL LOCAL CLIENTS AND SUPPLIERS

### HUMAN RESOURCES

- assistance in recruiting suitable personnel for the new operation in Mexicali

## KEY PROJECT MANAGER ASSIGNED TO ASSIST YOUR PROJECT

- Each company interested in Mexicali is assigned one specific person that handles the project and serves as key contact for any kind of issue, question or business coming up during the execution. That person will be the guide and link to other agencies that need to be involved as the project evolves.

### FEASIBILITY STUDIES

- Assistance in generating data and arrange contacts with consultants performing studies of feasibility.

### INFORMATION SOURCE

Providing initial information to investors in different areas such as, economic, demographic, statistics, real estate, among others, with the purpose of facilitating the analysis of feasibility and viability

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