

Keno

墨西哥商业咨询



**OUR METHODOLOGY TO
EVALUATE INVESTMENT
LOCATIONS IN MEXICO**

Key considerations for foreign investors in Mexico

The Mexican market is competitive. It generally allows for a relatively short period to establish new business operations. However it is important to be mindful of the regulatory, economic, supply chain, environmental and political setting before selecting where to establish a manufacturing facility. Key questions for investing in a manufacturing plant in Mexico?

What is your strategy and your goals?

Doing business in Mexico means serving the 16 largest economy of the world with preferential access to the United States with one of the largest free trade agreements network.

Leading practices of successful Mexico market entrants demand you begin by defining your business goals and aspirations.

Where are your most profitable current or future customers? Whom is your competition in such markets?

Therefore, it is crucial to prioritize where the business spends its precious time and resources.

How will you configure business operations to meet your goals?

Once you have decided whom your will focus your sales, you need also to evaluate where will you produce them and develop your supply network.

Location will affect many components of your business, not to mention its overall success. Choosing where to establish shall be a multi-faceted process.

- How important is for you to be close to customer?
- How important is gaining access to specific skills sets (labor and talent)?
- How far can you be from your sources of supply?
- Are your clients mainly based within Mexico?

How important is the role of the government in growing your business?

Aside from developing a data driven approach in understanding where growth will come and how you will be cost-efficient due to your new location, evaluating at a state level where you will have sound government support is critical.

Some of the key questions to answer?

- 1.How does your investment fits into the local government plans?
- 2.What are the government key drivers towards foreign investors? Are there other players with stronger ties?

Mexico is rules based country where investors will in general receive sound support, still, as the political system promotes a fierce competition between political parties, matching the needs of the investment with the urgent need to deliver tangible government results increases the chances to succeed.

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**HOW WE CREATE VALUE TO YOUR
INVESTMENT EXECUTION PROCESS IN MEXICO?**

How we create value to your investment execution process?

Our clients rely in our corporate development state of the art methodology, investment policy making and capacity to overcome cultural misconceptions between China and Mexico.



Module 1. Helping you prioritize your market in Mexico

Stage 1

Internal Assessment

Activities

Before expanding into Mexico we make sure we understand the value proposition of our client and the strategic aspects of your business model.

Once we have identified those strengths we develop an investment/expansion principles as means as helping you to dig deeper in the Mexican market.

At the same time, we also frame potential competitors and or business models that our client might need to overcome to successfully grow in Mexico.

Expected outcomes

- Investment & expansion principles

Stage 2

External Assessment

Activities

Based in our preliminar internal assessment we conduct a comprehensive research to obtain hard to find information about:

- Market attractiveness,
- Competitive landscape
- Identifying potential business partners

Expected outcomes

- Country/region market attractiveness report

Stage 3

Strategy Formulation

Activities

Those findings will provide a set of principles to the Modules 2 (supply chain analysis) and Module 3 (business environment analysis), to be explained in the following slides.

Expected outcomes

- Guiding principles for supply chain analysis.
- Guiding principles for site selection within Mexico

Stage 4

Market Entry Execution

Activities

Our 3 main reports from Module 1, Module 2 and Module 3, will provide a comprehensive assessment to the Corporate Development Team to elaborate a data driven strategy.

Once approved by the senior management of the Company, along with our real state partners we execute a competitive bidding process with industrial parks to obtain preliminar competitive offers to our client.

As well as we help to simultaneously execute a public affairs strategy to obtain sound government support to the Company.

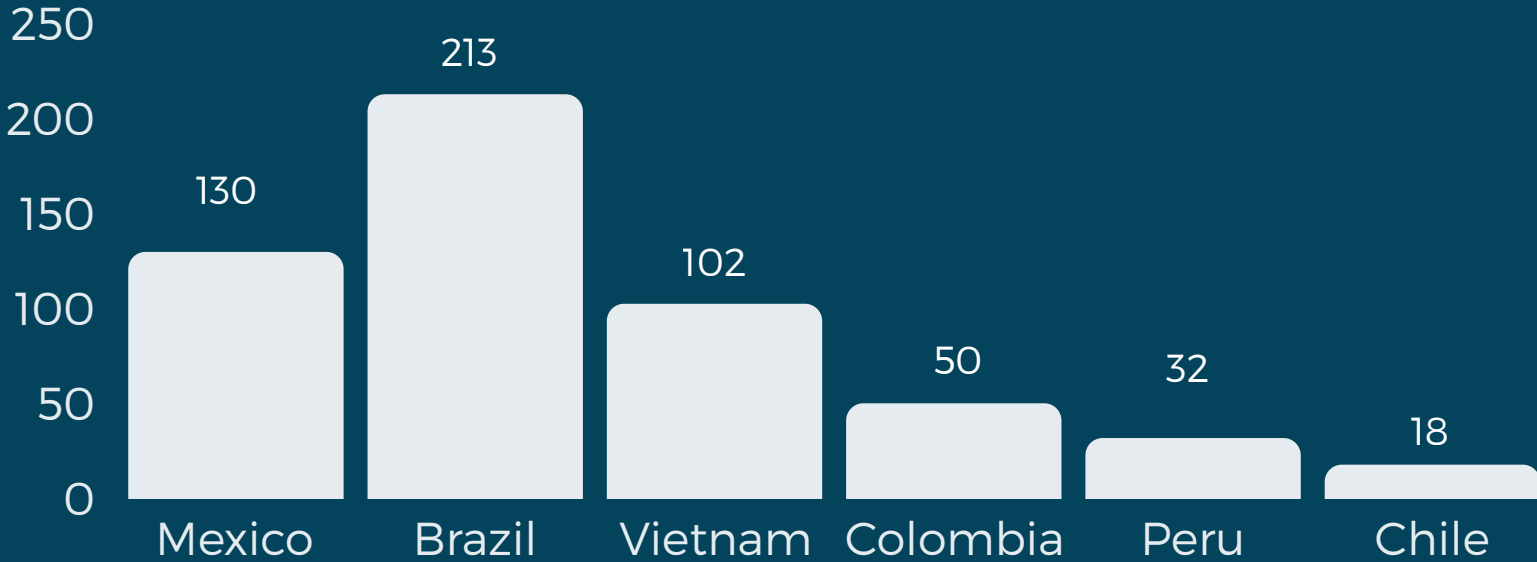
Deliverables:

- Recommendation on investment location.
- Investment announcement to authority

Mexico is the sixteen largest economy in the world. The industrial activity in the country take place in more than 350 industrial clusters across 24 different states. Therefore, conducting an exhaustive research to bring data will lead to fact-based informed decisions.

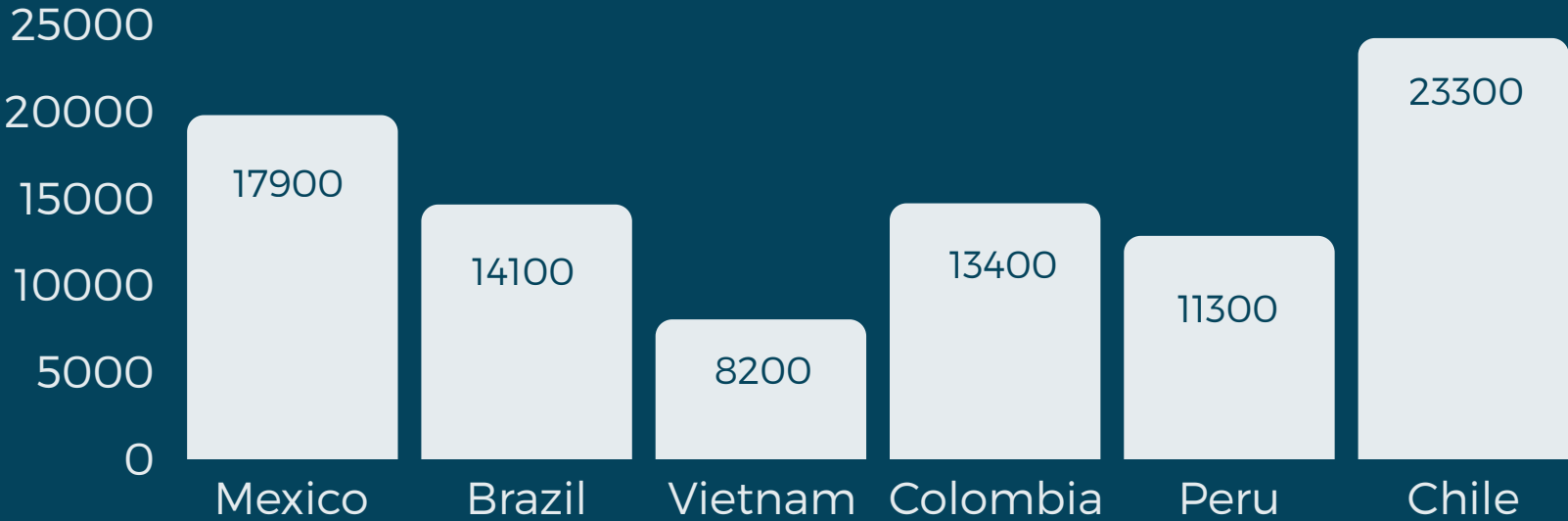
Population

(Ten Thousand, People)



GDP Percapita

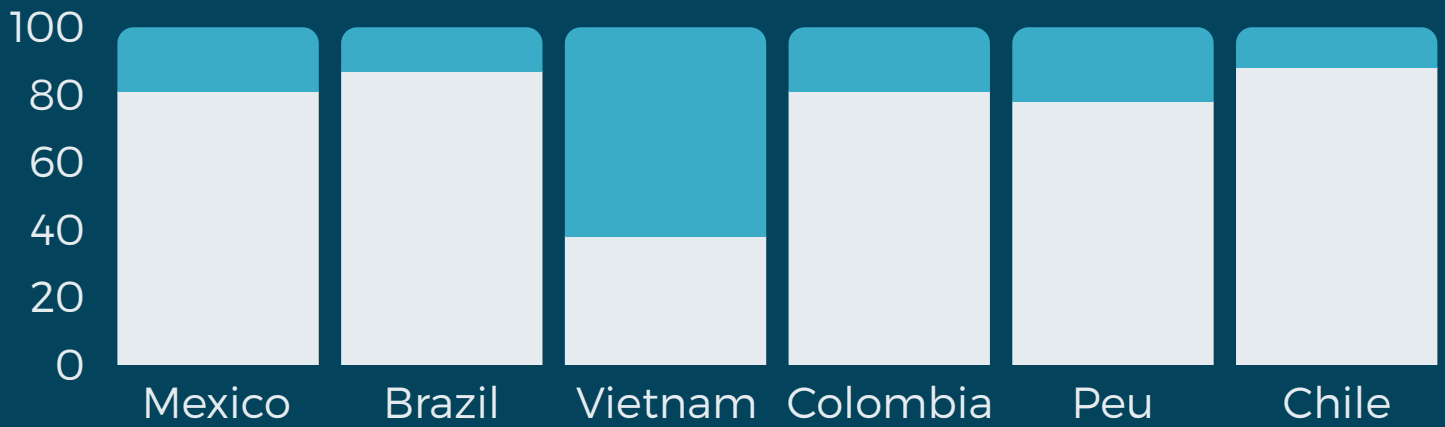
(USD)



Urbanization

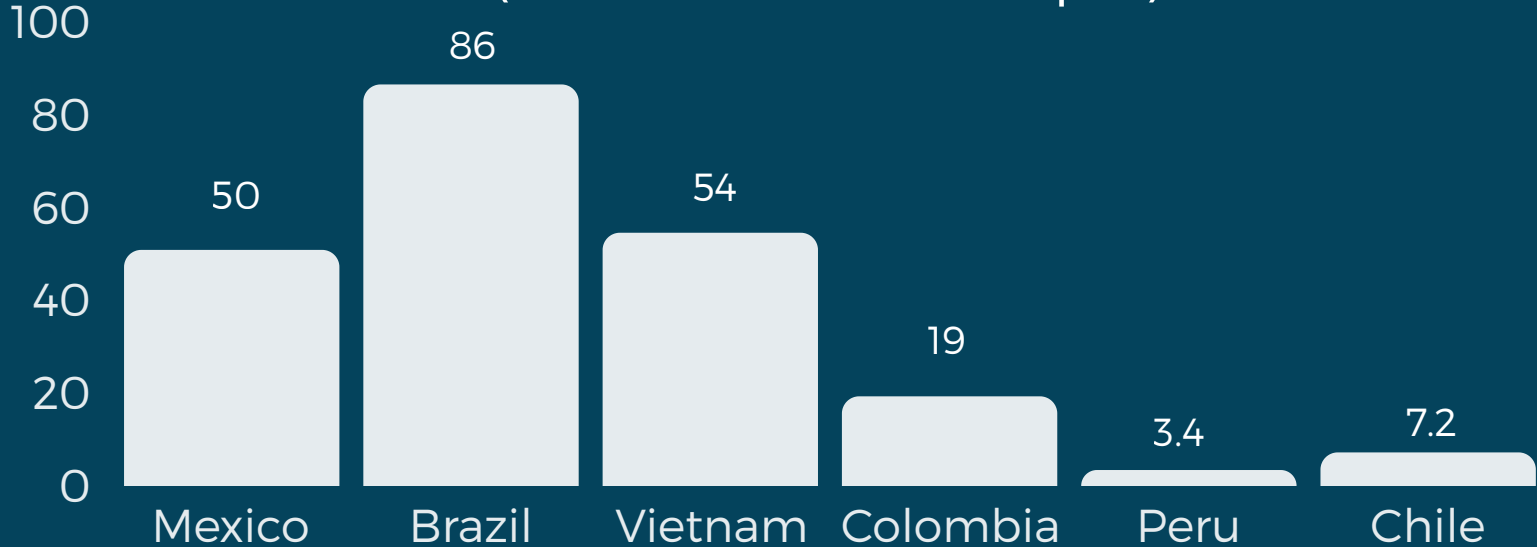
(% of total population)

● Urban ● Rural



Labor Force

(Ten Thousand, People)



Module 2. Assessing the location that brings the highest value to the investment

Stage 1

Understanding Your Supply Chain

Activities

Our focus in this module is to understand from a supply chain angle which locations would be most convenient to set up a manufacturing plant.

We work with the supply chain and sales team, to understand key aspect on current operations and validate if this structure can be or nor replicated within Mexico.

Expected outcomes

Listing key criteria each raw material supplier needs to comply to be qualified as a potential supplier to the operation: size, volume, certifications, production capacity, etc.

Stage 2

Identification of Potential Suppliers

Activities

Based on the information gathered we will execute our research on public sources (company directories, industry chambers, internet, etc.)

Expected outcomes

Long list of of 3 potential suppliers for each raw material to be contacted.

Stage 3

Request of Quotations

Activities

We will contact each of the suppliers to request the following information:

- Quotation
- Product & company certifications
- Company profile

Expected outcomes

Identification of key raw materials that can be sourced locally.

- Identification of key raw materials that can not be sourced locally.

Stage 4

Investment Analysis Location

Activities

With this information we will analyze from a supply chain angle which could be the potential locations that might be more convenient to set up a manufacturing plant.

At the same time, we will evaluate whether or not this could have an impact related to rules of origen that needs to comply under FTA to export to the U.S. or other key markets.

Deliverables

Supply Chain Analysis Report

As Mexico's main export market is the United States, investors shall research rules of origin that apply to their key products and markets.

Example: USMCA New Regional Value Content Requirement

	NAFTA	USMCA
Light Vehicles	62.5%	75% (3 years)
Auto parts for light vehicles	60%	Core parts: 75% Principal parts: 70% Complementary parts: 65%
Heavy Vehicles	60%	70% (7 years)
Auto parts for heavy vehicles	60%	Core parts: 70% Complementary Auto parts: 60%

Module 3. Implementing a public affairs strategy that brings sound government support to the investment

Stage 1

Understanding the local business environment

Activities

With the inputs from Module 1 and Module II, we help our client to understand the political drivers in those states that could be chosen as potential locations.

Expected outcomes

Elaboration of specific state and senior government profiles.

- Mapping key regulators at a federal and state level.
- Elaboration of corporate presentation, executive profiles and strategic messages to be delivered in government meetings.

Stage 2

Preliminar On Site Inspections

Activities

We coordinate visits with selected key regulations where the investment might take place with the goal to understand their policy agenda and validate their eagerness to provide incentives to the investment.

Initial visits are at technical level to obtain initial feedback and eventually rising the request at a major level

Expected outcomes

- Identify potential investment incentives from State level authorities.

Stage 3

Evaluating Preliminar Findings

Activities

As a result of the meetings feedbacks will be compared to validate where the investment might have greater government support.

This will also pave the way for more senior visits from our client headquarters.

Assisting our client to answer potential requests of information from State authorities.

Expected outcomes

- Prioritizing level of commitment to the investment.

Stage 4

Selection of Location and Investment Announcement

Activities

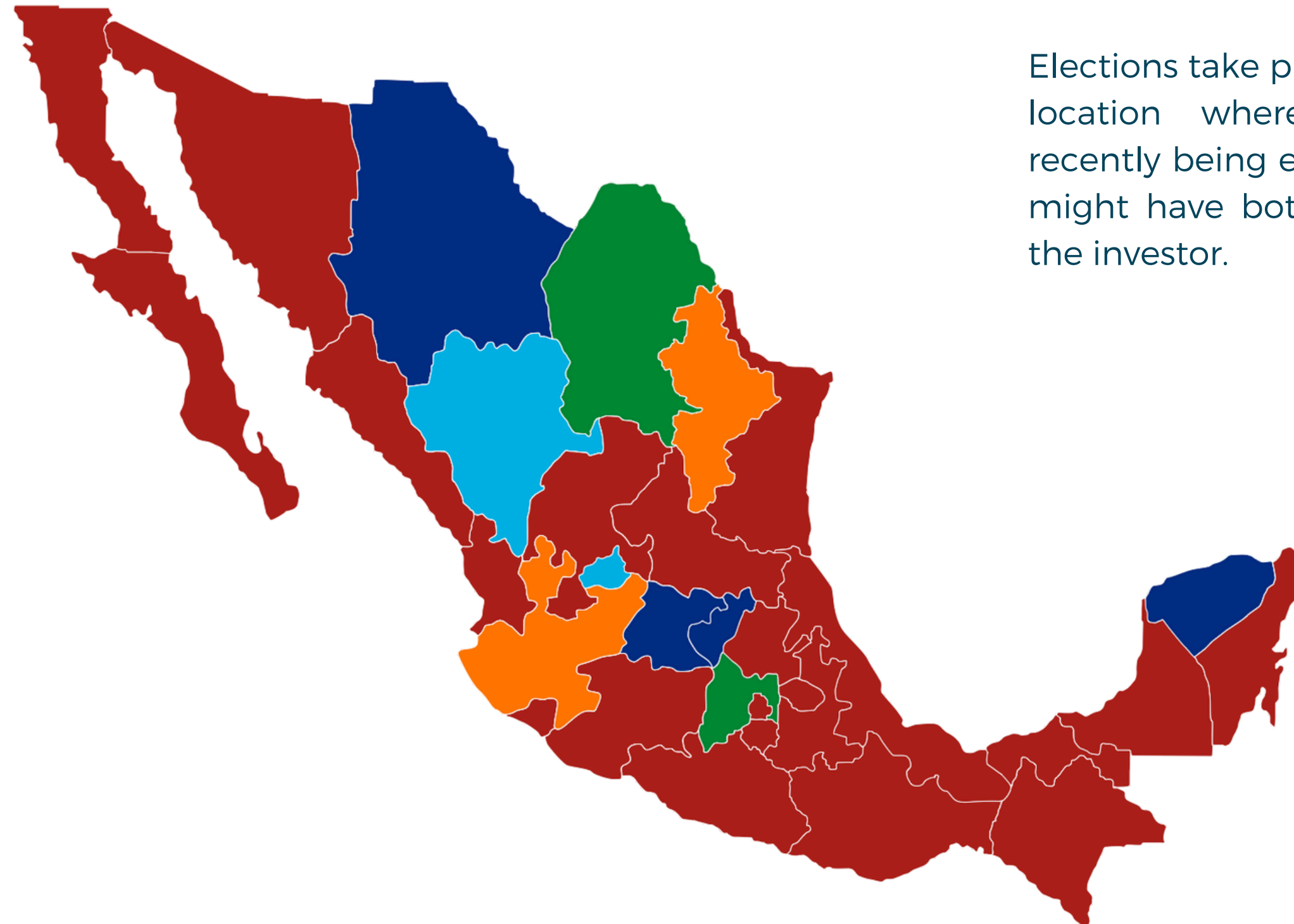
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Deliverables

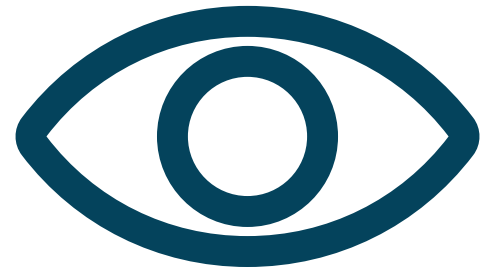
- Evaluating formal government incentives proposals (if any)
- Formally communicating to the authority the investment decision.

Mexico has a multi-party system, with three levels of government: federal, state and municipal. Therefore a best practice includes understanding specific policy drivers in potential locations and prioritize those aligned to the company long term strategy.



Elections take place every 6 years. Choosing a location where the administration has recently been elected or is about to change, might have both opportunities and risks to the investor.

Our investment advisory services allows our clients to:



Bring their **vision** to the Mexican market



By formulating a strategy that **fits the specific dynamics** of this economy



And delivers the **highest value** to shareholders

How do we add value to your business strategy with China?



Our insights

Our passion in business intelligence is not limited to monitoring data, we analyze it to understand the present and identify early trends in foreign trade flows, capital, knowledge, and people. This information can be useful for businesses to make informed decisions.

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帮助贵公司顺利完成参加墨西哥贸易展会的各项准备工作的指南。
贵公司是否正计划参加本届墨西哥贸易展览会?
本指南将为贵方提供一些建议,帮助贵方在即将到来的墨西哥之行中实现商业目标,并更好地了解墨西哥当地的社交和商务礼仪。

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TERMÓMETRO DEL COMERCIO EXTERIOR ENTRE MÉXICO Y CHINA
2017-2021

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2023
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How we do it?



International Business

We assist companies in the search for strategic business partners and in the sale of companies to investors in China. We also advise Chinese investors on formulating internationalization strategies in Latin America.



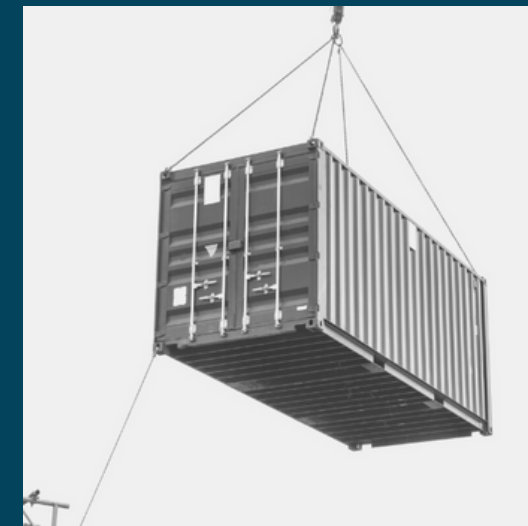
Corporate Intelligence

We help our clients to better understand their partners in order to evaluate business hypotheses and identify potential risks to their organization early on..



Economic Consulting

We create highly specialized knowledge to understand complex economic or industry issues in greater detail and thereby contribute to better business decision-making with China.



Supply Chain

Through our company Keno Pharma, we help you create savings and become more efficient by developing secure and efficient supply chains between China and Latin America, in pharmaceutical, chemical, cosmetics, food and veterinary industries.

TEAM BIOS

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Business Strategy Director



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**+20 YEARS OF
EXPERIENCE**

AREAS OF SPECIALIZATION

- Merger & Acquisitions
- Corporate Strategy
- Trade & Investment Policy Making
- Government Affairs

PROFESSIONAL BACKGROUND

Mr. José Luis brings to his clients his expertise at working at the nexus of investment policy, business advisory and M&A formulation and execution, at public and private sectors in Mexico and in China.

Mr. Jose Luis Enciso most recently served as Minister Counselor for Trade Affairs at the Embassy of Mexico to the People's Republic of China. He had overall responsibility for trade policy coordination and negotiation, monitoring issues affecting trade and investment, enforced trade related laws and kept a constant flow of communication with related stake holders on Mexico's trade policy in China.

He coordinated at the Ministry of Economy the highest initiatives related to strengthen the bilateral economic dialogue such as: Sub-commission in Economic and Trade Affairs, the High Level Group between the Ministry of Economy of Mexico and the Ministry of Commerce of China, the High Level Group of Entrepreneurs, and the High Level Group of Investment, among others.

Before joining to the Ministry of Economy of Mexico, Mr. Jose Luis worked at Deloitte, world largest consulting firm, providing and coordinating business advisory services to Chinese companies on a broad range of trade, investment, tax, and strategy issues when doing business in Mexico. He was part of Grupo Bimbo, largest food company in Latin America, where he executed multiple M&A assessments ranging from 10 million dollars to 2.4 billion dollars.

EDUCATION & ACCOMPLISHMENT

- B.A. in International Relations at National Autonomous University of Mexico
- M.A. in International Relations at Peking University
- Speaks Mandarin-Chinese, Spanish and English

TEAM

BIOS

SALVADOR SUÁREZ

Managing Director



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**20 YEARS OF
EXPERIENCE**

AREAS OF SPECIALIZATION

- Public & Government Affairs
- Corporate Site Selection
- Investment Advisory

PROFESSIONAL BACKGROUND

Mr. Salvador Suárez specializes in the attraction of investment to Mexico and in the distribution of healthy food.

Between October 2013 and October 2015, he was head of Bilateral Affairs at the Embassy of Mexico in the People's Republic of China.

Previously, from April 2009 to October 2013, he served as Director of the Asia and Oceania Business Section of the Mexican Business Council for Foreign Trade, Investment, and Technology (COMCE).

Between 2006 and 2008, he attended the Mexico-China Business Development Program in Hangzhou and Shanghai providing market research services to Chinese and Mexican companies in the logistics, automotive and agro-foods sectors.

From 2005 to 2006, he was a Foreign Trade Specialist at Metalsa, a global manufacturer of automotive components.

Mr. Suarez has advised a wide range of public and private sector clients on doing business in Mexico and Asia, organized trade missions to Asia and Mexico, written Asia-related columns for media outlets, and delivered lectures and conference talks on Asia at various organizations.

EDUCATION & ACCOMPLISHMENT

- Degree in Foreign Trade from Tecnológico de Monterrey
- Speaks Spanish and English, and basic Chinese

Keno



HOW CAN WE HELP YOU?

If you want to know how we can help in your specific situation, you can contact us at:

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Strategy | Business Intelligence | M&A | Site Location

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About us

Through our international business services, economic consulting and corporate intelligence, we help our clients strengthen their business strategy with China and mitigate risks in its implementation.

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