

## JALISCO INCENTIVES PROGRAMS

### Jalisco snap-shot

Jalisco is located in the west coast of Mexico. It is the third most important state in Mexico, after Mexico City and State of Mexico.

Population (millions)	<b>7.9</b>
Average age	<b>30 years old</b>
GDP (per capita)	<b>9,619 US dollars</b>
Participation in the national GDP	<b>7.2%</b>
Annual Growth (2019)	<b>3.7%</b>
Number of industrial sectors	<b>19</b>
Exports: Number of different products Countries	<b>972 181</b>
Main exports:	<b>Advanced manufacturing, high tech, electronics, automotive, auto parts, medical devices, electric products and agri-business,</b>
Main foreign investors partners	<b>USA, Germany, Japan, China, India and the rest of the European Union</b>
Main foreign investors sectors:	<b>High tech, automotive, renewable energies, electric and electronics, and advanced manufacturing</b>
Talent available:	<b>12,000 engineers graduate per year, more than half of them in high tech industry</b>
Schooling system	<b>The third most important in Mexico with 13 world class universities, a technical school, and 5 international</b>

	<b>schools (American, German, Canadian, Japanese and French)</b>
<b>International R&amp;D centres</b>	<b>Continental automotive, Bosch, Hella, Oracle, Intel and NXP, with more than 7,000 engineers</b>
<b>Logistics:</b>	<b>Excellent highway and railroad infrastructure, 220 km away from Manzanillo Port (the most important port for the import of Asian goods into Mexico)</b>
<b>Airport. (passengers)</b>	<b>The third most important passenger airport of Mexico, after Mexico City and Cancun, with more than 15 million passengers in 2019, and 1,223 monthly direct flights to California</b>
<b>Airport (cargo)</b>	<b>Number one airport in volume and second in operations with more than 90 weekly frequencies to North America, Asia, Europe and South America, with a project to expand in double its operations.</b>
<b>Industrial infrastructure</b>	<b>More than 60 industrial parks, 2 tech districts, 1 software park and one multimedia park, amongst others</b>
<b>Quality of life</b>	<b>Amongst the best States in Mexico with quality of life, the biggest lake in Mexico with more than 250 thousand expats (American and Canadian) living there, mountain, beach (Puerto Vallarta) and with the biggest expo venue in Latin America (Expo-Guadalajara)</b>

## **JALISCO WELCOME FOREIGN INVESTMENT**

Jalisco welcomes foreign investment, and has created a tailored program for new companies interested in investing in the State. It is important to highlight that the main program is called “*Invierte Jalisco*” and the companies can apply to it in a biannual basis if they are growing in the State.

## **One stop-shop**

We will assign an expert executive to be your counterpart, who will be personally supervised by the General Director of Foreign Investment, to aid in matters such as:

- Preparing an interesting business agenda based on the needs of the project
- Sending information requested to facilitate decision-making
- Supporting in looking for office options /industrial facilities for the establishment of the project
- Linking with government agencies, private companies, industrial parks, chambers of commerce or industries, associations, universities and, services providers, to make the installation process smooth and easy
- Accompanying in all the paper work process at Federal State and Municipal level
- Guidance for obtaining incentives
- Being your investment executive for your project

## **“Invierte Jalisco” Program**

This is a cash incentive program coming from the State’s government budget. They are delivered on a fundable basis, taking into consideration:

- Amount of the investment
- Number of direct jobs
- Wages and salaries
- Exports
- Development of the local supply chain
- Environmental certifications
- Quality certifications
- Gender equality

With this information, the state government of Jalisco will offer a cash incentive that can be used for green field or brown field projects, depending on the requirement of the project. This incentive can be used to:

- Buying a property
- Construction
- Training purposes
- Buying equipment
- Internal and/or external infrastructure
- Technological infrastructure
- Leasing offices or industrial building

The incentives are delivered under a repayable basis and through billing proof, which means that the investor will make the initial payment and then, the state government will refund the amount of the paid incentive once the investor shows the corresponding, official bill.

From the amount of the cash incentive, the state government can also make a mix of property land and cash incentive if the company desires it so, depending on the location of the property and the importance of the project.

### **Jalisco Supplier Development Program (JSDP)**

Due to the industrial diversification in the state, Jalisco has developed a methodology to develop the supply chain of new international companies investing; this program is called Jalisco Supplier Development Program (JSDP). Through this program the Ministry of Economic Development (SEDECO in Spanish) works with the companies in order to identify local suppliers that can suit the requirements of the company, if these companies need an “up-grade” (certifications, organisation, automation, etc.) SEDECO will provide financial support in order to reach the level of the international company.

The JSDP, has been very successful with international companies located in Jalisco, in high tech industry (Jabil, Sanmina; Flex, HP, etc.) and in advanced manufacturing (Plexus, Molex, OM Mechtron, Vorwek, Siemens, etc.).

There is a special entity called Cadelec (Supplier Chain for the Electronic Industry), who have experts that can assess the suppliers and their needs in order to be ready for the investors companies.

It important to highlight that Jalisco has already around 200 suppliers related with EV.

### **Economic Promotion State Council Program (CEPE)**

This CEPE program can be used in infrastructure, taking into consideration the same criteria applied to the *Invierte Jalisco Program*. This incentive may be applied in the following areas:

#### **SERVICE INFRAESTRUCTURE:**

- a. Paving of roads, streets or sidewalks
- b. Access lanes, acceleration or deceleration.
- c. Property leveling
- d. Crosswalks
- e. Railroad spur
- f. Hydrants, cisterns
- g. Drilling of deep wells
- h. Electricity and electrical substations
- i. Natural Gas Pipe Connection

## **R&D Incentives**

Jalisco is a state leader in research and development in Mexico, as we mentioned before. Through the State Council of Science and Technology of the State (COECYTJAL), we can support you with various federal / state and mixed programs such as:

- Innovation on processes and materials, development of new projects, as well as R & D
- Prototypes Development
- Development and Technological Innovation
- Creation and consolidation of groups and / or engineering centers
- Design, research and technological development, as well as the physical infrastructure for technological development
- Technological innovation through partnerships
- Masters and PhDs

## **SICyT - Technological Institutes**

Jalisco was the first State to create the Innovation, Science and Technology Ministry (SICyT in Spanish) seven years ago due to the rapid development of new industries in the State and the need to have specialized experts to attend the requirements of the 4.0 Industry.

The SICyT has 16 technological institutes (3 to 4 years programs), that have the availability to adapt the school curricula in order to fulfil the needs of the new investors coming to the State and require special expertise for their employees or new hiring.

Thought the SICyT foreign investors can train the HR faster and more efficiently to reach their goals.

## **Becate Program**

The Federal, State and Municipality Ministries of Labour can offer the incentive of personnel recruiting through their programs and means; also, they offer their facilities to interview the potential candidates.

Becate program supports persons, over 16 years of age, throughout the country.

This program offers training courses *via* schemes and methods of training vouchers and Self-Employment Training (Employment Support Program) of the Federal Government.

The amount of funds granted by the Ministry of Labor and Social Welfare, through the National Employment Service in Jalisco, will be from 1 up to 3 MW, during the duration of the training, which will be from 1, up to 3 three months, and in some cases can be extended to a maximum of six months.

<b>Other support</b>
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**ADDITIONAL TO THE ECONOMIC SUPPORT**

a) Permits and licenses; through the One Stop Shop of the Secretariat and which will support the company in each and every one of the necessary arrangements with Municipal, State and Federal authorities

b) In addition, based on the characteristics and final location of the project we propose to negotiate with the municipalities to look for local tax incentives and discounts in the operation and construction licenses