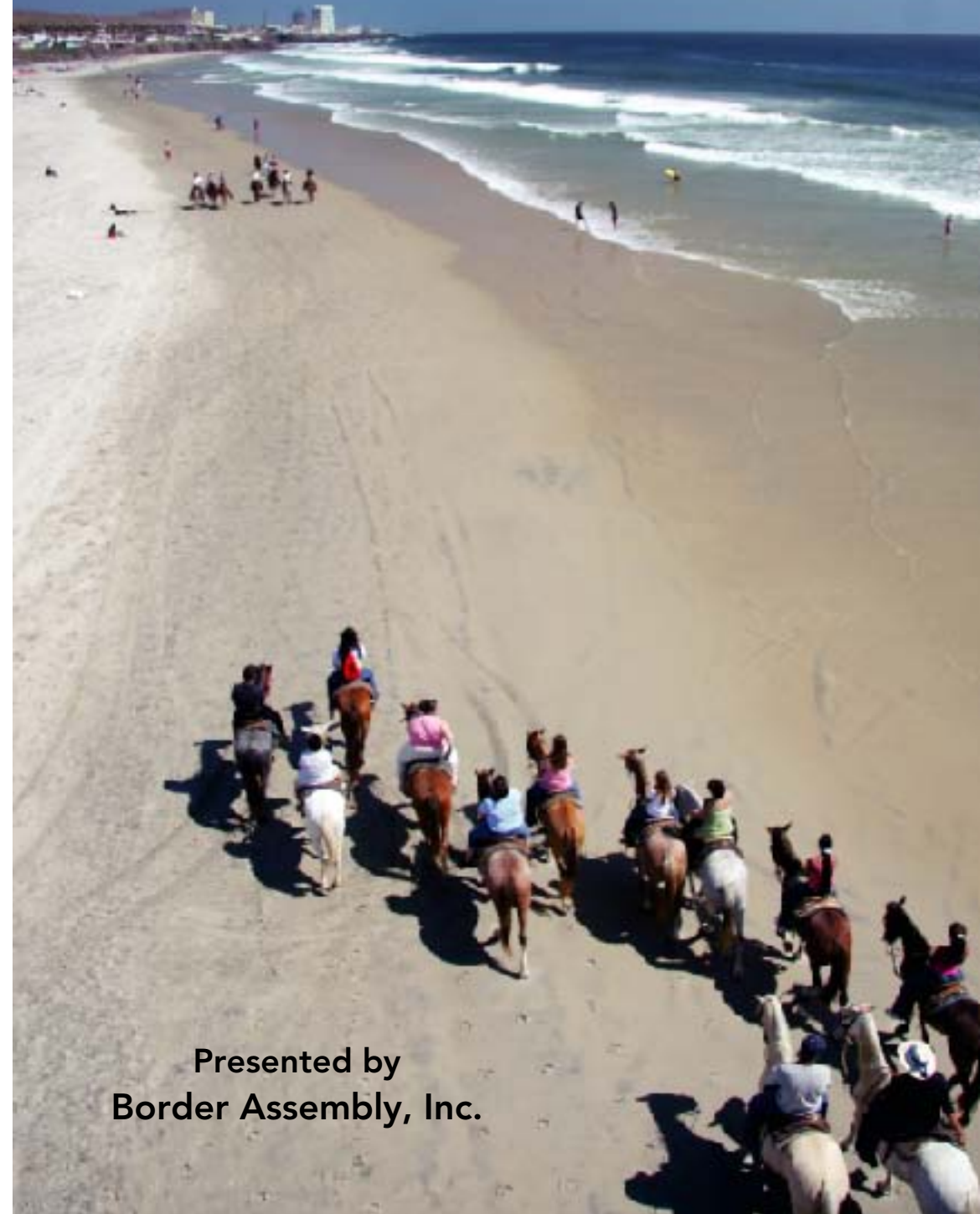


# A Guide to Enjoying Business and Culture

*in Tijuana, Mexico and Southern California*



Presented by  
Border Assembly, Inc.

# Tijuana, Mexico

*"The most visited city..."*

There's a reason Tijuana is "the world's most visited city in the world." Actually, many more than one. Between duty-free shopping, enjoying the superb cuisine, listening to live, endemic music that can only be heard in Mexico, and betting on Jai Alai, horses, dog races, and any major sporting event game taking place anywhere in the world, Tijuana has lots to offer. While more U.S. tourists visit Tijuana than any other foreign city in the world, most stay only a few hours. That tends to be enough for most visitors, simply because there is so much to do in such a relatively small section of the city just a short walk from the border.

Replete with the colors, sounds and sensory stimulation offered by cultures worlds away from the U.S., Tijuana allows visitors the opportunity to experience its unique blend of energy and charm with just a brief car or trolley ride from downtown San Diego.



## *¡Bienvenidos!*

***Welcome to Tijuana, Mexico, One of the Most Commercially and Culturally Dynamic Regions in the World!***

Inside you'll find tips on the best way to open a manufacturing operation in Tijuana, Mexico, reaping the benefits of a highly skilled, affordable labor pool, ample industrial space, excellent commercial infrastructure, business-friendly tax structures, and logistical advantages for servicing U.S. and Pacific Rim markets that far exceed other options.

You'll also discover the immense array of leisure time activities available to you both within Tijuana and in close proximity to this exciting location to do business in. Some of the region's best attractions, easily accessible by car or short plane ride, include:

- World-class fishing and golf
- Excellent cuisine
- Great music and spectacular nightlife
- A wide array of outdoor activities such as surfing, hiking, sailing, and horseback riding
- The magic and allure of Las Vegas, Palm Springs, and the Grand Canyon

And so much more!

We invite you to join us to profit from all the business opportunity and leisure possibilities this region has to offer. With the best climate in North America, a multitude of fun things to do, and a highly-efficient program designed to get your factory up and running in Tijuana in no time, we have a lot to share! Enjoy the tour, and we hope to see you soon.

Best regards,

*The Staff of Border Assembly, Inc. (BAI)*



# Rosarito

## *Sensory Stimulation*

Just past the beaches of Tijuana and its landmark bullring, visitors pass two golf courses close to Rosarito. Bajamar has 27 holes and an 81 room hotel, and Real Del Mar has an 18-hole course and 71 guest rooms. The drive overlooks the shimmering Pacific with the pristine Los Coronados islands gracing the horizon.

Rosarito is a seaside community that offers long, wide, white sandy beaches famous for surfing, fishing, parasailing, jet skiing, and horseback riding right along the water's edge! Excellent shopping, great food, and a high-energy atmosphere explodes at night where live music, dancing, karaoke, and mechanical bull-riding can be found at one of the many clubs and quaint local bars along the strip.



Whether you're in the mood for a raging party or a quiet chat in a local restaurant overlooking the sea, Rosarito will fulfill your preference. Just south of the strip, nestled along the soothing waters of the Pacific Ocean, the small village of Puerto Nuevo is the lobster connoisseur's choice in Baja California. With approximately 25 restaurants specializing in preparing the fresh, locally caught crustaceans, there are a wide variety of dishes to choose from, all at a very reasonable price.



## *The Maquiladora*

### *The benefits of cooperation*

The maquiladora is an American or foreign-owned factory in Mexico, which is allowed to bring manufacturing equipment, materials and components for finished products across the border tariff free. The factories benefit from utilizing the highly skilled, affordable Mexican labor force.



While many believe maquiladoras are a relatively new manufacturing option, born out of the NAFTA, they actually began to develop in increasing numbers way back in 1964, when the initiation of the Maquiladora Program allowed them to be 100% foreign owned. Aiming to foster border region employment rates as well as further attract foreign investment, the program was a great success. Although these programs encouraged foreign-owned production facilities, product sales to Mexican markets were controlled. A new maquiladora decree was issued in 1989, and further relaxed Mexico's foreign investment laws, as well as allowing maquiladoras to sell up to 100% of their production to Mexican domestic markets.

While NAFTA actually eliminated some customs benefits enjoyed by maquiladora operators and defined strict "rules of origin" for products to qualify for preferential tariffs, the laws remain business friendly and hundreds of Fortune 500 to small and medium-sized firms continue to increase profit margins by manufacturing in Tijuana.

# Ensenada

## *"Cinderella of the Pacific"*

Just an hour drive south of Rosarito lies the port city of Ensenada, with a raw beauty and emerging potential earning it the nickname "Cinderella of the Pacific." A comfortable Mediterranean-like climate, rustic, nautical feel, and warmth of Mexican culture mingle with fresh salt-air breezes, attracting visitors in great numbers by land, air, and sea. Ensenada is the second most visited port-of-call for cruise ships and pleasure boats in all of Mexico.

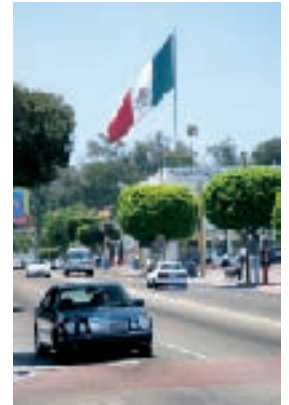
The city has a unique mix of sleepy Mexican charm and robust nightlife that satisfies the variety of tastes of those traveling through. The waterfront market features fresh, off-the-dock fish and shellfish served from a multitude of quaint, colorful stands offering some of the tastiest seafood cocktails and tacos on the west coast. Here one can also charter a local boat and experience world-class fishing firsthand. In late summer and throughout the fall, tuna, marlin, dorado, and other pelagic species are often just miles offshore of the busy port. Just to the south lie acres of vineyards and farms, and roadside stands sell locally grown produce, olives, and honey, among other palate pleasing fare. What Mexican ambiance the border cities have lost in dilution from its northern neighbor, Ensenada maintains and makes up for it by being far enough into the heart of Baja to possess traditional country charm, yet still close enough to enjoy in a single day's travel.



## The Corporate Shelter

### *The Best Way to Cross the Border*

The corporate shelter program has been in use since the 1960's, and allows American-owned manufacturing firms to establish a maquiladora in Mexico without owning a Mexican business. The process is quite simple. The American company wishing to manufacture in Mexico contracts a firm specializing in providing shelter services. Based on the specific manufacturing or assembly needs of the client, the shelter firm looks for and leases an appropriately-sized building for them, and handles all of the real estate transactions, permits and legal work required to acquire the facility. The shelter service also acquires the maquiladora register, import permits, and local and federal licenses and permits. Bank accounts and an accounting and tax payment program are established, and employees are interviewed and hired. The foreign manufacturing firm moves equipment and machinery required for assembly or manufacturing to the facility, and designates a production supervisor to ensure quality control.



Once the operation is established and running, the shelter firm ensures compliance with all Mexican laws and regulations. Research and management required for fiscal compliance with transfer pricing, permanent establishment, safe harbor, asset taxes, and payroll, withholding and employee benefits packages are also handled by the shelter firm. Ongoing personnel management as well as compliance with labor laws and the labor board are performed as part of the shelter package as well.

Additionally, the shelter firm can handle all border crossing and transportation arrangements. The American firm maintains complete control of product quality while the shelter firm performs all functions required to keep the operation running smoothly.

The efficiency of Border Assembly, Inc.'s shelter services has advanced to a point where an American business could potentially establish a Mexican operation in as few as six weeks without even crossing the border. The American manufacturer profits substantially from labor costs cut in half, while bypassing any challenges associated with establishing a factory in Tijuana themselves.

# San Felipe



## Coastal Desert Jewel

The largest, northernmost community on the western shores of the magnificent Gulf of Mexico, San Felipe poses a stark contrast to Pacific-side cities of Baja. Although only a four and a half hour drive from San Diego, this small city founded in 1916 as a commercial fishing port emerges from its desert surroundings with an oasis of cultural charm. Delicious Mexican cuisine and fresh seafood can be found throughout the city, the beaches are wide and white, and the sea is so warm and salty even the most well-fed visitors won't have trouble floating in it!

The fishing on this side of the Baja peninsula is spectacular as well, with good catches possible right from shore, in a Mexican open boat called a "panga" launched through the surf, or for more serious anglers, from one of San Felipe's famous "motherships," which will take you deep in the gulf for multi-day fishing adventures. Other activities in the area include sailing, off-roading in dune buggies, motorcycles, or "quads," horseback riding, desert hiking, and of course, plenty of shopping, eating and drinking if you so desire. San Felipe offers visitors both a unique array of activities and a wonderfully warm, sunny climate.



## The Mexican Labor Pool

### Employee Extraordinaire

There's a reason Tijuana is the television-making capital of the world. The conscientious, highly-skilled workforce is perfectly suited to produce electronics in as fine a quality as anywhere in the world. Other products manufactured or assembled in maquiladoras include computers and components, food, textiles, apparel, shoes, furniture, chemical products, automobiles, equipment and accessories, tools, toys, and sporting goods.

Young, diverse, focused, even-tempered, hard-working individuals are the backbone of the successful maquiladora industry. While wages may appear inordinately low compared to those of the U.S., the cost of living is substantially less in Mexico, and maquila workers enjoy numerous benefits including housing and transportation allowances, profit-sharing, paid vacations, health care, and performance bonuses. Maquiladoras in the Mexican state of Baja California alone employ more than 200,000 people, and the border economy has grown substantially since the American-owned factories flourished in the 1980s.



# San Diego

## **America's Finest...**

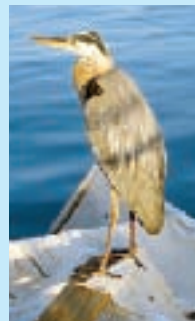
In addition to the best climate in the United States, San Diego has worlds to offer residents and visitors alike. A booming economy, low unemployment rate, and balanced blend of business and social

activities make San Diego deserving of its distinction as "America's Finest City." Beaches, bays, lakes, mountains, deserts, farmlands and forests are all accessible within less than an hour drive from downtown, which boasts its own brand of scenic beauty. Just steps from the hustle and bustle of the Gaslamp District lies the quaint ambiance of Seaport Village, Little Italy, and

Petco Field, home to the San Diego Padres and one of the most interestingly-designed baseball stadiums in the country.

Most San Diego tourists are sure to include visits to the world famous San Diego Zoo, The Wild Animal Park, Seaworld of California, Balboa Park, and the beaches and posh shopping district of La Jolla. Surfing, fishing, golf, hiking, sailing, and beach volleyball are all part of the Southern California lifestyle, equally enjoyed by visitors as by those who live here. The list of things to do goes on and on, but if one wants more, there are a multitude of options in close range to San Diego. Perhaps some shopping in Los Angeles or San Francisco, golf in Palm Springs, hiking in the Grand Canyon, skiing in the Sierras, or a bit of

gambling in Las Vegas... All are within a couple of hours of reach from San Diego by plane or car. One of the most-loved aspects of San Diego is its close proximity to an eternity of other, exciting destinations.



## **Border Crossing and Customs**

### **Take the BAI Express**

There are plenty of options for manufacturers in Mexico and worldwide, but why risk being so far from the continental United States and why spend twice the amount for transporting finished products when Tijuana offers the most logistically sound alternative? In addition to being just a short drive from San Diego, Tijuana represents an excellent opportunity to reap the reduced cost and superior quality benefits of Mexico while providing excellent access to U.S. and Pacific Rim markets. A well-established highway infrastructure, as well as superior transportation links by air and sea, make Tijuana the logical choice for producing your goods.



Through its corporate shelter program, Border Assembly, Inc. takes the challenge and guesswork out of your cross-border shipping, handling all customs arrangements, licenses and permits. While American maquiladora owners doing things themselves struggle with complex tariff structures and permits required for shipping across the border, BAI clients are afforded the time to spend on other aspects of their business, or better yet, leisure activities.

## **Licensing/Accounting/Taxes**

### **Leave your Calculator at Home**

Immense challenges if you choose to establish a maquiladora in Tijuana yourself. A no-brainer if you use BAI's corporate shelter program. The laws and regulations change on both sides of the border, but the profits remain consistently good provided your precious time isn't consumed by trying to keep up with the modifications and making necessary adjustments. Border Assembly takes care of that, so you can enjoy the multitude of activities the region has to offer.

# Los Angeles / Palm Springs

## Stars and Palms

Just a two hours by car from San Diego, the "City of Angels" offers a mixture of sun, sand, energy and cosmopolitan charm few cities can match. Theater, music, sports... an endless list of activities on the playground of the stars. Try Venice Beach, a town of canals actually modeled after Venice, Italy, for some of the best people watching and street performers in the world. Shop Rodeo Drive and rub elbows with Hollywood's elite crowd. Take a sunset stroll and please your palate with incredible food on the Santa Monica Pier. Or hop on a high-speed ferry and explore the enchanting island of Catalina. The possibilities never end.

Just inland of Los Angeles, Palm Springs is a true desert oasis abounding with natural beauty and upscale charm. The dry, hot climate attracts millions of visitors seeking respite from the cold and rain. PGA-rated golf courses, soothing spas, gourmet dining, and an aerial tram that transports you almost vertically from desert to snow in a matter of minutes are a few of the local attractions that have made palm Springs a favorite destination of the Southern California elite, as well as tourists visiting San Diego.



## Regional Overview

### *Ski and surf in the same day*

A short plane ride to San Francisco to feast on dungeness crab, a quick flight to Cabo San Lucas, Mexico to enjoy some of the world's best marlin fishing, a two-day jaunt to experience the Pebble Beach Golf Course, resplendent scenery of the Big Sur Coastline, Hearst Castle, and Cannery Row in Monterrey. There are few, if any places in North and Central America that offer such an incredible diversity of things to do and see within easy reach of one location. One could surf in the Pacific Ocean and ski in the San Bernardino Mountain Range in the same day. Have lunch in San Francisco and dinner in Tijuana. Hike coastal grasslands in the morning, snow-capped mountains at noon, and desert trails in the early evening. What Tijuana and San Diego don't offer can easily be found just minutes, miles, or a proverbial stone's throw away.

The possibilities are too immense to adequately cover, too enjoyable to properly describe. So don't take our word for it... come and discover them for yourself. We can only promise you won't run out of fun things to do.



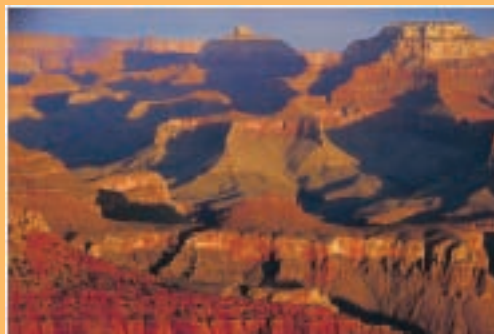
# Las Vegas / Grand Canyon

## Advantage to the Tourist

For about \$100 airfare roundtrip a visitor to San Diego can be in Sin City in about an hour! While the casinos may offset that low cost to fly there, its worth the trip and considered our own backyard. For the more frugal at heart, there are many free shows offered, some them rivaling those one has to pay to see. The water show at the Bellagio and the Fremont Street Experience can both be seen without dishing out a penny, and both are spectacular.

Las Vegas continues to rule as the adult playground of the world, but many don't realize an extra effort has been made to accommodate children as well. There are plenty of things to do, no matter what age category you fall into. The Cirque du Soleil shows are a definite must see, as are the newer, exceedingly posh casinos popping up like desert wildflowers.

A short jaunt east from Las Vegas reveals two amazing destinations... Hoover Dam and the Grand Canyon. Marvels of both natural and manmade wonder, neither should be missed, and are an easy visit from San Diego via Las Vegas.



## Why Choose Tijuana, San Diego, and Border Assembly, Inc.?

### *The money comes back...*

If you're looking for an edge in business, a better profit margin, and a more enjoyable way to spend your leisure time, we urge you to consider the San Diego/Baja California region. Manufacturing in Tijuana, Mexico has helped hundreds of companies realize the best opportunity for growth possible. Border Assembly's corporate shelter program finetunes the process and maximizes your potential. If you are considering offshore manufacturing, are overly burdened by unfriendly business regulations, having trouble remaining profitable, or simply desire to get out of the cold and experience some new scenery, we invite you to visit our region and explore the maquiladora option. We'll gladly give you a tour of our factories, where you'll find smiling, happy faces, excellent working conditions and employee morale, skilled, fast, conscientious production, and a much-improved bottom line.

Unlike many offshore manufacturing locations, Tijuana has superior logistics, a well-established transportation infrastructure, a near-perfect climate, and an unusual socio-economic dynamic. Because Tijuana and San Diego are so commercially and socially linked, the money paid to maquila workers actually filters back into the US economy. And not just nickels and dimes, but billions of dollars annually. To us that's keeping it in the family, and while we don't like to see US jobs lost, we like to think we're benefiting both sides of the border. Indeed, many business owners with factories in both the United States and Mexico have profited so greatly from their Mexican operation their American firm remained solvent and realized increased success.

There's so much this region has to offer in terms of business opportunity, culture, leisure time activities, and long term potential. Again, we invite you to share the wealth and splendor, and look forward to hearing from you!

*Buena suerte, The Staff of Border Assembly, Inc.*

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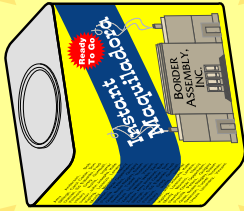
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**Keep it Simple.**



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