The US and Mexico join forces for mega-region

Michal Kaczmarski | 15/08/2013 9:25 am | Comment on this article

Print Email Share Recommend Comment

The Cali Baja Mega-Region – a new economic development encompassing southern California in the US and Baja California in Mexico – is hoping to drive investment by bringing together the competitive advantages of each area.

With the ongoing debate in the US about boosting the economy by creating jobs and fears about cheaper competition, a newly launched economic development – the Cali Baja Mega-Region – is hoping to tackle these issues by attracting investors to locate on both sides of the US-Mexico border.

Set up at the beginning of 2013, the mega-region initiative is a partnership between seven economic development organisations located in both the US and Mexico: the counties of San Diego and Imperial Valley on the US side, and Tijuana, Mexicali, Tecate, Ensenada and Rosarito in the state of Baja California in Mexico. The combined area has a labour force estimated at 3.1 million people and a GDP of $202.4bn.

"The idea was to create an enterprise zone that will be productive for both sides by utilising the competitive advantages of operating in the US and in Mexico," said Robert J Watkins, an economic developer involved in launching the initiative.

"San Diego is known as an innovation centre for sectors such as biotech, telecommunications and clean tech, and Mexico has been known, of course, as a location that offers cost advantages for manufacturing," said Mr Watkins. With the North American Free Trade Agreement granting tariff-free flow to many types of goods between the two countries, "there are strong incentives for companies to be located in San Diego and do the assembly work across the border," he said.

The initiative is backed by private companies such as Dallas-based telecommunications company AT&T and Bank of America, as well as the US Economic Development Administration, which in 2008 awarded a $225,000 grant to develop the mega-region's strategy.

The idea of a US initiative that focuses on promoting the advantages of Mexican manufacturing is risky, given that the issue of job creation has been dominating economic discourse in the US since the breakout of the recession. But according to Mr Watkins, such enterprises are part of the solution, not the problem. He points to DJO Global, a San Diego-headquartered orthopaedic device company that manufactures its products in Tijuana. "It remained in the area primarily because it could manufacture its devices on the Mexican side. The odds are it would have left otherwise," he said.

This article is sourced from fDi Magazine

fDiMagazine

Print Email Share Recommend Comment

Related Articles

- Party crashers Comment on this article
- LATEST INVESTMENTS Comment on this article
- Why San Diego? Comment on this article
- MEXICAN STATES OF THE FUTURE 2005/06 Comment on this article
- An industry in the ascent Comment on this article
- Autos: Auto sector is one of the last vestiges of 'mega projects' Comment on this article

Post your own comment

By submitting this comment I confirm that I have read and agreed to the terms and conditions.

Submit comment