TRADE

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are pushing for more efficient border crossings.

Clay, who spent the past decade as executive director of the Mexico Business Center, an advocacy arm of the San Diego Regional Chamber of Commerce, says jobs and opportunities are being lost due to delays at Southern California borders, which some say are woefully understaffed.

Domestic content

However, Clark said an important characteristic of California and Mexico's cross-border business is its collaborative nature. While imports from other countries often are made from foreign materials, imports from Mexico are 40 percent U.S.-made, representing the highest such number of domestic content in U.S. imports from any country worldwide, according to data from the National Bureau of Economic Research.

Christopher E. Wilson, an associate at the Mexico Institute of the Woodrow Wilson International Center for Scholars in Washington D.C., attributes this to the fact that the U.S. and Mexico not only trade goods, but work together to produce them.

The fact that U.S. imports from Mexico are comprised of 40 percent domestic content is significant, Wilson notes. It means that, although the label may say "Made in Mexico," money spent on these goods actually goes back to the U.S. companies and workers that produced the contents of the item.

This stands in contrast with Chinese imports, which consist of a mere 4 percent of U.S. content. Even imports from Canada fall far short, with only 25 percent U.S. content, representing the next highest ratio after Mexico, according to Wilson.

Six million jobs

Additional resources being allocated to support U.S.-Mexico cross-border business is justified by many who say the value of domestic trade with Mexico benefits the nation much more than that with other countries.

"U.S. trade with Mexico sustains six million jobs in the U.S. and much more in Mexico," said Anabel Colunga, spokeswoman for the Tijuana Economic Development Corp. "The U.S. Mexico Border region represents $460 billion in economic relationship between the two countries."

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>
> Kenn Morris • President • Crossborder Group

The California State Trade and Export Promotion (STEP) project has been a significant resource in furthering trade with Mexico by leveraging the support of state, federal, private and nonprofit trade promotion organizations to help boost exports from local businesses.

As part of California STEP and in conjunction with the Otay Mesa Chamber of Commerce, the Border Export Program helps connect representatives from major international manufacturers in the Southern California and Baja California region.

"The Border Export Program is promoting direct export opportunities to existing small and medium enterprises with exporting capacity," said Victor Castillo, director of the Center for International Trade Development at Southwestern College. "The goal is to facilitate supplier engagement of California companies with a global manufacturing base across the border."

Mexico instead of China

Since the financial advantage of manufacturing in China has waned as wages there have increased significantly in recent years, Otay Mesa Chamber of Commerce Executive Director Alejandra Mier y Teran said many companies are moving plants to Mexico instead of China for the convenience of having operations in closer proximity.

Local businesses that house operations in both San Diego and Tijuana include DJO Global, Kyocera, CUBIC Corp., Taylor Guitars, Hyundai, Cobham Defence Electronics, Nypro and 3D Robotics, according to the San Diego Regional Chamber of Commerce.

Other California businesses that also have operations in Tijuana include Santa Cruz-based Plantronics, Long Beach-based Toyota, Irvine-based Medtronic and Mission Viejo-based Ossur, according to the chamber.

"Mexico is an attractive option to consider when expanding your business, relocating or starting a new manufacturing facility," said Ivan Laniado, binational affairs coordinator at the Mexico Business Center. "With cities like Tijuana, Tecate and Mexicali being right across the border from California, Mexico provides a competitive advantage to U.S. companies for setting up manufacturing operations there instead of locally.

"In addition to lowering logistics costs due to proximity, Mexico offers an increasingly skilled workforce and a large supplier base that can greatly lower operations costs," he said.

Lucky in San Diego

Although some companies cite concerns about safety as an argument against basing operations in Mexico, advocates for cross-border business say this common misperception is not entirely based in reality. In fact, recent research by the Crossborder Group showed that Tijuana is actually safer by some measures than many U.S. cities.

Analyzing 2012 homicide data for a range of North American cities, a June report by the Crossborder Group found that Tijuana's rates were lower than those of many well-known U.S. locations. In examples local to California, Tijuana's homicide rates came in about a third less than what was seen in Oakland and also slightly lower as compared to Stockton.

"From my view, few companies are only-local anymore; they may import products from manufacturers around the world, have their websites built and supported by folks in other countries, or at a minimum might be competing for a project with other companies that have some international component," said Kenn Morris, president of Crossborder Group, which has offices in both San Diego and Tijuana.

"What San Diego has that only very few places in North America have is the ability to do business on a local basis while at the same time operate and sell across an international border. Yet, few San Diego firms bother to make a serious effort," said Morris.

However, the border doors are open.

"The truth is we are lucky here in San Diego," said de Lambert. "We have a strong group of organizations dedicated to promoting trade and investment generally and cross-border exports specifically."

For information on California State Trade and Export Promotion (STEP), visit www.cdfa.ca.gov/exec/Public_Affairs/Trade.html; on the Mexico Business Center, visit www.sdchamber.org/public-policy/mexico-business-center; on the Tijuana Economic Development Corp., visit http://tijuanaedc.org; or on the San Diego office of the U.S. Commercial Service, visit http://export.gov/california/sandiego/index.asp.

The state of California's trade picture

Following are some facts about San Diego's and California's trade market:

- There were more than 686,000 jobs in California in 2011 in the foreign trade industry.
- In 2012, the San Diego metropolitan area was the 20th largest export market in the United States, with merchandise shipments totaling $17.2 billion.
- The San Diego region accounted for 9.6 percent of California's merchandise exports in 2012.
- 32.4 percent of San Diego's merchandise exports go to NAFTA countries.
- California exported $168.1 billion in goods and services to 229 foreign economies in 2013.
- Exports from California accounted for 10 percent of total U.S. exports in 2013, with computers and electronic products the top export, accounting for 25.2 percent of all the state's exports.
- California is the largest exporting state to Asia. In 2013, it exported almost $70 billion in goods to the region.
- The state's exports to mainland China totaled $16.4 billion in 2013. Computers and electronic products accounted for more than 31 percent of the exports to China. Its exports to Japan totaled $12.7 billion. Computers and electronic products accounted for nearly 23 percent of those total exports.
- California is one of the top exporting states to Europe. Computers, electronic products and chemicals are the leading export sectors to the region. European Union countries purchase nearly 17 percent of all California exports.

SOURCES: U.S. DEPARTMENT OF COMMERCE INTERNATIONAL TRADE ADMINISTRATION, U.S. CENSUS BUREAU.