Competitive Border Communities: Mapping and Developing U.S.-Mexico Transborder Industries

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Building Cross-Border Supply Chains


- The Challenge: Overcoming Division and Fragmentation both along and across the border; Moving Toward Cooperation and Coordination
Clustering vs. Industries

What is a Cluster?

“Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, firms in related industries, and associated institutions (e.g., universities, standards agencies, trade associations) in a particular field that compete but also cooperate.” Michael Porter*

Where do Cluster-Based Strategies Fit in to Overall Economic Development?

<table>
<thead>
<tr>
<th>Picking Winners</th>
<th>Cluster-Based Strategies</th>
<th>Macro and Overall Business Environment Improvements (Cross-Cluster Strategies)</th>
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<tr>
<td>- Firm Specific</td>
<td>- Data reveals existing industrial clusters with roots (not politically driven)</td>
<td>- Subregion, Region or Nation specific</td>
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<td>- Weakens Competition and thus incentives to improve</td>
<td>- Industry/Cluster specific</td>
<td>- Pro-competition (robust business environment fosters competition)</td>
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<td>- Politically driven</td>
<td>- Pro-competition (seeks diversity and numerous firms competing within sector)</td>
<td>Examples: Education, Responsible Fiscal and Monetary Policy, Trade Liberalization, Cutting Red-Tape, Simplifying Tax Code, General Infrastructure (overall highway network, broadband, etc.), Broad tax incentives</td>
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<td>- Inconsistent across administrations</td>
<td>Examples: Specialized Education Programs, Industry Worker Training Programs, Specialized Infrastructure (port, pre-inspection), Business-Regulator Dialogue, Joint Marketing</td>
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Concentration: Location Quotient compares local concentration of jobs in an industry to national/binational employment.

Dynamic: Competitiveness Index of Shift-Share Analysis identifies industries growing faster locally than in the broader economy.

Binational: Bilateral Export Intensity, exports/GDP at the state-level.

Qualitative Data: Gathered at focus group sessions with stakeholders from both sides of the border in San Diego, Tucson, El Paso, and Brownsville.
What We Found: Border-Wide Findings

- Highly specialized manufacturing industries on the Mexican side of the border.
- Strong logistics industries on the U.S. side
- Fewer signs of deep supply chain connections or non-logistics service provision by U.S. firms along the border to Mexican border industries than we had expected.
- Highly uneven nature of cluster organization and crossborder economic development efforts throughout the border region.
- The predominance of border security over trade has affected the overall business environment at the border.
- Highly uneven distribution of manufacturing operations poses a challenge for the cultivation of binational clusters.
- Crossborder mobility and human capital development continues to be a challenge in the region.
Parts Manufacturing Employment

[Map showing parts manufacturing employment in various counties and cities with numbers associated]
Aerospace Industry

COUNTY/MUNICIPIO Employees (2013)
NAICS 3364
Aerospace Product and Parts Manufacturing
Fabricación de equipo aeroespacial

- CA: San Diego 12,052
- CA: Imperial 1,750
- AZ: Yuma 10
- AZ: Pima 10,000
- NM: Dona Ana 60
- TX: El Paso 10
- TX: Webb 10
- TX: Cameron 375
- BCN: Tijuana 2,188
- BCN: Mexicali 5,292
- AZ: Santa Cruz 10
- SON: Nogales 294
- CHH: Juárez 1,137
- COA: Acuna 768
- TX: Hidalgo 375
Logistics Sector: General Freight Trucking Employment
Main Recommendation

Border communities should actively utilize cluster-based economic development, with its focus on collaboration among government, industry and educational institutions, as an opportunity to engage federal officials managing the border as partners in a joint effort.
Managing Border “Collab-etition”

- **Challenge 1: East to West collaboration**
  - Geographical challenge of the border region
  - Jurisdictional challenge
  - *Perceived* competition between regions
  - A new approach: #oneborder (private sector)
    - Goal = share best practices.

- **Challenge 2: North to South collaboration**
  - Working across/through a “thick” border
  - Mega Region approach: BorderPlex, CaliBaja

- **Challenge 3: Local competition > local collaboration**
  - Scarce resources, duplicative programs
A Key Challenge

Building Cross-border Economic Development at the LOCAL Level
A Collective Impact Model for Crossborder Economic Development?

- Collective Impact approach to solving complex problems (v. simple or complicated)
- Key ingredients: common agenda, shared goal, mutually reinforcing activities, continuous communication, backbone organizations.
- Step 1: Agree on a collective goal.
Make Your Own Maps

- naresearchpartnership.org/projects/binationalindustries/map
- wilsoncenter.org/specialinitiatives/binationalindustries