

A Draft Proposal

# *Building Business Ties Between North Carolina and Baja California, Mexico*

Dr. Gary Gereffi  
Director

Center for Globalization, Governance & Competitiveness  
Duke University  
[ggere@soc.duke.edu](mailto:ggere@soc.duke.edu)

Natalie Hartman  
Associate Director

Duke Center for Latin American and Caribbean Studies  
Duke University  
[njh@duke.edu](mailto:njh@duke.edu)

Sharon Mújica  
Outreach Director

Consortium in Latin American & Caribbean Studies at UNC-Chapel Hill & Duke University  
[sharon.mujica@email.unc.edu](mailto:sharon.mujica@email.unc.edu)

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*Center on Globalization, Governance & Competitiveness (CGGC)*  
Duke University • Erwin Mill, Bay B • 2024 W. Main Street  
Social Science Research Institute • Box 90420 • Durham, NC 27705  
[www.cggc.duke.edu](http://www.cggc.duke.edu) • Phone: (919) 681-1972 • Fax: (919) 681-4183

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*Consortium in Latin American & Caribbean Studies at UNC-Chapel Hill & Duke University*  
**Duke:** Center for Latin American & Caribbean Studies • 2114 Campus Drive, Box 90254  
Durham, NC 27708-0254 • Phone: (919) 681-3980 • Fax: (919) 681-7966  
**UNC-Chapel Hill:** Institute of Latin American Studies • 223 E. Franklin St. • Campus Box  
3205 • Chapel Hill, NC 27599-3205 • Phone: (919) 966-1484 • Fax: (919) 962-0398



## **North Carolina and Baja California – Dynamic Regional Economic Hubs**

Since the 1994 passage of the North American Free Trade Agreement (NAFTA), North Carolina and Baja California have become two of their countries' most dynamic regions, and the economic links between them have grown dramatically. In 2005, Mexico was the United States' second largest trading partner and North Carolina's third largest export destination. North Carolina and Mexico are also linked in other ways besides trade. Since NAFTA, many North Carolina firms in traditional manufacturing industries have moved operations to Mexico, as the state's economic niche evolves from a leader in traditional manufacturing industries like textiles/apparel and furniture to a pioneer in knowledge-intensive fields like biotechnology, information technology, and medical products & services.

Within Mexico, the Tijuana region of Baja California has shifted from low-wage assembly work to become a high-tech hub in its own right. Tijuana is Mexico's fourth-largest city, and has benefited greatly from its proximity to San Diego and the U.S. market. Tijuana is also evolving. In recent years, the city has added high-skilled manufacturing in the computer software, medical device, semiconductor, and biotechnology industries to its traditional role as an assembly point for consumer electronics. By 2005, Tijuana boasted nearly 600 foreign-owned manufacturing plants, many of which were operated by major multinationals like Sony, Hitachi, and Samsung.

### **Timeline**

The proposed project will have several interconnected components.

#### *Phase 1 (June 5-6, 2006)*

With funding from the U.S. Department of Education Title VI grant, the Carolina-Duke Consortium in Latin American Studies will bring Jorge Carrillo (El Colegio de la Frontera Norte in Tijuana) and Saúl de los Santos (Baja California Secretariat of Economic Development or SEDECO) to Durham for a two-day trip. This trip will have three main scheduled components:

- A presentation by Carrillo and de los Santos on the Tijuana-San Diego border economy, presenting industry research and market analysis. These talks will be hosted by North Carolina State University's College of Textiles at 10 am on Monday morning, June 5<sup>th</sup>. The N.C. and U.S. Departments of Commerce as well as interested North Carolina companies will also participate in this meeting.
- Planning committee meetings, to handle details for our study trip (see Phase 2).
- Factory visits and meetings with North Carolina development agencies for Carrillo and de los Santos, providing them with an overview of relevant North Carolina industries.

#### *Phase 2 (September 2006)*

Dr. Gereffi and other members of the Duke-UNC planning committee will lead a group of North Carolina business and policy leaders to the Tijuana region for a five-day market analysis trip, designed to highlight Tijuana's new, upgrading economy. During this trip, the group will meet with academics, business leaders, and government officials to study Tijuana's economic diversification through a series of factory site visits, presentations, and open discussions. The trip will also include time for additional meetings with potential business partners, to be arranged in consultation with the North Carolina and U.S. Departments of Commerce.

The North Carolina delegation will include representatives of five to ten North Carolina firms that have an interest in learning more about the Mexican market. Target firms will be identified through consultations with the North Carolina and U.S. Departments of Commerce and local business contacts, and will ultimately be selected based on their level of interest and industry focus. Firms will be asked to pay their own travel and lodging expenses for up to three delegates, plus an additional fee of \$3,000-5,000 per firm to cover the services received and organizational costs.

### **Benefits for Firms**

For their registration and travel costs, firms will receive the following package of services:

- Factory visits to facilities of major foreign and domestic companies, led by knowledgeable company officials
- Guidance and expertise, including detailed background reports by experts from Duke, UNC-Chapel Hill, and Mexican institutions with extensive experience in the region
- Meetings and contacts with academic experts, policymakers, and business leaders in the Tijuana-San Diego region
- Times for individual business meetings, with the assistance of U.S. and N.C. Department of Commerce officials
- Exclusive early access to completed trip reports from the mission

### **Sponsors: Carolina-Duke Consortium in Latin American Studies and Duke's Center on Globalization, Governance & Competitiveness**

Planning and implementation of this project will be undertaken by the Consortium in Latin American and Caribbean Studies at the University of North Carolina-Chapel Hill and Duke University and the Center for Globalization, Governance & Competitiveness (CGGC) at Duke University, in consultation with officials from the U.S. Department of Commerce, North Carolina Department of Commerce, and SEDECO. Other individuals from government and from public and private sector organizations will be consulted as needed.

The faculty coordinators are:

- Dr. Gary Gereffi, Director, Center for Globalization, Governance & Competitiveness, Duke University
- Dr. Jorge Carrillo, Researcher, Social Studies Department, El Colegio de la Frontera Norte

Other planning committee members include:

- Glenn Jackman, International Trade Division, North Carolina Department of Commerce
- Shirreef Loza, U.S. Commercial Service, U.S. Department of Commerce
- Saúl de los Santos, Baja California Secretariat of Economic Development (SEDECO)
- Sharon Mújica, Consortium in Latin American and Caribbean Studies, UNC-Chapel Hill
- Natalie Hartman, Duke Center for Latin American and Caribbean Studies

For further information about these events, please contact Courtney Orning, Center on Globalization, Governance & Competitiveness – tel. 919-681-1972; [courtney.orning@duke.edu](mailto:courtney.orning@duke.edu).