Baja California: California`s Partner

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Baja California State Governor
## World Economic Outlook

### Summary of Global Perspectives

Percentage change last year, except interest rates and oil prices

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<tbody>
<tr>
<td>World Trade Volume</td>
<td>9.8</td>
<td>7.2</td>
<td>2.9</td>
<td>-12.2</td>
<td>1.0</td>
<td>-15.1</td>
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<td>Real GDP growth</td>
<td></td>
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<tr>
<td><strong>World</strong></td>
<td>4.0</td>
<td>5.1</td>
<td>3.1</td>
<td>-1.4</td>
<td>2.5</td>
<td>-4.5</td>
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<td><strong>Developing Countries</strong></td>
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<tr>
<td>Latin America and Caribbean</td>
<td>5.6</td>
<td>5.7</td>
<td>4.4</td>
<td>2.1</td>
<td>4.0</td>
<td>-2.3</td>
</tr>
<tr>
<td>Argentina</td>
<td>8.5</td>
<td>8.7</td>
<td>6.6</td>
<td>1.5</td>
<td>3.0</td>
<td>-5.1</td>
</tr>
<tr>
<td>Brazil</td>
<td>3.8</td>
<td>5.7</td>
<td>5.1</td>
<td>-1.3</td>
<td>2.5</td>
<td>-6.4</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>4.9</td>
<td>3.3</td>
<td>1.3</td>
<td>-7.3</td>
<td>3.0</td>
<td>-8.6</td>
</tr>
</tbody>
</table>

Fuente: (Datos en azul) Fondo Monetario Internacional 2009 y (Datos en negro) Banco Mundial 2008.
Ranked 13th world’s economy and 2nd strongest in Latin America (FMI, 2008)

11th most populated country in the world, with 108 million people (FMI/CONAPO, 2008)

10th exporting country (2.6%) and 8th in imports worldwide (2.8%) (OMC, 2008)

12 FTA’s with 44 countries, bigger and stronger markets.

5th country with FDI among other developing countries.

FDI up to a total of 18,589.3 dollars in 2008 (Mexican Ministry of Economy 2008)
Bordering the first global economy (NAFTA) and neighboring the most dynamic State in the USA, California.

Closest Mexican State to Asia and the Pacific Rim Economies.
Reach agreements through immediate actions, shared strategies and better opportunities generation.
- Border with the world’s largest activity.
- Almost a 2,000 mile extension; 250 million crossings approximately each year.
- 90 million permanent residents in the 10 Border States.
- The border zone Mexico-USA, represents the third most important and dynamic economic region of the world.
California total exports by commercial partners (Billion US Dollars)

Source: US Department of Transportation, Bureau of Transportation Statistics and Commerce.
Mexican exports by entity, (2008: $17,8 Billion US Dollars)

Source: US Department of Transportation, Bureau of Transportation Statistics and Commerce.
Systematic Approach

Priorities

- Infrastructure
- Social and Economic Development
- Education
- Migration Market Factors
- Environment
- Institutional Development
- Competitiveness
- Public Security, Legal and Patrimonial
Leadership in Baja California

- GDP average growth (4.38%) above the national. (2.9%) (1994 - 2008)
- The busiest port of entry in the world. (30.9 million vehicles per year)
- First in the nation in occupation conditions.
- Lowest leisure rate in the North border (4.4%)
- The state with the least income distribution disparity in the nation.
- Third in the nation in FDI: 2008: 1,446 MDD (Mexican Ministry of Economy)
- Has the most diverse and open economy in the country.
- The foreign transactions are 2.8 times the GDP size.
- Ranked 4\textsuperscript{th} in the nation in marine cargo handling with a load of 3.3 million tons.
- Ranked 5\textsuperscript{th} in the nation in air cargo handling with a load of 6,809 tons.
- Third national place in competitiveness.
Population

- Total population: 3.2 million, of which 66% are younger than 34 years (CONEPO, 2009).
- More than 70% of the State’s budget is invested in education.
- Public and Private Universities with international standards.
- The State University is known as the best Public University of Mexico.
- National precursory and leaders of the linkage program (school-company).
- Fourth scientific power in the country.
Foreign Direct Investment in Baja California
(Million US dollars)

Source: Mexican Ministry of Economy.
76 Japanese companies are established in Baja California.

From 2002 to 2008, the total amount of the Japanese investments reaches $602.2 million dollars.

91% of the investment directed to the manufacturing sector.

Source: Secretariat of Economic Development.
50 Korean companies are established in Baja California.

From 2002 to 2008, the total amount of Korean investments reaches $147.3 million dollars, 27% during 2008.

99.9% of this investment was directed to the manufacturing sector.

Source: Secretariat of Economic Development.
From 1999 to 2008, 35 Spanish companies have invested in Baja California.

The total amount of the Spanish investment is $55.6 million dollars, 35% of which was invested during 2008.

36.8% of this investment was directed to the commerce sector and 25.7% to the manufacturing industry.

Source: Secretariat of Economy.
Comparing specific cities in Mexico and the U.S., some large cities in the U.S. reported higher levels of insecurity. Detroit, Michigan is the most unsafe city in the USA with 136 murders per 100 000 inhabitants, New Orleans with 94 and Dallas with 86, in that order (FBI).

In Mexico the highest number is in Navolato, Sinaloa with a total of 88 crimes (Info7).

Dangerous cities. Population from Navolato, Sinaloa, has the highest homicides rates. Last year even their mayor had a intended crime.
AREAS OF OPPORTUNITY
**Infrastructure**

**Ferrocarril**
- **Obra Nueva**
  - Colonet - Mexicali
  - Ampliaciones y Adecuaciones de Operación
- **Tijuana - Tecate**

**Aeropuerto**
- **Obra Nueva**
  - Ensenada (Mesa del Tigre)
  - Ampliaciones y Adecuaciones de Operación
- **Tijuana**
- **Mexicali**
- **Aeropuerto de San Felipe**

**Puerto - Pto. de Abrigo**
- **Obra Nueva**
  - Puerto de Colonet
  - Puerto de Abrigo Santa Rosalita
  - Puerto de Abrigo Bahia de Los Angeles
  - Ampliaciones y Adecuaciones de Operación
- **Puerto de Ensenada**
- **Puerto de Rosarito**
- **Puerto del Sauzal**
- **Puerto de San Felipe**
- **Puerto de Isla de Cedros**
- 105.4 million people crossed to the USA in 2007.

- Binational region with economic income impact throughout Mexico.
Strategic Projects

Interurban-Regional

➢ Punta Colonet:
  - Port
  - Railroad
  - Airport
  - New city with sustainability approach

Infrastructure and Equipments:

➢ Intermodal terminal and Modernization of the Railroad Tijuana-Tecate
➢ Hydro Program 2030 (Desalination plant “Ensenada” and “La Misión - ARCT”)
➢ Renovation of the DR-014, Mexicali Valleys
➢ Wind energy Generator Plant “La Rumorosa”
➢ Hydroelectric energy generator plant “Tecate”
➢ Development of a Sustainable City “Valle de las Palmas”
➢ Expansion and modernization of Border Crosses
➢ Electrification of the South Zone in the State.
➢ Road Infrastructure
➢ Metropolitan Zone Tijuana-Tecate-Rosarito
➢ Public Security and Criminal Justice Program
➢ Modernization Public Administration
Strategic project for Mexico and Baja California

PUNTA COLONET

- Investment: 5,000 Million Dollars.
- Direct Jobs: 83,000.
- Year capacity: 2 million containers.
Renewable Energies

- Two wind energy parks where installed in La Rumorosa, with a capacity to produce approximately 750 MW.

Other energy opportunities

- Solar energy plants.
- Hydroelectric plants.
- Desalination.
- Tidal power.
Clusters development

- Tourism Cluster
- Electric and Electronic Cluster
- Automotive and Plastics Cluster
- Electronic Software Cluster
- Furniture Cluster
- Logistics Cluster
- Wine Cluster
- Tourism Cluster
- Horticulture Cluster
- Beer Cluster
- Tourism Cluster
- Horticulture Cluster
- Tourism Cluster
- Biomedical Products
- Biotechnology and pharmaceutical
- Services to business
- Communications
- Electronic and computer Manufacture
- Transport and defense equipment Manufacture
- Tourism-entertainment and recreation
- Environment technology
- Financing services
- Medical services
- Software and computer services
- Industry visitors services

Committed with raising the competitiveness
Industrial Parks

- Tijuana: 50 industrial parks.
- Mexicali: 25 industrial parks.
- Ensenada: 3 industrial zones and 1 industrial park.
- Tecate: 3 industrial parks.
- Rosarito: 2 industrial parks.

Total: 84 industrial parks and zones
Incentives

Public – Private Associations Law

Benefits:
- Sets the basis for the private sector, in partnership with the public sector, design, finance, construct, equipment, operate and exploit public or private infrastructure or providing public services.
- Risk is shared between the two sectors.
- Payment obligations arising will be recorded as current expenditure and will not constitute debt.

Competitiveness Law

Benefits:
- Up to 5 years of exemption on the payroll tax, depending on the investment project.
- Exemption of 30% on monthly water consumption over a total that the company uses and reuses.
- Exemption of a 20 or 50% in the payments of connection rights consequent of an investment project.
- Management and Business Development
Thank you.

José Guadalupe Osuna Millán
State Governor of Baja
California

Thank you.