

San Diego: A Global City?

Located on the U.S.-Mexico border and the Pacific Rim, San Diego was established since its infancy as a significant global city. Originating as a key Baja trade hub, San Diego's history, culture, and economy has been forever linked to its southern neighbor.

The cities of San Diego and Tijuana create the largest metropolitan city area on the U.S. border with a joint population of 5 million people. Location has historically focused trade efforts on bi-lateral NAFTA trade. Canada and Mexico represent the largest trade markets comprising nearly 90% of total trade.

A unique aspect of San Diegan trade is its relationship to Baja. As companies struggled to lower manufacturing costs, efforts often led to off-shoring. Many companies looked to northern Mexico, directly over the U.S border, with convenient transportation and oversight and cost-effective labor laws. This has established a unique relationship between northern Baja and San Diego.

The factories in Northern Baja, known as Maquiladoras established a reputation for producing quality products cost-effectively. In many cases, maquiladoras have successfully competed for operations originally off-shored in Mexico.

San Diego, on the other hand, has built an infrastructure around fostering technological and biological innovation. Through the groundbreaking work at QUALCOMM and through innovation incubators such as Connect, BIOCOM, and COMNEXUS San Diego has one of the highest rates of patent creation. UC San Diego has more than 2,600 active innovations and over 1,600 patents which sustain San Diego's innovation economy.

After companies in San Diego produce the initial design and production, products are sent to Maquiladoras in Baja for assembly and international distribution.

Interestingly, this locational advantage of San Diego was recognized by a number of Japanese Forbes 500 companies, including Toyota, Sony, Panasonic, Tobutsu and Kyocera. Forming close relationships with maquiladoras, these international giants headquartered their businesses in San Diego. Recently, unfavorable business policies have driven Sony, Panasonic and Toyota to move much of their U.S. operations away from San Diego. However, Japan remains San Diego's second largest export & import market. There has not been a tremendous amount of Maquiladora – San Diego linking among other international trade partners.

While known for its temperate weather, beautiful beaches and family-friendly tourist attractions, San Diego's future will rely upon its continued ability to link Asia Pacific and the Northern Baja Region.



Sources:

UNdata.

National University. Economic San Diego Ledger International Trade 2013