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Mexico's Maquiladora Program: Challenges and Prospects.

Matilde K. Stephenson

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MEXICO'S MAQUILADORA PROGRAM: CHALLENGES AND PROSPECTS

Matilde K. Stephenson*

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In this article, the pros and cons of the maquiladora program are considered from the viewpoints of all four of the major players: the U.S. government; the Mexican government; U.S. industry; and Mexican industry. Conditions under which maquiladoras should be considered favorably by U.S. companies are discussed, and the general conclusion is that maquiladoras are extremely desirable for labor intensive industries that can use them without putting company secrets at risk. Recommendations are made by which each player in this new type of industry could improve their own benefits from the maquiladora system as well as enhance the future prospects for the system as a whole.

A maquila is usually a one-hundred percent foreign-owned assembly or manufacturing operation located in Mexico (some maquiladoras, however, are Mexican owned). They are permitted to manufacture, process, or assemble an array of products under Mexi-

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can law.¹ Certain industries are prohibited, including petroleum, defense, and those using radioactive materials.

The Maquiladora Program was established in the early 1960s to employ those tens of thousands of laborers who no longer were permitted to work on U.S. farms under the "bracero" program. The governments of both the United States and Mexico have given special authorizations and tax breaks to maquiladoras which have caused the program to boom in recent years. There are now 2,000 maquiladora plants along the United States—Mexico border,² approximately 550 of which operate on the Texas border.³ In fact, the United States is responsible for new maquiladoras going into operation at a rate of about one per day.⁴ Examples of industries are: clothing, sausage casings, metal furniture, ceramic decorator products, plastic pipe connections, paper goods, mini-blinds, electronic auto parts, alarms, inner tubes, leather goods, surgical supplies, electronic communications equipment, high performance auto parts, plastic bindings, stuffed toys, bicycles, and coaxial cables.⁵

The Maquiladora Program is generally viewed as beneficial to both Mexico and the United States. As with any complex international undertaking, however, the program is not without problems on both sides of the border. This paper addresses the pros and cons of doing business as a maquila as seen from both the governments' and industries' points of view and suggests ways of improving the Maquila Program.

I. THE MAQUILADORA PROGRAM FROM THE U.S. AND MEXICAN GOVERNMENTS' POINTS OF VIEW

There are advantages as well as disadvantages to the Maquiladora

1. INTERNATIONAL TRADE ADMINISTRATION, U.S. DEPARTMENT OF COMMERCE, OBR 90-09, *MARKETING IN MEXICO* 14 (1990).

2. Hendricks, *Mexico is Full of Opportunity*, San Antonio Express News, Oct. 12, 1990, at 1C, col. 1.

3. McCollough, *Maquiladora Program Boosting Border Economy*, San Antonio Express News, Mar. 25, 1990, at 2R, col. 1.

4. Hendricks, *Payday Law's Working Well*, San Antonio Express News, Nov. 1, 1990, at 1D, col. 1.

5. Maquiladora History, as presented at St. Mary's University Executive Seminar "Increasing Your Competitiveness Via Mexico's Maquiladora (Twin Plant) Program", Mar. 1990 (on file at the St. Mary's Law Journal office).

Program. Pros and cons from the U.S. and Mexican government points of view are shown in Tables 1 and 2.

A. U.S. Government Point of View

From a U.S. Government point of view (see Table 1), the maquiladoras are clearly favorable, in spite of some minor disadvantages and concerns.

Table 1. U.S. Government Pros and Cons

<u>Pros</u>	<u>Cons</u>
Improves relations with Mexican government	Uncertainty about future relations with Mexico
Develops border area	Volatile nature of Mexican economy
Eases illegal immigration problems	U.S. labor union objectives
Helps U.S. economy to remain competitive	U.S. jobs exported to other countries
Stimulates growth in support businesses	Pollution problems due to rapid growth along border

Good relations with Mexico are one of the most important advantages, since Mexico is a very important trading partner. U.S.—Mexico trade in 1989 reached \$52 billion.⁶ In addition good commercial relations provide a platform for dealing with other sensitive issues such as the foreign debt, drug trafficking and immigration.

The Maquila Program also develops the Mexican border area. The 2200 mile border that the United States shares with Mexico has the lowest per capita income in the United States. For example, the Texas border region is among the slowest-growth areas in all the United States. Additionally, wages paid to the Mexican maquila workers usually find their way back into the United States border area. In 1990, for instance, close to 500,000 people were employed by the maquiladoras.⁷ Currently, approximately 300,000 jobs are located on the Mexican side of the border and 100,000 on the Texas side of the border.⁸

With jobs being plentiful on the border, the inducement for Mexi-

6. Baker, *Mexico: A New Economic Era*, BUS. WK., Nov. 12, 1990, at 103.

7. *Id.* at 105.

8. McCollough, *Maquiladora Program Boosting Border Economy*, San Antonio Express News, Mar 25, 1990, at 2R, col. 1.

can nationals to illegally enter the United States for work is diminished. This not only pertains to the 500,000 Mexican workers, but also to the 2.5 to 3 million Mexican dependents, who without the Maquiladora Program might seek jobs illegally north of the border.⁹ This curtailment of illegal immigration is another advantage as far as the U.S. government is concerned.

The program provides an opportunity for U.S. businesses to expand their international business expertise and to profit by a lower-cost labor source nearby. Wages paid to the maquila workers are significantly less than those paid to U.S. industrial laborers. In 1989, for example, Mexican maquila workers earned \$1.63 per hour versus \$14.32 for U.S. industrial workers. By comparison, similar workers in Korea were paid \$2.94, in Singapore \$2.25, and in Taiwan \$3.71 per hour.¹⁰

The maquilas also stimulate growth and support businesses. Approximately \$12 billion for parts and materials have been spent so far in 1990 by the maquiladoras.¹¹ Even though the national maquiladora network has created a plethora of jobs for the U.S. labor force, the threat of a U.S. recession could allow Mexico to appropriate the higher paying jobs, possibly causing a "a continentwide job battle."¹² Many other businesses outside this direct network also support the industry. It has recently been estimated that two U.S. jobs have been created for every three jobs created in the Maquiladora Program.¹³ The Maquiladora Program provides opportunities for U.S. shippers, lawyers, customs brokers, bankers, accountants and other professionals. Maquila plants buy 97% of their production raw materials, supplies and components in the United States.¹⁴ There are, of course, disadvantages and concerns from a U.S. government point of view as well.

The 1989 elections in Mexico have been alarming to many Mexico scholars and politicians for two reasons. First, the results demonstrated a poor showing for the normally dominant Partido Revolu-

9. Drucker, *Mexico's Ugly Duckling-The Maquiladora*, Wall St. J., Oct. 4, 1990, at A22, col. 3.

10. Baker, *Mexico: A New Economic Era*, BUS. WK., Nov. 12, 1990, at 105.

11. *Id.*

12. *Id.*

13. Hendricks, *Mexico is Full of Opportunity*, San Antonio Express News, Oct. 12, 1990, at 1C, col. 1.

14. Baker, *Mexico: A New Economic Era*, BUS. WK., Nov. 12, 1990, at 108.

cionario Institucional (PRI). The PRI, which was founded in 1929, had controlled Mexican politics for sixty years.¹⁵ A second cause for alarm was the surprising showing of strength by the left. According to Professor Drucker, "the PRI monopoly on power—combining secretive and near-dictatorial one-party rule with almost unlimited individual and intellectual freedom—is crumbling fast. It no longer has the support of its own children: the educated middle and professional classes. But the transition to a new political integration has not even begun, and the present policy of freeing the Mexican economy and of integrating it with North America would be the first victim of a serious political upheaval."¹⁶ To encourage U.S. businesses to become maquiladora owners based on the current Mexican government policy involves risks. The recent law relaxing ownership restrictions, though favorable to U.S. involvement, is an example of how a change in Mexican policy can have far-reaching impact. Changes in the labor law, minimum wage or custom regulations could have costly repercussions for U.S. firms.

Closely related to the adverse impact caused by deliberate action by the Mexican government is the volatile nature of the Mexican economy and the possible effect on the maquilas of uncontrollable economic and political forces. Changes in inflation, interest rates, world demand for the dollar, exchange rates and international conflicts are examples of uncontrollables that could render doing business in Mexico impractical.

Most of the U.S. labor unions and other sectors of American society believe that when U.S. firms move any production away from the United States, American jobs are lost thereby increasing U.S. unemployment rates. The critics also believe that—not only does a maquiladora plant cause American jobs to be exported—but when this does happen, Mexican laborers are exploited due to the low maquiladora pay rates and the low average industrial pay rate in Mexico. These charges could easily discourage some U.S. corporations from doing business in Mexico and cause politicians to withhold public support. Though the author has uncovered no sources on this issue, it is reasonable to assume that some sectors in Mexico share this concern about exploitation.

15. Drucker, *Mexico's Ugly Duckling—The Maquiladora*, Wall St. J., Oct. 4, 1990, at A22, col. 3.

16. *Id.*

Some U.S. manufacturing processes and techniques are by necessity performed in the maquila plant. Some maquilas operate at the state of the art where production techniques are quite sophisticated. This may cause a dilemma for U.S. parent firms. They must decide whether or not to transfer some "know-how" to keep competitive through the maquila operation or to keep the advanced capability at home. It is not inconceivable that some day U.S. businesses will be asked to go home, leaving newly established competitors for U.S. businesses in Mexico. As a result, the U.S. businesses that provided the know-how will be forced to either use extremely high priced labor in the United States or go to overseas locations in Asia.

Pollution is, of course, a problem for both governments. Water supplies, garbage disposal, air pollution—all of these are causes of concern to responsible governments on both sides of the border.

B. *Mexican Government Point of View*

The outlook is also promising from the Mexican Government point of view (see Table 2), although it is a bit more complicated politically.

Table 2. *Mexican Government Pros and Cons*

<u>Pros</u>	<u>Cons</u>
Helps reduce unemployment	Excessive U.S. influence on Mexican governmental policies
Develops border area	Slower growth of Mexican companies
Produces transfer of technology and business know-how	Pollution in border areas
Provides incentives for capital investments in Mexico	Excessive border area growth without adequate municipal support
Stimulates growth in support businesses	

The Mexican northern border has traditionally had a high unemployment rate and lacked industry to generate better living standards. This situation is one of the primary reasons that the Mexican government sanctions the Maquiladora Program. Currently ninety percent of the maquilas are located in the six Mexican states that border the U.S.¹⁷ The estimated 500,000 workers that are employed by the ma-

17. Gonzales, Production Sharing in Mexico, as presented at Mexico '90: U.S./Mexico

quilas make an average wage of \$5 per day plus a free lunch.¹⁸

Another important advantage is that the presence of maquiladora industries has developed the border area, resulting in needed local infrastructure development such as paved roads, improved bridges and extended utility lines. In addition, in order to do business, U.S. owned operations (and other foreign enterprises) necessarily transfer technology and methods of doing business into Mexican hands. This transfer of technology will eventually help the Mexican economy as a whole.

The Maquiladora Program has also provided incentives for capital investments in Mexico. Once the success of the Maquiladora Program and the reputation of the Mexican worker as a quality producer spread to other parts of the world, other international corporations became interested, not only in maquila plants of their own, but also in other types of business with Mexico. The Mexican government is promoting such investment and in 1989 announced a change in regulations covering foreign direct investments, making the procedures "user-friendly" for foreign investors.¹⁹ This policy was, in part, a direct result of the success of the Maquiladora Program. The opportunity for Mexicans to invest in their country is also available through the Maquiladora Program. This program has itself reversed the flight of billions in Mexican capital out of the country.²⁰ Successful maquila ventures also encourage other U.S. businesses to engage in expanded business exchanges.

There are, of course, some important disadvantages and concerns for the Mexican government, just as there are for the U.S. government. There is some concern in Mexico about excessive U.S. influence on Mexican government policies. Some Mexicans think that the U.S. political and economic influence is already excessive at arm's length, and that the addition of the maquiladoras makes U.S. influence intolerable. The idea of the "forbidden zone" was to prevent foreign influence along the borders and coasts. Despite the maqui-

Production Sharing and Investment, Apr. 5, 1990, at 2 (on file at the St. Mary's Law Journal office).

18. Baker, *Mexico: A New Economic Era*, BUS. WK., Nov 12, 1990, at 105.

19. Gonzales, Production Sharing in Mexico, as presented at Mexico '90: U.S./Mexico Production Sharing and Investment, Apr. 5, 1990, at 2 (on file at the St. Mary's Law Journal office).

20. Drucker, *Mexico's Ugly Duckling-The Maquiladora*, Wall St. J., Oct. 4, 1990, at A22, col. 3.

ladoras' success and general support from both governments, the program can be a source of conflicts, particularly if policies and regulations are changed unilaterally. As the program matures and becomes a more significant economic generator, closer government attention may cause shifts in policy which may not be viewed the same on both sides of the border. Fears of U.S. encroachment are both real and important. Although Mexican approving authorities look closely at the long range impact of proposed maquiladoras on existing Mexican businesses, competition with Mexican businesses may develop in spite of their watchfulness.

Pollution, particularly of the Rio Grande, has become the latest phenomenon of the maquila industry. Since the maquilas are on Mexican soil, the U.S. press is looking to the Mexican government to impose restrictions and stop the unregulated discharge of pollutants.²¹

The maquiladora industry has already created boom towns and the consequent problems of lawlessness, along with other problems such as a lack of infrastructure support. The problems created by such fast growth expose the government to charges of insensitivity and lack of action.

C. *U.S. Industry Point of View*

In spite of the long list of concerns in Table 3, the advantages for U.S. industry clearly outweigh the concerns.

Table 3. *U.S. Industry Pros and Cons*

<u>Pros</u>	<u>Cons</u>
Low cost source of labor	Risk of expropriation of property
Favorable U.S. and Mexican tax laws	Laws and policies favoring maquiladoras may change
High skill jobs still retained in U.S.	Too much paperwork
Most (65%) of support business remains in U.S.	Not enough high-skilled workers in area
U.S. firms in control with 100% ownership permitted	High turnover rate
Executives may choose their country of residence	Inadequate water, power, and municipal support
	Concerns about security for people and property

21. Tolan, *Shantytowns Are Part of Mexican Border Boom*, San Antonio Light, Aug. 19, 1990, at D1, col. 1.

Concerns about loss of business
secrets

Cultural adjustment problems for
American workers

U.S. industrial wages are nearly seventeen times that paid to maquila workers. Lower costs mean lower selling prices and an improved market share. U.S. firms producing at lower costs can directly challenge Asian competitors who have been engaging in offshore production at cheaper wages for some time.

Through permissible accounting practices, the maquilas are allowed to write off certain costs for the parent firm while showing little or no profit. For example, certain costs for machines, facilities and labor are used to offset the value added to the product. The net result is a "loss" for the maquila operation. By design the maquiladoras are not profit producing centers. This practice not only provides better operating figures for the parent but minimizes the income tax due to the Mexican Treasury.²²

Under the Maquila Program only the less skilled jobs, usually the labor intensive ones, are moved away. Performing the less skilled jobs offshore and away from the home plant allows the higher skilled jobs to be more creative. Increased production at the maquila, because of lower costs and higher profits, may permit the parent firm to concentrate more on technical matters, such as research and development.

The fact that U.S. firms are in control with one-hundred percent ownership permitted is important, since the U.S. industry investment is too large to entrust to others. Executives, managers and supervisors may choose their country of residency for the border maquilas. Work permit immigration visas for managers who live in the U.S. are easily obtained.

In spite of the profitable situation and the fact that U.S. industry needs the maquilas in order to be competitive, there are a number of concerns. One of the most important concerns arises from the uncertainty over expropriation. Most U.S. companies intuitively judge the stability of a host government based on casual impressions rather than in-depth study. Impressions of the 1989 Mexican elections, for exam-

22. Bryan, Gonzalez Vargas y Gonzalez Baz Abogados, *Manufacturing in Mexico: The Mexican In-Bond (Maquila) Program*, Mar. 1990, at 7.

ple, left much doubt in the minds of potential investors about the future stability of the new Mexican administration.

Other changes in Mexican law could also have devastating effects on the maquiladoras. The law requiring the creation of a thirty year trust with a Mexican bank rather than direct ownership is not viewed favorably by the U.S. corporate hierarchy. Corporate officials and stockholders do not feel confident about investing millions of dollars without retaining total control. Similarly, U.S. tariffs and the Generalized System of Preferences (GSP) are political instruments currently quite favorable to the U.S. maquiladora owners. As with any policy, these could change, rendering the maquila disadvantageous.

Understanding import/export laws and regulations is a complex undertaking. To become involved internationally requires a particular corporate mentality and many senior managers just simply do not want to expend the effort required to learn new business procedures.

Although the primary reasons for establishing a maquiladora has been to take advantage of low wages for unskilled workers, there is a need for skilled workers in maquiladoras as well. Many skilled workers are employed elsewhere at higher wages and are difficult to find and keep. Some researchers of the maquiladoras have found the availability of unskilled workers is not the reason for many plants. Many of the maquiladora plants, particularly the newer ones, do not rely on large numbers of unskilled workers but instead rely on automation.²³ Automation reduces the impact of a high personnel turnover rate. Although even the highest turnover rates are less than thirty percent, the resulting effects on productivity and morale are obvious.²⁴

Lack of infrastructure across the border, such as shortages of water and electricity, discourages U.S. corporations from investing and reinforces the perception that maquilas are too expensive and involved. Demand on utilities, roads, bridges, sewers, schools, and other support systems has put pressure on both sides of the border.²⁵ Security for both personnel and property are also seen as problems. The par-

23. Nibbe, *High Tech Is No Stranger in the Maquilas*, Twin Plant News, Oct. 1989, at 29.

24. Maquiladora Options-How to Proceed, as presented at St. Mary's University Executive Seminar, "Increasing Your Competitiveness Via Mexico's Maquiladora (Twin Plant) Program" (on file at the St. Mary's Law Journal office).

25. Drucker, *Mexico's Ugly Duckling—the Maquiladora*, Wall St. J., Oct. 4, 1990, at A22, col. 3.

ent corporation and its managers are concerned about high theft rates and personal security. Press stories in the United States about the "devil cult" in Matamoros, for example, cause people to think that crime is rampant on the border.

Another area of concern is that production processes and other kinds of proprietary information are at risk when operating in foreign countries. The laws of the host country may provide limited protection in the short run, but over time the risk of losing business secrets proliferates.

Many of the multinational corporations have found that one of their biggest problems overseas is the inability of their people to adapt to a new culture. On the Mexican border this is not too great a problem. However, if the employees go to the interior, difficulties may arise if the employees are not properly screened and trained.

D. Mexican Industry Point of View

Since there is not much investment or risk, there are more advantages than concerns for Mexican industry.

Table 4. Mexican Industry Pros and Cons

<u>Pros</u>	<u>Cons</u>
New customers and business partners	Competition for skilled local labor
Opportunity to learn business know how	Competition for scarce local resources raises prices
Share (35%) of supply and support business	Excessive foreign influence on Mexican markets and resources
Provides good investments for Mexican capital that was fleeing the country	Future Mexican businesses may be adversely affected
Plenty of unskilled workers still available	
Will encourage U.S. companies to invest in Mexico	

One of the most important advantages of maquiladoras is that they provide new customers and business partners for Mexican businesses. The Maquiladora Program offers opportunities for Mexican professional services in banking, law, customs processing, construction engineering, real estate/industrial parks, security and other areas.

Although most Mexicans are initially hired for low skill jobs, more and more are moving into semi-skilled jobs. This trend is invaluable

to Mexican industry. In addition to the transfer of technology, maquilas offer a training ground for future managers not otherwise available. Over time, some of the lower level Mexican managers will advance in skills to the point where they will be skilled enough to manage similar Mexican operations.

As previously mentioned, ninety-seven percent of the materials needed by maquiladoras are supplied from the U.S. This presents a significant opportunity for Mexican enterprises to become major suppliers for the maquilas by greatly increasing their contribution of materials to be used in maquila production processes. Likewise, other Mexican businesses could increase their share of support activities for the maquila industry. In order to obtain a greater share of this business, however, Mexican businesses may have to get better financing and adopt certain U.S. business practices. Americans always seem to be in a hurry, and timely deliveries and adequate supplies of parts are essential to Mexican companies that have supply and support contracts with maquila firms owned by U.S. firms.

One of the most important advantages of maquilas is that they provide a source of investment for Mexican capital that was previously removed from the country because investors sought safe havens from excessive inflation rates. Another consideration is that the major contribution of the Mexican economy to the maquiladoras is a supply of unskilled workers. Unskilled laborers are not likely to be scarce in Mexico for many years to come.

In addition, U.S. companies that have favorable experiences with maquiladoras will undoubtedly be willing to make greater investments in Mexico. Cash for capital investments is hard to find in Mexico for many reasons and a straightforward investment is more favorable than an international loan at high interest rates, particularly when the investment and risks by Mexican industry are minimal compared to the investment and risks to U.S. industry.

In spite of this generally favorable picture, Mexican industry—like U.S. industry—has some important concerns of its own. One concern of local Mexican business firms in the border area is that the U.S. maquila plants may monopolize the skilled labor market and reduce availability of some skilled laborers for other Mexican industry in the same area. Other resources besides labor may also become scarce. Limited resources and supplies may adversely effect Mexican companies who must compete against the maquilas and may be unable to

survive. Water and electricity, for example, may be monopolized by the maquila plants, limiting access by others.

Another concern is excessive foreign influence. Too much U.S. business influence is contrary to the Mexican culture. Like American businessmen, Mexican businessmen have their own way of doing business, and do not want to be forced to change their relationships with each other. A more general concern involves the long range implications for competition with Mexican industry. Though controlled and watched carefully by the government, maquilas may mature to the point where they offer direct competition with Mexican-owned firms or their very existence may limit entry into new fields by Mexican firms.

II. RECENT STUDIES OF MAQUILAS

As noted earlier, many labor union officials in the U.S., along with other critics, claim that the maquiladora industry takes away U.S. jobs, increases unemployment in the United States and exploits Mexicans. These concerns prompted the U.S. Congress in 1987 to ask the International Trade Administration (ITA) to look at the impact on the U.S. economy caused by the duty reductions allowed under U.S. Tariff laws. Likewise, the International Trade Administration's Office of Mexico views the primary attractions of the Maquiladora Program for U.S. firms to be the close location, low labor costs, and favorable tariff treatments by chapter 98 of the U.S. tariff schedule.²⁶ A 1988 study conducted by Wharton Econometrics Forecasting Associates for the U.S. Department of Labor lends support to these conclusions. The Wharton study "analyzed the effects of the maquiladora program on the U.S. economy. One of the study's major conclusions was that the analysis generally indicated that elimination of either Chapter 98 of the Harmonized Tariff Schedule or the elimination of the maquiladora program in Mexico would result in increased U.S. prices, lowered U.S. output, and reduced U.S. employment."²⁷

26. Gilman, *Mexico's Maquiladora Program: An Option to Retain Competitiveness*, BUS. AM., Dec. 4, 1989, at 13.

27. *Id.*

III. WAYS OF IMPROVING MAQUILA OPERATIONS

Granted that the maquilas are doing well, and granted that the future prospects are bright, it is still possible to improve the situation. Each of the major parties involved can help, as shown in Table 5.

Table 5. *Ways of Improving Maquila Operations*

<u>Agencies</u>	<u>Actions</u>
U.S. Government	Reduce paperwork Provide more information to industry Help with pollution problems
Mexican Government	Increase supplies of water and electricity Increase other kinds of municipal support Stop pollution Increase security
U.S. Industry	Clarify long range objectives Provide future-oriented training for maquila employees Provide cross-cultural training
Mexican Industry	Learn additional support technologies Maintain bigger parts inventories Increase reliability and timeliness of deliveries

IV. CONCLUSION: TO MAQUILA OR NOT TO MAQUILA

The question of whether a company should internationalize in a maquila may be reduced to the major question of whether or not U.S. jobs are being exported and whether or not Mexican workers are being exploited. To be sure, the other pros and cons cannot be overshadowed.

This is another way of saying that we pay our industrial workers too much for the United States to remain competitive in the world's markets. The reality is that American businesses go where the products can be manufactured at lower cost and the maquila program is one option. In business terms it makes good sense. Sociologically and economically it could conceivably hurt some sectors in the U.S. and Mexico, but there is no evidence of this so far. If these unskilled jobs did not go to the maquiladoras, they would go overseas. Combining

low labor cost, one-hundred percent foreign ownership, the maquilas' proximity to U.S. markets and the opportunity for U.S. suppliers has allowed U.S. companies to survive against Asian competition while actually strengthening employment in U.S. operations.

If a company needs unusual protection for patents, copyrights, trademarks, or business secrets, it should probably not set up a maquila operation. If the company does not have these restrictions and is in need of low cost labor in order to be competitive on the international scene, the answer is obvious: "Turning Mexico into a kind of Asian Tiger on the border may sound improbable, but Salinas' team says the country is no longer a simple assembly line."²⁸

28. Baker, *Mexico: A New Economic Era*, BUS. WK., Nov. 12, 1990, at 104.