MEETING NOTICE
AND AGENDA

COMMITTEE ON BINATIONAL REGIONAL OPPORTUNITIES (COBRO)

The Committee on Binational Regional Opportunities (COBRO) may take action on any item appearing on this agenda.

Tuesday, August 2, 2005

3:00 – 4:30 p.m.

PLEASE NOTE CHANGE OF LOCATION

CANIETI Northwest Chapter
Blvd. Agua Caliente 4558-1205
Col. Aviación, Torres de Agua Caliente
Tijuana, B.C. CP 22420
tel: 011 52 (664) 686-6646
fax: 011 52 (664) 686-2227

Staff Contact: Hector Vanegas
(619) 699-1972
hva@sandag.org

MISSION STATEMENT

The Committee on Binational Regional Opportunities (COBRO) will advise the Borders Committee of the San Diego Association of Governments (SANDAG) concerning both short and long-term binational related activities, issues, and actions; provide recommendations regarding binational border-related planning and development; and identify ways to assist and coordinate with existing efforts in the binational area. The COBRO will serve as a working group to the SANDAG Borders Committee to facilitate a better understanding of the binational border-related issues and needs of the California-Baja California region.
Welcome to SANDAG! Members of the public may address COBRO on any item at the time that the Committee is considering the item. Please complete a Speaker’s Slip which is located in the rear of the room and then present the slip to Committee staff. Also, members of the public are invited to address the Committee on any issue under the agenda item entitled Public Comments/Communications. Speakers are limited to three minutes. The COBRO will not take action on any item appearing on the agenda as the meeting takes place out of the San Diego region jurisdiction.

This agenda and related staff reports can be accessed at www.sandag.org under meetings on SANDAG’s Web site. Public comments regarding the agenda can be forwarded to SANDAG via the e-mail comment form also available on the Web site. E-mail comments should be received no later than noon, two days prior to the COBRO meeting.
COMMITTEE ON BINATIONAL REGIONAL OPPORTUNITIES
Tuesday, August 2, 2005.

ITEM #

1. WELCOME AND INTRODUCTIONS

2. SUMMARY OF THE MEETING ON JULY 5, 2005

3. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Members of the public will have the opportunity to address COBRO on any issue within the jurisdiction of the Committee. Speakers are limited to three minutes each. This is also an opportunity for COBRO members to make comments or announcements.

REPORTS

4. REPORT FROM MEXICO’S NATIONAL CHAMBER OF THE ELECTRONIC INDUSTRY, NORTHWEST CHAPTER (CANIETI, NOROESTE) (Eduardo Valtierra, Regional President of CANIETI)

The following four oral presentations will be given on the latest economic development trends in the City of Tijuana and Baja California.

a) THE EMERGENCE OF THE AEROSPACE CLUSTER IN BAJA CALIFORNIA (John Riley and Ricardo Dominguez, BC Manufacturing)

b) THE IT INDUSTRY CLUSTER IN BAJA CALIFORNIA (Alberto Arellano, Businessware del Noroeste; and Antonio Abad, IT Cluster CANIETI)

c) THE SILICON BORDER-SEMICONDUCTORS (Octavio Garza, Silicon Border)

d) LOGISTICS IN THE INTERNATIONAL TRADE AND THE “DISPLAY DEVICES INDUSTRY” IN BAJA CALIFORNIA (Sergio Langarica, Sony Electronics Inc.; Carlos Jaramillo, Diamond Electronics; and Marco Esponda, Sharp Electrónica Mexico)

5. ADJOURNMENT

The Committee’s next meeting is on September 6, 2005, from 3:00 to 4:30 p.m. at SANDAG.

+ next to an item indicates attached report/material.
COMMITTEE ON BINATIONAL REGIONAL OPPORTUNITIES (COBRO) SUMMARY OF JULY 5, 2005

1. WELCOME AND INTRODUCTIONS

The July 5, 2005, Committee on Binational Regional Opportunities (COBRO) meeting was called to order by Vice Chair Cindy Gompper-Graves. The meeting was held at SANDAG.

Members present were: Cindy Gompper-Graves, South San Diego County Economic Development Council; Ricardo Pineda and Lydia Antonio, Consulate General of Mexico in San Diego; Elsa Saxod, City of San Diego; Gary Brown, City of Imperial Beach; Gustavo Perez, City of Chula Vista; David Perez-Tejada, City of Mexicali; José Luis Castro and Silvia Flores, COLEF; Angelika Villagrana, San Diego Regional Chamber of Commerce; Alejandra Mier y Terán, Otay Mesa Chamber of Commerce; Carlos de Orduña, Asociación de la Industria Maquiladora y de Exportación de Tijuana; Yolanda Walther-Meade, Fundación Internacional de la Comunidad, A.C.; Sergio Pallares, Caltrans; and Bob Leiter, Hector Vanegas, Elisa Arias, and Ron Saenz, SANDAG.

Vice Chair Cindy Gompper-Graves welcomed everyone to the meeting and thanked them for attending. Self-introductions were conducted.

2. MEETING SUMMARY OF JUNE 17, 2005

The meeting summary for June 17, 2005, was approved.

3. PUBLIC COMMENTS/COMMUNICATIONS/MEMBER COMMENTS

Ricardo Pineda, Consulate General of Mexico, introduced himself as the new Deputy Consul General of Mexico in San Diego. Deputy Consul General Pineda comes from the Embassy of Mexico in Washington D.C., where he was in charge of border affairs.

Yolanda Walter Meade, Fundación Internacional de la Comunidad, A.C., announced there will be an upcoming meeting in Ciudad Juarez, Mexico, which purpose is to form an alliance to work on International Community Foundation issues that relate to the border on the Mexican side. She plans to give an update at a future COBRO meeting.
Angelika Villagrana, San Diego Regional Chamber of Commerce, congratulated the Bureau of Customs and Border Protection (CBP) of the Department of Homeland Security and Caltrans for the opening of two additional SENTRI (Secure Electronic Network for Traveler’s Rapid Inspection) gates at the San Ysidro Port of Entry.

Mario Lopez, Office of Congressman Bob Filner, mentioned that Congressman Filner reintroduced a bill to restore the power to Port of Entry directors to do visa waivers for humanitarian reasons.

4. COMMITTEE’S CHARTER (Hector Vanegas, SANDAG)

Vice Chair Gompper Graves asked Hector Vanegas, SANDAG, to present the Committee Charter that is required by SANDAG’s Executive Committee. The Charter describes the purpose, line of reporting, membership, meeting time and location, selection of the Chair and duration of its existence. After a minor correction to the membership list, the Charter was approved by the Committee.

5. UPDATE ON OTAY MESA - MESA DE OTAY SUBRREGIONAL CORRIDOR STUDY (Ron Sáenz, SANDAG)

Ron Saenz, SANDAG, gave a PowerPoint presentation summarizing the latest developments of the Otay Mesa - Mesa de Otay Subregional Corridor Study. As a background, Ron Saenz mentioned that Otay Mesa was identified as an area of opportunity to create an effective binational planning partnership, following the I-15 Interregional Partnership. This partnership can be the forum to collaborate on common issues.

In advance of the preparation of this study, SANDAG’s staff met with staff of Tijuana’s Municipal Planning Institute (ImPlan). They are very enthusiastic about the prospect of collaborating on this effort. Both agencies are working to define the four focus areas of the study: transportation, economic development, housing and environment. Ron Saenz also described the steps that are going to be considered for the planning and collaboration process.

Bob Leiter, SANDAG, added that SANDAG requested funds from Caltrans to complete this study. Unfortunately those funds were not granted for this fiscal year. Consequently, SANDAG will use resources in its current budget which will downscale the project. In the meantime, SANDAG will continue working with ImPlan to see what resources they can bring to the table. We will continue to pursue funding for this project.

Sergio Pallares, Caltrans, asked if this means that the study will be a constrained analysis.

Bob Leiter, SANDAG, responded by saying the resources applied to each step will be a lot smaller.

Sergio Pallares, asked if SANDAG was planning to have a binational planning project team.

Ron Saenz, SANDAG, responded by saying the project team will include agencies from both sides of the border.
Gustavo Perez, City of Chula Vista, mentioned that his city has worked in the development of an economic analysis for the establishment of a university in the area of Otay Ranch and would be glad to share it for the preparation of the Otay Mesa – Mesa de Otay Sub regional Corridor Study.

Gary Brown, City of Imperial Beach, asked how much money was requested for the study.

Bob Leiter, responded that the budget was three hundred thousand, which included SANDAG’s participation of two full staff positions.

6. PREPARATION OF SANDAG’S 2005 BINATIONAL WORKSHOPS “CROSS BORDER COLLABORATIVE PLANNING FOR OTAY MESA – MESA DE OTAY” (Chair Paul Ganster, Institute for Regional Studies of the Californias, SDSU)

Angelika Villagrana presented the report from the task force formed to support the preparation of the two binational workshops. After analyzing different venues and a calendar of scheduled meetings and events in October of this year, the task force identified the following dates and locations for the workshops:

- Monday, October 3, 2005, at the South County Regional Education Center in National City; and
- Tuesday, October 11, 2005, at the Universidad Autónoma de Baja California (UABC) in Tijuana, Mexico.

The Committee received the report and engaged in discussions about stakeholders, audience attendance, and other matters. The Committee approved the recommendation for dates and locations of the two binational workshops titled “Cross Border Collaborative Planning for Otay Mesa – Mesa de Otay.”

Deputy Consul Ricardo Pineda, offered the Mexican Consulate’s assistance in inviting institutions from Mexico that can participate in SANDAG’s binational workshop.

7. EL REVESTIMIENTO DEL CANAL TODO AMERICANO. ¿COMPETENCIA O COOPERACIÓN POR EL AGUA EN LA FRONTERA MÉXICO-ESTADOS UNIDOS? THE LINING OF THE ALL AMERICAN CANAL. COMPETING OR COOPERATING FOR WATER ON THE U.S.-MEXICO BORDER? (Dr. José Luís Castro, El Colegio de la Frontera Norte)

Dr. José Luis Castro, thanked the chair and members for inviting him to give this presentation. Dr. Castro then proceeded to outline what the problems are and possible solutions to this issue.

The lining of the All-American Canal is part of California's strategy to look for options to guarantee water supply in the foreseeable future. The lining will cover 23 miles of the canal with a cost of $135 million. The annual estimated water savings of 70,000 acre-feet is nearly the same volume consumed by the city of Mexicali in one year. The water recovered from the seepage will be conveyed to the city of San Diego.

Dr. Castro mentioned that for over 60 years farmers in Mexicali have depended on the water seepage to irrigate their crops. The water savings for California translates into a 70,000 acre feet
loss in Mexicali’s aquifer. This could affect nearly 3,000 acres of agricultural lands. A number of families who depend on this water for their livelihoods are also at jeopardy.

Both countries view this conflict from different perspectives. The United States bases its right to line the canal on sovereignty rights established by the 1944 binational water Treaty between the United States of America and Mexico. This Treaty established water rights between the two countries.

The Mexican government considers the United States’ decision to be unilateral and in violation of Minute 242. In 1973 this treaty was amended by Minute 242 and signed by both governments. This amendment settled the salinity problem in the Colorado River and established a consultative mechanism to avoid future conflict.

The two likely solutions are cooperative or conflictive. The conflictive solution is that this issue can be disputed in an international court. The cooperative solution is that other alternatives be explored as to minimize the canal’s impact. There is stronger precedent for a cooperative solution.

Dr. Castro concluded by saying that we should learn from history that both countries have found ways to approach and settle their disputes in a context of cooperation.

Deputy Consul General Pineda added that the two countries are having meetings to discuss this issue and are seeking a solution that can meet the needs of both Mexico and the United States.

Dennis Cushman, San Diego County Water Authority (SDCWA), mentioned that his agency is interested in finding a solution and is currently providing Mexicali with expertise to improve water conservation in that area.

Rich Van Schoik, Southwest Center for Environmental Research and Policy, asked to include the Andrade Wetland in the discussions.

Gary Brown, City of Imperial Beach, asked what the timeline was for this project. Dr. Castro, responded by saying the lining of the canal should start in 2006.

8. ADJOURNMENT, AND NEXT MEETING DATE AND LOCATION

Carlos de Orduña, Asociación de la Industria Maquiladora de Tijuana, Introducé Antonio Abad who on behalf of CANIETI (Mexico’s National Electronic Industry Chamber, Chapter for Baja California) described the latest economic development trends in Baja California and invited COBRO to have a joint meeting in Tijuana. The COBRO accepted this invitation. The next meeting of COBRO will be held on Tuesday, August 2, 2005, from 3:00 to 4:30 p.m. in the City of Tijuana.
“BC Manufacturing” is planning to be the first company to have designed and certified it’s product in México, in order to enter the worldwide aerospace market.

By Julio Cesar Cuevas

**Tijuana, B.C.**- Mario Rodriguez, President of “BC Manufacturing” said that BCM is a wholly owned Mexican Corporation, with experience in a variety of manufacturing areas and it is getting prepared to enter the worldwide aerospace market with the introduction of a new cargo container designed for use in the air cargo industry. The design is a result of Mexican engineering and has innovative features, both in its design and operation.

Taking into consideration the changes that are being experienced by the Export Maquiladora Industry in regards to manufacturing capabilities of advanced high-tech products, the implementation of world class quality assurance systems, the education of Mexican staff and the relative higher labor costs and analyzing different clusters, “BC Manufacturing” decided that the aerospace industry represents unique opportunities for Mexican Industry; the opportunities for transferring manufacturing processes of higher value added, technology transfer and generation of opportunities for higher levels of foreign investment was the objective for the creation of “BC Manufacturing” and this has been and continues to be our focus.
The History

Ricardo Domínguez, Company Director of BCM’S Aerospace Division, said that this industry is very strict in regards to the quality and safety requirements that have to be met during the manufacturing of any product that is placed in an aircraft, therefore, compliance to standard international certifications are required.

In this sense, Mr. Dominguez explained that the United States government and the Federal Aviation Administration have an agreement which states that the Authorities of Civil Aviation for any foreign country where this agreement is established, have the same capacity to verify and certify, in compliance with the international standard, the quality of the products to be manufactured in their own territories, so that they can be marketed worldwide with the recognition and acceptance of the North American Authorities. This agreement is called BASA – Bilateral Aviation Safety Agreement.

In 1994 a diplomatic effort was initiated between the United States and Mexican governments and since then they have continued working on the process to successfully complete the BASA Agreement. With the cooperation of the Secretary of Transportation and Communications through the DGAC (Mexico’s equivalent of the FAA), the Secretary of Economy in México and the Secretary of State, as well as the Department of Transportation through the FAA – (Federal Aviation Administration) – in the United States, the certification process was initiated. The regulations have been reviewed and confirmed, so that once the standards established by the International Civil Aviation Organization (ICAO) and the procedures of verification and certification have been reviewed by the FAA and DGAC to guarantee the safety of the products to be manufactured, the facilities to be used, the required technical-administrative procedures, the staff, the materials, etc., manufacturing could begin in México. Following the certification of BC Manufacturing and other companies to become certified, other aerospace disciplines would be available for certification in areas such as: fabrication, operations, modification, simulation, specialized training, aircraft parts, composites and/or whichever of the many different areas related to the operation of aircraft (airports, heliports, air traffic control, coast guard, rural and urban, aero-ambulances, fighting of forest fires, cargo airlines, support equipment, over land services, preventive and corrective maintenance, specialized training, etc.). All of these activities will become certified in Mexico.

After a long process, in November of 2003 the requirements had been achieved setting the stage for the signing of the BASA Agreement in February 2004. An official announcement was held in Mexico City where Mexico was recognized as complying with the requirements to initiate the certification process for producing aerospace products.

The importance of this BASA Agreement is better understood, when it is realized that the United States has BASA agreements of this magnitude with only Canada and Germany.
The BC Manufacturing Case

However, said Ricardo Domínguez, we are still undergoing a tedious process to complete this agreement which has not yet been completed, due to the fact that there are NOT many aerospace projects that have been approved by the Authorities (DGAC), that fulfill the requirements needed to be certified in Mexico.

This is where “BC Manufacturing” and our strategic planning of the company positions us to work on certifying a cargo container for various aircraft with a Mexican design, made of composite materials which makes it much lighter, durable, and includes a variety of innovative features that allows it to adapt to the various aircraft configurations and the cargo to be handled. “In order to produce the container, we are in continuous communication with the authorities, so that once the DGAC’S budget is approved, the Mexican and U.S. authorities will visit our facilities to start with the certification process, of our facilities, manufacturing procedures, quality systems, administrative infrastructure, technical-administrative procedures, materials, staff, etc, and then certify the prototype. From that point, we can begin mass-production” he said.

This would allow BC Manufacturing to become the first company in Mexico that fulfills the requirements for certification, of this type, by the Mexican authorities and complies with BASA requirements that will allow Mexico to join the world market in this important industry.

The cargo container is in the process of being patented in Mexico and by utilizing an international patents agreement the patent will automatically allow BC Manufacturing to have the registered rights in 121 countries around the world.
Aerospace: Opportunity for México

The aerospace market in the world is so large, that as a point of reference, the aerospace industry in the US imported products with a value of 47 billion dollars in 2004; this undoubtedly is a very attractive sector especially taking into account that many of these products are imported from countries where the manufacturing cost is much higher than Mexico’s. Procedures for certification of aircraft products being produced in Mexico currently exists, but products being produced in Mexico are required to be returned to the United States to perform certification processes in FAA approved facilities before they can be used in the airplanes. This increases the cost of logistics. Additionally being the neighbor of the United States, the interest of the three levels of Mexico’s government is to develop a larger value added industry: the commercial experience, the import-export infrastructure and Baja California’s share of approximately 50% of the aerospace companies in all of Mexico provides an even greater opportunity for the Baja California and California region.

Ricardo Domínguez is convinced that the United States is aggressively looking for strategic partners in the aeronautical area given the strong competition that they are currently facing with Europe; this has caused the United States to lose its leadership as the world’s number one supplier of airplane sales. “The commercial rivalry between Boeing and Airbus has become serious and both are looking for options to make their products more competitive by reducing their production cost, maintaining the proper certifications”, Domínguez said.
With BASA certification, the opportunity exists to increase and expand the development of aerospace projects in México. By attracting adequate investment, Mexico will be able to generate higher paying jobs and provide a competitive environment that will allow North American manufacturers to be much more competitive in the world’s aerospace market.

Why BCM

Mario Rodriguez, President of BC Manufacturing stated that the company has always been acknowledged as providing a dedicated focus for each of its various activities and has been forward looking in its plans since incorporating as a ‘Shelter – Albergue”, “which provides us the tools to offer fiscal and operational advantages for capital intensive operations, such as aerospace companies.” The decision to pursue this project was made because the opportunity areas mentioned before were put into place, which allows BC Manufacturing to be an Integrator Company for both Mexican and foreign companies; that’s how other advanced countries have been able to develop investment in high technology industry more easily.
BC Manufacturing is dedicated to providing Shelter Services for diverse companies and currently is providing services for Mexican, Japanese and U.S. companies. “We look forward to completing the aerospace certification because we are confident that it will open the doors that will enable us to attract more high technology businesses and help to put Mexico in a position of realizing its true potential.”

Source
Ricardo Domínguez,
Director Aerospace Division
Dgoldeneagle@att.net.mx