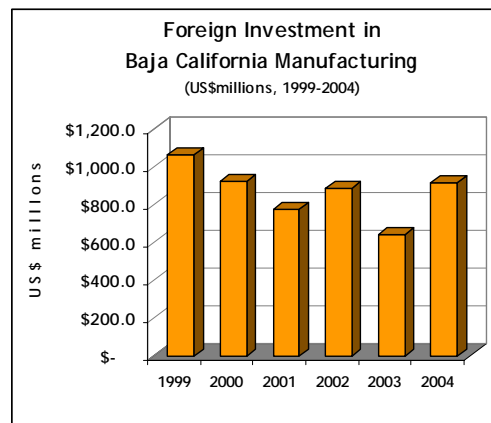


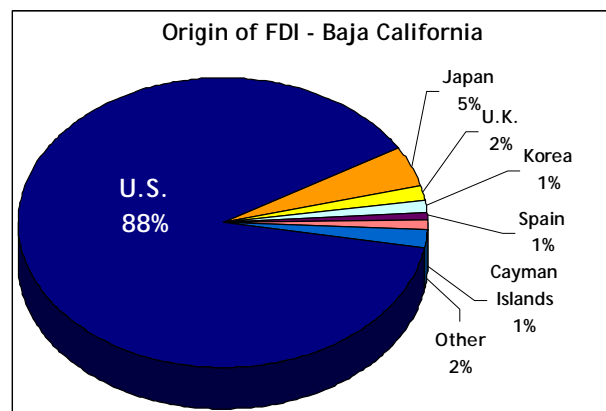
Fact Sheet on Foreign Direct Investment - Baja California

Despite widespread rumors about Baja California's decreased competitiveness in manufacturing, foreign investment in manufacturing operations continued through 2004. Since 1999, in fact, foreign investment in Baja California's manufacturing industry (principally, maquiladoras) averaged nearly US\$900 million each year, hitting a four year high of over US\$916 million in investment last year.



Almost half of 2004's foreign investment in manufacturing was concentrated in three industries: electronics, electric machinery, and automotive. It is notable that, as a State, in fact, Baja California received the third-largest amount of foreign investment in the country - after the Federal District and Nuevo Leon.

According to the State's Economic Development Secretariat (SEDECO), although the majority of all investments come from Mexico-domiciled companies (which include many multinational firms), the largest source of foreign investment in 2004 came from U.S. firms, followed by Japan. As seen in the graph at right, this is consistent with historical trends of foreign investment into Baja California.



Source: San Diego Dialogue analysis of data from SEDECO, and Mexico's Secretaría de Economía
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