

Using Dallas Fed Publications in the Classroom

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The Maquiladora's Changing Geography By Jesus Cañas and Robert W. Gilmer

Southwest Economy
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Maquiladoras

- Usually a foreign owned plant that is engaged in labor-intensive assembly of intermediate or final goods
- Inputs are brought in from the U.S. or a foreign country and the output is usually sold in the U.S.

Mequiladoras as “twin plants”

- U.S. manufacturers established capital-intensive operations in the U.S.
- Inputs were shipped to Mexico for labor-intensive assembly (duty-free if returned to the U.S. in assembled form within a fixed period)
- Final products exported to the U.S. (tariffs applied only to the value added by assembly)

Expansion and Change

- Created in 1965 under the Border Industrialization Program in four cities
 - Matamoros
 - Juárez
 - Nuevo Laredo
 - Tijuana
- Expanded to new locations in the 1970's
- Program for Temporary Imports to Promote Exports (PTTEX) was created in 1990 to allow qualifying domestic producers to compete
- Original program forbade domestic sales, but the NAFTA removed restrictions by 2001

Mapping Activity

- On a blank map, identify 17 principal cities in 4 groups
 - Texas border (red)
 - Arizona border (blue)
 - California border (green)
 - Interior cities (yellow)

Graphing Activity

- Use the information in Table 1 to complete the graphs on the worksheet.

Group Presentations

- Read “Trade Deals as Catalyst” on page 11
- Three groups
 - Textiles and apparel
 - Electronics
 - Transportation
- Look for geographic influences and effects of trade agreements on each industry