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Open for Business at the Border

By Jerry Pacheco, Executive Director, International Business Accelerator

Successful business people know that opportunities exist even in the most challenging times — and that includes opportunities for cross-border trade during a global economic crisis.

Many New Mexican companies learned this lesson the hard way in 1994. The North American Free Trade Agreement took effect that year, and many of the state's businesses began exporting their products to Mexico. When the devaluation of the peso crippled Mexico's economy in December of that year, New Mexico's trade with Mexico plummeted.

This spooked the New Mexico companies most unfamiliar with the effect that economic cycles have on the maquiladora industry, and many curtailed their efforts in Mexico. More experienced U.S. exporters from states such as Texas and Arizona worked with their Mexican buyers through the crisis and never gave up on their markets. When the economy turned around, these companies had enormously healthy business with Mexico. By contrast, only West Virginia and New Mexico — out of all the U.S. states — saw their overall trade with Mexico decrease during the first six years of NAFTA.

Relearning old lessons

Mexico's maquiladora industry is heavily dependent on the world automotive industry, with firms such as Delphi Automotive, Visteon, Johnson Controls, Ford, Chrysler, Nissan and GM all major players south of the U.S. border. With the U.S. automobile industry in big trouble, many firms are suffering in Mexican industrial centers such as Juárez.

Given the sorry state of the world economy — along with fears of cross-border drug violence and the swine flu outbreak — organizers nearly scrapped plans for this year's NAFTA Institute Supplier Meet the Buyer Trade Conference.

For the past six years, the border-trade conference has matched purchasing managers from Mexico's maquiladora industry with U.S. suppliers of industrial products such as metals, plastic injection, resins and packaging in a series of business-to-business events. Last year's conference drew 600 participants, but organizers worried that the triple whammy of recession-violence-pandemic would scare suppliers and producers away this year.

Instead organizers were flooded with calls and registrations. By the week of the conference, 43 maquiladora industry purchasing managers had promised to attend, each with a list of supplies

they wanted to purchase, and more than 200 prospective suppliers had registered. When the conference was over, attendance approached 700 people representing more than 300 companies.

This outcome demonstrates the vitality of forward-looking businesses led by people who realize that a recession — for all the pain it causes — also presents enormous opportunities. Three years ago, it would have been nearly impossible to pitch a product to the purchasing manager of a major maquiladora. But today, these manufacturers are open to any product or service that will help them decrease costs and diversify.

The International Business Accelerator can help New Mexican businesses and individuals with some of the challenges associated with taking their product or service into the global market. For more information about IBA, visit www.nmiba.com.

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