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Borderplex Business Barometer, Volume 8, Number 7

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BORDERPLEX BUSINESS BAROMETER

July 2024

Border Region Modeling Project
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Border Commerce & Economics

Borderplex Business Barometer, Volume 8, Number 7

IMMEX Conundrums

Possibly the top Latin American economic success story of the post-independence era is Mexico's Programa de Industrialización Fronteriza. That program launched the maquiladora industry in 1965 as an antidote to the termination of the Bracero program in the United States. Now known as the IMMEX sector, the epicenter of this duty-free manufacturing development model is Ciudad Juárez.

Always a cyclical industry, the recent evolution of Ciudad Juárez IMMEX activities is somewhat puzzling. Although the U.S. economy has continued to grow, IMMEX jobs in Ciudad Juárez have declined on a year over year basis during the last 8 months for which data have been published (Pages 59 and 60). Several factors seem to be at play.

While manufacturing nearshoring is occurring, it has been accompanied by strong peso appreciation against the dollar. The 20-percent increase in the currency value of the peso since mid-2022 (Pages 23 and 24) has raised the cost of doing business in Mexico. Ironically, nearshoring has helped strengthen the peso.

Minimum wages rose by 20 percent in January 2024. More importantly, labor shortages have affected IMMEX wages pretty severely. Between February 2022 and February 2024, average compensation per worker increased by nearly 31 percent. That has further eroded IMMEX profitability.

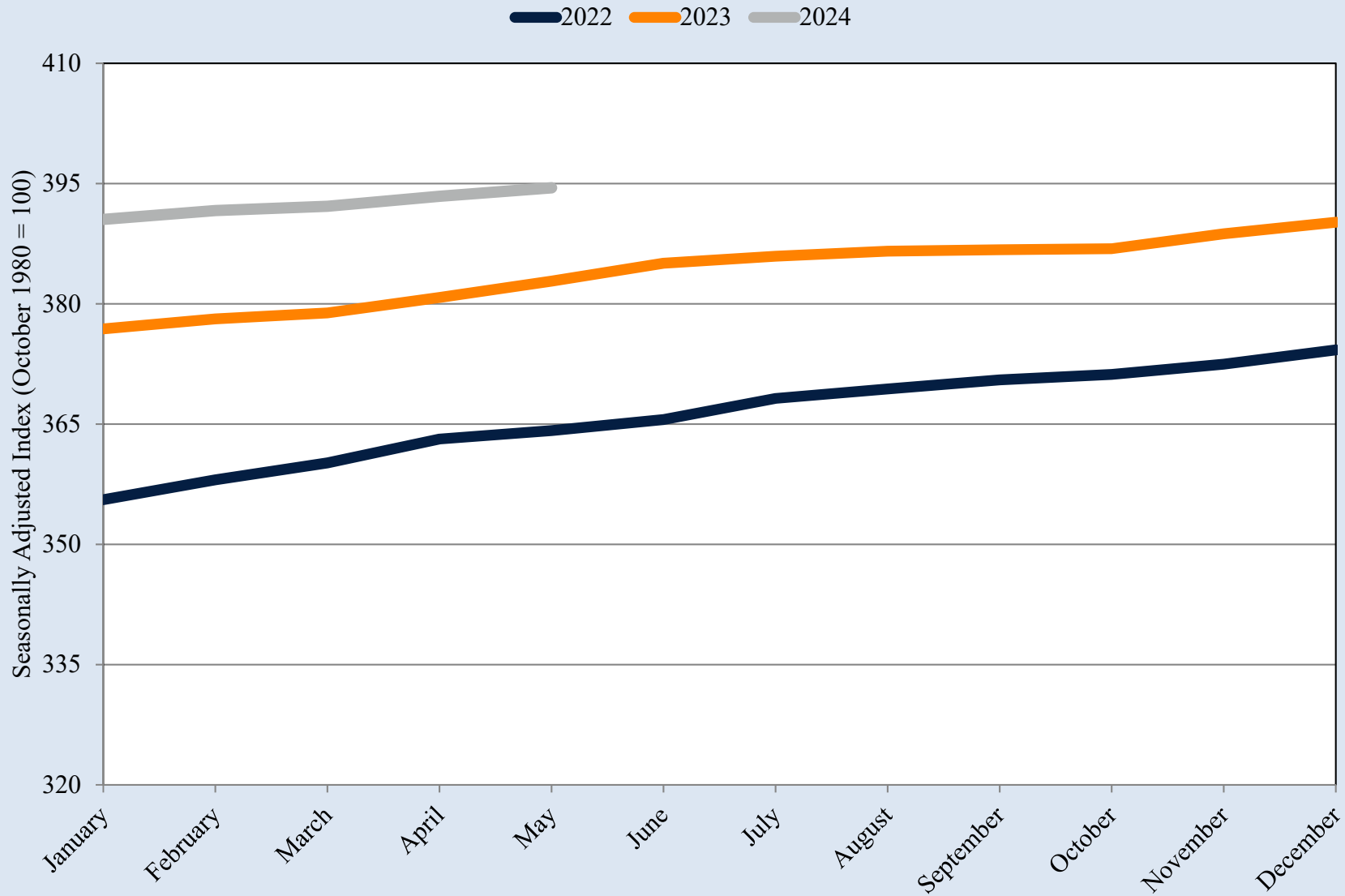
Although nearshoring has undeniably attracted substantial manufacturing investment to Northern Mexico, policy uncertainty is probably causing it to fall short of what it could otherwise reach. The Sheinbaum victory in July has raised questions regarding potential tax and regulatory changes. The U.S. presidential race is also creating additional uncertainty with respect to possible USMCA disagreements.

Increased mechanization may be contributing to smaller IMMEX payrolls. Maquiladoras are steadily becoming more capital intensive. While IMMEX jobs have declined in recent months, real trade volumes through the El Paso Customs District have increased (Pages 49 and 50). That pattern of fewer workers producing more goods has played out in agriculture and manufacturing across many other OECD countries.

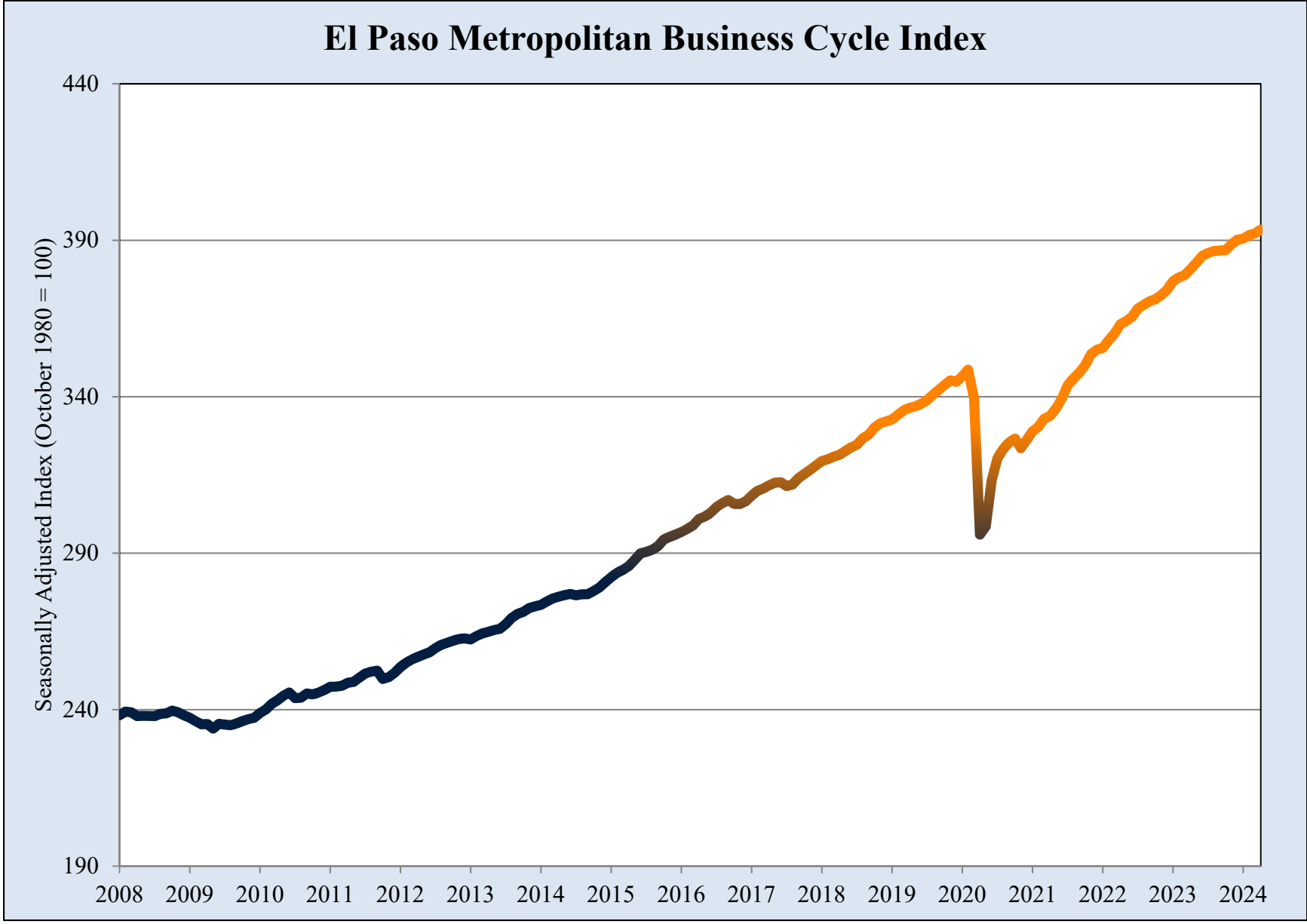
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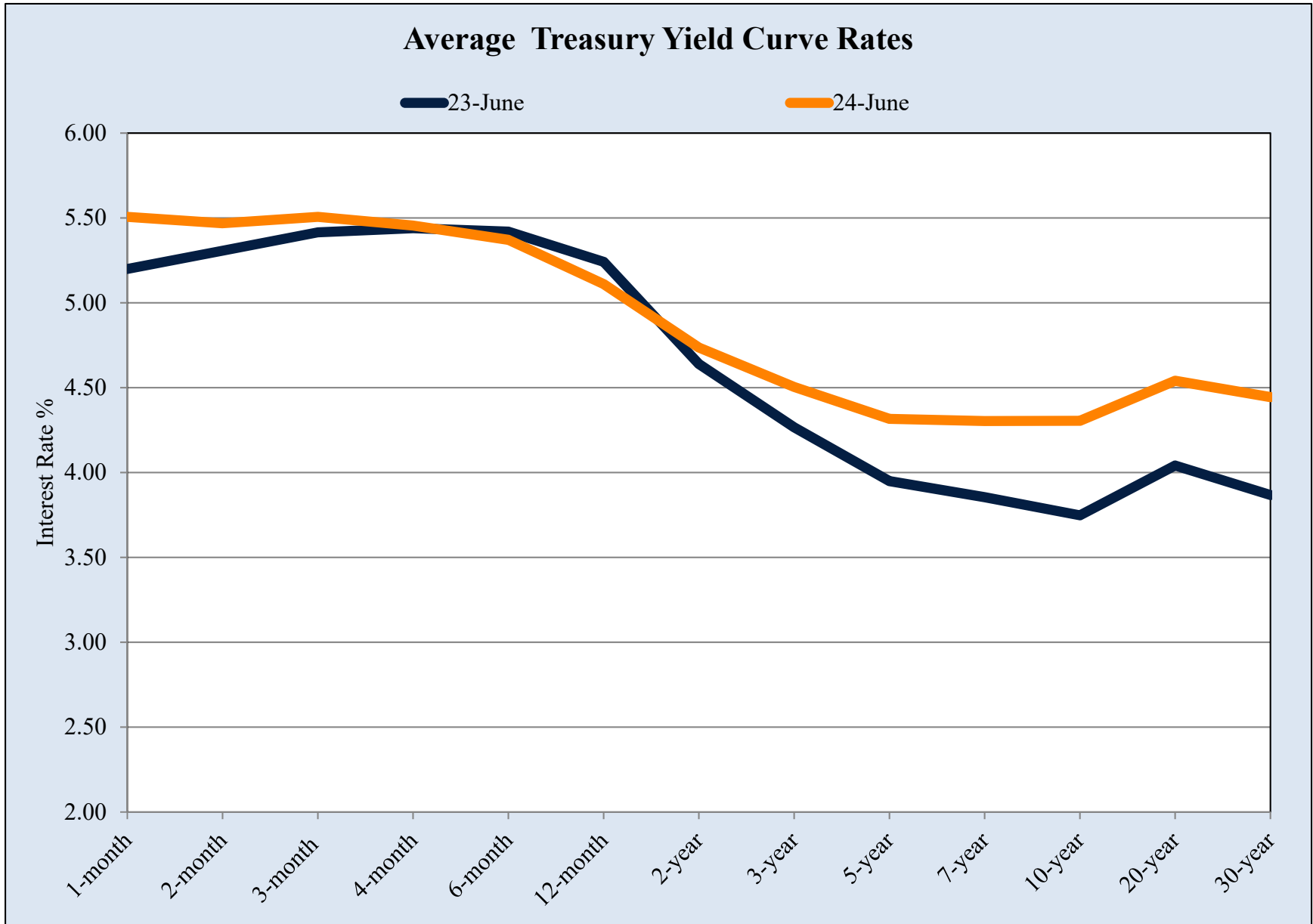
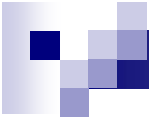
El Paso Metropolitan Business Cycle Index



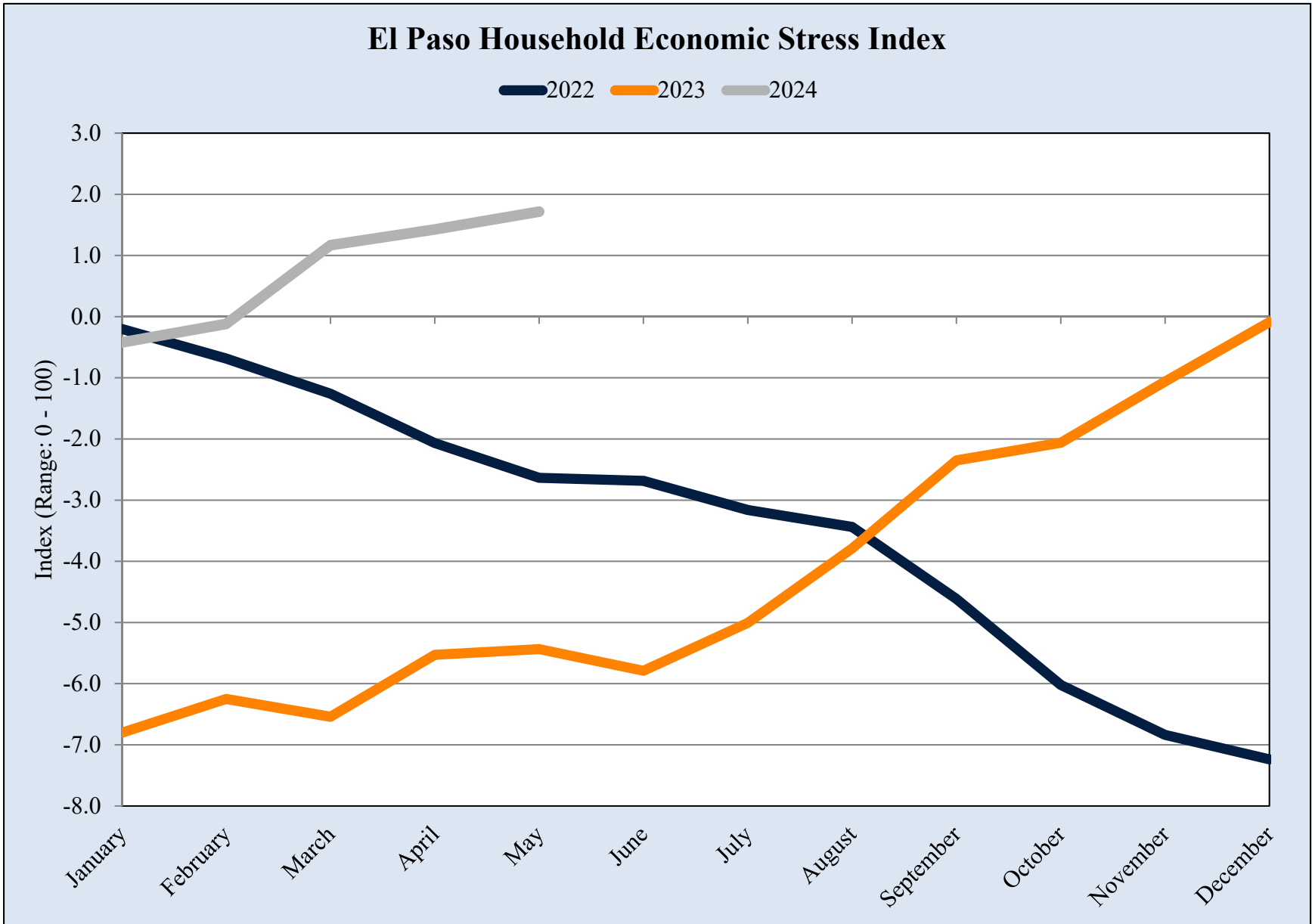
Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data



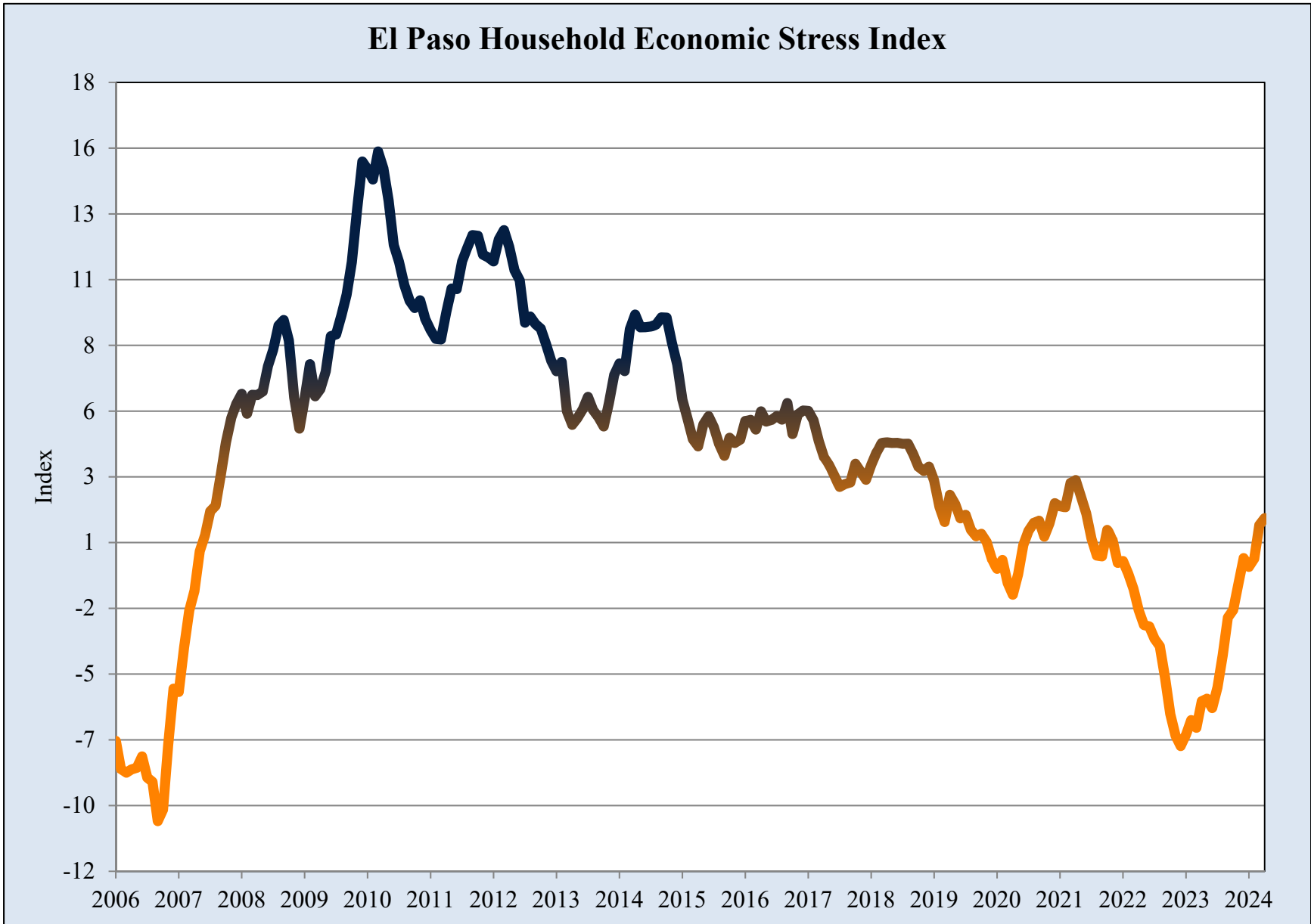
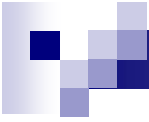
Source: UTEP Border Region Modeling Project using Federal Reserve Bank of Dallas Data



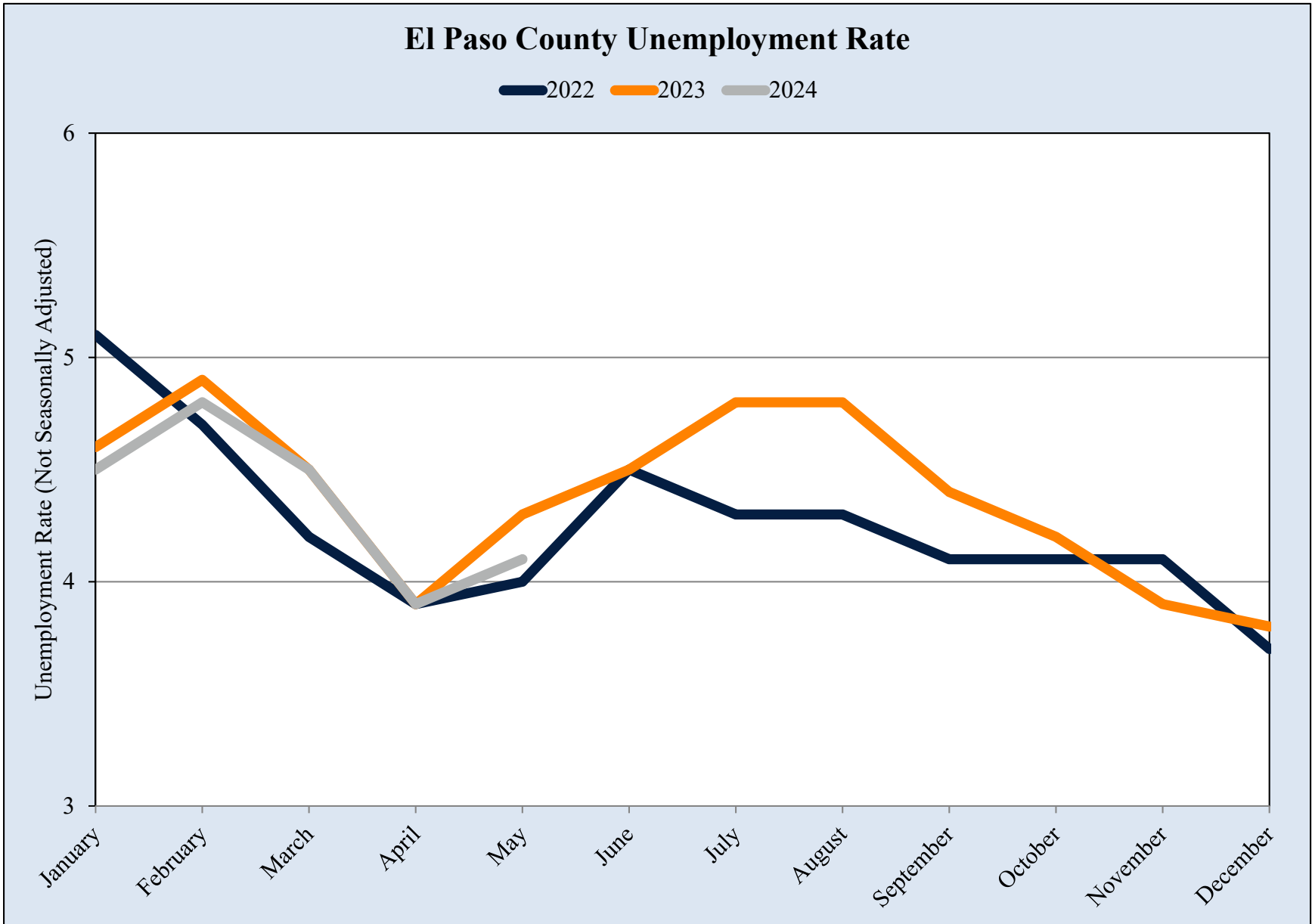
Source: UTEP Border Region Modeling Project using US Treasury, Daily Treasury Yield Curve Rates Data



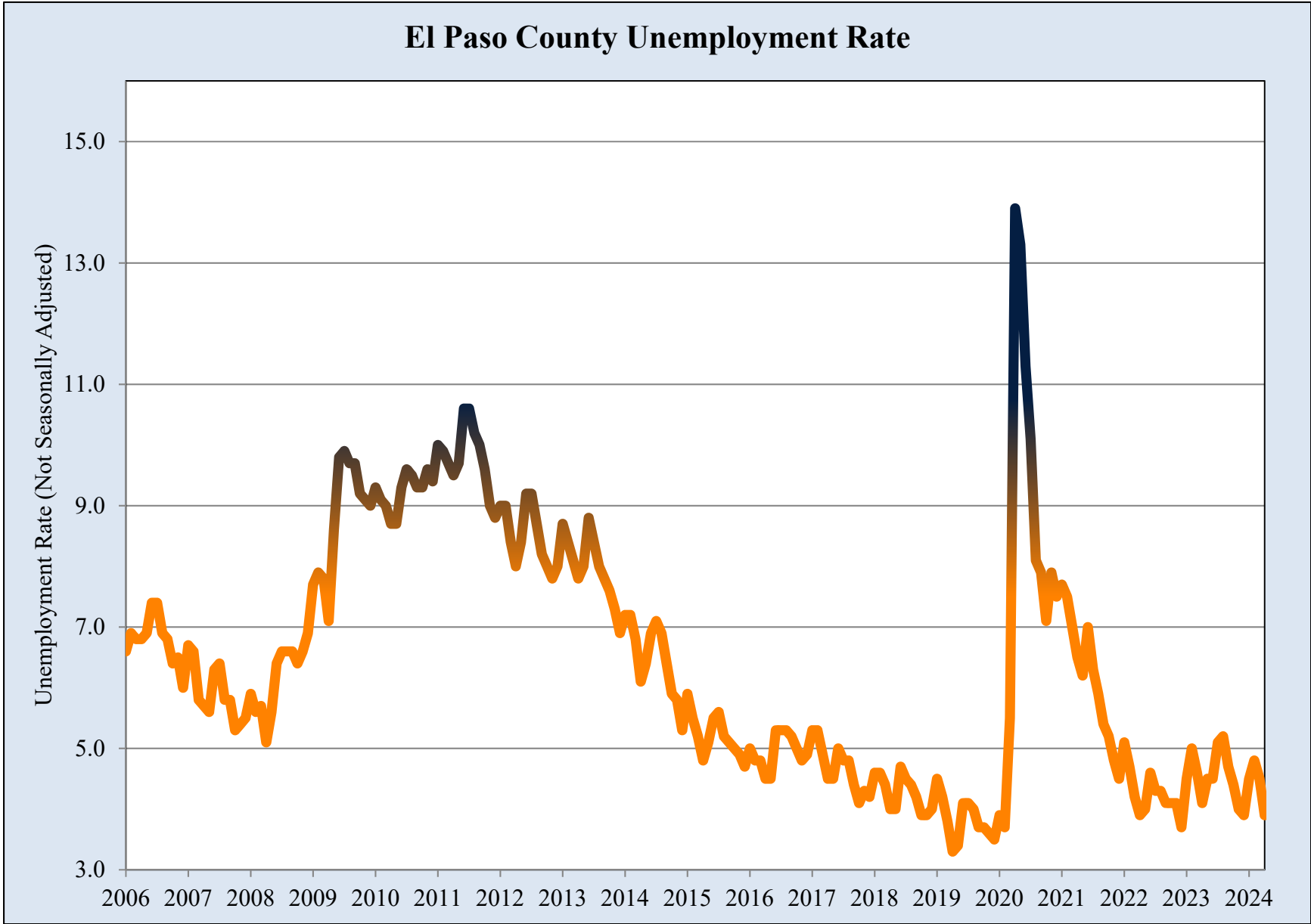
Source: UTEP Border Region Modeling Project



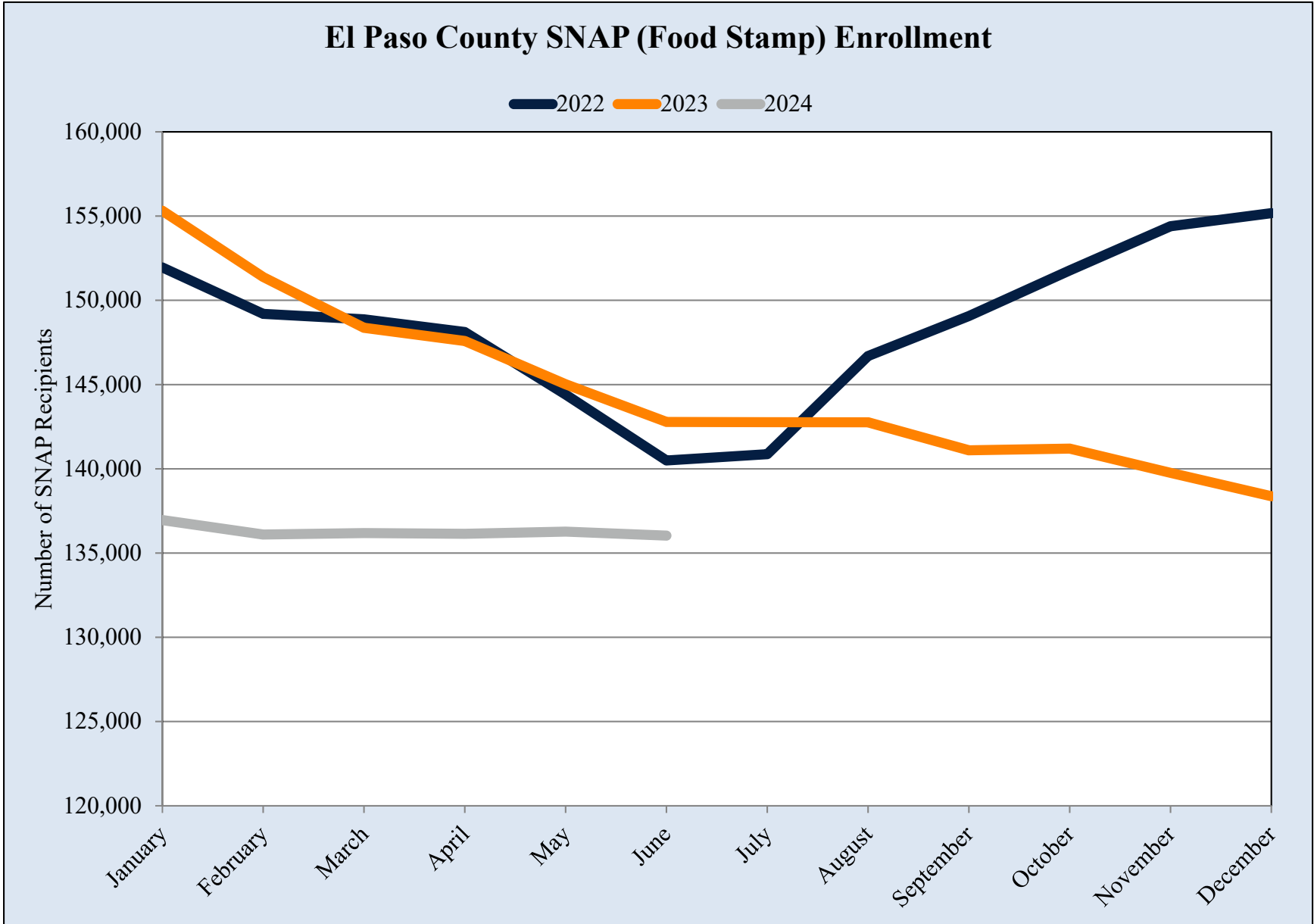
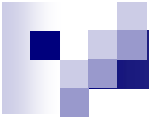
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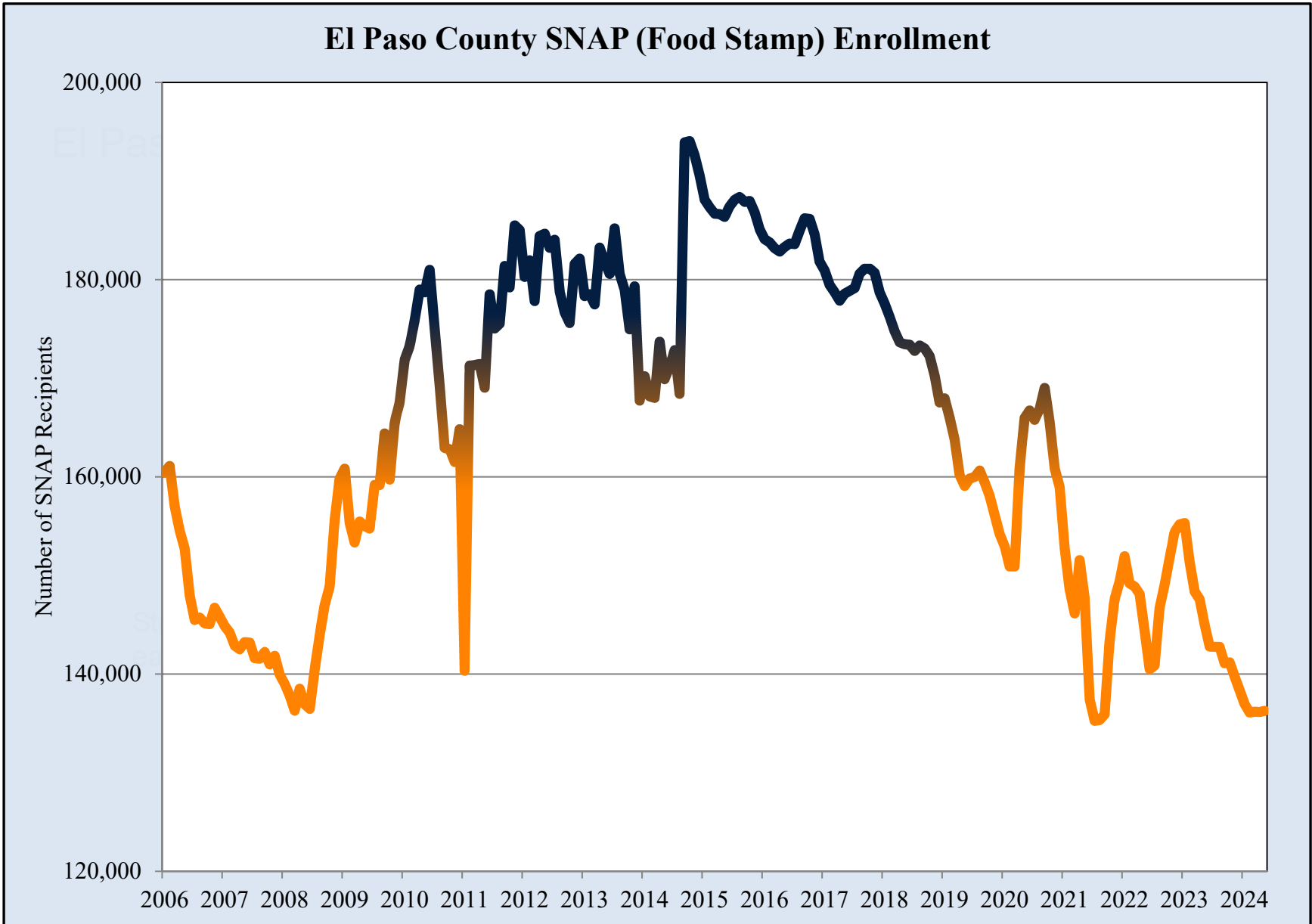
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data



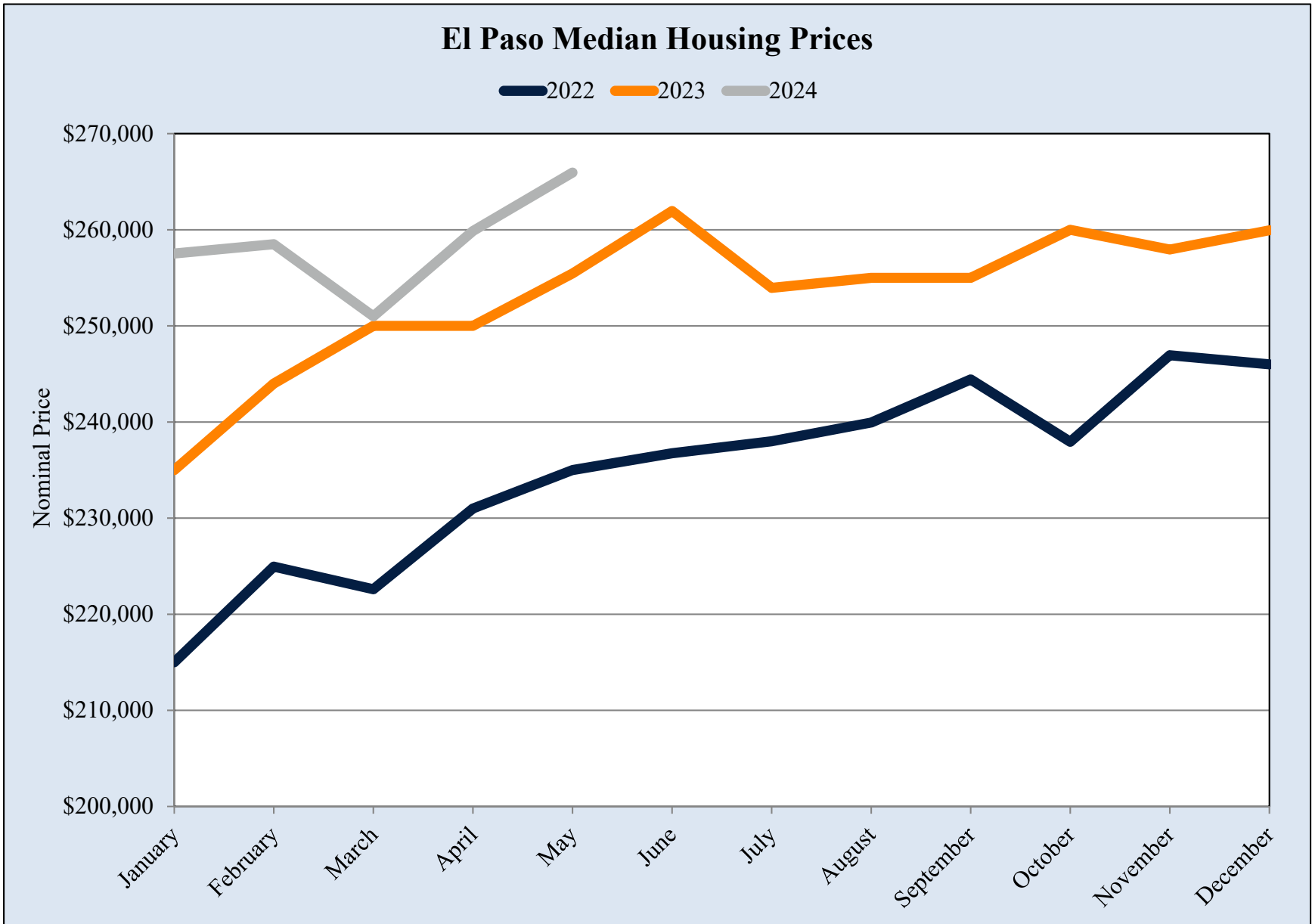
Source: UTEP Border Region Modeling Project using Bureau of Labor Statistics Data



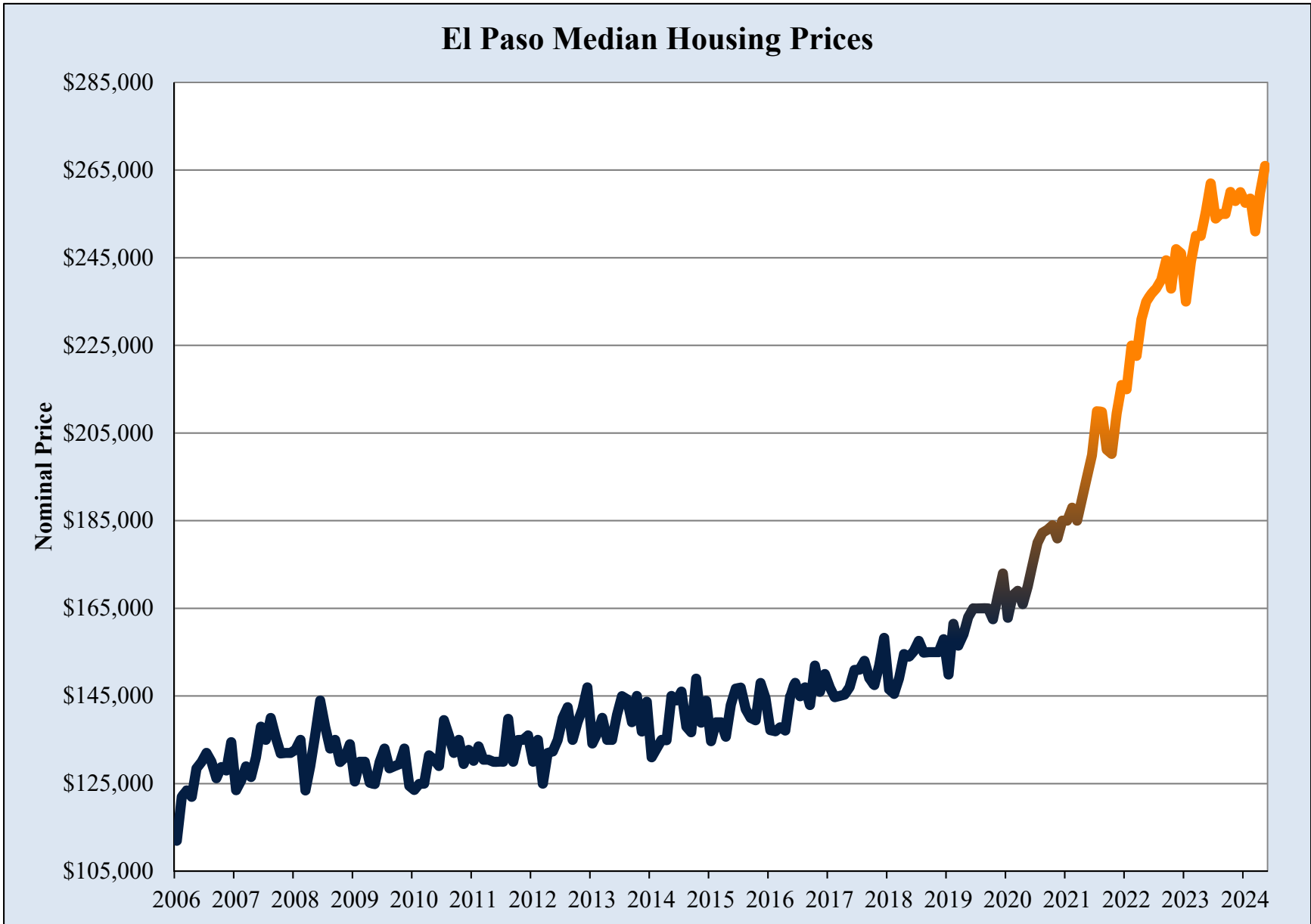
Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission



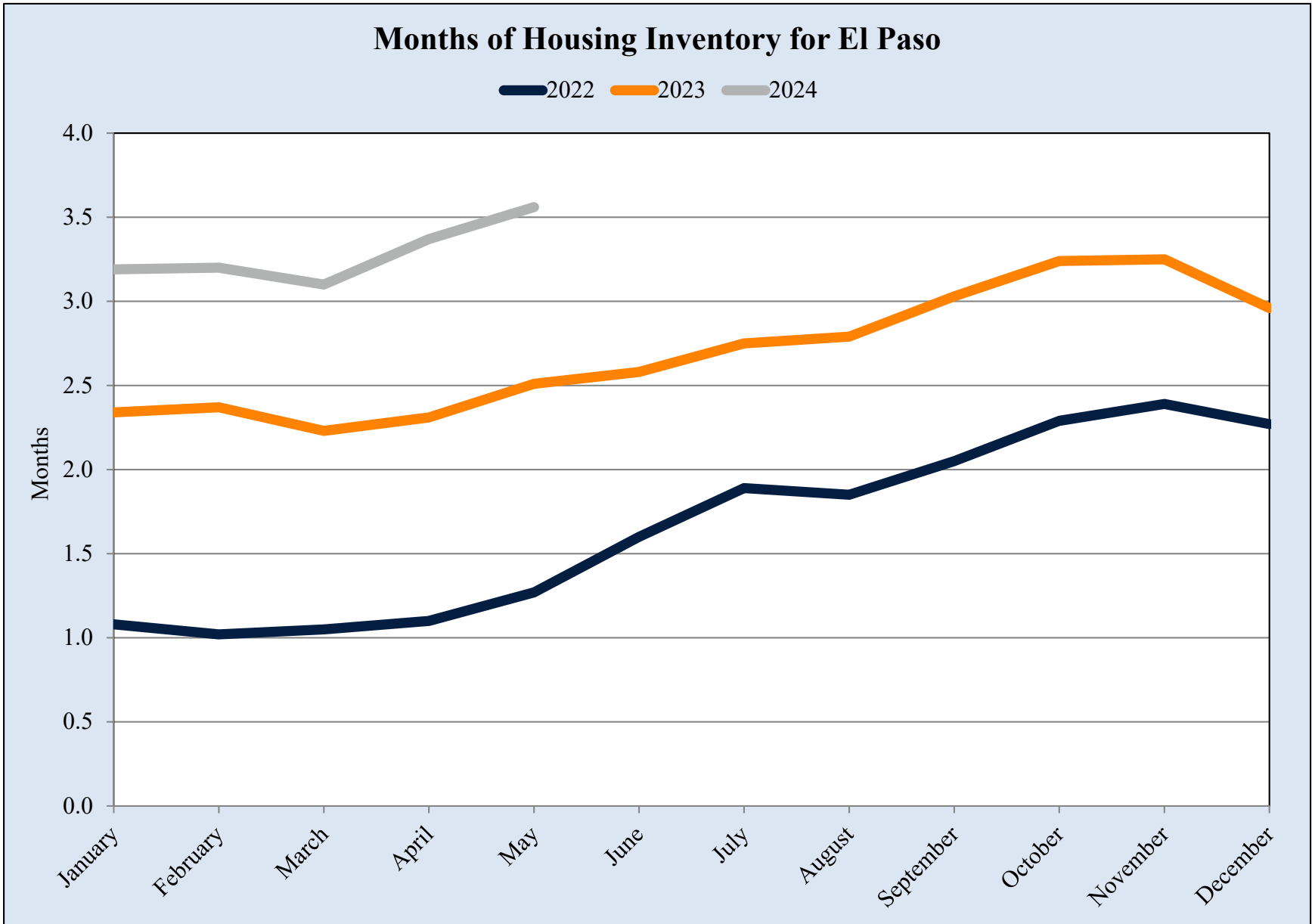
Source: UTEP Border Region Modeling Project using Texas Health and Human Services Commission



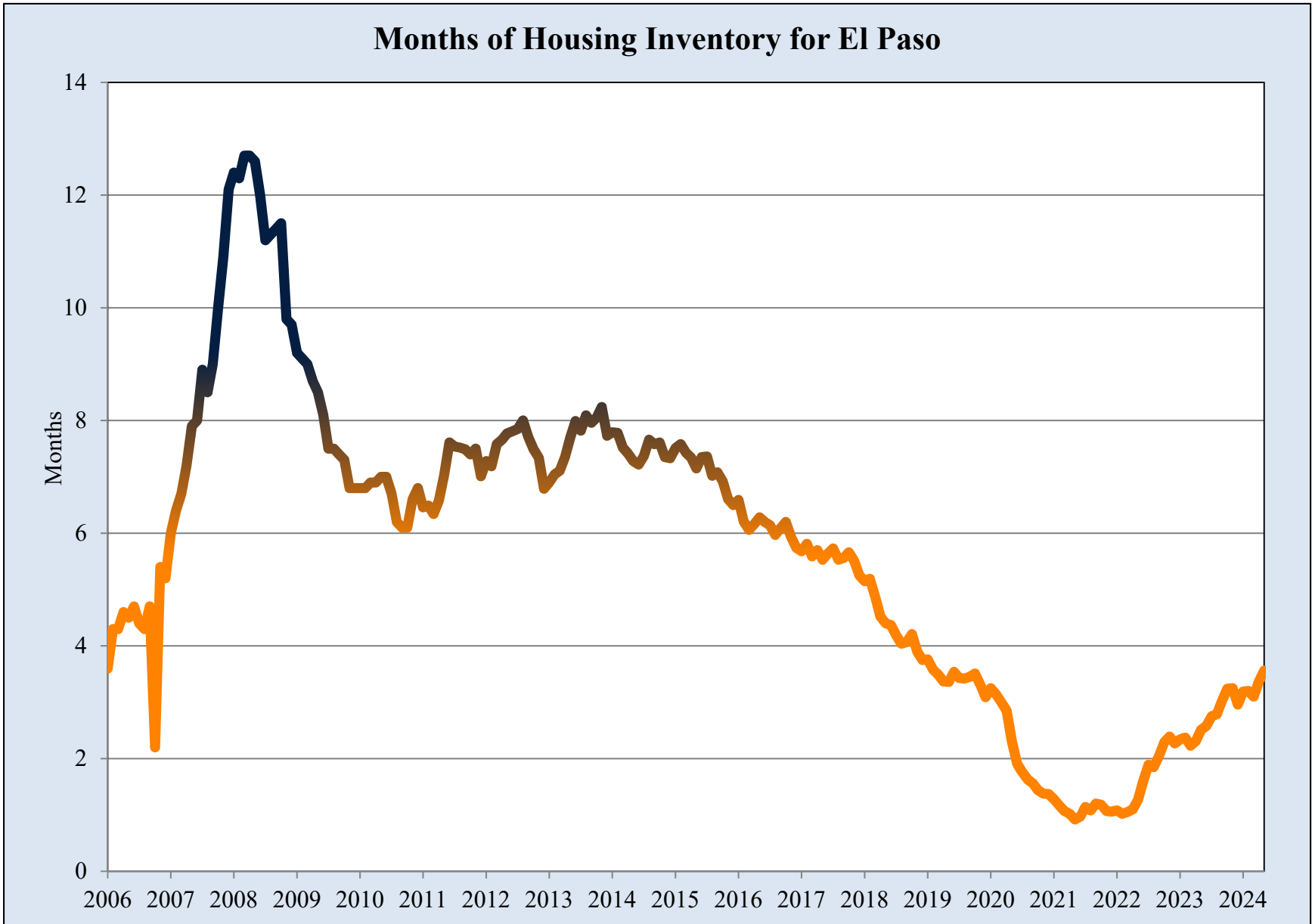
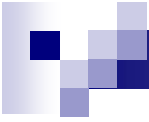
Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data



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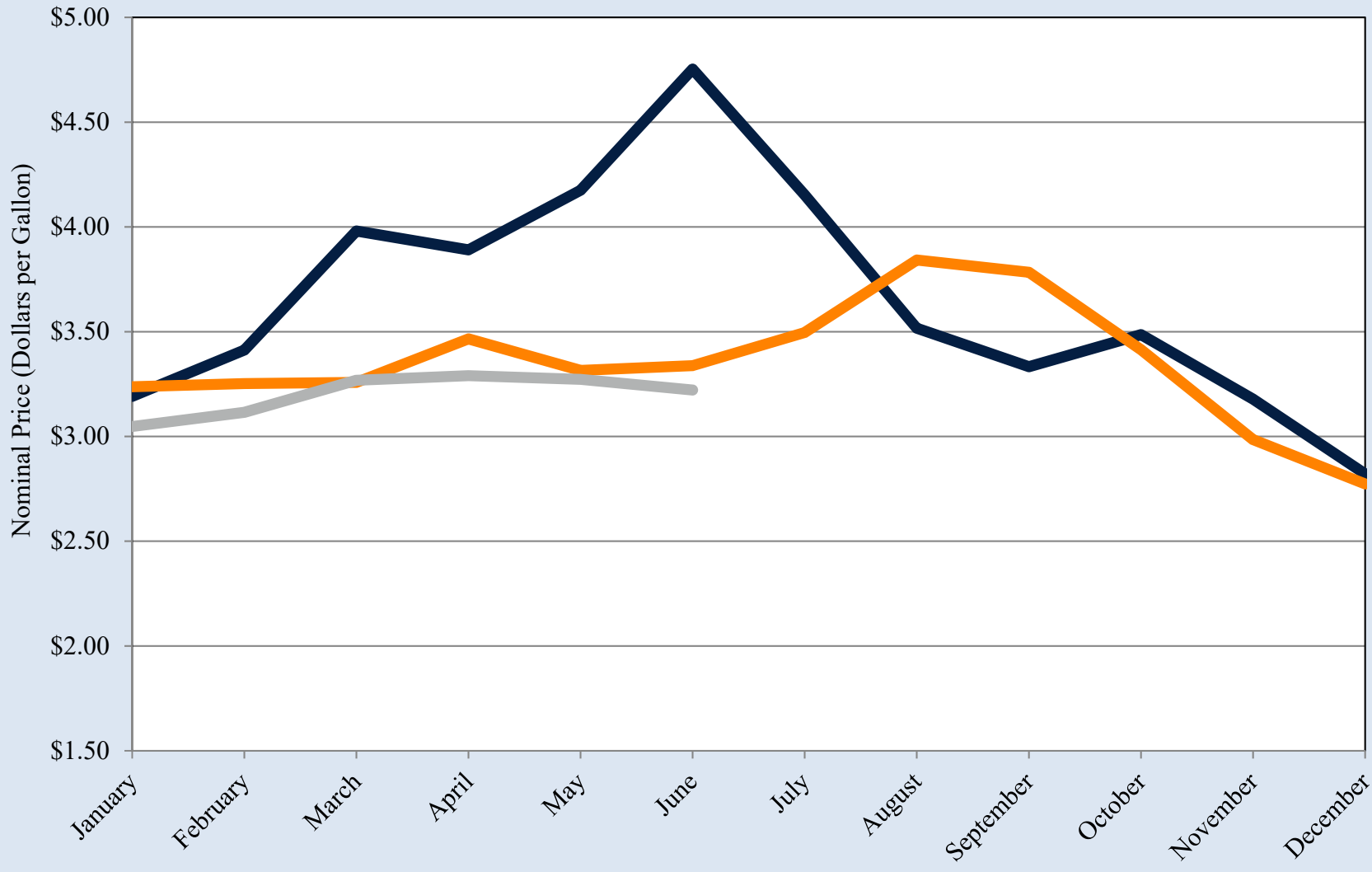
Source: UTEP Border Region Modeling Project using Texas A&M Real Estate Center Data



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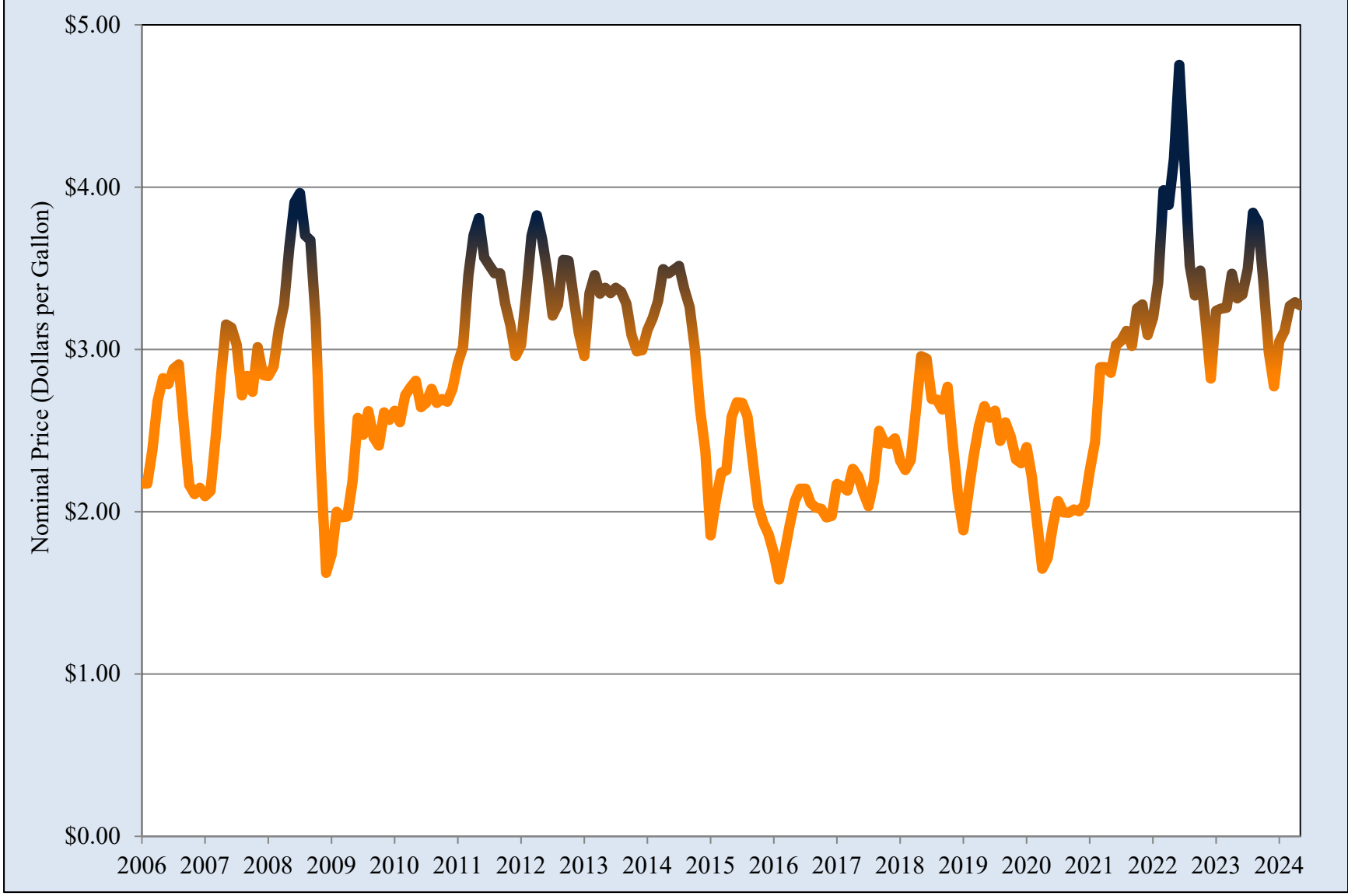
El Paso Gasoline Prices

2022 2023 2024



Source: UTEP Border Region Modeling Project using GasBuddy.com Data

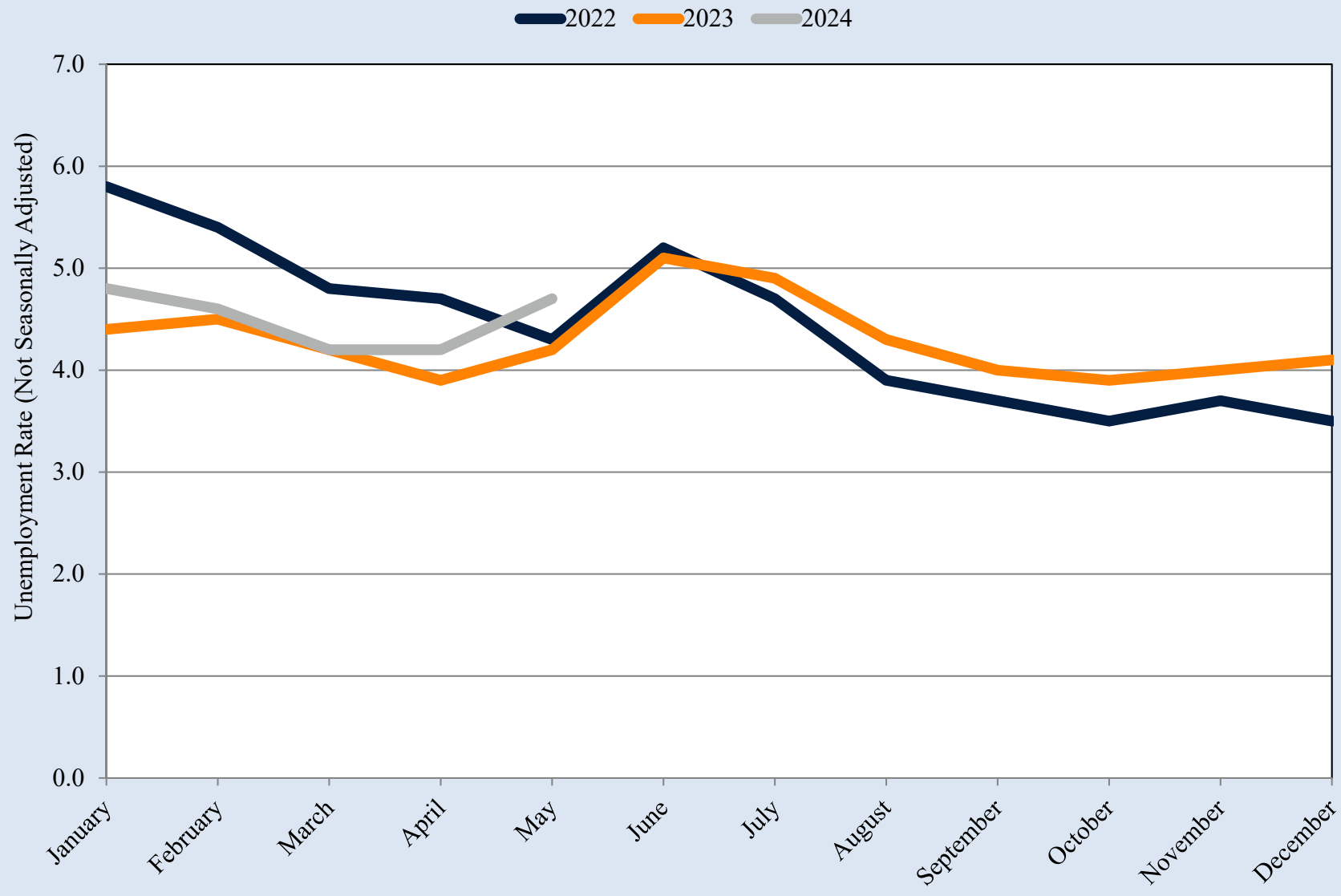
El Paso Gasoline Prices



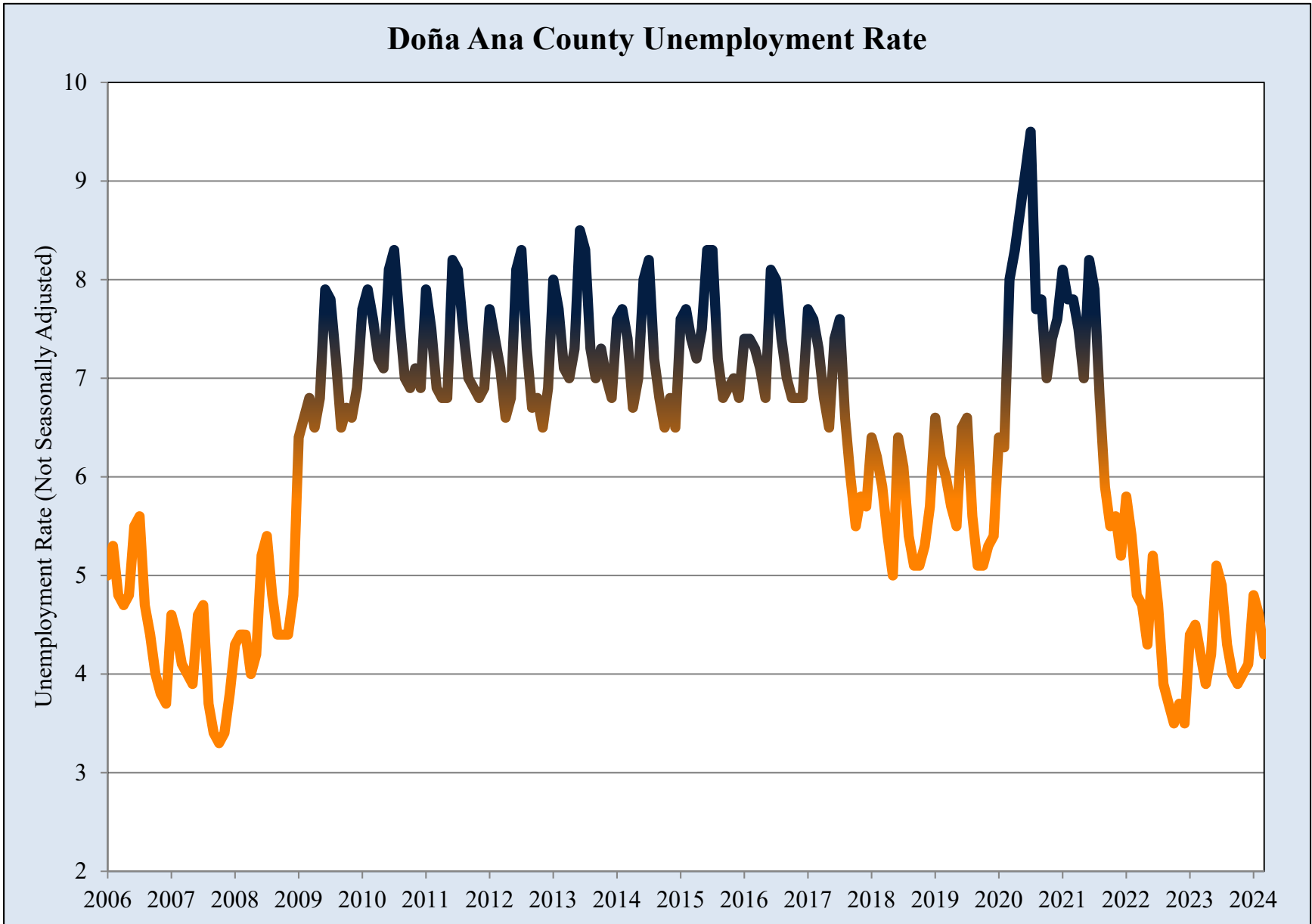
Source: UTEP Border Region Modeling Project using GasBuddy.com Data



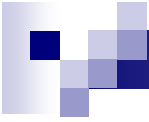
Doña Ana County Unemployment Rate



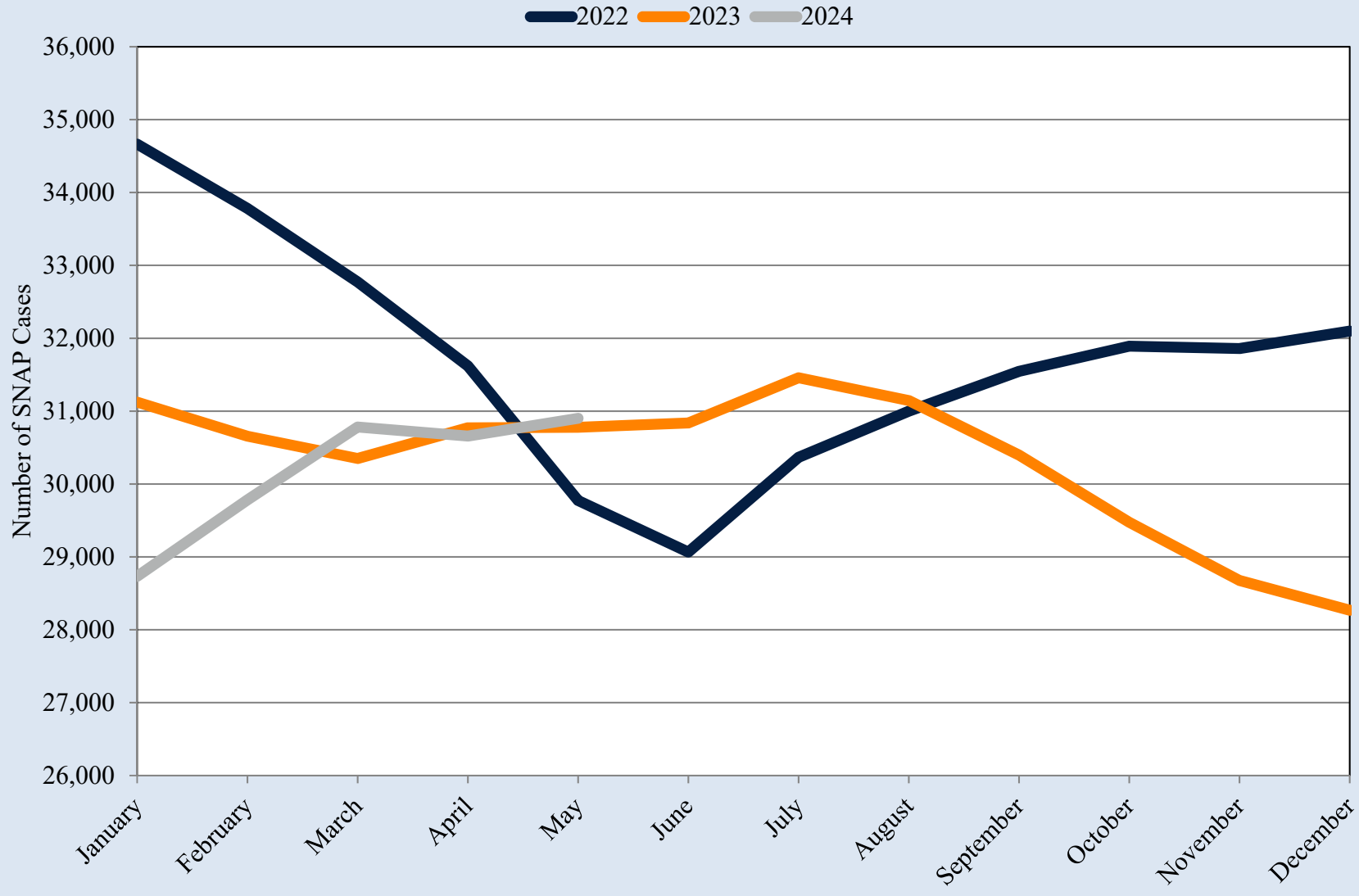
Source: UTEP Border Region Modeling Project using NM Workforce Data



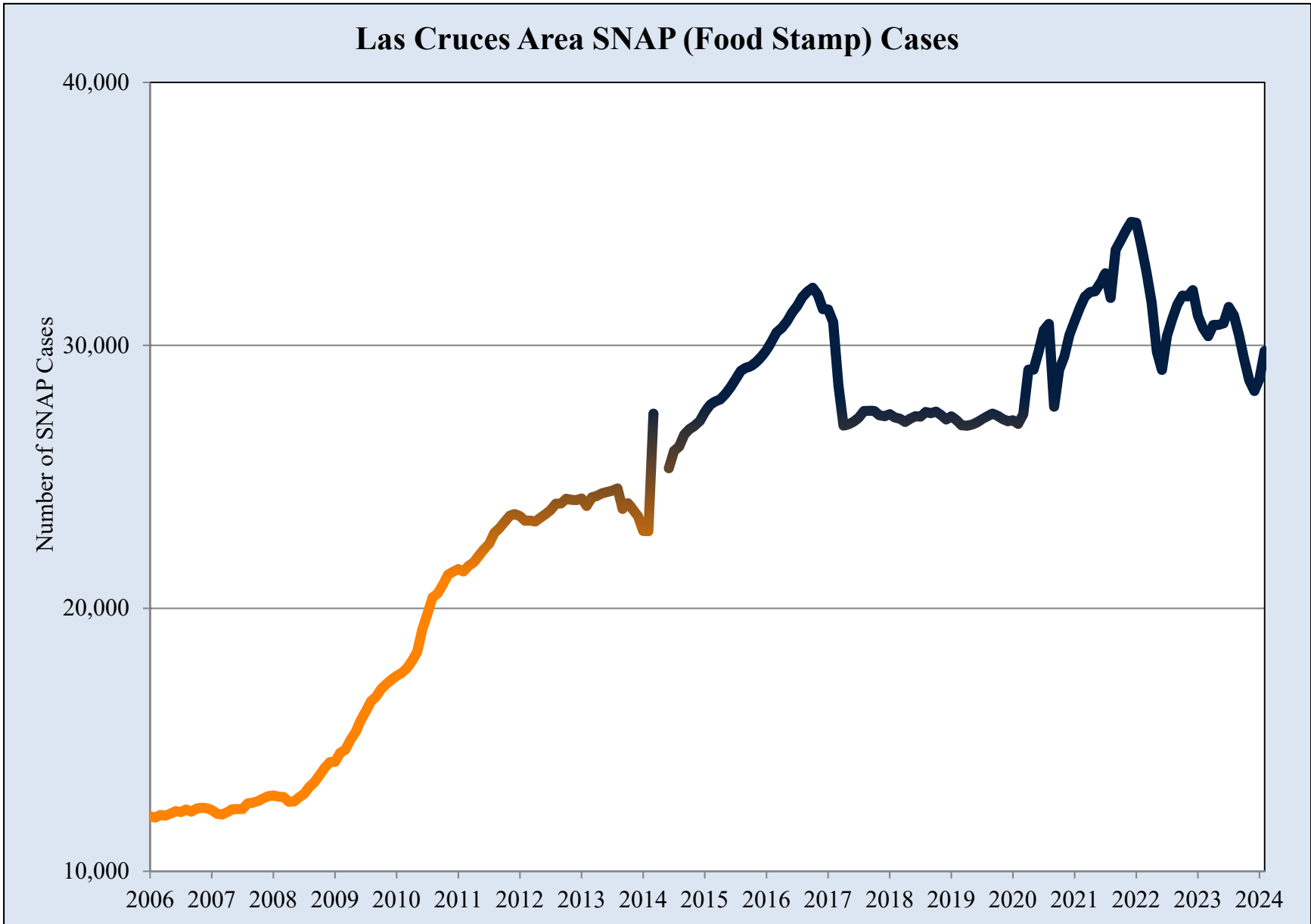
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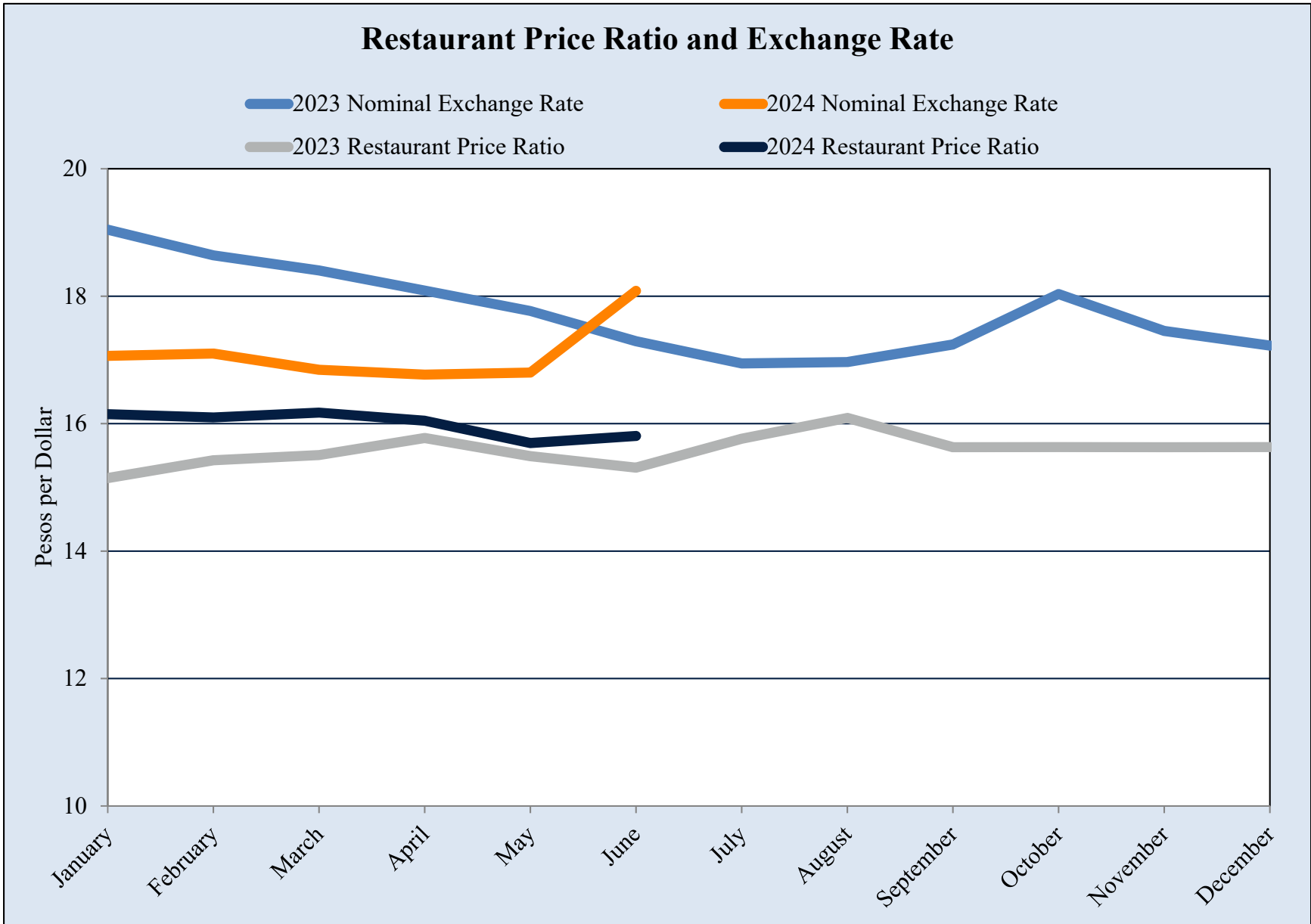
Las Cruces Area SNAP (Food Stamp) Cases



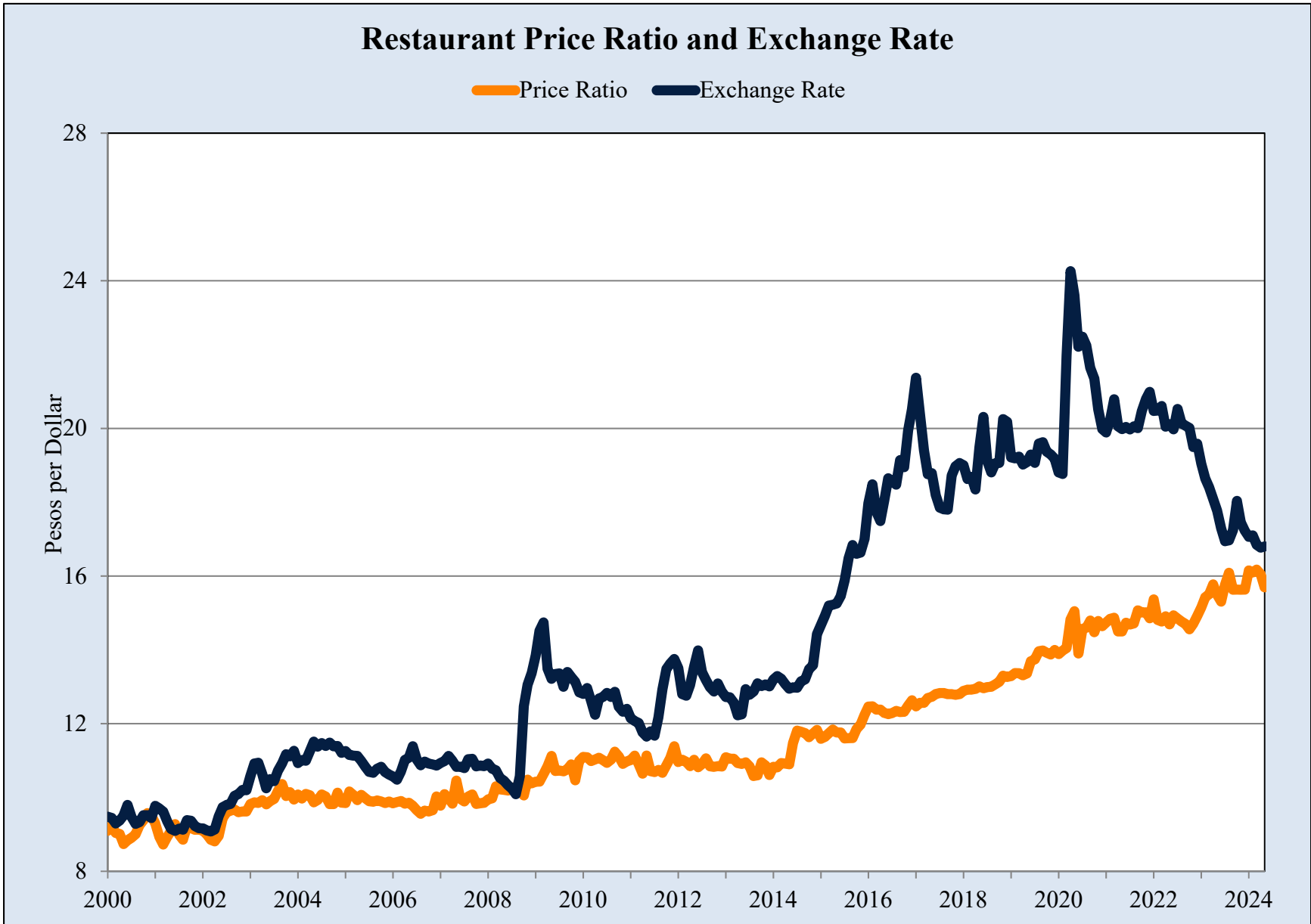
Source: UTEP Border Region Modeling Project using New Mexico Human Services Department Data



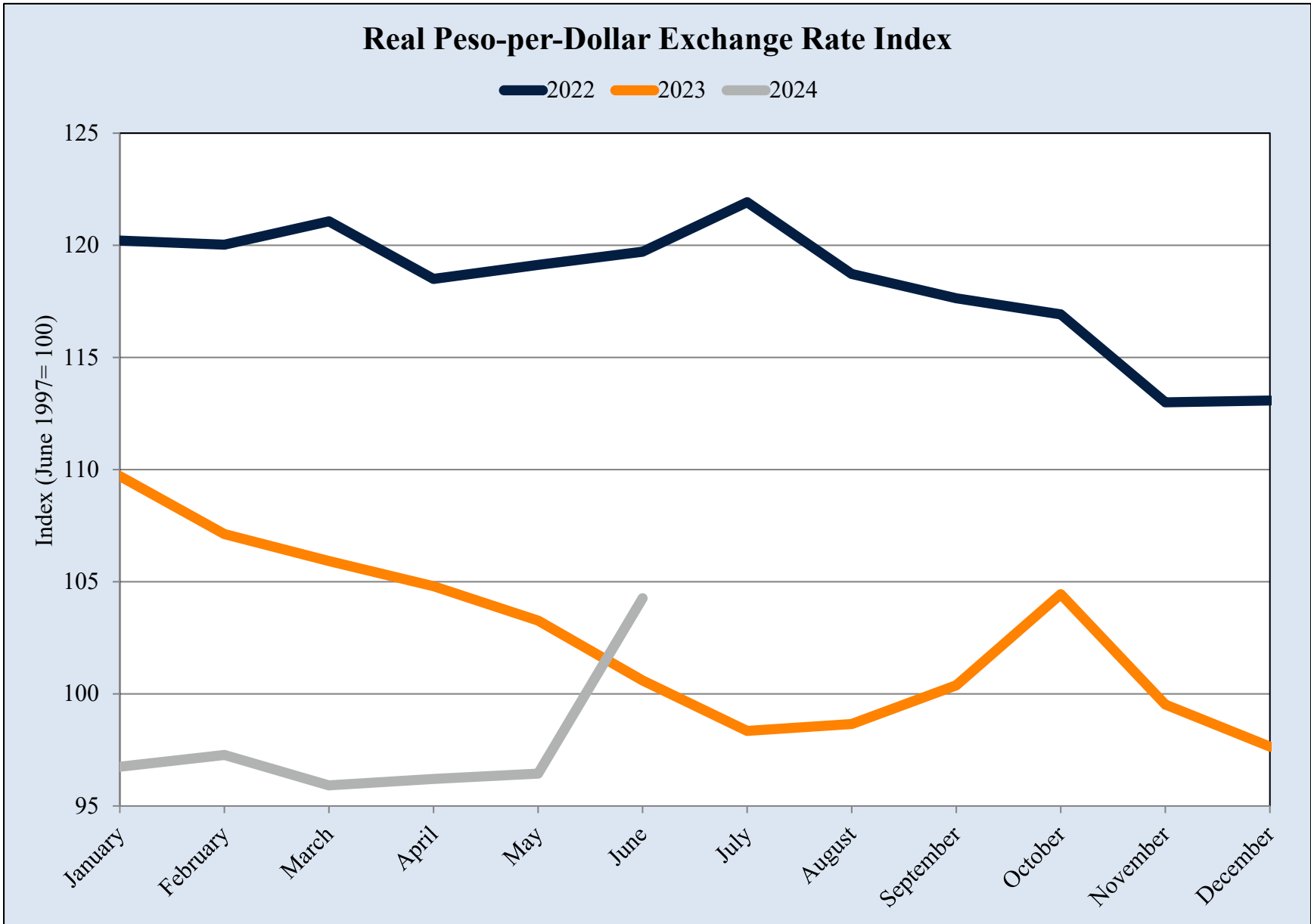
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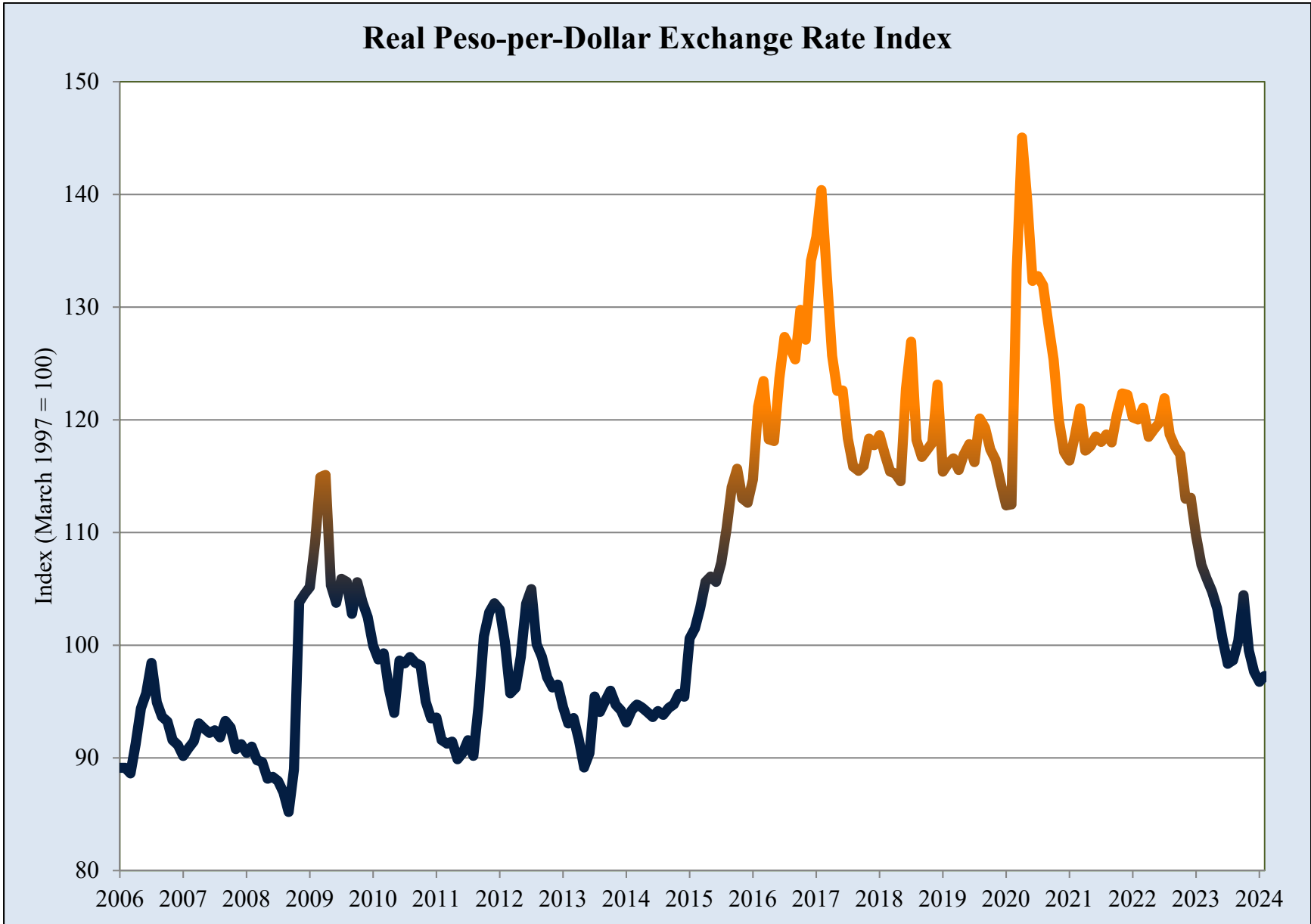
Source: UTEP Border Region Modeling Project using 85 identical franchise restaurant products sold on both sides of the border.



Source: UTEP Border Region Modeling Project using Banco de Mexico Data

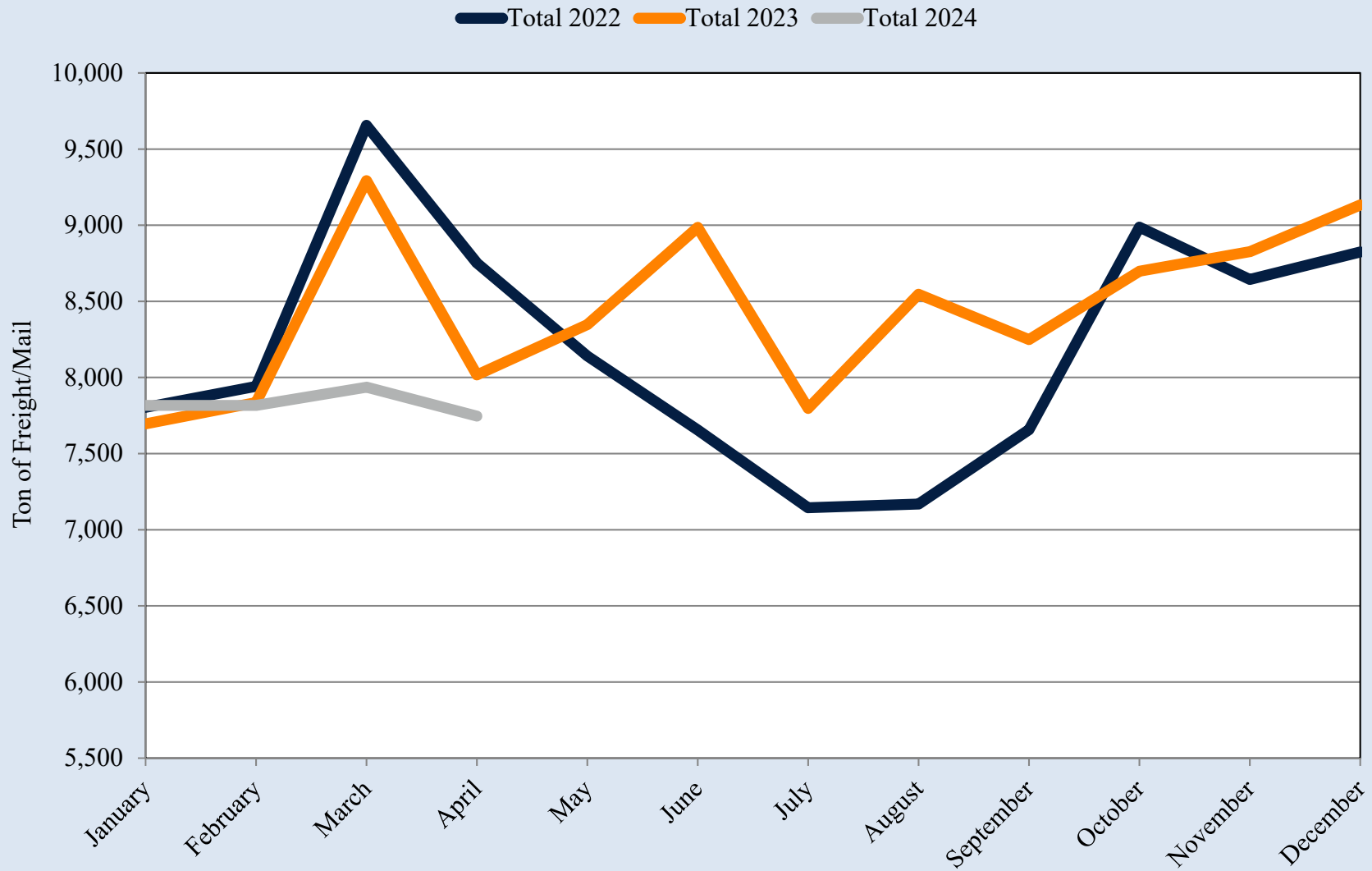


Source: UTEP Border Region Modeling Project



Source: UTEP Border Region Modeling Project

EPIA Freight and Mail

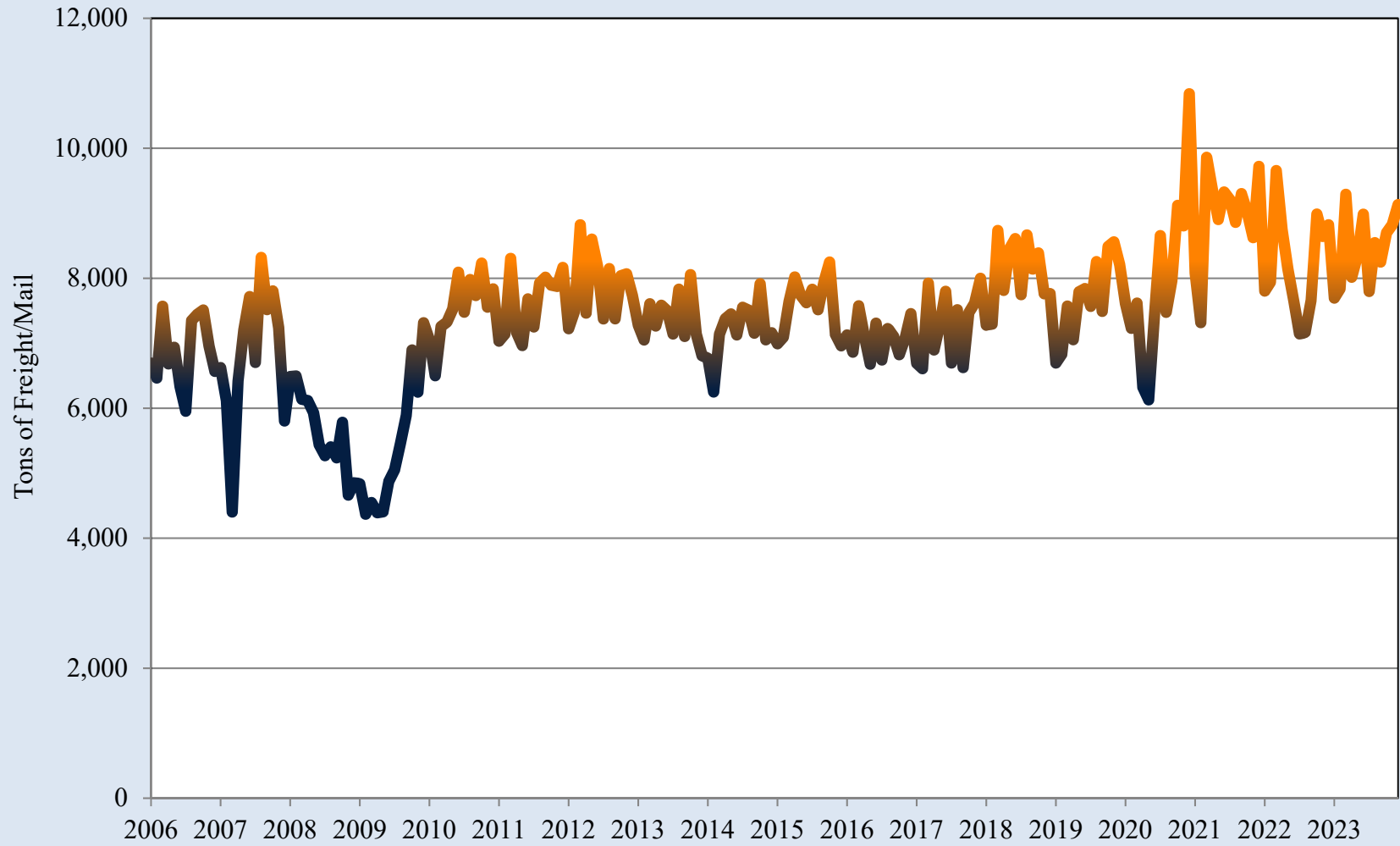


Source: UTEP Border Region Modeling Project using EPIA Operations Data

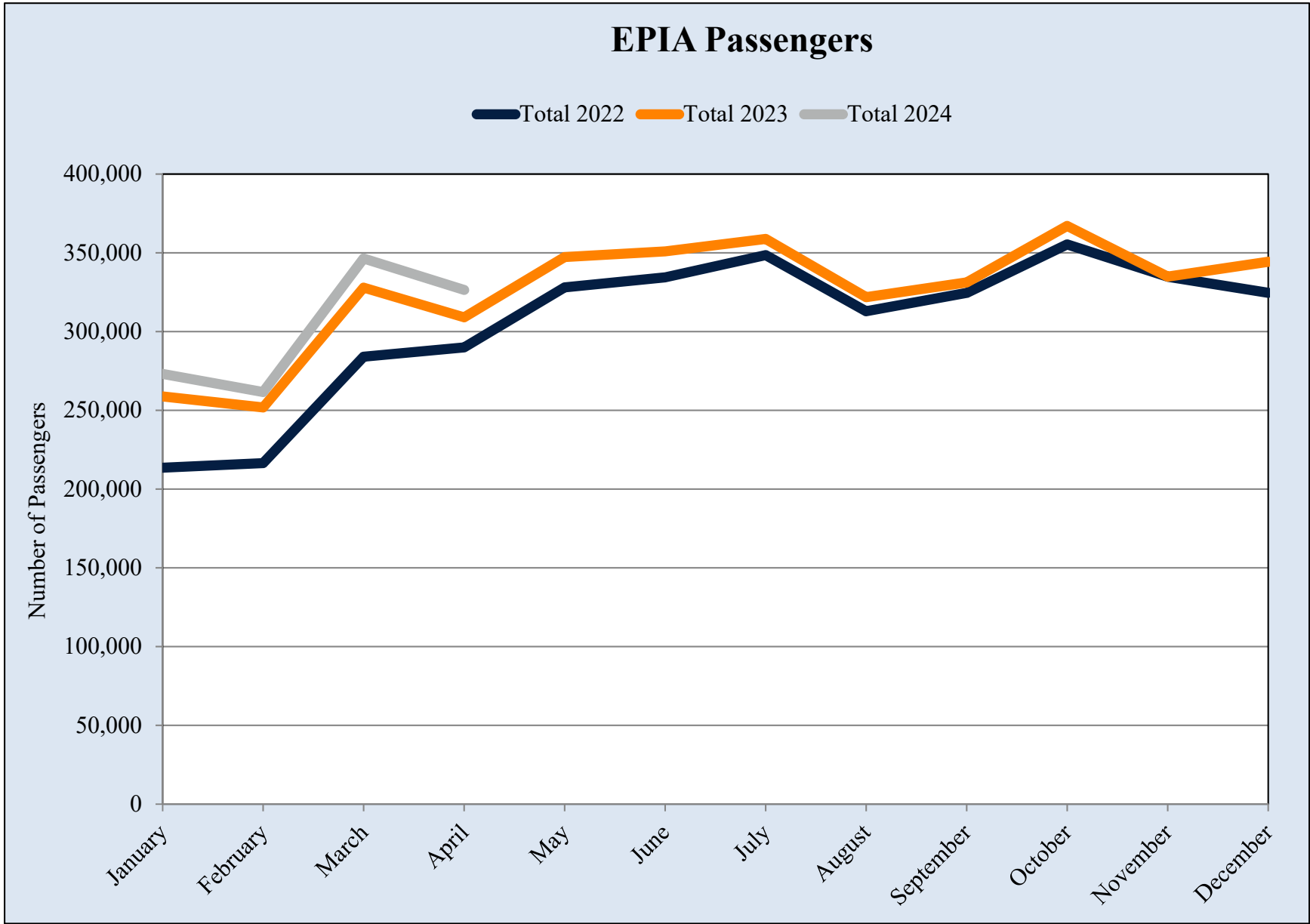


EPIA Freight and Mail

Inbound+Outbound



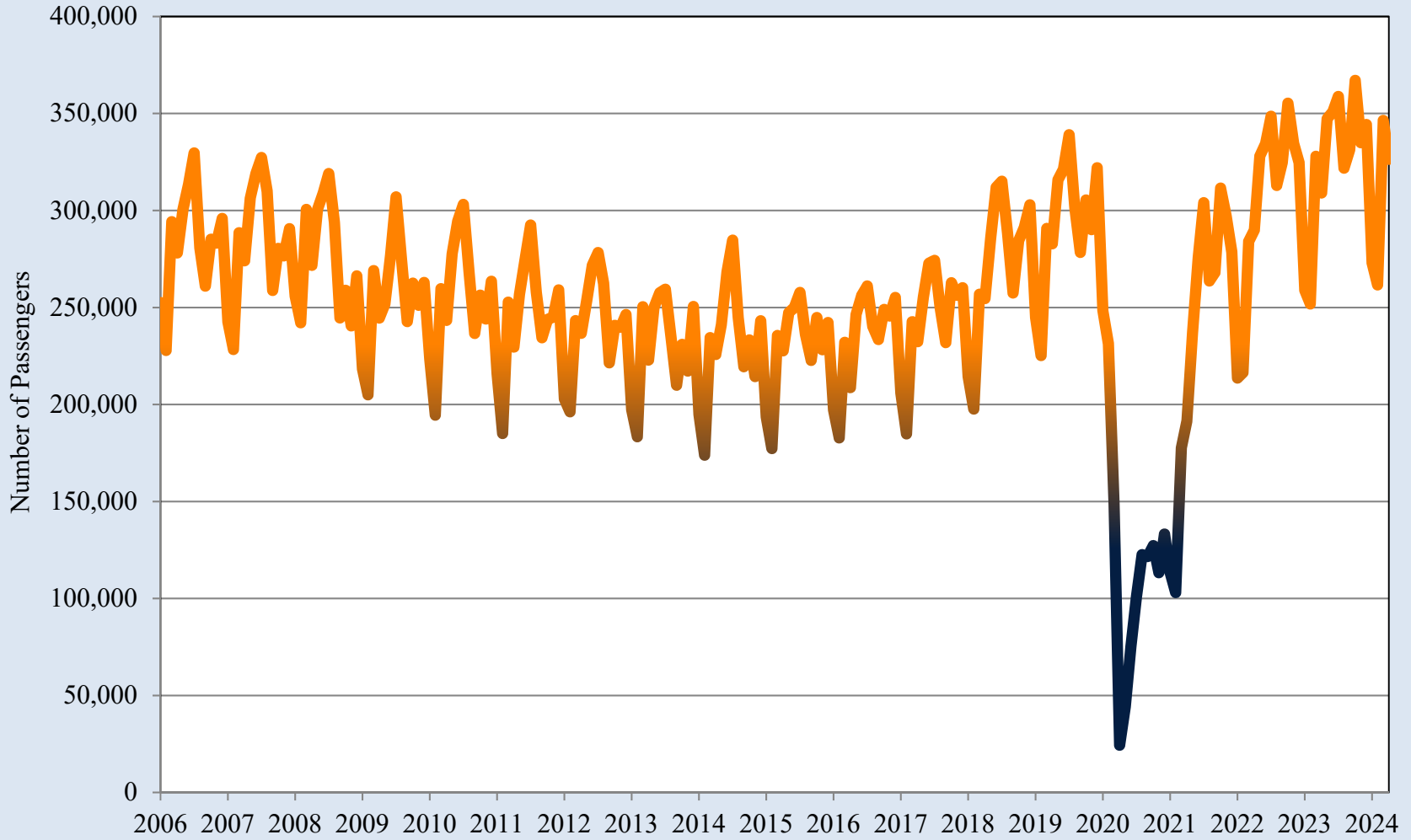
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Source: UTEP Border Region Modeling Project using EPIA Operations Data

EPIA Passengers

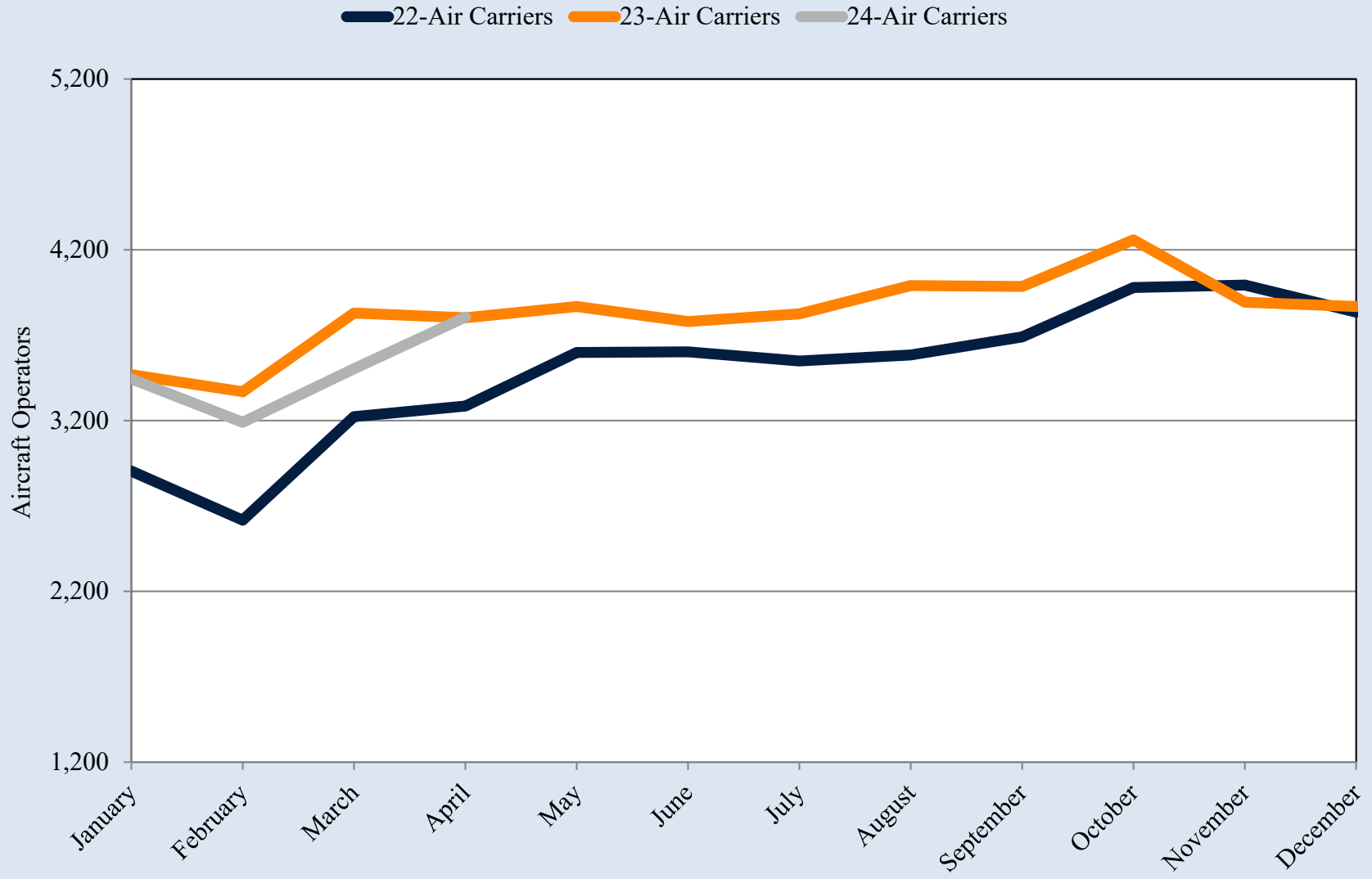
Inbound+Outbound



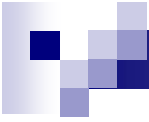
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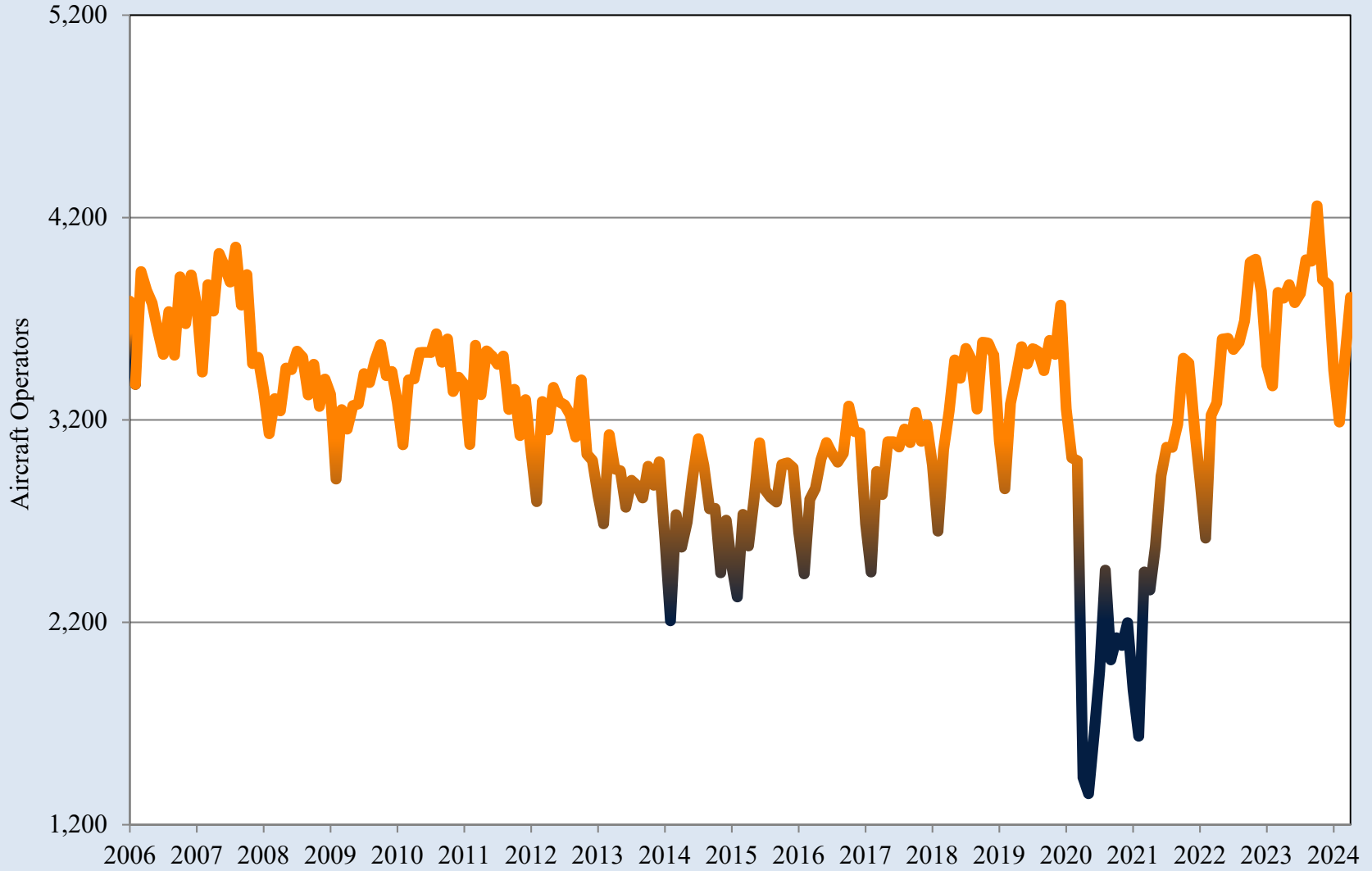
EPIA Air Carrier Operations



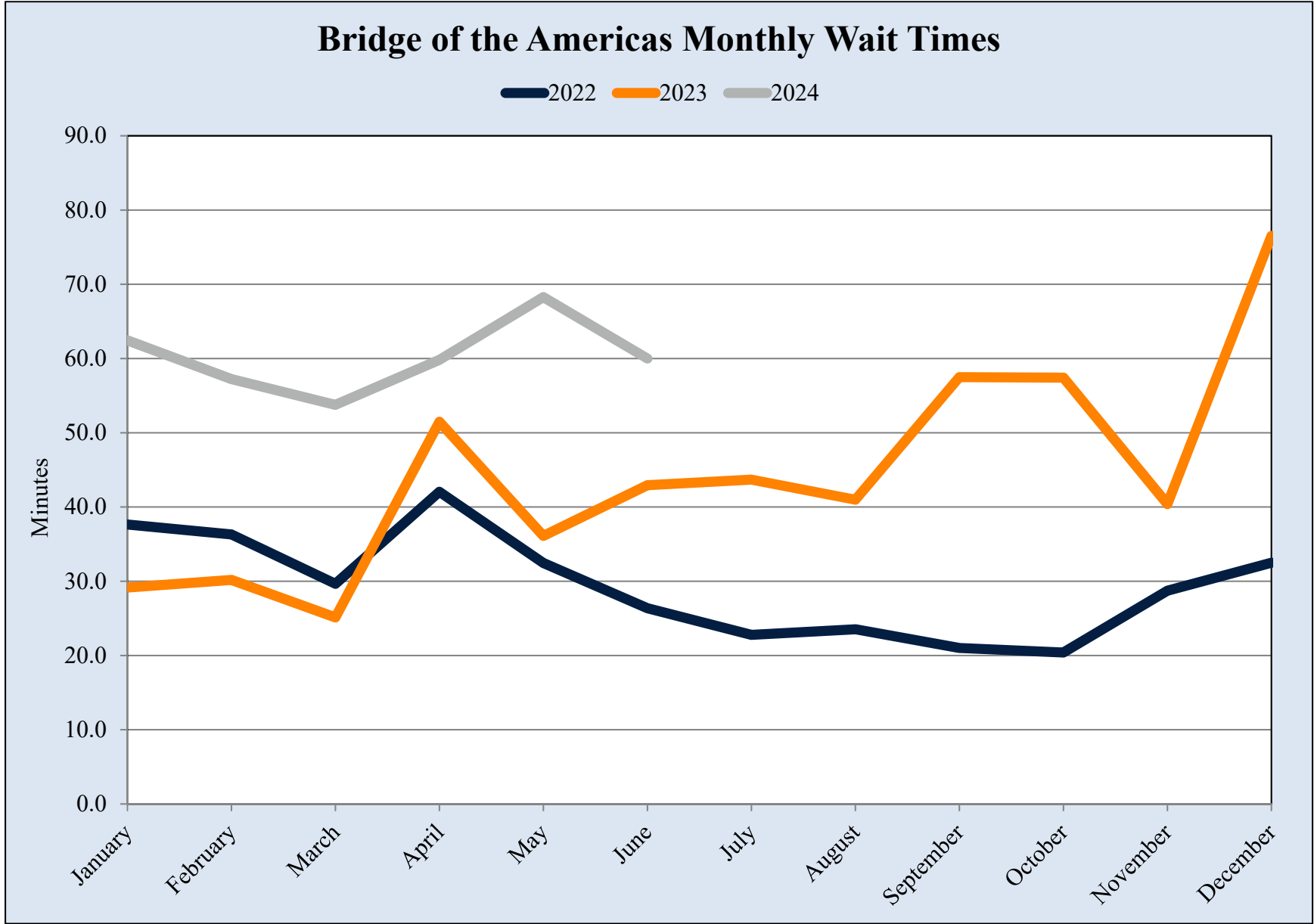
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EPIA Air Carrier Operations



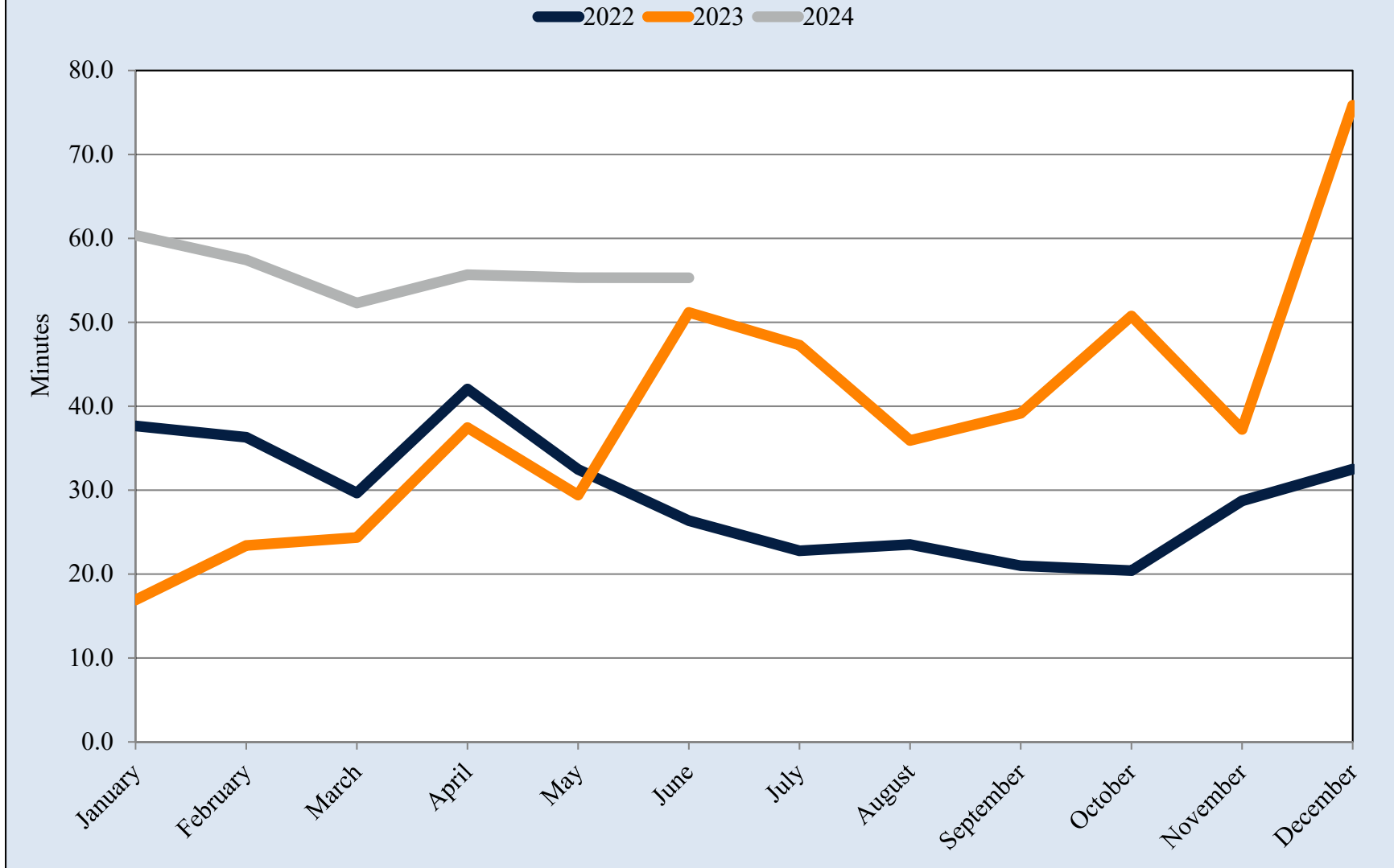
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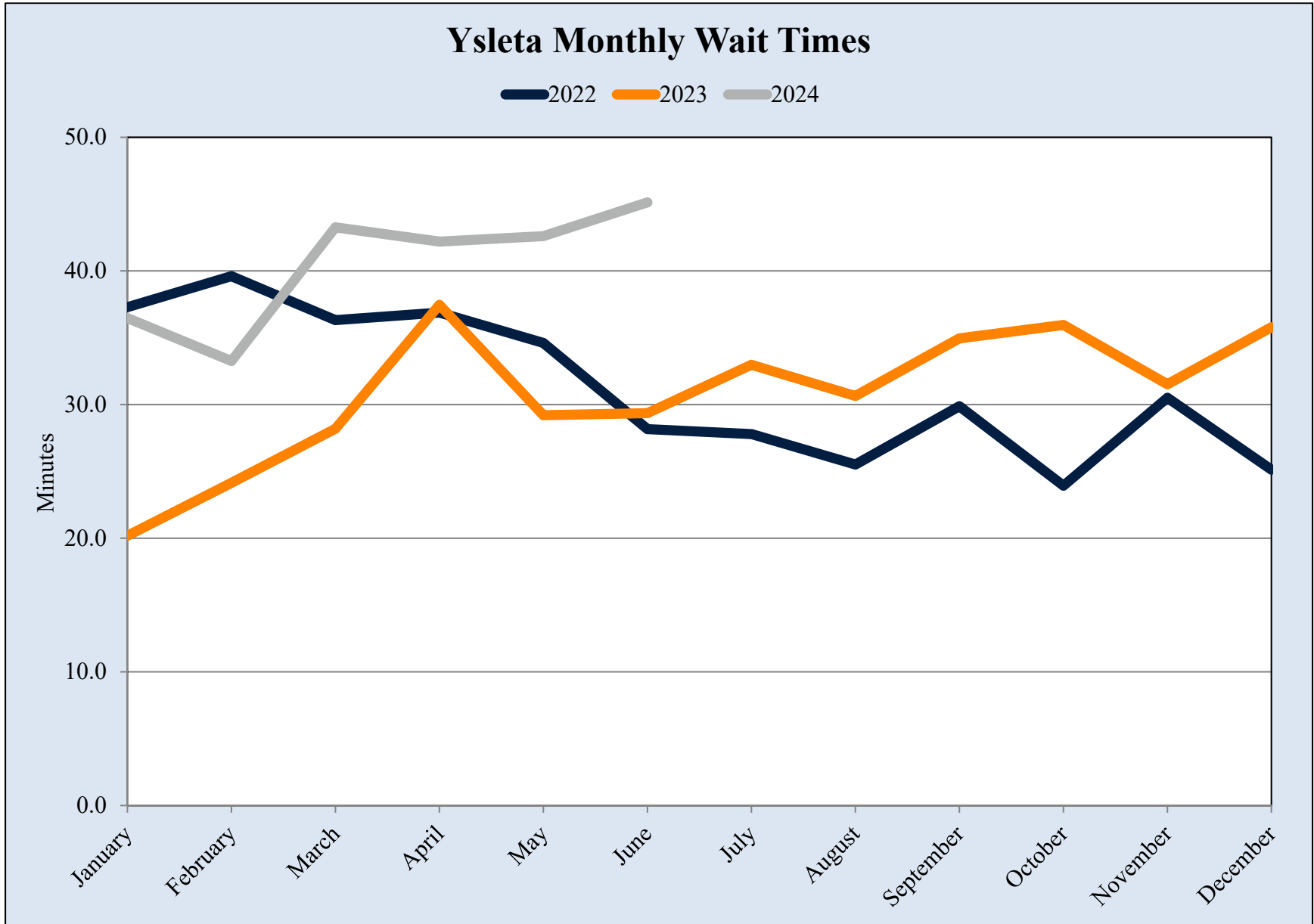
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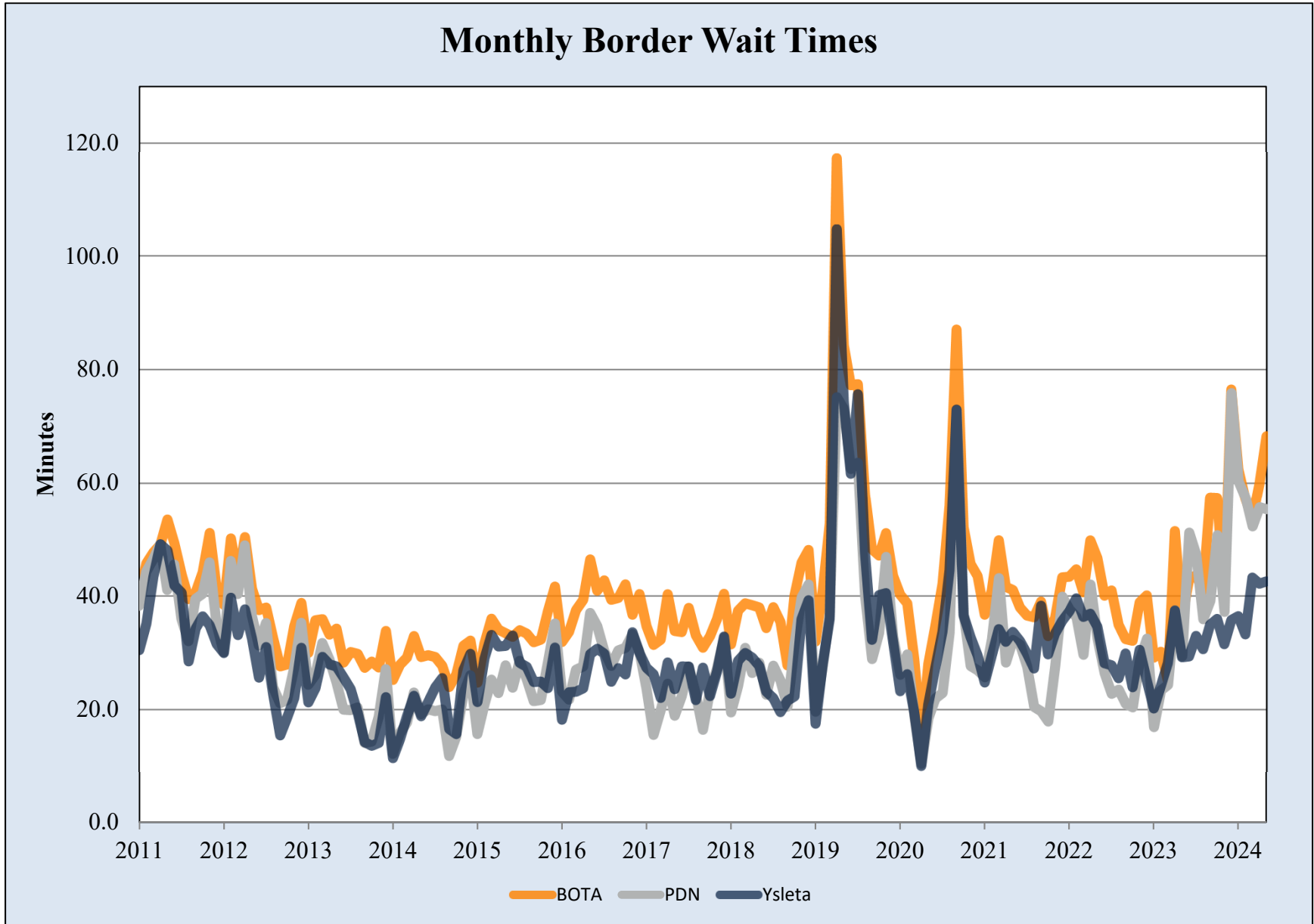
Paso del Norte Monthly Wait Times



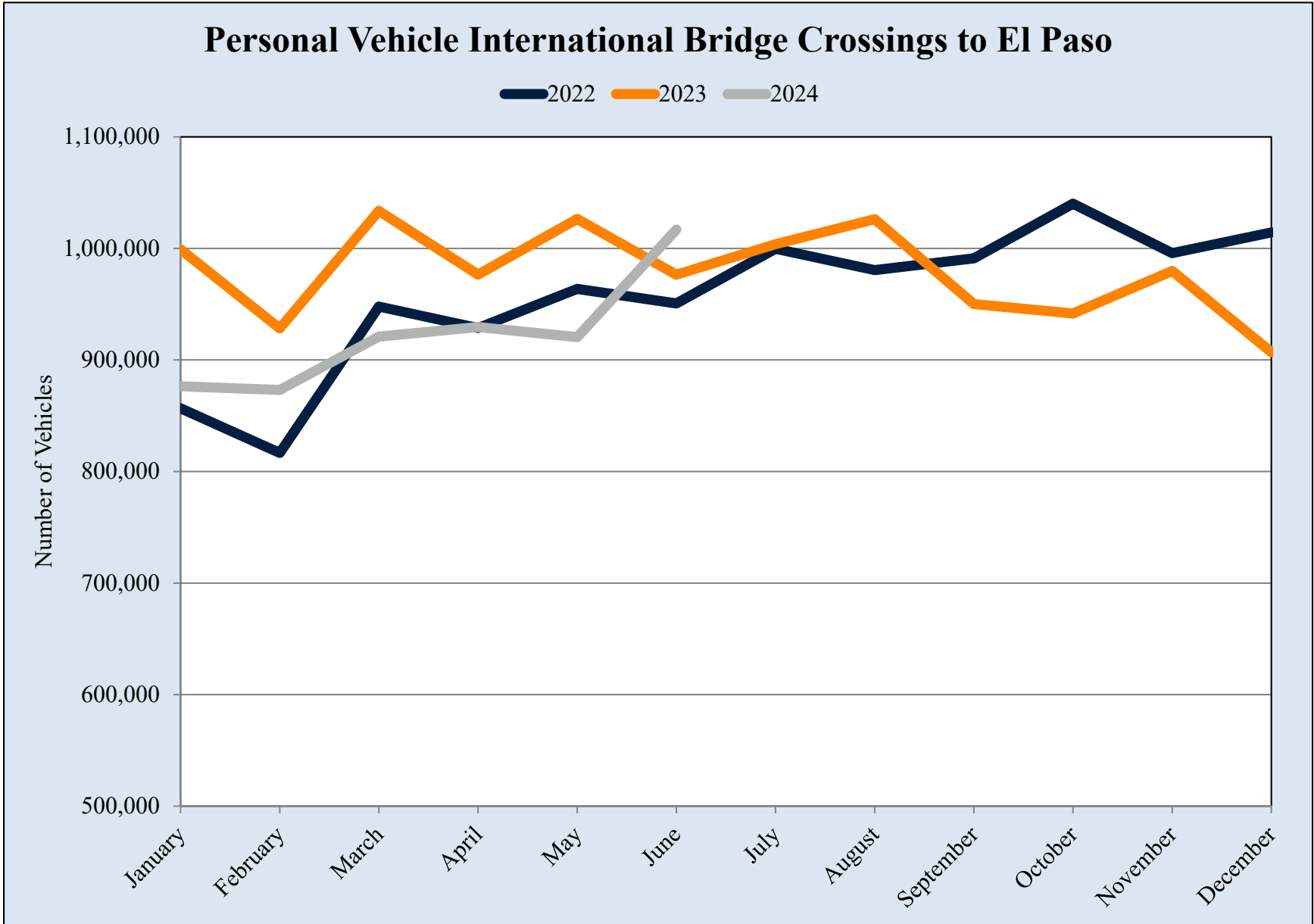
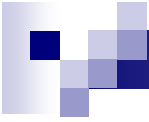
Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



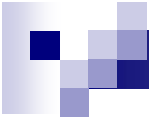
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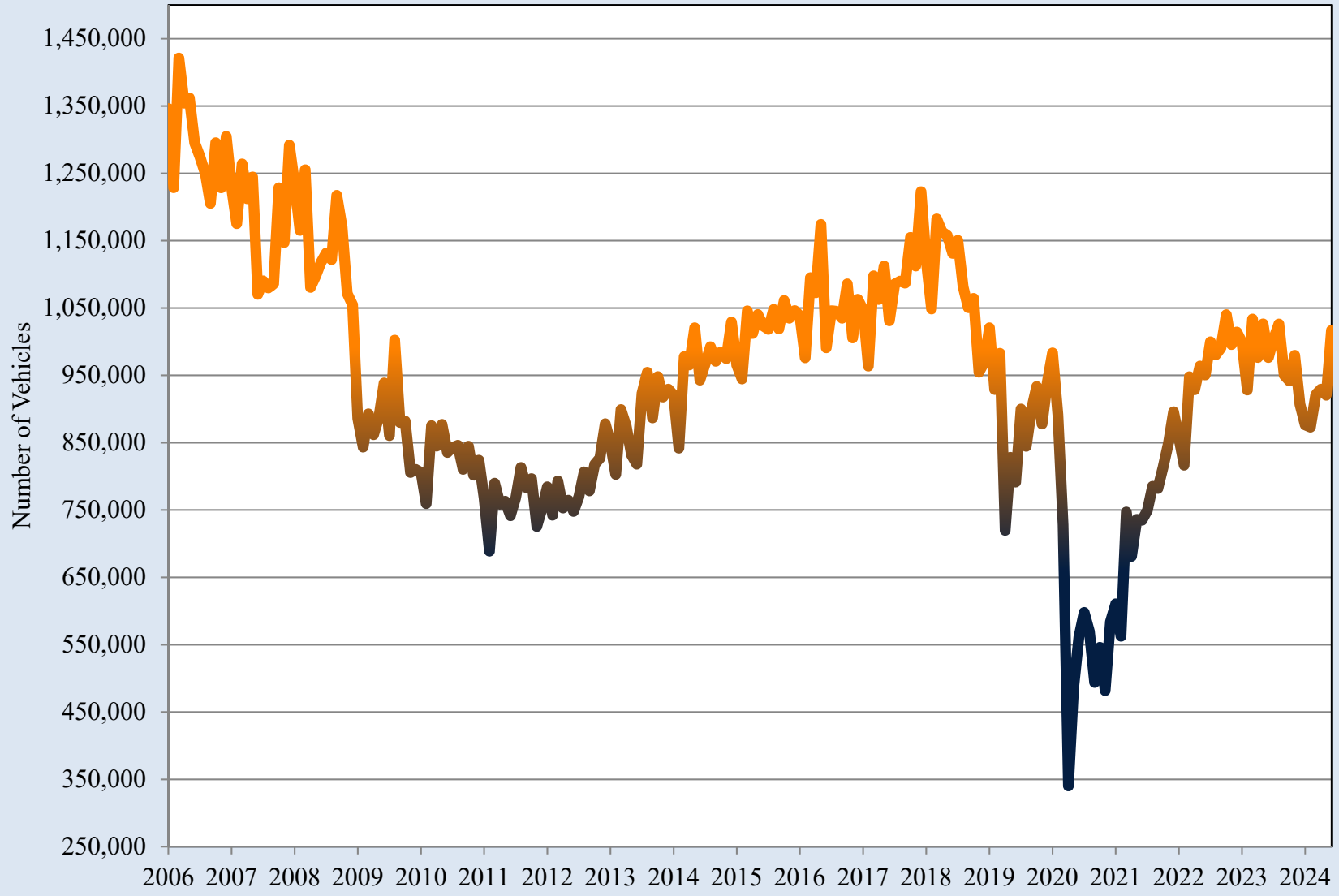
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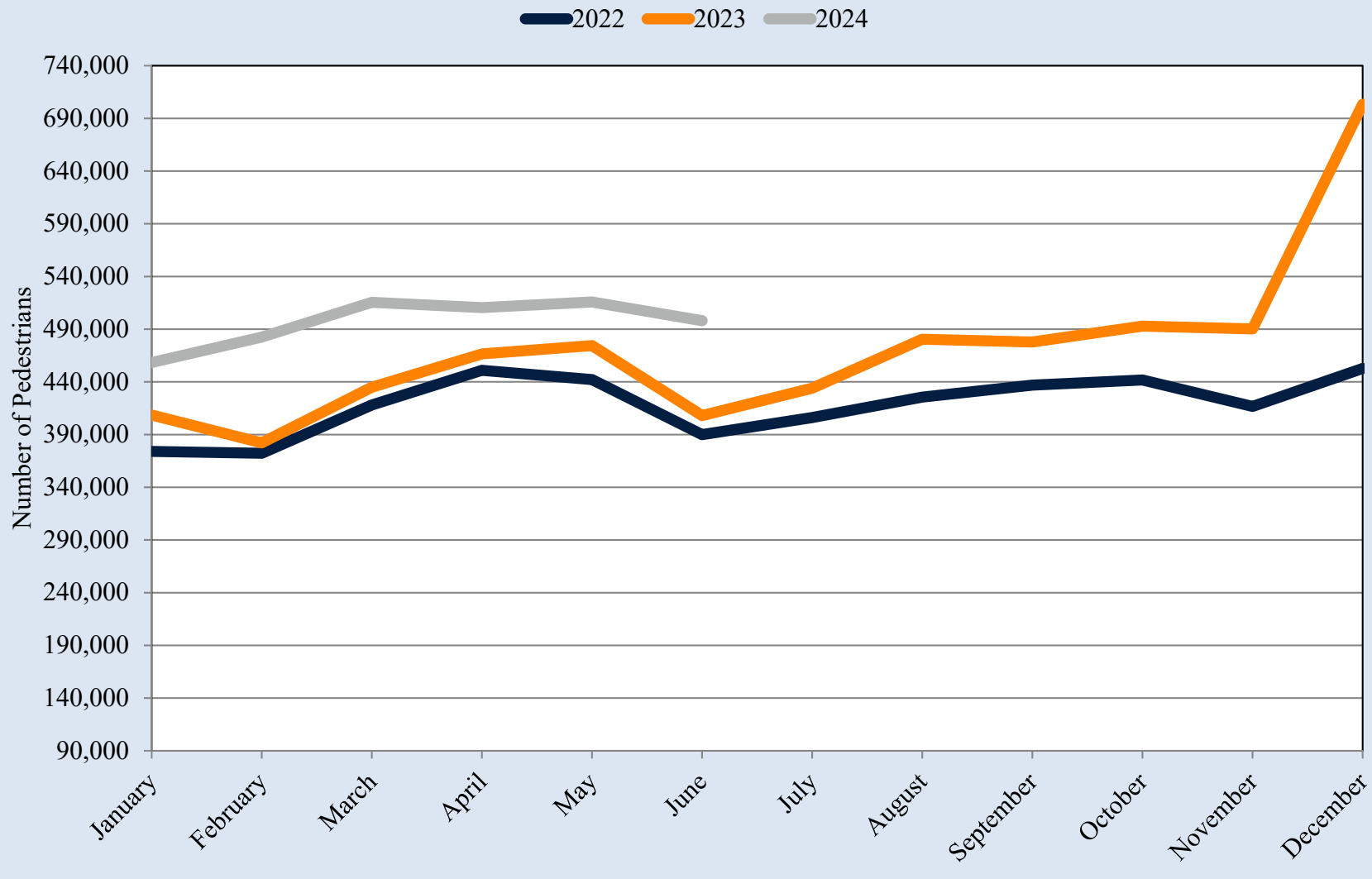
Personal Vehicle International Bridge Crossings to El Paso



Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



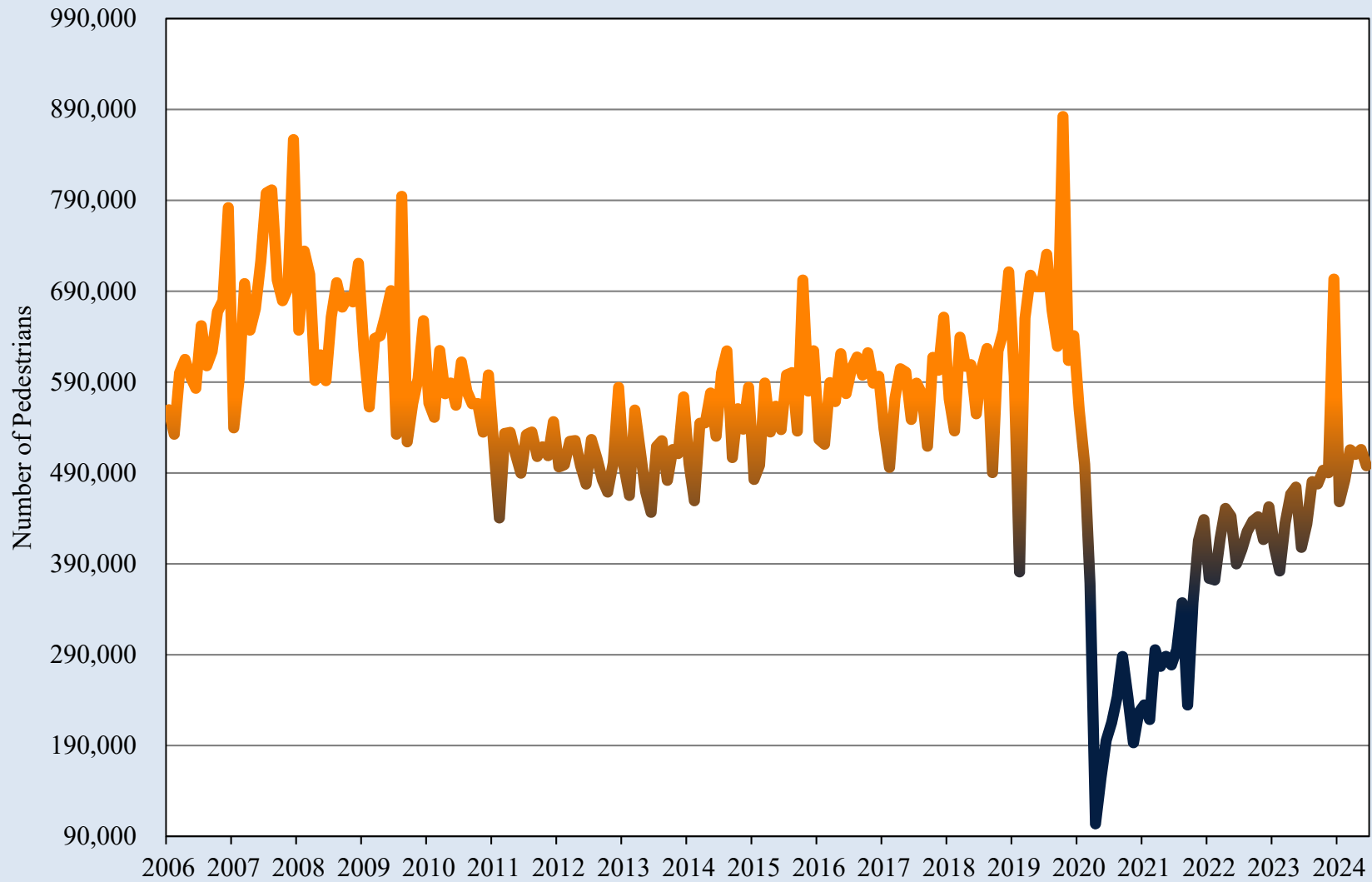
Pedestrian International Bridge Crossings to El Paso



Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



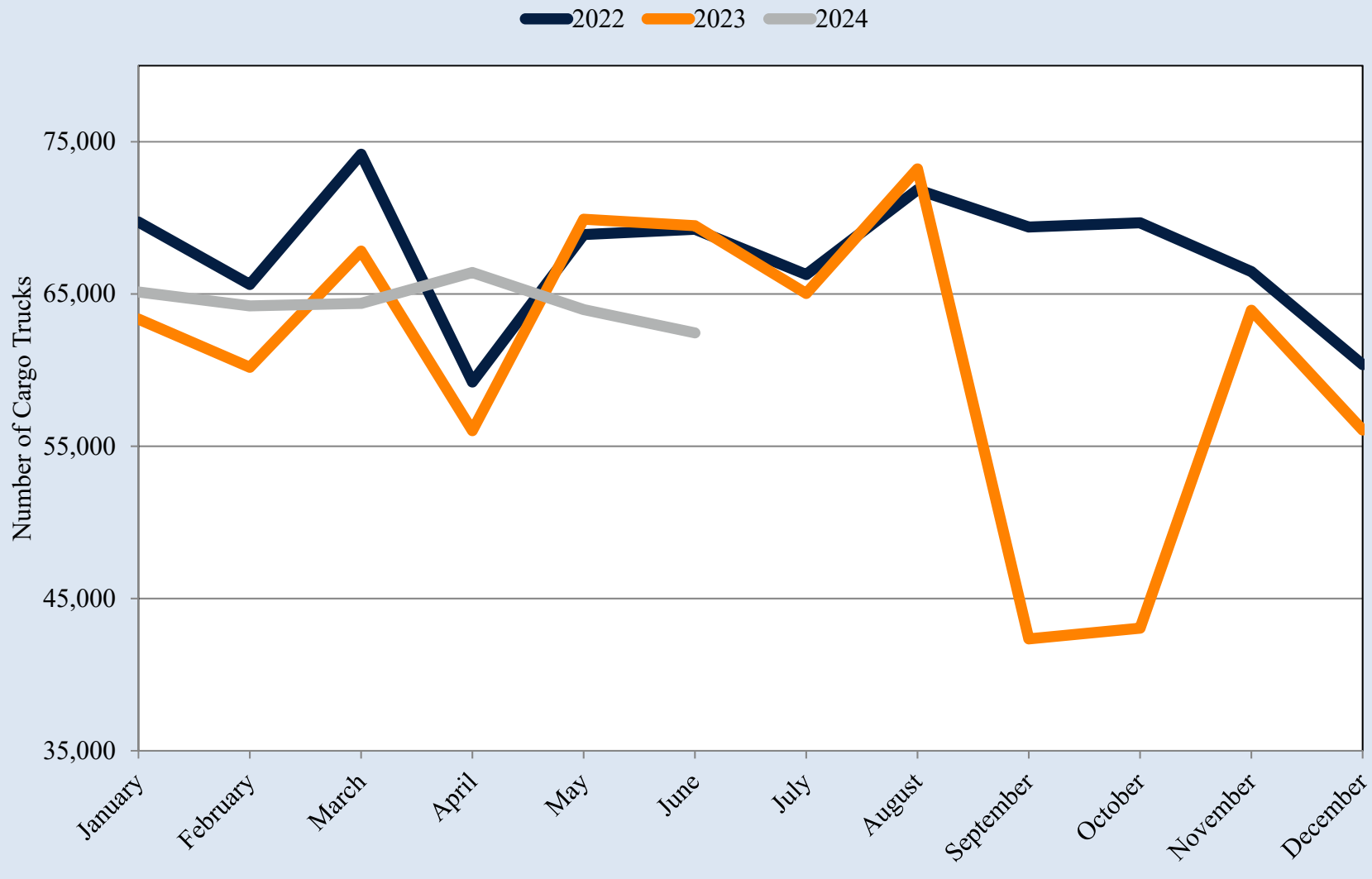
Pedestrian International Bridge Crossings to El Paso



Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



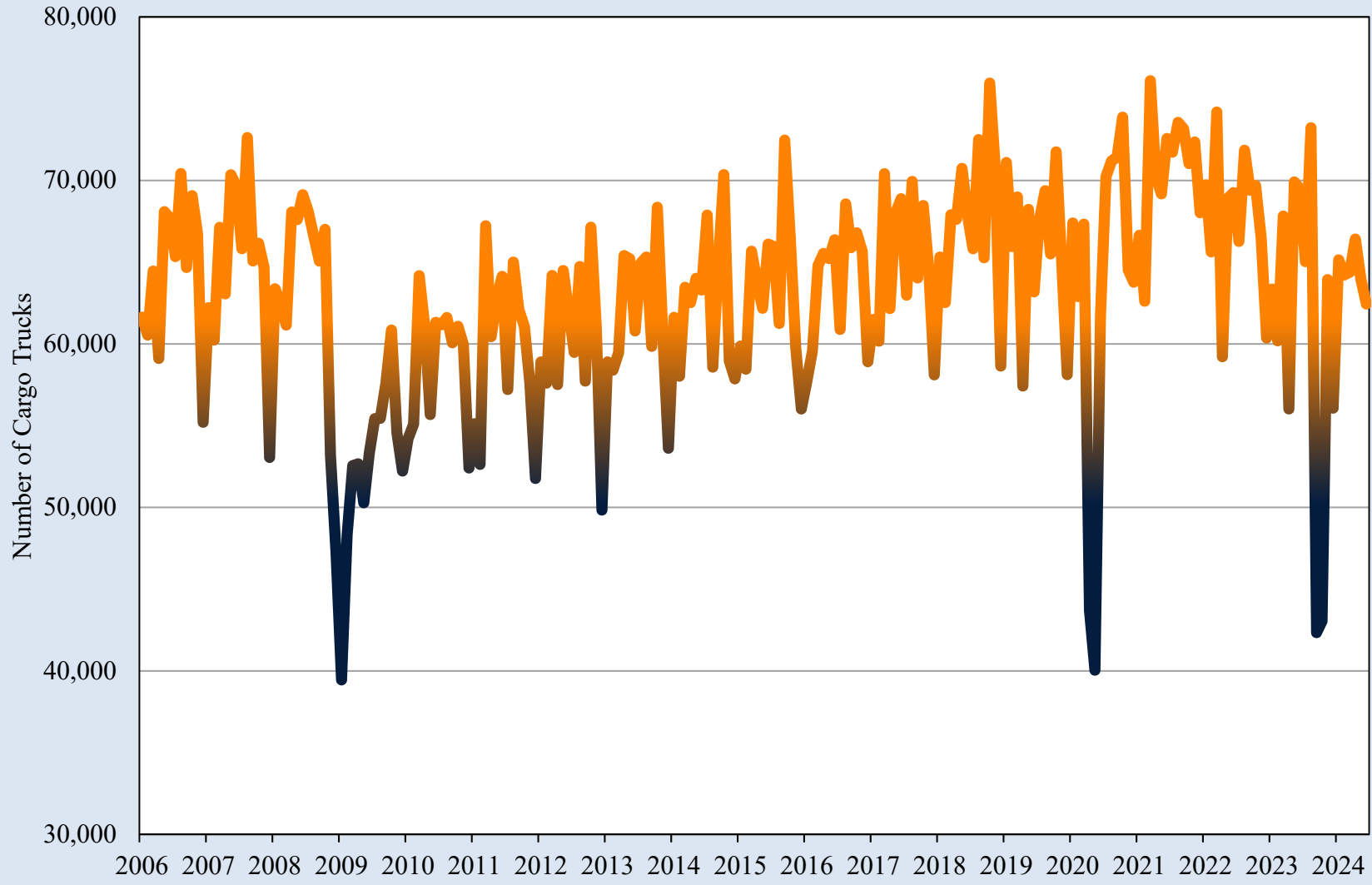
Cargo Truck International Bridge Crossings to El Paso



Source: UTEP Border Region Modeling Project using US Customs & Border Protection Data



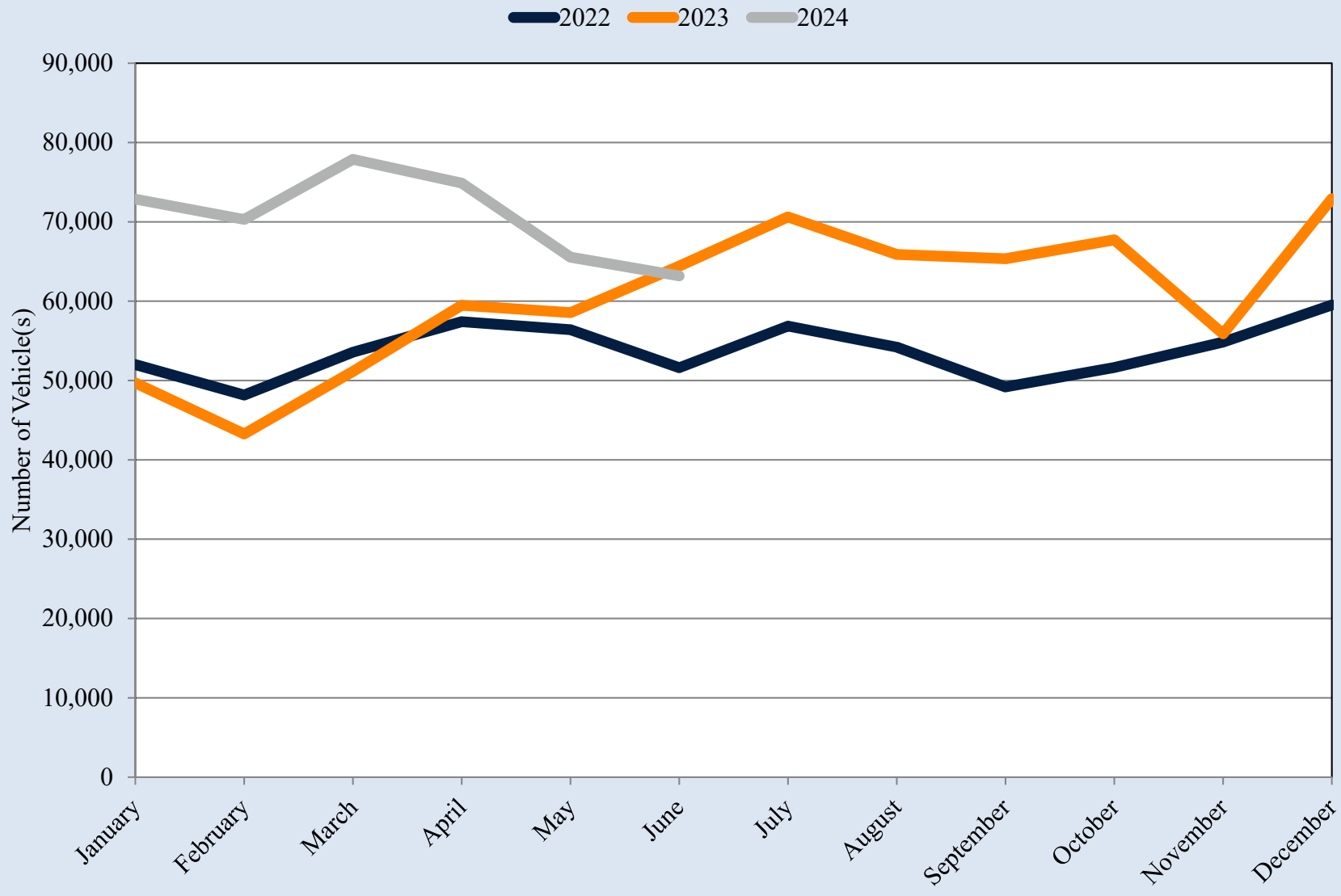
Cargo Truck International Bridge Crossings to El Paso



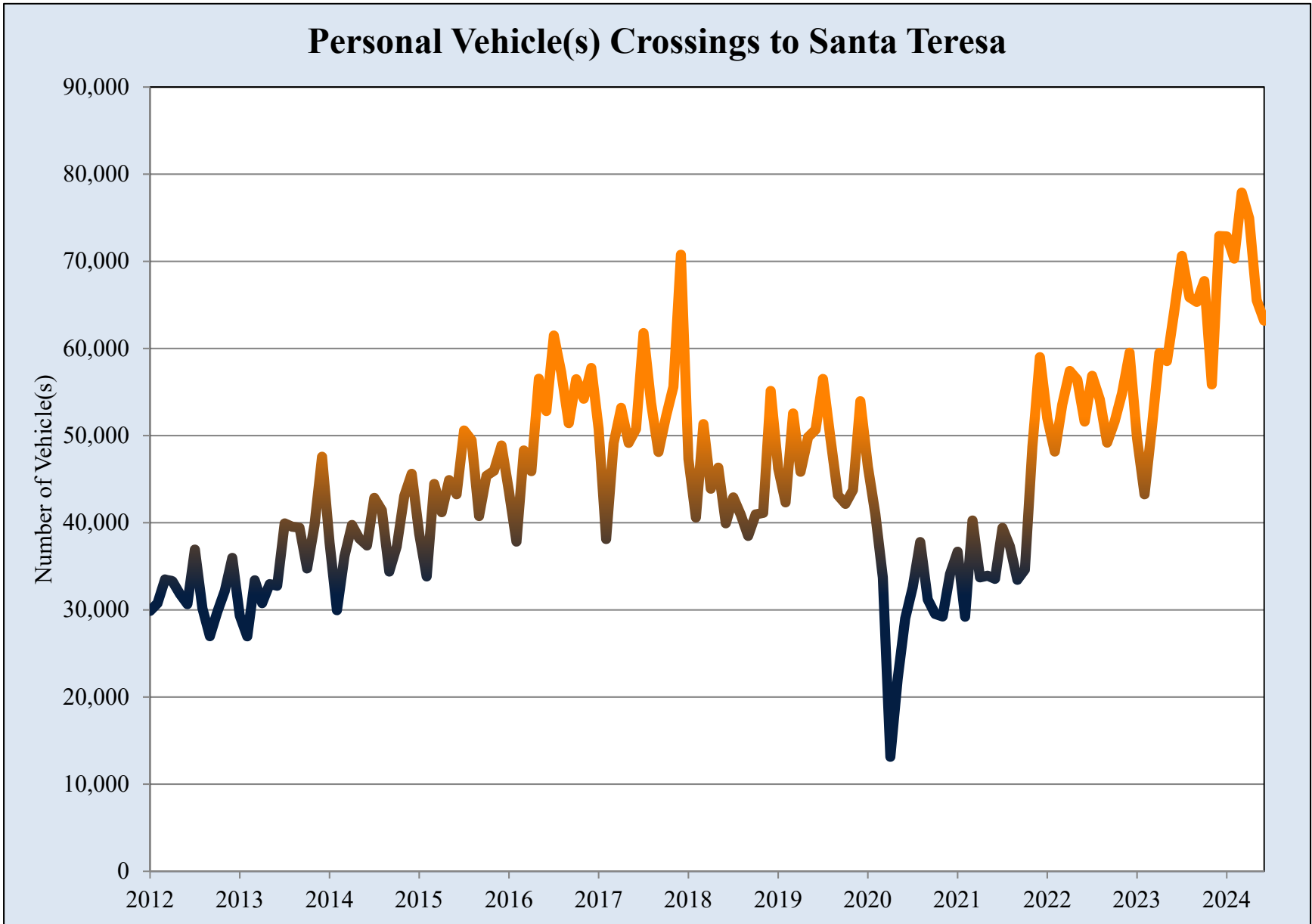
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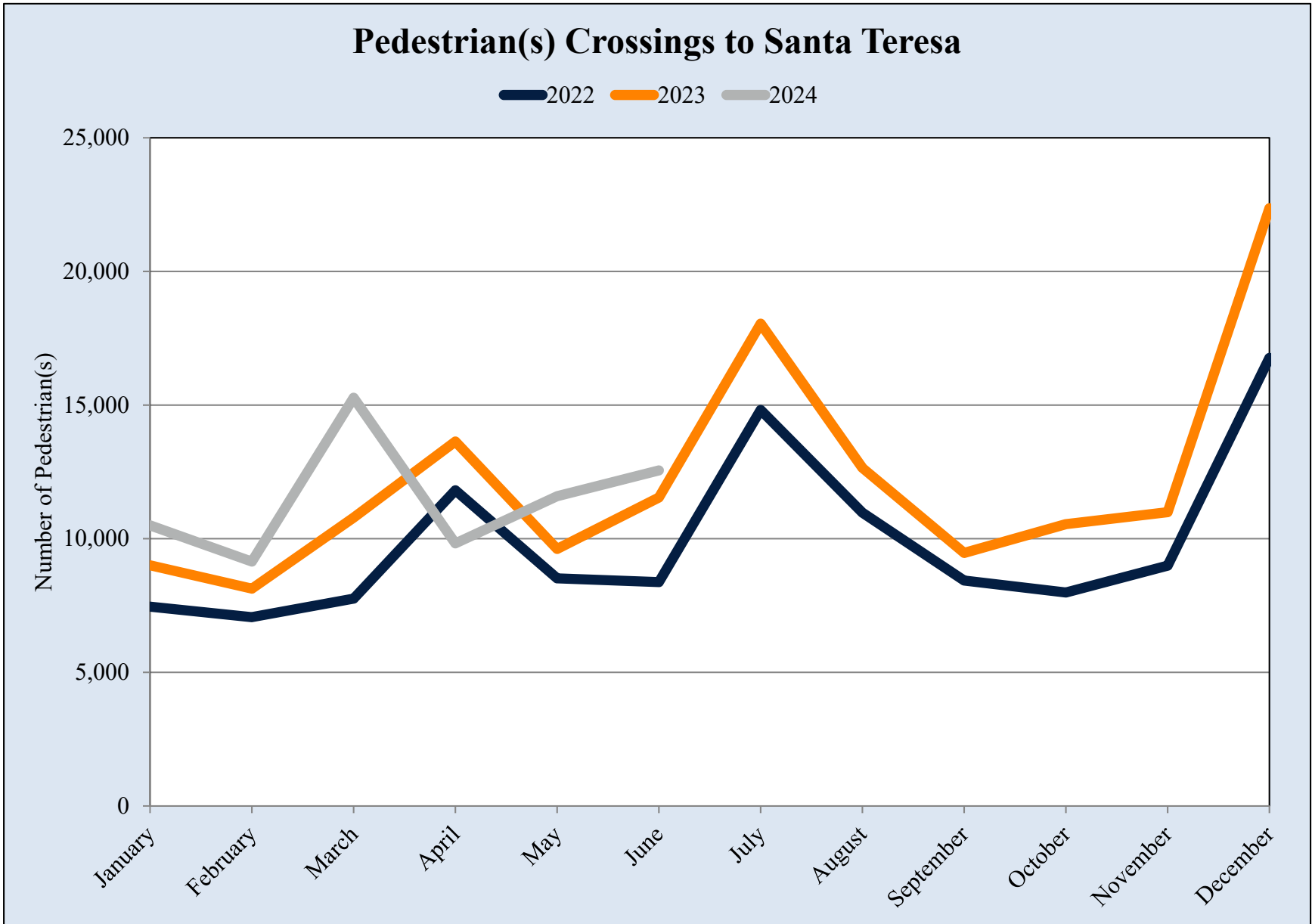
Personal Vehicle(s) Crossings to Santa Teresa



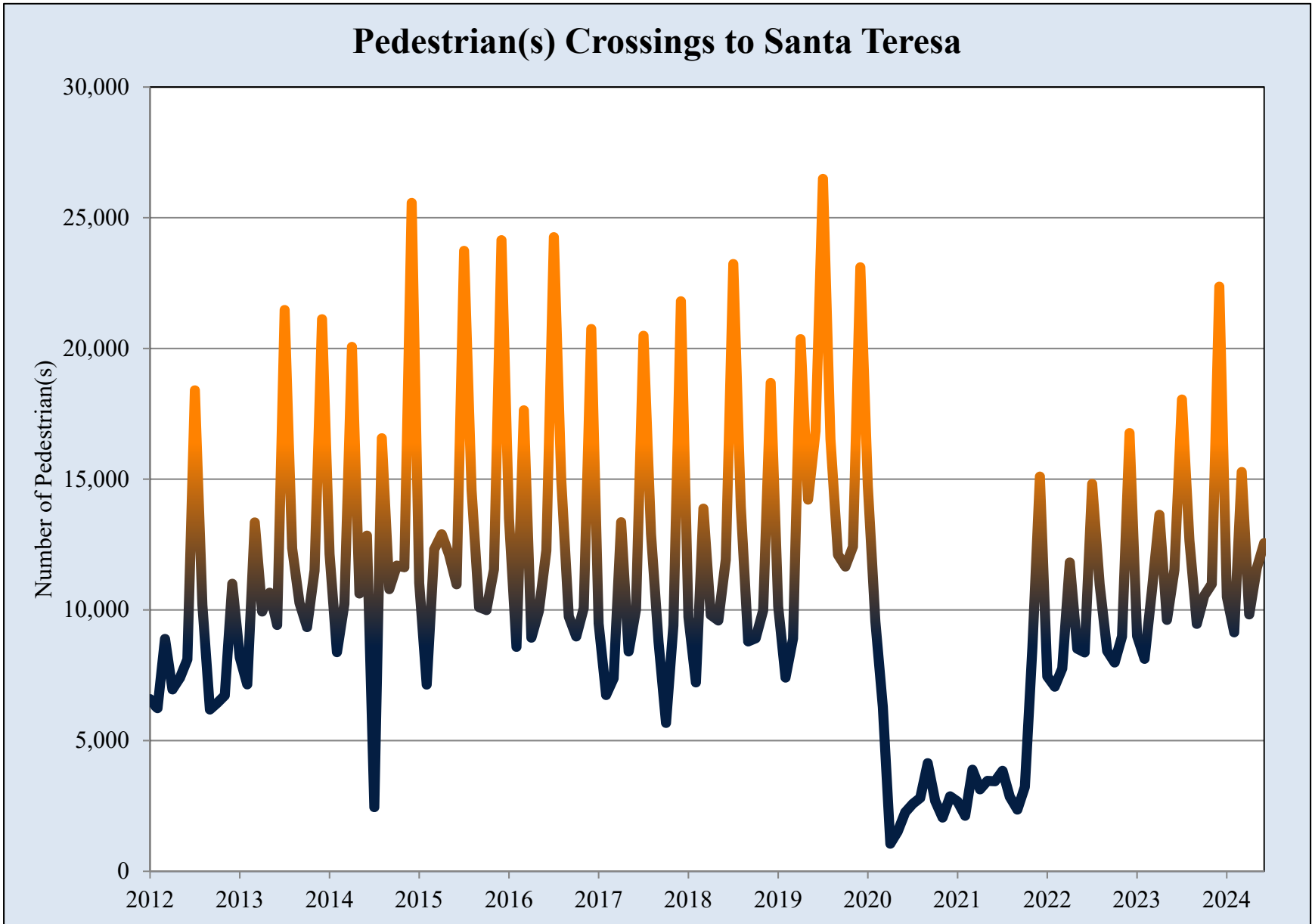
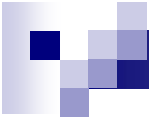
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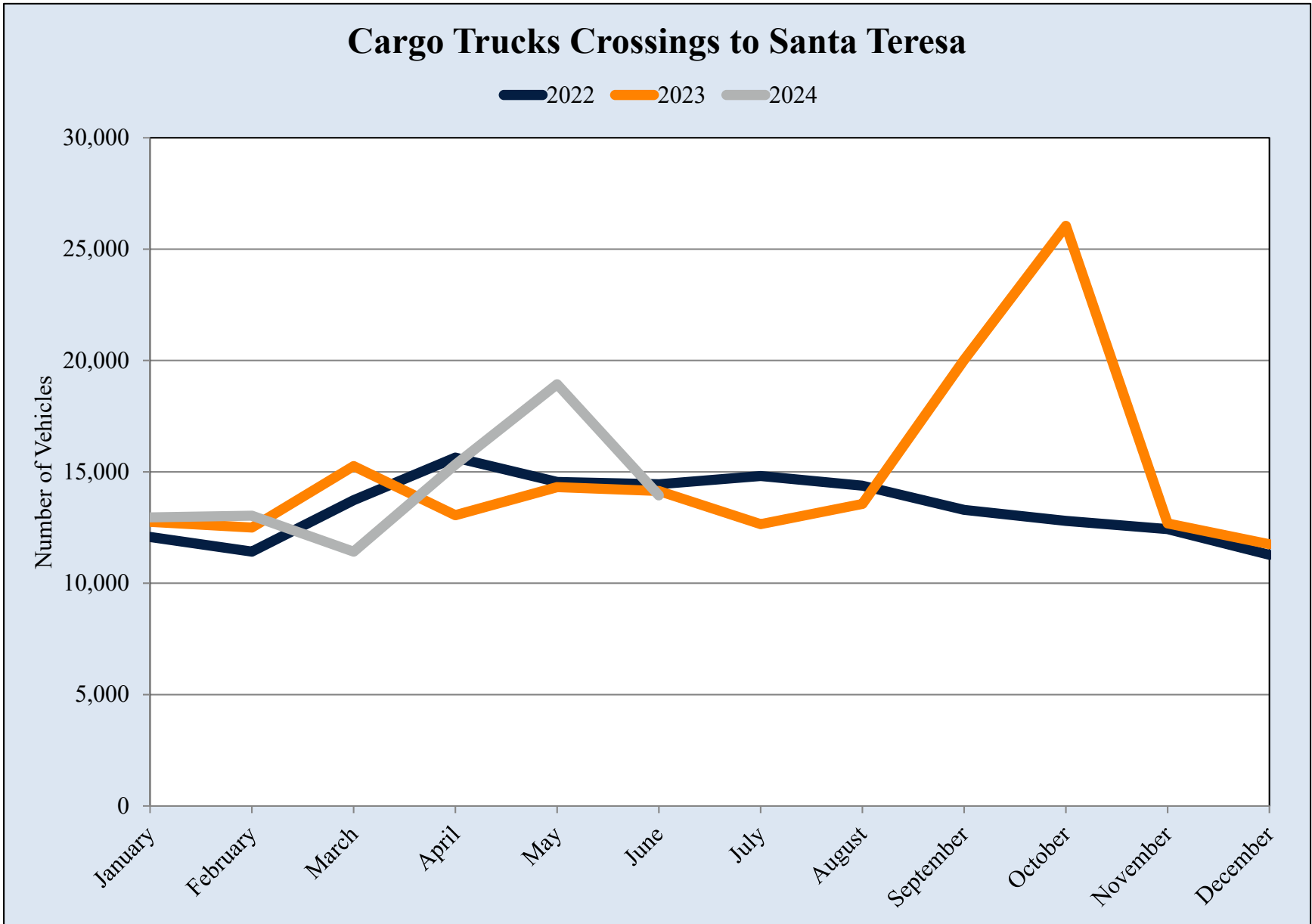
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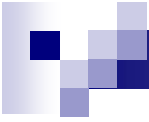
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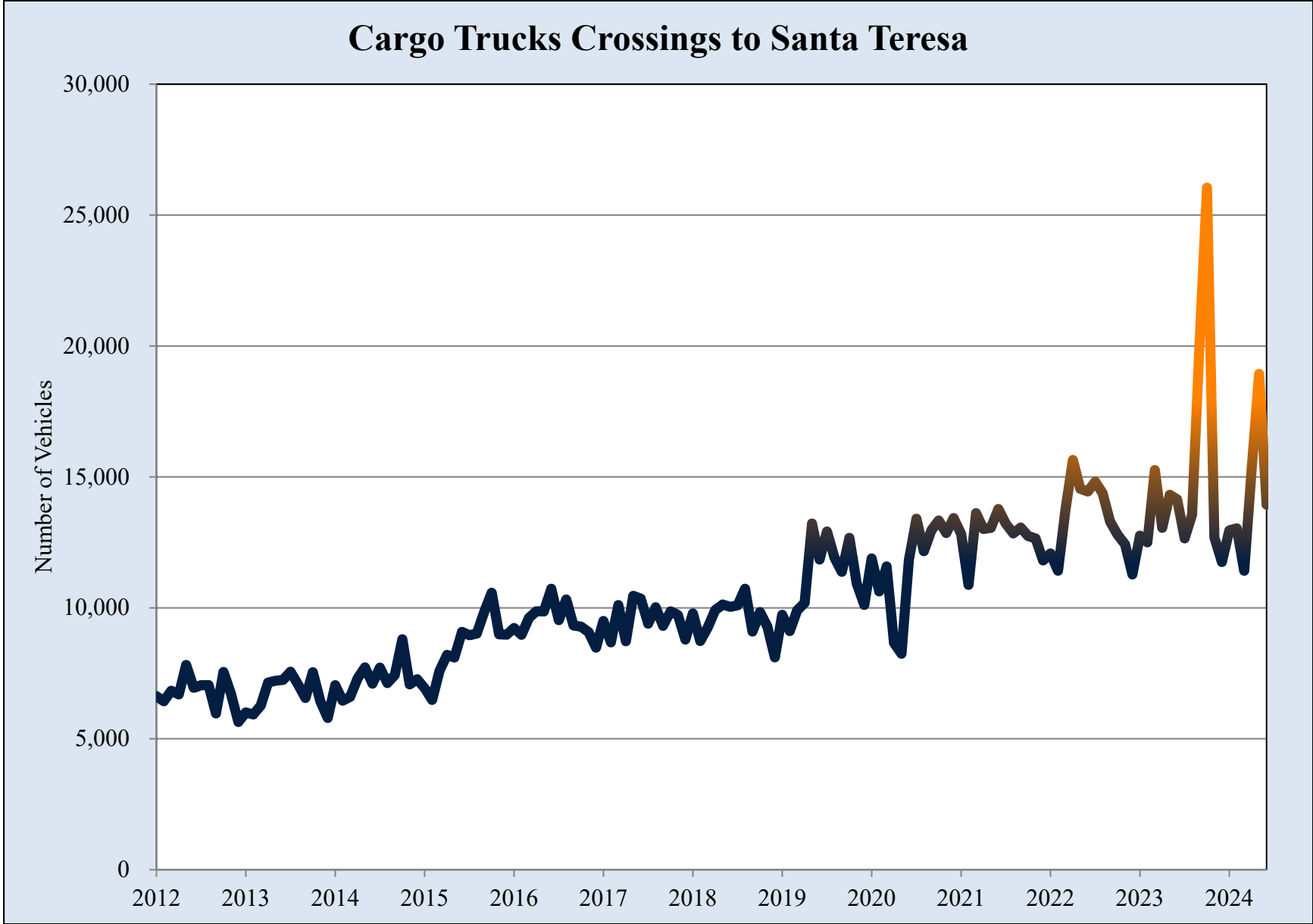
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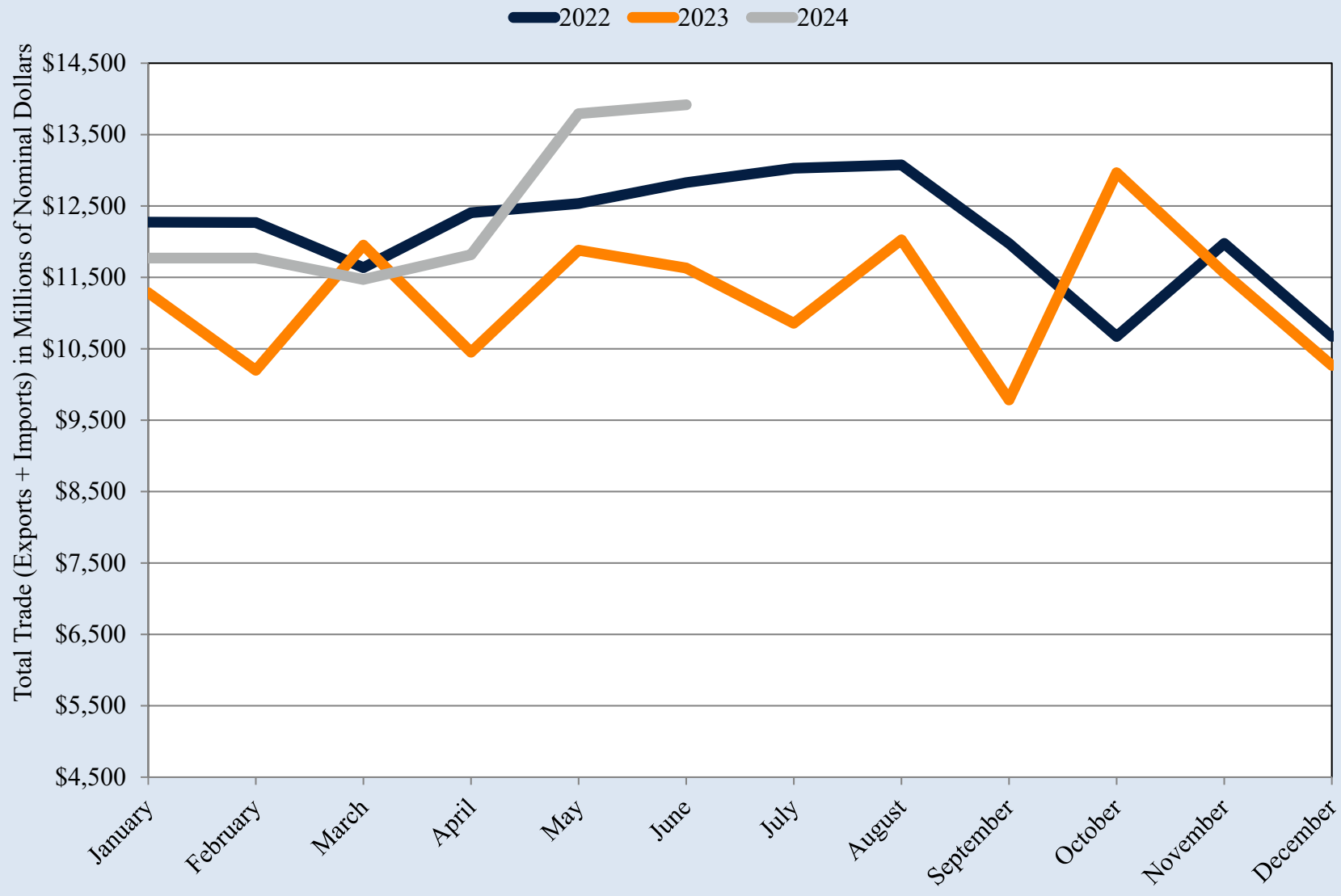
Cargo Trucks Crossings to Santa Teresa



Source: UTEP BRMP using US Customs & Border Protection Data



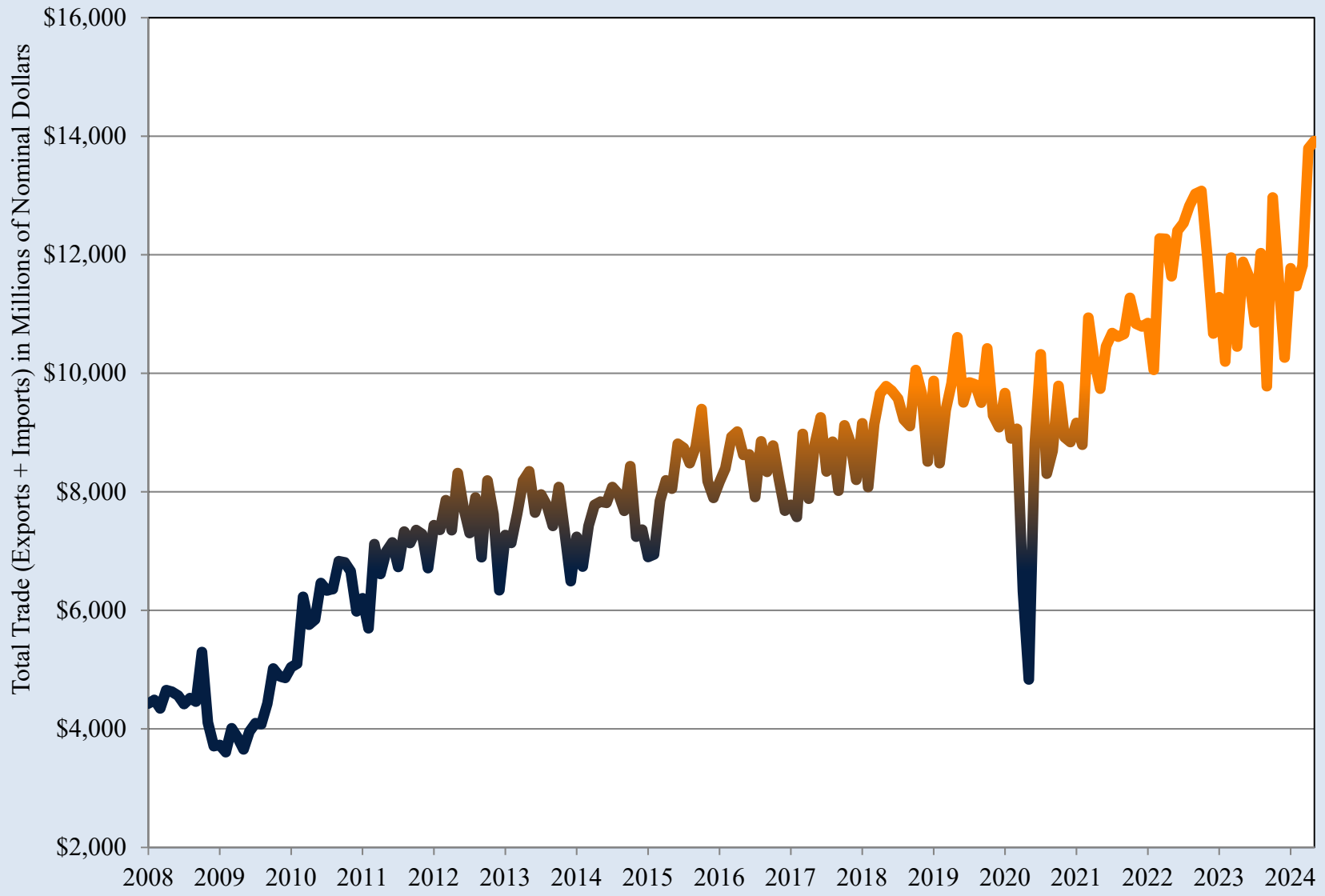
Total Trade through the El Paso Customs District



Source: UTEP Border Region Modeling Project using US International Trade Commission Data



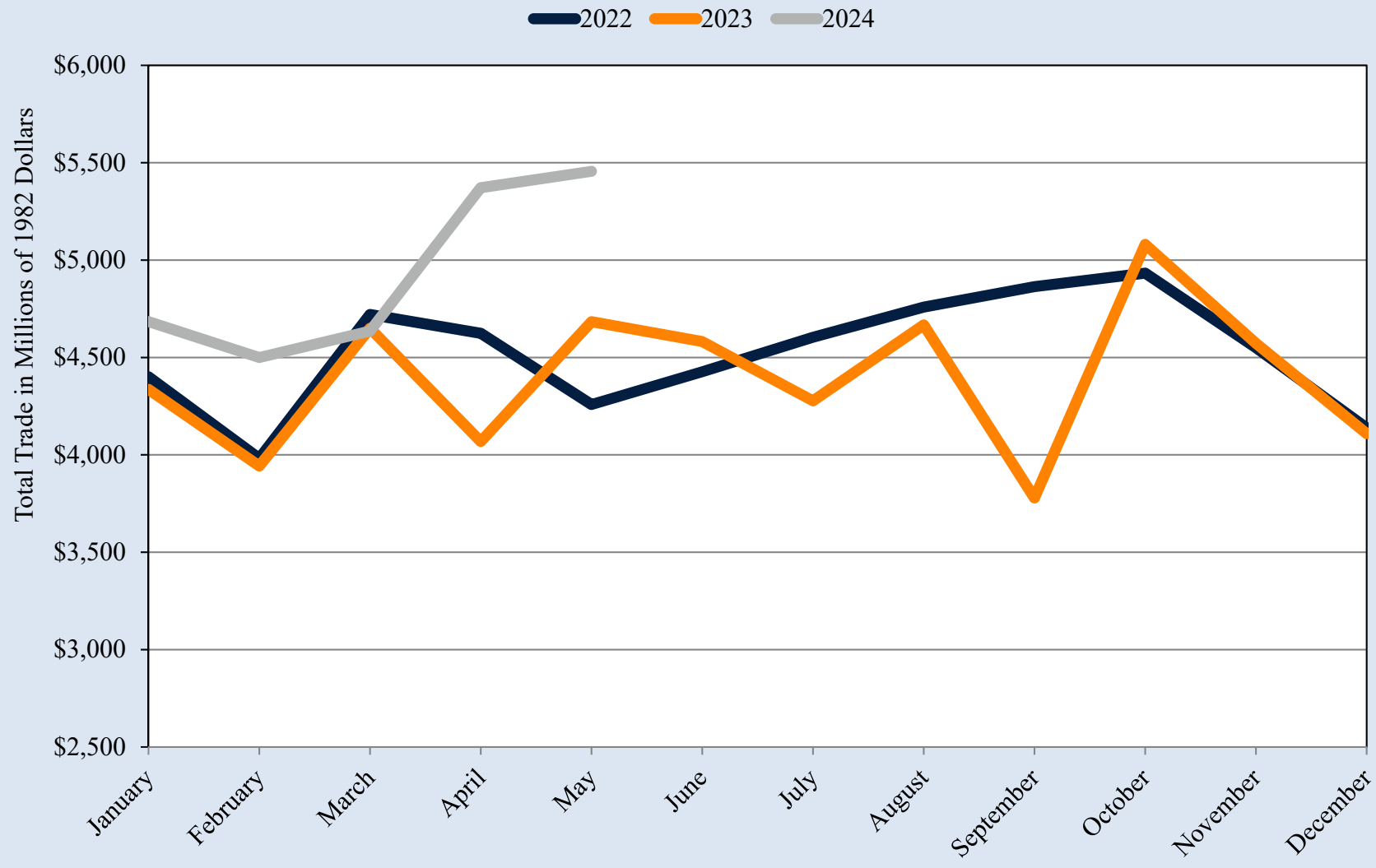
Total Trade through the El Paso Customs District



Source: UTEP BRMP using US International Trade Commission Data



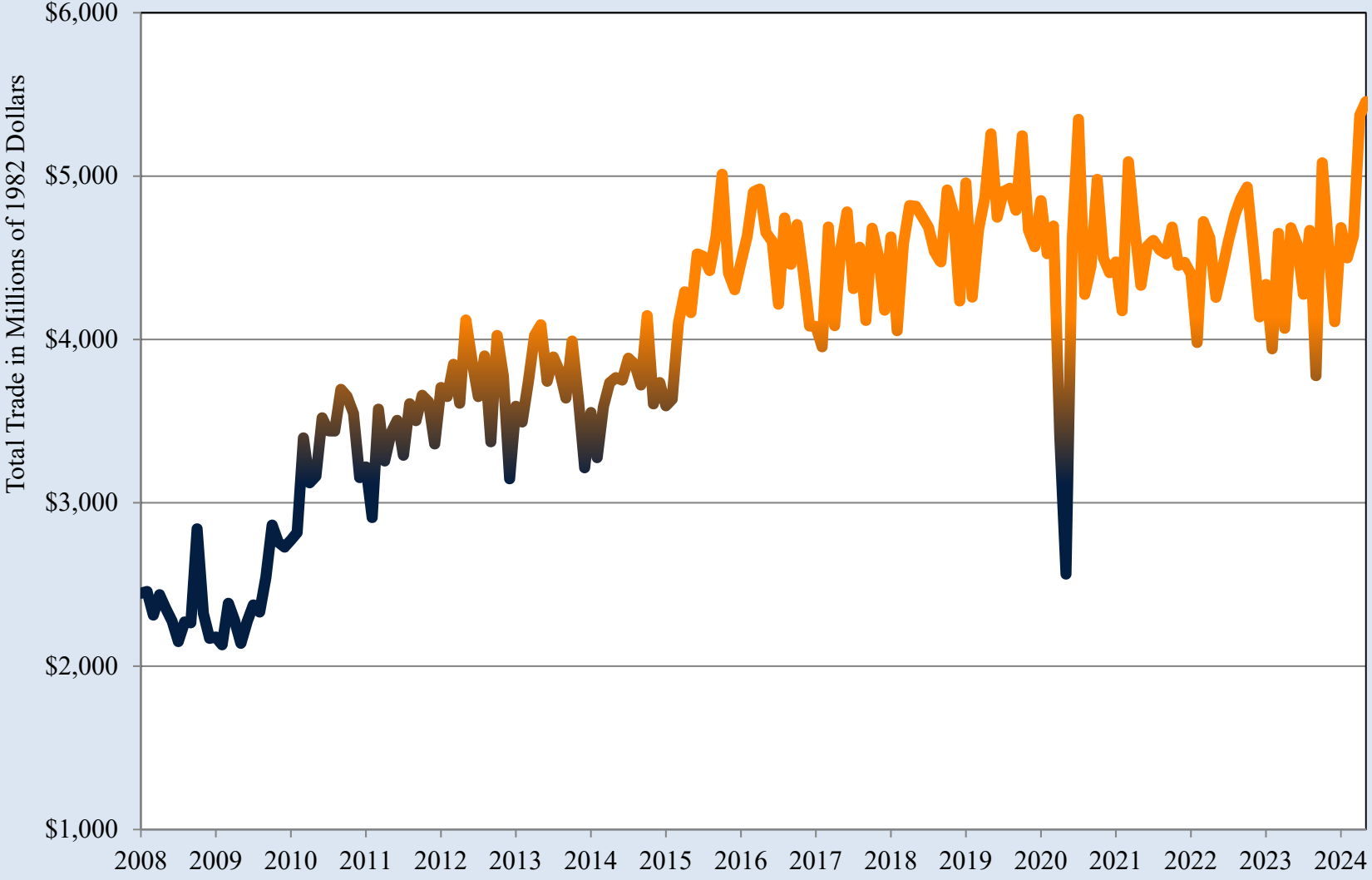
Real Total Trade through the El Paso Customs District



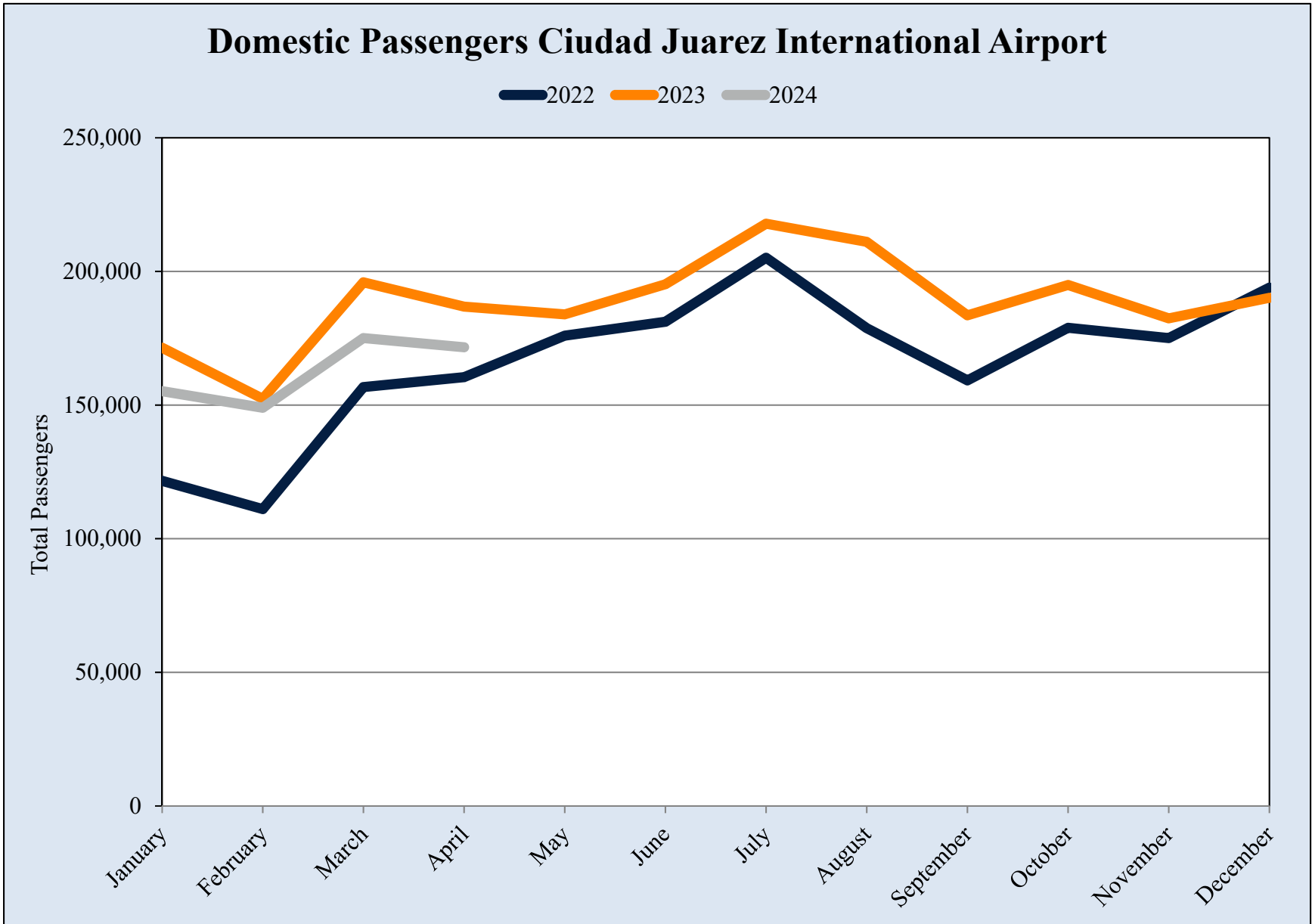
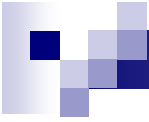
Source: UTEP BRMP using US International Trade Commission Data



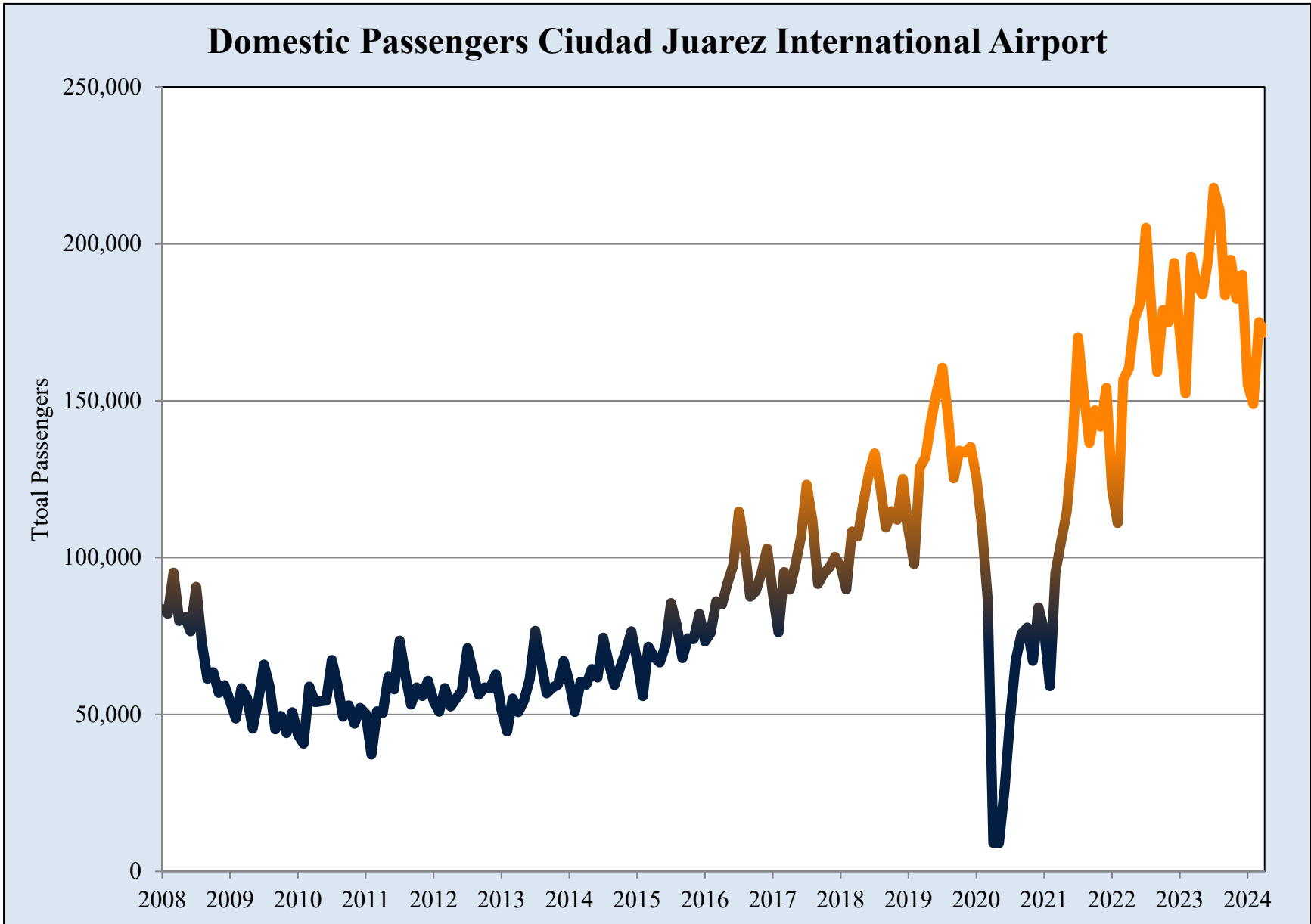
Real Total Trade through the El Paso Customs District



Source: UTEP BRMP using US International Trade Commission Data



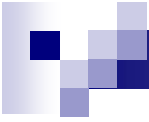
Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data



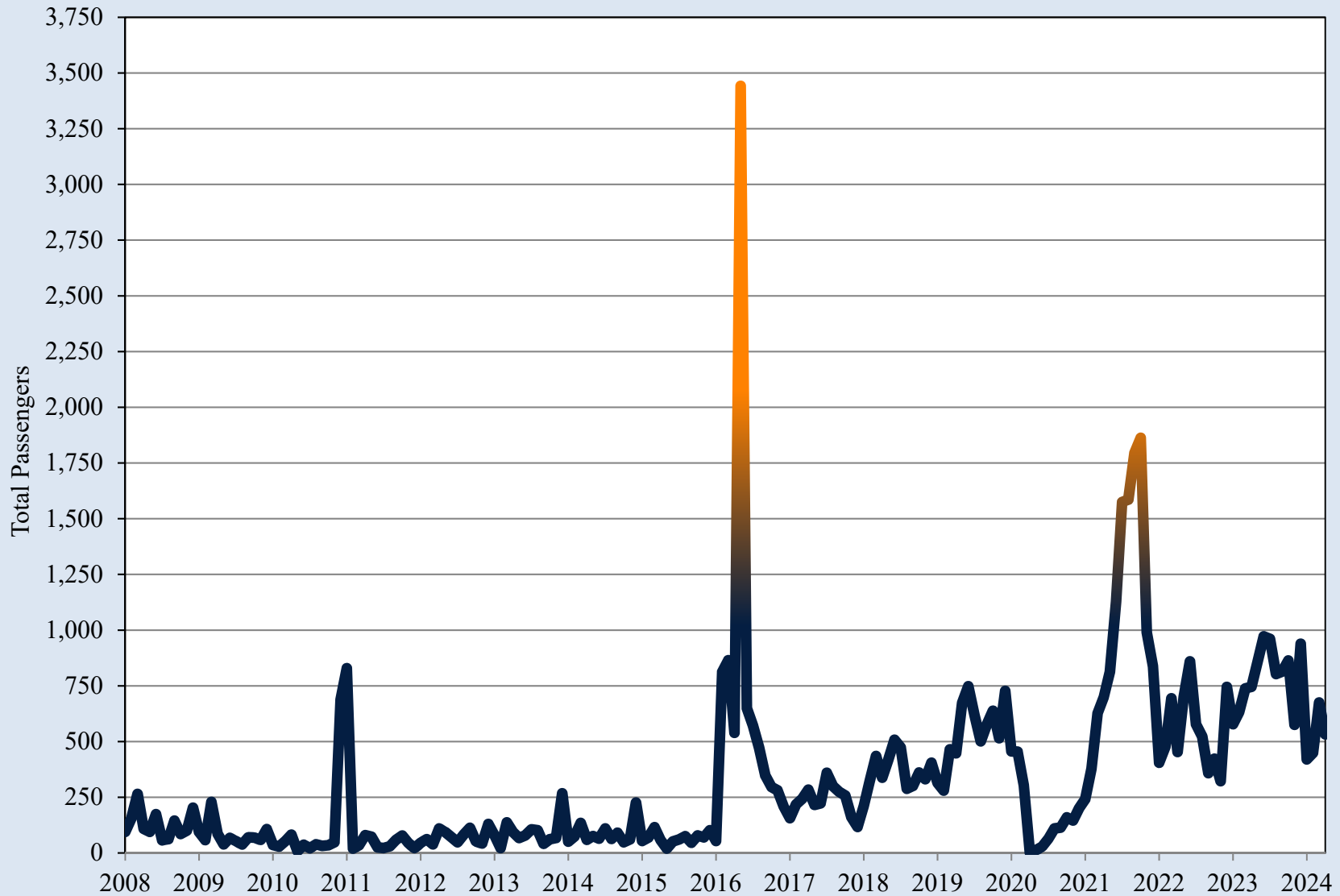
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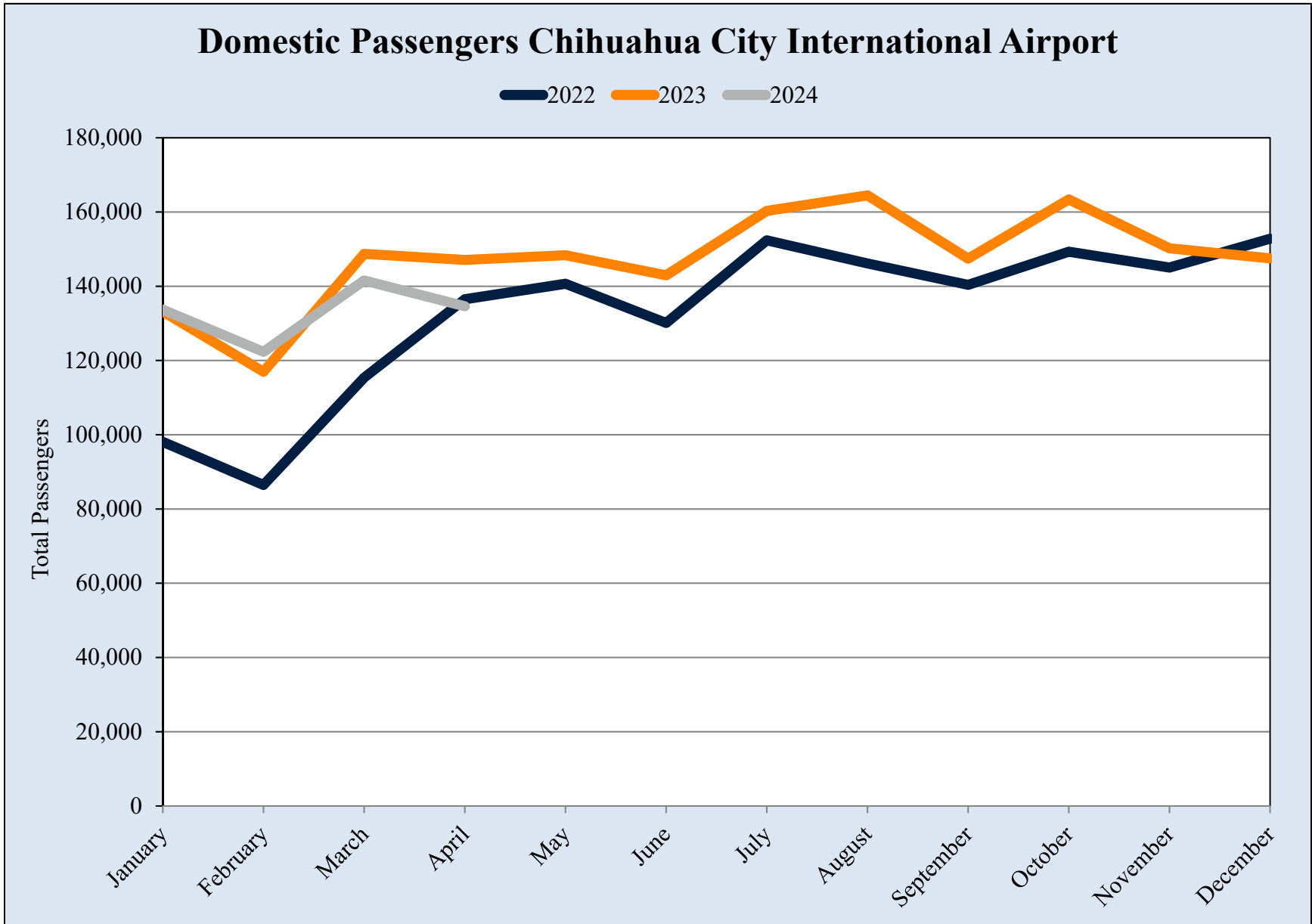
Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data



International Passengers Ciudad Juarez International Airport



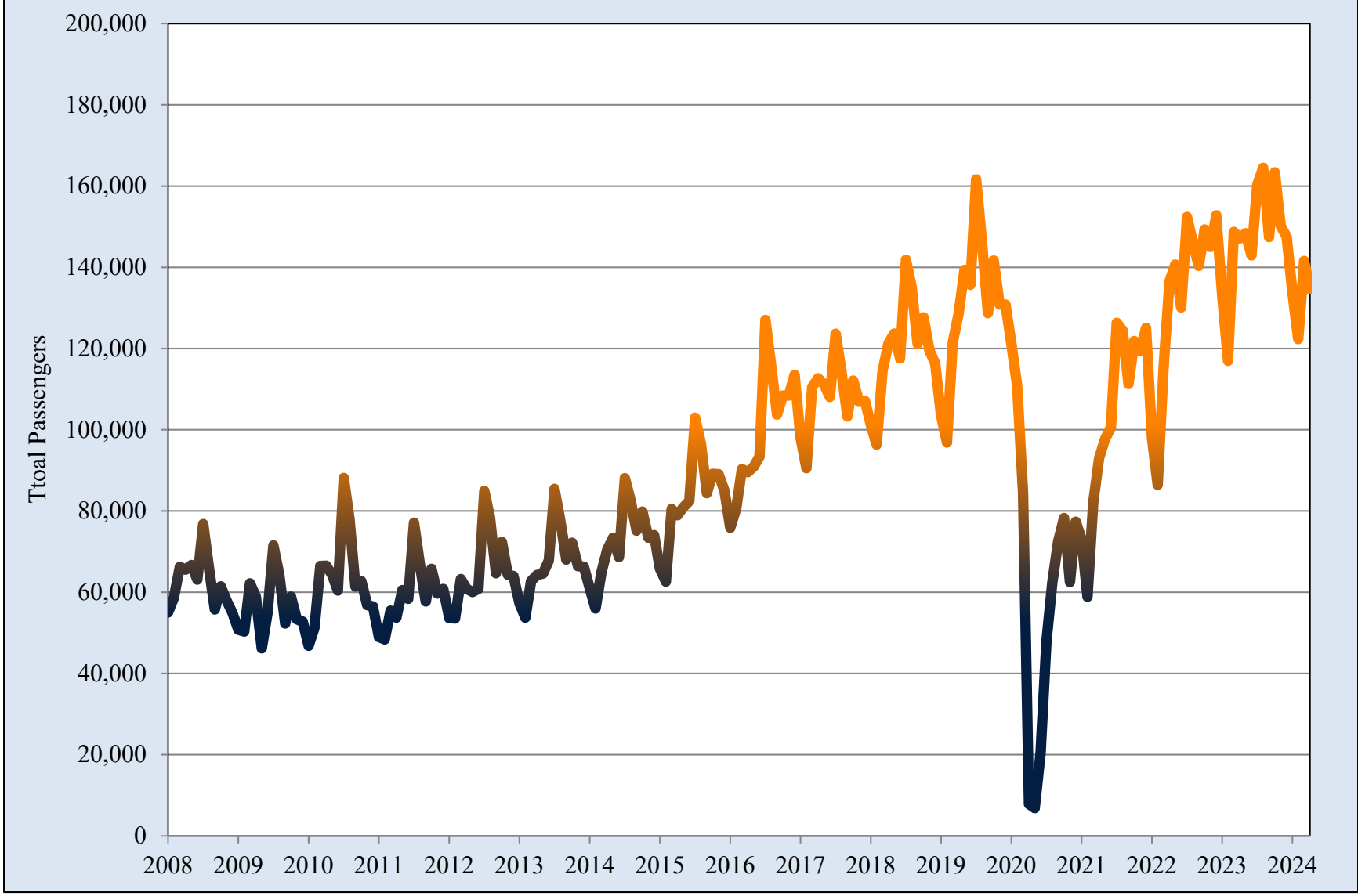
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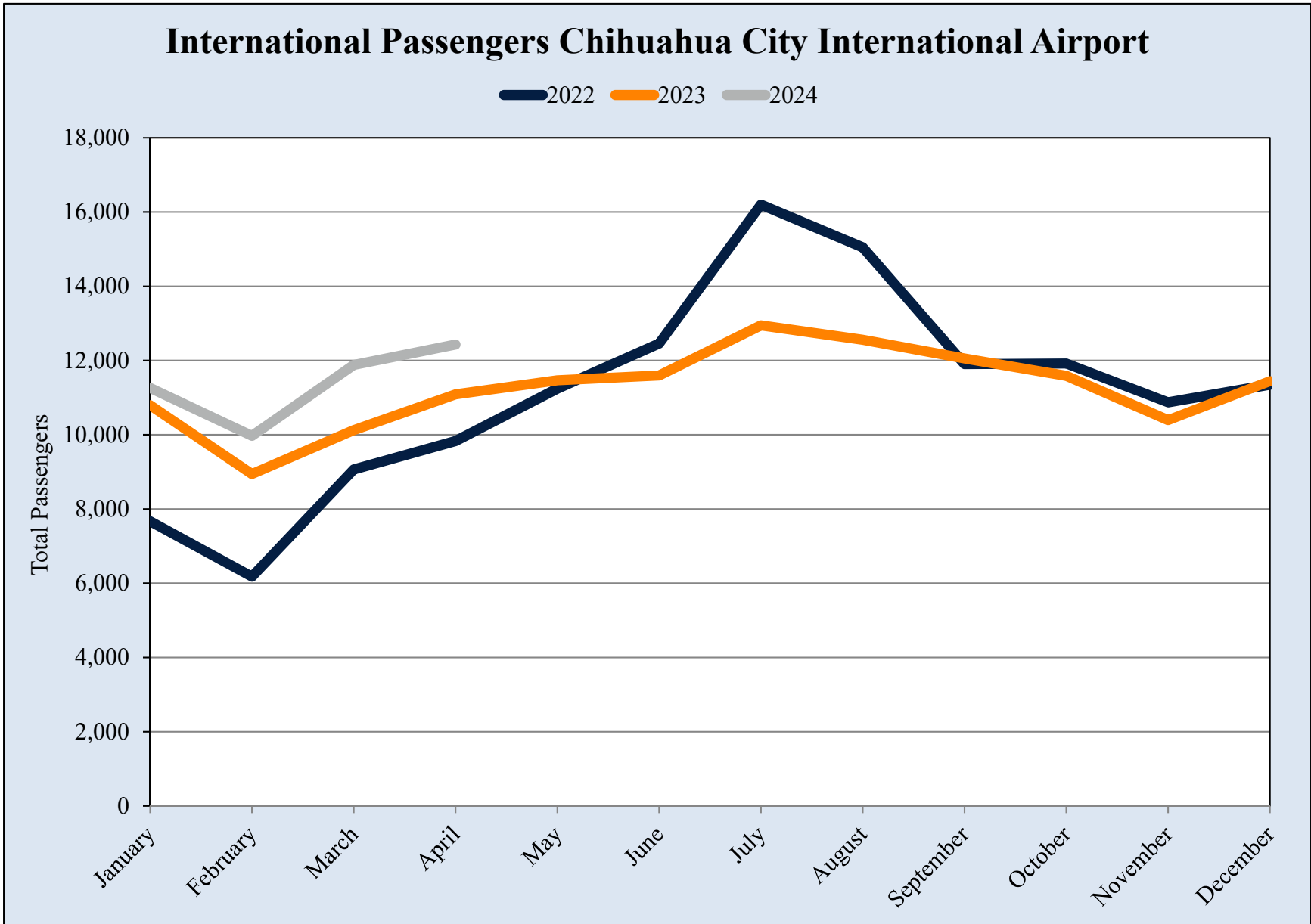
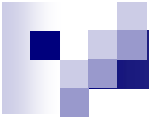
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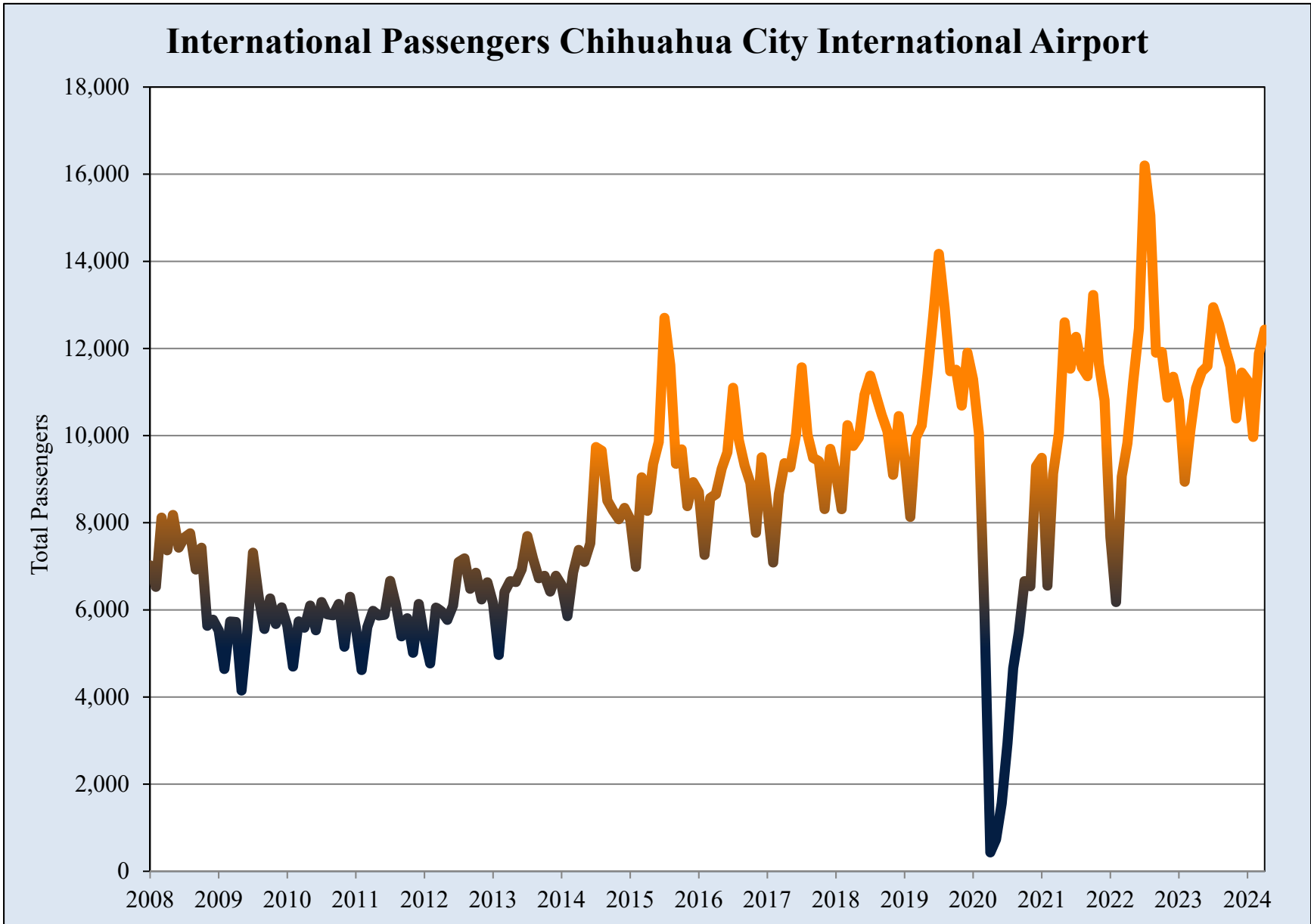
Domestic Passengers Chihuahua City International Airport



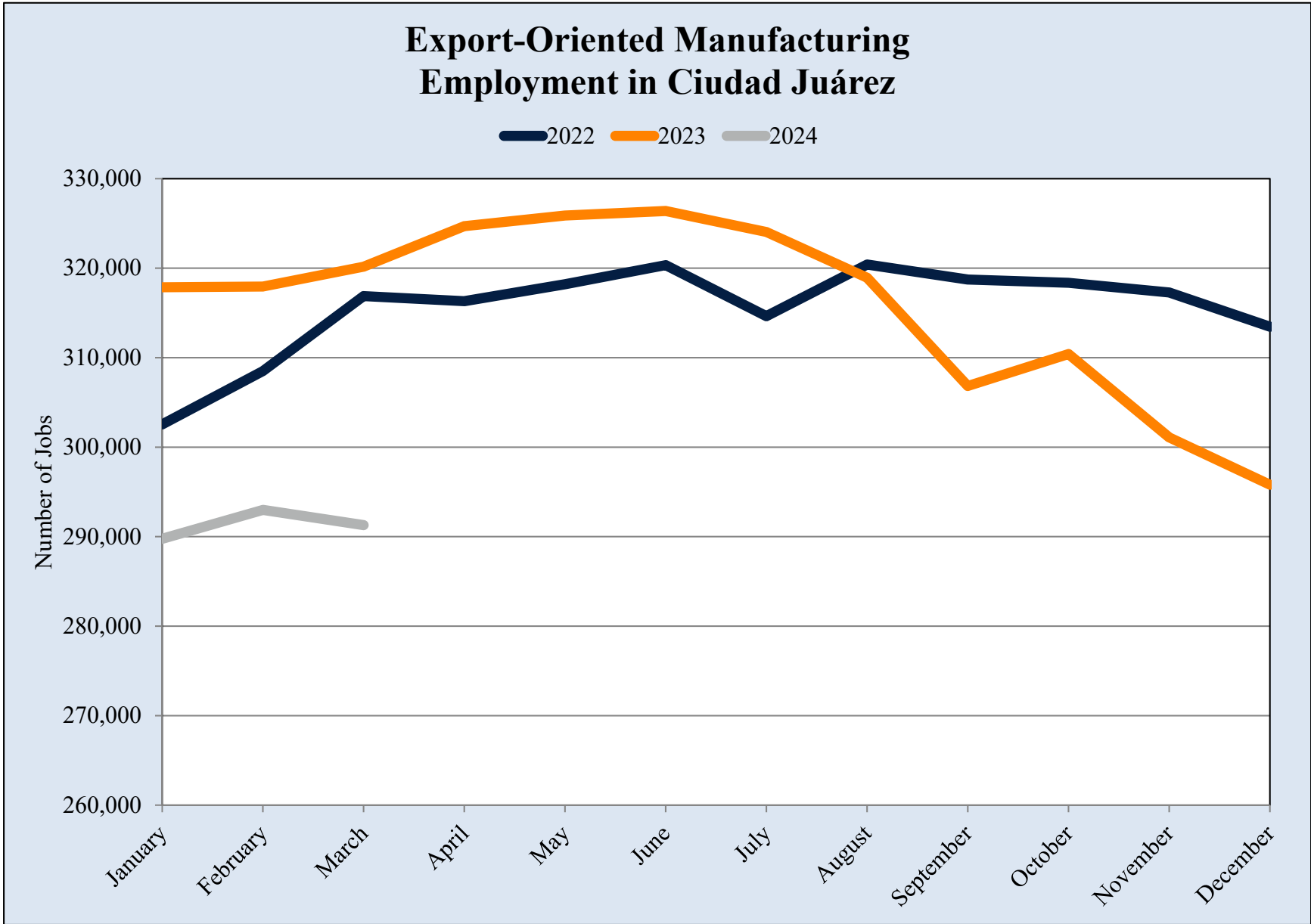
Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data



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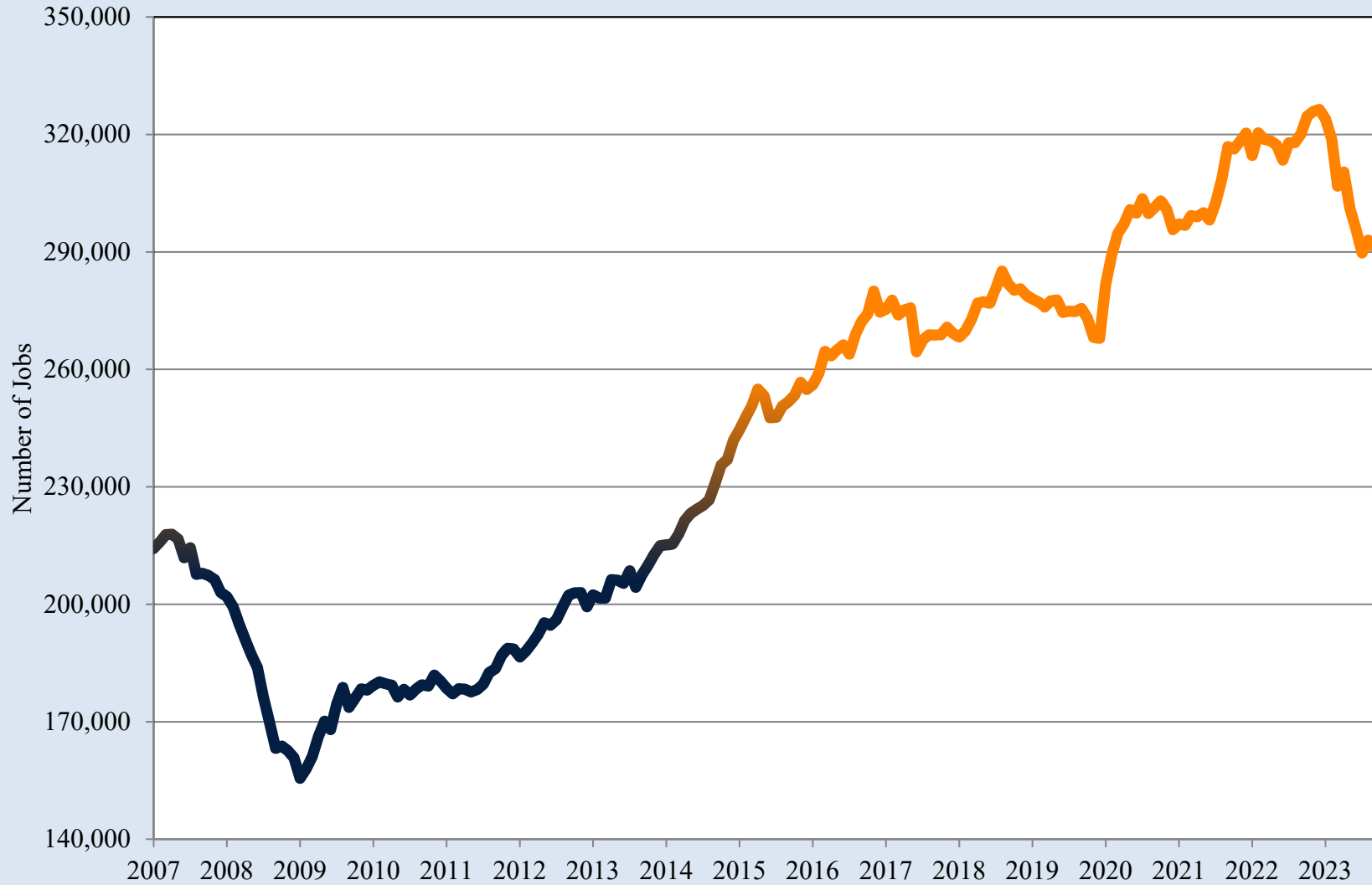
Source: UTEP Border Region Modeling Project using Grupo Aeroportuario Centro Norte - OMA Data



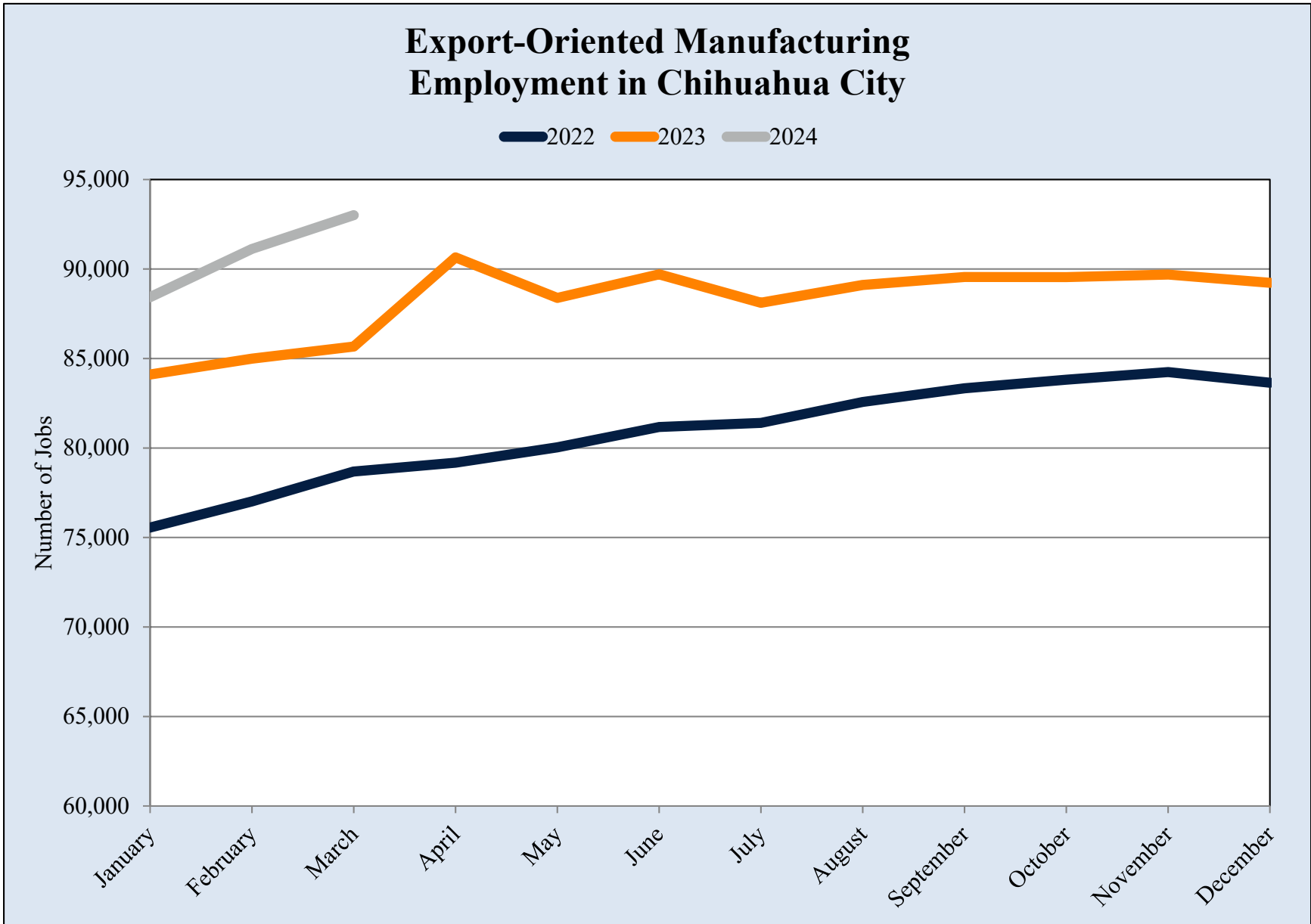
Source: UTEP Border Region Modeling Project using INEGI Data



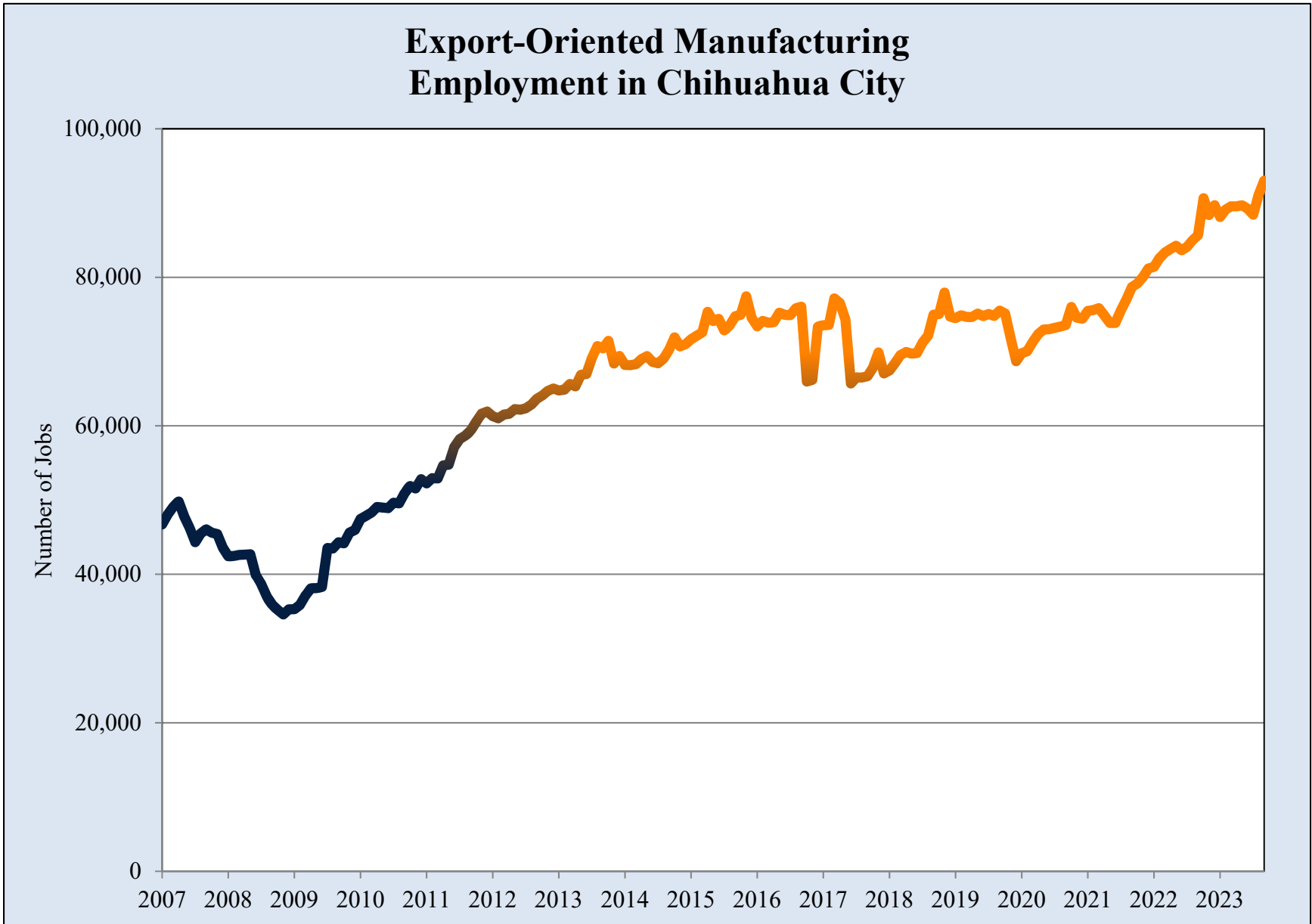
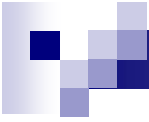
Export-Oriented Manufacturing Employment in Ciudad Juárez



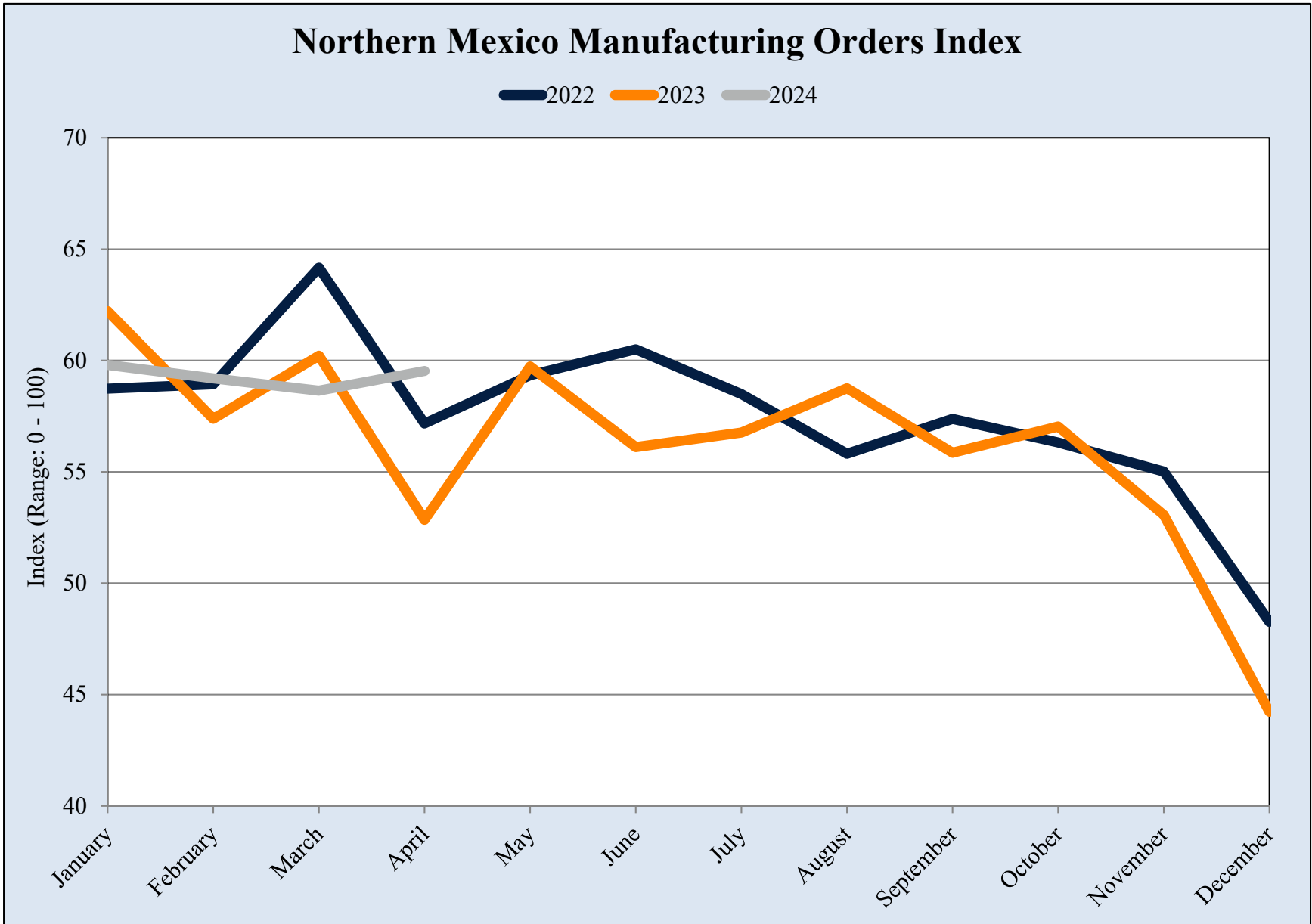
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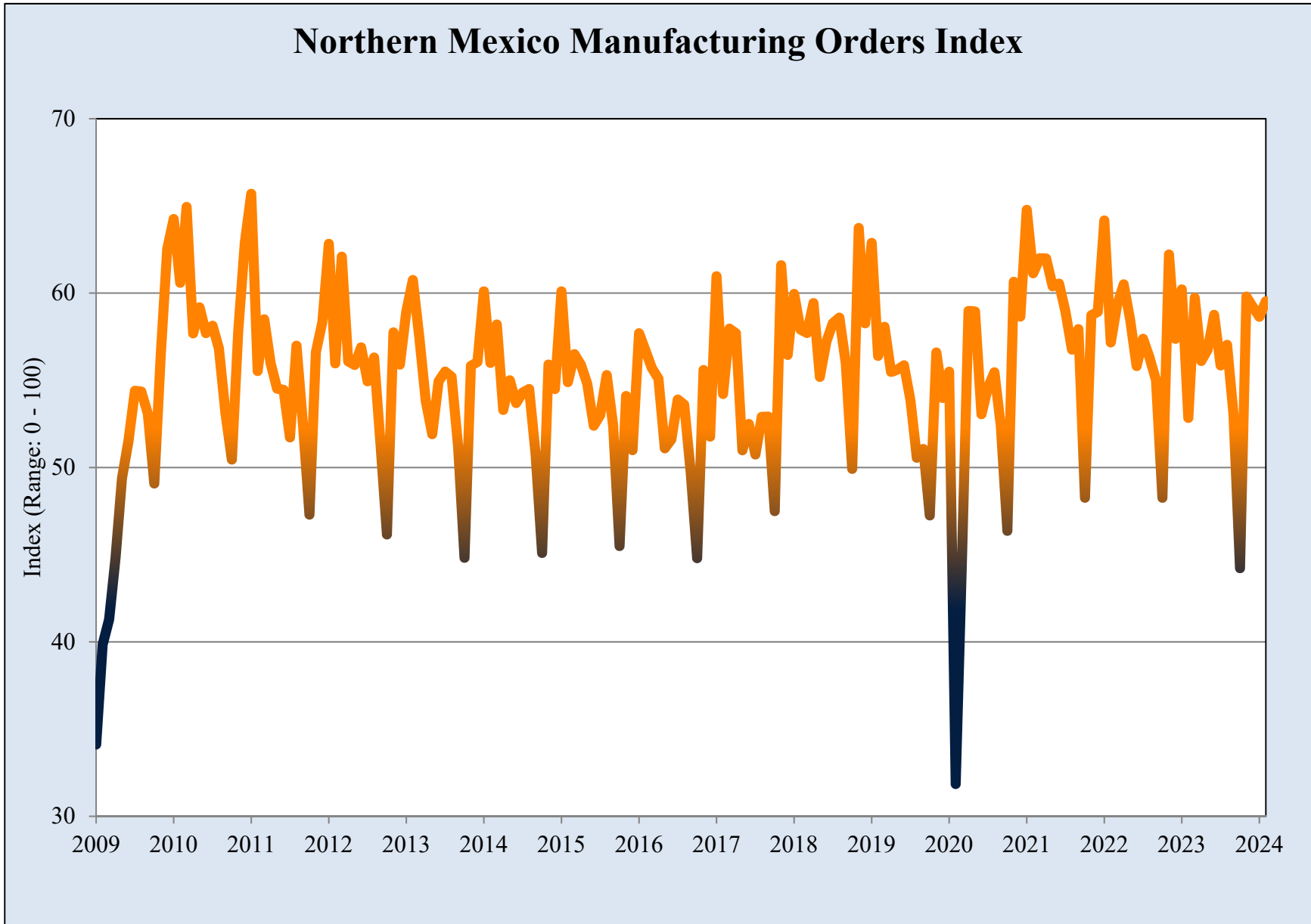
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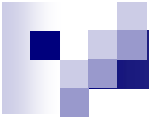
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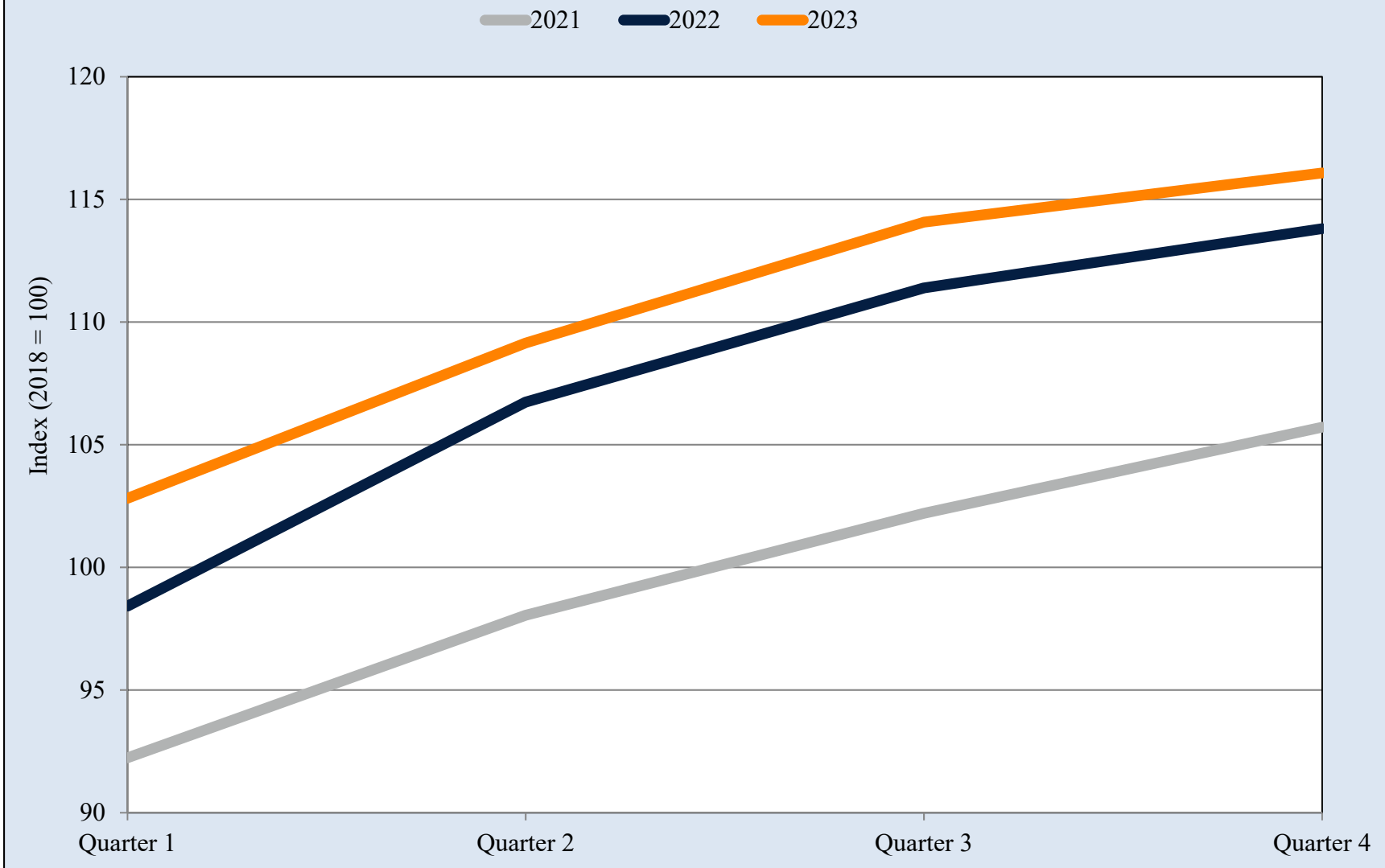
Source: UTEP Border Region Modeling Project using Banco de México Data



Source: UTEP Border Region Modeling Project using Banco de México Data



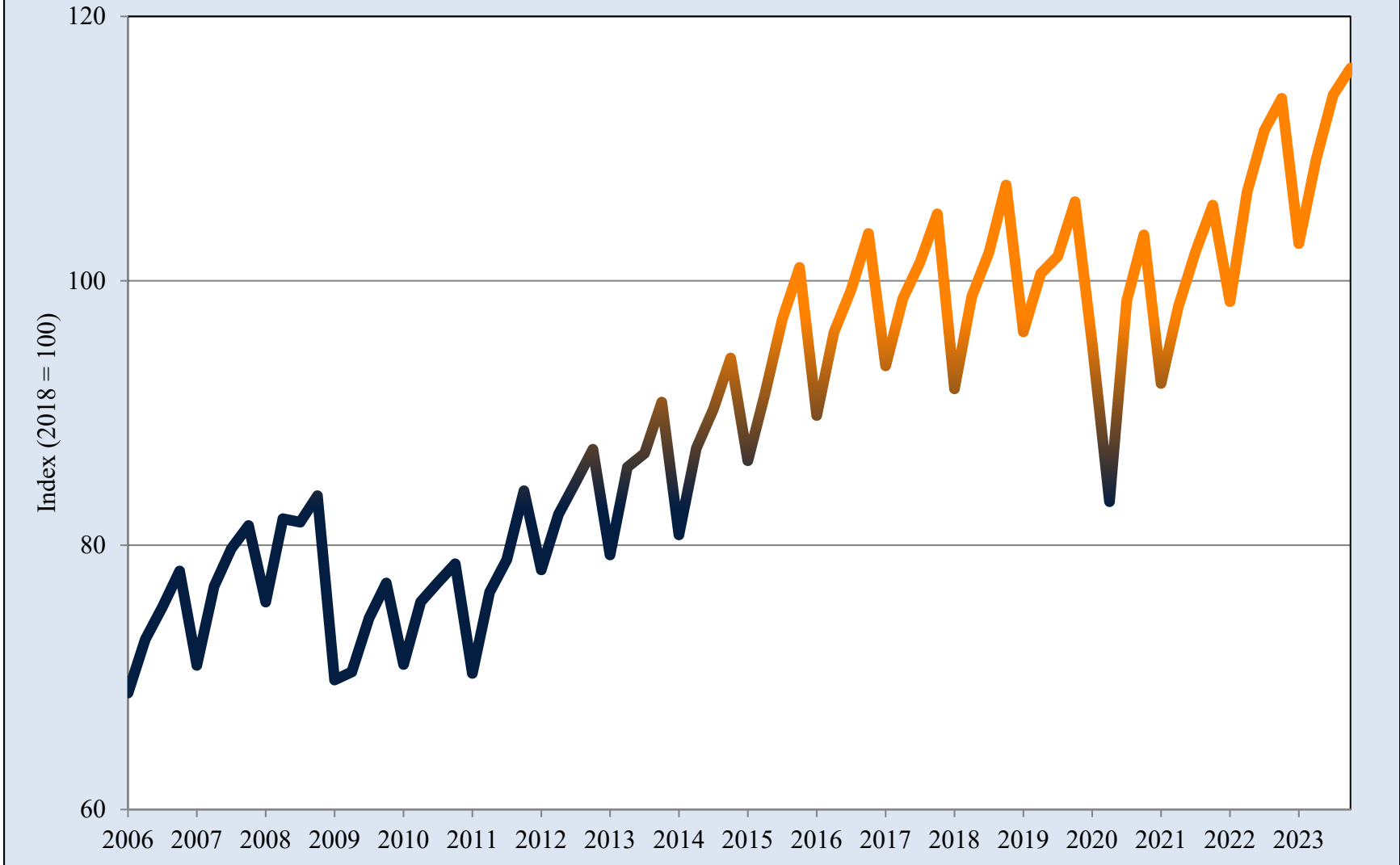
Quarterly Indicator of Economic Activity for the State of Chihuahua



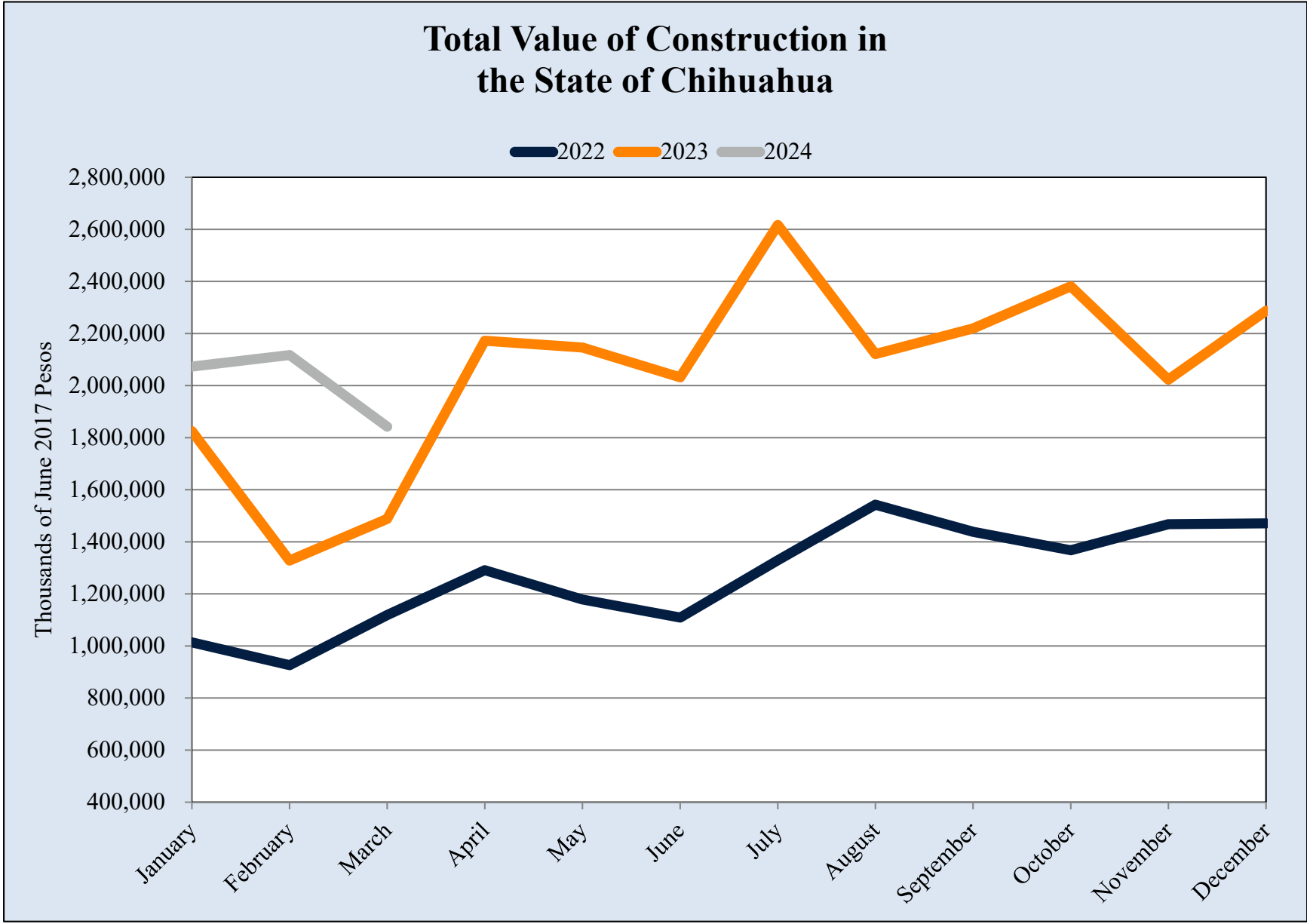
Source: UTEP Border Region Modeling Project using INEGI Data



Quarterly Indicator of Economic Activity for the State of Chihuahua



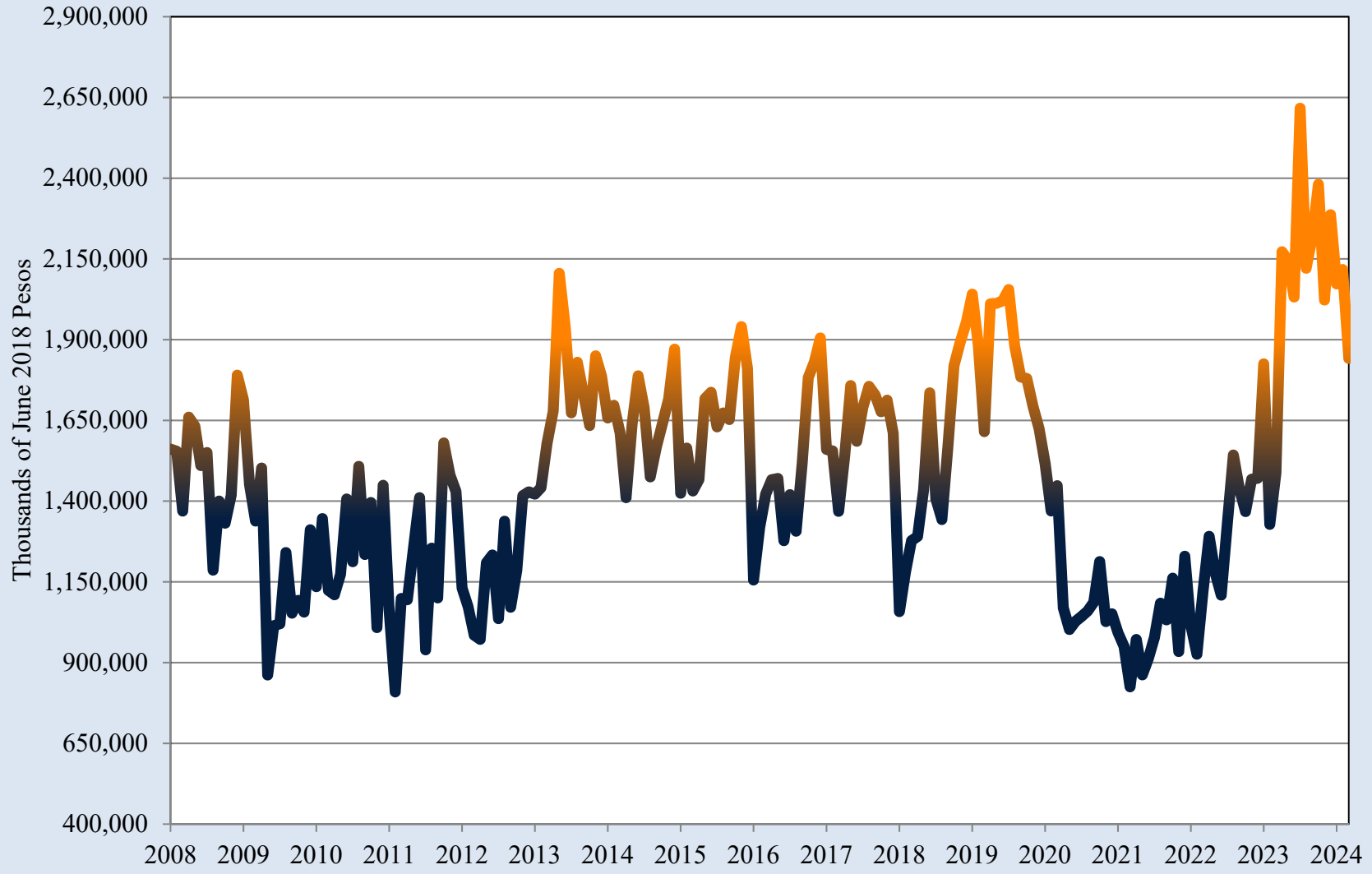
Source: UTEP Border Region Modeling Project using INEGI Data



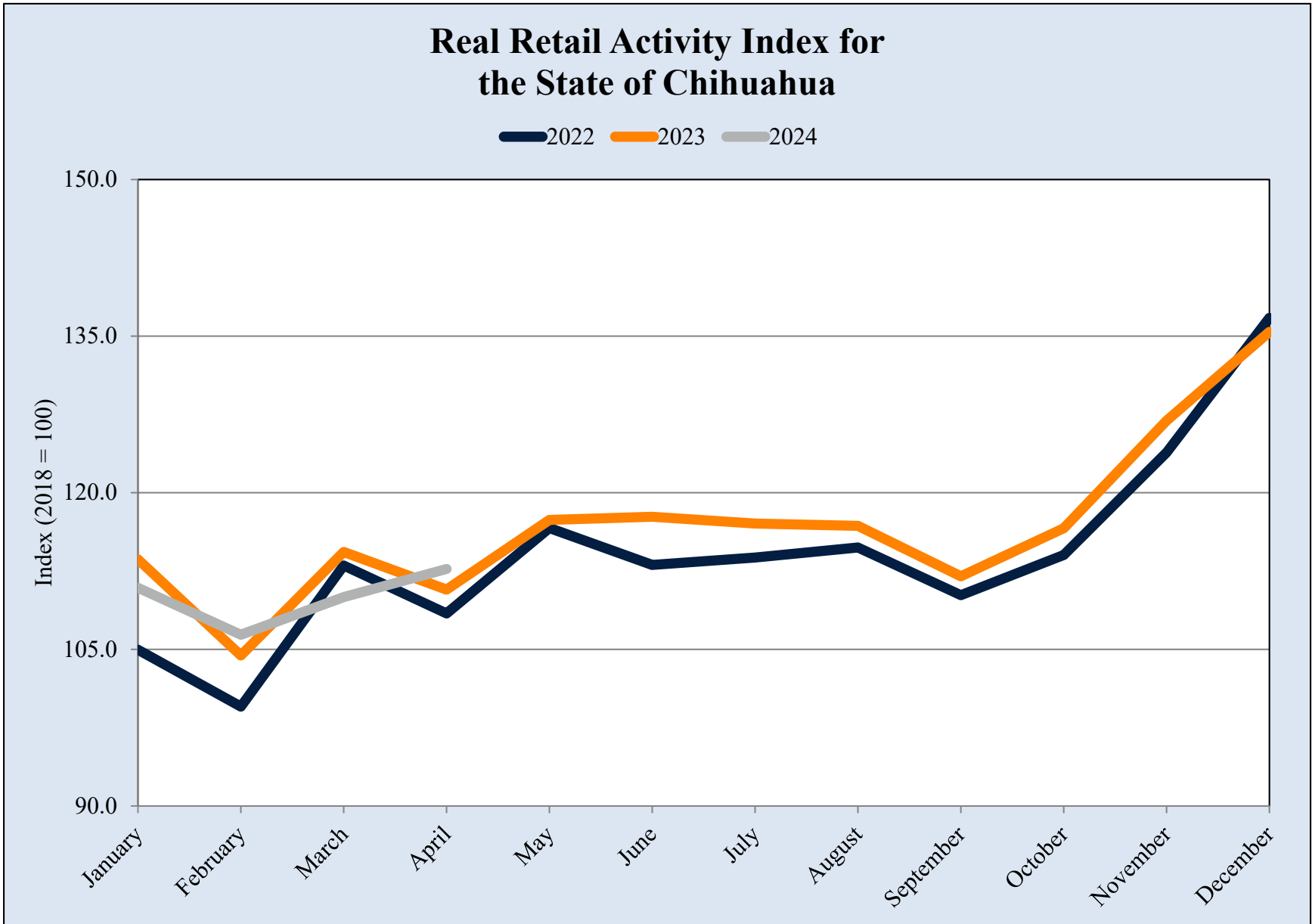
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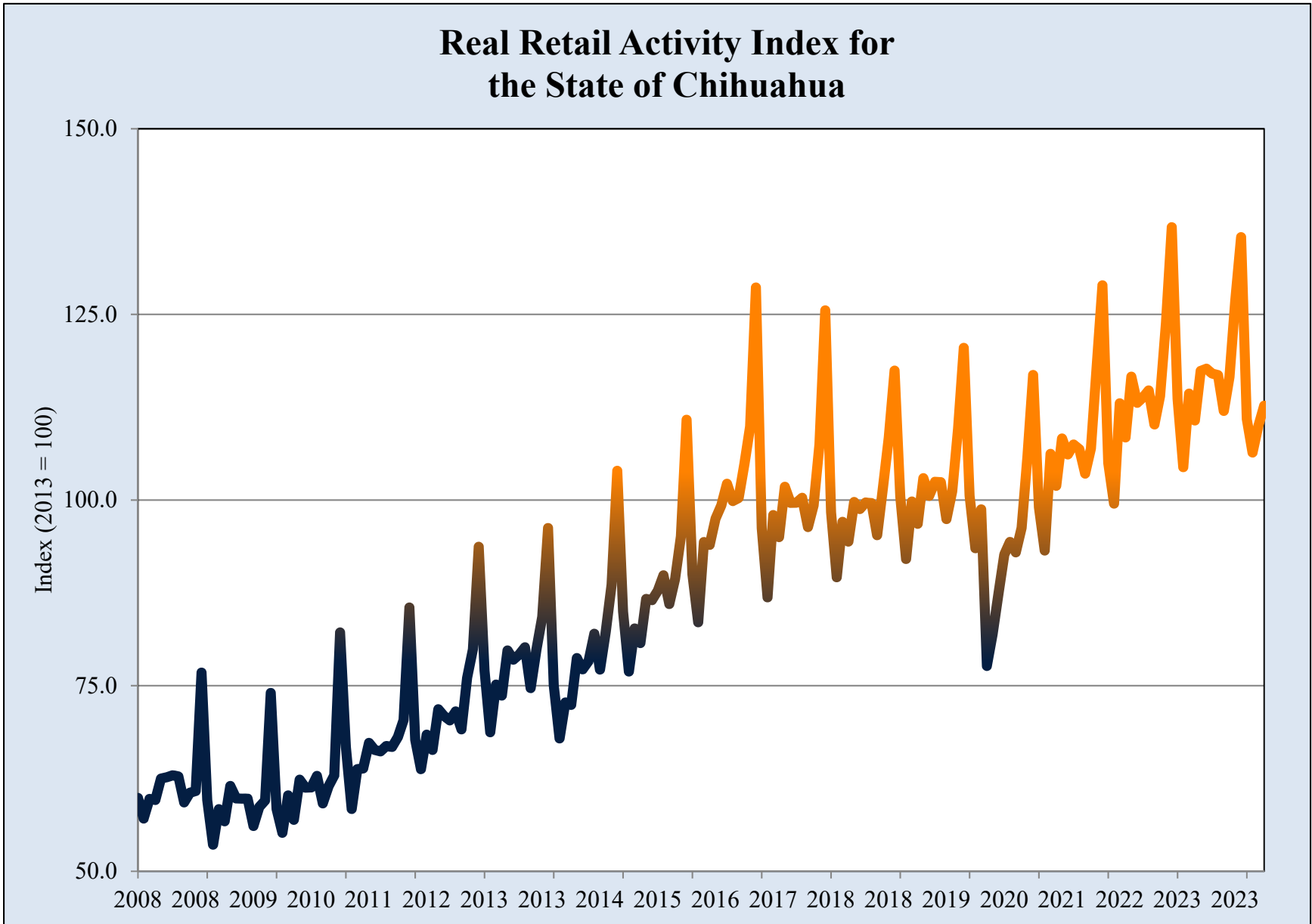
Total Value of Construction in the State of Chihuahua



Source: UTEP Border Region Modeling Project using INEGI Data



Source: UTEP Border Region Modeling Project using INEGI Data



Source: UTEP Border Region Modeling Project using INEGI Data



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