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Thanks largely to the efforts of Ricardo Dominguez, director of BCM's aerospace division, BC Manufacturing has positioned itself to lead certain aerospace-cluster development initiatives in Baja California. Under his leadership, BCM has submitted a newly developed cargo container for use on various aircraft as the first Mexican aerospace product to be considered for certification under the BASA agreement. The certification process, which will get under way in early 2006, is rigorous, involving compliance with mutually agreed upon standards in testing procedures, manufacturing facilities, environmental matters and several other areas. Dominguez has worked closely with industry players and regulators to keep the BASA process on track, and his efforts will soon pay off.

"If they find that we are fulfilling all the requirements, we will be the first company with the first Mexican product to get approval from both authorities, meaning for both countries that the bilateral agreement certificate is in place," says Dominguez. "From that point, any company that would like to produce their parts in Mexico can do so, forgetting the problem of bringing the product back to the U.S. to get inspected and certified. They can produce the product, and immediately they can reach the market with the same certification."

Which prompts the question: Will the North American aerospace industry go the way of the textile industry eventually, with companies shuttering U.S. facilities and relocating to Latin America and elsewhere?

Not necessarily, particularly if areas with strong aerospace industries take to heart the advice proffered to Ohio earlier in this report. A more likely scenario, says Riley, is that Mexican operations will become feeder operations for companies in Wichita, Tulsa, Dayton, Seattle and other metros with strong aerospace industries.

"It's not a sum total game with everything here or everything there — that's not the case," Riley



Ricardo Dominguez,
 director of BCM's
 aerospace division

asserts. "This approach provides a method whereby existing companies have the ability to utilize Mexican lower-cost manufacturing with certified skills that meet FAA requirements."

More than 60 aerospace companies already do business in Mexico, most of which are located in the northern Mexican states of Baja California and Sonora. North of the border, southern California

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has a strong aerospace heritage and infrastructure suitable for growth in the future. McDonnell Douglas built generations of passenger aircraft at Long Beach, Calif., prior to its acquisition by Boeing.

But even today, about \$US228 billion per year is generated from California aerospace-related activity, and approximately 160,000 jobs support California aerospace activity, according to a recent economic impact study from Southern

California Edison. Boeing, Lockheed Martin and Northrop Grumman employ more than 100,000 Californians.

"All of the skills that will be required in Mexico will not be there on day one," notes Riley.

"There is an opportunity to look at the industry regionally, with Mexico providing the impulse to reinvigorate the aerospace industry in Southern California. And over time, there will be a transfer of more and more technology going to Mexico."

U.S. aerospace companies already buy \$47 billion worth of parts and components from non-U.S. suppliers annually, says Dominguez. "This is an opportunity for them to reduce the cost of those parts and maintain the capability to develop new products," he says, as well as to reduce the logistics costs associated with importing them from Europe and elsewhere.

Adds Riley, "We are talking about helping the existing manufacturers and providing them an opportunity to reduce their overall costs and turnaround times associated with their supply chain, and being able to do it in an area that is technically competent and certified by BASA certification. No one country can do it all. This opportunity should be very exciting for today's aerospace companies."

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