

As a result, INEGI became the executing arm of the IMMEX Decree, and the agency is reworking its manufacturing-reporting system. It stopped reporting maquiladora data effective March 2007. Maquiladora activity will be included as part of aggregated Mexican manufacturing beginning March 2008. Data for the combined subset of IMMEX plants (maquila plus PITEX) will be published at the same time.

The changes in data reporting will pose temporary problems for analysts who follow manufacturing developments in Mexico. One issue is the 12-month gap between maquiladora industry reporting and the new IMMEX series. This is important because maquiladora data were the only source of regional Mexican manufacturing data, providing insight into the economic status of states and cities along

Mexico's northern border. Publication of IMMEX data in 2008 will fill this gap and provide regional and industrial-sector detail similar to the old maquiladora series.

Another problem is that historical data won't be available when IMMEX data are published next spring. It will take several years to develop the information needed to separate cyclical, trend and seasonal components.

In the meantime, analysts can imperfectly fill the gap with data from Mexico's social security administration on employment by state and city⁴ and with anecdotal information collected from maquiladoras. Both of these indicators are currently pointing to a significant slowdown in the industry, emphasizing the importance of monitoring events closely.

—Jesus Cañas
Robert W. Gilmer

Notes

¹ NAFTA doesn't require the elimination of maquiladoras in two significant ways. One is unlimited access to the domestic Mexican market, discussed in the text. The other is a minimum domestic content requirement on goods to receive NAFTA tariff benefits. Assembly is not enough to qualify for these benefits; assembled parts can have no more than 7 percent non-NAFTA content.

² Certification in this context means that inventories and other goods supplied are from a foreign entity and are held for purposes of a maquiladora contract for assembly, processing or repair.

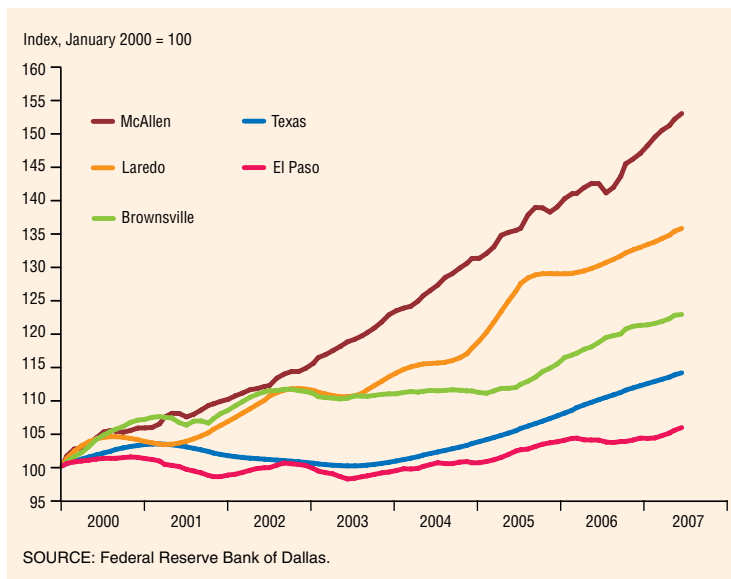
³ Until 2003, these rates were 6.9 percent of return on assets or 6.5 percent of net taxable income. The lower rates continue under IMMEX.

⁴ INEGI data are not collected by payroll or home establishment but by where the risk to workers' health and safety would be located. An accountant working from a downtown office but spending 90 percent of his time on construction sites is considered a construction worker. There is a strong correlation with historical data. For example, for the state of Chihuahua, monthly changes in employment data reported by INEGI and Mexico's social security administration have a correlation of 0.62.

Border Metros See Economic Growth

McAllen and El Paso were among Texas border metros posting healthy economic growth in July, according to the Dallas Fed's Texas Business-Cycle Index. McAllen's business-cycle index rose at an annualized rate of 10.1 percent, while El Paso's index climbed 3.5 percent. The Texas index, an aggregate measure of the region's current economic activity, increased 3.2 percent.

Business-Cycle Indexes: Texas and Border Metros



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