



A VISION AND STRATEGY FOR THE SUSTAINABLE DEVELOPMENT OF THE SAN DIEGO/IMPERIAL VALLEY/TIJUANA/MEXICALI “MACRO-REGION”

Background

The need to create a joint vision for development between Imperial Valley, Mexicali, San Diego, and Tijuana was one of the recommendations that emerged from discussions and analysis within the Forum *Fronterizo* Council and that was set forth in its November 2000 Report on *The Global Engagement of San Diego/Baja California*.

This idea was forcefully advocated by Victor Miramontes, then managing director of the North American Development Bank, who had witnessed how other bi-national regions – such as San Antonio/Laredo/Monterrey (Nuevo León, México) – obtained important synergies by working together towards a common development goal. To Miramontes and other analysts, Imperial Valley and Mexicali appear to be a natural and cost-effective way for San Diego and Tijuana to deal with some of the serious limitations for growth that they face, in particular with regards to water, energy and housing. The potential benefits for Imperial Valley and for Mexicali of a closer relationship with San Diego/Tijuana are no less attractive, considering the more favorable access they stand to gain from the larger and wealthier coastal market, not to mention the potential for joint export ventures, particularly to dynamic Pacific-basin markets.

As was noted in the *The Global Engagement of San Diego/Baja California* document, “subnational economic regions, including cross-border regions...are now the primary engines of economic growth in an era of globalization”¹. San Diego or Tijuana, Mexicali or Imperial Valley, cannot successfully compete on their own in the increasingly globalized economy. Building of their clear complementarities and natural geographic bonds, they should work together to “set and deliver high standards in education, workforce training, transportation services and tele-connectivity.”² If successful, this effort would set the foundations for the development of world-class industrial and service clusters in the region.

The Water Issue

Presently the most visible and immediate link between the San Diego/Tijuana region and the Imperial Valley/Mexicali region is water. There are natural and geographic reasons for this. Most of the water used in both San Diego and Tijuana comes from the Colorado River via aqueducts that cross the Imperial and Mexicali valleys on their way to the coast. Both Imperial Valley and Mexicali have substantial water supplies, while the coastal regions have little indigenous supply.

¹ *The Global Engagement of San Diego/Baja California*, p. 10. San Diego Dialogue. November 2000.

² *Ibid.*

The potential for obtaining a mutually beneficial exchange of resources between both regions led the San Diego County Water Authority (the public agency that wholesales water to the San Diego region) and the Imperial Irrigation District (the public water and power provider for the Imperial Valley) to negotiate The Water Conservation and Transfer Agreement. Signed on April 29, 1998, this agreement - which still must pass an environmental review in order to go into effect - ensures Colorado River water will be conserved by Imperial Valley farmers who voluntarily participate in the program; then, the water will be transferred for use in San Diego County. This will provide San Diego with a new water source. Imperial Valley, for its part, will benefit from annual payments of approximately \$50 million, which could help pay for extensive conservation measures, strengthen the valley's agriculture and stimulate diversified investments in the local economy.

Despite the apparent consensus on the mutual benefits of the Water Agreement, at the September 17 Forum *Fronterizo* on water it was evident that the Imperial Valley community and the Imperial Irrigation District authorities remain skeptical of this deal and fearful of possible negative effects it might have on their economy. If these concerns are not addressed, this complex project could be derailed.

Citizens of the San Diego region must make an effort to understand Imperial Valley's concerns about being pressured to give up more and more of their water to the point that it could lead to the fallowing of land, an ensuing decline in agricultural activity and employment, and the inability to diversify and develop their economy. This should be seen and understood with a greater knowledge of Imperial Valley's social and economic situation, which places it as the county of California with the highest unemployment and lowest per-capita income. This probably means that other agencies and organizations in San Diego should be asked to participate in a broader cooperation effort to help Imperial Valley accomplish its development goals.

At the same time, citizens of Imperial Valley - and in Mexicali - should make an effort to understand the nature and magnitude of the water shortage in the coastal region and think about the consequences to their own economies and societies if the coastal water shortage is not addressed. In so far as they share in the progress and success of the coastal economies, they will also partake in its misfortunes.

The water issue is an unavoidable test of the region's capacity to work together on a fundamental issue. That is why ways must be sought for Imperial Valley and Mexicali to contribute to solve the looming water shortage crisis in San Diego and the Baja California coastal region in a way that also generously benefits the inland communities.

The macro-region should reflect on the advantages of finding a joint solution to the water crisis. This should be seen as a groundbreaking opportunity to promote bi-national cooperation on a grand scale, with technical, ecological and financial advantages for both the United States and Mexico. At the same time, such a project would provide Southern

California greater independence from traditional water sources. Environmental concerns in the Sacramento Delta and pressures on California to reduce its intake from the Colorado River from 5.2 million acre feet to its entitlement of 4.4 million acre feet per year only serve to prompt action.

An Emerging Consensus

In order to advance in the creation of a joint vision for San Diego/Imperial Valley/Tijuana/Mexicali, a working group of the Forum *Fronterizo* Council, which includes civic leaders from the four corners of this macro-region, has been meeting to discuss the benefits of intra-regional collaboration.

These discussions have fostered an understanding of the highly complementary nature of the San Diego/Tijuana and the Imperial Valley/Mexicali regions, which extends beyond the water issue and into areas such as infrastructure, energy, land, housing, education, technology and access to markets. It has been pointed out that Imperial Valley and Mexicali are well-positioned, with respect not only to water, but also to land and labor, whereas San Diego has access to financing and is strong in technology, communications and education, but is facing important limitations – as is Tijuana – in the availability of land and water. It has also been said that the border regions have much more in common among themselves than with other distant cities or regions.

Undoubtedly, an integrated macro-region encompassing San Diego, Tijuana, Imperial Valley and Mexicali would hold formidable economic potential because of its enviable location and privileged access to capital, labor, technology and natural resources. According to Kelly Cunningham, research manager of the San Diego Chamber of Commerce, San Diego's manufacturing sector ranks 13th in the nation but, when combined with Baja California's manufacturing jobs, the region moves to fifth³. Civic leaders throughout the region have noted for years the enormous potential benefits of integrating manufacturing in Tijuana with high technology, research and development in San Diego. Incorporating Mexicali's industrial base and Imperial Valley's natural resources into the equation would create new synergies which would enhance this potential and permit the region to overcome serious limitations to growth. Fortunately, the South County Economic Development Council, the California Trade and Technology Agency and the San Diego Regional Chamber of Commerce have teamed together on a marketing campaign that focuses on the San Diego/Tijuana/Imperial Valley/Mexicali region as a single economic powerhouse⁴. This regional effort also involves other local agencies and organizations, including the government of Baja California and the Economic Development Councils of Tijuana and Imperial Valley.

³ November 2000 San Diego Dialogue Report.

⁴ Ibid. The marketing project was originally scheduled for 18 months, but has been extended to continue through June of 2002. It consists primarily of distributing information packets promoting the macro-region in various trade shows, including one, which was held in China and another in Mexico City.

For all the consensus among civic leaders about the theoretical benefits of closer collaboration, however, there is also agreement that very little has been done to make people aware of the mutual benefits of achieving a greater integration and to allay concerns about an unfair distribution of these benefits among the participants in the region. For example, civic leaders from Imperial Valley have argued – with just cause – that they do not want to be simply providers of water for San Diego; that they want to share in the affluence and high quality of life of the coastal city. They also ask not just fair monetary retribution for their resources – as in the case of the Water Transfer Agreement – but also investment in and development of their local economy in order to attain higher standards of living. Tijuana and Mexicali, too, want to feel that they are not simply providers of low-wage labor, but full partners and beneficiaries of the economic growth of the region. As Manuel Pastor has said: “Equity matters greatly for regional performance. Equity makes business and economic sense, and is not just a social-justice imperative.”⁵

It is clear to all concerned that there is the need for far greater mutual knowledge and improved contact and communication among the four “sub-regions”. It is ironic – but true – that at times Imperial Valley and San Diego seem to have closer ties to Los Angeles or to Sacramento than to each other. On the Mexican side, Tijuana and Mexicali often seem to be more interested in competing than in collaborating with one another, particularly in regard to attracting foreign investment.

The Tasks Ahead

As can be seen from the preceding paragraphs, there is a rich and varied agenda. A continued and enhanced dialogue among the four corners of the macro-region is necessary not only to better understand each others’ views, but also to design joint projects which provide tangible and desired benefits for all parties involved. An excellent opportunity to do so will be the Forum *Fronterizo* Council’s working group meeting on November 1st in Mexicali. This event will coincide with the inauguration of the new Governor of Baja California and Co-Chair of the Forum *Fronterizo* Council, Eugenio Elorduy.

Some of the issues and projects that could be discussed at this meeting are:

- ***Developing a Shared Vision***

The region must develop a solid and shared vision of its particular identity and of the role it can and should play in the global economy. It should consider its unique geographical position as a bicultural zone on the border.

The particular attributes and comparative advantages of each of the sub-regions should be fully discussed and analyzed in order to understand their possible contributions. This analysis should constitute the groundwork for designing projects and reaching agreements on separate and joint actions and investments to be

⁵ From a speech by this Professor of Latin American and Latino Studies at UC Santa Cruz at the Forum *Fronterizo* luncheon on August 31, 2000. Quoted in the October 2000 issue of San Diego Dialogue Report.

undertaken by the sub-regions. These projects and agreements should clearly lay out the benefits to be obtained by each of the partners in the endeavors.

- ***Researching the Vision***

To strengthen the conceptual basis behind the single-region vision and stimulate public discussion on the subject, it would be very enriching to ask the appropriate departments in universities and colleges in all four corners to work on this issue through research and course work. The papers produced could then be discussed in a region-wide event with the participation of the academic sector as well as public officials and civic and entrepreneurial leaders. The goal would be to validate the assets available to each part of the macro-region and their implication for the region's competitive advantage.

- ***A Special Focus on Water***

It is necessary and urgent to create a special group to discuss mutually acceptable solutions to the water crisis in the coastal region, especially in light of the upcoming approval of The Water Transfer Agreement and of the results - within the next two months - of the study authorized by the International Boundary and Water Commission to determine the feasibility of a bi-national regional aqueduct.

- ***Regional Infrastructure Opportunities***

Other regional infrastructure issues should be collectively analyzed to identify projects that could be jointly developed, including regional airport facilities, electricity generation and distribution, and natural gas procurement.

As Don Felsing, Co-Chair of the Forum *Fronterizo* Council, noted during the September Forum on water, San Diego/Tijuana is at the end of the pipeline not only for water, but also for electricity and gas, and it must work with its neighbors to ensure appropriate long-term development of these resources. "When we look at this region and the things that we have to do to prosper", he said, "[we require] infrastructure of all types: sewers, water, electricity, natural gas...these are all things that we have to think about".

- ***A Crisis at the Ports of Entry***

Another critical issue at this time is border-crossing times. Failure to address this will inhibit economic and social relations across the macro-region. It would be very useful to develop a common strategy and take joint actions to press for an urgent reduction in border crossing times at the land ports of entry to the United States, while at the same time respecting - and even contributing to - enhanced security efforts on both sides of the border.

- ***Raising Educational Levels***

One issue of great concern to civic leaders of the macro-region is the educational level of the population and of the working force. This is one area where collaboration - including exchanges of teachers and students, particularly between San Diego/Tijuana and Imperial Valley/Mexicali - can be intensified in a relatively short time and with small financial outlays, and where each sub-region can benefit from the experiences of its peers.

Organizations involved in cross-border education on both extremes of the macro-region should be identified and asked to share information and experiences with the aim to raise educational levels. A special meeting of educators from all corners of the region could be set up to discuss specific topics as well as teacher and student exchange possibilities.

- ***Creating an Institutional Framework***

Various civic leaders have pointed out the value of creating an institutional framework with its own funds and staffing to provide continuity and follow-through for the discussions and actions within the region. This institute – bi-national in nature - could be the forum to create a long-term development plan for the region, as well as to serve as its voice and defend its interests. Undoubtedly this is an important and far-reaching proposal, which requires thoughtful consideration and consensus.

- ***Developing Business and Personal Ties***

One effective way of developing closer ties among citizens of the macro-region is to identify and stimulate joint business ventures that, in effect, make use of the natural, labor, technological and financial advantages of each of the sub-regions involved. Steps should also be taken towards establishing and consolidating interpersonal and inter-organizational ties among the public and private sectors.

- ***Monitoring Progress***

It would be very useful to identify, monitor the evolution and publicize the success of macro-region initiatives, which are already underway, such as the marketing campaign sponsored by the South County Economic Development Council, the California Trade and Technology Agency and the San Diego Regional Chamber of Commerce.
