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Asian firms facing rising costs courted by border promoters

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RIO RICO — Promoters of Sonora industry, with an eye on rising labor rates in Asian manufacturing nations, are hoping to persuade companies from that part of the world to establish plants in the fast-growing Mexican assembly industry.

"We're aggressively going after Taiwan and other countries of the Pacific Rim," said Lucian Spataro, vice president of Prime, a Nogales, Sonora-based company that is recruiting labor-intensive industry to several Sonora cities.

Spataro said labor rates for unskilled Taiwanese assembly workers have risen rapidly in recent years, reaching about \$15 per day, including salary, taxes and benefits. The rate is about \$12 in Korea, he said.

In Sonora, he said, the daily rate in a "maquiladora" is about \$4.50.

Spataro said another factor in the attractiveness of Mexico to manufacturers is that Taiwan and Korea are losing duty waivers the United States has traditionally allowed to developing countries.

"When you are talking about low-profit-margin, high-volume products, that could really hurt them," Spataro said.

"What this means is that in order to be competitive, they have to reduce costs for transportation as well as labor."

Spataro said Asian manufacturers see an opportunity to reduce transportation costs by shipping components for assembly to Mexican plants. Transporting components is less expensive than transporting the bulkier completed products, he added.

Spataro this month will join a delegation of Sonora and Mexican federal officials on a trip to Taiwan and Korea to promote the maquiladora industry.

Spataro, who said the Taiwan visit will be his fourth in 90 days, said he expects a large Taiwanese toy manufacturer soon will commit itself to a Sonora operation.

The Mexican government has welcomed the rapid expansion of the maquiladora industry since 1982, when the peso began a series of devaluations against the dollar.

In addition to employing about 300,000 people in more than 1,200 plants, the industry has become a vital source of foreign currency.

Sonora has 135 plants employing 32,300 workers, or about 10 percent of the industry, said Sonora's assistant secretary of industrial development, Ramon Corral Martinez.

Like Spataro, Corral was in Rio Rico for a meeting of the Arizona-Mexico Commission and its Sonora twin, the Sonora-Arizona Commission.

The commissions promote cooperation between the two states on a number of levels, including industrial growth.

Arizona has benefited from the maquiladora industry through the establishment of "twin plants," which serve as administrative, engineering and warehousing centers for the Mexican operations.

Corral said that if current growth rates continued to the end of the century, the industry would then employ about 120,000 Sonorans.

Corral said Sonora's Asian initiative does not mean a lessening of promotional efforts in the United States.

Seminars with American businesses interested in moving to Mexico will continue, he said.

Promotional material published by Prime claims that American companies that establish plants in Mexico can save up to \$20,000 dollars per employee per year.

Under U.S. tariff laws, companies that go "offshore" to assemble U.S. components are allowed to import the assembled products into the U.S. with duty charged only on the value added by the labor.

United Press International contributed to this article.