



24 AYUNTAMIENTO
TIJUANA
2021 - 2024

SEDETI

Secretaría de Desarrollo
Económico de Tijuana

MEASURING ECONOMIC WELL-BEING IN AN INCLUSIVE TIJUANA



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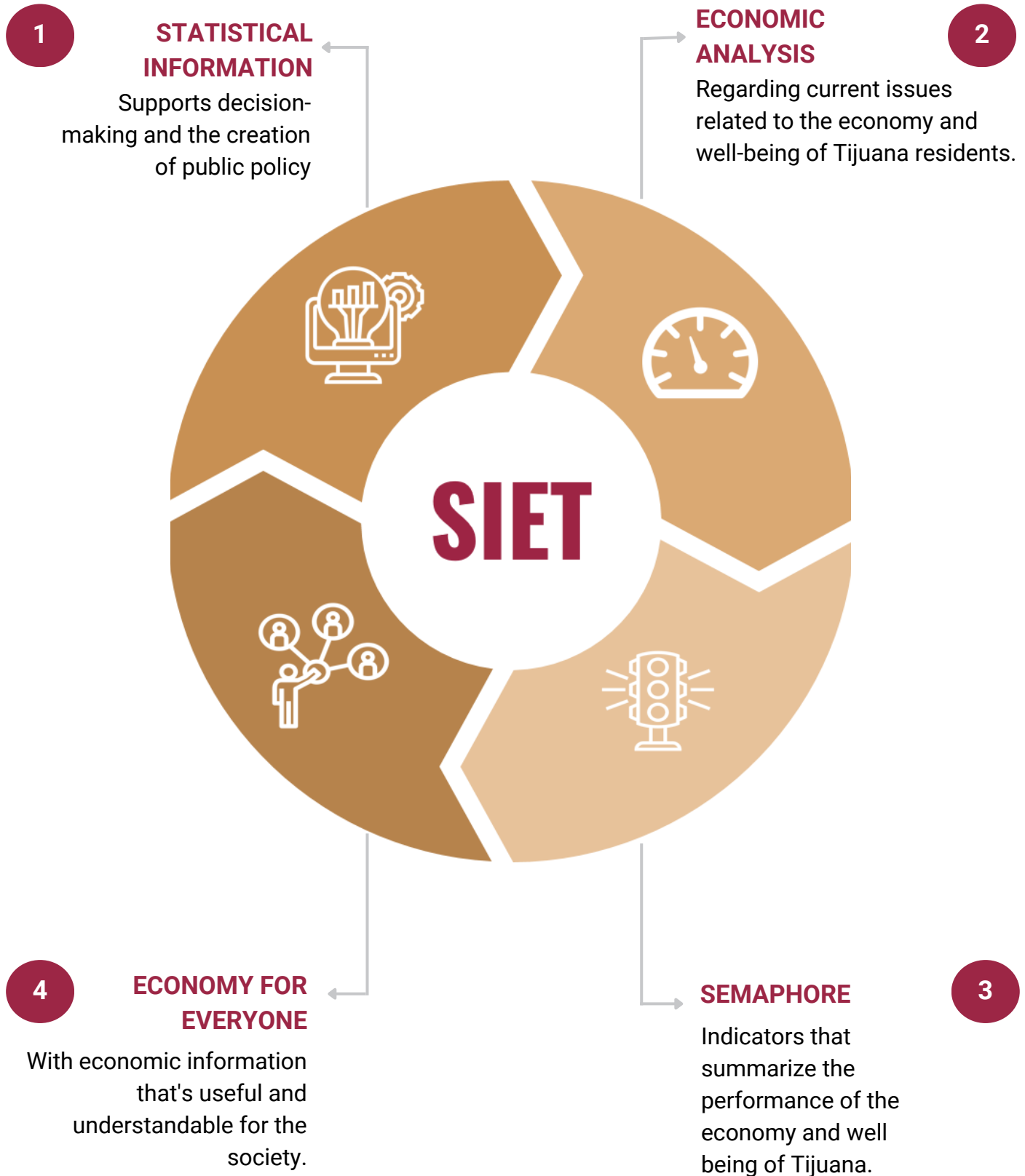
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SOCIODEMOGRAPHY

Around 3.7 million
people live in Baja
California

51% of Baja
California's population
live in Tijuana



Age and sex composition

Men & women relation	Men	50.4%	Women	49.6%
Medium age	Half of the population is 29 years old or younger			29
Dependency ratio	There's 41 people of dependent age for every 100 people of working age.			41

Source: Population and Housing Census 2020 - INEGI

Housing

576,708

represent 50.2% of total state population

Average number of occupants per household

3.3

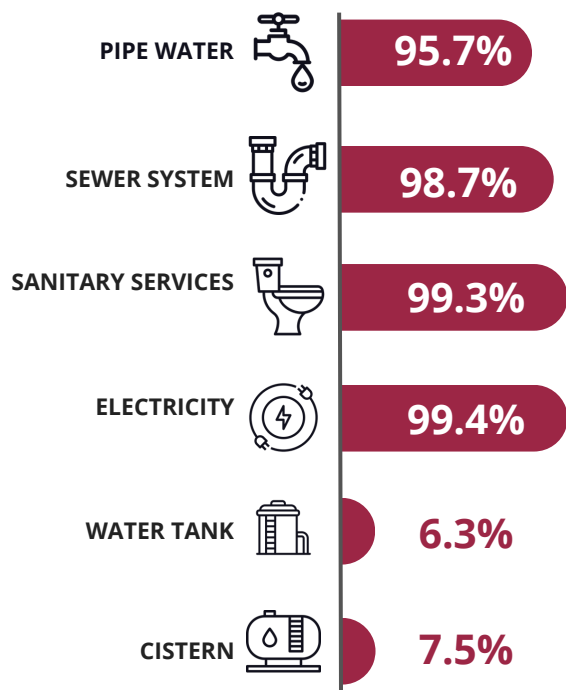
Average number of occupants per room

0.9

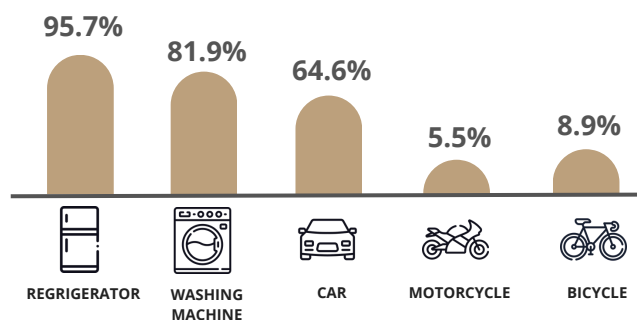
Households with dirt floors

2.2 %

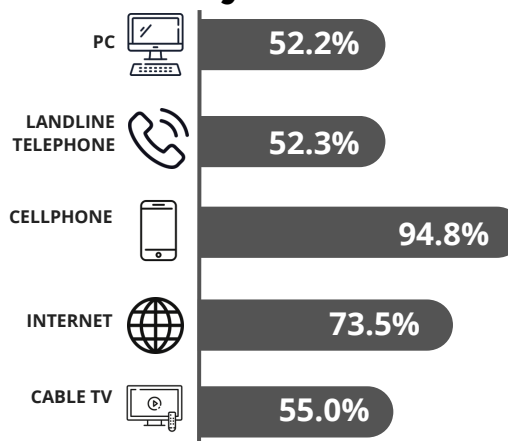
Availability of services and amenities



Availability of goods



ICT Availability



Etnicity

Indigenous language speaking population* 0.67 %

Indigenous language speaking population* that doesn't speak spanish 1.14 %

Most common indigenous languages

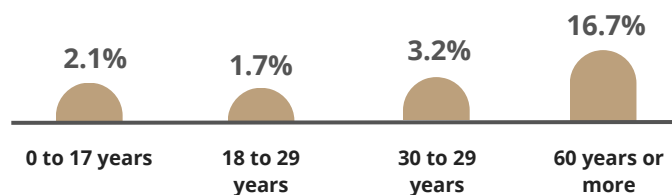
Mixteco	30.9 %
Náhuatl	13.6 %

*3 years and older

Disability

Population with disabilities

30.9 %



Source: Population and Housing Census 2020 - INEGI

THE TIJUANA - SAN DIEGO REGION IS THE LARGEST BINATIONAL ECONOMIC ZONE AND METROPOLITAN AREA IN THE WORLD

The main beneficiary of the network of Free Trade Agreements (FTA) and Bilateral Investment Treaties (BIT) with over 50 countries.



BINATIONAL AIRPORT

CBX BRIGE
2.2 million crossings in 2023



2 BORDER CROSSINGS

3rd in process
1st place with **47 million crossings in 2023**



2 NEARBY MARITIME PORTS

Long Beach & Ensenada



TIJUANA INTERNATIONAL AIRPORT HAS 2 TERMINALS

Civil/commercial terminal. EAG Terminal.
New processing building

Main economic activities

INDUSTRY

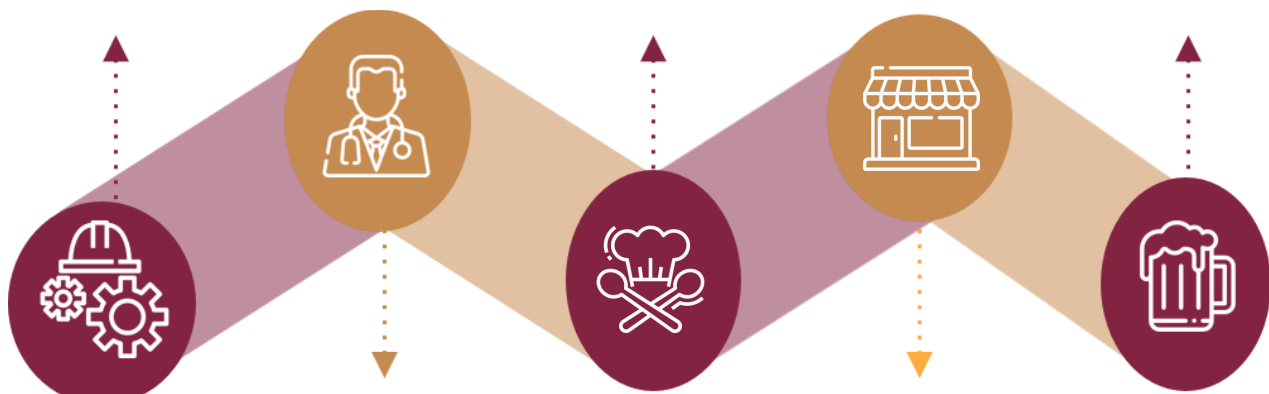
1st Medical device manufacturing in North America
1st Flat-screen TV exports
#1 Aerospace manufacturing
#7 USA supplier

GASTRONOMY

The city where Baja Med cuisine originated, internationally recognized

CRAFT BEER

Craft beer capital of Mexico, 30% of the producers in Baja California are located in Tijuana. **With over 40 breweries** and more than **400 different labels**.



MEDICAL TOURISM

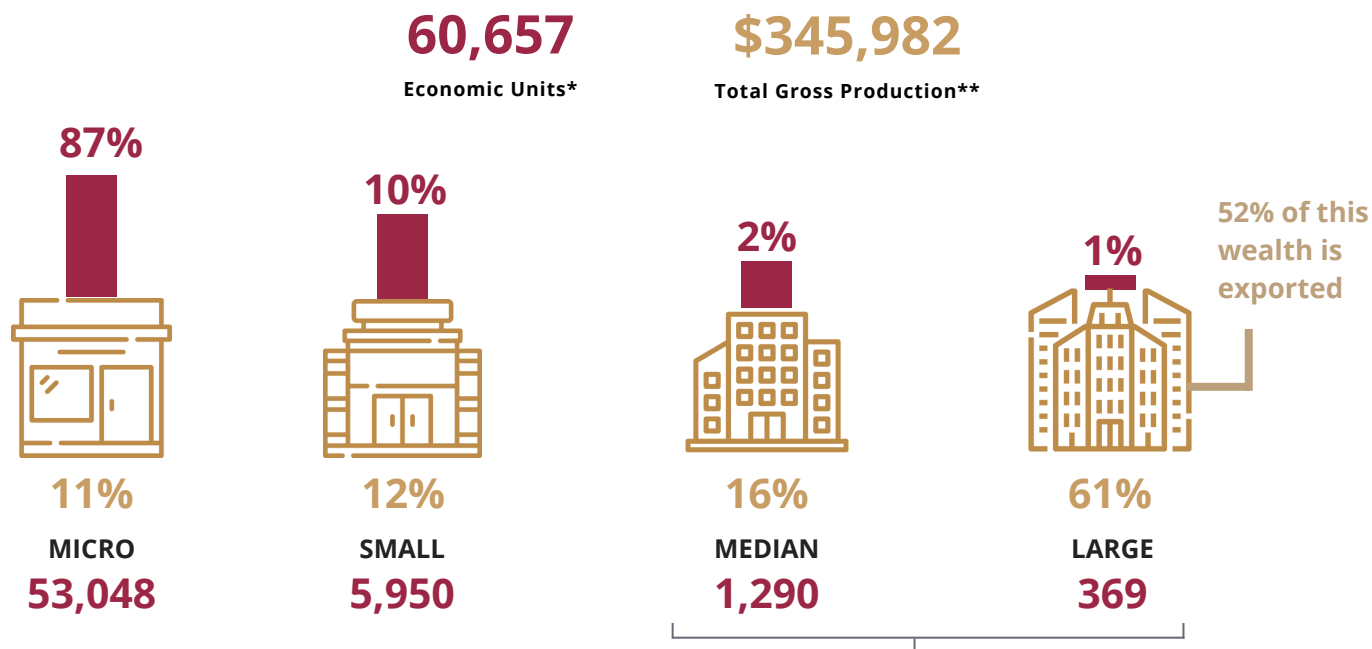
155 Hospitals and clinics.
An average of **2.7 million patients and their families per year.**

COMERCE

Approximately 40% of establishments in Tijuana are businesses.

BUSINESS STRUCTURE

According to INEGI, Tijuana has over **60,145 establishments**, of which 97% are micro and small businesses that generate **23% of total production**, while **1% of large companies** generate **61% of total production**.

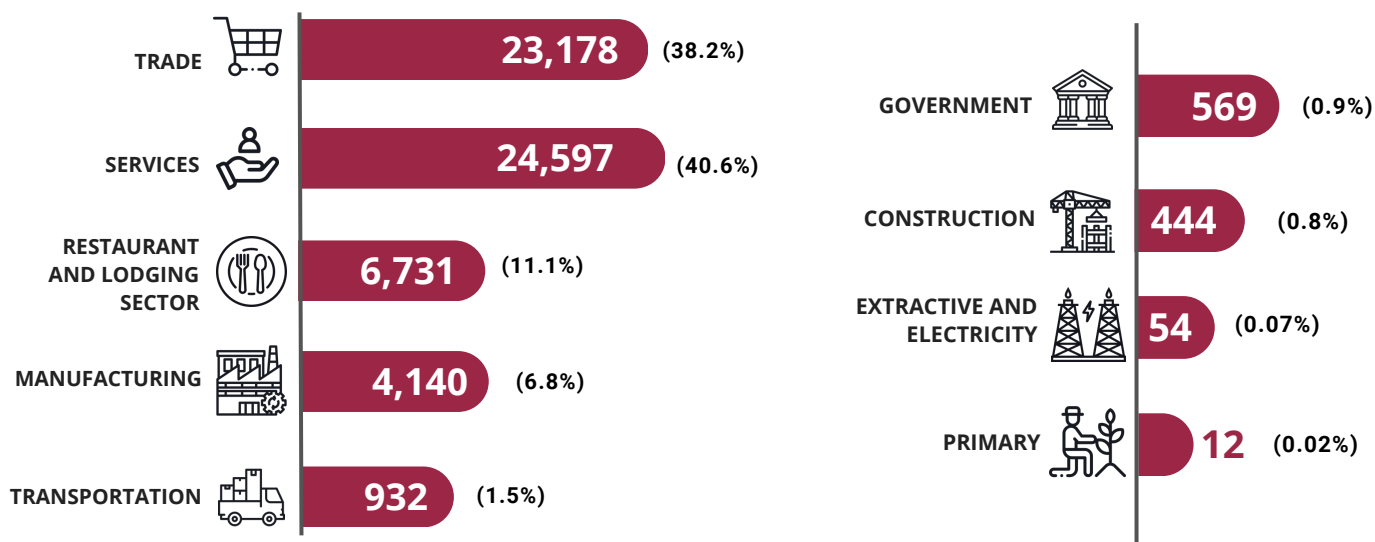


*National Statistical Directory of Economic Units 2023 and Economic Census 2019. INEGI
 **The value of production was taken from the 2019 Economic Census in millions of pesos

Out of the total number of companies, 596 are of foreign origin, accounting for 40% of the total.

Economic units by sector of activity

Within the economy of Tijuana, approximately **90% of established companies** are engaged in trade, restaurants, or service provision. **90% of these are microbusinesses** (with up to 10 employees).

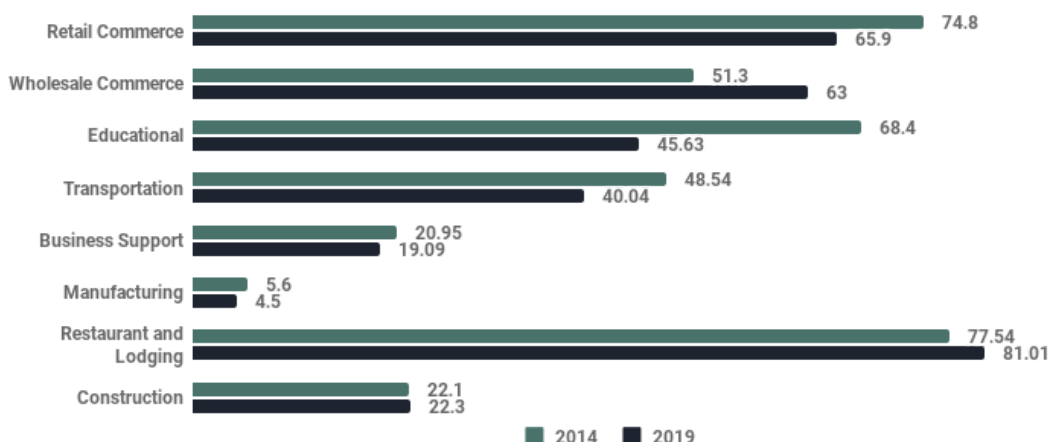


Source: Economic units by sector. Own elaboration with information from the National Statistical Directory of Economic Units. INEGI

The most recent economic census (2019) reported a **Gross Value Added of \$157,635 million pesos**, where **Micro and Small Enterprises (MSES) participated with 30%**. The economic characteristics of these types of companies are of great importance for the commerce and restaurant sector, representing 65.9% of the value added in retail trade, 63% of retail trade, and 81% of restaurants and lodging.

Participation of Micro and small enterprises in sectors

% in Gross Value Added



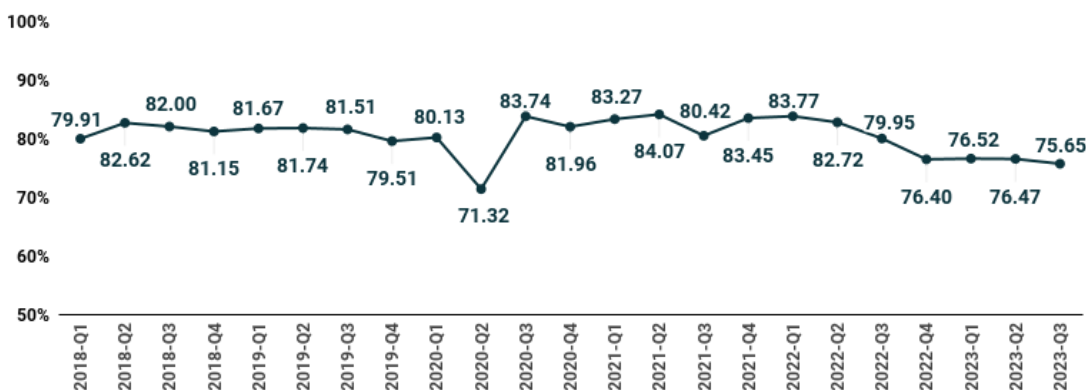
Source: Own elaboration with data from Economic Censuses 2014 y 2019. INEGI. The absolute data of the economic variables has been omitted to ensure the principle of confidentiality and confidentiality.

IMMEX INDUSTRY

Tijuana, 3rd quarter 2023

Evolution of the profit margin of the IMMEX industry

% Value



Source: Own elaboration with information from the Manufacturing, Maquila and Export Services Industry Program (IMMEX) - INEGI

In 2018, the IMMEX industry had an average profit margin of around 80%, although in 2020 it fell 8 percentage points due to the contraction of the national economy due to COVID-19, the sector has shown an improvement, generating profits of 76% by the 3rd quarter of 2023.

IMMEX COMPANIES BC

951

Companies

1st PLACE NATIONALLY

617

Manufacturing establishments, 64% of total at state level

2nd PLACE

260 K

Employees



WORKERS AND TECHNICIANS

Jobs

233,501

Average monthly salary

\$16,975

Hours worked per week

48.2 hrs



ADMINISTRATIVE

Jobs

26,591

Average monthly salary

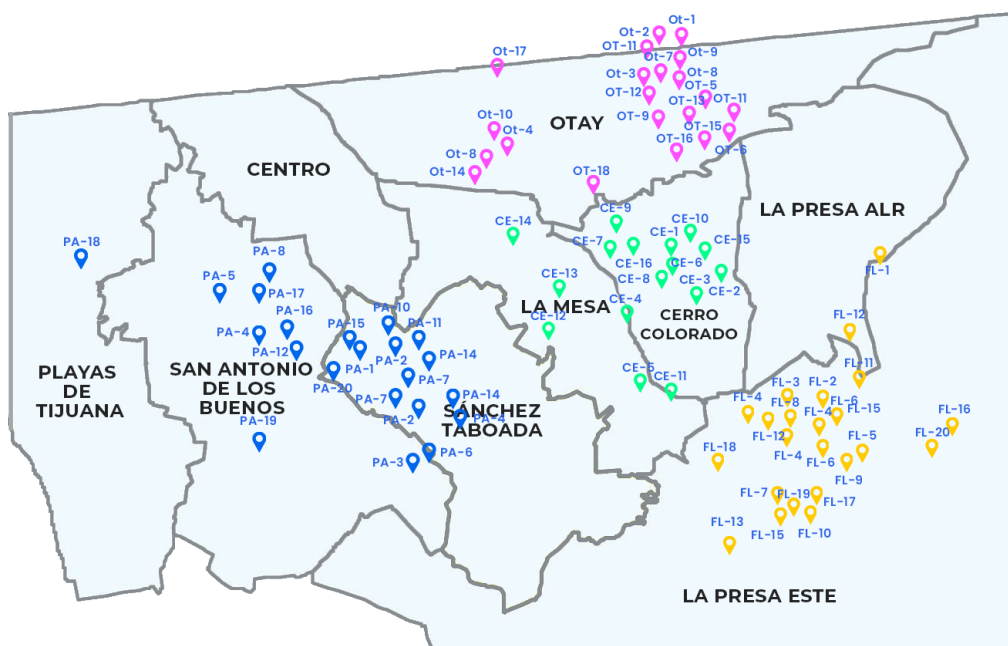
\$49,328

Hours worked per week

49.2 hrs

Source: Estimates with information from the Manufacturing, Maquila and Export Services Industry Program (IMMEX) - INEGI

Industrial parks



Source: Own elaboration with information from Tijuana EDC, provided as of May 2022

SAN ANTONIO DE LOS BUENOS

PA-3 Nordika Building
PA-5 CPA-Misiones
PA-6 Vestapark Megaregion
PA-8 Vesta Park El Rubi
PA-12 Valle Sur Building
PA-16 Valle Sur Ind. Park Buildings
PA-17 El Rubi Buildings
PA-18 La Joya Ind. Park Building
PA-19 Costa Dorada Ind. Park
PA-20 Msa Tecolote Industrial

LA PRESA ESTE

FL-1 CPA Business Center
FL-2 Vestapark Tijuana II
FL-3 Comex Platech I
FL-4 El Florido Industrial Park
FL-5 Comex Platech II
FL-6 La Encantada Ind. Park
FL-7 Valle Bonito Ind. Park
FL-8 Comex Platech III
FL-9 Cadena Industrial Park
FL-10 Poza del Encino
FL-11 Los Olivos Parque Logístico
FL-12 RMSG Building El Florido I, II, III
FL-13 Thomas A. Edison Ind. Park
FL-14 El Bajío

FL-15 Vie Verte Business Center
FL-16 Parque Norte
FL-17 Parque Sur
FL-18 Vestapark Lago Este
FL-19 Inobate Business Center
FL-20 Prologis Park El Centro
FL-21 Musa 2000 Industrial Land

SÁNCHEZ TABOADA

PA-1 Vestapark Morelos
PA-2 Pacifico Industrial Park
PA-4 Pacifico Campus
PA-7 Prologis Park Pacifico
PA-10 Pacifico Ind. Park Buildings
PA-11 Prologis Building
PA-14 Vestapark Pacifico
PA-15 Morelos Ind. Park Buildings

OTAY

OT-1 Prologis Park Otay I
OT-2 Prologis Park Otay II
OT-3 Bellas Artes (Otay II)
OT-4 Finsa Tijuana Ind. Park
OT-5 Prologis Alamar Ind. Park
OT-6 Vestapark Alamar
OT-7 Chilpancingo Industrial Park
OT-8 CPA Buildings I, II, III

CERRO COLORADO

CE-1 Azteca Industrial Center
CE-2 Girasol Industrial Park
CE-3 Vesta Park El Potrero
CE-6 Águila Coronada Ind. Park
CE-7 El Lago Industrial Park
CE-8 El Águila Industrial Park
CE-9 El Lago Ind. Park Building
CE-10 El Águila Building
CE-15 Girasol II Industrial Park
CE-16 Musa El Lago Industrial

LA MESA

CE-4 Fimher Industrial Center
CE-5 La Campiña Industrial Park
CE-11 Bajamaq Insurg. Inds. Park
CE-12 Vestapark La Mesa
CE-13 Ferrocarril Ind. Center
CE-14 Benitez Distribution Center

OT-9 Atisa Business Roup Prop.
OT-10 Tijuana Intl. Industrial Park
OT-11 Prologis Building
OT-12 RMSG Building
OT-13 Roca Alamar Industrial Park
OT-14 El Florido Building
OT-15 Finsa Tijuana Alamar Ind. Park
OT-16 Tijuana Campus Alamar
OT-17 Parque Logístico Matrix
OT-18 Musa Alamar Industrial Land

PLAYAS DE TIJUANA

PA-18 La Joya Ind. Park Building

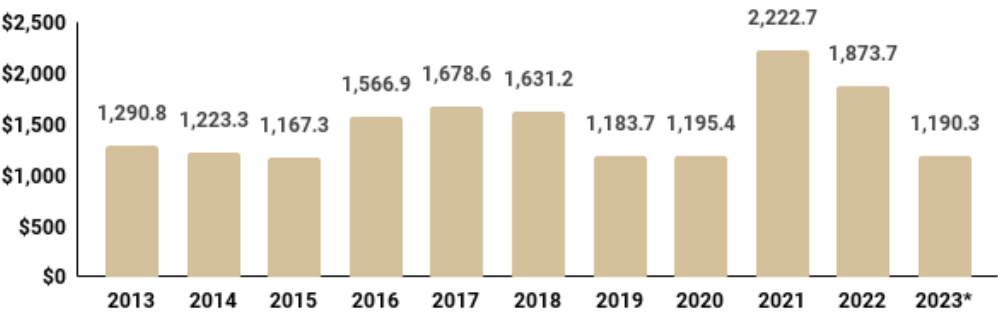
FOREIGN DIRECT INVESTMENT

Baja California, 3rd quarter 2023

Foreign Investment has been consolidated as a source of resources to finance the economic growth of our country, in addition to generating employment and technology transfer. **Mexico is the second recipient of foreign direct investment in Latin America, receiving an average of 18 billion dollars a year.** Until the 3rd quarter of 2023, **Baja California has received \$1,990.3 million, representing 3.6% of the national total**, this positions the state in 9th. place within the entities that attracted the most foreign investment.

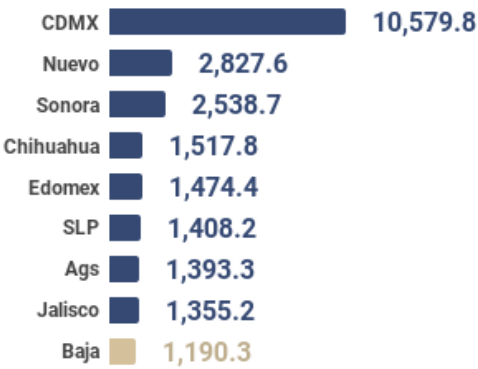
Foreign direct investment from Baja California

4-quarter moving average, values in millions of dollars

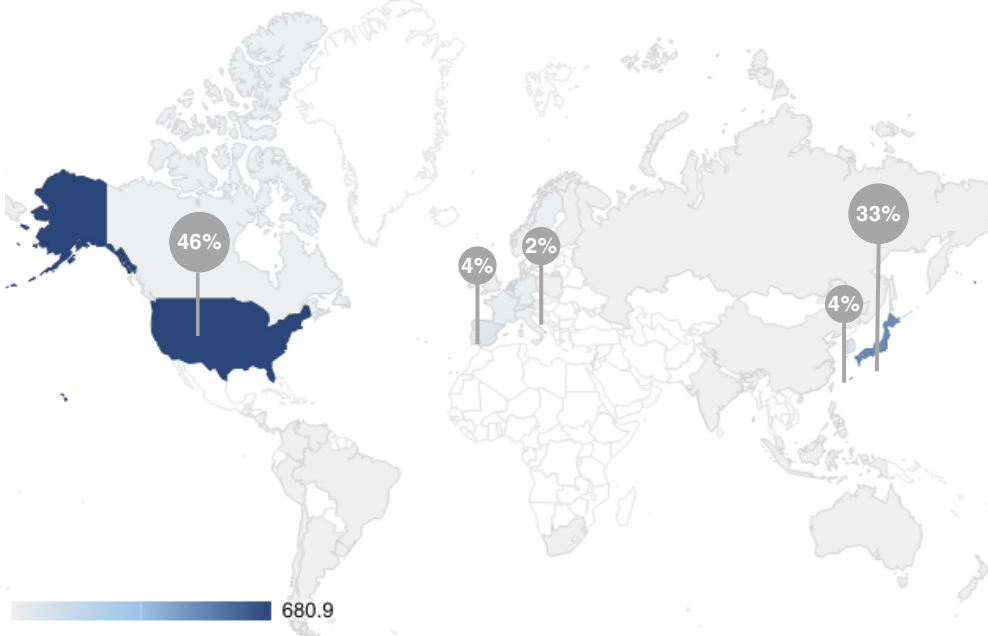


Source: Own elaboration with information from the Ministry of Economy, as of the 3rd quarter of 2023
*Amount accumulated until the 3rd quarter of 2023.

Main FDI attractors



Foreign direct investment by country of origin

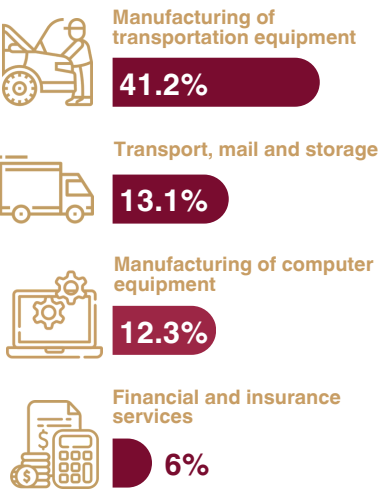


Source: Own elaboration with information from the Ministry of Economy, as of the 3rd quarter of 2023

The results show that the main investors in the city come from the United States, Japan and South Korea. Likewise, the sectors that have presented a greater flow have been the electronics and transportation sectors, in accordance with the characteristics of Tijuana.

Origin	FDI MM
United States	843
Japan	186.8
South Korea	83.1
Spain	62.6
Germany	27.9
France	26.6
Ireland	23.6

Sectors with the highest FDI



PRODUCTION AND GROWTH

Baja California, 2nd quarter 2023

The **ITAE** (Quarterly Indicator of State Economic Activity) allows for a perspective on how the economy of the 32 federal entities evolves. For the second quarter of 2023, Baja California showed a **growth of 4.5% compared to the same period of the previous year**.

Quarterly Indicator of State Economic Activity (ITAE)



Rest of the country

Ciudad de México	4.1
Baja California Sur	3.8
Sonora	3.7
Puebla	3.2
Veracruz de Ignacio	3.1
Colima	2.8
Hidalgo	2.8
Nuevo León	2.8
Guanajuato	2.7
Chihuahua	2.6
Querétaro	2.6
Sinaloa	2.6
Tlaxcala	2.6
Coahuila de Zaragoza	2.4
Jalisco	2.4
Morelos	2.4
Michoacán de Ocan	1.5
Guerrero	1.2
Chiapas	0.8
Zacatecas	-1.4
Nayarit	-2.3

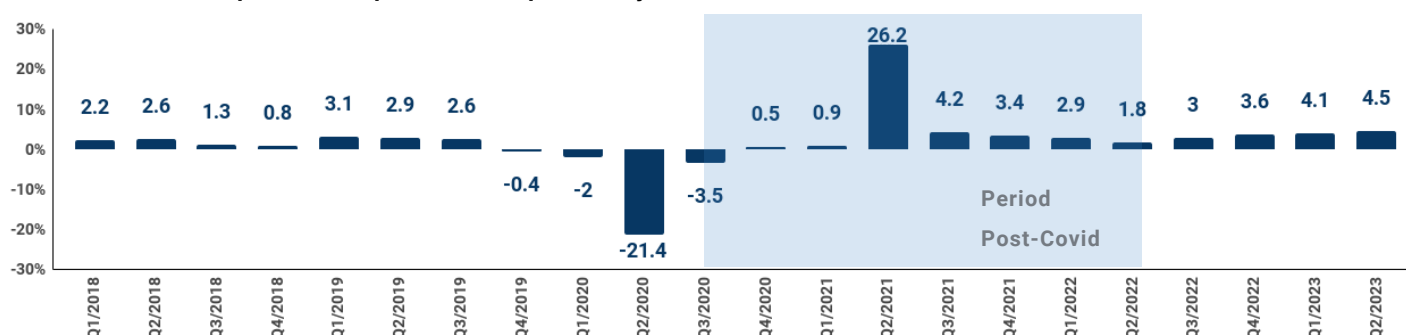
Annual rate % - Seasonally adjusted series - Second quarter of 2023.

Source: National Institute of Statistic and Geography (INEGI)

Due to the estimation method, the series may be modified when new information is incorporated.

Until 2019, Baja California had maintained **low and stable growth with an average rate of 3.6% annually**. However, the **effects of the pandemic caused a contraction of up to 21.4% (Q2-2020)**. However, economic activities have shown a progressive recovery.

% variation with respect to the quarter of the previous year



Annual rate % - Seasonally adjusted series - Second quarter of 2023

Source: Own elaboration with information from the National Institute of Statistics and Geography

Due to the estimation method, the series can be modified when new information is incorporated.

EMPLOYMENT AND INCOME DISTRIBUTION

Tijuana, 3rd quarter 2023

61.8%	2.2%	36.7%
Participation rate (PEA)	Unemployment rate	Informal employment rate
Employment by economic units		%
Micro and small	451,853	51%
Medium	96,058	11%
Large	180,804	21%
Government	15,941	2%
Other	72,098	8%
No specification	62,234	7%
Total	878,988	100%

Source: Own elaboration with data from National Occupation and Employment Survey. INEGI

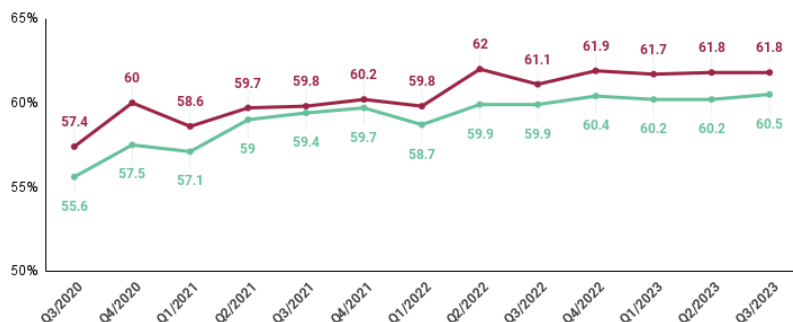
Minimum wage			
	ZLFN	%	Rest of the country %
2019	\$176.72		\$102.68
2020	\$185.56	5.0	\$123.22 20.0
2021	\$213.39	14.9	\$141.70 14.9
2022	\$260.34	22.0	\$172.82 26.2
2023	\$312.41	20.0	\$207.44 20.0
2024	\$374.89	20.0	\$248.93 20.0

Source: Elaboration with data from the National Commission of Minimum Wages.

Civilian labor force participation rate

Percentage values

● National ● Tijuana

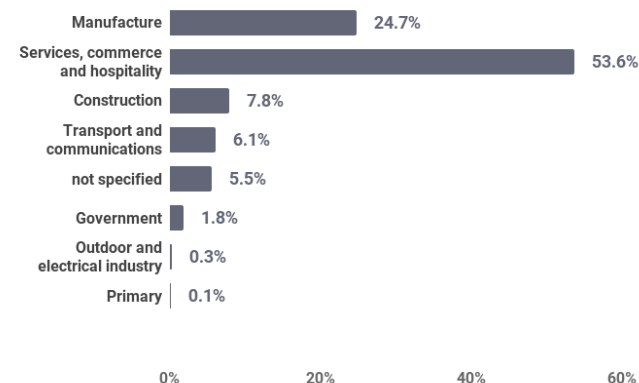


Source: National Occupation and Employment Survey. INEGI

Note: The category is not specified and includes individuals employed in economic units whose territoriality is not part of the country in a legal sense; this includes border workers residing in Mexico, as well as personnel working in embassies and consulates.

Employed population by economic sector

Percentage Values



Tijuana's employment represents close to half of that created in Baja California, with an unemployment rate of 2.2%. It is one of the cities with the lowest unemployment in the country. The labor dynamics reflect the economic diversity that strengthens it, **where the sectors that concentrate the most employment are services, shops, restaurants and hotels with 53.6%, and manufacturing with 24.7%.**

Tijuana's civilian force participation rate (PEA) has recovered to the levels it had before the pandemic; by the second quarter of 2023, 61% of Tijuana residents had a job or were looking for one.

Within the labor reforms, starting **January 1, 2024, the minimum wage in Mexico will grow 20%.** In the Northern Border Free Zone, a strip with tax incentives made up of 43 border municipalities in **Baja California, Sonora, Coahuila, Nuevo León and Tamaulipas, the minimum wage will go from 312.41 pesos to 375 pesos per day, about \$11,250 pesos per month.**

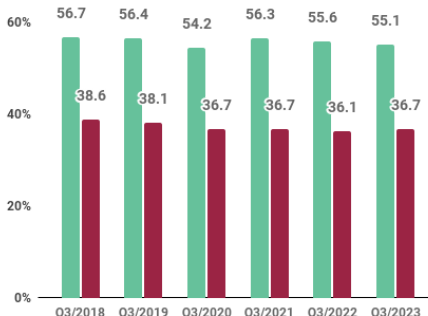
Unemployment rate



Percentage of the PEA that is not working, but is looking for a job.

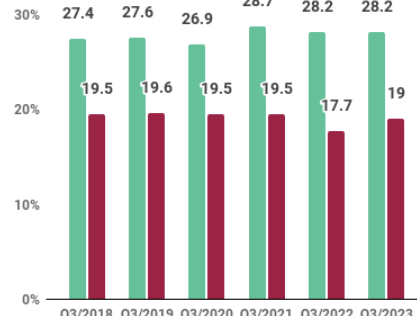
■ Nacional ■ Tijuana

Informal employment rate



Percentage of the employed population vulnerable due to the nature of the economic unit for which they work, plus those whose employment relationship is not recognized due to their source of work.

Employment rate in the informal sector



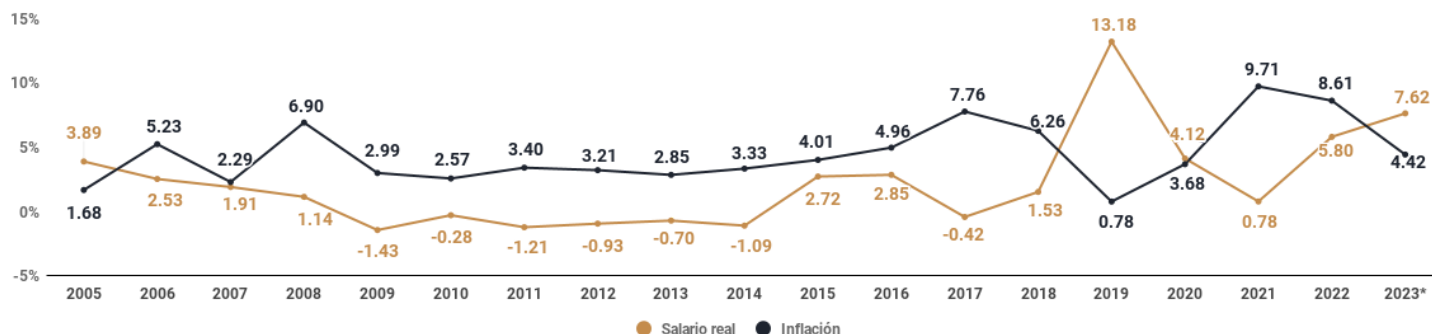
Percentage of the employed population that works for an economic unit that operates from household resources, but without establishing itself as a company.

Despite expectations of a recession, **Tijuana has managed to maintain an unemployment rate below the national average**; The dynamic that the city has to generate broad salaried and entrepreneurial opportunities has made it the city with the lowest levels of unemployment. Currently, **its employed population is 878,988 people, where 36.7% work informally**, reflecting the working conditions in which part of the population of working age finds itself and generate a source of income.

Employment and salaries in Tijuana

Real salary vs inflation*

(Annual % change)



Source: Own elaboration with data from IMSS and INEGI

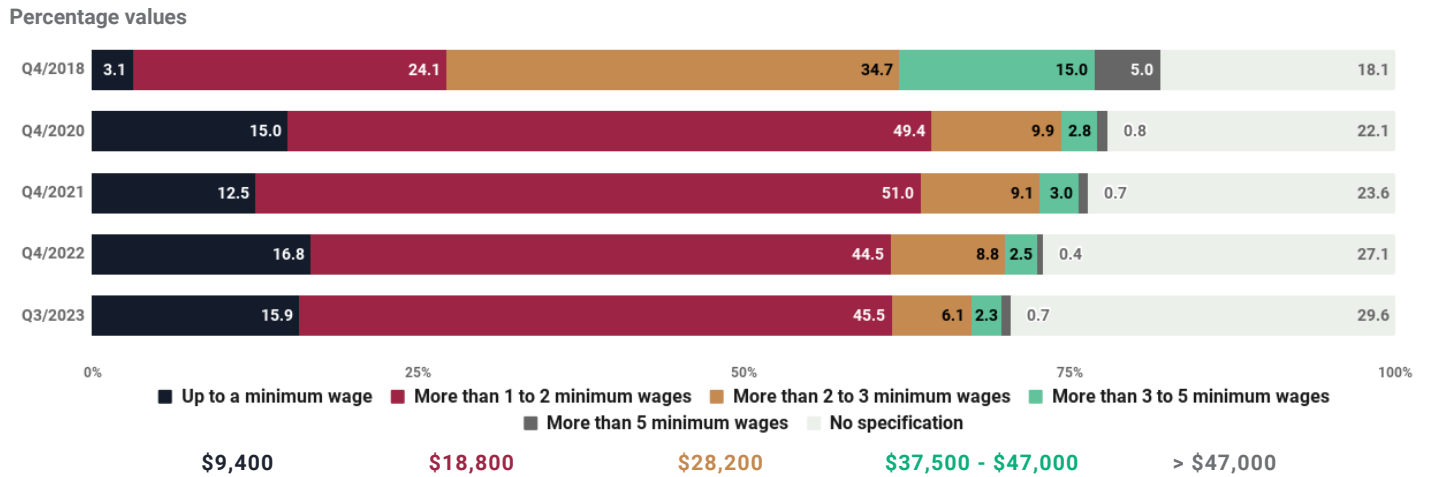
*The daily salary represents the base contribution salary deflated to 2021 prices, as in the Tijuana CPI

As can be seen, the effects of the 2008 real estate crisis had caused a loss of purchasing power in Tijuana residents, which remained until 2018. With the first increase in the minimum wage on the northern border that occurred in 2019 to **\$176.72 (13.18%)**, it was momentarily possible to be above inflation. The second salary increase in 2020 to **\$185.56 (3.7%)**, generated a compensatory effect because it approached the inflation level. The third increase of 2021, to **\$213.39 (0.78%)**, was surpassed by an inflation level of 9.71%. With the fifth increase of 2023 to **\$312.41 (7.62%)**, an improvement is observed in the purchasing power of Tijuana residents above an inflation of 4.4%.

Although inflation in 2021 has been the highest since 2016, it has been due to supply shocks in the binational border relationship and bottlenecks in supply chains due to an uncoordinated reopening of international trade, which in the United States continues to threaten a recessionary environment, due to the rise in interest rates to counteract the increase in prices, although the signs of recovery are optimistic.

From 2018 to 2023, the ENOE reports for Tijuana, **a structural increase of 12.8% of people earning up to one minimum wage.** Although the percentage of the employed population that has this income level in Tijuana is still below the national average (31.1%), this difference has been cut in half in recent years. In the same period, **a large decrease of 4 percentage points is observed in workers who earn more than 5 minimum wages.** What is notable is that for Tijuana there is a convergence to an average monthly salary of \$16,400 pesos, **since 61.8% of the workforce is between 1 and 2 minimum wages.**

Evolution of the salary level of paid workers**



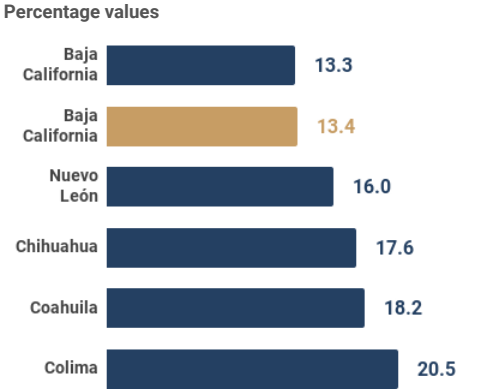
Source: Subordinate and paid workers. National Occupation and Employment Survey. INEGI

**The unspecified category includes those employed in economic units whose territoriality is not part of the country in a legal sense; This is the case of border workers residing in Mexico, as well as personnel who work in embassies and consulates.

EVOLUTION OF POVERTY AND WELL-BEING

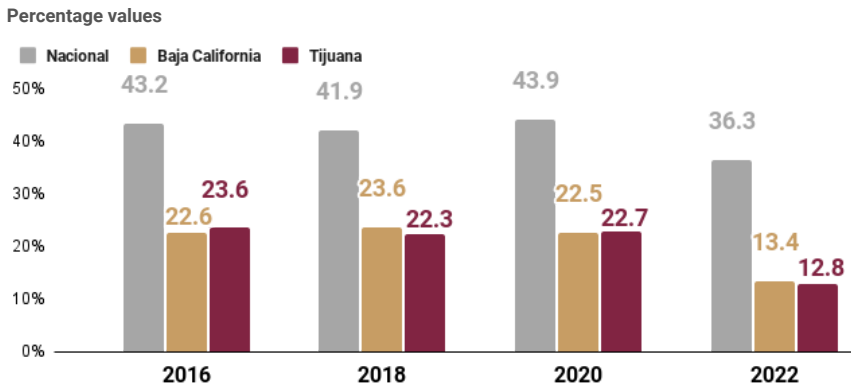
Poverty in Tijuana **was reduced by 9.9% in the last two years**, becoming the municipality with the greatest decrease in poverty rates in Baja California. According to the latest study by the National Council for the Evaluation of Social Development Policy (CONEVAL), which details that **Baja California was the second state at the national level to reduce its poverty level by nine percentage points, going from 22.5 to 13.4%.** Tijuana is the city that has contributed the most to these numbers, participating with 55% in reducing poverty in the State.

States with the lowest poverty rate



Source: Own elaboration with information from CONEVAL 2022.

Tijuana's poverty levels are below the national and state average



Poverty line

\$2,328.59

Monthly value of the basic basket per person in current pesos
January 2024

Population



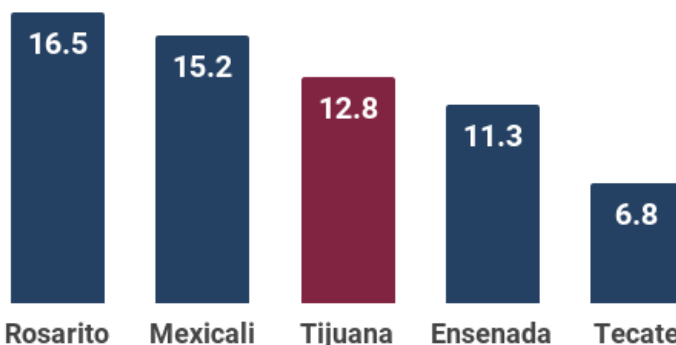
Tijuana

**1.92
Millions**

51% of the population of
Baja California

Poverty levels by municipality

Percentage values



Source: Own elaboration with information from CONEVAL 2022.

Social rights coverage

85.0%



Educational
advancement

67.2%



Access to health
services

62.8%



Acceso a
seguridad social

93.6%



Access to social
security

97.0%



Access to basic
services in
housing

89.5%



Access to
nutritious and
quality food

Source: Own elaboration with information from CONEVAL 2022.

Tijuana has been characterized as a city of opportunities for those who seek them. With advances in economic policy under a well-being approach, a decrease in poverty levels has been reflected. However, **there are still areas of opportunity in which there are We must work as a government to expand health coverage since only 67% have access to it, while 63% have social security to improve the quality of life of Tijuana residents.**

Border poverty

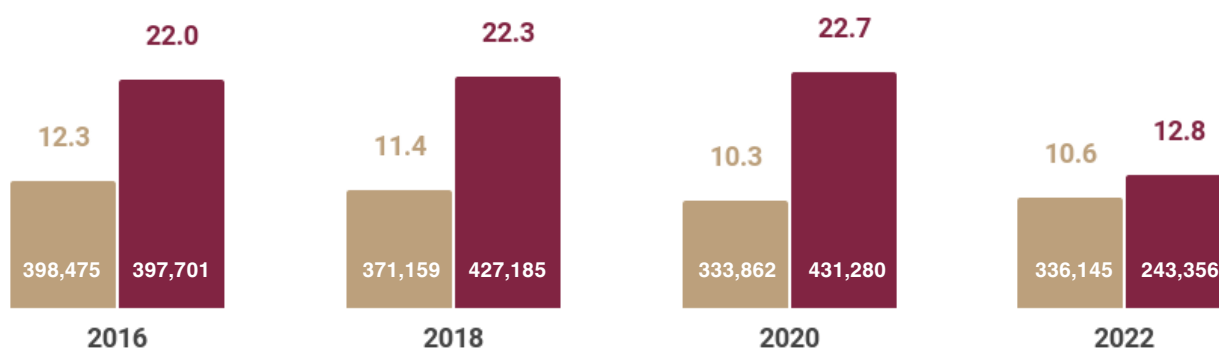
Percentage values

Tijuana

People below the
threshold and
with at least one
social deficiency

San Diego

People below the
poverty line

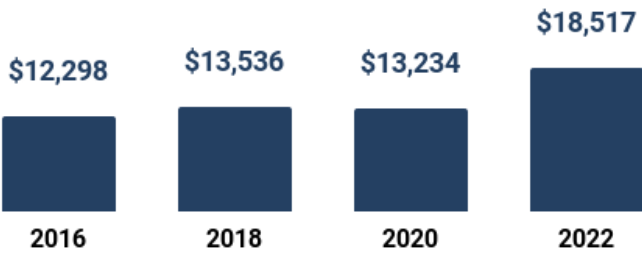
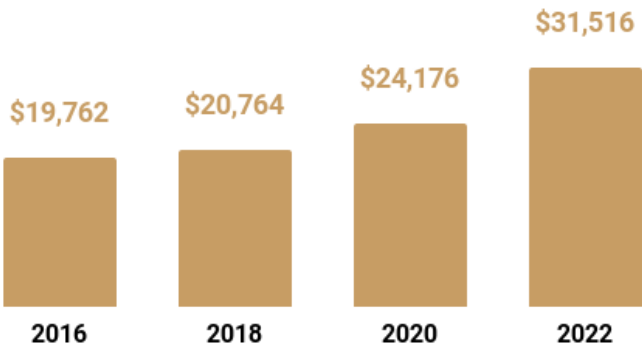


Source: Own elaboration with information from ACS 1 Year U.S. Census Bureau, INEGI and CONEVAL

Distribution of household income and expenditure in Tijuana

Total revenue: **\$31,516** monthly pesos

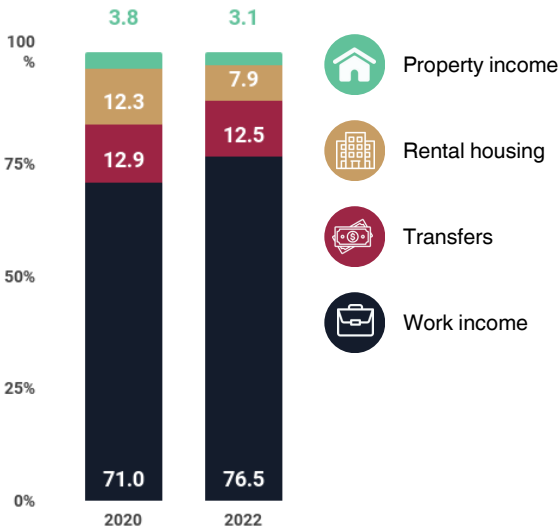
Total expenses: **\$18,517** monthly pesos



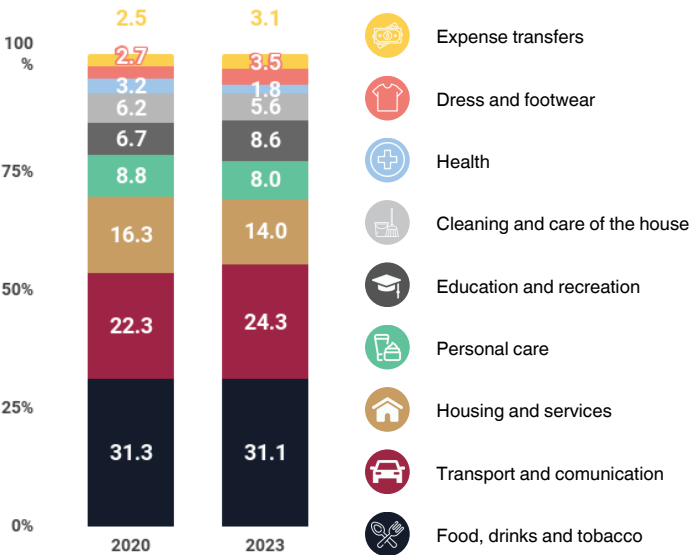
Source: Own elaboration with information from the National Survey of Household Income and Expenses 2022 (INEGI).
*Data in constant pesos for 2022, Estimates made following the INEGI methodology.

On average, during 2022, households received \$94,549 pesos quarterly, an amount equivalent to \$31,516 pesos per month, having an increase of 30% compared to 2020. On the other hand, the average expenditure per household was \$55,550 pesos quarterly, that is, \$18,517 pesos per month .

Distribution of sources of current household income



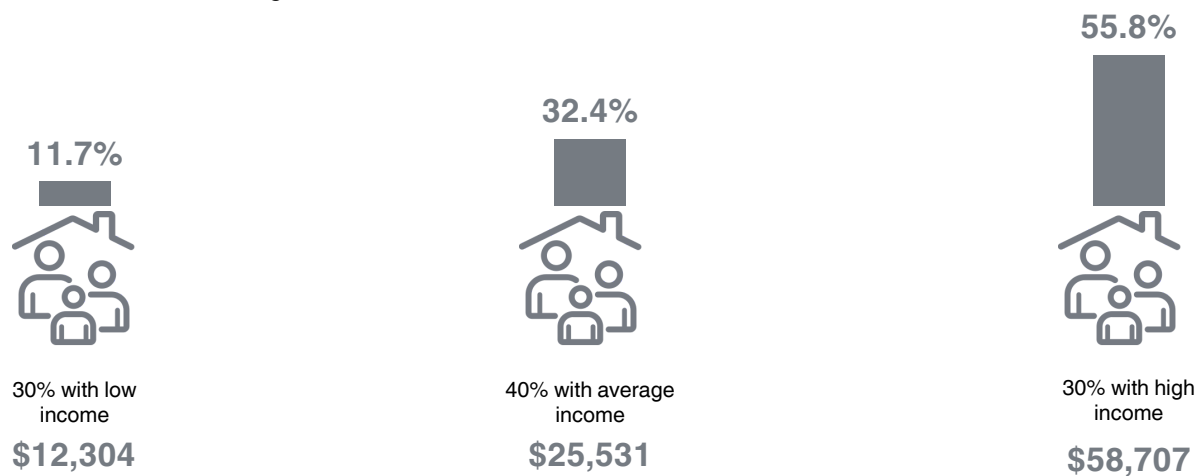
Destination of household spending



Source: Own elaboration with information from the National Survey of Household Income and Expenses 2022 (INEGI).
*Data in constant pesos for 2022, Estimates made following the INEGI methodology.

The bulk of monthly spending is dedicated to food, since 31% corresponds to it, on average a Tijuana household spends \$5,759 pesos per month on food, beverages and tobacco. Transportation is the second item with the highest concentration of spending. In 2022, households allocated, on average, \$4,494 pesos per month to this section (equivalent to 24% of spending), these items being where the highest spending of Tijuana households is concentrated.

Income distribution in Tijuana households

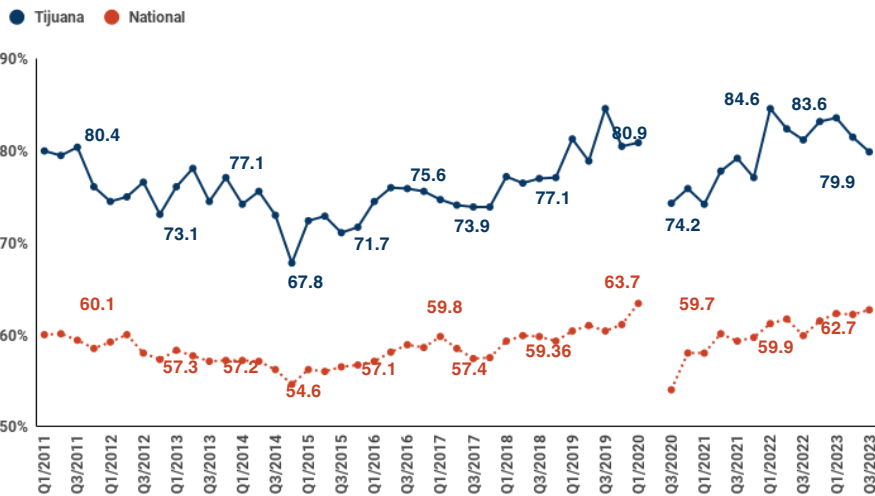


The dynamism of certain economic activities and business lines is strong in Baja California, especially in Tijuana, **where 62 cents are kept for each peso produced. The 30% of households with the highest income concentrate around 55.8% of the wealth produced, the 30% with the lowest income subsist on 11%,** this means that the middle classes of Tijuana live with 30% of the total wealth. Between 2020 and 2022, income concentration has been reduced by 10.9%, improving to a certain extent the distribution of wealth among Tijuana households.

Labor Wellbeing

The quality of jobs is measured through **the percentage of people who can purchase a food basket with their labor income**, taking as a reference the value of **\$2,328.59 per month per person (2024)**, proposed by the National Council for Evaluation of Development Policy Social (**CONEVAL**). At the beginning of 2020, **80% of workers had access to the food basket, while by the end of 2020 it was reduced to 74% and at the beginning of 2024 it grew to 79.9%**. These effects are related to changes in the value of the poverty line, stagnation in the level of remuneration and the loss of purchasing power due to the effects of inflation.

Percentage of people who can buy the food basket with their labor income



Income poverty line	\$4,529.85
Extreme poverty line by income	\$2,328.59
Non-food basket	\$2,201.26
Public transport	\$237.55
Cleaning and care of the house	\$121.69
Personal care	\$236.10
Education, culture and recreation	\$282.15
Vehicle communications and services	\$420.11
Housing and conservation services	\$410.45
Clothing, footwear and accessories	\$264.17
Glassware, white goods and household utensils	\$22.65
Health care	\$118.79
Household goods and home maintenance	\$38.45
leisure articles	\$11.08
Transport	\$23.72
Other expenses	\$14.35

Source: CONEVAL estimates based on the ENIGH 2016 and the INPC of the INEGI.

Source: Prepared with data from the National Occupation and Employment Survey. INEGI and CONEVAL

INFLATION

United States
3.1%

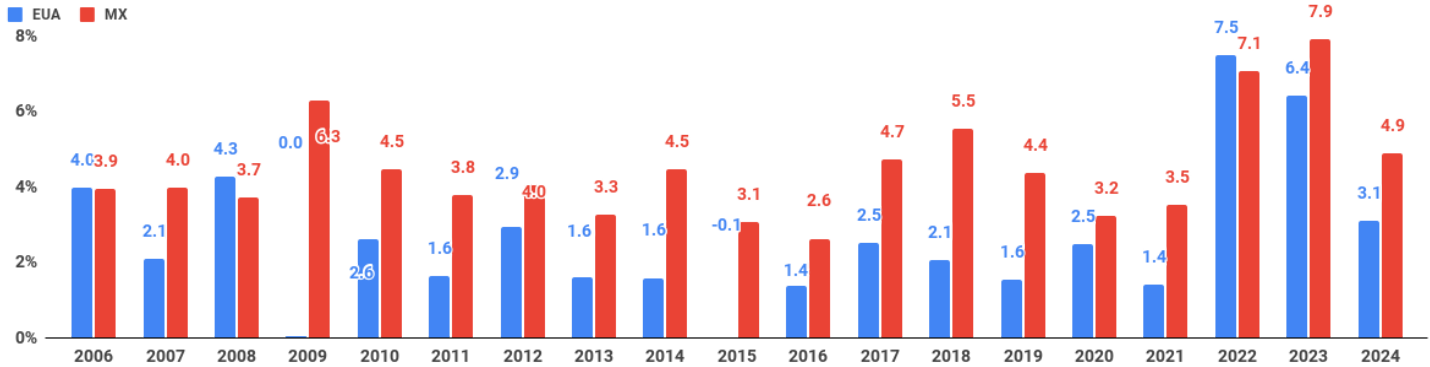
México
4.88%

San Diego
3.8%

Tijuana
4.26%

Interannual inflation Mexico - United States

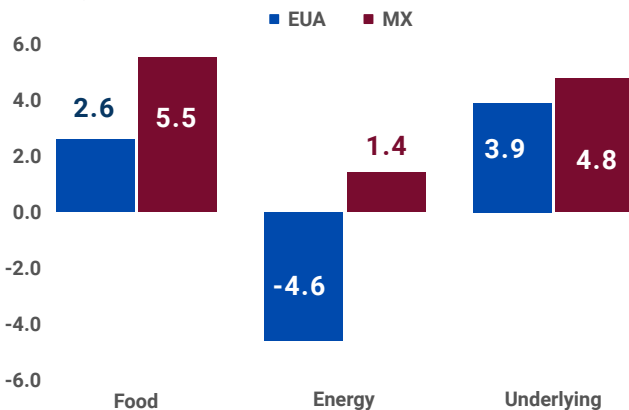
January 2005 - 2024



Source: Prepared with data from the U.S. Bureau of Labor Statistics and INEGI.

Increase by components

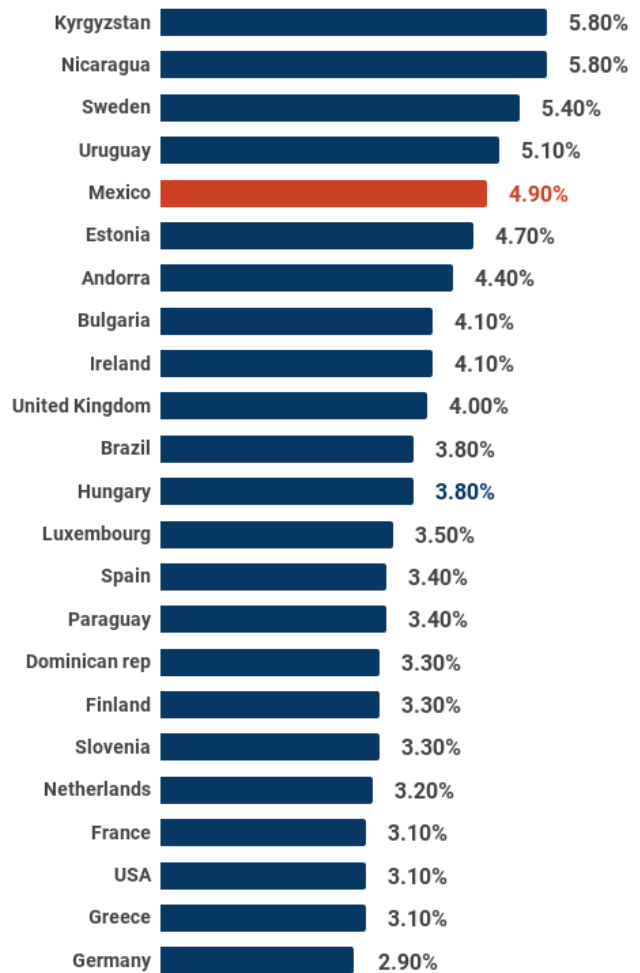
January 2022-2023



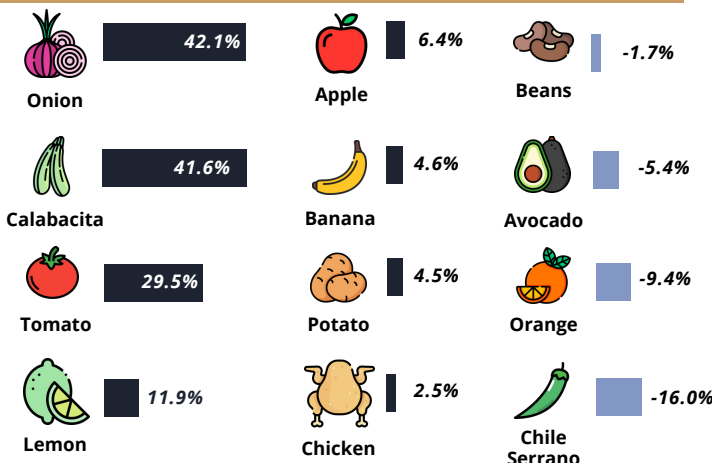
Source: Prepared with data from the U.S. Bureau of Labor Statistics and INEGI.

Inflation in the world

January 2023



Inflation components monthly variation



Source: Own elaboration with data from INEGI

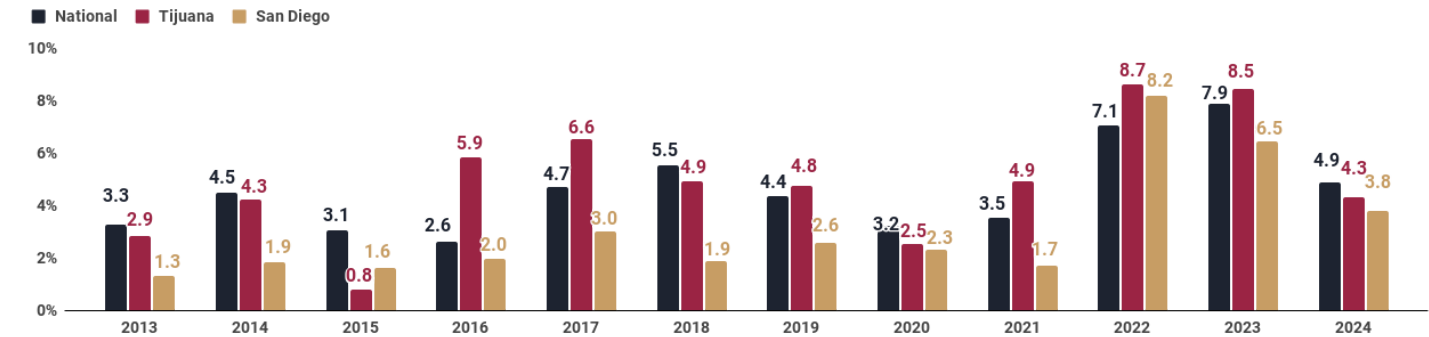
Source: Prepared with data from Central Banks. INEGI

Note: A summary of countries is made for graphical visualization.

The high inflation in Mexico and Tijuana is attributed to the close relationship with the United States and the high degree of trade integration with the outside world. In response to this, the Mexican government has decided to take measures to counteract the price increases of essential goods by implementing price controls on **24 basic basket products**: canola or corn oil, rice, canned tuna, brown sugar, beef steak, onion, jalapeño pepper, pork chops, beans, white eggs, toilet soap, salad tomatoes, milk, lemon, apple, orange, sliced bread, potatoes, toilet paper, soup pasta, whole chicken, canned sardines, corn tortillas, and carrots. As a result, there has been a progressive decrease in the price level in Tijuana, despite an inflation rate of 9.5%, to a level of 4.3%.

National Inflation, Tijuana and San Diego

January 2024



Source: Own elaboration with data from INEGI and the U.S. Bureau of Labor Statistics

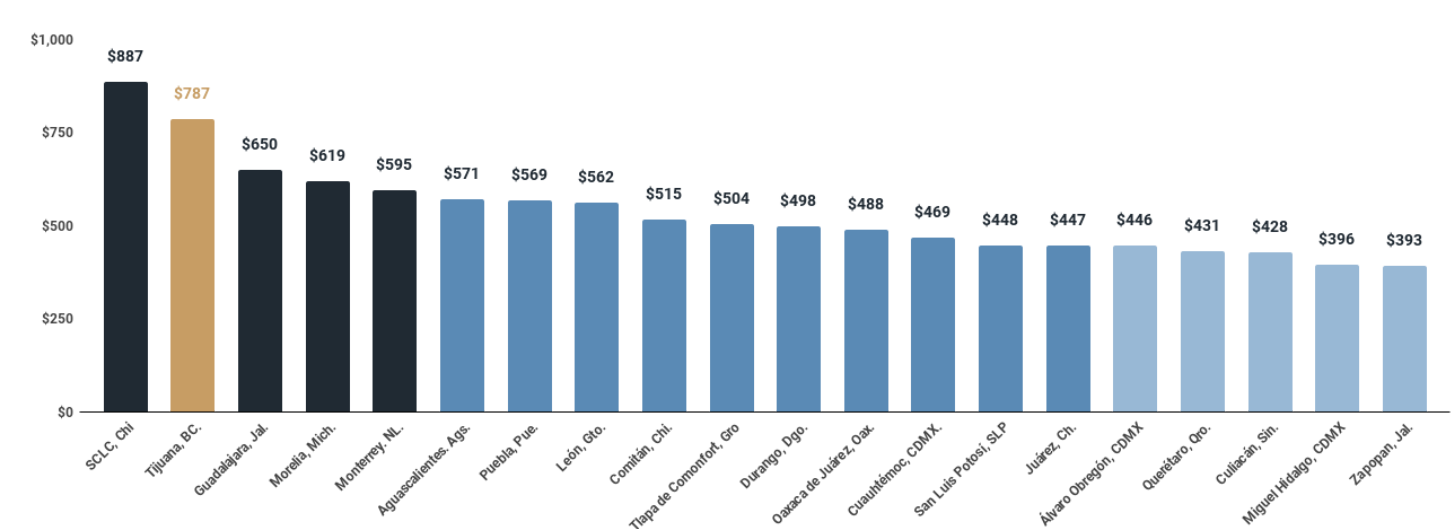
REMITTANCES



In 2023, Tijuana is one of the municipalities that received the most remittances, with 753 million US dollars, which represents 54% of the state's remittances. According to reports from the Bank of Mexico, by the end of 2023, Tijuana has raised 787.16 million dollars.

The 20 main municipalities receiving remittances in Mexico

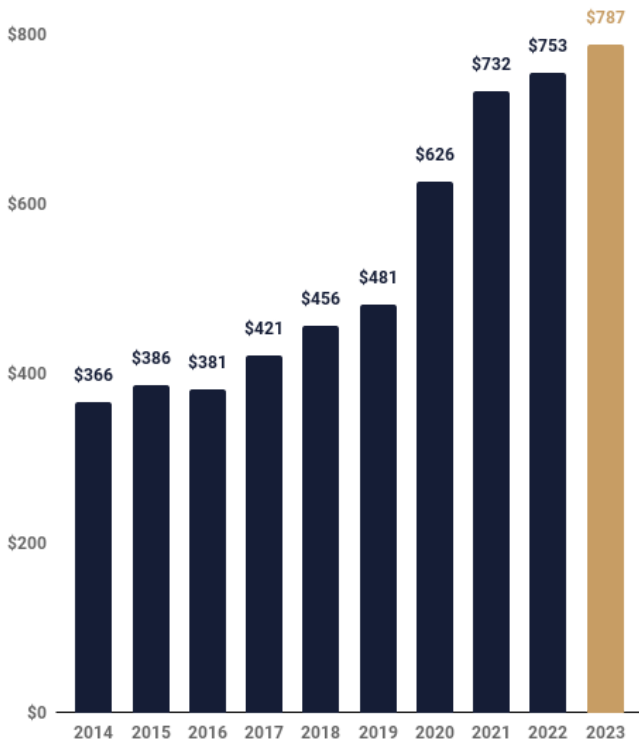
(Millions of US dollars)



Source: Own elaboration with data from the Bank of Mexico

Evolution of remittances in Tijuana

(Millions of US dollars)



Source: Own elaboration with data from the Bank of Mexico

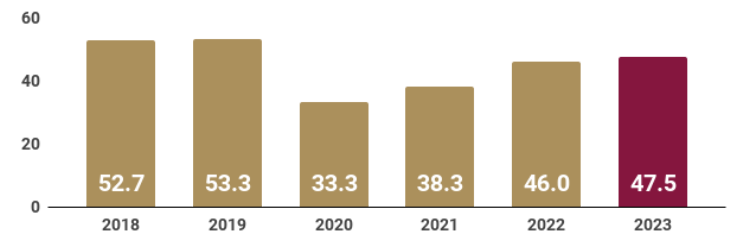
Transborder crossings 2023

47,532,829



In 2023 around 47 millions people crossed, making it the busiest border in the world

(Millions of people)



Source: Own elaboration with data Bureau of Transportation Statistics

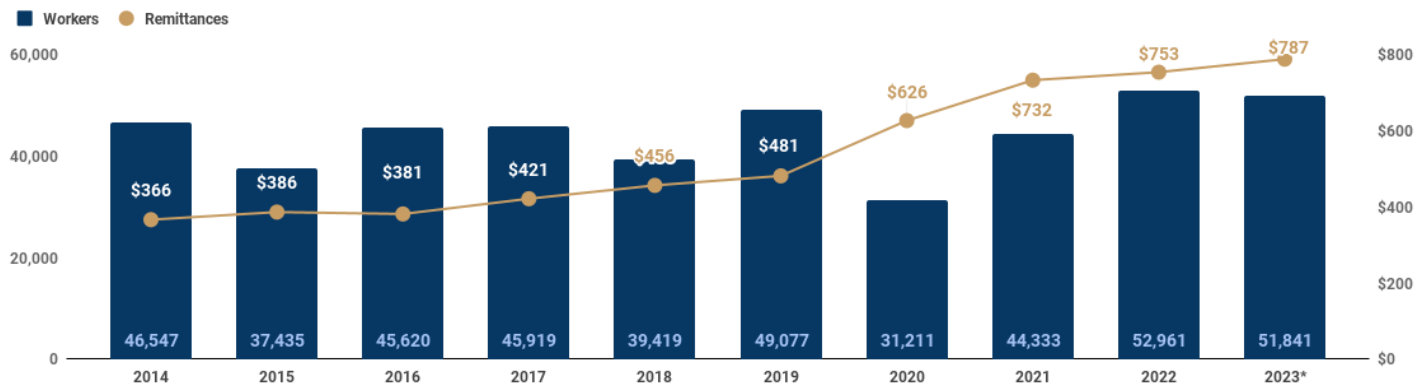
Remittances and cross-border employment

4th quarter 2023



It should be noted that although the number of border workers decreased during the pandemic, by the end of 2022, it had already recovered to historical levels, **representing 6% of the employed population in Tijuana and 15% of the total cross-border workers in the Northern Border.**

Cross-border employment



Source: Prepared by the authors with data from the Bank of Mexico and the National Occupation and Employment Survey. INEGI

*Information on cross-border workers is available until the 3rd quarter of 2023.

REORIENTING PUBLIC POLICY



The deep economic contraction generated by **Covid-19** in 2020, together with the implementation of fiscal stimuli and expansive monetary policies to achieve a recovery in 2021, generated overheating of the global economy. This and an uncoordinated reopening of international trade generated supply shocks that reduced goods and services and created bottlenecks that limited the distribution of goods. Together, all these events have **pushed prices up**.

The United States presented an inflation of 8.2% in September 2022, while in Mexico and Tijuana it was 8.7 and 9.7%, respectively. It must be understood that the inflation problem originated in an international context disturbed, in addition to Covid-19, by Russia's invasion of Ukraine, which wreaked havoc on the world economy. To respond to the inflation problem, monetary policy in the United States and Mexico was activated to combat the increase in prices, through an increase in the interest rate. Many changes have been observed in the financial markets of the United States and the world. In Mexico, the increase in the interest rate began at 4.25% and has stabilized as of June of this year with a rate of 11.25%, managing to reduce inflation to 5%. Similarly, in the United States, the much-announced mid-year recession, due to inflationary pressures, has occurred more gently, largely due to the management of interest rates to cool the economy. However, the recessionary threat to the United States and the world remains.

Consequently, the increase in interest rates has led to a strengthening of the peso against the dollar in recent months, benefiting sectors that heavily rely on imported inputs. However, for the commercial chains that are negatively affected, it is now time to follow the example of American supermarkets by **competing on prices for the benefit of their customers to counter the decline in sales**.



The transborder interaction space has allowed **Tijuana's economy to become a land of opportunities for companies of all sizes, as well as enabling better allocation of available public resources.** The fact that Tijuana has the lowest **unemployment rate in the country** creates a new scenario, which, given the boom in investments in the southeast of the country, is likely to continue for the remainder of 2024.

The scarcity of the workforce and strong support for self-employment will undoubtedly drive wages upward, resulting in three effects on current and future investments: **Companies will have to compete with better salaries and working conditions to attract the best workers;** companies will need to adopt high-value-added practices to remain competitive in the Tijuana market, and workers will have better opportunities for entrepreneurship to improve their well-being beyond what their jobs can provide. The resources made available by the Municipal Government, allocated with a focus on well-being, along with remittances as a significant source of family support in Mexico and particularly in Tijuana, will contribute to these opportunities.



ANNEX

Annex 1. Urban Extreme Poverty Line by Income at prices of: (Food Basket - Urban)

Group	Name	Monthly monetary value
		\$2,328.59
Corn	Corn tortilla (all types and colors)	\$95.86
Wheat	Pasta for soup	\$8.48
	Sweet cookies	\$12.26
	White bread: bolillo, telera, baguette, etc.	\$38.73
	Sweet bread in pieces (of all kinds)	\$83.68
	Bread for sandwich, hamburger, hot dog and toast	\$17.86
Rice	Grain rice	\$9.29
Other cereals	Corn, wheat, rice, oatmeal, granola, etc. cereal.	\$10.76
Beef and veal	Beef steak (from any part)	\$104.00
	Ground beef	\$55.06
Pork Meat	Pork steak (from any part)	\$9.65
	Pork ribs and chop	\$67.66
Processed meats	Chorizo with any seasoning and color and sausage	\$13.47
	Pork ham	\$11.89
Chicken meat	Bone-in chicken leg, thigh, or breast	\$42.67
	Boneless chicken leg, thigh, or breast	\$26.26
	Whole chicken or pieces (except leg, thigh and breast)	\$29.25
Fresh fish	Clean and uncleaned whole fish	\$7.18
	Fish steak	\$10.42
Processed fish	Canned tuna	\$10.72
Milk	Pasteurized cow's milk	\$139.62
Cheese	Fresh cheese	\$18.68
	Oaxaca or asadero cheese	\$13.37
Other milk derivatives	Fermented milk drinks	\$11.75
Eggs	White and red chicken egg	\$57.65
Oils	Vegetable oil: canola, safflower, sunflower, corn, etc.	\$15.18
Raw or fresh tubers	Dad	\$43.43
Fresh vegetables and legumes	Onion	\$70.29
	Chili*	\$17.87
	Tomato	\$108.91
Legumes	Beans in grain	\$61.02
Fresh fruits	Lemon	\$27.78
	Apple and peron	\$29.73
	Orange	\$11.99
	Green banana and tabasco	\$20.97
Sugar and honey	White and brown sugar	\$12.78
Prep food to consume at home	Roasted chicken	\$36.38
Non-alcoholic beverages	Natural bottled water	\$32.94
	Packaged juices and nectars	\$41.95
	Cola and flavored soft drinks	\$94.11
Others	Food and drinks consumed outside the home**	\$675.14
	Other prepared foods	\$121.90

* Average price of jalapeño, poblano, serrano and other chiles.

** Corresponds to breakfasts, lunches and dinners consumed outside the home.

Source: CONEVAL estimates based on the ENIGH 2016 and the INPC of the INEGI.

Annex 2. Results of the State Competitiveness Index (Baja California)

2022

Concept	2022	2021	2018	2016	2014
GLOBAL	13	13	13	9	10
RELIABLE AND OBJECTIVE LAW SYSTEM	25	31	28	29	30
SUSTAINABLE MANAGEMENT OF THE ENVIRONMENT	15	14	12	6	10
EFFICIENT AND EFFECTIVE GOVERNMENTS	16	17	19	29	31
INCLUSIVE, PREPARED AND HEALTHY SOCIETY	9	9	5	19	16
INNOVATION OF THE ECONOMIC SECTORS	16	11	12	13	9
USE OF INTERNATIONAL RELATIONS	4	4	3	6	6
EFFICIENT FACTOR MARKET	16	19	25	28	25
WORLD CLASS PATHWAY SECTORS	6	5	5	4	5
STABLE ECONOMY	1	4	4	7	14
STABLE AND FUNCTIONAL POLITICAL SYSTEM	31	31	23	20	23

Source: Own elaboration with data from IMCO, State Competitiveness Index Report

Stable Economy

Concept	2022		2021	
	Result	Position	Result	Position
GDP per capita	\$222,044	▲ 7	\$217,291	5
GDP in high-growth sectors (% of GDP)	70%	- 3	71%	10
GDP growth (average of the real growth rate of the last 3 years)	2.2%	▲ 5	1.20%	2
State debt and state agencies (% of GDP)	2%	- 14	2%	14
State and state agency debt (% of federal shares)	67%	▲ 21	63%	20
Average debt maturity term (weighted average years)	17.9	▲ 8	16	12
Average Cost of Debt (Weighted Average Interest Rate)	5.5%	▲ 22	4.60%	9
People with incomes higher than the state average (% of the employed population)	21%	▼ 26	25%	22
Working population (Employed population as a % of the total population)	46%	▲ 7	42%	6
Economic diversification (Number of sectors present in the economy)	846	- 10	845	10

Source: Own elaboration with data from IMCO, State Competitiveness Index Report

Glossary

Economic Activity

Action taken by an individual, business, company, or establishment to produce goods and services, whether legal or not, within a framework of transactions that involve consent between the parties. This includes activities such as producing corn and beans for self-consumption.

Non-economic activity

Action intended to meet personal or family needs for the functioning of household members, without involving any payment or the production of goods and services for the market.

Supply Shocks

Any influence on aggregate supply, generated by certain variables such as: a natural disaster, an increase in input prices, productivity, or specific technological advances.

Entitlement to health services.

Action aimed at meeting personal or family needs for the functioning of the household, without involving any payment or the production of goods and services for the market.

Public Debt

They are all outstanding obligations of the public sector incurred directly or through its financial agents.

Duration of the workday

Number of regular and overtime hours worked by the employed.

Employee

It is the person who provides, to another person or entity, personal work under a subordinate relationship.

Employer / Boss

It is an independent worker who hires the services of one or several employees in exchange for monetary or non-monetary compensation.

Establishment

It is the economic unit that, in a single physical location, delimited by fixed constructions and facilities, combines resources under a single owner or control to develop, on its own or on behalf of others (maquiladora), the activities of assembly, processing, and total or partial transformation of raw materials that result in the production of related goods and services, mainly included in a single class of economic activity.

Worked Hours

Time measured in hours that the employed population dedicated to their job(s) in the reference week.

Inflation

The phenomenon observed in a country's economy, characterized by the disorderly increase in prices of most goods and services traded in its markets over an extended period of time, is known as inflation.

Core Inflation

Variation in the prices of goods and services in the Consumer Price Index (CPI), but excluding energy and unprocessed goods.



Work Earnings

"Work income" or "Earnings from work" is the monetary compensation that the occupied population obtains or receives from the work they performed in the reference week. The income is calculated on a monthly basis.

Occupation in the informal sector

All work performed in an economic unit not constituted as a company that operates based on household resources, but without being established as a formal business.

Population on a salaried basis

People aged 15 and over who work for a private or public employer, and receive a payment, wage, salary, or daily wage

Unemployed population

People 15 and over who work for a private or public employer, and receive a payment, wage, salary, or daily wage

Non-economically active population

People 15 and older who engage in non-economic activities and are not actively seeking employment.

Employed population

Population aged 15 and older who are engaged in some form of economic activity, either as employees or self-employed workers.

Population aged 15 and older who are employed under precarious or critical working conditions

Employed individuals who are in the following situations: work less than 35 hours per week due to market reasons; work more than 35 hours per week and earn monthly labor income below the minimum wage; work more than 48 hours per week and earn up to two minimum wages.

Underemployed population

People 15 years of age and over who have the need and availability to offer more work hours than their current occupation allows them.

Price ceiling

Measure implemented with the aim of establishing a limit on the price of a specific product or service in the market.

Price floor

Measure by which a tariff is established below which a product or service cannot be sold in the market.

Remittances

Sending money from individuals residing in another nation to their country of origin.

Formal sector

These are all economic activities that are carried out in companies formed as corporations, public or private institutions, businesses not constituted as corporations, but that report income to the tax authority, and in agriculture and/or animal husbandry oriented towards the market.

Informal sector

All economic market activities that operate based on household resources, but without being constituted as identifiable and independent enterprises from those households.



Critical employment conditions rate (RCEC)

Percentage of the employed population that is working less than 35 hours per week due to market conditions, plus those who work more than 35 hours per week with monthly incomes below the minimum wage, and those who work more than 48 hours per week earning up to two minimum wages.

Unemployment rate

Percentage of the economically active population (PEA) that is without work, but is looking for work (see unemployed population).

Informal unemployment rate

Proportion of the employed population that includes the sum, without duplication, of the employed who are labor vulnerable due to the nature of the economic unit for which they work, with those whose employment relationship or dependency is not recognized by their source of work.

Economic participation rate

Percentage represented by the economically active population (PEA) with respect to those aged 15 and over.

Unemployment rate

Percentage of the employed population that has the need and availability to offer more working hours than their current occupation allows.

Domestic worker

Person who provides cleaning, assistance, and household-related services to an individual or family in exchange for compensation.

Independent worker

A person who manages their own company or business, so they do not have a boss or superior to whom they are accountable for their performance or results obtained.

Unpaid worker

employed worker who does not receive any type of payment (monetary or in kind) for their occupation, although they may be eligible for some benefits.

Paid worker


Employed worker who receives compensation for performing an economic activity.

Border worker

Every migrant worker who maintains their habitual residence in a neighboring state, to which they normally return every day or at least once a week.

Economic unit

Entity (institution, company, business, or individual) engaged in the production of goods, buying and selling of merchandise, or provision of public and private services.



NEITHER WASTE, NOR SCARCITY: MEASURING ECONOMIC WELL-BEING IN AN INCLUSIVE TIJUANA

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