

The Domestic Content of Mexico's Maquiladora Exports: 1988-2006¹

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Abstract

This paper studies the domestic value added content of exports by Mexico's foreign assembly plants during the past 30 years. Mexico's industrial policy for export processing firms gradually shifted from providing employment towards promoting intermediate deliveries among upstream domestic firms and technological upgrading within maquiladora firms. We combine a recently released input-output table for maquiladora industries with detailed longitudinal data on output, domestic and imported intermediate inputs, and skill requirements to study the effects of these industrial policies. We find that domestic value added content differs across industries but did not change much over time. Structural changes in the composition of output drive changes in the domestic value added embodied in aggregate maquila exports. Changes in the industry composition of assembly plants appear related to external shocks such as the North American Free Trade Agreement (NAFTA) in the late 1980s and China's entry into the World Trade Organization in 2001. Within industries, we find few signs of increasing intermediate input deliveries by domestic firms or higher embodied value added and skill use in the production process among maquiladoras over time.

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