

Topolobampo: a new port on the Pacific

*Alejandro Mercado Celis **

The potential impact of the implementation of a North American Free Trade Agreement (NAFTA) between Canada, the United States and Mexico has been exhaustively analyzed by specialists in the three nations. Unfortunately, there is still a considerable disparity between analyses regarding the local and regional implications of this agreement.

A geographic perspective is important, since NAFTA will affect economic sectors in different ways; some sectors will benefit from the changes, others will suffer, while a third group will be forced to restructure so as to meet new challenges.

The idea that economic activity occurs in several very specific areas throughout the nation should be added to these analyses. Some industries are concentrated in a single region or city.

Just as the capacity for reorganization and restructuring differs from industry to industry, it also varies from region to region. This is especially evident if we examine the real potential of each region as regards the integration or attraction of new economic activities generated by the free trade agreement.

It is important to note that the present geographical distribution of Mexico's economy—apart from the growth experienced along the northern border—is largely the result of the protectionist measures implemented over the last decades.

It was not until the 1980s that the nation's medium-sized cities underwent significant growth. This phenomenon served to fill the large and unwieldy gap existing between Mexico's large cities—Mexico City, Monterrey and Guadalajara—and the small towns and rural settlements.

The economic opening up of Mexico's border with the United States has been partly responsible for the explosive growth seen in cities such as Ciudad Juárez and Tijuana, formerly isolated settlements characterized by a slow growth rate.

NAFTA presents opportunities for regions previously considered to hold little attraction, to develop significant comparative advantages. Mexico City's position as a market and production center will therefore decrease in importance.

Many medium-sized cities have arisen and grown in direct competition with traditional urban centers. This means changes in national markets, sources of raw materials and all kinds of production and consumption routing. The tables will be turned and the relative roles of each city and town will be transformed according to its capacity to adapt to new economic realities.

Topolobampo is a striking example of the increasing potential of some localities in light of world-wide changes. The possibility that more formal and closely-knit trade relations may be established with the United States underlines this.

Located ten minutes away from Los Mochis, in the northern part of the state of Sinaloa, Topolobampo faces the Sea of Cortés and the Pacific Ocean. Its port has



* Researcher at the CISAN, UNAM.



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received significant investment over the last few years; its infrastructure has been modernized and its capacity increased.

Yet the key does not reside in the region's fortunate status as a recipient of federal government investment; many regional development projects planned in Mexico City have wound up as resounding failures. Topolobampo has gained strategic significance due to its

location between two great poles of commercial exchange: the Pacific Rim and the eastern regions of the United States.

A significant amount of trade moves constantly between East Asia and the U.S. northeast, a flow which grows day by day. At present, after arriving in the U.S. these goods are transported by rail from the northeast to the south, especially Texas. From there, they travel to the Pacific coast via California, where they are shipped from some of the most active seaports in the U.S. Over 20 percent of U.S. imports and 17 percent of exports pass through these ports.¹

Topolobampo would seem to offer conditions allowing it to compete for shipments along this trade route. It may, in other words, become an alternative to the California seaports.

In many cases, California's ports are operating at full capacity. Even more importantly, the route from Dallas/Fort Worth to Topolobampo on the Pacific Ocean is 800 kilometers shorter than the trip from the same point to Long Beach (see map).

Moreover, productively organized services at Topolobampo might well offer price and quality advantages.

Nevertheless, there are other reasons why Topolobampo is a significant illustration of regional changes arising from free trade. The strategic role played by this seaport has been identified by non-governmental organizations on both sides of the border, which have joined forces to begin promoting its growth.

These non-official contacts between the two countries may benefit specific sectors or regions, while also seeking to advance common interests, such as encouraging the two governments to recognize the economic potential, as well

as social and environmental problems, associated with commercial integration.

In the case of Topolobampo, an important role is being played by the Follow-up Commission for the Northwest, Topolobampo and the Pacific Rim, an organization whose local leadership base has succeeded in organizing various groups—private, public and academic—at the local, regional, national and international levels.

This commission has assumed responsibility for making contacts between interested groups in the United States and Mexico, as well as promoting development in the region. It has organized a number of seminars and national meetings to this end. Toward the end of the year, it will sponsor the first international forum on "The northwest of Mexico, the port of Topolobampo and the Pacific Rim."² According to the organizers, the aim of this event is to foster international participation in the following areas:

- The determination of what type of industrial, commercial and service industry investments the United States and the East Asian countries could make in the northwest of Mexico.
- Research to determine whether Topolobampo and the Chihuahua-Pacific railway could be converted into a strategic commercial link essentially replacing the Panama Canal.
- Exploration of possibilities for private-sector, national or international support for academic projects sponsored by regional higher education centers.

This working group is particularly significant since its participants, including economically powerful groups in Mexico and the United States, actively support development projects at Topolobampo. The Burlington Northern railway company, in particular, has participated in all Commission meetings and shares the vision of a strategic role for the Topolobampo port in light of new economic realities.

I have presented Topolobampo here as an example of what economic integration with the United States could mean for Mexico's different regions and cities. Above all, I would stress the primary role played by local groups in promoting regional development.

NAFTA is only a means to an end; it is a backdrop against which the efforts of individuals and groups can mature and bear fruit. Should it be implemented, NAFTA will not bring automatic benefits. Whether the trade arrangement produces desirable results will depend largely on the manner in which the agreement is approached, together with the strategies different groups develop for taking advantage of the opportunities it provides. ❧

¹ FRBSF Weekly Letter. No. 92-24, June 19, 1992.

² For more information, call Dr. Alfredo Octavio Millán at (67) 14-14-87, or 14-57-92, FAX 14-25-30.