Impact of Central America Maquiladoras in Economic Growth and Employment

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Abstract

The objective of this paper is to analyze the different perspectives of the roles played by the maquiladora in Central America as a lever of economic growth and social development in the region. Maquiladoras are industries that import materials and equipment, perform assembly or manufacturing processes, then re-export the finished goods to other countries. After a brief historical review of the maquiladoras emergence in the Central America region, the context is analyzed to underline the legal regime of temporal import and legal regime of managerial oriented free zone or fiscal precinct. Afterwards, the impacts that the maquiladoras have had in the regional economic growth and employment generation under the variable of the Asian competence is analyzed. After the discussion, prospective scenarios are analyzed and several strategies are recommended, including the promoting the creation of maquiladoras that go beyond the competitive advantage of cheap human labor. The Central America countries must design and implement strategies of diversification of maquiladora in industrial sectors that require greater added value and technological innovation processes.

Key words: Central America, economic growth, employment, in bound industries.

1. Introduction

The maquila (In bound industry) term etymologically comes from the Arabic term makila as a measurement for capacity used in milling to design the proportional share of grain, flour or oil (AVANCSO, 1994:2). Nowadays, the maquiladora industry, is located within the geographical boundaries of a country with facilities for international transactions, receives foreign-owned intermediate inputs, to make some transformation processing, taking advantage of cross-border discontinuities, which are later returned as final products to their country of origin. The maquila is a production system based on a contract form under which, the intermediate inputs and raw materials imported are transformed through processes that add value. Afterwards, the added-value products are outbound and sent back as finished products to the country of origin for marketing. The maquiladora industry activities are possible in those areas that allow processes segmentation: Developed countries concentrate on those activities that require technology, innovation and design to take place.

On the other hand, the assembly routine, intensive in terms of manpower, is given to developing countries offering lower labor costs as competitive advantage. Historically, the maquiladora industry’s tariff scheme in Mexico arose with an export orientation, restricting the sale of the products from the maquiladoras inside the country, except paying import taxes. The design of maquila’s regimen was conducted in such a way that increments in competitiveness had no impact on the national process of industrialization and development as in the case of apparel and garment industry (Mortimore y Zamora, 1996). Mexico, followed by Central America countries and some Caribbean countries, has experienced an unusual growth of companies which, under the scheme of the maquiladora industry, link national economies of these countries to the world's most powerful economy, the United States.
At the midst of last century, the Central American economies began their industrialization processes, protecting their nascent industry, under the scheme of import substitution process, with the exception of Panama which was more oriented towards the service sector and finance. The maquiladora industry development in these Central American countries has been separated from the economic system. The tax and credit incentives encouraged and favored foreign investment in assembly industries oriented towards the production for domestic consumption. It has been considered that foreign direct investment (FDI) is an important channel through which financial globalization benefits the economy (Prasad, Rogoff, Wei and Kose, 2003) although it should be noted that FDI does not necessarily supports financial globalization. Financial globalization processes involve the differentiation of a set of measurements, ranging from financial development indicators to changes of government policy. Some countries consider that attraction FDI is an important element of economic development, so the attraction factors are the core issue of policy. Increasing foreign direct investment has expanded production activities for export of agricultural goods in different industrial sectors. The maquila represents a form of trans-nationalization of production factors, which are widespread in productive sectors such as textiles and apparel, electronics and automotive industries.

Since the seventies, all Central American countries have had legal regimens to sustaining and promoting the maquiladora industry. Since that time the maquiladora industry has been the main source of a precarious industrial female-employment with low wages, without deference and respect to labor rights, under appalling working conditions. This condition hardly will improve in a sector in which the competitive advantage is formed by the reduction of labor costs (Martinez Zabalo Tola and Arena, 2005). The maquiladora industries show several forms of processes for articulation, operation, transformation and expansion supported not only by the capital’s networks, but at the same time by processes of employment, subcontracting and the interaction with other institutions, regional and local actors. All these elements are part of the local production chain’s structure in relationship with the global realm. Relationship between the territorial reconfiguration and the emergence of production chains emphasizes productive decentralization’s trends, subject to the processes of territorial expansion as a new regional development model, where is essential the role of economic and local political elites, and other regional institutions (Betancur, 2001; Méndez, 1998). This paper aims to identify elements for the analysis of links, logic and dynamic relations of material production in peripheral regional areas, supranational and global levels together with the socio-political relations in the Central America region. Also, this paper searches answers to what has been the impact of maquiladoras on the territorial reconfiguration to shape a territorial development approach, focusing on the industrial paradigm, accumulation’s regime and regulation’s mode.

2. Context of maquiladora industry in Central America region

The Central America region extends in an area of 509,000 km$^2$, equivalent to one quarter of Mexican territory. Its production represents 3% of the Latin America region and 13% of Mexico. Guatemala has achieved the highest gross domestic product (GDP) in the region, about 32,000 million dollars. Costa Rica and Honduras are the countries that have had the greater stability indicators and annual growth, although Honduras had political unrest during the last two years (2009-2010). Since 2000 and until 2008, Honduras (4.2) and Costa Rica (4.1) have been attracting the highest foreign direct investment (FDI). Costa Rica is the country with the best quality of life and region’s competitiveness. Currently, just around half (45 to 60%) of the Central America maquiladoras are owned by local capitalist investors. However, services and maquila are the main sectors of FDI. The maquila accumulated investments during the period 2003-2005 for U.S. $ 1,754 million. The maquiladora industry in Central America region focuses on textile sector, clothing, metalworking, electronics and footwear. The maquiladora industry’s outer-regional exports are concentrated in manufactured goods and food, which represent just 28% of total exports. The quantities of Maquiladoras, percentage of added value and number of direct jobs had grown about an average of annual 25% in some Centro American countries. All of the above had led to better supply chains and diversified productive capacity (Acevedo, 2008).

3. Impact on regional economic growth

The International Labor Organizations Report of 1997 (OIT, 1997) estimated the value added share of maquila on the value added of exported in a percentage about 20% for the Central America region. However, it must be considered that statistics of maquiladora industry confuses value added with national value.
The ILO Report (OIT, 1997) estimated that over 90% of the Central America maquiladora industry sales are made in United States. The maquila industry has increased its value in relation to total exports. Currently, over half of exports in the region come from the maquiladora industry. Some researchers (OIT, 1997) have documented the weak connection between maquiladora industry and the other’s national economic sectors. The weight of Maquila in industrial production is not relevant if it is taken into consideration contributions of small and medium-sized enterprises. Clothing and apparel industry’s production represents an important part of the maquiladora industry in Central American countries, although Mexico is the main competitor, who has benefited from the North American Free Trade Agreement (NAFTA). Less than 20% of apparel products manufactured in Central American countries are bound to the United States under the maquila’s regimen and about 80% enter under the custom’s regime of production – sharing. The residual production is integrated by the Asian clothing maquila. Companies’ investments in advanced technology are low, compared with traditional investment flow which is still occurring in free zones. There is no evidence that maquiladora industry’s technological complexity has a direct impact both in economic development and generation of well remunerated employment. Productive development taking advantage of maquiladora industry depend both on demands’ elasticity of final product and the differentiation’s activities, but not on technology sophistication (OIT, 1997).

The Puebla Panama (PPP) Plan proposal is totally opposed to endogenous development’s dynamic advocated by both regional indigenous townships and social organizations. This is the main reason for rejecting the totality of the Plan initiatives, although it is recognized Meso-American region’s economic vocation and local industries, besides their interest in development of instruments and local institutions promoting local and regional progress. Simultaneously, it is defined, and in practice imposed, the outward dominant development’s vision toward exports. Impulse given to maquiladoras in the Southern-Southeast Mexican region, promotion of mega tourist projects or infrastructure serving to foreign trade become essential pillars of this kind of “development.” Not all the existing maquiladora’s infrastructure in Central America region is planned to generate an export processes platform. Maquiladora industry’s development in Central America countries is based more on reduction of production costs generated by cheap labor. On other way, technological innovation has not been a uniform process that benefits all economic sectors. Trend towards relocation of the maquiladora industry in Mexico and Central America region facilitates participation of foreign direct investment with domestic capital for value productive chains development, under the scheme of both local and regional clusters integrating productive processes.

4. Impact on the employment

According to research from the Union Federations of Central American Countries, the population of the entire region is close to 34 million. From this total, 21 million are in age economically active, and only 12 million have jobs, from that, 8 million are men and 4 million are women (Orellana, 2007). Employment generating by maquila industry is the main source of job for women, who reach up to 87% of the total. Lack of clearness in the maquila concept affects employment estimates. In a context on which economy grows without generating employment, the strengthening and expansion of maquiladora industry activity is supposed to move towards more flexible labor market, but makes even more precarious the living conditions of population.

The trend of the process oriented to making flexible the industrial labor relationship, introduces changes into the work’s organization systems, through many mechanisms such as externality of costs and responsibilities assumed by outsourcing in situations which allow subcontracting. Both, non-observances of labor rights and high turnover of workforce are due partly to cultural differences on labor relationships: Both are two reasons explaining why employment generated by maquiladora industry has high volatility and poor quality. The lack of both a policy and a national development strategy of labor force are leaving maquila at the mercy of capital, which take advantage of cheap labor and guarantees established by government, such as tax exemptions. Maquila companies violate workers’ rights, taking advantage of national laws that have relaxed labor rules. These kinds of laws make difficult for governments to enforce those worker’s rights. In 1996 there were in Central American countries about one quarter of million people employed by the maquiladora industry, which represented approximately 25-30 percent of the workforce employed in industry (ILO, 1997). Altenburg (1995) estimated that maquiladora industry had created about 15% indirect jobs. Production and employment in maquiladora industry are linked to economic cycles.
When the economy comes into recession, maquiladora industry is halted; no workers are fired, leading to employment instability and allowing greater mobility and turnover in response to economic and labor contradictions. Wolf Herrera, Bernal Marble and Martínez (2003) reported in their research several incidents on which were an expression of a new collective force’s consciousness that had put in danger governance. Greater job stability affects costs associated with labor conditions because they improve workers’ competitiveness and productivity. While firing workers saves costs of unproductive labor, in the long-run productivity decreases due to recruitment of new workers. Industry labor costs are about 65 percent of operational costs at the maquiladoras. Low labor cost is one of the attractive factors for foreign investment. The average wage for a worker in free zones in Nicaragua is three times lower than the average salary in Costa Rica. This competitive advantage is translated into lower remuneration and consequently into a lower living standards and limited potential for both economic and social development.

The female workforce, predominantly single mothers in Central American maquiladora industry is reaching up 80 percent. They are on average 20 years old. Woman salary in maquiladora plant is equivalent on average 68% of man’s salary. Woman salary is not sufficient to sustain the living expenses for a household. Because the domestic work and responsibilities at home, it is difficult that women can perform other economic activities that allow them to increase their income. In Guatemala, for example, wages are one half of the required income to get out from extreme poverty, according to a report published in 1992 (La Estrella de Panamá, 1992), although, these wages are higher than those paid in other activities considered typically female. For 2007, Orellana (2007) reported average salaries of $133 dollars, with extreme cases of $ 50 dollars per month per worker. In general, wages in the Central America’s maquila are lower than those paid in Mexican maquiladoras. If it is calculated the wage gap in Central American countries, those which have the highest labor costs, are in disadvantage compared to those whose have lower labor costs for the same work units. Costa Rica and Salvador have the highest labor costs, paradoxically, also have the highest levels of productivity and quality (Fernández, 2002).

Labor relationships between maquiladoras and workers have been a tortuous story. Unfortunately, actions of human rights agencies on labor issues that are clearly related have prevented any understanding. In garment industry most of the maquiladoras are owned by Asian capital, mainly Korean capital, which has many labor problems due to cultural differences. Several studies on labor rights violations in Central American’s maquiladoras sponsored by advocacy international agencies of women’s workers, such as those conducted by Oxfam Internacional (2002), Ramírez and Martínez (2001), Tinoco (2002), Ramos and Vargas (2002), etc., established a relationship between capital’s origin and behavior of certain labor rights. But regardless of the origin of capital, the trend towards anti union political of the maquiladoras was manifested in 2003, when from a whole of 1,212 enterprises just 45 had union presence (ASEPROMA, 2003). Women workers in Central American’s maquiladoras denounced the poor working conditions, discrimination through pregnancy’s test implementation; job insecurity and unsafe; practices against the workers’ dignity; violations to personal integrity; absence of health care; pensions’ plans unknown and the breach of collective contracts, according to research from trade union federations in Central American’s countries (Orellana, 2007).

When maquiladoras close the plants, the trend is that women workers are who most suffer the consequences of layoffs. Research about labor identity of women workers in maquiladoras plants shows that they far from felt being exploited prefer working in maquilas rather than being domestic workers. Thus, they see themselves as the opportunity to experience a situation of emancipation and liberation from submission to patriarchal authority, since they acquired purchasing power that allows them some independence from parents or mate. Despite low wages paid by maquiladora industries, families’ workers achieve better living standard, and employment generates structural changes in the future. For example, maquiladora’s women workers of peasant origins, earn some revenue to be shared with their families for improving welfare and living standards.

5. Discussion

The analysis about accumulation’s logic of maquila production is full of internal contradictions. The implementation of structural adjustment policies in an environment of new economy focusing on the market implies profound changes, both in labor relations, and in spaces and union’s behavior.
The processes of economic globalization mean that the liberalization of markets aims at increasing productivity while in a race to the bottom based on lowering production and distribution costs. Changes in countries’ competitiveness occurred subject to a new international division of labor, in an environment of economic globalization processes, which have led to a descending race on the development of productive activities in places where the costs of labor are lower. Critics believe that under the current economic policies, regional economies have reduced agricultural production and industrial bases, and have increased external dependence. Current legal regimes in Central American countries related to maquiladora industry programs, generate both confusions and administrative rigidities. In all Central American countries, there are no criteria for homologation of promotional schemes for maquiladora industry. And what is more absurd is that there is not clear understanding about the role that this type of industry is playing in economic growth and national development. The lack of transparency in incentive programs and tax benefits of export promotion schemes call into question the real scope of trade liberalization.

Despite the outcome generated by the sophisticated maquiladora industry and its impact on economic development, modernization, and welfare of working population, it is unclear and doubted on its multiplier effects and the real impacts on economic growth and the generation of well remunerative jobs. International maquiladora’s knowledge about and around the region is not homogeneous. Development processes facilitated by maquila industry in Central America, has been uneven. The lack of uniform indicators make difficult to analyze the impacts of maquiladora industry in both regional economic growth and employment generation. Wolf Herrera, Bernal Mármlol and Martínez (2003) concluded that both persistent conditions and labor rights in the maquila sector are due to the lack of political will of governments to enforcing respect for existing laws. One of the biggest challenges is the enforcement and fulfillment of labor rights.

6. Prospective Scenarios

The future of maquiladora exports has some uncertainties due to the elimination of subsidies in accordance with obligations of the regulatory framework of the World Trade Organization (WTO). The Puebla Panama Plan included mainly infrastructure projects and employment generation in maquiladoras located on the territory from the Southern and Southeast Mexico, to Republic of Panama, exploiting cheap workforce as a competitive advantage. Increasing of the maquiladora plants in situ will contribute with certain limits, to generate employment and thus to relative welfare. The connectivity logic of maquiladora industries also contributes to consolidate a regional approach in Central America. In addition to serving as containment of migration from Meso American countries to United States based on maquiladora’s activity, the region is outlined as an assembly area. The Central America region promotes attractive tax incentives for businesses, cheap labor force, and the imminent possibility of reducing transportation costs through the construction of dry channels and seaports that favor the transferring of goods from domestic to export to foreign markets.

The trend towards to have greater focus on competitive advantages that in a comparative one, requires learning about the development of maquiladora industry in order to facilitate the convergence of more sophisticate maquiladora processes. This convergence requires scientific and technological training of workers that result in transformation processes and regional technological innovation. Adherence to codes of conduct by trade organizations belonging to the maquiladoras, in order to obtain certification for respectful human and labor rights, in most cases will continue to be a simple simulation, in the midst of market of certification companies and independent monitoring of nongovernmental organizations (NGOs).

7. Recommendations

To increase exports of maquila’s regime and its value added is a tough challenge, as it is the increase in traditional export. The challenge to increase the level of exports and improving competitiveness through an export strategy focused on the maquila operations, involves the establishment of a free trade area, through both, the consolidation and expansion of access to the U.S. market, and negotiations with the European Union. It is required to expand and diversify markets of the maquiladora industry products, and to balance the strong dependence on the U.S. market.
To improve the economic development and social welfare, the maquiladora’s industry should pursue a strategy to induce the investment of higher value-added businesses, such as aerospace, instead of large-scale assembly plant. An economic policy that offers to the foreign direct investment some incentives and tax exemptions, facilitates easiness of administrative procedures, cheap workforce and raw materials, etc., all these factors lead to greater affluence of maquiladora plants in Central America. Former theoretical studies identified that the determinants of Foreign Direct Investments (FDI) are benefits of ownership, location and internalization costs (Caves, 1996) such as those benefits provided by the Central American countries. Investors choose to invest in certain areas, mainly focusing in the availability of resources and markets. If foreign investment is seeking for resources, it arrives to the locations which have abundant natural resources (Lipsey, 2006). Several analyses of the endogenous determinants of maquiladoras consider both the size of the enterprise and the intensity of research and technological development. The analysis of exogenous determinants of foreign direct investment in the maquiladora plants, takes into account the host country localization advantages, market size and labor costs (Campos, 2008).

Campos (2003) investigated classical factors such as market size, infrastructure, macro-economic environment and institutional factors. Campos inquired about whether the government's structural reforms of the host country play an important role in the attraction of foreign investors. A country's commitment to implement structural and financial reforms, as well as efforts to achieve trade liberalization and privatization, may encourage steady long run foreign direct investment (Forbes, 2006). Regarding the institutional quality variables, the economic growth literature emphasizes the role of economic institutions in promoting investment and achieving better human development indicators. The institutions provide the local conditions for business operations, but they differ in support of physical and infrastructural factors, such as transport and telecommunications infrastructure. Institutional quality is important factor to be considered for decision making by foreign investors, to enter directly or as outsourcing (Antras, 2003). Bengoa and Sanchez-Robles (2003) find that economic freedom level, economic stability, and human capital level are important determinants in foreign direct investment. The determinants of location are the origins of the host country's comparative advantages. The maquiladora companies choose investment in locations which not only minimizes the cost of production but also the relative prices of factors such as natural resources, labor costs, human capital and proximity to market.

Countries that have more development in financial markets are capable of operating more efficiently the direct foreign investment. Foreign direct investment can be attracted by an economy that has more and better liberalized financial market, but at the same time, financial liberalization is encouraged by foreign direct investment. Financial reform is the most important of the structural reforms aimed to accelerate financial development. It is necessary to facilitate financial programs for new productive activities oriented towards exports and to promote business development services. Foreign investors assess and appreciate the host country's financial institutions and their capabilities to allocate efficiently the economics resources, monitoring the maquiladoras, diversifying and sharing risks, and mobilize the profits. Fewer restrictions to foreign capital imply more foreign capital inflows of FDI. Prasad et al. (2003) argue that absorptive capacity measured by the host country's financial development is a condition for foreign capital inflows to contribute to higher economic growth. The impact of FDI on economic growth is three to six times more efficient than the total investment (De Gregorio, 1992).

The FDI is attracted to countries with stable macroeconomic environment, and better levels of economic development and infrastructure. The risks of investment in terms of political and economic environment also affect the expected return on investment. The economic and political stability of host country attracts more foreign direct investment (Bevan and String, 2000). FDI requires the formulation and implementation of economic policies that promote strategic alliances and joint actions between the foreign direct investors, the domestic private capital and the Nation-State. One strategy implemented to bring down high rates of unemployment and poverty is the attraction of foreign investment by offering tax incentives, along with abundant cheap labor. Another major challenge is the creation of appropriate conditions for attracting investment. The businessmen’s sensitivity to political movements limits solid and stable investments. To encourage economic growth in Central American countries, the diversification dilemma of maquiladora industry in activities and sectors must be resolved and proposed in programs tied to promotional schemes to attract foreign direct investments.
There is a need to renew the instruments of export promotion, to boost the competitive advantages created in the region. To this end, it is suggested to design a common strategy of promotional programs to attract foreign direct investment for all Central American countries in order to avoid unfair competition while attracting new maquiladoras. Coordination of governments’ efforts of Central American countries will help to sustain an industrial integration project to boost regional development. In the same way, reforms to the legal framework to extend the scheme to sectors such as agribusiness, services and supply chain, etc., are necessary. Regarding labor laws and regulations, must be ordered law enforcement and compliance, besides agreements and behavior codes adopted by companies. Must be allowed presence of auditing organizations in maquiladora industry to perform independent assessments and monitoring of working conditions, as well as for verification of enforcement and compliance with labor rights and behavior codes, administrative and managerial standards, etc., all for enterprise’s observance, industrial security and accounting, working conditions enforcement, corporate social responsibility, environmental standards observance, regulations of free trade agreements, governance, etc. All these factors must be under supervision of human and labor rights specialists, who must promote social certifications among maquiladoras, particularly SA8000, which assesses the conditions and respect for labor rights and certification of "no sweat" (without holding).

The Central American governments and industry must unify criteria, to design strategies and mechanisms to facilitate negotiation processes, as opposed to unilateral revision of the United States government on labor rights, expropriation, etc., as well as how to structure and implement programs to coordinate among themselves to different economic agents involved in strategic alliances. A regional economic development strategy must take into consideration employment growth and production focused in the maquiladora industry through the efficient improvement of regional value chains, which in turn, requires the incorporation of intermediate inputs produced in Central America countries, being aware that they must pay the fees imposed by the final market. Supply of intermediate inputs to the maquiladoras promotes indirect exports which joining competitiveness, can be transformed into direct exporting (Agosin, Gitli and Vargas, 1996). The International Labor Organization (ILO) has insisted that the maquiladora industry in Central American is moving its full manufacturing processes in a complete package to add economic value. Economic agents involved in the development processes of the maquiladora industry in Central American countries, government authorities and private sectors, are responsible for designing and implementing strategies for developing industrial activities, around comparative and competitive advantages.

Among other advantages offered by the Central American region to foreign direct investment, is the territorial proximity to the world's largest market, infrastructure, and a new labor culture. Offering these advantages reveals the new territorial and spatial restructuring of the maquila, with the creation of new regions which are the foundation of the new production strategy for exporting. Central American maquiladora industry has to develop and implement horizontal and vertical strategies to compete with the Asian maquiladoras’ production, otherwise the Central American maquiladoras will be left lagging behind. A horizontal strategy to broaden the impact on economic growth, and to generating jobs in the maquiladora industry in Central America, is growing and expanding activities of raw materials’s suppliers, services and inputs, as well as the expanding distribution networks in local markets.

The Central American countries have to formulate and implement strategies to diversify the maquiladora industry aimed to create industries involving higher added value and technological innovation processes, such as automotive or aviation industries. It is important to strengthen technologial innovation to create competitive advantages in the future of the maquila industry. Foreign direct investment has been discerned as an important catalyst for technological development, which is necessary condition to increase competitiveness in international markets. This diversification of the maquiladora industry requires technological breakthrough to provide employment for more skilled and specialized workforce, and also to lead the formation of suppliers groups with more complex technological base. Diversification of the maquiladora industry requires the formulation and implementation of a national development strategy aimed towards and centered on the workforce. The strategy of human capital formation should consider training and developing the workforce for better performance in industrial sectors different from that of traditional maquiladoras, in accordance to the life cycles of these industries.
An important challenge for economic growth in the Central American region is consistent to the development of competitive advantages different from labor costs, such as technological innovation companies that require more specialized labor in more sophisticated technological capabilities to generate greater added value and extend spillovers to expand the supplier base through the formation of clusters, networks and industrial associations. The development of these local and regional clusters and networks with greater involvement of local and domestic capital can help to accelerate the process of economic integration with foreign direct investment. The high-tech maquiladora industry interacts with research and development centers. The strategy implemented by the regional maquiladora industry to quickly achieve levels of innovation, quality and competitiveness required by regional industrial modernization process has to be supported by strategic alliances with foreign companies. These strategic alliances between domestic companies and foreign firms to complement resources are geared up to better technologies for both production and distribution of the goodies and "satisfiers", as well as aimed to attract foreign direct investment.

The activity of assembling high-tech products is a facilitator of potentialities for both employing human resources with higher levels of professional training and for investments in human capital. The orientation towards the promotion of foreign direct investment for the creation of the maquiladora industry of high technology, such as electronics, biotechnology, etc., to displace the low-tech maquiladora industry, will allow Central American countries to achieve higher levels of competitiveness and quality to increase participation in market shares under processes of economic globalization. The challenge is to formulate and implement an industrial policy combining different industrial schemes of local, regional and global supply chains with non-traditional exports and maquila. Government policies should be focused to achieve labor stability, decent jobs, democratic governance for the estimated 500,000 workers seeking better living conditions and to live with dignity. The implementation of training programs and job training will help strengthen the competitiveness and productivity, as well as to improve the living conditions of the workforce. The trend is towards an increase in the maquiladora industries in Central America countries, which would bring increases in rates of employment and exports, but the challenge is to ensure that these increases also enhance economic development and social welfare for the region.

References


