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EXHIBIT/DOCUMENT LOG**

**MEETING DATE & AGENDA NO. 01/28/2025 #15**

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**PUBLIC DOCUMENTS (Alphabetical)**

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F

# Impact of Potential Tariffs

Office of Economic Development and Government Affairs

January 28<sup>th</sup>, 2025

Item # 15



# Understanding Tariffs



WHAT ARE  
TARIFFS?

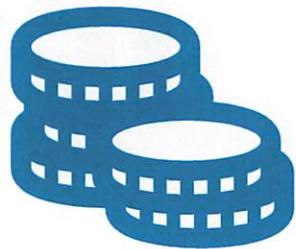


WHO PAYS?



WHO HAS THE  
AUTHORITY?

# Purpose



Economic

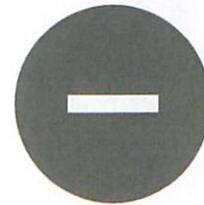


Political

# Positives and Negatives



**Positive**



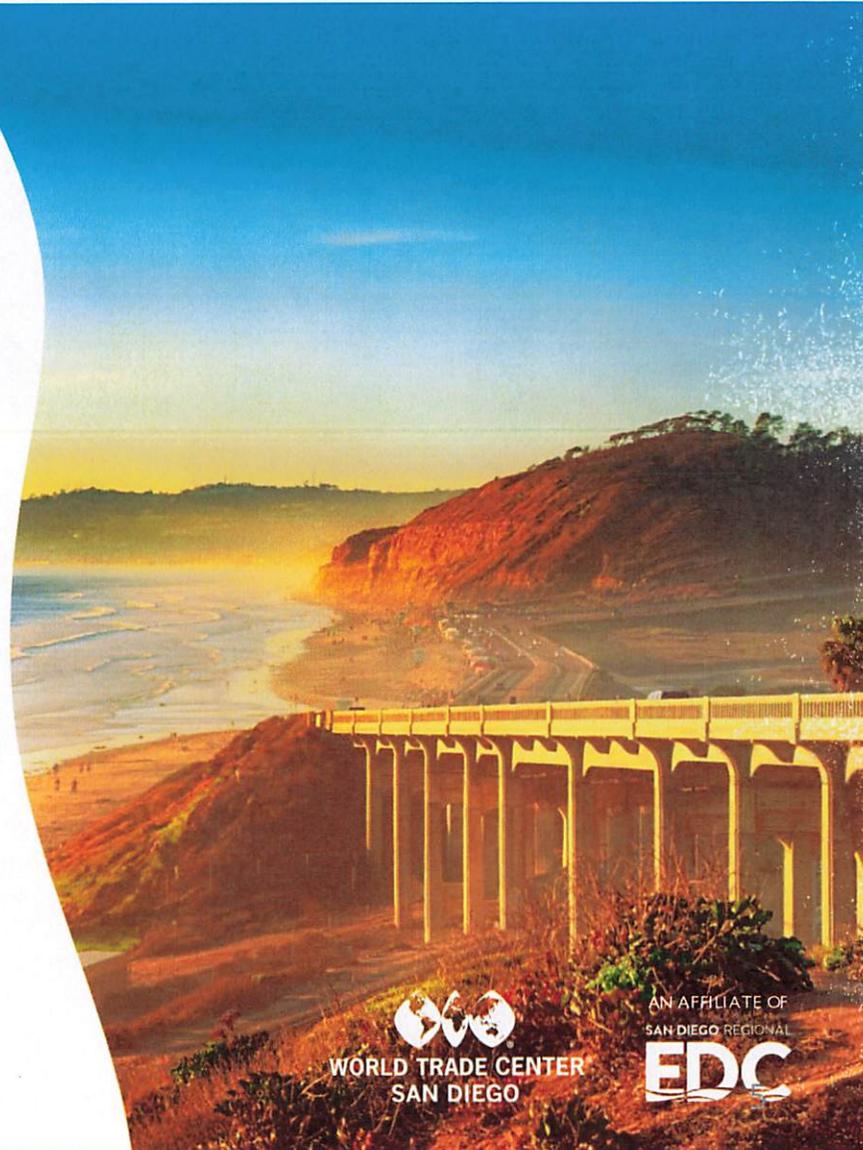
**Negative**

# TARIFFS & TRADE IN SAN DIEGO

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WORLD TRADE CENTER  
SAN DIEGO

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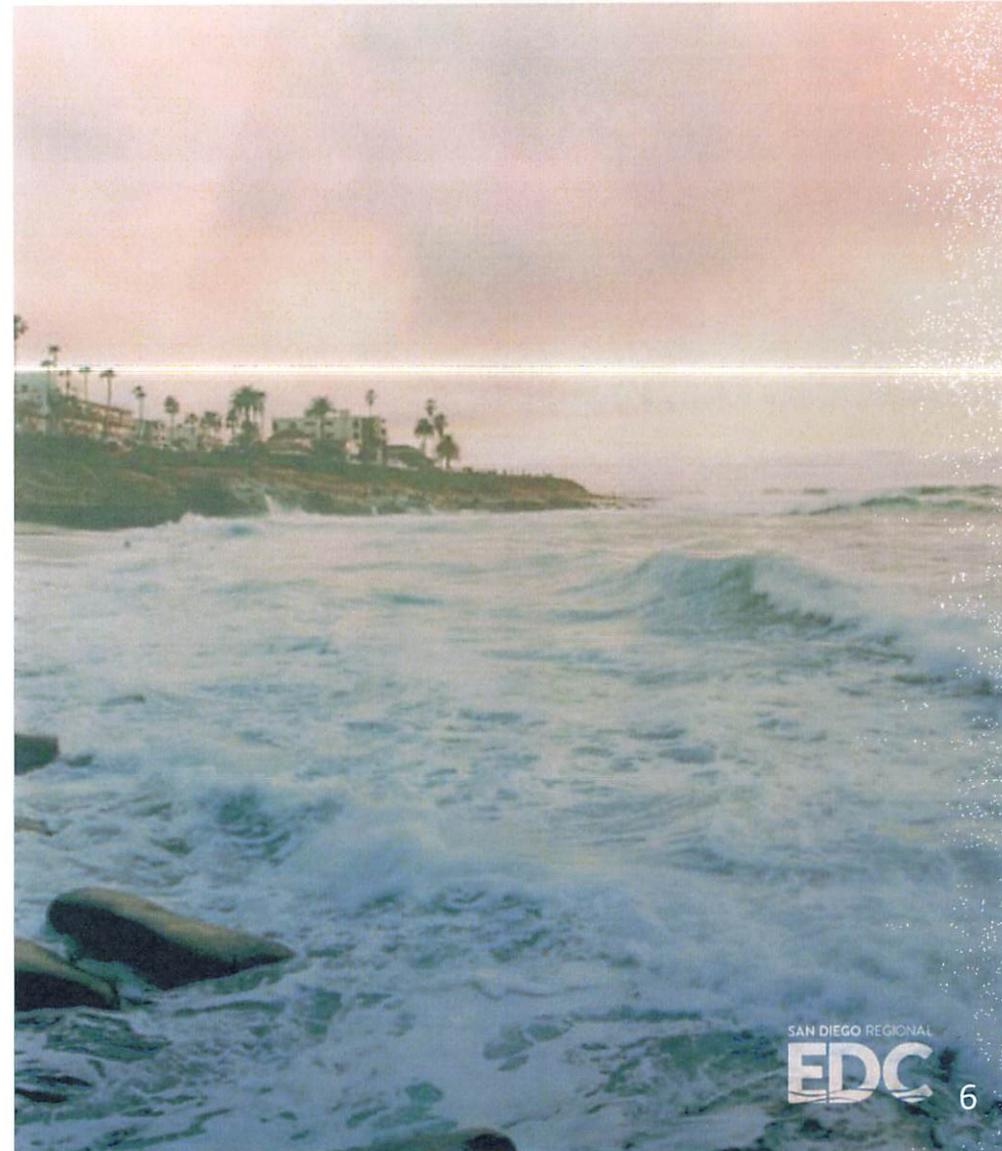
**EDC**

**EDC** mobilizes business, government and civic leaders around an **inclusive** economic development strategy to maximize economic **prosperity** and global **competitiveness**.

## HOW WE DO IT

- Focus on quality **jobs**, skilled **talent**, and thriving **households**
- Work **with and through** 150 companies and investors
- Lead programs and initiatives that are **demand-driven, employer-led, and outcomes-based**

Regionally focused. Globally competitive.



# San Diego region at a glance



SAN DIEGO COUNTY

Salton Sea: Among the world's largest lithium reserves

IMPERIAL VALLEY

**7M** Live in San Diego and Baja California <sup>1</sup>

**7** International ports of entry

**22%** Of San Diegans are foreign-born <sup>2</sup>

**\$262B** Regional economy <sup>3</sup>



San Diego-Tijuana:  
Busiest land border crossing in the Western Hemisphere

Regionally focused. Globally competitive.

<sup>1</sup> Lightcast, 2022; Gobierno de Mexico, 2020  
<sup>2</sup> American Community Survey, 2021  
<sup>3</sup> BEA, 2023

# San Diego's economy

Traded clusters drive trade and investment outcomes

## MILITARY

**#1** Largest concentration of U.S. military assets <sup>1</sup>

## TOURISM

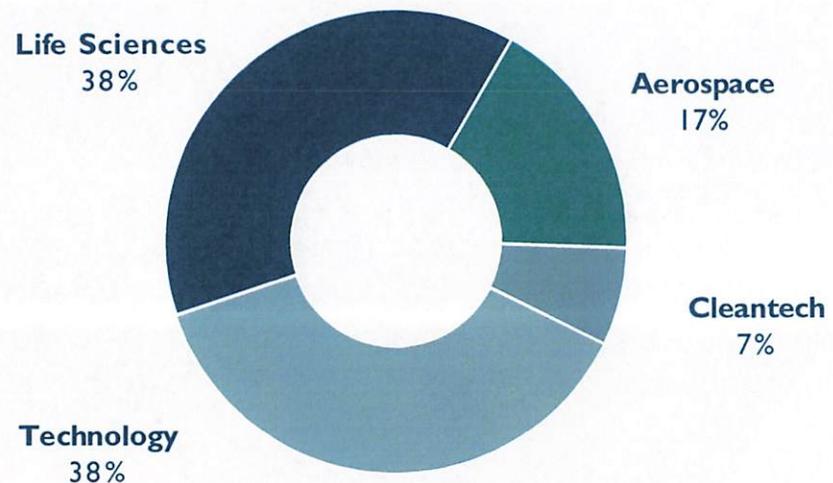
**28.8M** Annual visitors <sup>2</sup>

## INNOVATION

**#3** U.S. Life Sciences cluster <sup>3</sup>

**#1** U.S. metro for tech talent growth <sup>4</sup>

San Diego's innovation cluster, 2022



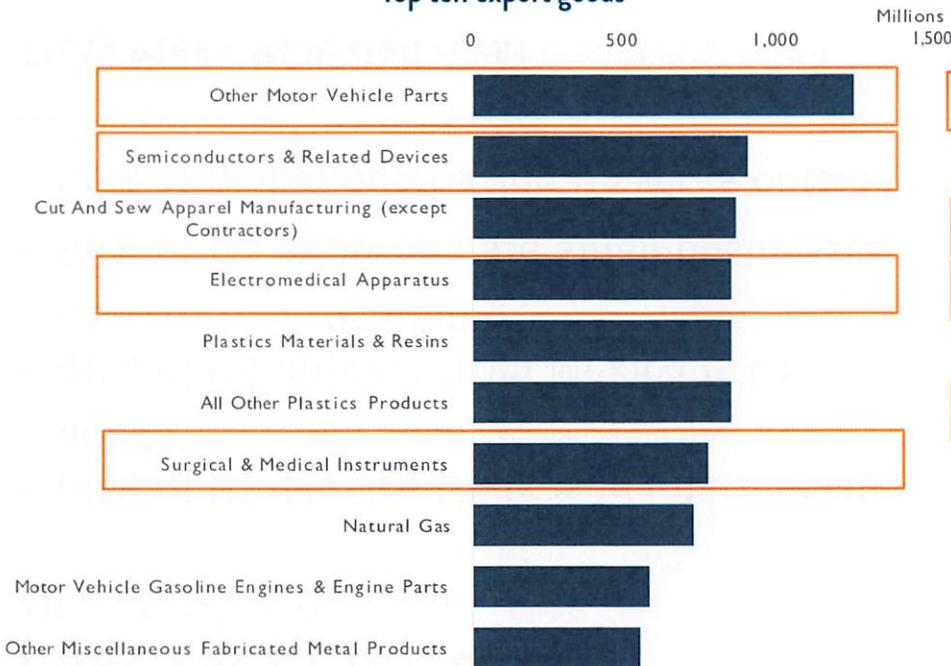
<sup>1</sup>SDMAC, 2020 <sup>2</sup>SDTA, 2023 <sup>3</sup>JLL, 2022 <sup>4</sup>LinkedIn News, 2022

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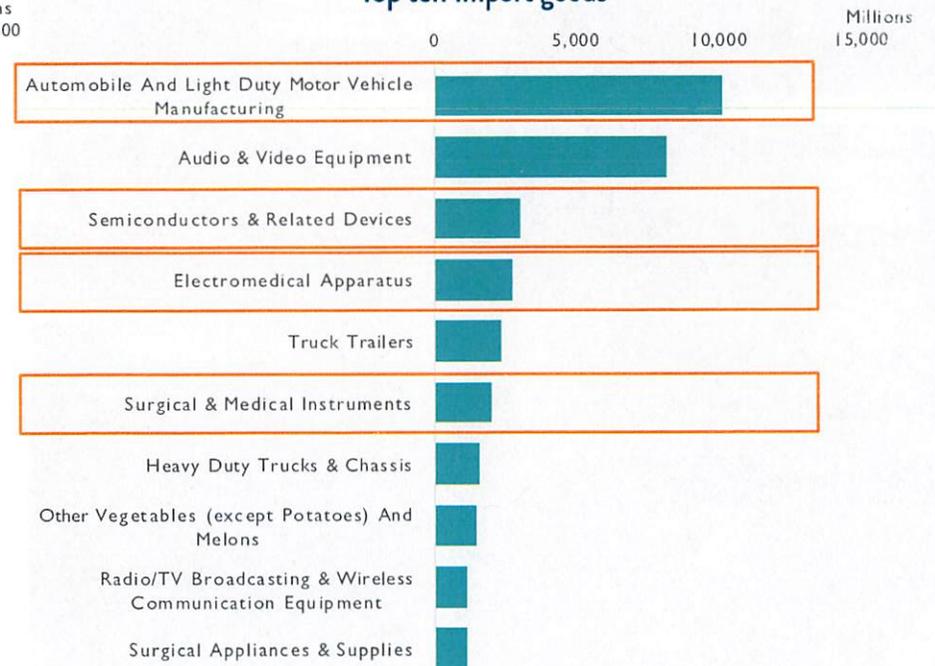
# San Diego exports and imports

Goods trade reflects a robust binational supply chains

Top ten export goods



Top ten import goods



Source: USA Trade Online (2023)

Regionally focused. Globally competitive.

# Fast facts & stats

## All trade is not the same

- 60% of US-Mexico trade is in intermediate goods<sup>1</sup>
- 40% of US imports from Mexico is US content (4% for China)<sup>2</sup>
- 98% of US exporters are small businesses
- 66% of global purchasing power is outside US

## Otay Mesa POE delivers<sup>3</sup>

- 52% of US medical device imports
- 73% of US television imports
- 69% of US semiconductor imports

<sup>1</sup> Wilson Center <sup>2</sup> USTR <sup>3</sup> SANDAG 2024

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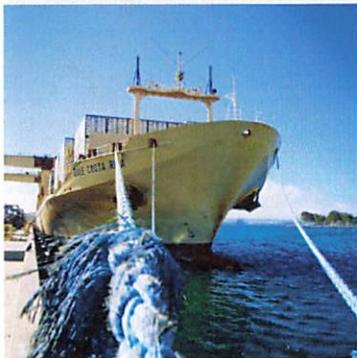
# Trade risk and uncertainty will continue to rise

We have been here before



## What we know

- Pre-inauguration Trump floats 25% tariffs on Canada, Mexico, up to 60% on China, pending action on immigration and fentanyl
- 12/19 Sheinbaum decree removing apparel from IMMEX program and announcing new tariffs on textiles and apparel, later reverses
- 1/20 Trump order instructing federal agencies to review trade policy and advise on “External Revenue Service” by April. Delays tariff announcement until 2/1
- Familiar negotiating tactics, but landscape has changed



## What to watch

- Section 321 discussions – impacts on warehousing, distribution and direct to consumer business models
- Possible exceptions – IMMEX, oil etc.
- USMCA renegotiation – tightening rules of origin requirements expected, but also firm ownership receiving new scrutiny
- Evolving relationship with China both on trade deficit and on strategic technology competition
- Retaliatory action via tariffs, market access or other barriers for US firms

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# What we can do to help

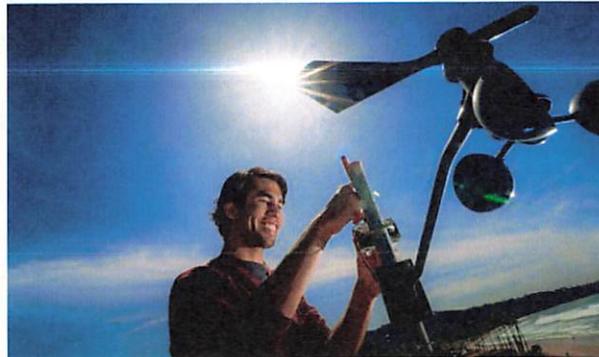
## Regional programs to support exporters and protect jobs



### Foreign Trade Zone Program

- Federal program managed by the City of SD
- Any establishment can apply for designation
- Enables duty free imports & warehousing. Tariffs paid only upon export to domestic customs territory

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### WTC MetroConnect Export Accelerator

- Annual cohort of 15 San Diego small businesses in priority industries
- Provides grant funding, relevant curriculum, and market access
- Enables San Diego companies to access international markets and create jobs at home



### Binational trade & competitiveness study

- Refresh of 2017 collaborative
- Data driven story of the binational economy
- Enables cohesive and consistent advocacy for binational region

# Thank you

**Continue the conversation:**

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