

**CLERK OF THE BOARD OF SUPERVISORS
EXHIBIT/DOCUMENT LOG**

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

STAFF DOCUMENTS (Numerical)

No.	Presented by:	Description:
1	Staff	15-Page PowerPoint

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PUBLIC DOCUMENTS (Alphabetical)

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A	N/A	

B

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E

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Impact of Potential Tariffs

Office of Economic Development and Government Affairs

January 28th, 2025

Item # 15



Understanding Tariffs



WHAT ARE
TARIFFS?

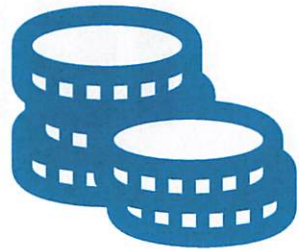


WHO PAYS?



WHO HAS THE
AUTHORITY?

Purpose



Economic

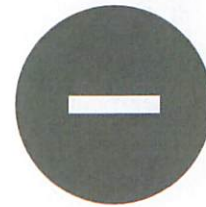


Political

Positives and Negatives



Positive



Negative

TARIFFS & TRADE IN SAN DIEGO

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WORLD TRADE CENTER
SAN DIEGO

AN AFFILIATE OF
SAN DIEGO REGIONAL

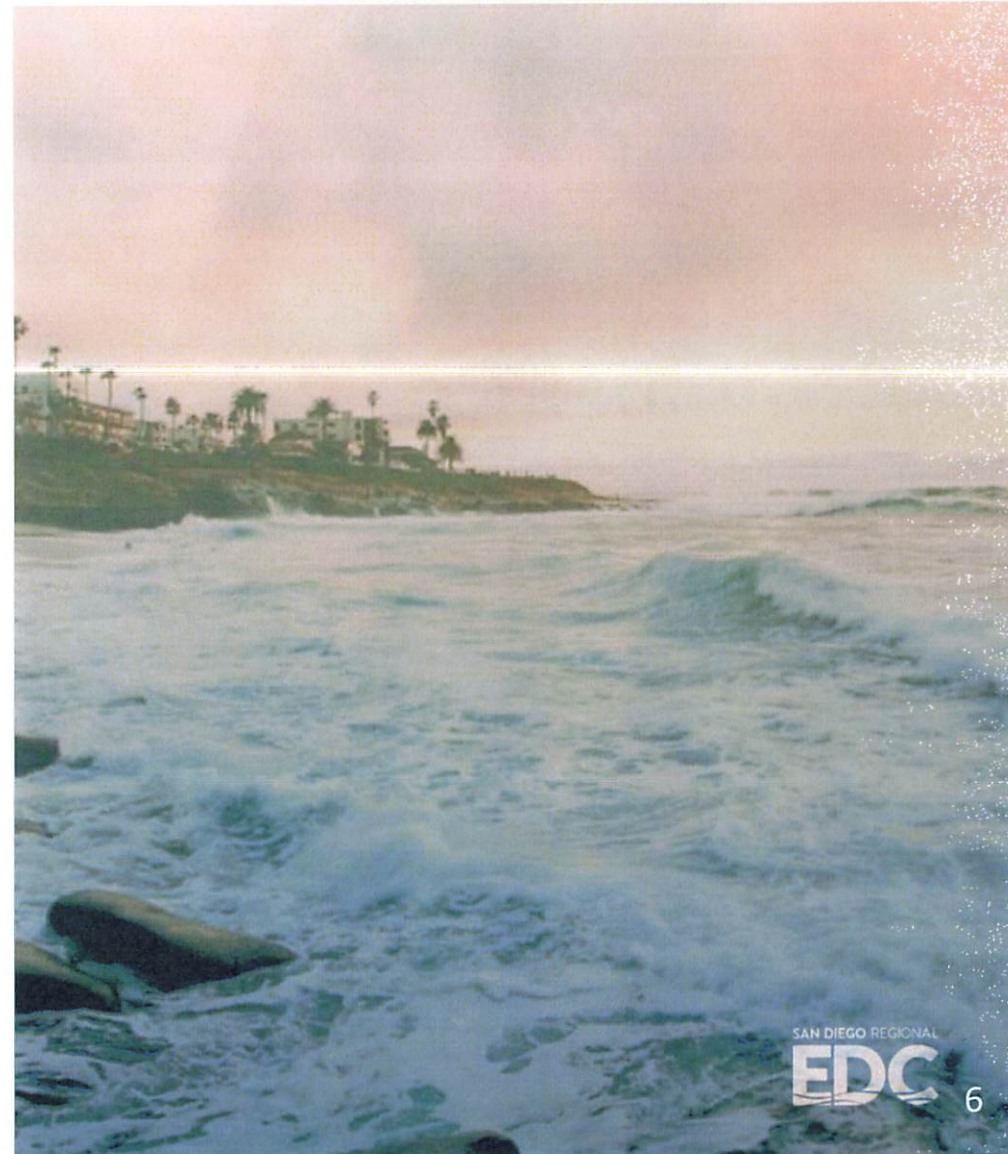
EDC

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

SILICON VALLEY

LOS ANGELES

SAN DIEGO

SAN DIEGO COUNTY

Salton Sea: Among the world's largest lithium reserves

IMPERIAL VALLEY

7M

Live in San Diego and Baja California ¹

7

International ports of entry

22%

Of San Diegans are foreign-born ²

\$262B

Regional economy ³

SAN DIEGO

TIJUANA

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

Regionally focused. Globally competitive.

¹ Lightcast, 2022; Gobierno de Mexico, 2020

² American Community Survey, 2021

³ BEA, 2023

San Diego's economy

Traded clusters drive trade and investment outcomes

MILITARY

#1 Largest concentration of U.S. military assets ¹

TOURISM

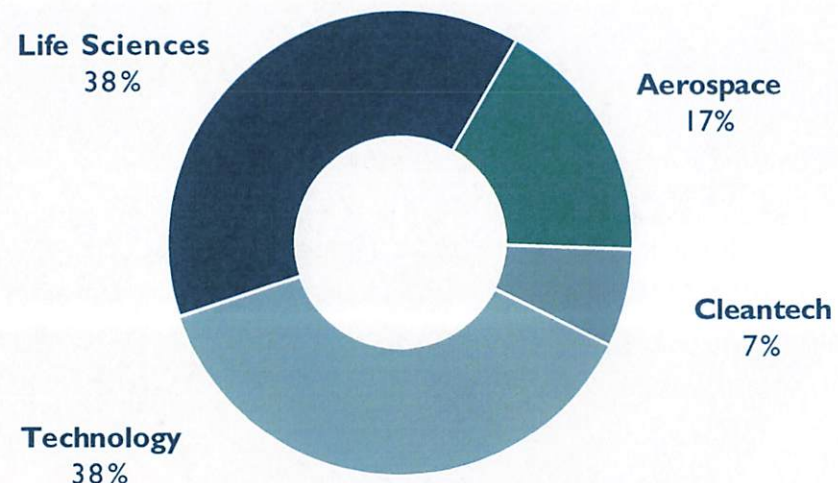
28.8M Annual visitors ²

INNOVATION

#3 U.S. Life Sciences cluster ³

#1 U.S. metro for tech talent growth ⁴

San Diego's innovation cluster, 2022



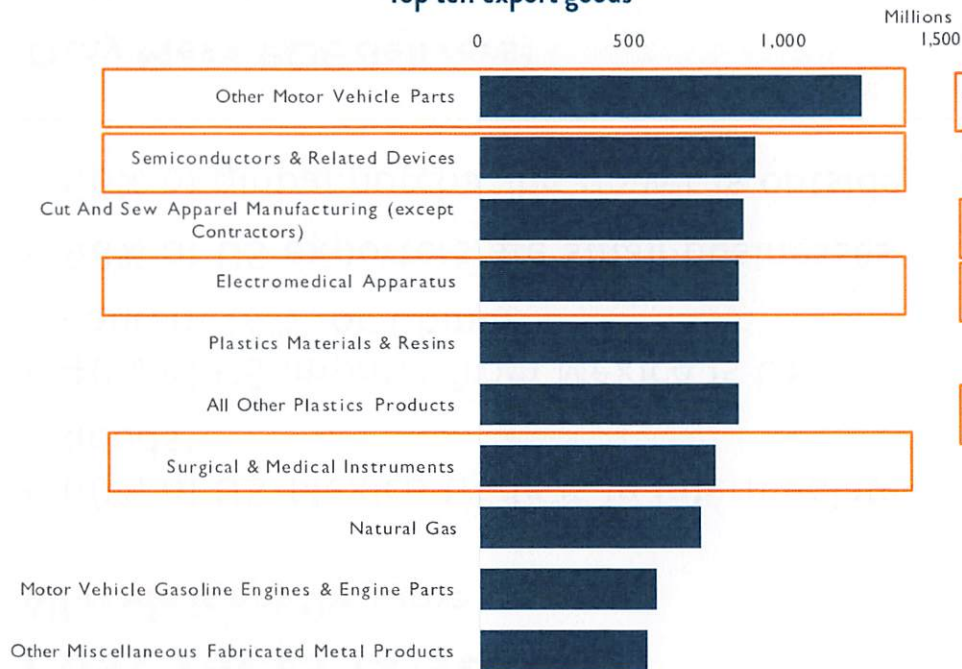
¹ SDMAC, 2020 ² SDTA, 2023 ³ JLL, 2022 ⁴ LinkedIn News, 2022

Regionally focused. Globally competitive.

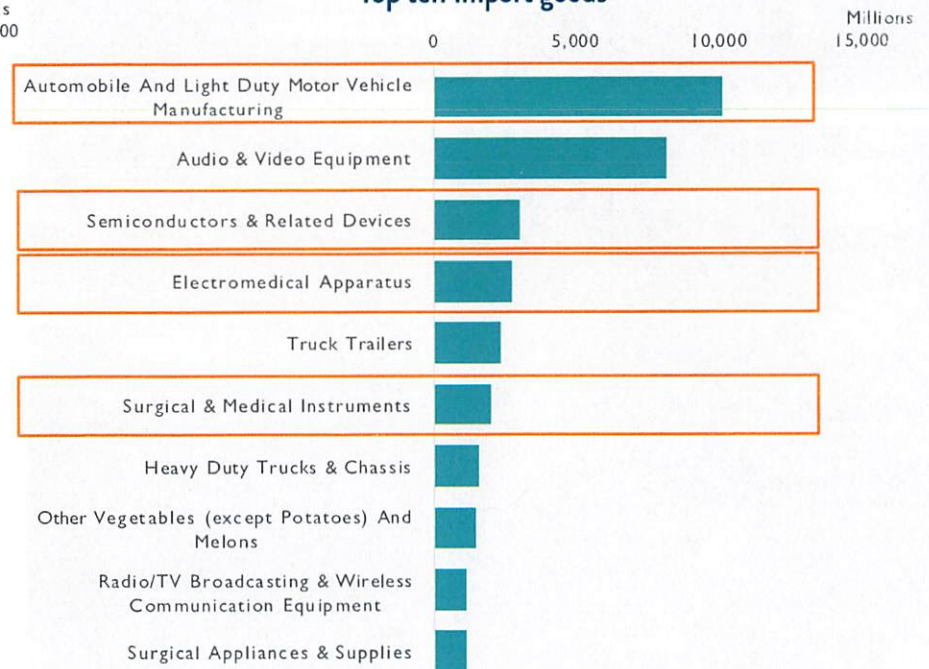
San Diego exports and imports

Goods trade reflects a robust binational supply chains

Top ten export goods



Top ten import goods



Source: USA Trade Online (2023)

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Fast facts & stats

All trade is not the same

- 60% of US-Mexico trade is in intermediate goods¹
- 40% of US imports from Mexico is US content (4% for China)²
- 98% of US exporters are small businesses
- 66% of global purchasing power is outside US

Otay Mesa POE delivers³

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

¹ Wilson Center ² USTR ³ 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

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