

Good morning, it is great to be back in Tucson with my friends. As you all know Obregon and Tucson are sister cities and for such reason I feel at home.

Presidente Walkup thank you for the warm hospitality that distinguishes Tucsonans. I would like to take this opportunity to specially thank Bob Breault for inviting me here today to this very important event. Thank you Bob.

Distinguished members of the Presidium, Ladies and Gentlemen:

For the past 44 years, Sonora and Arizona share a unique relationship found nowhere else in the world. Governors, Businessmen, Academics and all of our citizen's work together year after year with one common

objective, to strengthen relationships and bring and welfare growth to our regions.

This happens through the efforts of the Sonora-Arizona, Arizona-Mexico Commissions twice a year.

In that same spirit, Bob Walkup and I have worked to bring Obregon and Tucson even closer, and we have

been successful. We are not only sister cities, we are business partners as well.

Since I took office in September of 2000, we have held several important meetings in which we have identified strengths that will allow us to complement our communities and develop them into a strong and competitive region.

Now lets move ahead and talk about what we are all here for: Clusters.

All I have heard and read about clusters is most interesting, and for that reason we have started to look in to the cluster phenomenon to try to sort out how we can fit into the cluster scheme.

Back in 1997, the World Bank fostered the organization of the “First international Workshop for clusters Practitioners” in Sonora’s neighbor state of Chihuahua. That was the first formal effort to develop a cluster-based competitive strategy in Latin America.

From that date, several states have been trying to establish Cluster strategies on their agendas however; they have not been able to totally achieve their objectives for various reasons.

We understand that the role of the government is very important, however, governments by themselves, cannot determine success of cluster strategies.

After recognizing the need to improve competitiveness, governments must share that need with the key players in their communities. Thus, we must set the stage as mentioned by Michael E. Porter in his book on competition. I quote:

1. There must be a sense of urgency about improving competitiveness that is broadly shared.
2. A shared paradigm of what competitiveness is must be created. Until there is a common definition of competitiveness and an understanding of how to improve it, it is hard to get people to work together.

3. The clusters-based approach has become a very powerful tool to make rapid progress.
  
4. Social and economic policies must be integrated rather than being seen as separate, different or conflicting.

5. Business and government must play different and more appropriated roles than in the past.
6. The traditional business-government dialog must be transformed.
7. Cross fertilization to parallel effort among the three levels of government.

8. The whole effort must have an action – not analytical – orientation.

9. There is a need for leadership in both, the public and the private sectors.

I think we are on the right track. The administration which I preside, has become the principal promoter for encouraging businesses and economic entities to elevate their aspirations and increase their competitive levels in order to become world class companies.

Training programs, seminars and meetings at all levels have recently started and will continue in order to assure

that the message is shared and that we are all on the same wave length.

Parallel to this we have conducted several studies and done research that will allow us to properly identify areas in which clustering can be established.

Federal and State governments are fully supporting our effort; this will substantially increase our prospect for success.

With an eye toward establishing the first cluster in the State of Sonora in the near future, we developed several strategic lines to pursue:

**1 Establishment of a Consulting Council** which of members belong to the Local and national business association, producers association, academic institutions and prominent citizens from our Community

This Council will allow us to know, first hand, the problems that must be solved in order to launch a successful cluster initiative.

We will then be able to develop a dependable database with enough information to help us make the right decisions.

## **2 Institute training seminars for regional entrepreneurs**

These seminars will seek to improve the management abilities of regional entrepreneurs, encourage them to get into the New Economy, and promote the world-class competitiveness among Companies.

We need to share the vision of the future and the urgency to improve our knowledge about what is developing day by day in around the world.

**3 Development of studies and research** regarding economic areas on which clusters can be created. Identifying those areas that are already organized and those that are not.

Actually, we have already identified quite a few economic sectors that are suitable for clustering. Many are already working in cluster-like fashion.

For instance:

Aquaculture, specifically shrimp farms and hatcheries

Intensive production Green houses

Maquila and manufacturing Industries

Just to name a few.

#### **4 Academic Link**

The main objective is to involve academia even more in the productive activities, in order to guarantee a broad and ample base of qualified professionals.

And to enter into agreements with local Universities to promote research, as well as to take advantage of the infrastructure of our institutions of higher learning.

We feel confident that the Cluster concept will be very successful and welcomed by our community.

Oregonians have a long history of working together to resolve common issues and meet common goals. For example, our farmers have organized in unions in order to achieve competitiveness and thereby place themselves one step ahead of their competitors in other

regions of the country. The same for our ranchers, shrimp farmers, and other economic activities.

A further example of a perfectly orchestrated activity is our local maquiladora, or in bond assembly industry.

Dozens of key players move in a synchronized fashion in order to accommodate the needs of foreign companies that have chosen to establish in our community, assuring their success and prosperity.

We know how to work together. It is part of our culture.

I can foresee an Obregon with the competitive advantage of a regional cluster-based economy. There is no doubt that Tucson will be a determining factor in our achieving this goal. We know we have Tucson's full support and likewise, Tucson knows that it has ours.

At this time, I would like to formally invite the TCI executives to consider Obregon for the site of a future TCI Conference. We would be delighted to host you and share with you what our community is all about.

May this event be a successful one. May each one of you and the communities you represent reap the full scope of its benefits. Good luck to all.

Thank you very much; we hope to see you soon in Obregon.