

The Burgeoning Medical Device Manufacturing Cluster Next Door

by Terry Somers
BIOCOM Director of Communications

Surprised and impressed were words BIOCOM leaders used repeatedly during a recent tour of Tijuana's ever-expanding life sciences cluster.

"I don't think that many of us in San Diego were fully aware of the quality of medical device manufacturing in Tijuana". BIOCOM CEO Joe Panetta said after the tour. "I can certainly confirm they are comparable to facilities found in the United States. I have no doubt device companies will be looking at there firsthand, just as I did" Panetta said.

BIOCOM and Panetta were honored on the day of their visit at the fifth annual Inter-American Business Awards luncheon attended by San Diego Mayor Jerry Sanders, Tijuana and Mexican officials, over 200 business people from both sides of the border, a cadre of Mexican media and even Padres player Edgar Gonzalez.

BIOCOM won the Regional Leadership Award for its work representing life science companies throughout Southern California and Baja California, and helping to foster continued growth of the sector. The award is sponsored by the Mexico Business Center and the San Diego Regional Chamber of Commerce, in cooperation with DEITAC.

According to data from the Food and Drug Administration collected in 2005, there are 64 medical device establishments in Baja California, and about 240 companies total in Mexico. And the industry has grown substantially since those numbers were collected, said Kenn Morris, CEO of Crossborder Group in San Diego, who has been doing Mexico and border market business analysis for 16 years.

"I thought Orange County might be bigger. It was roughly 14,000 people working in device manufacturing" Morris said and added "But nothing could stand up to Tijuana".

Many of the Tijuana-based medical device companies are manufacturing plants for U.S. - based companies. The Greatbatch facility, which was toured by the BIOCOM contingent was a 144,000 square-foot, state-of-the-art operation that provides its company with efficient, turnkey manufacturing and assembly capabilities that are currently used to make many of the parts used in cardiac products such as pacemakers and internal defibrilators.

The Greatbatch plant employs around 1,000 people. It includes 90,000 square feet of manufacturing space, including one class 10,000 and two class 100,000 clean rooms. It also has fully equipped engineering, metrology, and quality laboratories; and high tech security and monitoring systems. The facility, like the companies manufacturing in the United States, has international regulatory certification for device assembly said Dennis M. Diaz, Greatbatch's executive director of operations.



BIOCOM CEO and President Joe Panetta delivers a thank you speech after BIOCOM received the Regional Leadership Awards as part of the fifth-annual Inter-American Business Awards in Tijuana.

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BIOCUM board members mingled with top executives of Greatbatch Medical in Tijuana.

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*Gerardo de la Concho,
Vice President of Operations for
Medtronic in Mexico.*

International companies including Medtronic have long known of advantages to device manufacturing in Mexico.

“In the last 28 years, I have been involved with three global companies all over the world”, said Gerardo de la Concho, vice president of operations for Medtronic in Mexico. “At the end of the day, Tijuana is one of the best options for quality, service and cost -not to mention a prime location”, he said.

The close proximity to the border also gives the Mexican people and products at the facilities easy and quick access to the ports, highways and airports in the US, Morris said. And it’s quick trip each way for Southern California-based executives to travel and become involved in operations there, he said.

While Tijuana is the second largest city on the West Coast of North America and one of the highest proportion of big-income makers in Mexico, it continues to be perceived as a struggling “border town”, Morris said. Cross border partnerships continue to be hampered by a number of perceptions held by many people north of the border, said Morris. Among the topics generating misconceptions are education of the workforce, violence in Mexico and the traffic and tie-ups crossing the border.

To dispel some of the fear, Morris has collected even more data showing that murders and crime have decreased dramatically in the last year. Most of the serious crime was between those involved in the illegal drug trade. About 10 to 15 percent involved the general public, he said. Based on figures through mid-October the murder rate in Tijuana is half than in New Orleans, lower than the city of Baltimore and much lower than Camden, NJ.

“Meeting the remarkable companies providing state-of-the-art technologies to US Medical device clients really changed my impression of the resources available across the border - next door!” said BIOCUM Board member Guy Iannuzzi, who is founder and president of Mentus in San Diego. “It is clear that the overstated news reports focusing on crime grossly distort the business opportunities available next door. Tijuana is clearly one of the world’s most useful locations for contract manufacturing resources”, Iannuzzi said.

“By the end of the afternoon, all agreed that their perspective of Tijuana’s life sciences sector had changed”, said Iannuzzi. “I am amazed how we all look across the globe for resources - Singapore, Belgium and China - and ignore better resources only 20 minutes away”.