

**The Mexican Maquila Model is Exhausted?  
The Limits of Industrial Upgrading and Industrial Policy**

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**ABSTRACT**

The quest of developing countries to upgrade their industrial capacities has led to the reorganization of their manufacturing sectors. Competitiveness continues to be based on the cost paradigm rather than on innovation, and consequently, industrial complexes are very heterogeneous, with large gaps. These differences have been increasing over time, and a virtuous circle has not emerged in the case of Mexico. In this context our central question is: Is the Mexican *maquila* export model exhausted? This is a key question because exists a widespread opinion in two aspects. First, it's argued that the export assembly plant in Mexico has declined their competitiveness in relation with countries like China. Second there is a belief that structural limits of the export industrialization model don't allow that the system evolves. I convinced that the main concern is to determine if there is an evolution process in the *maquila*, because the process of building capabilities 'in-house' and in their institutional environment, will allows us to determine if exist a process of industrial upgrading, as well as the type and diffusion of this. In summary, the paper discuss if the upgrading process allows a positive transformation of the traditional limits of the sector. The paper concludes that the Mexican *maquila* model is exhausted is inadequate. However, their heterogeneity requires a major analysis.