Border Roundtable
on the
U.S.-Mexico Competitiveness Agenda
Laredo, Texas, August 15-16, 2012

Introduction

On August 16 and 17, 2012, the Council of the Americas convened a roundtable discussion on the U.S.-Mexico Competitiveness Agenda in Laredo, Texas. The principal objective was to initiate a dialogue on ways to improve management of our common border for the benefit of expanding trade and deepening economic integration. Participants included leaders from the public, private, and nonprofit sectors in both the United States and Mexico.

The Council partnered with Congressman Henry Cuellar and the Mexican Business Council for Foreign Trade, Investment, and Technology (COMCE). Arturo Sarukhan, Mexican Ambassador to the United States, and E. Anthony Wayne, U.S. Ambassador to Mexico, gave introductory remarks on "Getting the Border Right: Views from the Public Sector." Thomas Winkowski, Acting Deputy Commissioner of U.S. Customs and Border Protection, and Alfredo Gutiérrez Ortiz Mena, Mexico's Commissioner of Internal Revenue and Customs, spoke on "Building a Better Border: Ensuring the Flow of Commerce in a Security-Restricted Environment." Ambassador John Negroponte, Chairman of the Council of the Americas, and Eric Farnsworth, Vice President of the Council, moderated the discussion.

COA Chairman Amb. John Negroponte ● U.S. Representative Henry Cuellar (D-TX) ● Advisor to Mexican President-elect Enrique Peña Nieto Arnulfo Valdivia ● U.S. Ambassador to Mexico Anthony Wayne

Background in Brief

The Council of the Americas has a long history of engagement on the U.S.-Mexico relationship. Since our founding in 1965, we organized and ran the U.S. section of the Mexico-U.S. Business Council (MEXUS), which was instrumental in advocating for the idea of a North American Free Trade Agreement (NAFTA). After working for several years on NAFTA implementation issues, MEXUS was re-organized into the North American Business Committee. The Council also served as the co-secretariat for the United States of the North American Competitiveness Council, a group of business leaders from Canada, Mexico, and the United States formed in 2006 and active until 2009.

Given this background, the Council continues to advocate for steps that enhance economic integration between the United States and Mexico. Today, North America is a true co-production platform; we do not just trade with Mexico, but rather build products together. U.S. sales to Mexico are larger than all U.S. exports to the BRIC countries (Brazil, Russia, India, and China) combined, while exports to Mexico support an estimated 6 million jobs in the United States. Over $1 billion in trade crosses the U.S.-Mexican border every day.

Along that border, nearly 50 percent of United States international trade headed for Mexico crosses through the Laredo port of entry. With four international road bridges, Laredo is the most important land entry port by total trade value and volume. It is also the second fastest growing city in the United States, a trend driven largely by the area's successful attempt to capitalize on the opportunities of bilateral trade.

Nevertheless, challenges remain for businesses operating across the border. Beginning with the roundtable in Laredo and continuing with planned follow-up meetings in other border cities, the Council of the Americas seeks to facilitate a discussion of both the challenges and opportunities and to generate concrete recommendations to pursue at a time of political transition in both Mexico and the United States. The timing is auspicious not only due to concurrent presidential elections in 2012, but also Mexico's entry into the Trans-Pacific Partnership negotiations. Mexico is a crucial party to driving trade expansion through a high-standards approach.

North American Development Bank Managing Director Gerónimo Gutiérrez ● Nuevo Laredo Mayor Benjamín Galván Gómez ● Consul General of Mexico in Laredo Miguel Isidro Rodríguez ● Ambassador of Mexico to the U.S. Arturo Sarukhan

Recommendations

COA brought together government officials, private-sector leaders, and non-profit heads to discuss U.S.-Mexico competitiveness and border management. Some key recommendations follow.

Attain a balance between border security priorities and trade facilitation objectives.
Important security gains have been made in the last decade, but trade facilitation has seen not received sufficient attention, despite the steady increase of two-way trade and joint production. Long and unpredictable crossing times result in bottlenecks that reduce regional competitiveness.

Expand trusted traveler, shipper programs and develop preclearance mechanisms for merchandise and individuals.
Exponential returns on border efficiency could be attained through a cross-border drive to promote enrollment in existing pre-clearance programs for low-risk individuals (SENTRI) and low-risk shippers (FAST). With these programs, individuals and companies voluntarily undergo background checks; in exchange, they are granted access to dedicated express lanes across the border. Expansion of both programs could result in a significant reduction of border congestion and wait times, while allowing existing resources to be allocated to unknown higher-risk traffic.

Improve border infrastructure.
Cross-border trade has skyrocketed under NAFTA but relatively few ports of entry have seen major upgrades or expansions. Moderate investments in infrastructure expansion and technology upgrades are needed to sustain the rising levels of cross-border trade and travel. The financing of needed investments can overcome budgetary constraints through the use of innovative mechanisms like public/private partnerships for project development, mixed capital investment vehicles for project finance, and allocation of capital to multilateral development banks like the North American Development Bank.

Increase staffing at ports of entry.
Infrastructure improvements must be accompanied by staffing increases. Although staffing for the U.S. Border Patrol has grown in recent years, the number of Customs and Border Protection officers has remained largely unchanged. Given increasing volumes of travel and trade, inadequate staffing can result in bottlenecks at the ports of entry.

Reception at Casa Ortiz, Laredo, Texas

Carlos Villareal


From L to R: Sergio Bermudez, Eduardo Garza, Carlos Villareal, Henry Cuellar and John Negroponte


From L to R: Eric Farnsworth, Henry Cuellar, Mercurio Martinez and Eduardo Garza


Claudia Urrabazo and Kezia McKeague

Council of the Americas

Council of the Americas is the premier international business organization whose members share a common commitment to economic and social development, open markets, the rule of law, and democracy throughout the Western Hemisphere. The Council's membership consists of leading international companies representing a broad spectrum of sectors, including banking and finance, consulting services, consumer products, energy and mining, manufacturing, media, technology, and transportation.

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