

Towards a more efficient border

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The results of NAFTA

- During the last decade, NAFTA was an excellent incentive for trade and investment between all parties. Between 1993 and 2002, trade in the North American Region grew 106%, while trade between the region and the rest of the world grew 42% on.
- Foreign Investment flows to Mexico ranged between 3 to 5 billion dollars per year just before the treaty was signed. After NAFTA the annual average of this flows has been of 13 billion dollars.
- The US-Mexico border has become the busiest in the whole world. It is crossed every year by 300 million people, 4.5 million transport vehicles and 191 passenger vehicles.

The current situation

Even though Mexico has gained comparative advantages because of NAFTA and its geographic vicinity with the USA, they have been gradually lost due to the lack of structural reforms, the conflict between security and efficiency, and the productivity gains and cost reductions from Asian countries, in particular China and India.

Similarly, the new security measures after 9/11 make trade and human crossings far slower and more expensive. Waiting times at the border have increased dramatically in the last 7 years, causing traffic congestions and waiting times of up to 10 hours.

It's estimated that delays at the San Ysidro port of entry mean the loss of 8.5 billion dollars a year.

Current needs at the border

- The collaboration efforts made so far have proven insufficient compared to the strong cross border business links and huge trade flows. Facing great security challenges and competition with other countries, there is an increasing need to modernize infrastructure, current regulations, and ports of entry to avoid bottlenecks at the border. It is imperative to meet this challenges with first class logistics so that cross-border business have the ability to make just-in-time deliveries, minimum inventories and quick answers to the market preferences.
- With the C-TPAT, SENTRI and FAST programs implemented so fast, there has been some advancements towards a more efficient border, there is still a lot to do. We suggest future actions to take in the following section.

Concrete actions to have a more efficient border

At the Otay-Mesa port of entry:

- Expand SENTRI lane working hours until midnight.
- Install 3 additional SENTRI lanes.
- Install additional FAST lanes.
- Keep all lanes opened during busiest times.
- Expand working times to allow south-bound trucks to cross from 8:00 a.m. until 8:00 p.m.

Concrete actions to have a more efficient border

At the Calexico West-Mexicali II Port of Entry

- Install additional SENTRI Lane for pedestrians.
- Add more SENTRI and FAST Lanes.
- Increment operation hours for all lanes.
- Increment the amount of inspection lanes.

Concrete actions to have a more efficient border

At the Andrade-Algodones Port of Entry

- Add a SENTRI Lane for pedestrians
- Add a pedestrian bridge.
- Expand parking lot to pick up pedestrians in the U.S. side of the border

Concrete actions to have a more efficient border

- In the State of Tamaulipas, there are currently building two more international bridges to alleviate congestion at other ports of entry: the Reynosa-Misión international bridge and the Dona-Río Bravo international bridge. Both will be completed by the middle of 2009.
- Other projects yet to be started are the Tornillo-Guadalupe Port of Entry and the construction of an additional International Bridge (Laredo V) between Laredo and Nuevo Laredo.

Another Proposal: the creation of Safe Manufacture Zones

- The creation of such zones would provide with constant vigilance of vehicles authorized for trade transport to specific destinies across the border.
- The SMZ would offer several advantages: foreseeable trade for the cross-border industries, safe trade for governments, and environmental innovations. On site inspections would guarantee vigilance and protection for both countries, and at the same time would allow a much agile trade between the two countries. By allowing cargo to be inspected an pre-cleared to cross the border at the time of departure from its point of origin, businesses will be able to save time and make just in time deliveries.

The Creation of Safe Manufacture Zones

Knowledge of supply chains

After departing SMZ, each authorized vehicle is traced and monitored from its point of origin to its final destination. This would be done by using technologies that protect the cargo at every part of the supply chain through different means: drivers and authorized cargo companies identification, safe trucks with high-tech locks, immediate detection of interference or tampering with the cargo, surveillance of the vehicles throughout authorized routes, instant alarms to detect any deviation including violations of accepted journey times. Such measures would allow Mexican and American authorities to concentrate their inspections on companies that do not participate in the program and therefore increase their attention on more possible threats.

Conclusions

- Border infrastructure needs a crucial modernization. Two interdependent economies with such strong business and trade links cannot keep using the same infrastructure as 25 years ago, when Mexico was a closed economy with an import-substitution model, and not the open trade-oriented economy of today. Since the beginning of NAFTA, trade between the two nations has increased enormously, but the infrastructure and technology to handle such flow has hardly changed. Since 9/11 the border's infrastructure and technology have proven even more inadequate to keep the balance between security and an agile trade system that both countries need. It's necessary that the governments of both countries and the private sector collaborate to invest in infrastructure, technology and legislative projects to have an efficient administration of trade and border crossings.



GRACIAS!!

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