4-1-1993

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Center for Regional Studies #102
Spring 1993

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Southwest
Hispanic
Research
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WORKING PAPER SERIES

Southwest Hispanic Research Institute
The University of New Mexico
Albuquerque, NM 87131-1036

(505)277-2965

Acknowledgments: This research was supported by a grant from the Center for Regional Studies at the University of New Mexico.

Published and disseminated by the Southwest Hispanic Research Institute as part of an ongoing project to stimulate research focused on Southwest Hispanic Studies. Copies of this working paper or any other titles in the publication series may be ordered at cost by writing to the address indicated above.

NEW MEXICO AND NAFTA: IS A BORDER CROSSING ENOUGH?

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Abstract

The following paper analyzes New Mexico's preparations for the North American Free Trade Agreement (NAFTA) and increased trade with Mexico from a transportation perspective. It incorporates recent federal legislation -- the 1991 Intermodal Surface Transportation Efficiency Act -- into an exploration of how New Mexico is preparing for increased trade with Mexico. The paper argues three main points:

1. That although New Mexico has begun to lay the groundwork for increased trade with Mexico through the opening of the Dona Ana County/Santa Teresa crossing, the establishment of a trade office in Mexico City, and a government mindset more oriented toward foreign trade, the state still trails behind California, Texas and Arizona in its preparations for the NAFTA and/or increased trade with Mexico;

2. That the competitive overtones in the relationship among El Paso, TX, Ciudad Juarez, Chih., and Dona Ana County, NM, over a potential intermodal site and border infrastructure improvements and additions, hinders the potential gains for the entire region which could result from increased trade with Mexico. The competition, though lessening, divides issues along state, and even city lines, rather than promoting regional cooperation;

3. That New Mexico, like the other border states, stands to gain from the NAFTA not only by becoming part of a trade corridor but also by providing access to the US transportation network through her border crossings.

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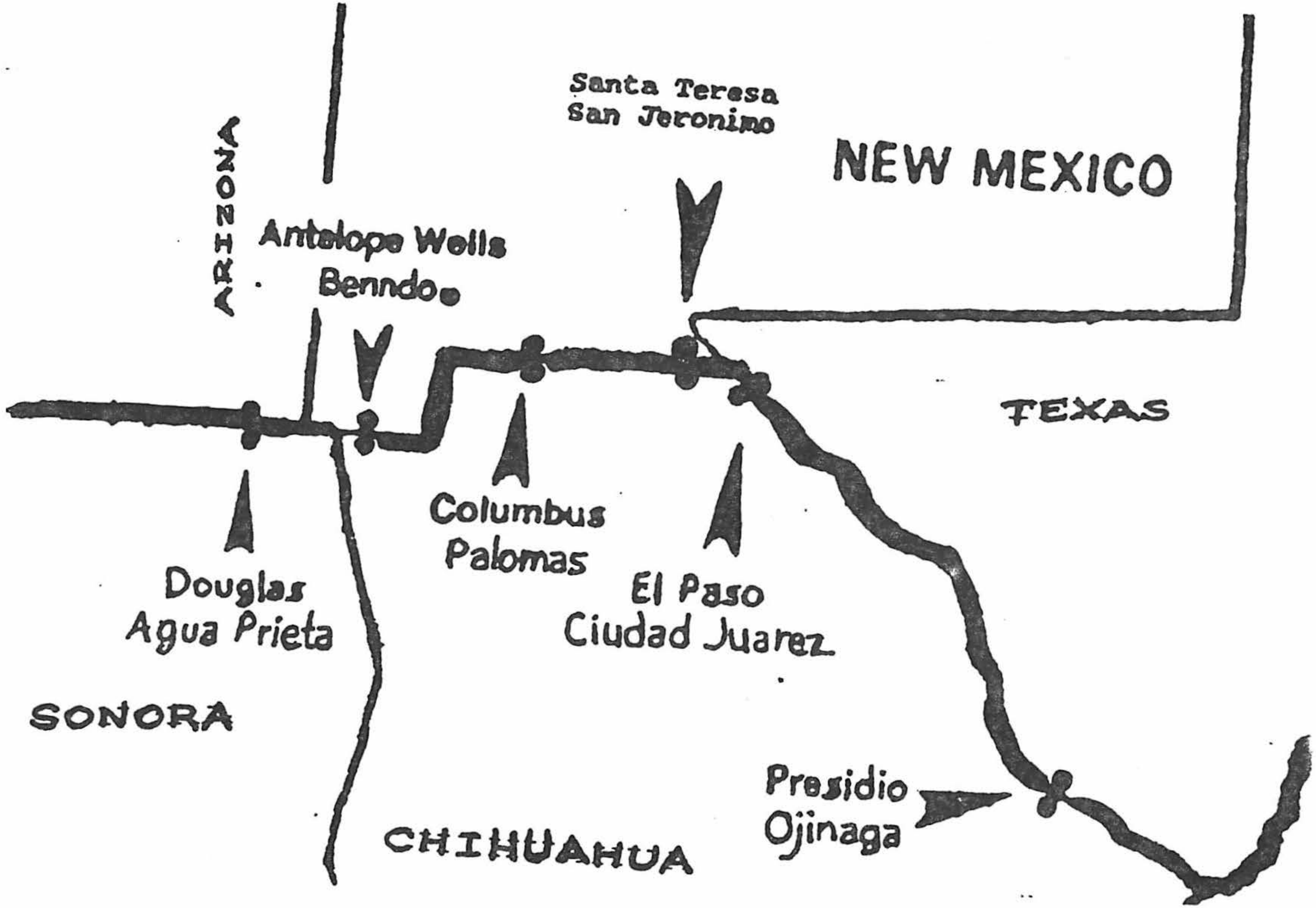
INTRODUCTION

New Mexico, California, Arizona and Texas are in a unique position as the US prepares for implementation of the North American Free Trade Agreement (NAFTA). These states share a political border as well as language and culture with Mexico. Because of geographical location, the four states would feel the most immediate impact from an official free trade agreement with Mexico.

Under the increased trade traffic anticipated under the NAFTA, it is expected that trucking will continue to be the transportation mode most often used to transport goods between Mexico and the US. The California Department of Transportation (CALTRANS) report "Cross-Border Transportation Issues and the North American Free Trade Agreement", approved March 1, 1993, points out, "It seems reasonable to conclude that initially, and perhaps for some time to come, the transportation of choice for most of this increased trade will be the truck." Therefore, the issues of border crossings and trade corridors continue to dominate state, regional and national planning efforts as the US prepares for the NAFTA

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) provides a basis on which the US-Mexico border states can examine, or in some cases reexamine, their transportation needs as they posture to take advantage of potential gains from NAFTA. Section 6015 of the ISTEA places priority of the identification of "existing and emerging trade corridors and transportation subsystems that facilitate trade between the United States, Canada, and Mexico."



Santa Teresa
San Jeronimo
NEW MEXICO
ARIZONA
Antelope Wells
Benndo
TEXAS
Columbus
Palomas
Douglas
Agua Prieta
El Paso
Ciudad Juarez
SONORA
Presidio
Ojinaga
CHIHUAHUA

This paper examines New Mexico's preparation for the NAFTA from a transportation perspective. It looks at three elements crucial to an understanding of whether or not New Mexico will be able to benefit from the NAFTA: New Mexico's current exports to Mexico in comparison to the other southwestern states; the issues relevant to establishing a border crossing in New Mexico; and options available to New Mexico as articulated through a major transportation network study borne of ISTEA which is underway in the state and holds implications for New Mexico's trade with Mexico.

The paper forwards three arguments based on the analysis of New Mexico trade with Mexico and issues and options surrounding the border crossing: first, that New Mexico over the past 2-3 years has begun to lay the groundwork for increased trade with Mexico but still remains far behind the other southwestern border states in its preparation for the NAFTA; second, that the competitive overtones in the relationship among El Paso, Juarez and Santa Teresa over a potential intermodal site and border infrastructure additions and improvements, although lessening, continue to negate the potential benefits to the entire west Texas, north Chihuahua, and southeast New Mexico region which a cooperative relationship would make possible; and third, that New Mexico, like the other border states, stands to gain from NAFTA not only by becoming an integral part of a trade corridor, but also by serving as an access point through Santa Teresa for traffic to enter the US transportation network.

NEW MEXICAN TRADE WITH MEXICO: A COMPARATIVE ANALYSIS

New Mexico Behind Other Border States

Despite their similarities, the southwestern states differ in the extent of current exports to Mexico and in preparations for free trade with the southern neighbor.

New Mexico differs in several ways from the other southwestern border states:

1) There is no major operational border crossing. Although New Mexico officially opened the Santa Teresa crossing which joins New Mexico to San Jeronimo, Chihuahua, on January 12, 1993, Mexico has not yet paved a 12-mile stretch of road on the Mexican side, citing the failure of plans to develop Santa Teresa into an industrial hub. However, Governor Bruce King of New Mexico told the New York Times that plans to build a rail and air transportation hub in the Santa Teresa area would eventually boost the commercial traffic in the region.[1] Furthermore, Sen. Pete Domenici (R-NM), in a meeting with Mexican President Carlos Salinas on April 13, 1993, received support for the border crossing and indications that the road would be paved within a few months.[2]

New Mexicans often cite the lack of a major border crossing as one reason the state does not conduct more trade with Mexico. For example, Senator Jeff Bingaman (D New Mexico), interviewed in the October/November 1991 issue of Border-Trax magazine, responded to a question on how New Mexico could best position itself to take

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[1] See SourceMex 1/13/93

[2] For details, see SourceMex 4/21/93.

advantage of liberalizing trade policies, by commenting that "New Mexico has not been a leader in trade with Mexico since its pre-statehood days. I believe that part of the reason for that is that we have never had a border crossing near a major city in Mexico."

Though recent attention has focused on Santa Teresa because of its proximity to the maquila center in Juarez, New Mexico does have two minor border crossings, one which links Columbus, New Mexico, with Palomas, Mexico, and the other at Antelope Wells, New Mexico. [3]

2) Until recently, New Mexico appeared to pay little attention to international trade and especially trade with Mexico.

An August 1991 overview of US exports to Mexico in 1987-1990 published by the US Commerce Department's International Trade Administration showed New Mexico was the only border state that did not fall in the top ten list in dollar growth of exports to Mexico in 1990.

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[3] The Columbus-Palomas crossing, built in 1988 and owned by the General Services Administration, stays open 24 hours a day, yet its yearly traffic flow is small. A Senate Appropriations Committee report on southwest US custom facilities by Senator Dennis DeConcini (D Arizona) estimates that the Columbus crossing gets approximately 218,640 autos, 850 trucks, and 71,410 pedestrians per year. In comparison, the Bridge of the Americas Border Station in El Paso, Texas, built in 1967, currently undergoing renovations, and owned by the International Boundary and Water Commission, sees annual traffic flows over its Cordova Bridge of 7,017,700 autos, 431,870 trucks, and 712,160 pedestrians, and is one of various crossings in El Paso. The Antelope Wells Land Crossing in Antelope, New Mexico, built around 1960 and owned by US Customs Service, operates on a reduced hour schedule from 8am to 4pm, and sees an annual traffic flow of approximately 2,090 autos and 1,250 pedestrians. Of course, the reason for such small border crossings in New Mexico as compared to states such as Texas relates to the state's propensity to export manufactured goods, especially to Mexico. None-the-less, the fact remains that New Mexico does not yet have a fully developed major border crossing, and such a crossing is necessary if the state is to be able to take advantage of and increase revenues from trade with Mexico.

Nationally, New Mexico ranked 43rd in dollar value of exports to Mexico in 1990. In the same year, Texas ranked first, California second and Arizona fifth.

However, a comparison of percentage change in exports to Mexico among the four border states shows New Mexico is increasing total exports to Mexico and actually outpaced Arizona's growth in exports to Mexico from 1987 to 1990.

The Commerce report showed New Mexico ranked 25th nationally with a 90.1% growth in exports to Mexico from 1987-1990. California and Texas ranked 21st and 22nd, respectively, with growth rates of 106.9% and 105.5%, while Arizona ranked 40th for the same period with a 31.9% change.[4]

Despite a positive percentage change in 1987-1990, the dollar value of New Mexico's exports to Mexico remained very small in comparison to other border states. For Arizona, revenues rose from US$644,677,000 in 1987 to US$850,613,000 in 1990. The growth in New Mexico was from $9,058,000 in 1987 to $17,217,000 in 1990.

3) There is an ongoing yet nascent internal movement in New Mexico to internationalize the state's trade outlook and prepare for the NAFTA but research on New Mexico and its potential gains from NAFTA remain scant.

New Mexico failed to capitalize on past opportunities at expanding international trade. "New Mexico's private sector has been timid about investing," said Jim Coleman, executive director of the Las Cruces Economic Development Council in the October 1992 issue of the New Mexico Business Journal.

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[4]From the period covering 1990-1992 the statistics have changed, although no data could be gathered in time for publication. However, New Mexico still lags behind the other border states, although she is trying to catch up.

"(New Mexico) ignored the maquiladora opportunity in 1965. I hope private interests don't ignore it the second time around with free trade coming up," Coleman said.

However, Donald Coes, Professor of International Management at the Anderson School of Management at the University of New Mexico points out that New Mexico earns much of its living by producing non-tradeables such as tourism, health services and government research.

Roberto Castillo, Director of International Trade at the New Mexico Economic Development Department said at a 1991 conference on NAFTA in Las Cruces, N.M., that the state's approach is changing.

"We [New Mexicans] have an affinity...for defense industry contracts, government employment and the like, and we have somewhat neglected foreign trade, and very specifically, trade with Mexico. That was the past. It is in this administration that we're now getting to the point of commitment and focus. So the situation will continue to change for the betterment of expanded foreign trade."

Recent developments in the state do point to an ongoing effort to pay closer attention to trade with Mexico. For example, in early August 1992 the state established a trade office in Mexico City and now has a permanent Border Trade Specialist in Las Cruces, N.M.

Increasing trade with Mexico will not be an easy task although it may follow naturally as New Mexico attempts to adjust to the international economic climate and to emphasize civilian oriented works at its world-renowned research labs. Senator Pete Domenici (R- New Mexico) commented in the September 1991 issue of <u>Border Trax</u>

magazine that "...In a sense, New Mexico is not a very big trading state. So to prepare for trade with Mexico is just a natural part of New Mexico's serious efforts to increase her manufacturing base."[5] Domenici's state strategy to use the presence of federal laboratories and cooperative public-private research to develop new market niches, could be applied to border area twin plants which will lose their location advantage once NAFTA removes tariffs and transportation regulatory barriers.

4) Statistics on New Mexico trade with Mexico must be viewed with some caution, since many state exports are shipped through El Paso, Texas, and receive a "Texas origin" label. This has resulted in an underquote of New Mexican exports.[6] A contributing factor may be that exports with a Texas origin can avoid payment of New Mexico's gross receipts tax.

These factors lead to a distortion in overall statistics because products headed for Mexico from other states are exported through the large Texas ports and get accredited to Texas. The New Mexico Trade Division makes note of the Texas influence on the recording of New Mexican exports to Mexico in its statistics, although no system for tracking the origination of products is made explicit.

Furthermore, New Mexican export figures do not account for factors such as inflation. Therefore, some of the value increase of exports may be due to higher prices paid for the same number of products.

The statistics, then, give a general view of New Mexico's trade with Mexico but do

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[5] For excerpts from the article titled "Long Shadow Over New Mexico, An Interview with New Mexico Senator Pete Domenici" see SourceMex 10/16/91.

[6] El Paso is the only major border crossing convenient to many cities in New Mexico.

not present an exact picture.

Statistical Summary of Selected New Mexico Export Activities

According to the US Commerce Department, in 1991 New Mexico ranked 47th in total exports ahead of only Montana, South Dakota, and Hawaii. Of the eighteen western states (including New Mexico, California and Arizona but not Texas), New Mexico ranks 15th out of 18 in total exports.

Statistics from the New Mexico Trade Division indicate that New Mexico's total exports increased 26.7% to US$319 million in 1991 from US$251 million in 1990. These figures are complemented by figures from the International Department of Sunwest Bank in Albuquerque, N.M., for the first half of 1992, which suggest that export and import transactions are increasing.

According to Diane Dragoo, Manager of the Sunwest Bank international department, letters of credit for are up for both exports and imports.

The statistics showed export letters of credit rose from 40 in the first half of 1991 to 55 in the first half of 1992, a 37.5% increase.

Import letters of credit increased from 90 to 106, a 17.8% rise. However, most of these letters of credit are used for trade with Asian countries, a reflection of New Mexico's commerce flows to those countries.

Statistics from the New Mexico Trade Division "Export Recap '90" and "Recap '91" indicate New Mexico is also gradually increasing trade with Mexico, although Mexico is not New Mexico's top export destination.

Mexico ranked sixth as a destination of New Mexican exports in 1990 (behind South Korea, the United Kingdom, Canada, Brazil, and France) but fell to seventh in 1991 (behind the South Korea, Japan, Canada, Brazil, France and the United Kingdom).

The value of New Mexican exports to Mexico grew 9% from US$15.5 million in 1990 to US$16.8 million in 1991. The Recap '91 points out that the 1991 figure may be closer to US$40.0 million if exports labeled of Texas-origin are factored in. However, since the standard of comparison for 1990 does not include a clause for Texas-origin labels for New Mexican exports statistics cannot be compared in that category.

Of New Mexico's top seven export destinations, growth in exports to Mexico in 1991 ranks fifth behind exports to Japan (up 465%), France (up 41%), Canada (up 35%) and Brazil (up 35%). Exports to Mexico outpaced growth of exports to South Korea (New Mexico's leading export destination), which fell 12% and to the UK, which fell by 25%.

Seven of the top ten export products from New Mexico to Mexico registered some type of gain from 1990 to 1991.

Lumber topped the list of state exports to Mexico in 1991, according to "Recap '91," with a value of US$3.8 million and a growth rate of 115% over US$1.8 million in 1990. Among other top export products, livestock increased 208%, instruments medical/control 247%, rubber 971%.

Other products registered smaller gains: food and kindred products rose 79%, agriculture products 51% and electric and electronic products 80%.

New Mexico's overall trade with Latin America remained constant at US$43.7

million in 1991 but fell in percentage of total exports, from 17.4% in 1990 to 13.7% in 1991, a decline of 3.7%.

Mexico, which ranked second behind Brazil, represented 38.5% of New Mexico's total exports to Latin America, up from 35.5% in 1990.

However, according to Robert Queen, trade specialist for the New Mexican International Trade Division stationed in Las Cruces, New Mexican exports to Mexico registered a 62% increase from 1991 to 1992, with a dollar value increase from US$16,800,000 to US$28,600,000. Mexico's ranking rose from the seventh largest export destination for New Mexico products in 1991 to its fourth largest export destination in 1992. "That," Queen added, "occurred without Santa Teresa and without a free trade agreement."

Two aspects of New Mexican trade with Latin America should be noted:

1) New Mexico exported to 26 countries in Latin America in 1991, compared with 23 countries in Latin America in 1990; and

2) the country composition of New Mexican export destinations in Latin America changed significantly from 1990 to 1991. For example, Uruguay ranked tenth in the Latin American group in 1990, but in 1991 no New Mexico products were sold to that country. However, Brazil, Mexico, and Colombia still remained as the top three export destinations in Latin America for New Mexico.

According to a recent University of Arizona report entitled "Free Trade: Arizona at the Crossroads", New Mexico's exports to Mexico per capita in 1990 were a fraction of exports per capita in the other border states during that year. Texas exported US$782 in goods to Mexico per capita, Arizona US$230, California US$157 and New Mexico US$11. In the same year, the University of Arizona report points out New Mexico's exports to Mexico comprised approximately 0.1% of all US exports to Mexico.

On the other hand, Texas accounted for almost half of US exports to Mexico at 46.8%, California for 16.5% and Arizona for 3%.

An analysis of 1991 US exports to Canada and Mexico by state origin prepared by McCray Research showed New Mexico and California exported more to Canada than to Mexico, while the opposite was the case for Arizona and Texas. New Mexico exported US$36 million to Canada and US$17 million to Mexico; California exported US$5,817 million to Canada and US$4,905 million to Mexico; Arizona exported US$510 million to Canada and US$939 million to Mexico; and Texas exported US$3,412 million to Canada and US$14,081 million to Mexico.

These statistics highlight various characteristics of New Mexico's export sector vis a vis Mexico:

1) On the national level, New Mexican exports to Mexico are a very small percentage of US exports to Mexico. New Mexico also exports much less to Mexico than do California, Arizona, and especially Texas.

2) Within the context of an overall expansion of its export sector, New Mexico is increasing the value of exports to Mexico, even though it is increasing the value of exports to other countries at the same time and in many cases at a faster rate.

New Mexican export destinations continue to be concentrated in the Asian Trade Group, which includes Korea and Japan, and accounts for a 45.7% market share of New

Mexican exports in 1991 compared to a 25.1% market share for the North American Trade Group which includes both Canada and Mexico.

3) Within Latin America, Mexico is a major export destination for New Mexican products, which provides a base for increased trade between New Mexico and Mexico under the North American Free Trade Agreement. New Mexico also continues to increase the value of its exports to Mexico at a very rapid rate.

Research on New Mexico and Free Trade Still Scant

The statistics do highlight that New Mexico is progressing in its preparations for liberalized trade with Mexico whether trade liberalization comes quickly in the form of a NAFTA or more slowly on its current course without an Agreement.

However, the literature on southwest border state preparations for NAFTA consistently points out that New Mexico is far behind the other border states in its preparation. For example, the very comprehensive background report prepared by the University of Arizona for the Sixty-First Arizona Town Hall on October 25-28, 1992, found no regional impact studies on New Mexico to list in its report, while Arizona, California, and Texas each had at least one. (A study by New Mexico State University on the NAFTA and its impact on New Mexico is due out some time in early 1993.)

Out of fifty two listings of industries likely to suffer losses or reap benefits under the NAFTA, the Arizona report could only find enough information on two industries in New Mexico to surmise whether those sectors would benefit or lose. Under agriculture, horticulture in New Mexico is likely to lose under a NAFTA, while under services, research and development is likely to gain. Not enough information existed on the other fifty headings for the Arizona researchers to comment on their gains or losses in New Mexico.

Due to this lack of information, there are not definite answers to who will lose and who will gain in New Mexico under a NAFTA. What can be highlighted, however, are the issues surrounding a NAFTA, how New Mexico might confront those issues, and how even the possibility of a NAFTA is already changing New Mexico.

TRANSPORTATION ISSUES RELEVANT TO ESTABLISHING A MAJOR OPERATIONAL BORDER CROSSING IN NEW MEXICO

Possibilities Remain for New Mexico to Gain

Even though at this relatively late stage of the NAFTA policy process New Mexico is not as prepared as the other border states to pinpoint its areas for potential gains and losses and to devise some plan to cope with a FTA, that does not mean that New Mexico should be written off as inconsequential or unable to capitalize on a FTA. New Mexico could potentially gain considerably from a free trade agreement between the United States and Mexico.

Transportation and inclusion as an access point to emerging trade corridors for trade between the US and Mexico will dictate how much New Mexico gains or loses from the NAFTA. Section 6015 of the ISTEA, which emphasizes the identification of trade corridors among Mexico, the US and Canada, focuses attention on border states and crossings, along with trade corridors, and provides a "window of opportunity" through which New Mexico may finally be able to secure a major operational border crossing and become an integral part of a trade corridor.

Lawrence Herzog, an academic expert on the border region points out that with effective marketing New Mexico could benefit from what he calls the "Brussels, Belgium" syndrome. Prior to the European Community (EC) Brussels was small and isolated. However, through aggressive marketing it became the seat of the European Parliament and an economic and transportation center. Free trade could transform New Mexico in the same way: with a major port of entry and an economic climate amenable to industry New Mexico would capitalize on its location and its cultural ties to Mexico.

However, in New Mexico, the potential for great gains from free trade with Mexico is not the only unanswered question. Perhaps the most important unanswered question is whether New Mexico will take advantage of that potentiality. Pessimists claim that New Mexico does not have the industrial workforce nor the sourcing outlets to allow the state to really capitalize on trade with Mexico based on manufactured goods. However, Greg Vuksich, a Legislative Fellow with the office of Senator Pete Domenici (R New Mexico) in Washington comments that "New Mexico is in a key position to gain jobs based on location, economic structure [meaning its high tech labs and agriculture], and its entire environment. The key question is what New Mexico will do with it."

Attempts to Establish a Major Border Crossing Continue

The Santa Teresa border crossing in southeast New Mexico opened on January 12, 1993. However, efforts to establish that crossing as an alternative to the congested El

Paso, TX - Ciudad Juarez, Chih. remain far from successful. Therefore, the most salient issue confronting New Mexico as it postures to reap the benefits of free trade is still the issue of a border crossing.

According to a January 5, 1993 New York Times article by Keith Bradsher titled "North-South Route to Trucking Profit" trucks carry four-fifths of all border trade between the US and Mexico. The Santa Teresa crossing, twelve miles west of El Paso, could provide an alternate route to and from the congested Ciudad Juarez/El Paso area. Increased commercial traffic could potentially lead to spin-off industries such as retail and service businesses around the Santa Teresa area and perpetuate a cycle of development along the New Mexico-Mexico border.

The major unknown factor behind Santa Teresa is whether the port will develop as an intermodal site where rail, truck and air connections are directly linked into U.S.-Mexico customs facilities, a plan alluded to by Governor King in his January 12 interview with the New York Times. The Santa Fe Railroad is already on-site near a freight airport under development by Dona Ana County. Co-locating other railroads such as the nearby Southern Pacific and the Mexico federally-owned Ferrocarriles Nacionales railroad would ensure economic success. [7]

However, Santa Teresa is competing against time with the cities of El Paso and Juarez which are both pushing intermodal facilities that favor the east side of the greater El Paso area. The question is whether Santa Teresa's biggest attraction -- the efficient

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[7] Roberto Castillo points out that the border crossing at Santa Teresa does not depend on a NAFTA, but that it certainly would help to have a border crossing when an explicit policy of free trade with Mexico is implemented.

movement of freight without problems caused by congested traffic areas burdened with air quality problems -- will prevail.

Mexico and New Mexico Differ on Viability of Santa Teresa Crossing

Mexico has expressed its adversity to the Santa Teresa crossing in several ways, underscored by the Mexican government's slowness in paving the Mexican side of the crossing. But doubts about Santa Teresa can be found on both sides of the border, often times exacerbated by competition between El Paso, Ciudad Juarez, and Santa Teresa for intermodal facilities in their particular city.

At a mid-December meeting held at the Texas Department of Transportation in El Paso, Vicente Cotera from the Ciudad Juarez Planning Department articulated a Mexican perspective on Santa Teresa when he said, "We don't consider it [Santa Teresa], a viable option right now. The resultant growth will not be beneficial to the city [Ciudad Juarez]."

Others at the meeting, including academic and planning experts from Texas and New Mexico, expressed similar reservations about Santa Teresa based on the lack of infrastructure in the area. They argued that remodeling the Santa Teresa area to make it amenable to large volumes of traffic would be difficult and costly because Santa Teresa does not have the same degree of infrastructure development which initially attracted the maquila trade to the El Paso-Juarez vicinity. Attendees at the meeting, then, viewed Santa Teresa as a major cattle crossing, and highlighted that one mile west of the port of entry attempts are being made to cross 30,000 cattle per day.

Planners and New Mexican officials, on the other hand, hope that the Santa Teresa border crossing will become the "crossing of choice" according to Roberto Castillo. He points out that Santa Teresa will be a land border crossing with no bridges to navigate and a waiting period much less than that found in the El Paso-Juarez area, where trucks can idle on the border for up to six hours just to cross.[8]

Furthermore, some companies which traditionally have moved their goods across the border at the El-Paso-Juarez crossings do seem amenable to the idea of potentially crossing at Santa Teresa, with certain reservations. According to B. Willie Hart, Transportation Manager at Johnson and Johnson from the Arlington, Texas office, companies with El Paso twin plant operations, such as Johnson & Johnson, would consider locating a plant near Santa Teresa, on the west side of the El Paso, Texas border with New Mexico, if US-Mexico highway improvements made the Santa Teresa crossing more accessible and if a ready-made workforce existed in the Santa Teresa area.

The real challenge, then, lies in making businesspeople, truckers and others involved in the transport of goods aware of the Santa Teresa crossing and to convince them that using the Santa Teresa crossing will reduce their costs by shortening their

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[8] A report from the United States General Accounting Office published in November of 1991 and titled "US-Mexico Trade: Survey of US Border Infrastructure Needs" estimates that based on a 100 percent traffic growth over ten years the El Paso area crossings will reach capacity within 15 years (assuming no changes in inspections agencies' operations). According to the GAO report if projections are based on historical traffic growth figures derived from the volume of truck traffic coming through the ports over the last 3 to 5 years, El Paso's crossings grew at 10 percent per year and will reach their capacity within 11 years. Either way, these figures attest to the congested conditions along the border, and indicate that another border crossing out of the immediate Juarez/El Paso vicinity could help reduce congestion and improve travel efficiency by capturing the overflow traffic from El Paso.

transport time.

Bill Nordyke of Nordyke and Associates, a national and international management and business consulting group based in Albuquerque, highly commends the crossing. However, he points out a crucial if quite obvious point relating to the ability of the crossing to become a major port of entry when he observes that "...maps must be put out with Santa Teresa on them..." so businesses become familiar with the location of the crossing.

The apparent disinterest of the Mexican government in the Santa Teresa crossing and the lack of existing infrastructure at the location pose obstacles for cooperation with Mexico City in paving the San Jeronimo side, as do the as of now failed plan to transform the Santa Teresa area into an industrial hub.

Despite New Mexico's high hopes for the future of Santa Teresa, at present the commercial crossing remains a collection of temporary buildings, surrounded by a wire fence, in the midst of a vast plain in Southern New Mexico.

NEW MEXICO EXPLORES OPTIONS THROUGH MAJOR TRANSPORTATION STUDY

Transnet Project Will Analyze New Mexico's Relation to Trade Corridors

The Santa Teresa saga, however, represents only one aspect of New Mexico's struggle to prepare itself for the NAFTA. The New Mexico State Highway and Transportation Department, in association with the Center for the New West (CNW), a non-profit, non-partisan think tank based in Denver with an Albuquerque office, is involved in a major Federal Highway Administration (FHWA) study to analyze how New Mexico and the US western region fit into trade and transportation patterns on a regional, national, and international level.

The FHWA project, called "Transnet", is a multi-modal assessment of existing and emerging trade routes and transportation subsystems that facilitate trade among Canada, the US and Mexico. Traditionally, state transportation departments have been oriented towards highways. The FHWA study will look at how highway, air, rail, and port transportation can work into the network to improve the movement of goods and passengers.

Transnet also will examine how Canada and Mexico look at their transportation systems since decisions in those countries will impact US businesses, for example in the choices available for border crossings.

Through Transnet, CNW will try to answer four basic questions:

1) What are the current and historical trends of trade and transportation along the U.S.-Mexico and Western U.S. Canada border regions?

2) What are the major issues and trends which affect current and future movements of goods and people and their implications for transportation planning and strategic economic growth decisions?

3. What are the projections for future trade and transportation demand within western North America?

4. What changes can by made by the private and public sectors within western North America to support "geographical indivisible" regional planning and investment

strategies?

Louis Higgs, Senior Fellow for Innovation and Technology at the CNW, asserts that the western North America study reflects five assumptions:

1) the interests of the border states lie as much in providing access points (such as border crossings) through which goods and passengers can enter the US transportation network as in trade corridors;

2) along the southwest border, Mexican rather than US infrastructure decisions about rail, highways, port and air improvements will determine port of entry selections and therefore where and how traffic enters the US transportation network;

3) the US western regional trade patterns will be larger with Mexico than western Canada;

4) the constraints imposed on trade by institutional and administrative barriers may be as great as those imposed by shortcomings in physical infrastructure;

5) that informed decisions about transportation will need to be made with an understanding of private sector dynamics which will develop independent of the transportation planning community.

The Transnet project encompasses both regional and national perspectives. Regional studies on the western and eastern US are designed to capture unique transportation needs. The regional studies will be combined into a national report to the US Congress by the FHWA. The final report, due September 18, 1993, will describe North American trade and tourism flows, the international marketplace, business trends and policy implications.

The western North America research for Transnet is funded through the New Mexico State Highway Department of Transportation (DOT) under a $1.3 million Federal Highway Administration (FHWA) research contract. The research is related to Section 6015 of the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA). ISTEA emphasizes the use of intermodal planning and cooperation among modes to strengthen global competitiveness.

Under section 6015 of ISTEA a study will assess the adequacy of North American border crossings and regional border rail, highway, port and air freight service networks to accommodate expanding North American free trade areas. This section mandates consultation with Canada, Mexico, and US border governors.

FHWA will combine the Section 6015 findings with the results of an independent Section 1089 study that looks at the advisability and feasibility of establishing an international border infrastructure discretionary program. This program could be financed by US Federal Highway Trust Fund and/or innovative binational initiatives.

The uncertainties inherent in such a broad-based study range from "technical forecasts about the future, while others reflect value judgments about economic and social factors and about people's willingness to bear more pollution or noise or increased delays and less economic development," according to David Lewis of the Hickling Corporation.

In order to overcome some of the uncertainties, the data and conclusions drawn by the research teams will be evaluated by regional public and private sector transportation users and providers before the final report is written in order to achieve the broad consensus necessary to develop state, regional, and cross-border strategic plans.

The western North America based study is also expected to provide initial analysis for a binational study effort. FHWA and the southwestern state transportation agencies are working with Mexico City to set-up the binational study which would eventually lead to cross-border regional planning and investment strategies. The shared study cost is estimated at US$2.4 million. FHWA has asked that the Secretaria de Comunicaciones y Transportes (SCT) to contribute monetarily to this effort.

Smaller Study to Address Specific New Mexico Concerns

CNW and the New Mexico State Highway and Transportation Department have developed a smaller $140,000 project that explains how New Mexico fits into North American trends, the southwest border, Colorado Plateau public-private sector activities, and investment and economic growth strategies led by Mexico City.

Key factors which influence available options and choices by the New Mexico public-private sector are largely shaped outside the state, either in Mexico (such as the decisions about paving the road at San Jeronimo across from Santa Teresa) or in the other border states, especially Texas. At present, New Mexico is more of a pass-through point for trade which then flows through Texas ports to Mexico. And, as explained by John McCray from the University of Texas, San Antonio, trade is shifting away from west Texas."The routes of U.S.-Mexico trade have been shaped by the severe historical limitations on inadequate highway infrastructure in Mexico....One of the most dramatic and important shifts that has occurred across the southern border of the US since 1982 has been the shift in the location and size of the primary corridor of trade between the

US and Mexico. In 1982, trade traveling between Mexico and the US was roughly divided between West Texas and the San Antonio I-35 corridor. While exports through West Texas have actually declined, trade has been growing along the South Texas I-35 corridor by $250 million a month for 30 running months. Nothing else looks like that in North America."

Given the external influences on New Mexico's potential transportation choices, New Mexican public and private sector entities must not only understand domestic trade flows throughout the southwest, but must also anticipate future decisions emanating from Mexico City about investments for rail, highways, ports and airports. As Louis Higgs mentioned, these Mexican decisions will set the parameters for New Mexico and West Texas trade opportunities.[9]

Even more specifically, however, New Mexico must foster a spirit of cooperation with west Texas and Juarez in order to avoid allowing the short-term competition for border crossings and intermodal facilities to overshadow potential long-term benefits to the entire west Texas, northern Chihuahua, and southeastern New Mexico. Instead of dividing along state or national lines, the overall choices available between intermodal plans offered by Santa Teresa, El Paso and Juarez could be considered on a regional basis to enable growth capture in the region and to build a strong integrated economy.

CNW is investigating the feasibility of a southwest border advisory group to

[9] CNW and the New Mexico DOT will convene a New Mexico conference in August 1993 for public and private leaders in the New Mexico and Chihuahua, Mexico, to learn about the needs and issues surrounding western trade corridors and to discuss preliminary research findings.

strengthen existing institutional arrangements such as the newly created alliance between southwest state departments of transportation, the Border Trade Alliance, the Border Governors Conference, and the Border Mayors Conference.

Tying New Mexico into regional coalitions is crucial if the state is to connect with the emerging transportation networks. At the same time, building a state-based strategic plan remains important because it can be adjusted to the individual circumstances in each state.

Southwestern border tactics vary from state-to-state. The New Mexico legislature created a Border Development Authority that issues bonds to promote economic and infrastructure development along the border. Examples of integrative plans from neighboring state include:

1. The California Department of Transportation (CALTRANS) has several corridor projects. A case study on bi-national planning between San Diego and Baja California will be included in the Section 6015 report to Congress in September. CALTRANS has proposed another project for federal funding. This project would define a North American West Coast Tri-National Trade Corridor and trade and transportation linkages between and among states in the West Coast region.

2. Arizona and Utah are sharing costs for a preliminary engineering study of extending I-17 into Salt Lake City for an improved north-south connection from Alberta, Phoenix, Nogales to Mexico City. Also Governor Fife Symington is leading a state-wide effort to develop a trade-transportation strategic plan.

3. The Texas Department of Transportation is planning a 4-lane highway system

to complement the interstate system and to connect all cities with a population over 20,000, as well as ports of entry. Studies are underway to identify impacts of maquiladora industry and NAFTA on Texas highways and private sector financing of cross-border bridges. In addition, Shiner Moseley Associates (Corpus Christi) just completed a study commissioned by the Office of the Governor that focuses on infrastructure needs created by NAFTA. Such needs range from highways and sewage, to education, health care and job retraining.

CONCLUSION

New Mexico occupies a precarious yet promising position in preparations for new trade opportunities under the agreement. While its trade with Mexico continues to increase, it is still far behind the other border states in its NAFTA preparations.

The opening of Santa Teresa represents a major step in increasing the potential benefits which could accrue to New Mexico with increased trade with Mexico but alone is not enough to ensure benefit capture. The crossing needs to become close to fully operational before it will positively affect the state. However, the opening does give New Mexico a potential foothold to capture at least some of the maquila bound traffic. The key behind Santa Teresa's success may be New Mexico's ability to create an intermodal transportation hub in the plains around Santa Teresa.

The CNW research on study on trade corridors and the transportation system will provide valuable information for New Mexican policy makers. The New Mexico State

Highway and Transportation Department will have access to information on how New Mexico fits into existing and emerging US transportation networks.

The risk to New Mexico is that the state will become embroiled in competitive jostling with western Texas and northern Chihuahua over a potential intermodal site and individual border crossings, as opposed to participating with its neighbors in plans which will benefit the entire region by not only alleviating congestion and speeding transport time, but also by alleviating the well-publicized horrendous pollution in the El-Paso-Juarez area.

The potential benefits to New Mexico, however, far outweigh the risks. With the opening of Santa Teresa, New Mexico has laid the groundwork for capturing benefits from the maquila trade and perhaps from more inland trade, too. At the same time, the state is on the verge of becoming integrated into Texas and Chihuahua economic activity. The real challenge, then, lies in solidifying the state's regional, national and international associations before January 1, 1994, the expected NAFTA implementation date.

In sum, a border crossing is not enough to ensure New Mexico will gain from the NAFTA. On the other hand, it does represent a major step in preparing the state for increased trade with Mexico, and as a first step, should be lauded.

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Multimodal Study at Santa Teresa (EDA sponsored)
Logistic Issues in Maquiladoras Study
Third Party Logistics in Mexico Study
Planning for Growth and Development in New Mexico Study
State by State Business Cost Comparison Model for the State of New Mexico
South Valley Transit Study
Inventory of Manufacturing Capabilities of New Mexico Manufacturers
Transportation Risk Assessment of WIPP
The Impact of the North American Free Trade Agreement on the State of New Mexico Study
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LIST OF APPENDICES

APPENDIX I: UPDATE ON SANTA TERESA

New Mexican Senator Pete Domenici (R-NM) met with Mexican President Carlos Salinas de Gortari in Mexico City on April 13, 1993. Domenici says that he secured the personal support of President Salinas to pave the Mexican side of the Santa Teresa, NM-San Jeronimo, Chihuahua border crossing within the next three months. However, Domenici cautioned that other Mexican agencies must comply with Salinas' pledge.[10]

Agnes Oczon, Assistant Press Secretary for Sen. Domenici in Washington DC, said the purpose of Domenici's visit was to discuss the general topic of economic development and US-Mexico trade, but he met for one hour with President Salinas to discuss the border crossing.[11]

BORDER CROSSING ANONYMITY

Little fanfare marked the official opening of the Santa Teresa border crossing in Dona Ana County, New Mexico, which links New Mexico to San Jeronimo, Chihuahua. According to El Financiero International, at the January 12, 1993 opening, officials from both countries lacked enthusiasm, and "the Mexicans closed up shop shortly after a ceremony."

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[10]See Albuquerque Journal. 4/14/93.

[11]Interview 4/8/93.

And the lack of fanfare has not decreased. Look at any map of the major highways between Canada, the US, and Mexico. You will find El Paso, TX, Nogales, AZ, and Los Angeles, CA, but where is Santa Teresa, NM, or even Las Cruces, the largest city in Dona Ana County?

The anonymity of the crossing underscores the obstacles which New Mexico officials have had in getting the crossing noticed and operational.

Unlike El Paso, TX and Ciudad Juarez, Chihuahua, which by themselves are bustling industrial and trade centers, the New Mexico crossing is located in Santa Teresa, a small "bedroom" community for El Paso comprised mainly of housing divisions.

The crossing is generally perceived as an extension of Las Cruces 40 miles north of Santa Teresa rather than part of the town of Santa Teresa itself. Las Cruces seems to be counting on receiving many of the potential benefits from the crossing.

Las Cruces Mayor Ruben Smith commented in the March 1993 Twin Plant News that "El Paso has things Las Cruces doesn't have. They're on the border, they've got all their transportation infrastructure set up. But if traffic veers off to Santa Teresa and Anapra, we're in a great position."

BRIEF HISTORY OF THE CROSSING

The idea of having a border crossing in New Mexico dates back to the early 1930s. In 1974 David King, nephew of New Mexico governor Bruce King, even dedicated a crossing in the village of Anapra, New Mexico. However, in reality, a functional New Mexico border crossing never materialized.

Charlie Crowder, a southern New Mexico developer, entered the Santa Teresa saga in the mid 1980s and brought the issue of a New Mexico crossing back into the limelight.

Crowder acquired 30,000 acres along the New Mexico-Chihuahua border in an exchange with the federal government for some Arizona ranches which were embroiled in the Navajo-Hopi dispute. He also acquired extensive water rights.

Crowder envisioned an industrial hub on the border at Santa Teresa, equipped with an efficient border crossing. His concept seemed clear: promote the Santa Teresa area as an alternative to the congested, saturated El Paso-Ciudad Juarez area.

The state of New Mexico harbored similar ideas, hoping to prepare itself for increased trade with Mexico. The US federal government, through Congress, appropriated US$6 million for the crossing. Mexico promised to pave the road on the San Jeronimo side to link it to the Chihuahua highway network. Crowder himself claimed to have invested US$5 million in the project.

The plan, however, turned sour. Crowder ran into financial difficulties. Mexico decided not to pave the road on the San Jeronimo side, claiming that since the industrial hub had not materialized, no reason existed to commence the paving.

Initially, the port also became linked with efforts to establish a crossing at Sunland Park/Anapra. However, at the June 1991 bilateral meetings in San Antonio, the US General Services Administration (GSA) and the Mexican Government reached an agreement that the Santa Teresa-San Jeronimo crossing would be independent of discussions surrounding the possible port of entry at Sunland Park/Anapra.

Originally, the Santa Teresa crossing was scheduled to open upon completion of the temporary facilities in 1991. However, various factors, including the lack of pavement on both sides of the border accessing the crossing, forced the opening date to be moved back to 1992.

In early 1992, the US paved five miles of road leading up to the crossing on the Santa Teresa side. Mexico has not yet paved the road leading to the crossing in San Jeronimo.

An environmental assessment of the temporary facilities undertaken by GSA resulted in a Finding of No Significant Impact (FONSI). GSA issued the results on January 10, 1992.

Due to changes in design requirements of the temporary facilities, GSA undertook a Supplemental Environmental Assessment (SEA) and issued a FONSI on June 19, 1992.

Despite preparations on the US side, the future of the Santa Teresa crossing remains unclear. The Albuquerque Journal, one of the main New Mexico papers, opened 1993 with a number of stories on the crossing. "Mexico Won't Pave Santa Teresa Crossing" heralded the January 1, 1993 edition. Two weeks later, however, a piece by Larry Calloway called "Heading for the Border" ended with a prediction by Ray Sadler, border historian at New Mexico State University, that "The road is going to be built."[12]

ECONOMIC ISSUES SURROUNDING THE BORDER CROSSING

The two principal economic issues surrounding the border crossing at Santa Teresa are intertwined but separate. Robert Queen, the trade specialist from the New Mexico International Trade Division stationed in Las Cruces, NM, describes them as "industrial development and international trade."

According to Queen, the reason why Santa Teresa holds importance for the state of New Mexico lies in its potential for creating industrial development along the New Mexico-Chihuahua border. Industrial development in turn would create the potential for tax revenue for the state.

However, Queen points out that although the crossing would assist international trade, it is not imperative. He said, "New Mexicans don't have to wait for the crossing to open to conduct international trade."

New Mexican exports to Mexico registered a 62% increase

[12]For details, see The Albuquerque Journal 1/1/93 and 1/14/93.

from 1991 to 1992, with a dollar value increase from US$16,800,000 to US$28,600,000 in 1992. Mexico's ranking rose from the seventh largest export destination for New Mexico products in 1991 to its fourth largest export destination in 1992. "That," Queen added, "occurred without Santa Teresa and without a free trade agreement."

Among the reasons for the export increases, he said, was that Mexico is a great market, that there is a huge demand for US products, and that its population continues to grow. In addition, the New Mexico Division for International Trade, headed by Roberto Castillo, holds frequent seminars to educate New Mexicans on export opportunities for trade with Mexico, and provides advice and contacts on how to improve or initiate trade with Mexico.

THE AREA SURROUNDING THE CROSSING

Santa Teresa lies 40 miles south of Las Cruces, NM, on the New Mexico-Texas-Chihuahua border in Dona Ana County. From Santa Fe, the state capitol, it is a five hour drive, South on Interstate 25 to Interstate 10, and then to the Mesa Street exit.

In 1990 the county of Dona Ana had a population of 135,510 people, 62,125 of whom resided in the city of Las Cruces. Population projections estimate that in 2000, the county will have 184,179 people, 85,955 who will live in the city of Las Cruces.[13]

El Paso, TX, twelve miles east of Santa Teresa, is the closest US industrial hub to the crossing. Ciudad Juarez is the closest Mexican industrial hub, just over the border from El Paso.

Over the past five to ten years, according to Queen, five industrial plants have located in Santa Teresa, among them two Ford suppliers to Hermosillo, Sonora, Mexico, and a medical instrument sterilizing plant which distributes its products throughout the US and Mexico.

The largest developer in the area is Charlie Crowder, who owns thousands of heavily mortgaged acres in Santa Teresa. According to Queen, two other developers, John O'Donnell and Ryan O'Hare, own smaller parcels but do not have the financial difficulties which have besieged Crowder. The federal government will condemn 100 acres of Crowder's land to build the permanent customs facility at the site.

DATA ON THE CROSSING FACILITY

The Santa Teresa crossing currently operates from 6 am to 10 pm daily. According to Roger Maier, Public Affairs Specialist for US Customs in El Paso, TX, the crossing averages approximately 100 northbound vehicles per day, most

[13] See Twin Plant News, March 1993.

of which are passenger vehicles. (US Customs keep statistics only on northbound traffic which enters the US.)

Since its inauguration in January, few commercial vehicles have used the crossing. According to Maier, those vehicles carried small value loads, such as mops.

The facilities on the US side remain temporary, although plans are underway to make them permanent. According to a February 1993 General Services Administration document, 100 acres have been set aside for the crossing.

The number of buildings and the years of construction for the permanent facilities have not been determined as of yet, although the GSA documents that they plan to harmonize their construction schedule with that of Mexico.

The owner of the crossing will be GSA. The permanent facilities will consist of four primary vehicle inspection points, expandable to twelve.

Twelve secondary inspection places will be constructed, expandable to thirty-six. A secondary building will be constructed.

An import lot and dock will measure fifty feet wide, with fifty truck docks.

According to Brad Godfrey of Sandia National Labs in Albuquerque, Santa Teresa is an excellent place for a border crossing because, unlike crossings in El Paso, the Santa Teresa crossing is a land crossing with no bridges to navigate. Therefore, expanding and improving the crossing will be much easier since it is "not as painful as expanding a bridge."

THE FUTURE OF THE SANTA TERESA CROSSING

The road in question is in San Jeronimo, Chihuahua, Mexico, directly over the border from Santa Teresa. The twelve mile unpaved stretch leads directly to the Casas Grande road, a major artery into the Cd. Juarez maquila center.

According to Oczon, within the last 2 weeks Mexico initiated paving of the turning lanes from the Casas Grande road to the unpaved 12 mile stretch which leads through san Jeronimo to Santa Teresa. Without the pavement, this stretch of road is essentially a roadblock to traffic wishing to use the San Jeronimo-Santa Teresa crossing.

The process of getting the Santa Teresa crossing operational continues to lurch forward. Without the crossing, New Mexicans can still continue to conduct international trade with Mexico. However, with a crossing, the state would be on better terms for attracting and keeping industry in the state, thus increasing employment and its tax base, and generating spin off development such as hotels and other services.

At present, however, the anticipation of future benefits is what Queen calls "taxing" Dona Ana County. He remarks that politicians, planners, economic development specialists and others are spending many hours planning for the crossing but as of yet their toil has resulted in "no return from Santa Teresa."

INTERMODAL SURFACE TRANSPORTATION EFFICIENCY ACT OF 1991

PUBLIC LAW 102-240—DEC. 18, 1991

SEC. 6015. BORDER CROSSINGS.

(a) IDENTIFICATION.—The Secretary, in cooperation with other appropriate Federal agencies, shall identify existing and emerging trade corridors and transportation subsystems that facilitate trade between the United States, Canada, and Mexico.

(b) PRIORITIES AND RECOMMENDATIONS.—The Secretary shall investigate and develop priorities and recommendations for rail, highway, water, and air freight centers and all highway border crossings for States adjoining Canada and Mexico, including the Gulf of Mexico States and other States whose transportation subsystems affect the trade corridors. The recommendations shall provide for improvement and integration of transportation corridor subsystems, methods for achieving the optimum yield from such subsystems, methods for increasing productivity, methods for increasing the use of advanced technologies, and methods to encourage the use of innovative marketing techniques, such as just-in-time deliveries.

(c) MINIMUM ELEMENTS.—The highway border crossing assessment under this section shall at a minimum—

(1) determine whether or not the border crossings are in compliance with current Federal highway regulations and adequately designed for future growth and expansion;

(2) assess their ability to accommodate increased commerce due to the United States-Canada Free Trade Agreement and increased trade between the United States and Mexico; and

(3) assess their ability to accommodate increasing tourism-related traffic between the United States, Canada, and Mexico.

The review shall specifically address issues related to the alignment of United States and adjoining Canadian and Mexican highways at the border crossings, the development of bicycle paths and pedestrian walkways, and potential energy savings to be realized by decreasing truck delays at the border crossings and related parking improvements.

(d) CONSULTATION.—In carrying out this section, the Secretary shall consult with appropriate Governors and representatives of the Republic of Mexico and Canada.

(e) REPORT.—Not later than 18 months after the date of the enactment of this Act, the Secretary shall report to Congress and border State Governors on transportation infrastructure needs, associated costs, and economic impacts identified and propose an agenda to develop systemwide integration of services for national benefits.

SEC. 1089. FEASIBILITY OF INTERNATIONAL BORDER HIGHWAY INFRASTRUCTURE DISCRETIONARY PROGRAM.

(a) STUDY.—The Secretary shall conduct a study of the advisability and feasibility of establishing an international border highway infrastructure discretionary program. The purpose of such a program would be to enable States and Federal agencies to construct, replace, and rehabilitate highway infrastructure facilities at international borders when such States, agencies, and the Secretary find that an international bridge or a reasonable segment of a major highway providing access to such a bridge (1) is important; (2) is unsafe because of structural deficiencies, physical deterioration, or functional obsolescence; (3) poses a safety hazard to highway users; (4) by its construction, replacement, or rehabilitation, would minimize disruptions, delays, and costs to users; or (5) by its construction, replacement, or rehabilitation, would provide more efficient routes for international trade and commerce.

(b) REPORT.—Not later than September 30, 1993, the Secretary shall transmit to Congress a report on the results of the study conducted under this section, together with any recommendations to the Secretary.

APPENDIX III: AREAS FOR FUTURE RESEARCH

Much research remains to be examined on the linkages between trade and transportation. The following list is not intended to be exhaustive, but rather to provide suggestions for future research.

While the future of the NAFTA agreement may still be uncertain, what is certain is that trade between the US and Mexico will continue to grow. Therefore, regardless of the passage of NAFTA, transportation and trade decisions will have to continue to be made on the basis of ever-increasing trade between the two countries.

ENVIRONMENT

An important factor which should influence decisions related to trade and transportation is preservation/conservation/restoration of the environment, especially along the border between the US and Mexico.

In fact, there are many aspects of transportation related research which do address environmental concerns. New legislation and new programs, some of them outlined in the preceding paper, have among their principal goals the reduction of congestion. That reduction in congestion will could very well help not to exacerbate the air contamination in a given area. Further study should be undertaken on the environmental impact of congestion along the border, the environmental impact on the surrounding area of new border crossings, the environmental impact of new border crossings on already existing border crossings, and how all these factors relate to the quality of life of the people living and working in the surrounding communities.

COMMUNITY

The people who live in the communities around border crossings and transportation networks will obviously be affected by the infrastructure in their neighborhoods. It is important to understand how they will be affected, why they will be affected, and whether or not the effects are positive and negative.

Equally as important as this general type of study, however, would be research which addresses effects on specific segments of the population: children, for example, or the elderly.

BI-NATIONAL COOPERATION

As the preceding paper suggests, the US and Mexico, especially at the border, are interdependent. But many questions remain regarding institutional compatibility (not necessarily similarity), management techniques, social priorities, and other important questions.

Future study related to transportation and trade, and many other areas, will need to address some of the differences in style and institutional framework between the US and Mexico if realistic strategies and plans are to be implemented.