



BORDER BUSINESS INDICATORS

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CANADA JOINS THE U.S.-MEXICO FREE TRADE AGREEMENT NEGOTIATIONS

On February 5, 1991, President Bush announced that Canada would be joining the U.S.-Mexican FTA negotiations as a third party. This announcement was confirmed by Mexico's President Salinas de Gotari and Canada's Prime Minister Mulroney. The change from a bi-lateral to a tri-lateral country format came as a surprise to most observers of the FTA developments, even though there was no doubt that the FTA agreement between the U.S. and Canada could not be ignored. Nevertheless, the integration of Canada as a third party will have a significant effect upon the timing and details in the expected "new" FTA.

There should be no doubt that the very fact that three parties are at the negotiation table instead of two will complicate the negotiations and will necessitate a wide range of compromises among the positions of the three parties. These expected compromises will probably lead to a dilution in the content of the agreement and presumably to a prolongation of the period for the full implementation of the agreement.

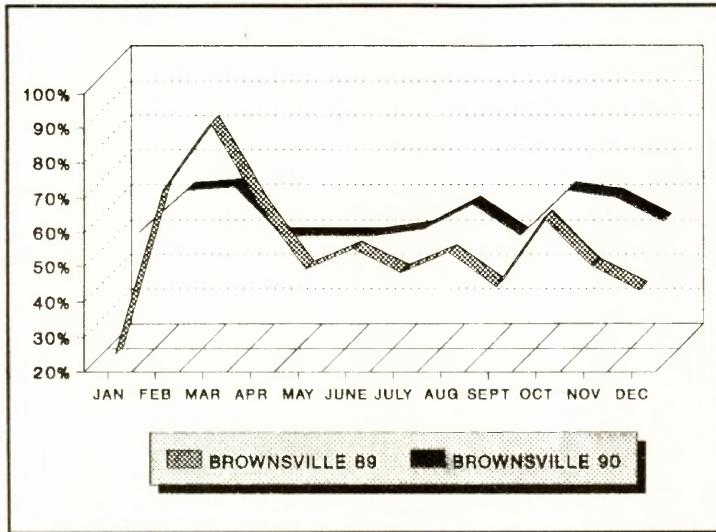
Both Mexico and the U.S. have repeatedly declared their intentions to speed up the conclusion of the FTA negotiations and ratification by 1992. The main concern until now was the ability of President Bush to convince the Congress to grant a "fast track" status to the U.S.-Mexican FTA negotiations. Looking back at the three years of negotiations it took the U.S. and Canada to reach an agreement and the strong opposition from significant Canadian political and economic groups to the existing agreement, there are clear indications that most probably the expected ratification of a U.S., Mexico, Canada agreement in 1992 will be delayed to a later date.

The prospect of taking the first step toward a possible future North American market consisting of 360 million people with a present gross national product of more than \$6 trillion is fascinating on its own merits. President Bush said that an agreement would link the three country's economies in "bold and far reaching ways." It is prudent to take our time and analyze carefully how bold and far reaching these FTA negotiations will turn out to be and what their possible effects may be specifically for our communities along the Texas-Mexican border. In addition, we must make sure that the interests of the border region are recognized by the negotiators and implemented in the content of the expected FTA agreement.

- Michael Landeck, Ph.D.

Hotel/Motel

Hotel Occupancy - Brownsville



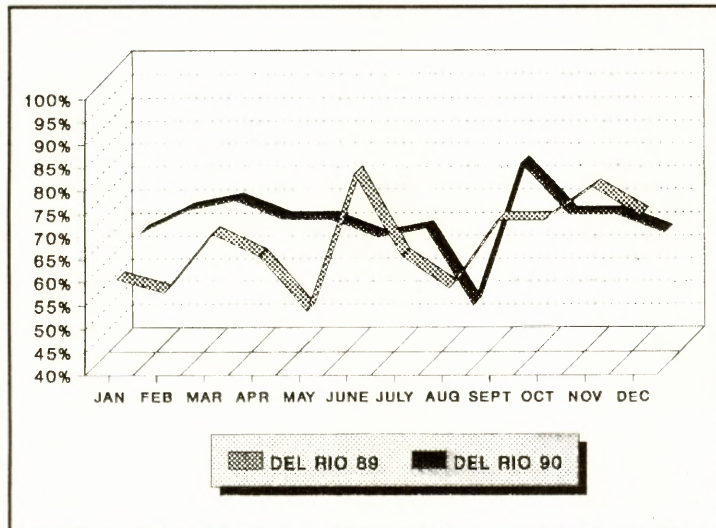
A comparison of the hotel/motel occupancy rates in the observed cities between November 1990 and November 1989 shows that the city of Laredo has had the most significant percent occupancy increase. The observed increase of 24% in Laredo brings the occupancy rate in this city up to 73%, it is significant because of the very low performance in November 1989 in which the hotel/motel occupancy in Laredo was merely at 49%.

The second largest increase in hotel/motel occupancy (and the highest percent for the month) was in McAllen which shows an occupancy rate of 77% in November of 1990, up by 15% from the 62% occupancy in November 1989. Brownsville's 61% shows an increase in the occupancy rate by 13% from a 48% low in November 1989. Del Rio and El Paso register declines in November 1990 as compared to November, 1989. While El Paso declined by 5% from 66% to 61%, Del Rio had the largest decline among all the cities observed of 11% down from 79% in November 1989 to 68% in November 1990.

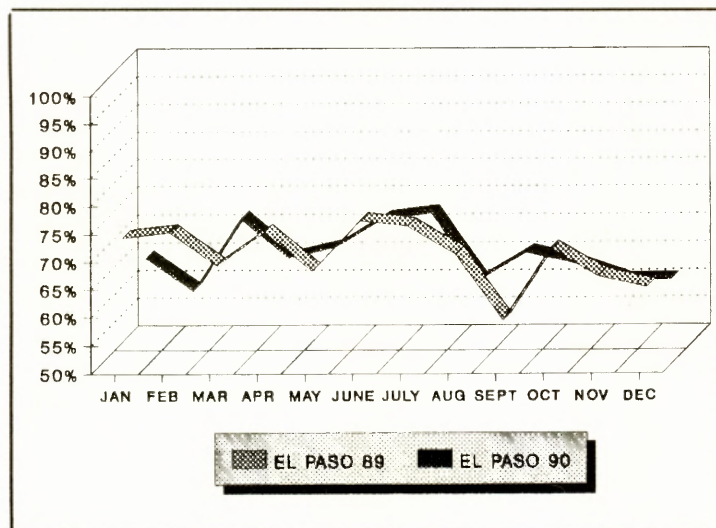
Following are the monthly developments of the hotel occupancy rates in each of the observed cities for the period of January 1989 through November 1990. The trends of the hotel occupancies seem to differ in the various cities.

Brownsville shows significant development in the first quarter of 1989 when it increased its occupancy rate from 23% up to 89% in March of that year, mainly due to its growing popularity as a vacation spot for students during spring break. The hotel occupancy level decreased by half during the rest of the year down to 41% in December 1989. During 1990, Brownsville

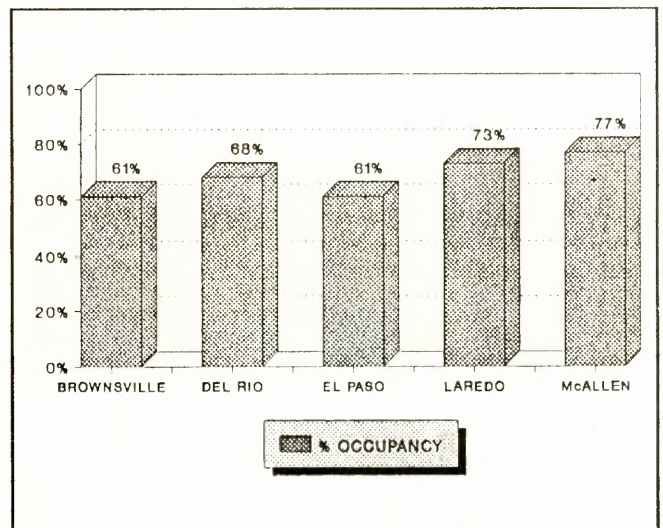
Hotel Occupancy - Del Rio



Hotel Occupancy - El Paso



Hotel Occupancy Rate - Nov. 1990



Occupancy

was not able to repeat the performance from 1989 and remains throughout the year at a somewhat steady level in the 50's and lower 60's percentile.

Del Rio shows very strong fluctuation in its hotel occupancy, up to 82% in June of 1989 as compared to 59% in January of that year and back toward the upper 70's at the end of 1989. The 1990 trend shows considerable declines in the hotel occupancy in the city.

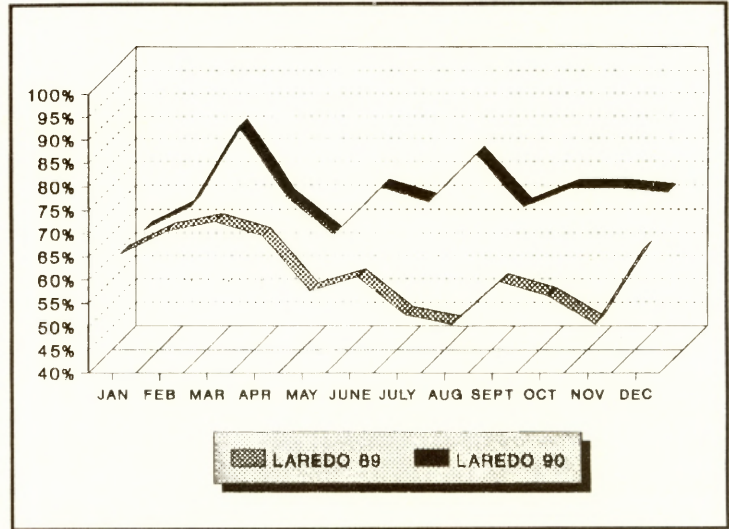
The hotel/motel industry in El Paso seems to be very stable, and its yearly trend of 1990 is almost a replica of the occupancy trend of 1989 except in September 1990 when El Paso did not lose as much in percent occupancy as it did in 1989.

Laredo shows a clear trend of improvement. All the values of 1990 show an improvement as compared to the previous year. The March 1990 improvements, could be attributed to the increased attraction of the George Washington's Birthday festivities. The most significant improvement is registered around the month of August in which Laredo improved from 49% to 80%.

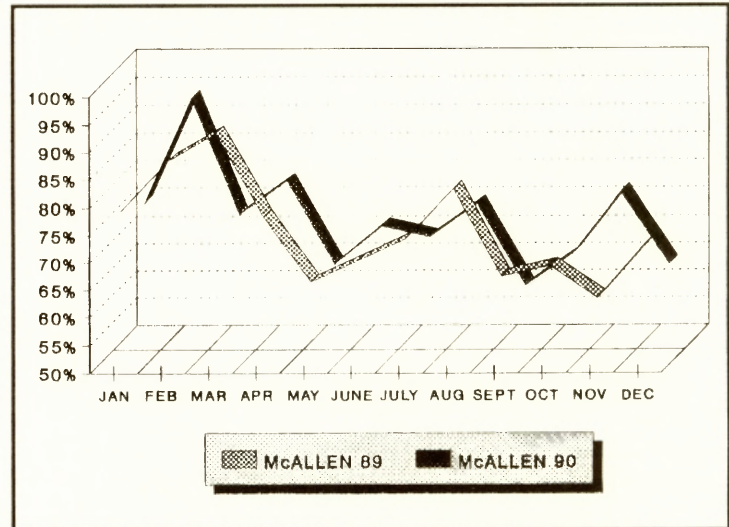
In both 1989 and 1990, the city of McAllen reaches a peak of 87% and 94% in February of the respective years, then shows a steady decline into the summer months, picks up somewhat in August, and maintains a level in the mid 60's toward the end of the year.

Note: All the statistics regarding the special topics were provided by the Texas Center for Border Economic and Enterprise Development (TCBEED) at Laredo State University.

Hotel Occupancy - Laredo



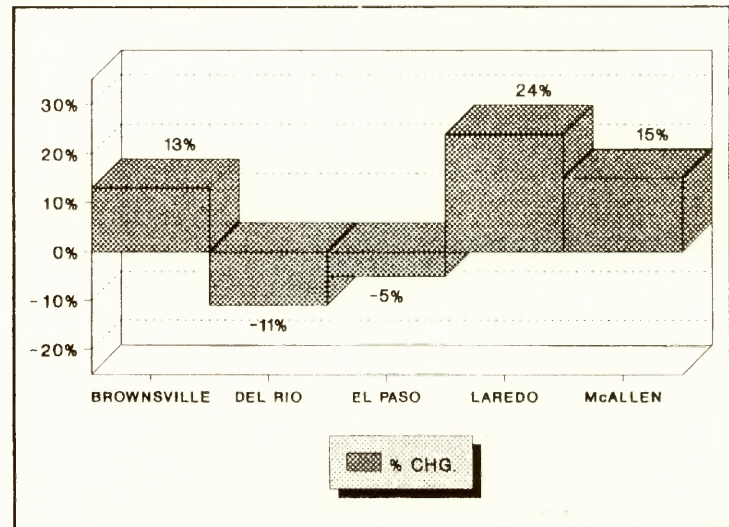
Hotel Occupancy - McAllen



Hotel/Motel Occupancy Rates (in %)

CITY	SEPT 90	OCT 90	NOV 90	NOV 89
BROWNSVILLE	50	63	61	48
DEL RIO	79	68	68	79
EL PASO	66	64	61	66
LAREDO	69	69	73	49
McALLEN	60	66	77	62

Percent Change - Nov. '89/Nov. '90



Texas - Mexico Bridge Tolls: A Survey

The reoccurring increases in the northbound bridge tolls from Mexico to the United States have contributed to an intensive discussion about its occurrence and its possible effects upon the trade between the two countries and specifically its effects upon the border communities.

Following the latest increase in Mexico's international bridge tolls in January 1991, a main concern is being formulated and directed toward the fact that the increase in Mexico's bridge tolls came without consulting with, and sufficient forewarning to, the U.S. counterparts. The critique regarding the issue of the unexpected changes in the international bridge tolls has led to an increasing demand that the timing of the tolls and their changing rates become an issue of negotiation within the U.S.-Mexico free trade agreement.

The main reasoning for the inclusion of this issue in the FTA negotiations is the perception that there could be a significant relationship between the bridge toll rates and the level of traffic frequency and trade volume between the two countries. In fact, the bridge tolls themselves could be seen as a special type of a tariff barrier and therefore a valid subject for the FTA negotiations which by definition should deal with all tariff and non-tariff barriers.

A survey done by the Institute for International Trade at Laredo State University regarding bridge tolls along the Texas-Mexico border was conducted during the month of February 1991 and the majority of the identified tolls are presented in the following tables. The most significant result is the acknowledgement of the fact that there is only one unified toll structure for all the northbound bridge crossings coming from Mexico to Texas. On the other hand, tolls for southbound traffic from the Texas cities surveyed to Mexico vary from city to city and at times vary

within a city from bridge to bridge (see tolls of El Paso and McAllen).

The reason that Mexico has a unified toll structure is that all the international bridges are federally controlled by the *Secretaria de Caminos y Puentes Federales*, whereas, the control of the international bridges on the U.S. side varies from city to city and from bridge to bridge. Some bridges on the U.S. side are controlled by public entities such as city/county governments while others are privately owned. Each U.S. bridge authority exercises its own rights to determine bridge tolls for the bridge(s) it governs. The results of the somewhat "confusing" U.S. toll structure is evident in the tables presented.

The variety in the U.S. bridge tolls versus the unity of the Mexican tolls, as shown in the above survey, may have a hindering effect on the attempt of including the bridge toll issues as a negotiating item in the upcoming FTA talks which is negotiated at the federal level. Whereas Mexico has the federal authority to implement its bridge toll decisions, the problem will be actually that the U.S. government does not currently have the same authority over the southbound bridge tolls as their Mexican counterparts do. A solution, therefore, will have to be found as to how a binding coordination could be made possible among the numerous U.S. public and private bridge authorities which will probably be opposed to limiting their authority regarding bridge toll rates.

Note: All the statistics regarding the special topics were provided by the respective Bridge Authorities as reported to the Texas Center for Border Economic and Enterprise Development (TCBEED) at Laredo State University. All bridge tolls are presented here in U.S. currency.

Northbound Bridge Tolls

CURRENT MEXICO BRIDGE TOLLS	
PEDESTRIANS	\$0.55
VEHICLES	\$2.05
VEHICLES WITH HOOKUP	\$3.55
2 AXLE TRUCKS	\$6.15
3 AXLE TRUCKS	\$10.25
4 AXLE TRUCKS	\$14.35
5 AXLE TRUCKS	\$18.45
6 AXLE TRUCKS	\$22.55
7 AXLE TRUCKS	\$26.60
8 AXLE TRUCKS	\$30.70
TARIFF FOR ADDITIONAL AXLES	\$4.10

*Detailed Freight Charges - Laredo

AUTOS AND 1/2 TON PICK-UPS	2.00
1/2 TON PICK-UPS AND AUTOS PULLING SMALL TRAILERS	3.00
PICK-UPS WITH REAR TWIN WHEELS	4.00
TWO AXLE BOB-TAIL TRUCK	4.00
THREE AXLE BOB-TAIL (TORTON)	6.00
TRACTOR TRAILER WITH UNDER 80M LBS.	12.00
TRACTOR TRAILER WITH 80 - 100M LBS.	24.00
TRACTOR TRAILER WITH OVER 100M LBS.	30.00
NOTE: ALL FREIGHT OVER 80M LBS. MUST BE APPROVED BY THE CITY OF LAREDO ENGINEERING DEPT.	

Southbound Bridge Tolls - Vehicles & Pedestrians

CITY	PEDESTRIANS	VEHICLES	BIKES
BROWNSVILLE			
B&M	0.25	1.00	N/A
CAMERON COUNTY	0.25	0.75	N/A
DEL RIO	0.15	0.75	0.15
EAGLE PASS	0.10	0.60	0.25
EL PASO			
STANTON (SOUTHBOUND)	0.25	1.00	0.25
CORDOVA (TWO-WAY)	FREE	FREE	FREE
ZARAGOZA (TWO-WAY)	0.25	1.00	0.25
SANTA FE (NORTHBOUND)	0.25	1.00	0.25
LAREDO	0.25	1.00	0.25
McALLEN	0.10	0.75	N/A

Southbound Bridge Tolls - Loaded Trucks

CITY	TRUCKS 2 AXLE	TRUCKS 3 AXLE	TRUCKS 4 AXLE	TRUCKS 5 AXLE	TRUCKS 6 AXLE
BROWNSVILLE					
B&M	3.00	4.00	5.00	6.00	10.00
CAMERON COUNTY	2.00	3.00	4.00	5.00	6.00
DEL RIO	3.90 + .25/1000lbs	4.30 + .25/1000lbs	4.70 + .25/1000lbs	5.10 + .25/1000lbs	5.50 + .25/1000lbs
EAGLE PASS	.80 + .15/1000lbs	1.20 + .15/1000lbs	1.60 + .15/1000lbs	2.00 + .15/1000lbs	2.40 + .15/1000lbs
EL PASO					
STANTON (SOUTHBOUND)	2.00	3.00	4.00	5.00	6.00
CORDOVA (TWO-WAY)	FREE	FREE	FREE	FREE	FREE
ZARAGOZA (TWO-WAY)	2.00	3.00	4.00	5.00	6.00
SANTA FE (NORTHBOUND)	2.00	3.00	4.00	5.00	6.00
LAREDO	1.00 + 2.00* 1.00 + 3.00*	1.50 + 4.50* 1.50 + 10.50*	1.50 + 10.50*	1.50 + 10.50*	1.50 + 10.50*
McALLEN	1.25 + .25/TON	1.25 + .25/TON	2.50 + .25/TON	2.50 + .25/TON	2.50 + .25/TON

*SEE PAGE 4 FOR EXPLANATION OF LAREDO FREIGHT CHARGES

Southbound Bridge Tolls - Empty Trucks

CITY	TRUCKS 2 AXLE	TRUCKS 3 AXLE	TRUCKS 4 AXLE	TRUCKS 5 AXLE	TRUCKS 6 AXLE
BROWNSVILLE					
B&M	2.00	3.00	4.00	5.00	6.00
CAMERON COUNTY	2.00	3.00	4.00	5.00	6.00
DEL RIO	3.50	3.50	3.50	3.50	3.50
EAGLE PASS	0.80	1.20	1.60	2.00	2.40
EL PASO					
STANTON (SOUTHBOUND)	2.00	3.00	4.00	5.00	6.00
CORDOVA (TWO-WAY)	FREE	FREE	FREE	FREE	FREE
ZARAGOZA (TWO-WAY)	2.00	3.00	4.00	5.00	6.00
SANTA FE (NORTHBOUND)	2.00	3.00	4.00	5.00	6.00
LAREDO	1.00	1.50	1.50	1.50	1.50
McALLEN	1.25	1.25	2.50	2.50	2.50