

“The New Refugees: Mexican Businesses Moving to Laredo”

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When we think of refugees, we may think of individuals escaping political or religious persecution. In fact, the United Nations defines refugees as “persons fleeing persecution or armed conflict”. Generally, we do not think of businesses as refugees. This report is on the migration pattern of businesses from Nuevo Laredo, Mexico moving to Laredo, Texas. My thesis is that border violence has been the impetus or push factor for businesses moving to Laredo, Texas. An objective of this report is to document the unusual phenomena of business formation and indirectly, to call attention to these business enterprises.

First, I will give a brief background on what constitutes the Nuevo Laredo – Laredo border then follow with the extent of the violence in this region and proceed with the business growth experienced in Laredo. Ironically, these migrations of businesses eliminate jobs in Mexico, which further contributes to the problem of unemployment and the potential for continued legal and illegal immigration into the U.S. I will conclude with a series of questions for further research, which raise important issues. For example, what does the practice of moving a business to the U.S. say about our immigration policy? What are the implications for established businesses in the U.S. when more competition moves in? Finally, at what point is the status of economic migrants considered more seriously, such as is the case with refugees? Although economic migrants are not facing political or religious persecution, they face issues of survival, which is very much of a human rights issue.

Brief Overview of the Border

The U.S. – Mexico border stretches over 1,952 miles where it is estimated that about ten million people live along both sides of the border. On the Mexican side are the states of Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas. On the American side is California, New Mexico, Texas and Arizona. The U.S. – Mexico border is the busiest in the world with an estimated 250 million annual legal crossings from Mexico; and one million illegal apprehensions in the U.S. each year.

The border region is economically interdependent as is the shared ecology. There are about 1,600 *maquiladoras* along the U.S. - Mexico border which employ about half a million workers. Nuevo Laredo, Tamaulipas is the crossing point for about 60 percent of all of the exports and imports and is home to 40 assembly plants and 150 freight forwarding agencies (Twin Plant News, 2008). There is general consensus that the region, which borders north and south of the U.S. and Mexico, is economically distinct and has more in common with itself than with either respective country.

Background

Violent crime is usually an antithesis for economic growth. The corner store shuts down after a series of break-ins and numerous incidents of vandalism. For the South Texas community of Laredo on the Texas-Mexico border, violence on the Mexican side in Nuevo Laredo has served to spurt business growth in Laredo, Texas. The transborder economic interdependence of the “border culture” which Martinez (1994) speaks of is now a fragile way of life that is changing the landscape and many individuals on both sides are suffering because of it.

Another concern is the variation that exists with legal interpretations of federal laws and regulations related to immigration and the consequences of decisions upon the local entities (Rodriguez, 2008).

According to the United Nations, refugees are individuals who have a “*well-founded fear of being persecuted for reasons of race, religion, nationality, membership of a particular social group or political opinion, is outside the country of his [or her] nationality and is unable, or owing to such fear, is unwilling to avail him [or her] self of the protection of that country; or who, not having a nationality and being outside the country of his [or her] former habitual residence as a result of such events, is unable or, owing to such fear, is unwilling to return to it.*” Refugees are entitled to refugee international protection in an asylum country. A migrant moving for financial reasons to earn a better living is considered an economic migrant; not afforded the same rights and privileges as refugees (United Nations, Article 1A(2) of the 1951 Convention).

In addition to incorporating the refugee definition contained in the 1951 Convention, the 1969 OAU Convention provides in Article 1(2) that “*the term “refugee” shall also apply to every person who, owing to external aggression, occupation, foreign domination or events seriously disturbing public order in either part or the whole of his [or her] country of origin or nationality, is compelled to leave his [or her] place of habitual residence in order to seek refuge in another place outside his [or her] country of origin or nationality.*”

“Thus, at present, UNHCR’s competence to provide international protection to refugees covers the following two categories of persons:

1. Those who meet the eligibility criteria for refugee status set out in the 1951 Convention/1967 Protocol, which are virtually the same as those provided for under the 1950 Statute; and
2. Those who come within the extended refugee definition under UNHCR's mandate because they are outside their country of origin or habitual residence and unable or unwilling to return there owing to serious and indiscriminate threats to life, physical integrity or freedom resulting from generalized violence or events seriously disturbing public order.

It is unclear or uncharted territory how businesses can be classified when they leave their habitual place of business because of economic survival. Economic migration is the movement of population movement, usually to industrialized countries, in order to better one's economic future. This migration becomes a forced migration when according to the United Nations, is "the movement from place or country of residence, is other than by voluntary decision of the individual or group. In practice, this signifies the presence of elements of coercion, such as threats to life or livelihood, arising from natural or man-made causes."

Violence in Nuevo Laredo

Nuevo Laredo, Mexico has been hard hit by the wave of crimes and numerous businesses report that they must close shop because customers are staying away. Accounts on the extent of violence in Nuevo Laredo are not precise and the accuracy of reported accounts are difficult to substantiate. The surge of violence and criminal activity is mostly attributed in the press to the warring factions between the Sinaloa Cartel and the Gulf Cartel (Parra, 2007). The crimes in question includes the new chief of police who was assassinated eight hours after he took office as well as homicides, drive-by shootings, kidnappings, executions, missing persons, and others.

2007 violent drug-related deaths = 2,100 (187 in Nuevo Laredo Jan. - October)
2006 violent drug-related deaths = 2,100 (144 in Nuevo Laredo Jan. -July 24th)
2005 violent drug-related deaths = 1,543 (105 in Nuevo Laredo Jan. -July 24th)

Source: Associated Press, 2007 as of October 18, 2007

Those who wish to make light of the violence will likely explain that the violence is not directed at tourists or families, but that the crime surge is the result of organized crime and drug cartels battling for trade routes.

Business and government leaders attempt to appease the public and offer police security and protections, but many are not convinced. The presence of military forces does little to settle the nerves or create an ambiance of hospitality. Many residents of Tamaulipas objected to the use of the military as overkill, while President Felipe Calderon justified it as a means to "recover tranquility in our city" (Triana, 2007).

The spillover of the violence to the American side is unclear in its connection to the organized crime but reports from federal agencies claim success at curtailing its spread, especially via the Department of Homeland Security's Border Enforcement and Security Task Force, known as BEST task force (Kouri 2006). This multi-interagency task force asserts that the drug-related violence especially in the Nuevo Laredo/ Laredo area has significantly increased over the past year because of intense competition between the remnants of the Gulf Cartel and the so-called "Federation." The task force credits a successful seizure in Laredo of dynamite, numerous live grenades, as well as materials to make roughly thirty-three Improvised Explosive Devices during January through February 2006.

Business Closures in Nuevo Laredo

It is estimated that as many as 700 businesses closed in Nuevo Laredo in 2006 representing no less than 3,000 jobs (Timoshenkov 2006). Other businesses are staying open only during weekends. The closures are attributed to the violence and lawless image of this border city, but more specifically to blame are the surge of burglaries of business establishments. U.S. tourists are staying away and many businesses dependent on U.S. customers are unable to stay opened even when some employees are on commission dependent on tips and are not paid a salary. At a time when tips of \$30. per day was considered satisfactory, workers at bars, restaurants and other establishments say that earnings of \$5. per day or less is not an income to live on and support a family. According to Homero Villarreal, president of the Nuevo Laredo Chamber of Commerce, the hospitality and tourist retail industries are the most impacted by business losses (Timoshenkov, 2006 Labor pains). The loss in revenues impacted municipal government, which also experienced lay off as many as two hundred city workers.

Business leaders recognize that their image is tarnished by the numerous incidents of violence reported in the media, and that it will be years before public confidence is restored. Promotional efforts organized by local Mexican city and business leaders are having some success primarily pulling in local residents but not the U.S. tourists (Rangel 2006).

Laredo, Texas

This study seeks to document the surge in new businesses that have crossed over to the American side of the border. What follows is classified as a descriptive and ethnographic account of secondary analysis and field observations.

Table 1 below lists both open and closed businesses recorded at the time of this report.

Table 1.1 Nuevo Laredo Businesses transferring to Laredo Texas

Business	Year Opened	Current Status	Appraised Value
Alaciado Express Hair Salon	1-9-06	CLOSED	
El Padrino	7-1-07	Active	\$17,960.
El Rancho Su Majestad El Taco	2-6-06	Active	\$211,970.
La Cocina		CLOSED	
La Colmena		Active	\$23,620.
La Manzana de Guillermo	7-15-03	CLOSED	
La Paisana	11-17-82	Active	\$19,290.
Las Jarritas	6-26-06	Active	\$20,900.
La Unica de Nuevo Laredo (2)	1-1-06	Active	\$32,800.
Loncheria El Popo	2-14-05	Active	\$3,740.
Lonches El Popo	11-1-04	Active	\$5,070.
Los Ajos	1-1-06	CLOSED	
Los Carboncitos	1-1-07	Active	\$9,960.
Mariscos Mandinga	4-17-07	CLOSED	
Pasteleria Jardin	8-1-01	Active	\$124,160.
Payasita Mayra		CLOSED	
Roxanas Cakes		CLOSED	
Sportortas	7-1-07	Active	n/a
Tacos Arandas		CLOSED	
Tacos El Venado	12-11-02	Active	\$5,850.
Tacos y Tortas Ravi		Active	\$12,690.
Tacotote	8-1-00	Active	\$84,070.
Tortas Bernal		CLOSED	

The types of businesses affected vary and include such establishments as restaurants, hair salons, and home decors. Other sectors, limited by stricter licensing regulations such as pharmaceuticals, are finding creative methods of attracting customers. For example, Mexican pharmacies hire runners who walk the international bridge offering to buy prescribed medications for U.S. residents.



Figure 1 El Rancho Su Majestad El Taco- 9720 McPherson

The restaurant above, El Rancho Su Majestad El Taco, opened in 2006 in a new \$2.5 million dollar facility (Hall 2006). The owner, Alberto Manzilla, initially planned to expand to San Antonio and later to Austin. El Rancho is by far the strongest and the largest business among the restaurants in this study. El Rancho has its own newly constructed building whereas most other restaurants are in much smaller quarters where previous restaurants did business for many years, such as Los Carboncitos and La Paisana. The newer buildings are clearly more aesthetically pleasing and appetizing.



Figure 2 Los Carboncitos - 3401 San Bernardo

Los Carboncitos, shown in Figure 2, for example, is at the location where Quick Bite Seafood Restaurant operated for many years and some of the old signs are still in view. Also, Sportortas is located where 31 Flavors ice cream and later Kaleidoscoops did business for many years.



Figure 3 Sportortas- 4803 San Bernardo

Other restaurants are in strip malls, such as El Padrino, La Colmena, Las Jarritas Express, Tacos Ravi and La Unica. Pasteleria Jardin is also in a north side strip mall. Mr. Fidel Ayala, owner of Pasteleria Jardin, had several insights regarding staying ahead

of the competition by providing a unique product, not readily available in the chain stores. Customers appreciate unique, quality products.



Figure 4 Pasteleria Jardin – 611 Shiloh

Among the youngest managers is Ricardo Javier De Leon at El Padrino also on Shiloh. This restaurant celebrated its first anniversary this summer.



Figure 5 El Padrino – 517 Shiloh

Other small establishments located in strip malls include La Unica de Nuevo Laredo Restaurant, shown in Figure 6, which currently operates out of two sites at 4500 San Bernardo and at 8511 McPherson. Lonches El Popo and Tortas y Taquitos Ravi are shown in Figures 7 and 8 below.



Figure 6 La Unica de Nuevo Laredo Restaurant at the McPherson location



Figure 7 Lonches El Popo – 5460 Springfield



Figure 8 Taquitos Ravi Restaurant – 414 Shiloh

Las Jarritas Express is a franchise restaurant. Their corner location is also a plus.



Figure 9 Las Jarritas – 503 Shiloh

Beauty salons are among other types of business establishments. The Alaciado Express Hair Salon opened its second location in Laredo after U.S. residents stopped going to the Nuevo Laredo location. A sister, Teresa Martinez, of the Nuevo Laredo salon opened the Laredo shop, although she has no business experience. This arrangement could also be a means to stay within the bounds of immigration policy. Unfortunately, this business is now closed.

Nuevo Laredo leaders are optimistic that tourism will return and that business will once again flourish. With less violence reported in 2007, leaders are reporting a slow return to normalcy. Mr. Sol Manzilla of El Rancho is happy that there's been no incident of a violent crime for about a year and a half. Richard W. Fisher, president of the Federal Reserve Bank of Dallas, has also shared optimism about the border region, adding "Mexican workers provide a significant part of the economic muscle that makes the U.S. economy so mighty" (Cortez 2007)

Profile of Businesses



Figure 9 Typical Mexican plates

A pattern quickly emerges among the businesses included in this report. First and foremost is that all of the restaurants included in this study serve Mexican food. Additionally, the dominant language spoken is Spanish, although the owners/managers do speak and understand English. The owners bring with them a wealth of business experience since they have been in the industry for many years and several continue to operate businesses on both sides of the border, such as Pasteleria Jardin and Las Jarritas. Sportortas and Las Jarritas are franchises and specialize in *tortas* and *carne asada*, respectively. These business men and women know their competition well, especially

those who also opened a business similar to their industry. They are also well aware of the businesses that have closed recently and want to learn from that experience to prevent it for themselves. This unique business formation appears as a last ditch effort to stay afloat as a result of the increasing crime and violence that had practically annihilated the flow of American customers to the Mexican border. However, several owner/managers make light of this perspective and claim business expansion as a reason for the business formation. Fortunately, the flow of customer traffic into Nuevo Laredo is reported to be improving. Hopefully, this increase noted in Nuevo Laredo may balance some of the loss of volume on the American side attributed to the slow economic climate.

The current challenges these businesses are facing are the increasing and high costs of food, gas, utilities and the slowing of the economy. Some report to have laid off employees within the last year because of reduced sales. It is unclear where a business would go to get assistance with business retention and improvement. Only two of the businesses are members of the local Chamber of Commerce. Most of the owner/managers have short-term and long-term goals. Basically, the short-term goals are to stay in business amidst limited growth and the long-term goals are seen as more of a wish list of plans for expansion to more than one location or expansion to other cities. However, they are aware of the status of the national economy and are cognizant of business closures at the local and national level.

The public reception from customers is reported to be very good. A surprise to some is that the Laredo, Texas customers are more demanding and not as easy to please. The clientele is, for the most part, customers who are familiar with the Nuevo Laredo service and want to compare with the taste and quality in Laredo, Texas. Returning customers

are prized. Anecdotally, several owner/managers report that they see many people who were formerly residing in Nuevo Laredo are now living in Laredo, Texas.

Governmental Regulations

These business entrepreneurs showed initiative and savvy regarding rules and regulations related to permits, licenses, taxes, etc. which must be followed before opening doors to the public. The fire inspection was reported by one to be the toughest to meet. Immigration laws do not interfere with the process as long as the business owner has legal status. A Social Security number is required which most of us know is not easy to obtain, given that all information is to be factual. Among the organizations which business owners must file with are: the Texas State Comptroller of Public Accounts, the Texas Department of Health, the City's building code, the Fire Department and others.

Business Closures

Table 1 above lists the various businesses that have closed. Some did not live to see their first anniversary. There is a certain sadness to see a business close whether it has been in operation briefly or for many years. Two such new businesses are Los Ajos and Mariscos Mandinga that were housed in their own attractive buildings nicely decorated. The remaining business owners are very well aware of business closures and pray that the same fate does not fall on them. The owners are following the latest news on the economy and the on-and-off unofficial recession.

Conclusion

This report documents an account of a contemporary problem facing the Texas – Mexico border, an already burdened region of the country. The commentary on the reference to the use of the term “refugee” is purposely selected to incite discussion the highly contested issue of how to address the problem of immigration. We lack workable and practical alternatives which offer a balance between controlling the border for the sake of national security and the humanitarian handling of immigrants. More open debates on the complex issue of legal and illegal immigration are in order and overdue serious consideration.

Regarding the particular focus of this study, follow up research is clearly indicated to check the staying power of the businesses transferring from Nuevo Laredo. For example, Los Ajos Restaurant closed its doors after a year and a half in the highly competitive market. The owner of Los Ajos, Humberto Padilla blamed the saturation of restaurants in Laredo.

An area of future research is to focus on the closures and analyze the circumstances that led to the termination of these businesses. As with other closures, the particular conditions could be a multiplicity of factors, such as insufficient planning, inadequate marketing or management, a flooded market, etc. Additionally, other related areas of research are the existing businesses whose revenues have likely experienced an upswing because many American shoppers are reducing their travel to the Mexican border. In particular are the Mexican curio and wrought iron shops that have been on the U.S. side of the border for many years.

On a personal note I want to wish all businesses much success and prosperity. I was impressed with their knowledge, motivation and sense of responsibility towards their employees.

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