OP-ED

The Texas-México border: An economic powerhouse

By Daniel Covarrubias

Courtesy photo/TAMIU

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Robert Schuman, credited with envisioning and creating the modern-day European Union, once said that borders are the scars of history. While that may be true, borders might best be considered living laboratories: societal petri dishes in which collective interactions and the ability to coexist ultimately shape economic, social, and political prosperity.

The Texas- México border is no exception; its colored history, interwoven demographics, and unrivaled economic influence position this cross-border region as a preeminent force in the Western Hemisphere.

Since the inception of the maquiladora program in 1965, through the passage of the North American Free Trade Agreement (NAFTA) in 1994, and more recently, the approval of the United States México and Canada Trade Agreement (USMCA) in 2020, the U.S.-México border has witnessed exponential economic and population growth. As a result of such public policies and the rise of supply chain and logistics infrastructure corridors producing deep cross-border integration, México has recently become the United States' predominant trading partner.

While the United States and México share a border of almost 2,000 miles, the State of Texas accounts for 63% of this border, making it the longest stretch of border with México, The Texas- México border extends over 1,254 miles and traverses four Mexican states: Tamaulipas, Nuevo León, Coahuila, and Chihuahua.

Data compiled by the Texas A&M International University (TAMIU), A. R. Sanchez, Jr. School of Business, Texas Center for Border Economic and Enterprise Development (TCBEED) estimates that trade between the United States and México totals approximately $700 billion. Texas accounts for nearly 35% of that figure, totaling $235 billion of trade with México, which makes it México's top U.S. state trading partner, and one of its most important trading partners worldwide.

By comparison, the combined trade amounts of the remaining three México-bordering states (New Mexico, Arizona, and California) total approximately $106 billion. And if Texas were its own country, it would be México 's number two trading partner, with this relationship also working inversely as México is Texas' number one import and export market.

The Texas-México border is an indisputable economic powerhouse, sustaining over seven million jobs across the U.S. and México, and contributing $343 billion to both countries' annual Gross Domestic Product (GDP), according to the Texas Department of Transportation's (TxDOT) Border Master Plan.

A recent study by the TCBEED estimates that only 41.5% of Mexican imports that arrive at Texas ports of entry stay in Texas, meaning that in 2021, more than 50% of Mexican imports arriving at Texas land ports were ultimately shipped to other states.

According to U.S. Customs and Border Protection (CBP), there are more than 300 ports of entry (POE) to the United States. The United States Census establishes that the ranking for the top three POEs into the United States, whether they are sea, land, or airports, are almost always interchangeable between the ports of Los Angeles, Chicago, and Laredo.

The variations between these top three ports are about $50 to $60 billion trade dollars. When we filter by categories for land ports of entry, Port Laredo is in a league of its own, handling nearly $250 billion of world trade. With the port of Ysleta (El Paso, TX) coming in a distant second with $64 billion of world trade and the Pharr International Bridge coming in third with $41 billion of trade.

Port Laredo is the number one inland commercial port of entry at the United States and México border. According to the TCBEED, more than 4.5 million trucks, representing nearly $250 billion in trade, are skillfully managed through this border crossing every year. Port Laredo operates 30% of the total U.S. world trade crossing through POEs in Texas, and approximately 40% of total trade between the United States and México.

Furthermore, according to the TCBEED's recent study on Texas-México trade, we can state, with confidence, that Mexican commodities that go through Port Laredo arrive in the following 20 states: California, Connecticut, Delaware, Florida, Georgia, Illinois, Kentucky, Maryland, Michigan, Minnesota, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia.

The Texas-México trade and commercial relationship works because of strong binational affinities and border cities positioning themselves as vital nodes and key logistics platforms in global supply chains.

Just here in Laredo, for the past 20-plus years, the border trade community has worked together with different government levels on enhancing security and increasing trade efficiencies. According to a data analysis by the TCBEED, commercial border crossing times have diminished by 20 minutes over the past seven years because of these transversal community efforts, representing close to a 35% reduction. All of this has occurred as commercial crossings have grown exponentially by close to 50% in this same period.

CBP has increased security screening through technological and process innovations such as non-intrusive inspection equipment, which has led to an increase of 41% in cocaine and methamphetamine drug seizures between 2019 and 2021.

Adjusting for inflation, total trade crossing through Port Laredo has almost quintupled since the inception of NAFTA, going from $54 billion in 1994 to $248.5 billion in 2021. TxDOT estimates in its Border Master Plan that total trade will triple once again by 2050. In preparation for this continued trade growth, Port Laredo's trade community, alongside government officials at federal, state, and local levels on both sides of the border, is working on increasing this Port's international trade infrastructure with three essential projects: the World Trade Bridge expansion project, Kansas City Southern's new rail bridge, and the Bridge 4/5 Logistics Platform.

The World Trade Bridge, the most important land port on the United States- México border, has an expansion project that would take the current bridge from eight lanes to 16 lanes, six lanes for exports to México, and 10 lanes for imports into the United States. The City of Laredo and CBP are currently working on creating four additional inspection lanes that would increase the total number of CBP inspection sites from 16 to 20, four of them being fast lanes and 16 non-fast inspection points.

Kansas City Southern recently confirmed plans to build an additional parallel bridge next to its existing international rail bridge to enhance border security and improve the movement of rail traffic through this cross-border logistics corridor. This new bridge will boost the first U.S.- México-Canada rail network formed by the recently-announced merger between Canadian Pacific Railway Limited and Kansas City Southern connecting México through its ports on the Pacific (Lazaro Cárdenas) and in the Gulf (Tampico and Veracruz) via the United States into Canada.

Finally, the Bridge 4/5 Logistics Platform is a project that is currently undergoing requests for Presidential permits in both the United States and México. This new bridge proposes a smart port design and an integrated logistics platform to further this cross-border region's competitiveness.

As trade between Texas and México increases, the logistical infrastructure projects in the region will expand capacity and efficiency and, ultimately, continue to increase the Texas- México border's prominence in international trade.

To access data shared here, please visit texascenter.tamiu.edu.

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