



Port Laredo Trading Worldwide

Pathways For Trade

The North American Logistics & Manufacturing *Symposium*



29th Pathways for Trade Symposium

Introduction

The Texas A&M International University (TAMIU), A.R. Sanchez School of Business, Texas Center for Border Economic and Enterprise Development (TCBEED) presents the Port Laredo Trading Worldwide Analysis Report for the 29th annual Pathways for Trade Symposium. This report illustrates the TCBEED's visual data analysis of Port Laredo's top ten trading partners and describes Port Laredo's Trade Expansion Opportunities. We appreciate the Laredo Economic Development Corporation's (LEDC) invitation to participate in this year's symposium by providing this analysis.

We look forward to this type of report being a staple in the LEDC's future symposiums.

Port Laredo's Trade Expansion Opportunities

by Daniel Covarrubias, Ph.D., Director, Texas Center for Border Economic and Enterprise Development, A.R. Sanchez Jr., School of Business, Texas A&M International University

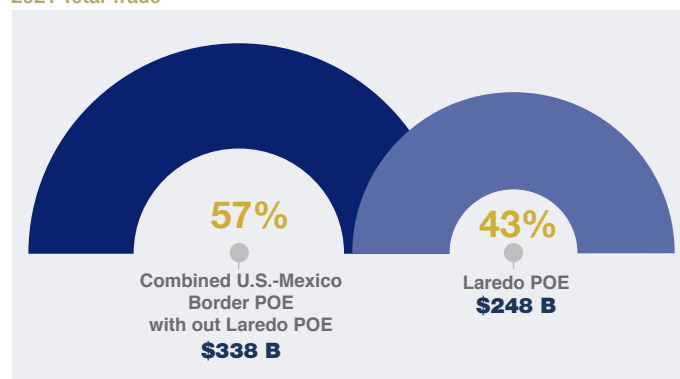
We live in one of the world's most dynamic cross-border logistics regions, Port Laredo. As illustrated in this Port Laredo Trading Worldwide Analysis Report, 2022 is shaping itself as a record year for trade through this port of entry (POE). In the first semester of this year, exports through Port Laredo were \$56.3 Billion, while imports summed at \$88.8 Billion, totaling \$145.1 Billion for total trade processed through this port of entry. Truck transportation represents 79% (\$114.7 Billion) of total trade, while rail transportation accounts for 17% (\$24.7 Billion) and air transport 0.34% (\$495 Million).

Compared to the first semester of 2021, exports increased by 15% from \$48.9 Billion, imports increased by 24% from \$71.8 Billion, and total trade increased by 20% from \$120.6 Billion. This increase in trade trend is forecasted to continue for the remainder of the year most likely resulting in 2022 surpassing last year's total trade record for Port Laredo.

Many businesses in our region are directly involved in global supply chains. As shown in this report, Port Laredo's top trading partner is Mexico accounting for \$241.6 Billion in total trade. This port of entry processes 37% of all U.S.-Mexico trade. Port Laredo's other top nine trading partners total nearly \$5 Billion in total trade and include China, Japan, France, Nicaragua, South Korea, Thailand, Taiwan, Canada, and Sweden.

Along with exponential trade growth, this cross-border region of Laredo and Nuevo Laredo has recently been impacted by different supply chain stresses from various sources: weather, port backlogs, computer chips, and material shortages, among others. With technological advances and changes in international trade policies, these supply chain woes have forced global companies and ports of entry to reevaluate their competitive advantages.

U.S.-Mexico Border POE Comparison 2021 Total Trade



Today we'll present two opportunities to advance Port Laredo's trade expansion: nearshoring and critical infrastructure projects.

In response to rising international conflict, logistical challenges, and environmental concerns, globalization is moving toward regional production chains. Global trade models are trending toward regionalization. The United States' global economic leadership will now be based on innovations, sustainable technologies, and highly reliable supply chains. Among these changes a new regionalization trend is appearing, nearshoring.

Nearshoring refers to increasing foreign direct investments through which companies move their production centers and processes closer to their target market. These strategic moves take advantage of the favorable market and international trade conditions in their new country of destination, for example, tariff preferences and new rules of origin established by the United States-Mexico-Canada Agreement (USMCA, formerly NAFTA).

The Inter-American Development Bank (IDB) estimates that nearshoring presents an opportunity for \$78 billion in additional exports to be added annually from Latin America and the Caribbean in the near and medium term. Our cross-border neighbor Mexico could see the most significant increases, adding \$35.3 billion yearly in total exports. The real estate investment

group Coldwell Banker Richard Ellis (CBRE) tracks the square meterage occupied by new nearshoring projects in Mexico. In 2021 the total occupied area amounted to 735,000m². In 2022's first quarter alone, another 370,000m² in nearshoring projects in Mexico have been added.

Because of these optimistic forecasts, the IDB has committed to Mexico an estimated \$1.75 billion to \$2.25 billion in short- and long-term financing for new industrial parks, investment in anchor companies (including relocation expenses), and innovative finance mechanisms for small and midsize companies (SMEs) working in global supply chains.

Port Laredo's strategic geographic location, its critical mass of knowledge, experience, and human capital achieved by this cross-border region's organic logistics clusters, and its experience in international industrial investments and free trade agreements have this region well positioned to take advantage of these regionalization trends.

However, to fully take advantage of these regionalization strategies, infrastructure investments are needed in this port of entry to enhance Port Laredo's trade growth and move international trade and passengers more efficiently, sustainably, and innovatively.

According to U.S. Customs and Border Protection (CBP), there are more than 300 ports of entry (POE) to the United States. Port Laredo is the number one inland commercial port of entry at the United States and Mexico border. Within a radius of 35 miles, the cross-border region of Port Laredo includes over 500 custom broker firms, more than 500 transportation companies, and at least 300 logistics warehouses and storage facilities. This logistics ecosystem is responsible for processing \$250 billion of trade, 4.5 million commercial truck crossings, and 500,000 railroad cars each year.

Adjusting for inflation, total trade crossing through Port Laredo has almost quintupled since the inception of NAFTA, going from \$54B in 1994 to \$248.5B 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 on the federal, state, and local levels on both sides of the border, is working on increasing this port's international trade infrastructure with three significant 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-Mexico border, has an expansion project that would take the current bridge from 8 lanes to 16 lanes, six lanes

for exports to Mexico and ten 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 sixteen 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.-Mexico-Canada rail network formed by the recently announced merger between Canadian Pacific Railway Limited and Kansas City Southern connecting Mexico through its ports on the pacific (Lazaro Cardenas) and in the gulf (Tampico and Veracruz) via the United States into Canada.

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

As Port Laredo trade increases exponentially, the logistical infrastructure projects in the region will expand capacity and efficiency and, ultimately, continue to grow this border region's prominence in international trade. The significant investments outlined in this work will better equip this cross-border region to benefit from increased industrial investments in Mexico and the Caribbean, increasing goods shipped through this port of entry.

With nearshoring trends seeming to continue, Port Laredo is uniquely positioned to benefit from shifting supply chains and increasing trade through this port of entry. However, to be fully competitive and attest to this cross-border region's economic potential, we must continue to build and modernize critical border infrastructure.

Laredo Port of Entry

1996-2021 Northbound Truck Crossings

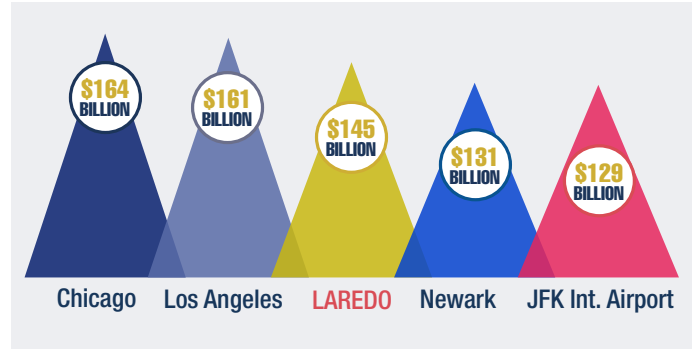
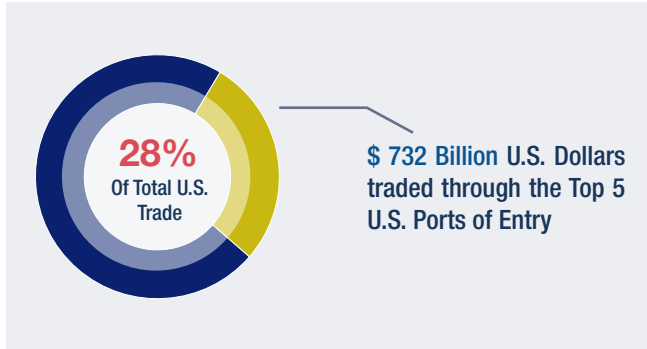


2022 Laredo Port of Entry

JAN - JUN

Top 5 U.S. Ports of Entry by Trade Value

(2022 Jan-Jun)



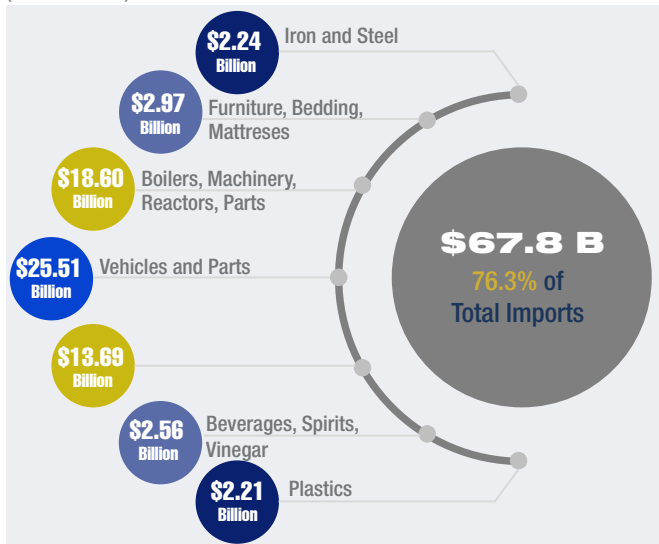
Laredo POE Total Trade Value

(2022 Jan-Jun)



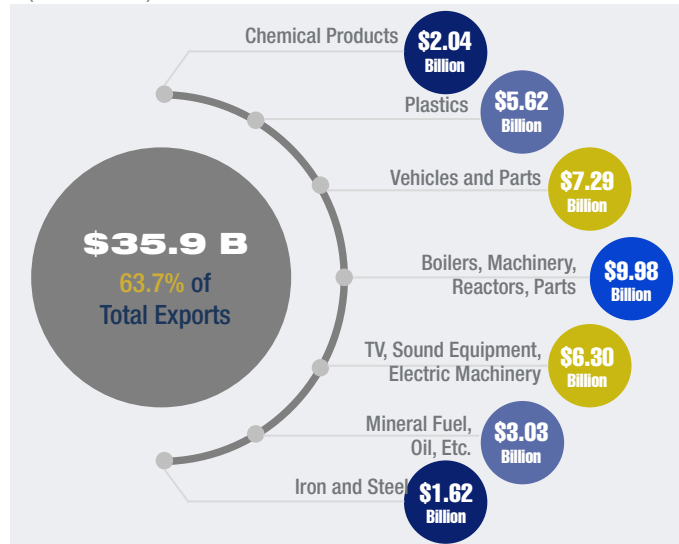
Top Commodity Imports

(2022 Jan-Jun)



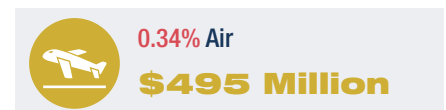
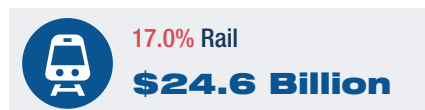
Top Commodity Exports

(2022 Jan-Jun)



Laredo POE Total Trade Value by Mode of Transportation

(2022 Jan-Jun)

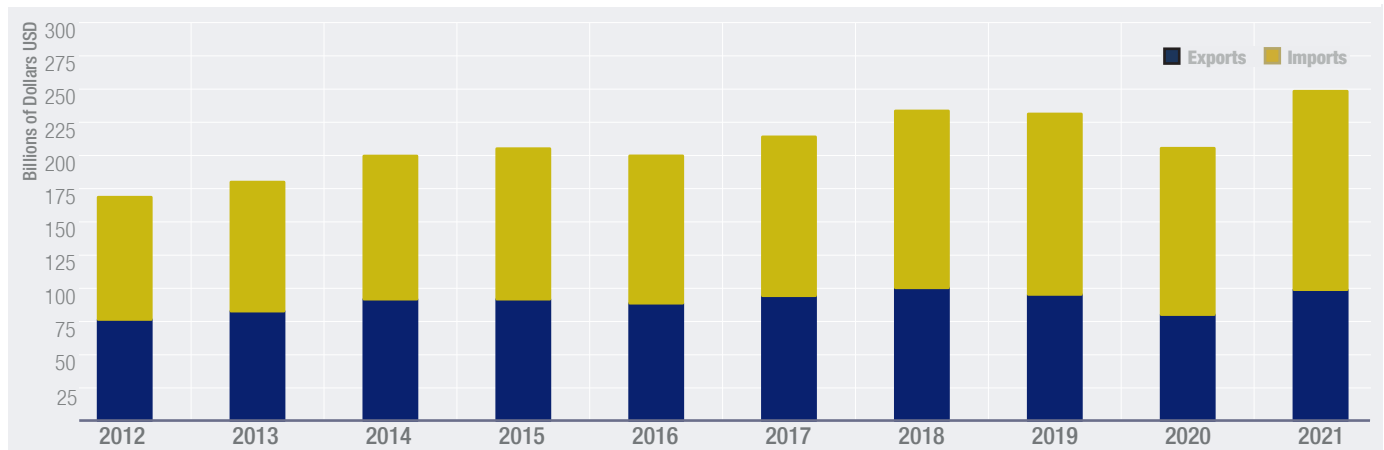


Source: U.S. Census Bureau Economic Indicators Division

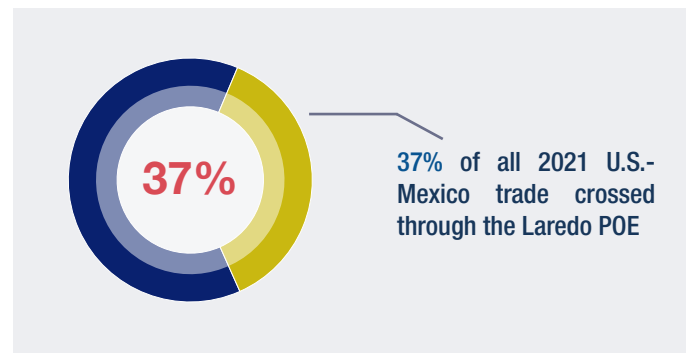
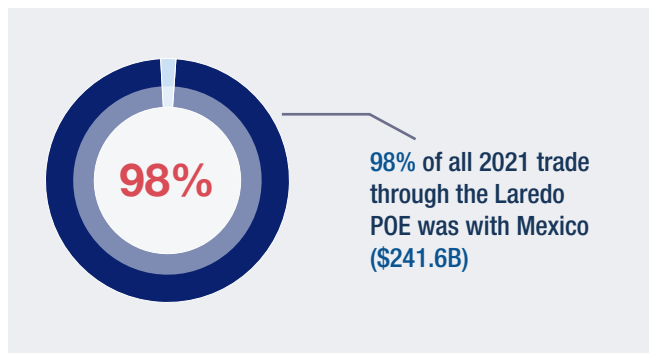
Laredo Port of Entry

2012 - 2021

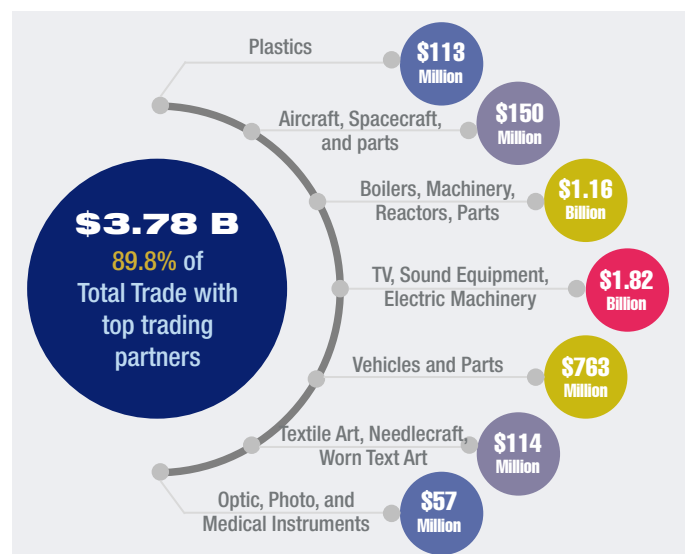
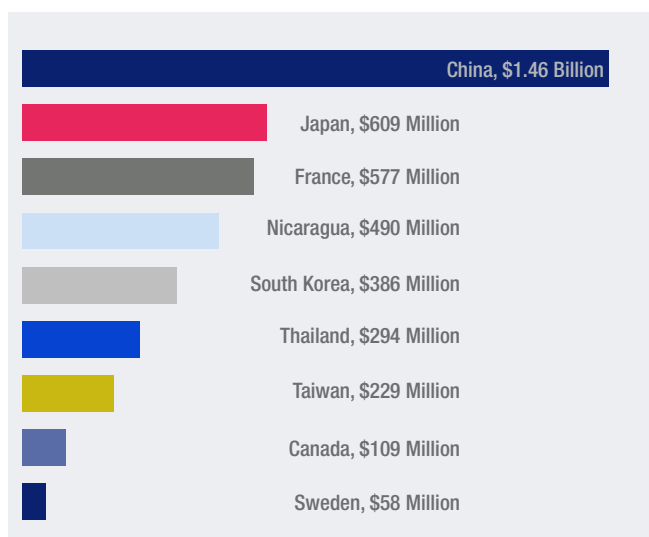
2012-2021 Total Trade Value



2021 Mexico Top Trading Partner with Laredo POE



2021 Laredo POE Top Trading Partner Countries

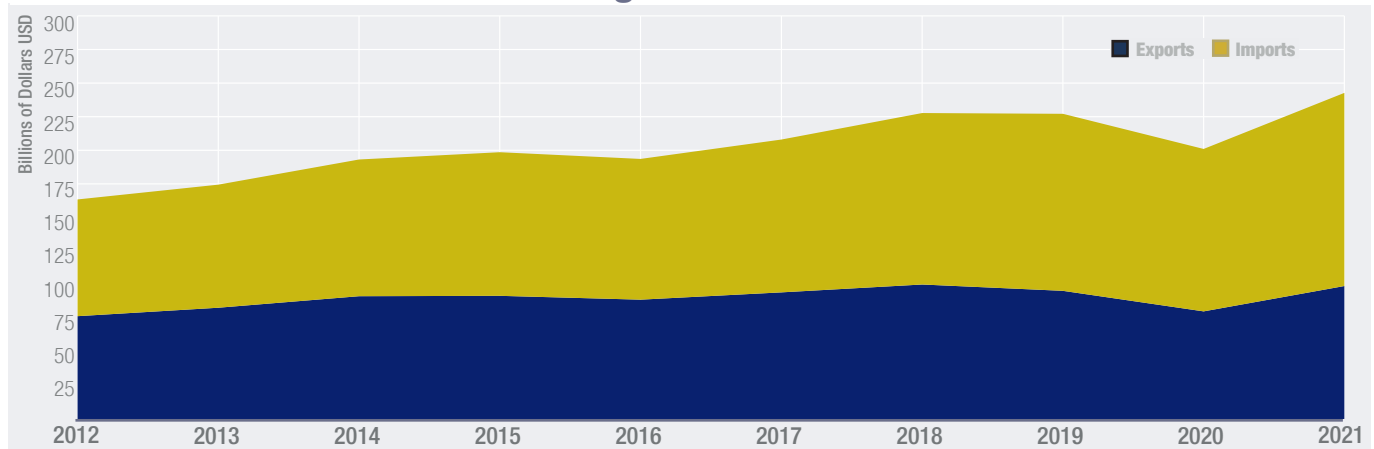


Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: Mexico

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Boilers, Machinery, Reactors, and Parts

+\$17.3 Billion

Highest Decrease by Value



Pearls, Precious Stones and Metals, and Coins

-\$322 Million

Highest Increase by Percent



Ships, Boats And Floating Structures

1,425.6%

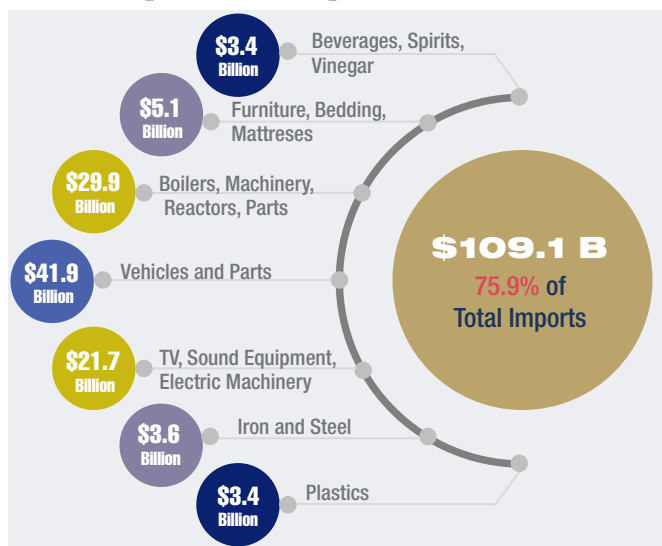
Highest Decrease by Percent



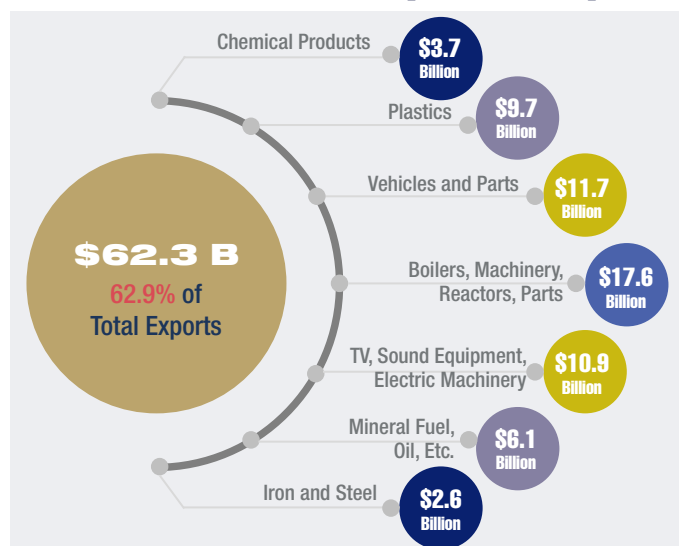
Silk, Including Yarns And Woven Fabric

-95.7%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022



22.9%



EXPORTS 2021 vs 2022



15.3%



TOTAL TRADE 2021 vs 2022



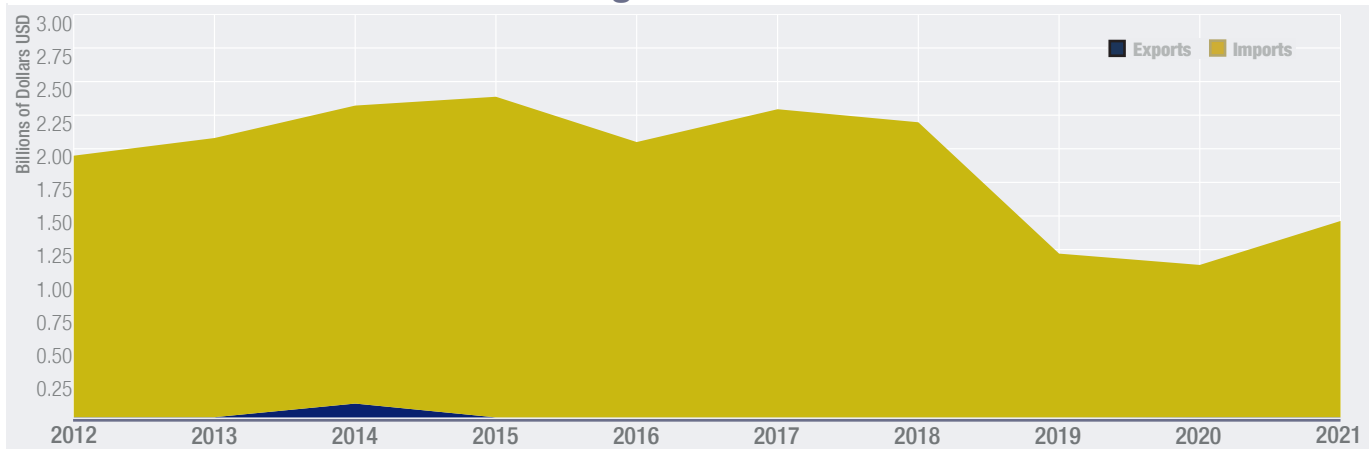
19.8%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: China

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Boilers, Machinery,
Reactors, and Parts

+\$171 Million

Highest Decrease by Value



Electric Machinery, TV
and Sound Equipment

-\$815 Million

Highest Increase by Percent



Wadding, Felt; Yarn;
Twine, Ropes, Etc.

7,338.7%

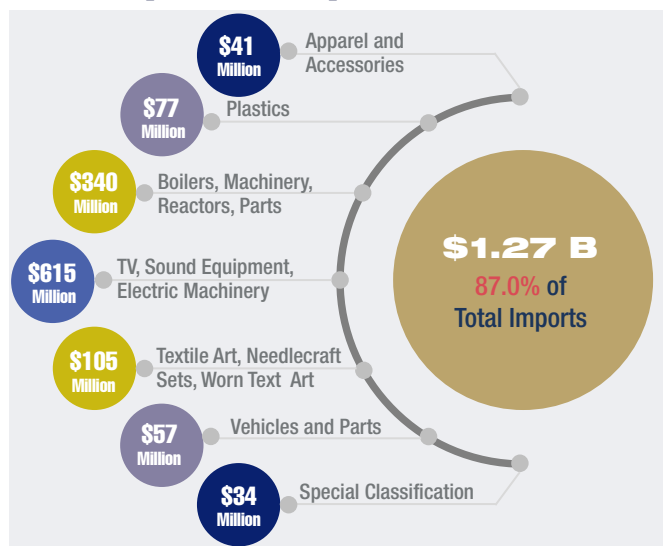
Highest Decrease by Percent



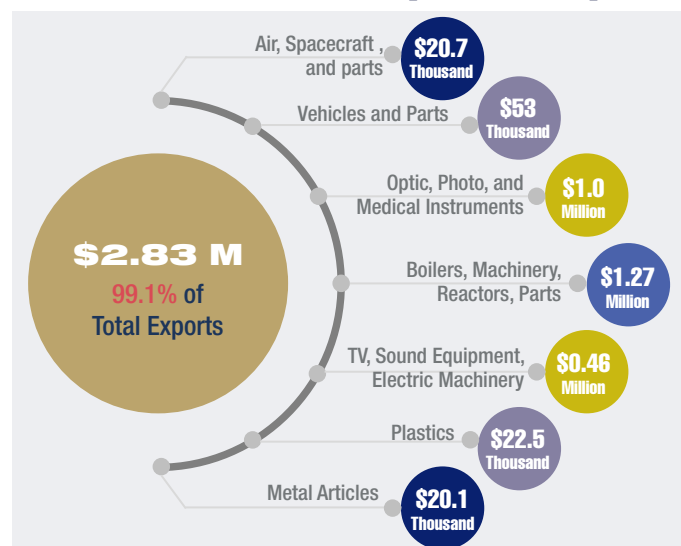
Silk, Including Yarns And
Woven Fabric

-99.7%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022

32.6%



EXPORTS 2021 vs 2022

16.8%



TOTAL TRADE 2021 vs 2022

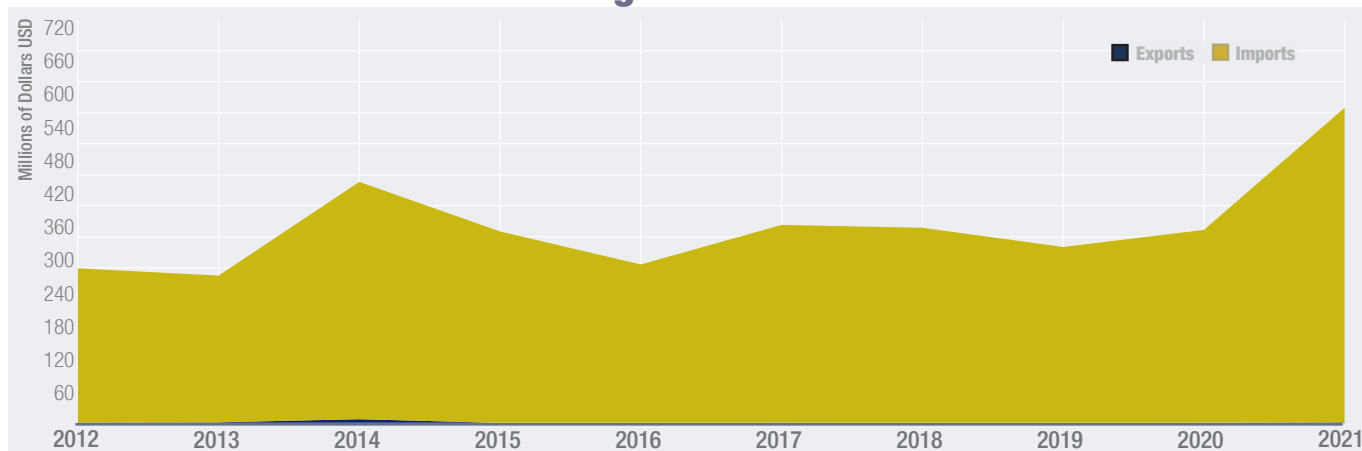
32.6%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: Japan

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Boilers, Machinery,
Reactors, and Parts

+\$158 Million

Highest Decrease by Value



Iron and Steel

-\$8.5 Million

Highest Increase by Percent



Glass and Glassware

36,881%

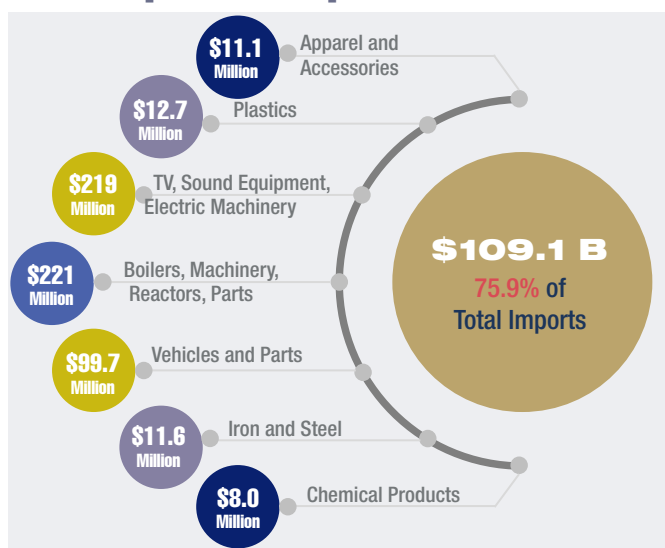
Highest Decrease by Percent



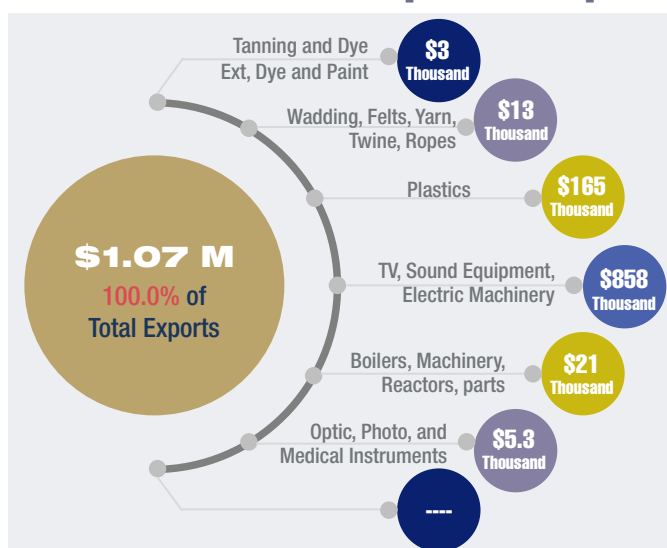
Toys, Games , and Sports
Equipment

-51.8%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022

165.1%



EXPORTS 2021 vs 2022

-51.1%



TOTAL TRADE 2021 vs 2022

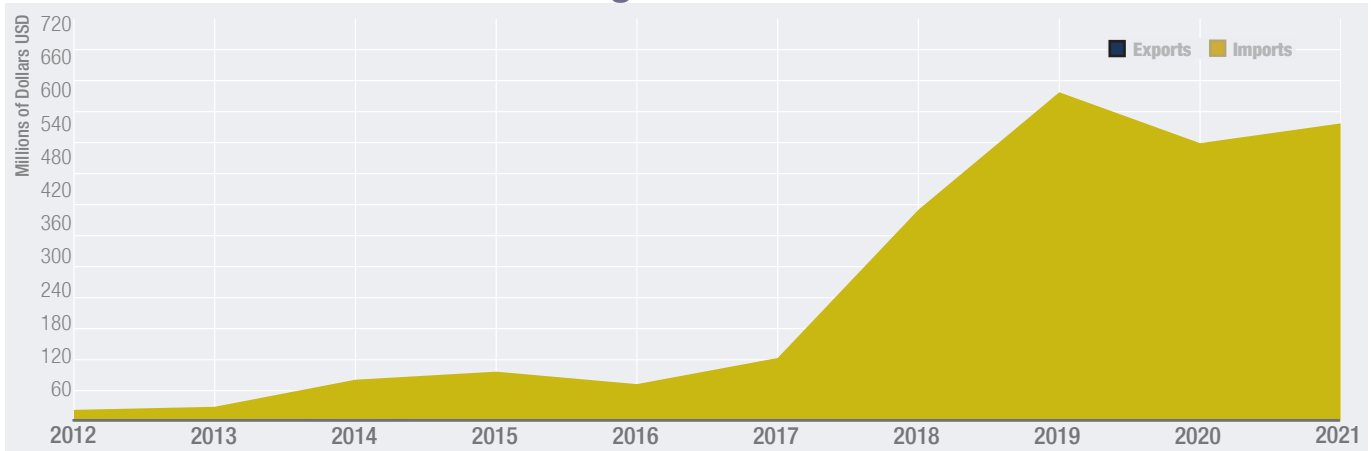
164.7%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: France

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Boilers, Machinery,
Reactors, and Parts

+\$394 Million

Highest Decrease by Value



Aluminum and
Aluminum Articles

-\$721,600

Highest Increase by Percent



Miscellaneous Articles

10,927%

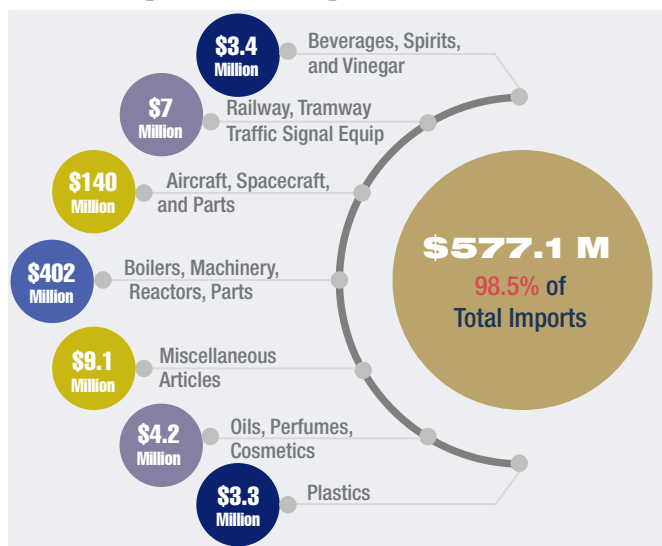
Highest Decrease by Percent



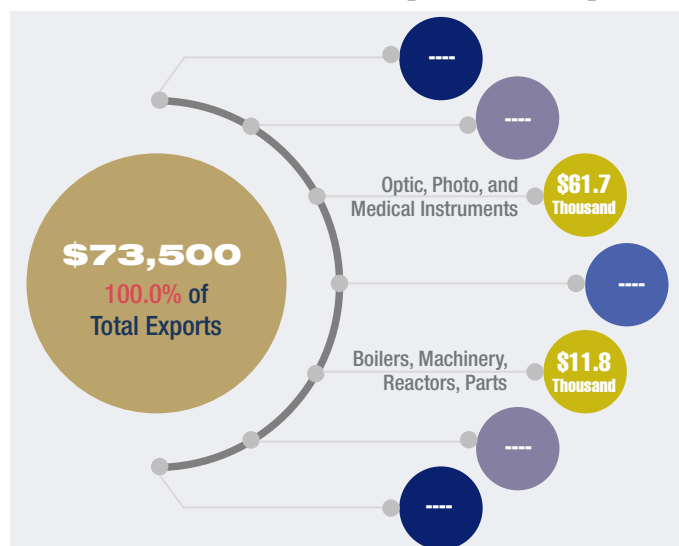
Soap; Waxes, Polish;
Candles; Dental Preps

-98.74%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022



37.8%



EXPORTS 2021 vs 2022



-16.2%



TOTAL TRADE 2021 vs 2022



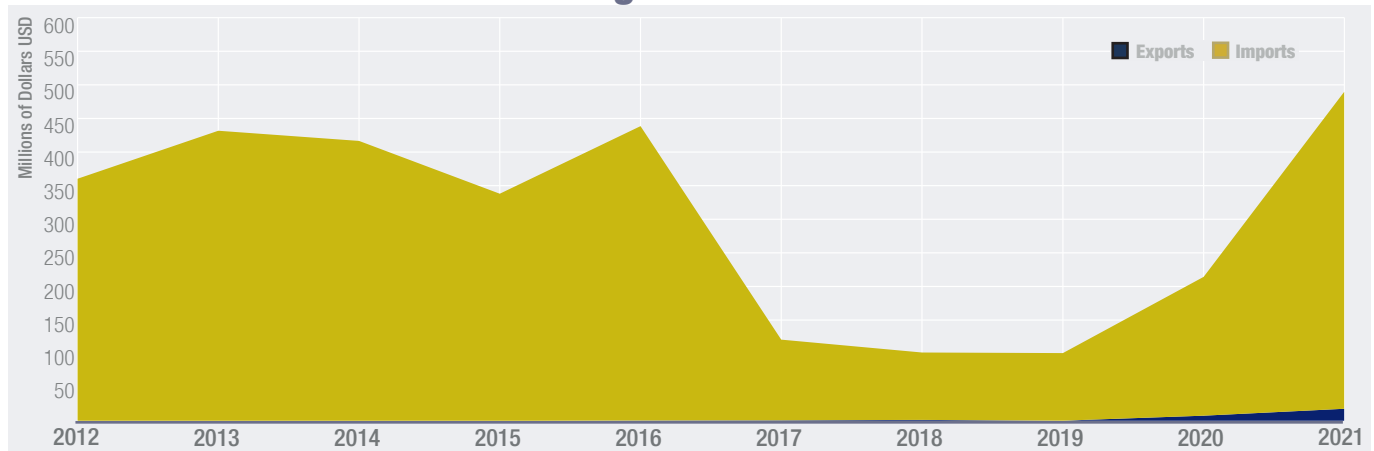
37.8%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: Nicaragua

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Electric Machinery, TV and Sound Equipment

+\$107 Million

Highest Decrease by Value



Apparel and Accessories

-\$363,340

Highest Increase by Percent



Boilers, Machinery, Reactors, and Parts

4,003%

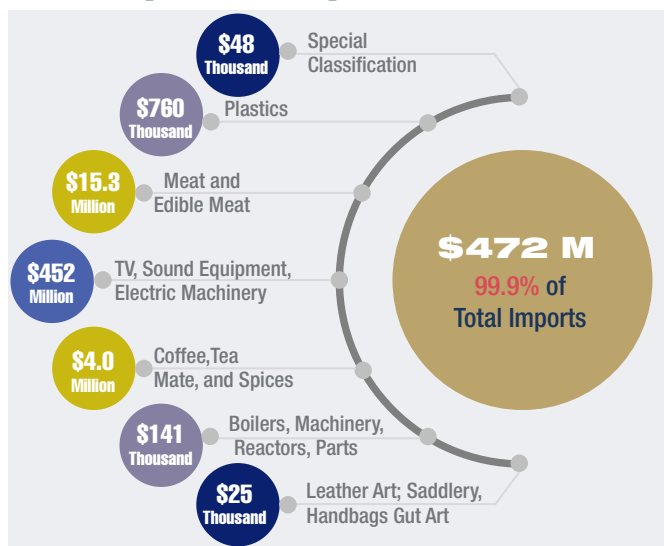
Highest Decrease by Percent



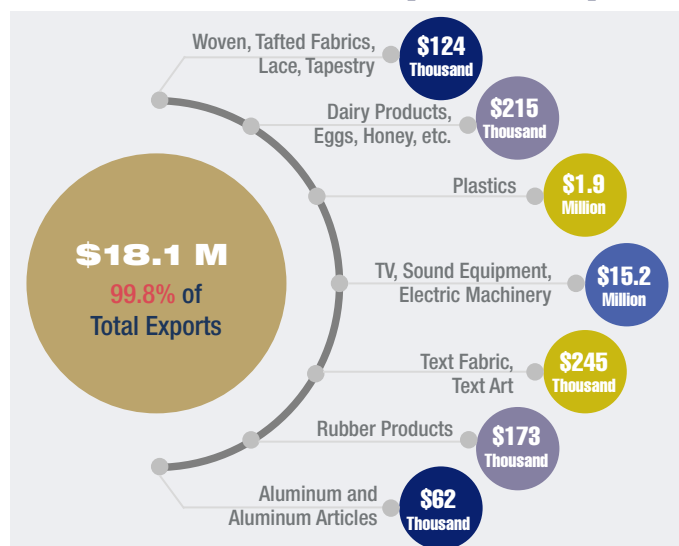
Apparel and Accessories

-99.5%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022



24.7%



EXPORTS 2021 vs 2022



-44.1%



TOTAL TRADE 2021 vs 2022



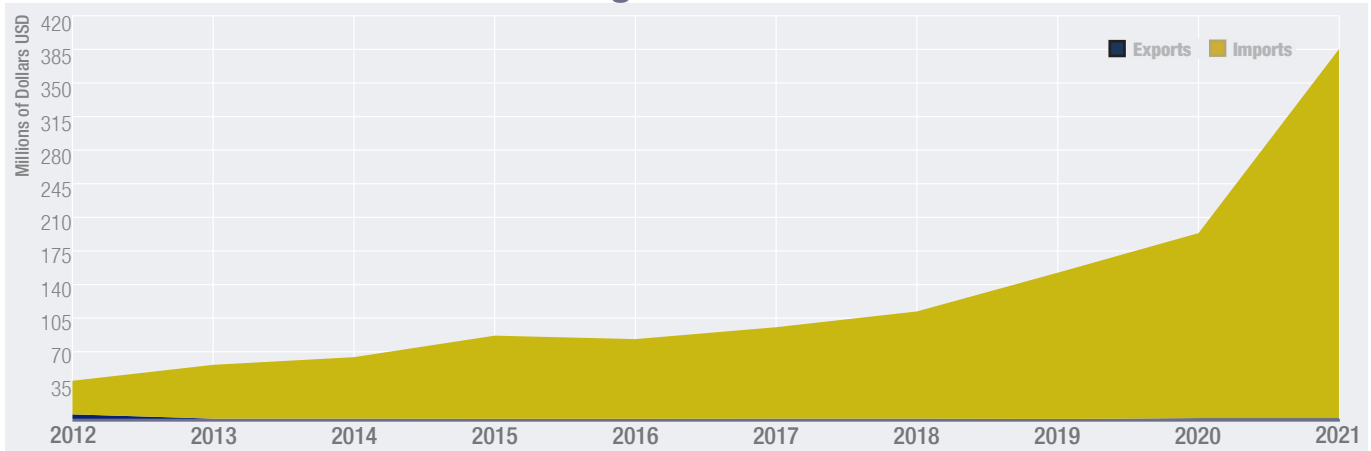
21.4%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: South Korea

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Vehicles and Parts

+\$207 Million

Highest Decrease by Value



Plastics

-\$635,326

Highest Increase by Percent



Furniture, Bedding,
Mattres, Luminaires

85,000%

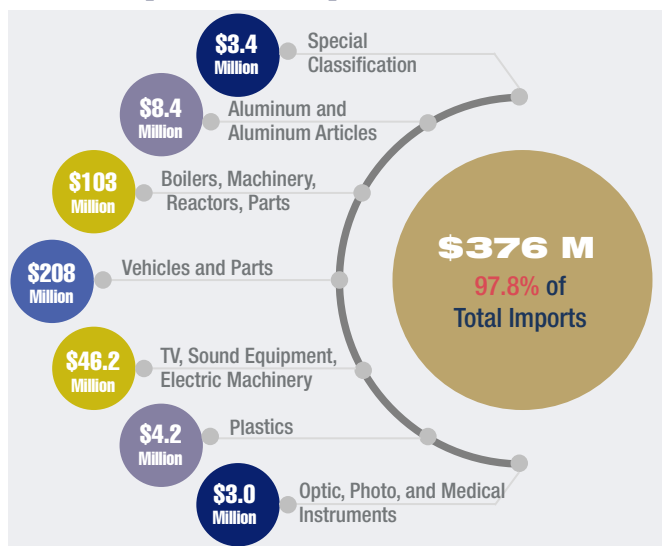
Highest Decrease by Percent



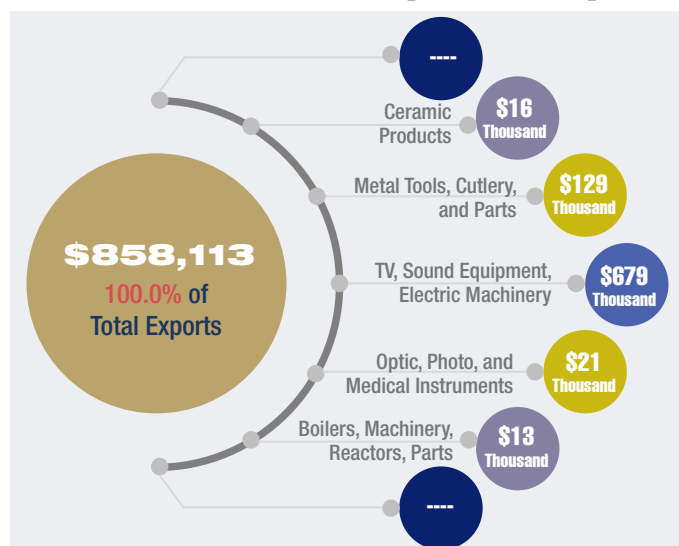
Printed Books
and Newspapers

-93.7%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022



36.0%



EXPORTS 2021 vs 2022



-53.9%



TOTAL TRADE 2021 vs 2022



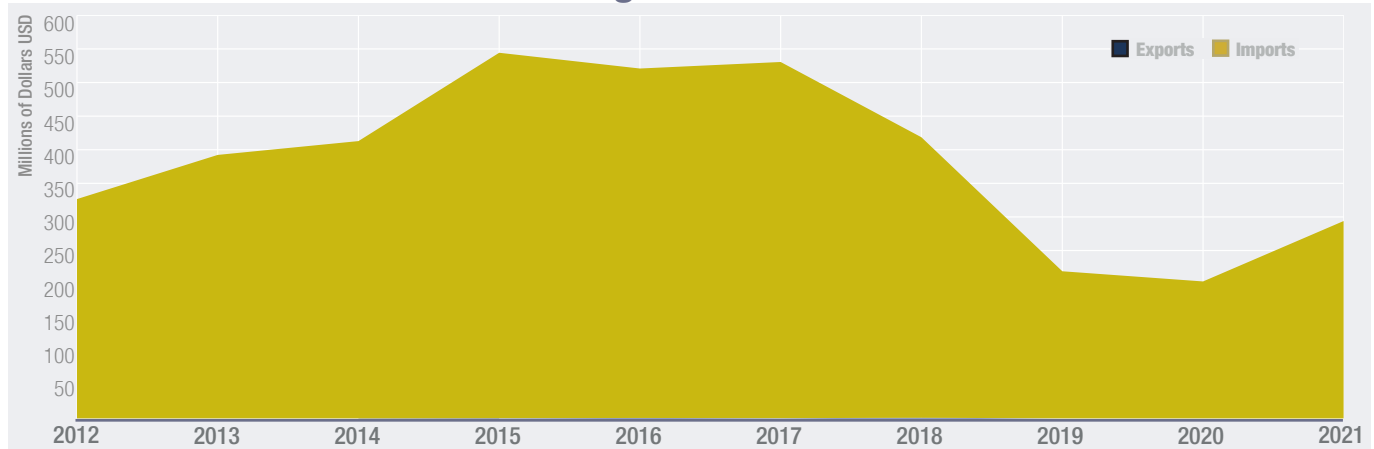
35.8%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: Thailand

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Boilers, Machinery, Reactors, and Parts

+\$10.2 Million

Highest Decrease by Value



Electric Machinery, TV and Sound Equipment

-\$41.1 Million

Highest Increase by Percent



Apparel and Accessories

9,773%

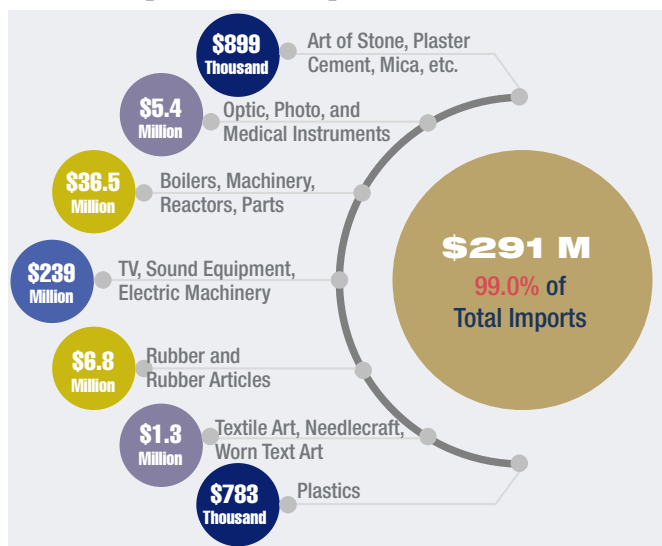
Highest Decrease by Percent



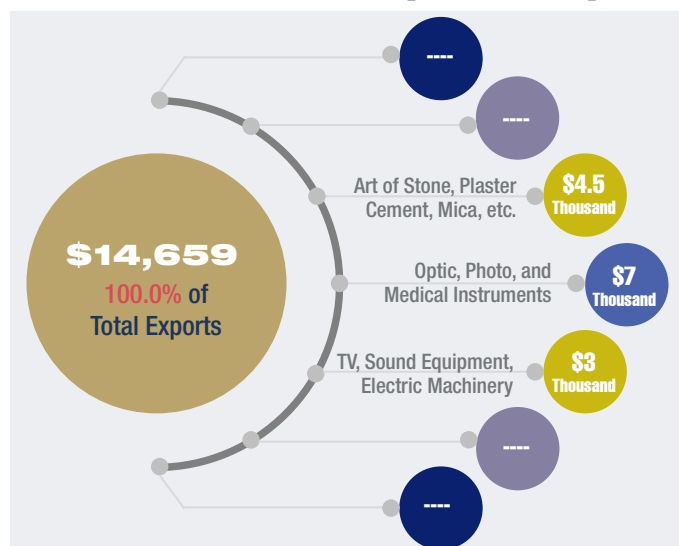
Vehicles and Parts

-92.2%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022



14.5%



EXPORTS 2021 vs 2022



1,150%



TOTAL TRADE 2021 vs 2022



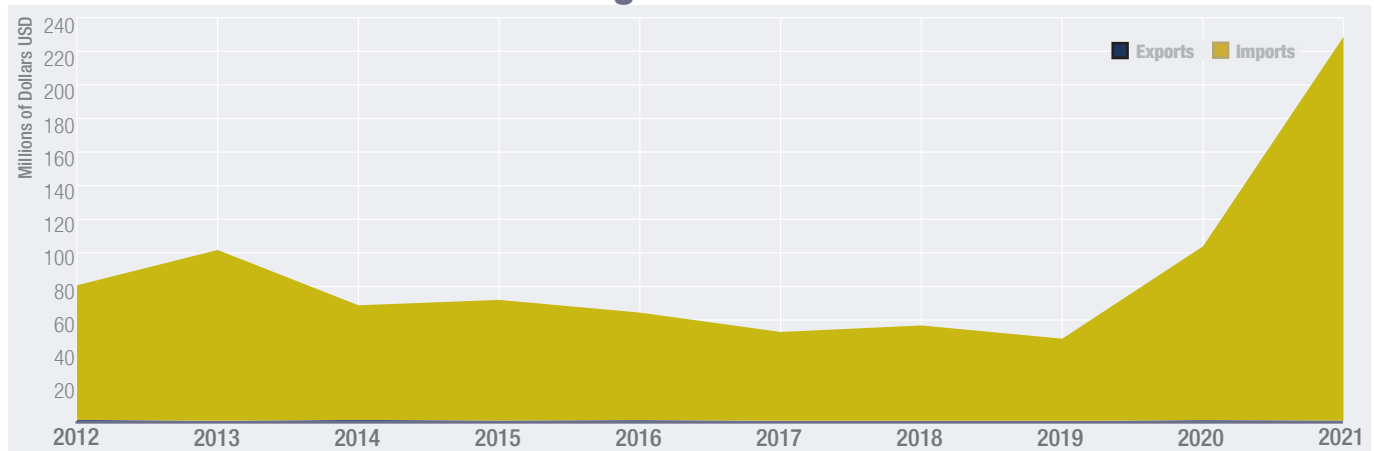
14.5%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: Taiwan

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Electric Machinery, TV and Sound Equipment

+\$121 Million

Highest Decrease by Value



Iron and Steel

-\$814,194

Highest Increase by Percent



Textile Art, Needlecraft, Worn Text Art

71,508%

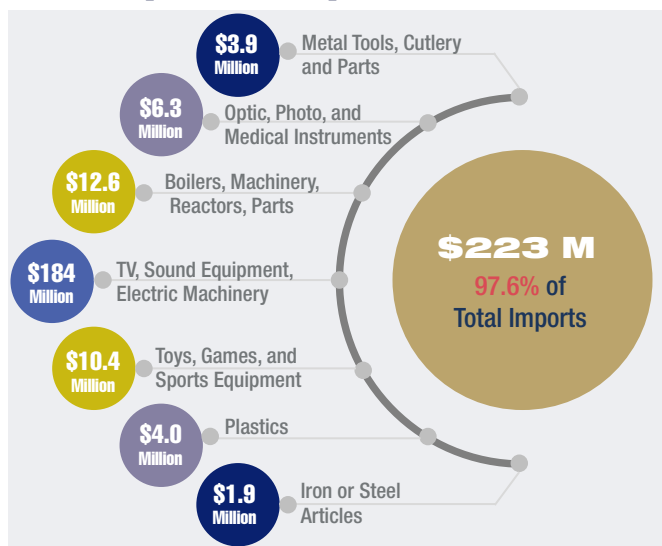
Highest Decrease by Percent



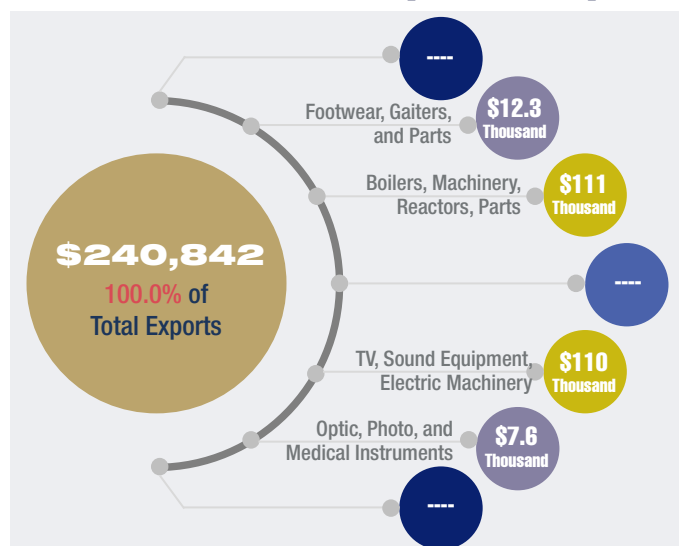
Apparel and Accessories

-100.0%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022



49.8%



EXPORTS 2021 vs 2022



-61.6%



TOTAL TRADE 2021 vs 2022



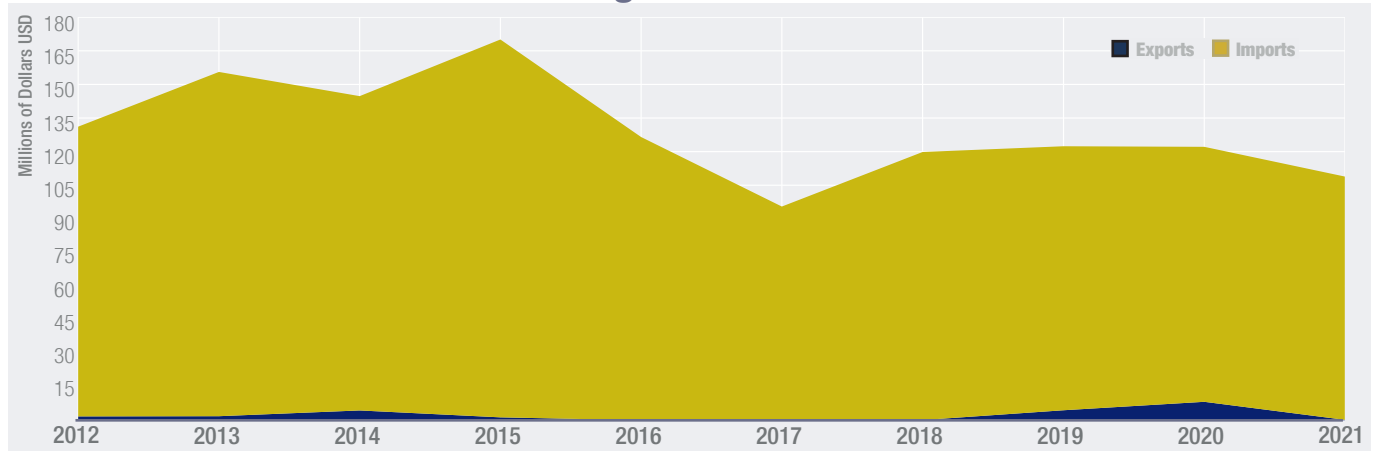
49.6%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: Canada

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Art of Stone, Plaster, Cement, Mica, etc.

+\$16.4 Million

Highest Decrease by Value



Boilers, Machinery, Reactors, and Parts

-\$14.5 Million

Highest Increase by Percent



Art of Stone, Plaster, Cement, Mica, etc.

274,721%

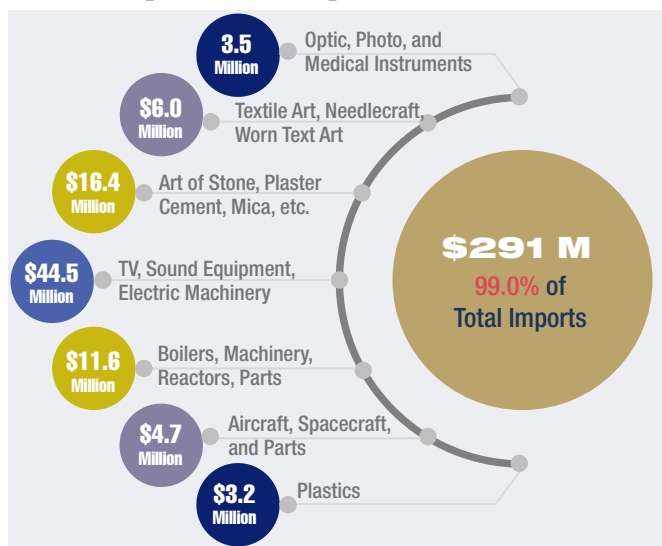
Highest Decrease by Percent



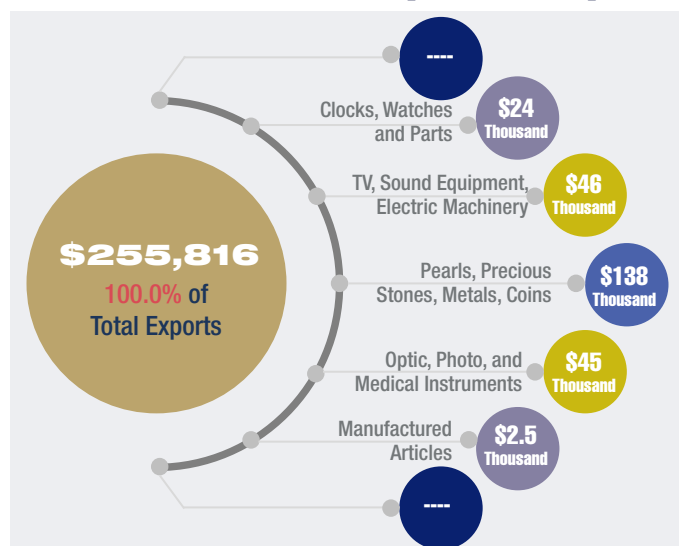
Oils, Perfumery, Cosmetics

-99.5%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022



19.8%



EXPORTS 2021 vs 2022



-74.9%



TOTAL TRADE 2021 vs 2022



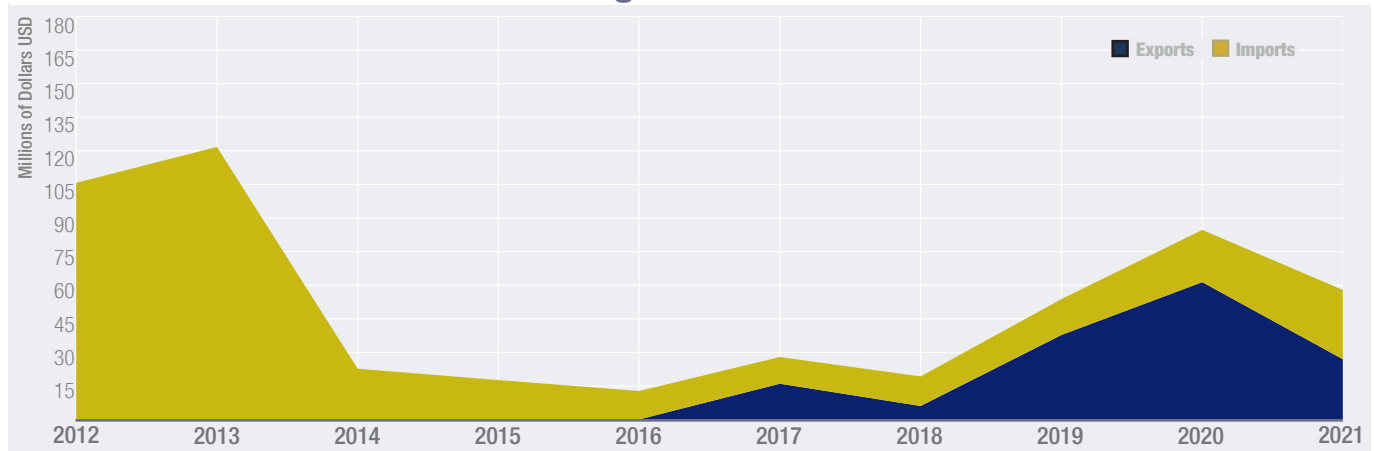
19.5%

Source: U.S. Census Bureau Economic Indicators Division

Trading Partner: Sweden

LAREDO POE 2012-2021

2012-2021 Total Trade Value through Laredo POE



2012-2021 Commodity Growth

Highest Increase by Value



Boilers, Machinery, Reactors, and Parts

+\$21.7 Million

Highest Decrease by Value



Electric Machinery, TV and Sound Equipment

-\$94.2 Million

Highest Increase by Percent



Beverages, Spirits and Vinegar

3,462%

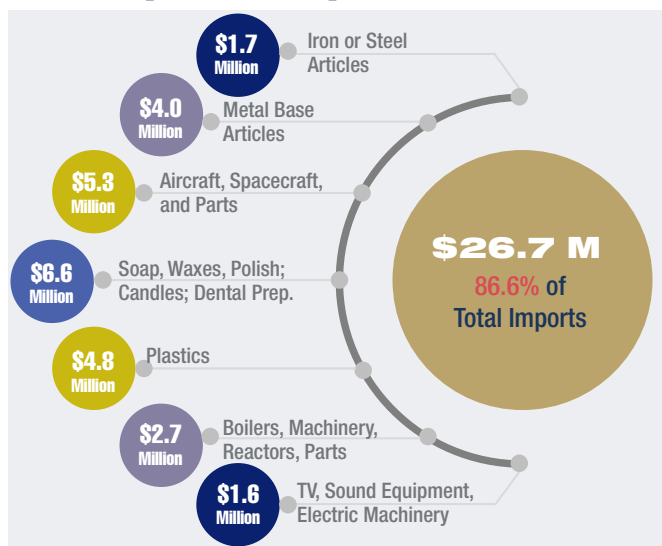
Highest Decrease by Percent



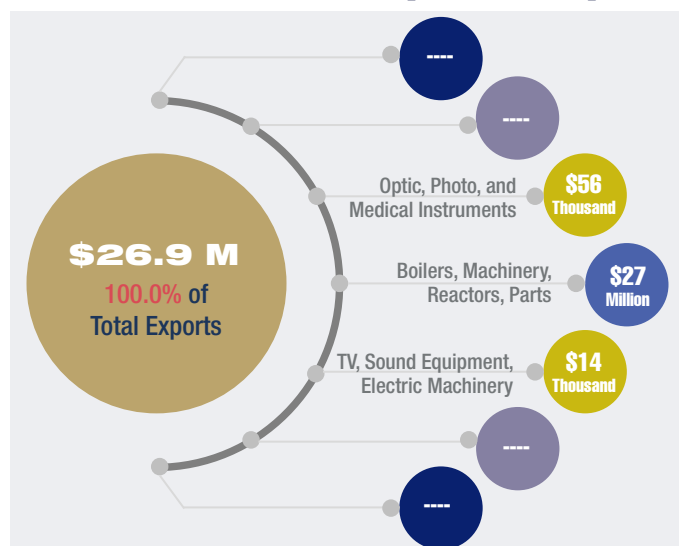
Electric Machinery, TV and Sound Equipment

-98.25%

2021 Top Trade Imports



2021 Top Trade Exports



2022 Laredo POE Trade Comparison

(2021 Jan-Jun vs. 2022 Jan-Jun)



IMPORTS 2021 vs 2022

-51.3%



EXPORTS 2021 vs 2022

-77.2%



TOTAL TRADE 2021 vs 2022

-60.4%

Source: U.S. Census Bureau Economic Indicators Division



Port Laredo Trading Worldwide

PRODUCED BY

Texas Center for Border Economic
and Enterprise Development

RESEARCH

Dr. Daniel Covarrubias

DATA ANALYSIS & VISUALIZATION

Heleodoro Lozano

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Pathways for Trade

The North American Logistics & Manufacturing Symposium