

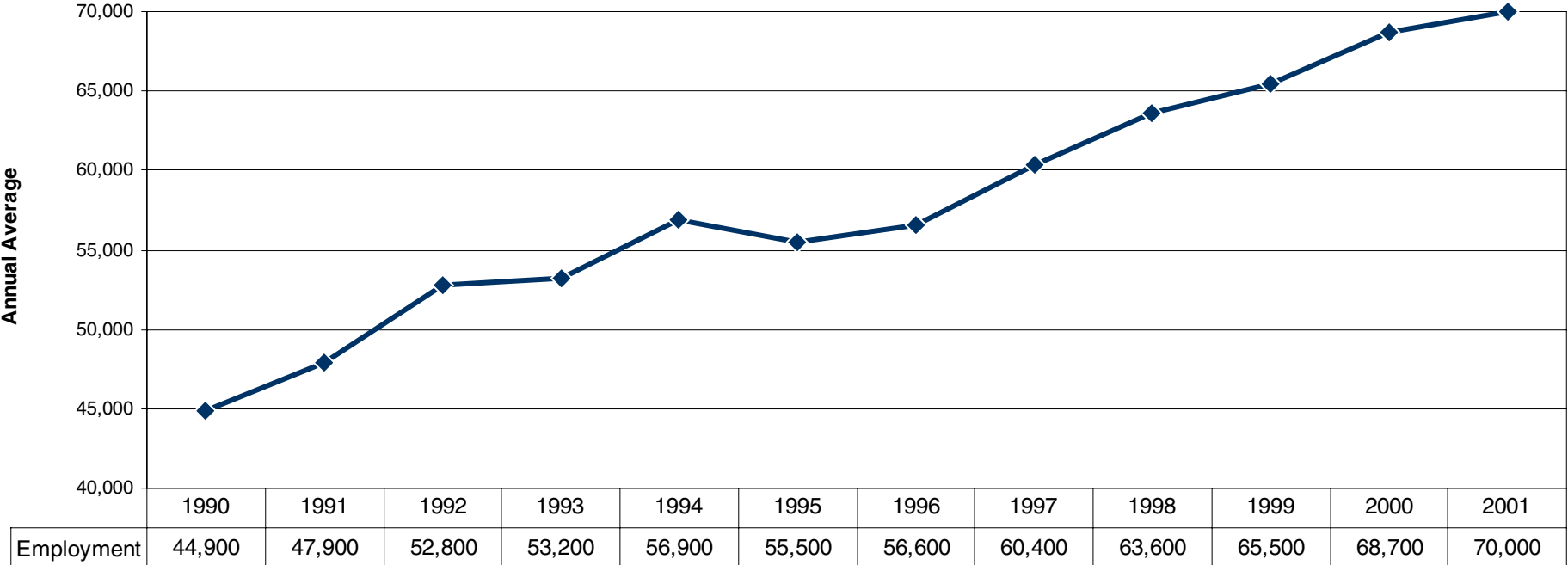
Laredo Economy Update

**Presented by
Michael Patrick
Professor of Economics
&
Director, Texas Center for Border Economic and Enterprise Development
Texas A&M International University**

**Vision 2002 Conference
Laredo, Texas
April 22, 2002**

Slide 1

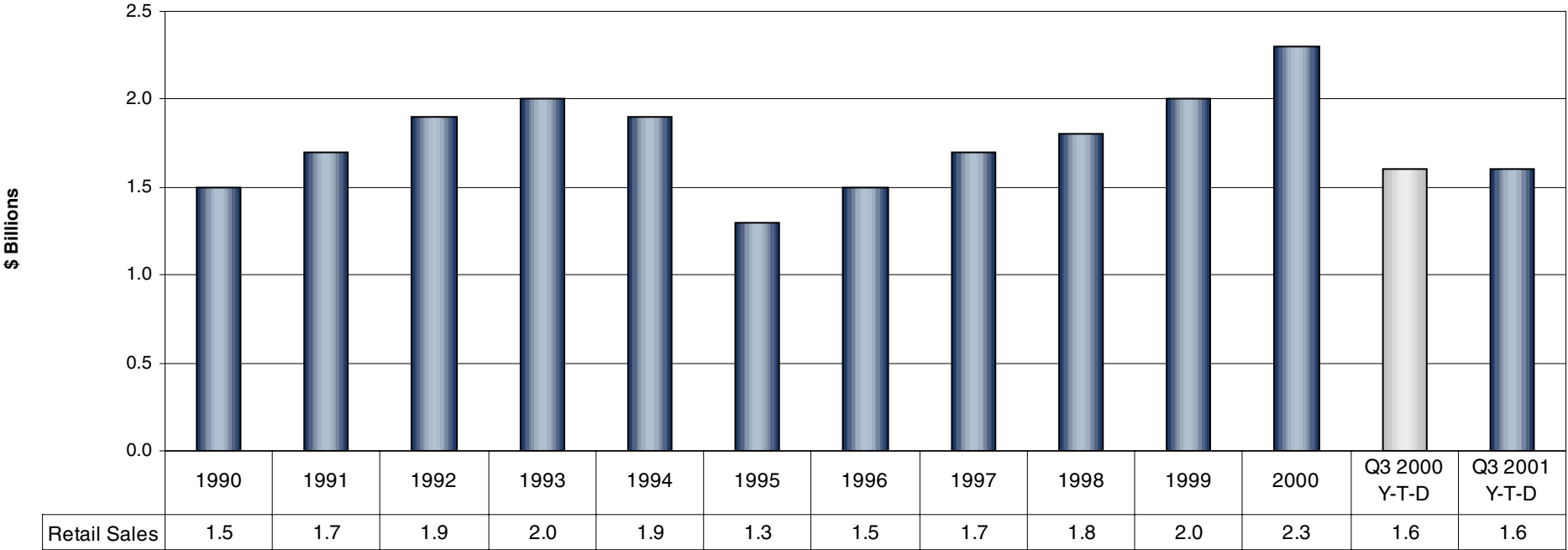
Laredo Employment



Source: Texas Workforce Commission data compiled by the Texas Center at Texas A&M International University.

Slide 2

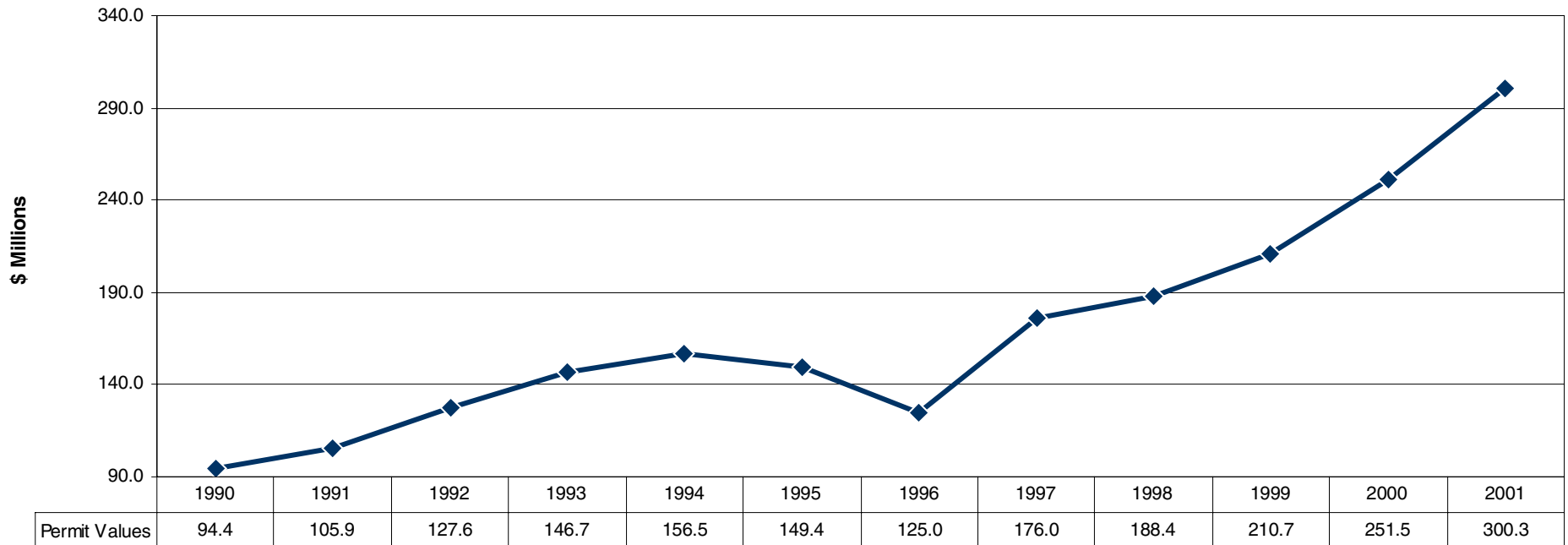
Laredo Retail Sales



Source: Texas Comptroller of Public Accounts

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Laredo Building Permit Values

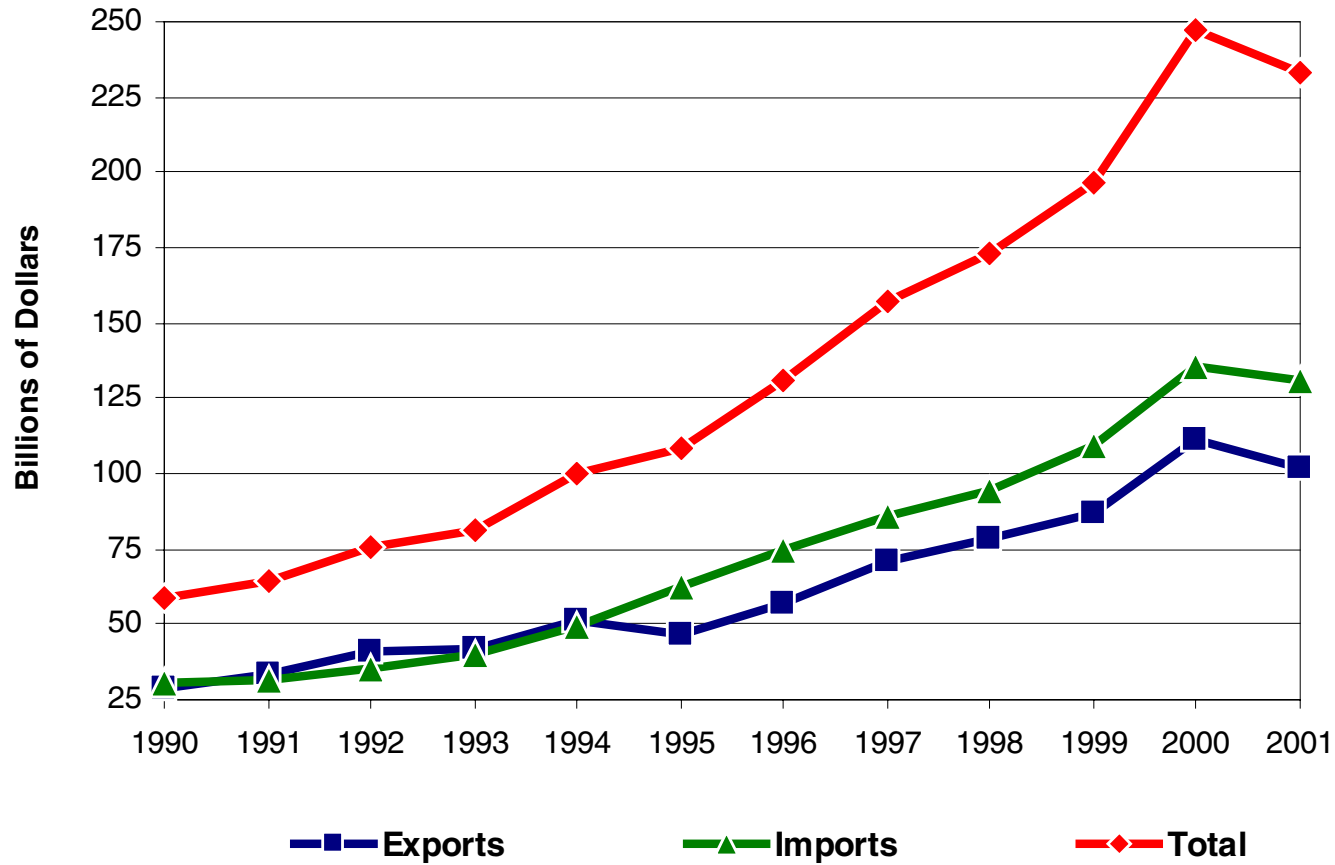


Source: City of Laredo's data compiled by the Texas Center at Texas A&M International University.

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Laredo: The Port of Choice

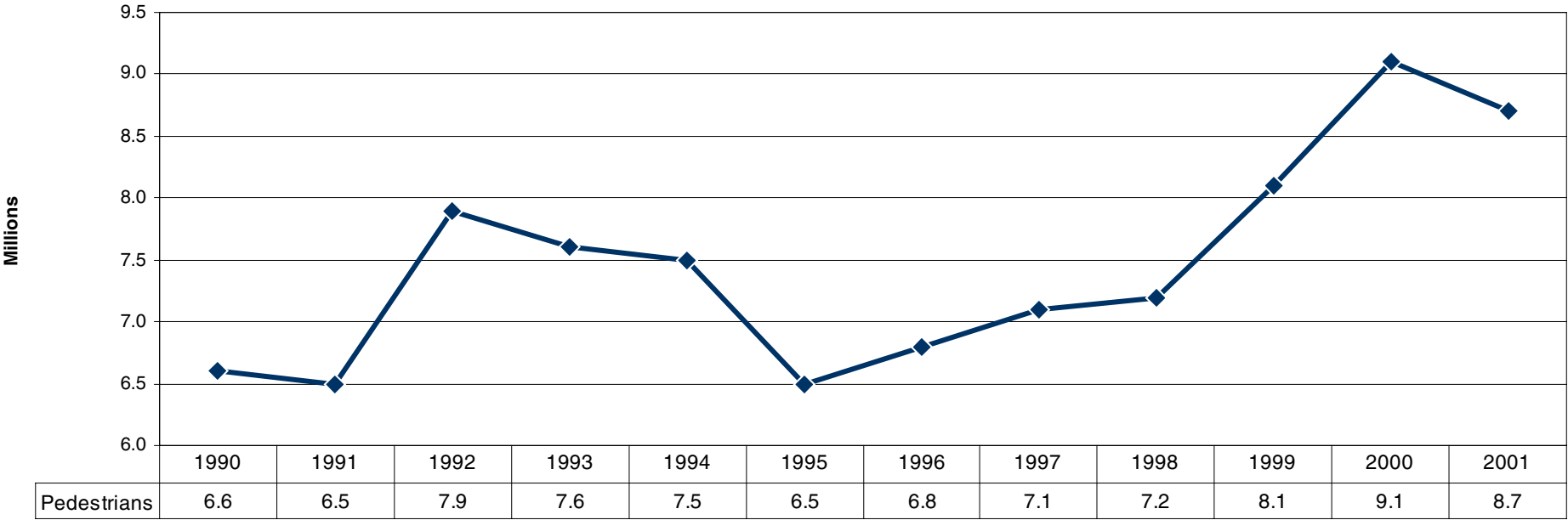
Total U.S.-Mexico Trade, 1990-2001



Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C.

Slide 5

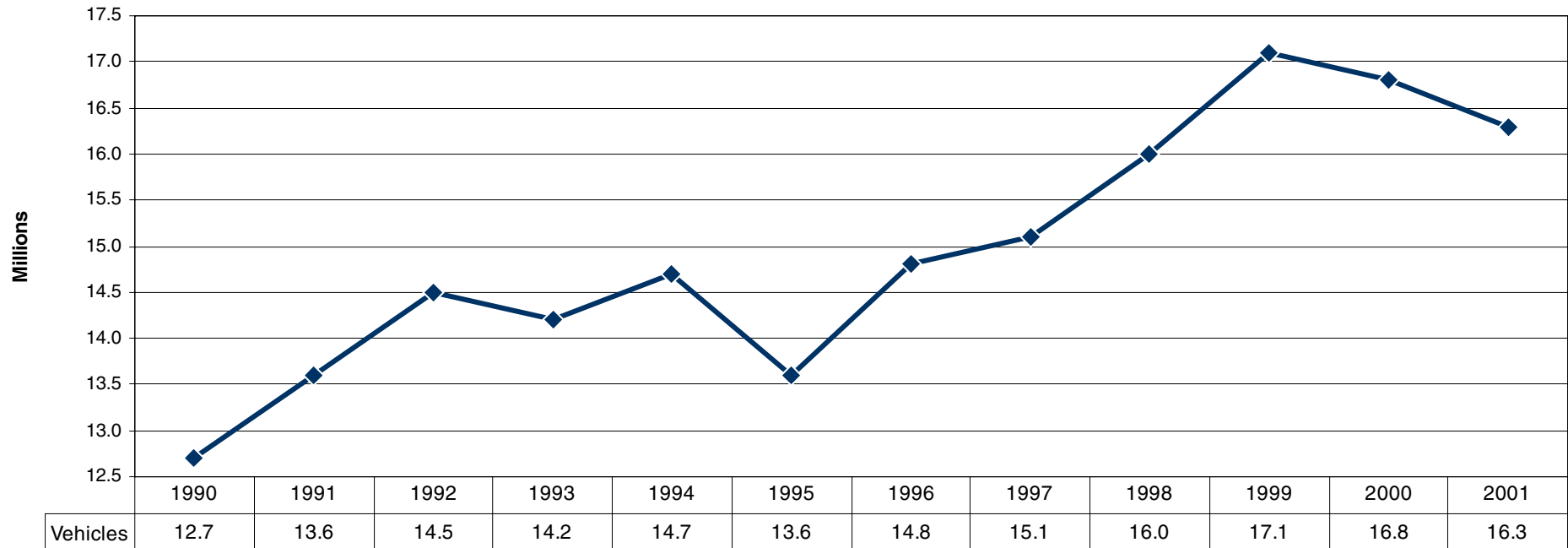
Pedestrian Crossings at Laredo (North and South)



Source: Laredo Bridge System and Mexico's Oficina de Caminos y Puentes' data compiled by the Texas Center at Texas A&M International University.

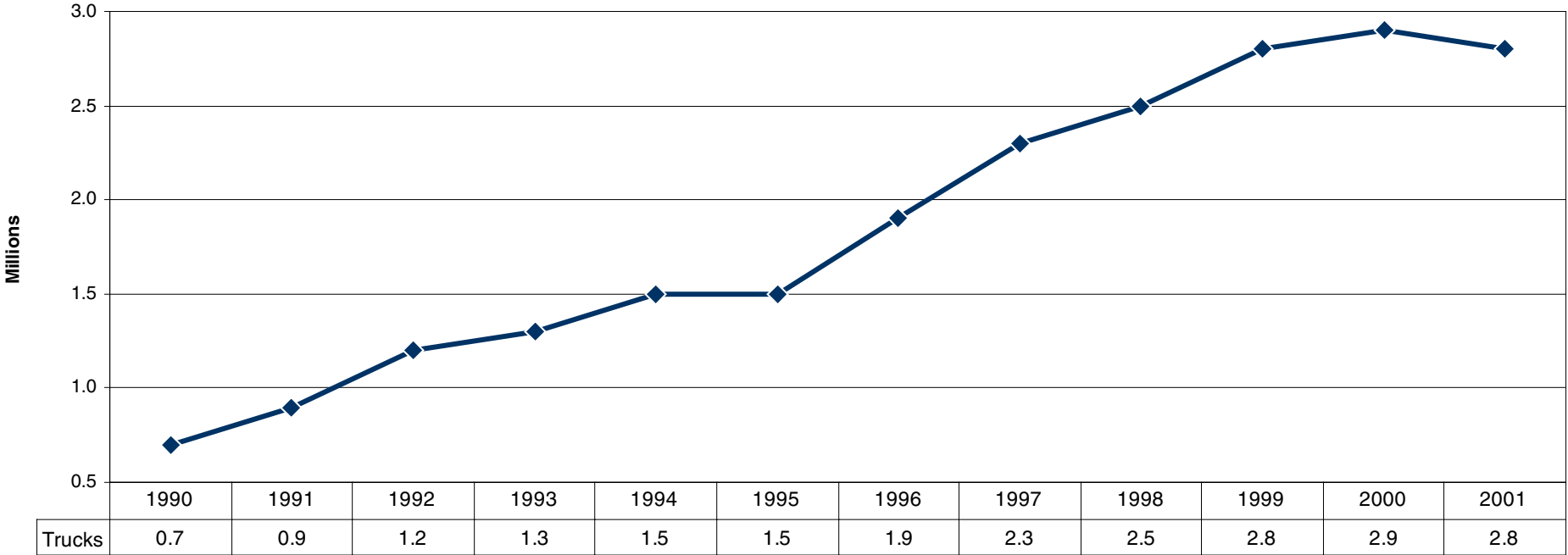
Slide 6

Vehicle Crossings at Laredo (North and South)



Source: Laredo Bridge System and Mexico's Oficina de Caminos y Puentes' data compiled by the Texas Center at Texas A&M International University.

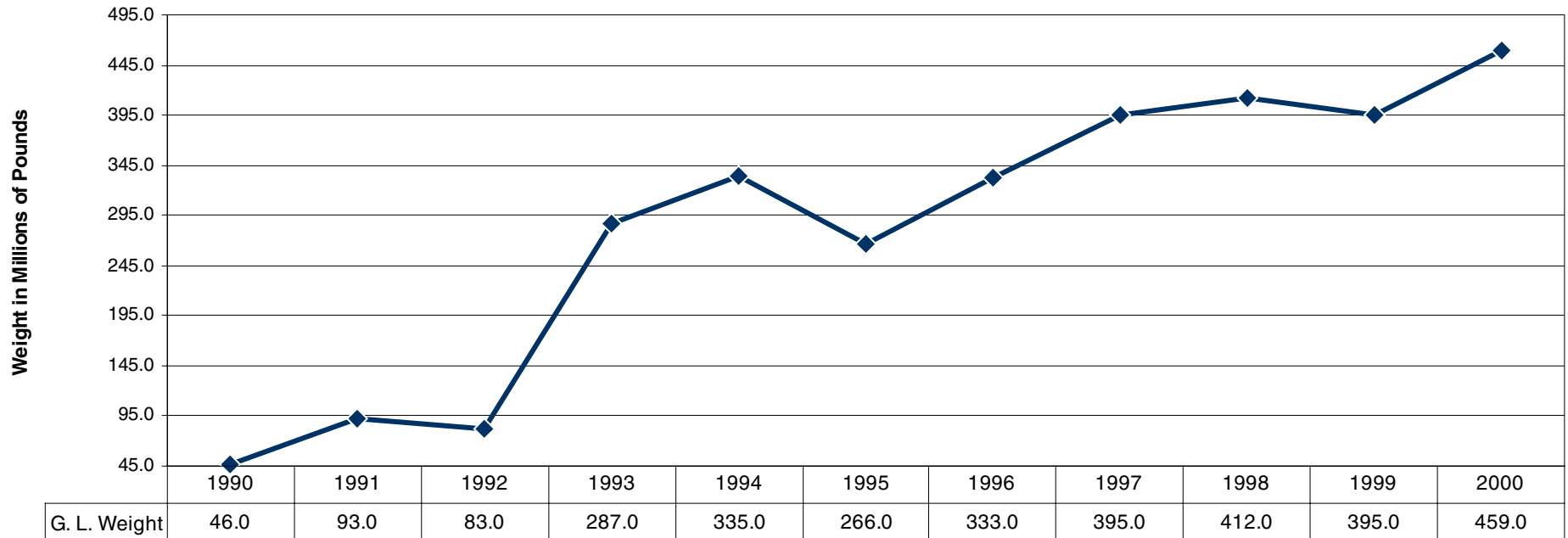
Slide 7
**Truck Crossings at Laredo
(North and South)**



Source: Laredo Bridge System and U.S. Customs Service data compiled by the Texas Center at Texas A&M International University.

Slide 8

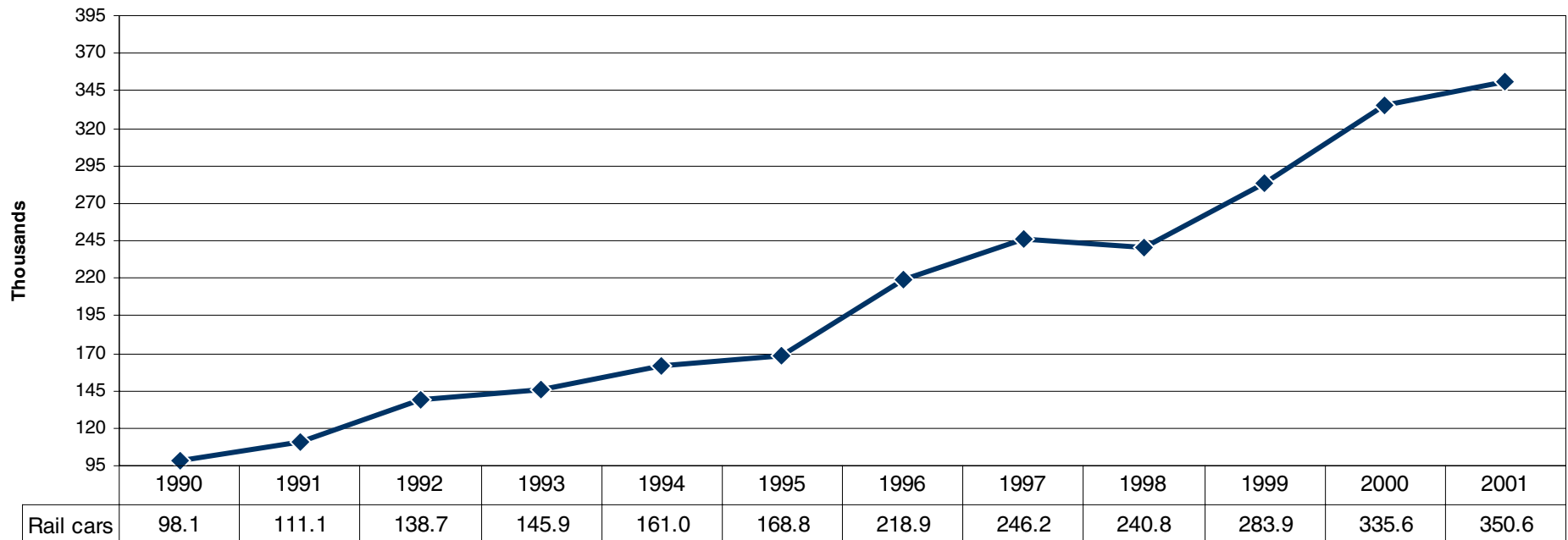
Gross Landed Weight at Laredo International Airport (Millions of Pounds)



Source: Data provided by the Laredo International Airport.

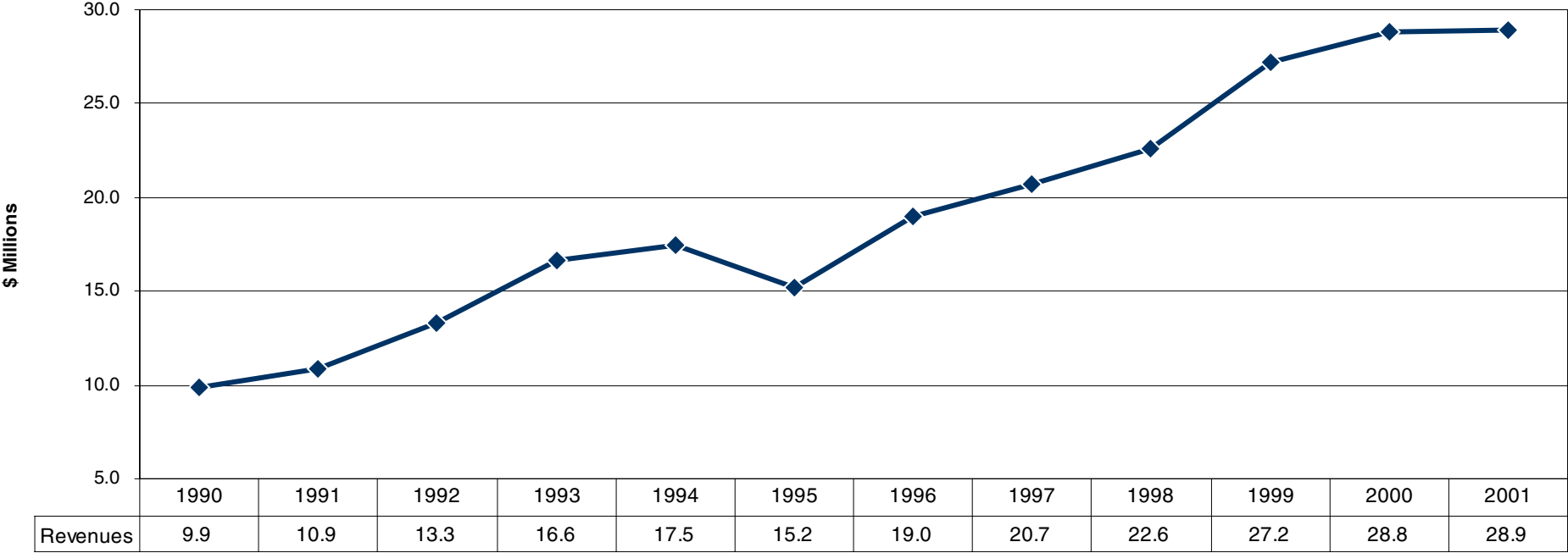
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Rail Car Crossings at Laredo (North and South)



Source: Data provided by railroad companies and compiled by the Texas Center at Texas A&M International University.

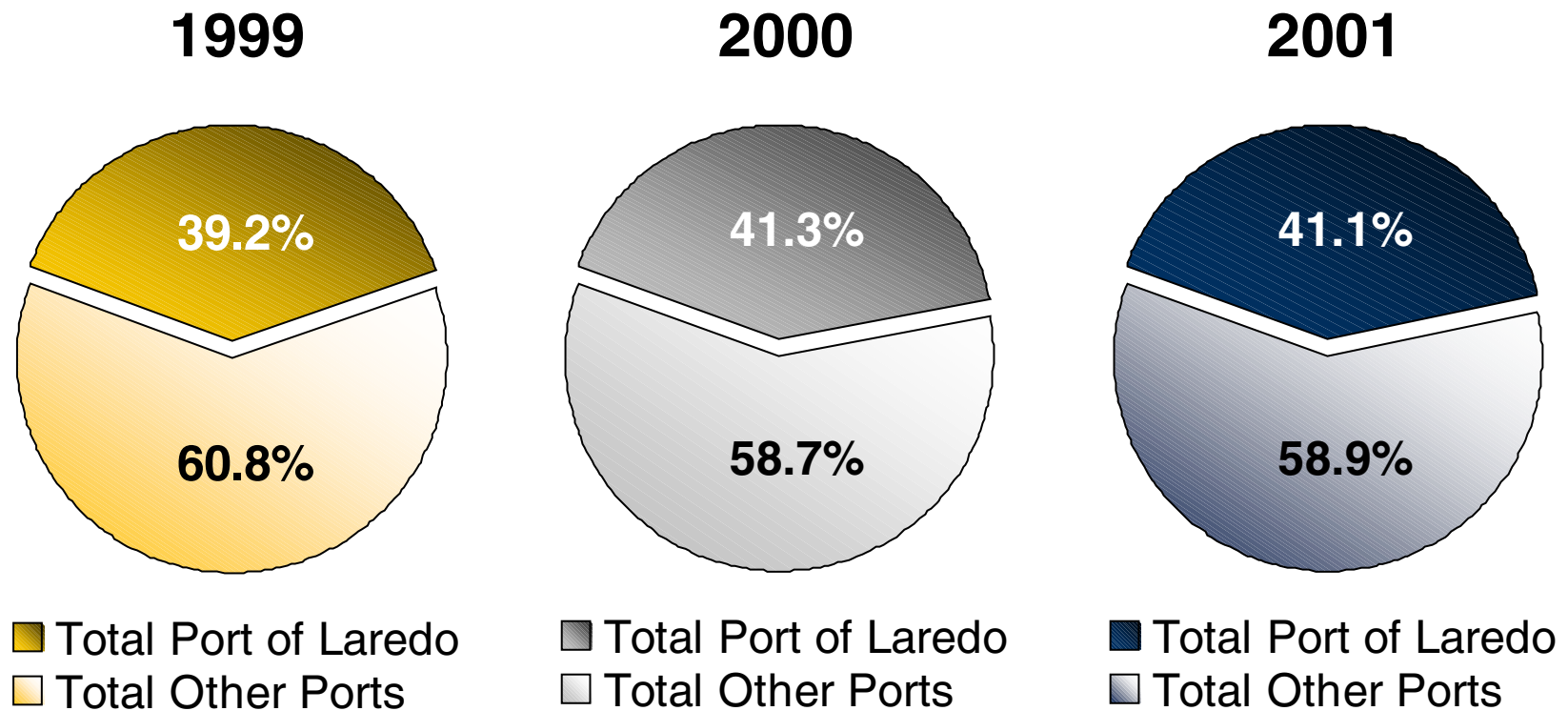
Slide 10
Bridge Revenues for Laredo



Source: Laredo Bridge System data compiled by the Texas Center at Texas A&M International University.

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Laredo's Share of U.S.-Mexico Total Border Trade Activity 1999, 2000 & 2001



Source: U.S. Department of Commerce data compiled by the Texas Center at Texas A&M International University.

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Laredo: The Port of Choice

Table 6
2001 Total Imports and Exports, U.S. Dollars

Laredo, TX	79,791,098,007
El Paso, TX	38,311,355,571
Otay Mesa Station, CA	19,471,528,543
Nogales, AZ	12,511,689,901
Hidalgo, TX	12,423,243,175

Source: U.S. Department of Commerce data compiled by the Texas Center at Texas A&M International University.

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Laredo: The Port of Choice

Top Ten Product Categories Processed at the Port of Laredo 2001

Product	Total Value
Road Vehicles	\$35.1 billion
Electrical Machinery	\$32.3 billion
Telecommunications Equipment	\$14.6 billion
Office Machinery	\$11.2 billion
Apparel & Clothing	\$9.1 billion
General Industrial Machinery & Equipment	\$8.5 billion
Power Generating Machinery & Equipment	\$7.9 billion
Miscellaneous Manufactured Products	\$6.8 billion
Professional, Scientific & Controlling Devices	\$5.9 billion
Manufacturers of Metal	\$5.8 billion

Source: U.S. Department of Commerce data compiled by the Texas Center at Texas A&M International University.

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Employment, 1990 - 2000
Texas & Laredo MSA

Rate of Change

	Labor Force	Employment
Texas	1.8%	2.0%
Laredo MSA	3.0%	3.6%

Source: Texas Workforce Commission

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Unemployment Rate, 1990 - 2000
Texas & Laredo MSA

	1990	2000
Texas	6.3%	4.9%
Laredo MSA	12.0%	7.1%

Source: Texas Workforce Commission

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Per Capita Personal Income, 1990 - 1999
Texas & Laredo MSA

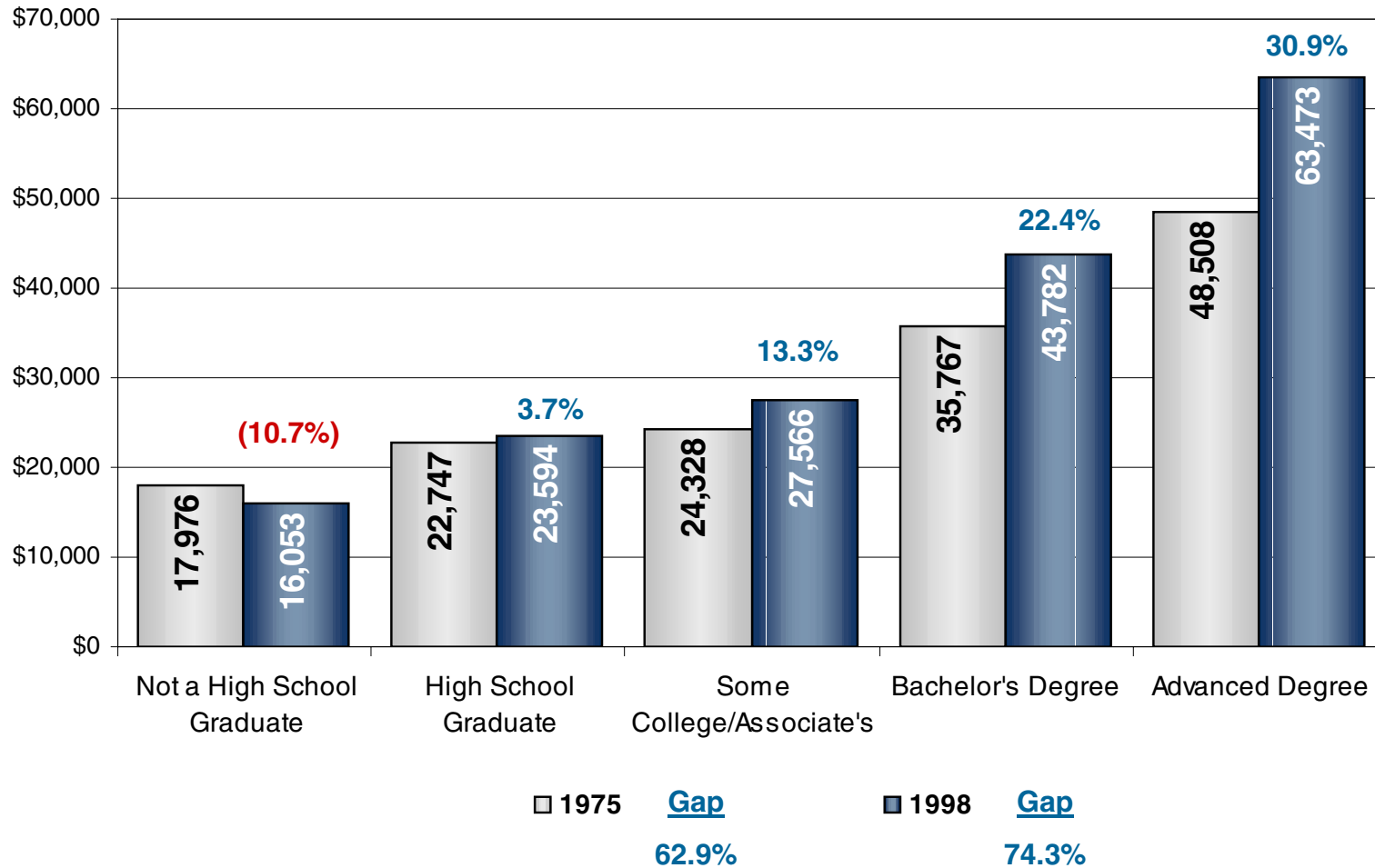
	1990 (Thousands of Dollars)	1999	Average Annual Change, 1990-1999
Texas	17.5	26.8	5.4%
Laredo MSA	9.4	14.1	5.0%

Gap*: 1990 - 54%
1999 - 53%

*Laredo MSA per capita income as a percent of Texas per capita income.

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Average Annual Employment Earnings For Persons 18 Years and Over by Educational Attainment



Source: U.S. Census Bureau

Vision 2002 Economic Outlook Report
Laredo Chamber of Commerce
April 2002

by
J. Michael Patrick
Professor of Economics
Director, Texas Center for Border Economic and Enterprise Development
Texas A&M International University

Presentation

* While 2001 was not an exceptional year by recent Laredo standards, it nevertheless was a good year for the Laredo economy.

* Total employment grew by 2.0 percent in 2001, adding 1,300 new jobs. The unemployment rate held steady at its all-time low of 7 percent. *(slide #1)*

* Retail sales for 2001 are projected to meet or exceed their 2000 level (\$2.3 billion), which was a record year for Laredo. *(slide #2)*

* Building and construction activity surged to a record high \$300.3 million in 2001, growing 19.4 percent. *(slide #3)*

* Driven by a decade of strong population growth and economic activity, Laredo's building and construction industry has been working around the clock to keep-up with the demand for additional residential housing, commercial and industrial buildings, schools (K-16), hospitals and health care facilities, public utilities as well as transportation infrastructure to handle a decade of growth in U.S.-Mexico trade.

* After growing 29.4 percent per year for more than a decade (1988-2000), U.S.-Mexico trade cooled-off in 2001, declining 5.9 percent. Contributing to the drop were a sluggish U.S. economy, a decline in U.S. industrial production, and a weak U.S. demand for imports. *(slide #4)*

* The fall-off in U.S.-Mexico trade can be seen in Laredo's bridge crossing numbers for 2001:

Pedestrian crossing down 4.4 percent. *(slide #5)*

Vehicle crossing off 2.5 percent. *(slide #6)*

Truck crossings down 3.4 percent. *(slide #7)*

Air cargo (gross landed weight) off (2001 figures not available at time of writing report). *(slide #8)*

Rail crossings, on the other hand, up 4.5 percent. *(slide #9)*

Local bridge revenues for 2001 ended-up on par with 2000. An increase in local bridge fees in November of 2001 offset the overall drop in bridge crossing. *(slide #10)*

* In spite of the small drop in Laredo's bridge crossings in 2001, Laredo remained the border of choice for U.S.-Mexico overland merchandise trade. Laredo accounted for 41.1 percent of all shipments between the two countries. *(slide #11)*

* In 2001, Laredo handled \$79.8 billion in U.S.-Mexico trade, double that of its nearest competitor El Paso. *(slide #12)*

* Besides being the most active U.S.-Mexico border port, Laredo is the port of choice for Mexico's maquiladora industry. In 2001, Laredo processed 42.9 percent of the total maquiladora shipments.

* The leading products were road vehicles, parts & accessories, electrical machinery, and telecommunication equipment. *(slide #13)*

* As the U.S. economy pulls out of its mild recession of 2000-2001, U.S.-Mexico trade will return to and surpass its previous high levels of 2000. In addition, U.S. trade with its Central and South American partners will also recover. This will certainly boost activity in Laredo's trade community, producing positive effects throughout the local community.

* To conclude my presentation, I would like to present some comparative figures for Laredo and the State of Texas. As many studies have noted, Laredo, like much of the border region, outpaced the State in employment growth during the 1990s.

Rate of Change in Labor Force and Employment: Texas & Laredo MSA (1990-2000) *(slide #14)*

Unemployment Rate: Texas & Laredo MSA (1990-2000) *(slide #15)*

* Notwithstanding its strong growth in employment, Laredo has not been able to close the per capita income gap with the State.

Per Capita Personal Income: Texas & Laredo MSA (1990-1999) *(slide #16)*

* One could suggest a number of contributing factors for the continuing per capita income gap, including a surplus labor pool and a mix of low-paying industries in the border region. Low education attainment, however, is probably a more important factor. Education specialists estimate that roughly 57 percent of adults, 25 years of age and older in the workforce in the border region today have graduated from high school compared to 75 percent for the State. Only 14 percent of have graduated from college compared to 22 percent for the State.

* Why are these graduation rates so important? Answer– It is widely recognized that income is positively correlated with education and improvements in human capital.

Average Annual Employment Earnings for Persons 18 Years and Over by Educational Achievement *(slide #17)*

* In conclusion, it would seem that Laredo's challenge today is not so much one of economic growth, but one of economic growth with prosperity. Economic growth with prosperity can only be achieved if attention and resources are focused on the community's human infrastructure needs as much as on its physical infrastructure needs.