

# **US-VISIT Program: What will be its Economic Impact on Laredo?**

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**US-VISIT (United States Visitor and Immigrant Status Indicator Technology) program calls for an entry and exit program at the nation's ports of entry to verify the visa status of visitors. The program is to be implemented at the nation's land ports in January 2005. The program is already in operation at most major U.S. airports today, including Laredo.**

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**Many border officials and merchants fear the program will impede the flow of trade, commerce and tourism, discouraging cross-border shoppers, businessmen and investors from ‘doing business’ in U.S. border communities. This, they believe, will have a devastating impact on border communities.**

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**In 2003, Laredo crossed**

- **8.5 million pedestrians (23,289/day)**
- **14.1 million vehicles (38,630/day)**
- **2.7 million trucks (9,000/day)**

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**In a recent survey of 598 Mexican shoppers conducted by the Texas Center at TAMIU at different shopping locations in Laredo, roughly half said the US-VISIT program would likely cause them to shop 30-40 percent less in Laredo if the program resulted in long delays at the border. The shoppers said they spend roughly \$500 on average when they come to Laredo to shop.**

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**Currently, a model for measuring the economic interdependence between the U.S. and Mexican economies at the regional (border) level does not exist. To measure the economic impact of the US-VISIT program several ad hoc measures were developed. Declines in cross-border shoppers and trade with Mexico were modeled for their effect on sales, employment, sales tax revenues and bridge revenues in the four border metropolitan communities: El Paso, Laredo, McAllen, and Brownsville**

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**Three scenarios were examined: one percent, five percent, and ten percent declines in cross-border shoppers and trade.**

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**To put the declines in border crossings in perspective consider that the immediate decrease in cross-border shoppers following the 1995 peso devaluation was roughly six percent (higher in some communities than others). The fall-off in cross-border shoppers immediately following the September 2001 terrorist attack and heightened border security was roughly five percent (higher in some communities than others).**



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**Two important considerations need to be kept in mind when interpreting the results:**

- 1. The Department of Homeland Security (DHS) has not yet made available sufficient details regarding the implementation of the program to allow for an estimation of the border crossings delays that might result due to the program. The longer the delays the more likely the program will discourage and reduce cross-border visits and shopping.**

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**2. The estimated economic impacts due to declines in border crossings (1%, 5% and 10%) are assumed to be permanent. If the declines are not permanent, the (negative) impacts of the US-VISIT program on employment, sales, sales tax rebates and bridge revenues will lessen overtime as cross-border shoppers, tourists, and the business community adjust to the requirements of the program.**

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### Border Metropolitan Communities Estimated Impact of a Permanent Decline in Border Crossings\* of 1%, 5%, and 10% (Based on 2002 Data)

	Brownsville			McAllen			Laredo			El Paso			Border		
	1%	5%	10%	1%	5%	10%	1%	5%	10%	1%	5%	10%	1%	5%	10%
<b>Decline in Border Crossings*</b> (Percent)	1%	5%	10%	1%	5%	10%	1%	5%	10%	1%	5%	10%	1%	5%	10%
	<i>Decrease By</i>														
<b>Sales</b> (Millions \$)	9	45	89	28	140	280	19	95	190	20	100	200	76	380	759
	<i>Increase By</i>														
<b>Unemployed</b> (Number)	228	1,140	2,280	594	2,970	5,940	398	1,990	3,980	366	1,830	3,360	1,549	7,745	15,490
	<i>Increase To</i>														
<b>Unemployment Rate</b> (Percent)	10.8	11.5	12.3	14.1	15.0	16.5	7.2	9.1	11.5	8.3	8.8	9.4	10.4	11.2	12.3
	<i>Decrease By</i>														
<b>Sales Tax Rebates</b> (Thousands \$)	62	310	620	196	980	1,960	133	665	1,330	140	700	1,400	531	2,655	5,310
	<i>Decrease By</i>														
<b>Bridge Revenues</b> (Thousands \$)	143	715	1,430	156	780	1,560	324	1,622	3,240	103	515	1,030	726	3,630	7,260

\* Northbound and southbound pedestrian, vehicle and commercial truck border crossings.