

Volume 15, Issue 1  
April 2013

Chamber of Commerce  
Laredo, Texas

# Laredo

## Gateway to Mexico



### 2012 Port of Laredo Facts:

- It was the number one port of entry on the U.S.-Mexico border.
- It handled over 41% of U.S.-Mexico trade on the U.S. Southern Border.
- It was ranked fourth in U.S.\$ value both in global exports and imports processed amongst all U.S. ports of entry.
- Over 9,800 trucks cross at the port daily.

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# Vision 2013

## Economic Outlook Report

### Formulating a Vision

The Purpose of the Vision 2013 Conference and Trade Mission

During the past two centuries, Laredo has been at the crossroads of U.S.-Mexico trade and commerce. As the metropolitan area of 254,948 inhabitants enters the second decade of the new millennium, Laredo will continue to shape the destiny of the region. Tremendous efforts are underway to maintain a competitive business environment. In this regard, extensive participation by the business community will hallmark how well we are prepared to address both the increase in growth and commerce.

The Laredo Chamber of Commerce, over 700 members strong, has a vision and goal to foster the ongoing betterment of the community and region as well as encourage and promote the maintenance of a competitive business sector. There are three prime factors that bode well for the future of Laredo: first is the growing active work force, second the continued diversification of all economic sectors, and third, a significant public-private infrastructure initiative to enhance all areas of the region's transportation corridors and support services.

The 2013 Vision Conference intends to focus on the dynamic commercial viability of the city and the traditional linkages with counterparts in Mexico and the South Texas region. The membership of the Laredo Chamber of Commerce looks forward to continued regional and transnational cooperation. Thus, this publication is a snapshot of Laredo's recent growth and trade activities.

### Laredo 2012: Economic Recovery Continues

By Pablo Camacho Gutiérrez, Associate Professor of Economics, Division of International Banking and Finance Studies, A.R. Sanchez Jr., School of Business, Texas A&M International University

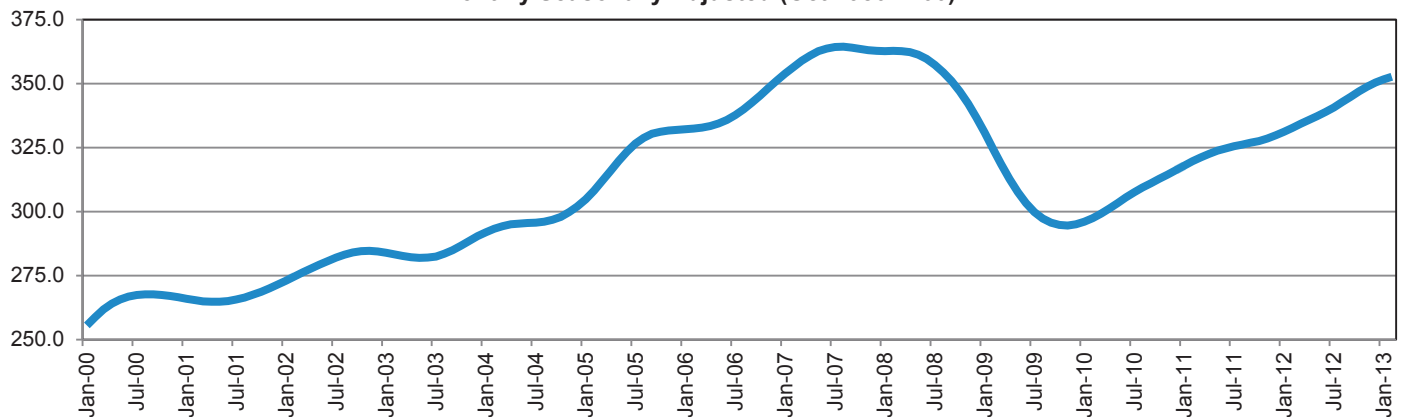
This section discusses the statistics on international trade and local economic indicators that characterize Vision, but it also assesses the performance of Laredo's economy during 2012. In addition, this section includes all nominal variables in both current and constant dollars. The Consumer Price Index for all-urban consumer (CPI-U, with base period 1982-84) was used to convert current to constant dollars. However, the CPI-U was normalized so that constant dollars are as of 2000.

Laredo's economy continued growing during 2012 and at a faster rate than in 2011—comparing December-December growth rates. Chart 1 shows the seasonally-adjusted Metro Business-Cycle Index (MBCI) for Laredo MSA (MBCI-Laredo) (See p. 2)—published by the Federal Reserve Bank of Dallas—which summarizes “movements in locally measured nonagricultural employment, the unemployment rate, inflation-adjusted wages and inflation-adjusted retail sales.” (Dallas Fed) Chart 2, on the other hand, shows the seasonally adjusted monthly unemployment rate for Laredo MSA (See p. 2). According to both charts, the economy in Laredo started a recession during the third quarter of 2007, which then ended at the beginning of the fourth quarter of 2009. Indeed, economic activity in Laredo reached through during October and November 2009, when both seasonally adjusted series MBCI and unemployment rate leveled off.

From December 2011 to December 2012, economic activity in Laredo increased by 6.28 percent according to the MBCI-Laredo (See Table, 1 p. 2). Similarly, over the same period of time,

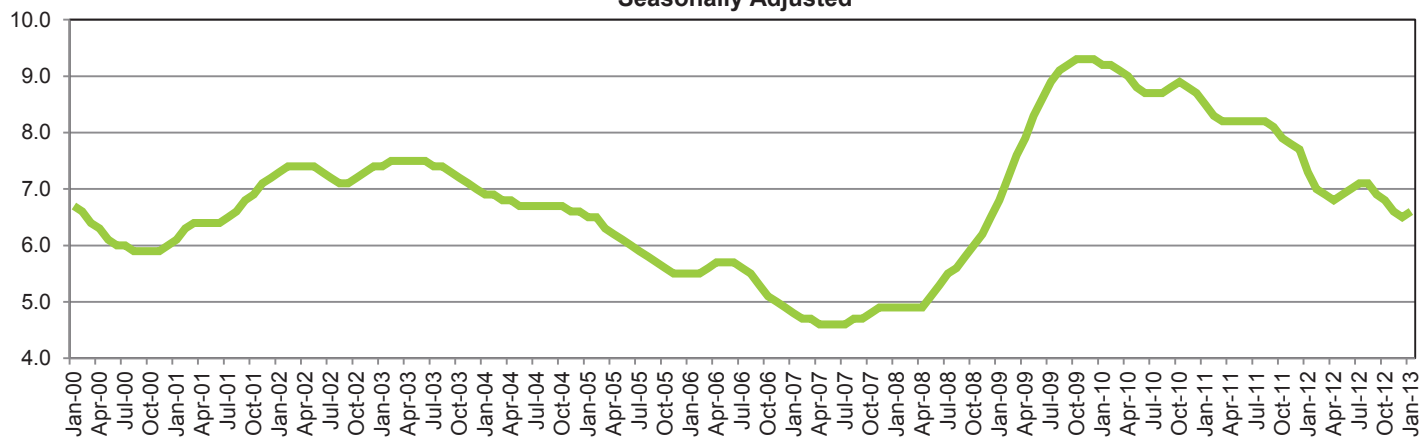
*(Continued on page 2)*

**Chart 1**  
**Laredo Metro Business-Cycle, Index: January 2000-January 2013**  
**Monthly Seasonally Adjusted (Oct 1980= 100)**



Source: Federal Reserve Bank-Dallas Branch (accessed 4/3/2013)

**Chart 2**  
**Laredo MSA Unemployment Rate, January 2000-January 2013**  
**Seasonally Adjusted**



Source: Seasonally adjusted by author with data from the Bureau of Labor Statistics (accessed 3/22/2013)

the seasonally adjusted unemployment rate dropped by 1.20 percentage points. (The actual unemployment rate dropped by 0.80 percentage points over the same period of time.) The increase in economic activity in Laredo during 2012 was consistent and increasing. During the first half of 2012, economic activity increased at a rate of 2.79 percent while the unemployment rate declined by 0.70 percentage points. During the second half of 2011, on the other hand, economic activity grew at a rate of 3.39 percent while the unemployment rate decreased by 0.50 percentage points. In terms of the annual average MBCI-Laredo, it grew

at a rate of 4.89 percent in 2012 and the unemployment rate decreased by 1.20 percentage points.

Although Laredo has experienced an economic recovery since the fourth quarter of 2009, its economic activity level still falls short from reaching its pre-recession level. The MBCI-Laredo reached a peak at 364.4 on August 2007, while it was at 350.5 on December 2012. (This index continues growing; i.e., it reached 352.7 on February 2013.) Likewise, the seasonally adjusted unemployment rate reached a minimum at 4.6 percent during the second quarter of 2007, while it was at 6.5 percent on December 2012. (The seasonally adjusted unemployment rate bounced up to 6.6 on January 2013.)

**Table 1**

Period	Business-Cycle Index: Percent Rate of Change*	Unemployment Rate: Percentage Points of Change**
Dec 2011 - Dec 2012	6.28%	-1.28
Dec 2011 - Jun 2012	2.79%	-0.46
Jun 2012 - Dec 2012	3.39%	-0.82
Avg. 2011 - Avg. 2012	4.89%	-0.54

Source: Author's calculations with data from the \*Federal Reserve Bank -Dallas Branch and \*\*Bureau of Labor Statistics

### International Crossings

Pedestrian crossings leveled off in 2012, after the sharp decline that was observed in both 2010 and 2011 (Chart 3, p. 3). There were 6.2 million pedestrian crossings in 2012. Specifically, 72,483 more pedestrian crossings occurred in 2012 than in 2011—i.e., an increase of 1.18 percent. A downward trend in pedestrian crossings started in 2000 and increased its rate in 2010

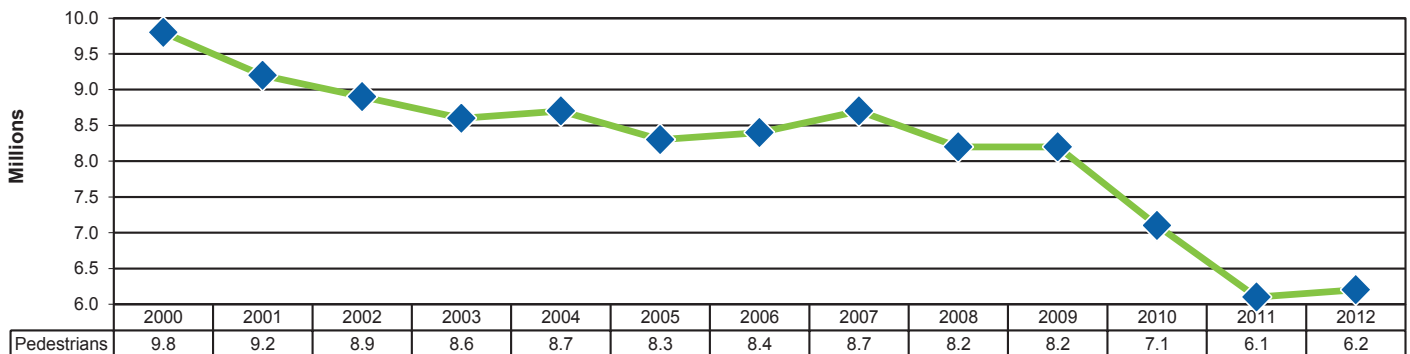
and 2011. Compared to its peak level in 2000, there were 3.5 million fewer pedestrian crossings in 2012, which represents a 36.55 percent reduction.

Vehicle crossings dropped by 3.02 percent in 2012, and thus continue its downward trend (Chart 4), that began in 1999. There were 8.9 million vehicle crossings in 2012; 0.3 million fewer

vehicle crossings occurred in 2012 than in 2011. Compared to its peak level in 1999, 6.7 million fewer vehicle crossings occurred in 2012, which represents a 43.04 percent reduction.

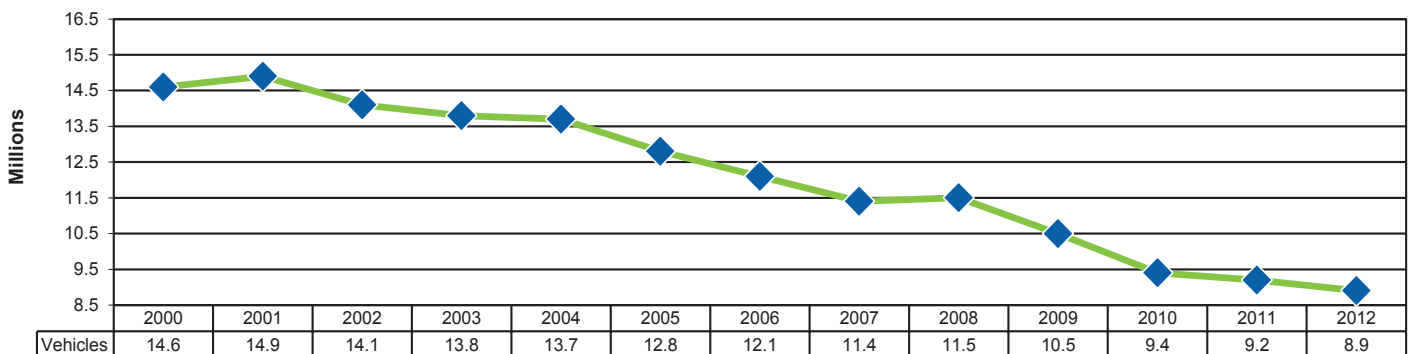
Truck crossings increased by 6.27 percent in 2012, and thus continued an upward trend (Chart 5, p. 3). There were 3.6 million truck crossings in 2011; that is, 0.2 million more crossings

**Chart 3**  
**Pedestrian Crossings at Laredo**  
**(North and South)**



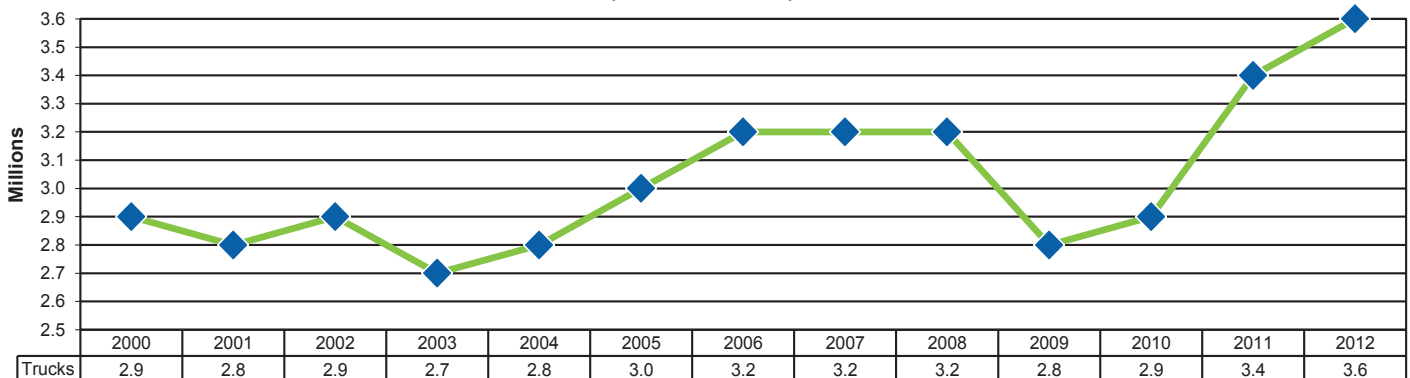
Source: Laredo Bridge System and Department of Homeland Security, U.S. Customs and Border Protection data compiled by the Texas Center , TAMIU.

**Chart 4**  
**Vehicle Crossings at Laredo**  
**(North and South)**



Source: Laredo Bridge System and Department of Homeland Security, U.S. Customs and Border Protection data compiled by the Texas Center , TAMIU.

**Chart 5**  
**Truck Crossings at Laredo**  
**(North and South)**

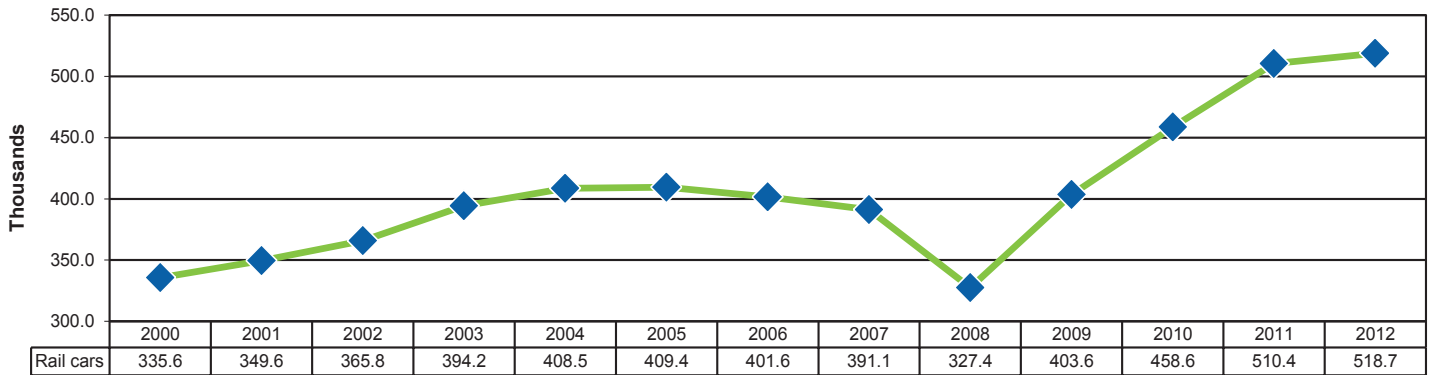


Source: Laredo Bridge System and Department of Homeland Security, U.S. Customs and Border Protection data compiled by the Texas Center , TAMIU.

than in 2011. Furthermore, truck crossings reached a new historic high in 2012. Truck crossings grew from 0.8 to 1.5 million crossings over the period from 1990 to 1995, and then grew at an even higher rate from 1995 to 1998 reaching 2.8 million crossings in year 1998. From 1998 to 2010, truck crossings have fallen between the range of 2.7 to 3.2 million crossings. Indeed, 2.9 million truck crossings took place in 2010, 2002 and 2000. As a result, the observed increases in 2011 and 2012 are remarkable.

Rail car crossings grew by 1.62 percent in 2012 and set a new historic high of 518,667 (Chart 6). Rail car crossings have increased since 2009; however, the growth rate decreased its pace significantly in 2012. The growth in rail car crossings during 2012 was preceded by an increase of 23.27, 13.62 and 11.30 percent in 2009, 2010 and 2011, respectively. The previous peak reached was 409,406 rail car crossings in 2005.

**Chart 6**  
Rail Car Crossings at Laredo  
(North and South)

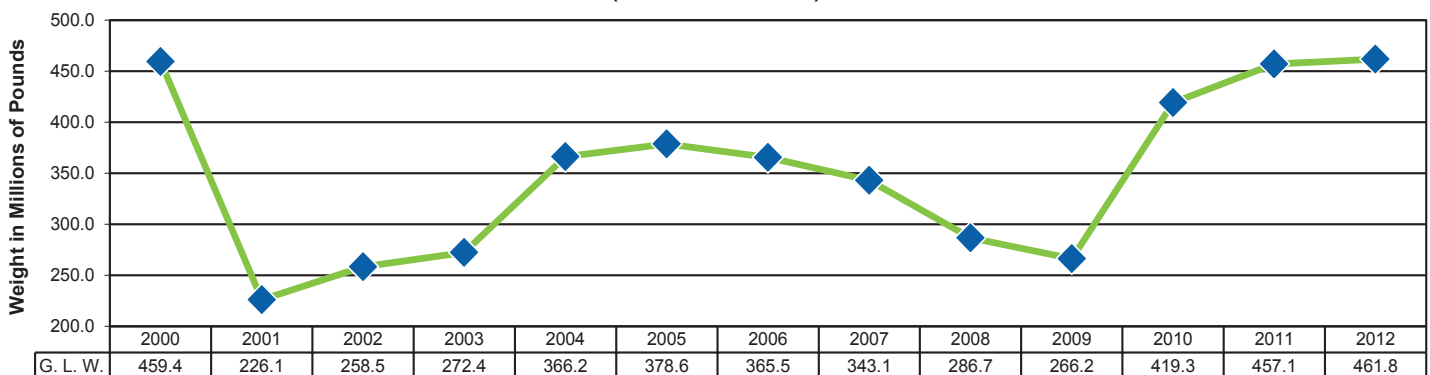


Source: Data provided by railroad companies and compiled by the Texas Center at Texas A&M International University.

Laredo International Airport's gross landed weight leveled off in 2012; it increased by 1.03 percent with respect to the previous year. 461.8 million pounds of air cargo arrived at Laredo in 2012, a gain of 4.7 million pounds over 2011 (Chart 7). The growth in gross landed weight during 2012 was preceded by

—much larger—annual increases of 57.51 and 39.3 million pounds in 2010 and 2011, respectively. Nonetheless, the observed growth in 2012 was enough for air cargo to finally exceed its historic peak of 459.4 million pounds that took place in 2000.

**Chart 7**  
Gross Landed Weight at Laredo International Airport  
(Millions of Pounds)

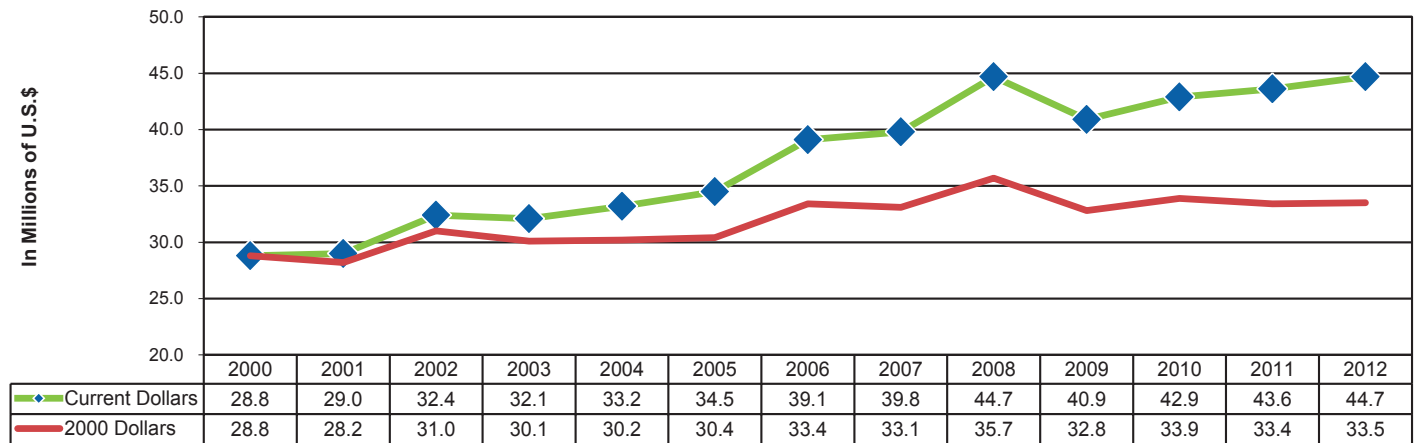


Source: Data provided by the Laredo International Airport.

In 2012, international bridge revenues increased by 0.96 million or 2.21 percent in nominal terms; however, in real terms bridge revenues remained flat during 2012—0.13 percent growth in real terms. Although international revenues have increased in nominal terms during the last three years, its 2012 level of 44.7

million is the same as its level in 2008, which means that in real terms bridge revenues fall short than its 2008 level (Chart 8). Roughly speaking, in constant dollars, bridge revenues have remained flat since 2009.

**Chart 8**  
**Laredo Bridge Revenues**  
**In Current and 2000 U.S. Dollars**



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

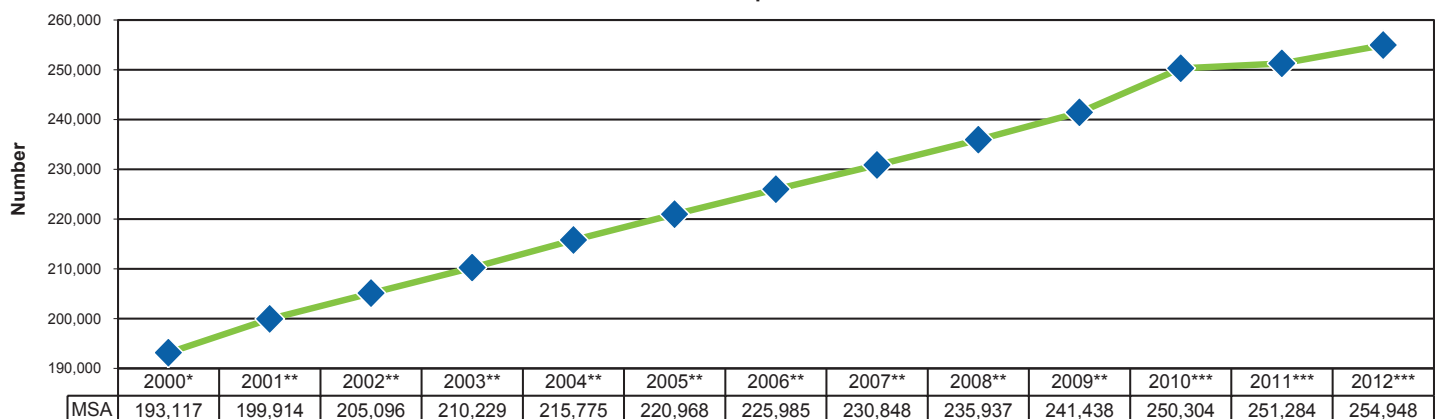
## Population and Construction Sector

Laredo has almost doubled its population over the last two decades; i.e., Laredo-MSA's population in 1990 and 2010 was 133,239 and 250,304, respectively. In 2012, population increased by 1.46 percent with respect to 2011 (Chart 9). This population growth was preceded by annual growth rates of 2.33,

3.67 and 0.39 percent in 2009, 2010 and 2011, respectively. Nevertheless, population growth during this century has declined compared to the last decade of the previous century. The average annual population growth rate over the period 1991-2000 was 3.79 percent; in contrast, the same figure over the period 2001-2012 was 2.34 percent.

*(Continued on page 8)*

**Chart 9**  
**Laredo MSA Population**



Source: \*U.S. Census Bureau, 2000 Census Count and 2010 Census Redistricting Data (Public Law 94-171) Summary File

\*\*U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for Counties: April 1, 2000 to July 1, 2009 (CO-EST2009-01-48)

\*\*\*U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population for Metropolitan and Micropolitan Statistical Areas: April 1, 2010 to July 1, 2012 (CBSA-EST2012-01)

## How Has NAFTA Affected Laredo?

by Dr. Pablo Camacho Gutiérrez

This section discusses the effect of the North American Free Trade Agreement (NAFTA—implemented on January 1, 1994) on Laredo, TX. The discussion is based on a descriptive analysis of economic series that cover both pre- and post-NAFTA periods. In particular, the discussion is focused on whether such economic series suffered a significant change as a result of the implementation of NAFTA. Alternatively, has NAFTA altered Laredo's economic activity at the aggregate level? Conjectures on the expected effects from NAFTA precede the data analysis.

Overall, the effect from NAFTA is a reduction in the barriers to international trade among Canada, Mexico and the U.S.; in other words, an increase in the volume of goods from these countries that cross their common borders was expected to occur as a result of NAFTA. For example, there would be more Canadian products displayed and sold in stores in Mexico and the U.S. From this brief discussion on how NAFTA would alter the trade among the signing partners, one could infer the specific effects on Laredo. That is, being the most important land port between Mexico and U.S., Laredo was expected to gain from an increase in the provision of services to international trade—warehousing, logistics, fuel provision, etc. On the other hand, Laredo was expected to lose from a drop in cross-border shoppers, who would then have the option to buy foreign goods in their cities of origin, for example in Mexico instead of in Laredo. Thus, NAFTA's impact on Laredo depended on the net effect of such counteracting consequences.

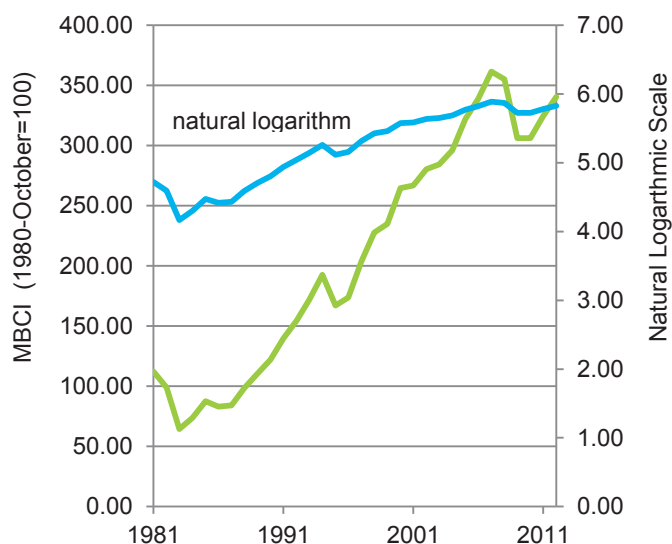
Four annual economic indicators are used to evaluate NAFTA's impact on Laredo: Laredo-MSA Business-Cycle Index (MBCI-Laredo), Laredo-MSA per capita personal income, Webb resident population, and Laredo's gross retail sales. The

Gross Domestic Product (GDP) implicit price deflator is used to deflate nominal variables. Personal income, resident population, and GDP deflator were obtained from the Federal Reserve Bank of St. Louis-FRED. MBCI-Laredo was obtained from the Federal Reserve Bank of Dallas. Gross retail sales series was obtained from the Texas Comptroller of Public Accounts.

If NAFTA has significantly altered aggregate economic activity in Laredo, then one should be able to see a clear change in the behavior of the economic series between before- and after-NAFTA periods. (Except for, say, 2005-2006, when the Mexican peso devaluated against the U.S. dollar and Mexican households suffered a drop in their income.) The MBCI-Laredo tracks the aggregate behavior of Laredo's economy over time (See previous section for details). Laredo has certainly experienced economic growth; however, such has been the case before and after NAFTA (See Figure 1). According to the annual average of MBCI-Laredo, the average annual growth rate that Laredo enjoyed during the period 1982-1994 was 5.45 percent, which exceeds the same figure (3.50 percent) for the period 1995-2012. Even more, if we factor out major recessions, Laredo grew at an average annual rate of 11.19 percent during 1987-1994 versus 6.99 percent over the period 1997-2007. Thus, this descriptive analysis finds no evidence that NAFTA has increased the aggregate behavior of Laredo's economy.

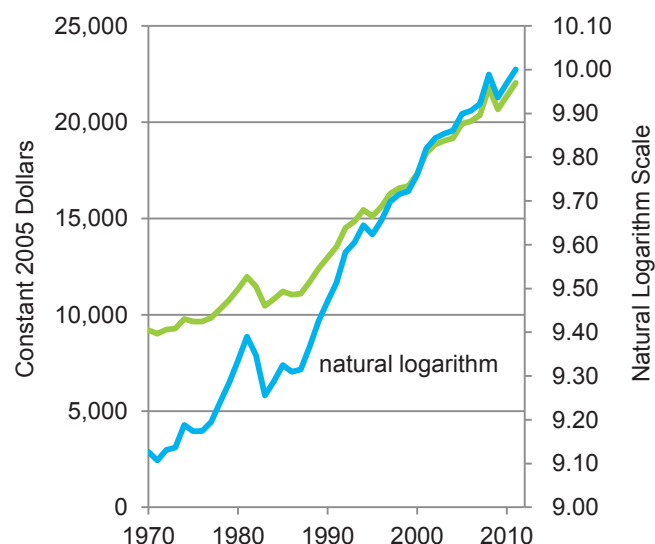
Similarly, a visual inspection of the per capita personal income (in constant 2005 dollars) series does not detect an increase in the trend—especially from 1983 and forward—due to the implementation of NAFTA (See Figure 2). Indeed, the average annual growth rate of per capita personal income in Laredo was 2.25 and 2.15 percent over the periods 1971-1994 and 1995-

**Figure 1**  
Laredo MSA Business-Cycle Index:  
Annual Average, 1981-2012



Source: Federal Reserve Bank-Dallas Branch

**Figure 2**  
Per Capita Personal Income in Constant 2005  
Dollars: Laredo-MSA, 1970-2012



Source: Economic Research Division, Federal Reserve Bank of St. Louis



2011, respectively. Then, this brief analysis finds no evidence that NAFTA has increased the rate at which per capita personal income in Laredo was growing before 1994.

Had NAFTA increased economic opportunities in Laredo, it would have caused an increase in the population growth. A visual inspection of the behavior of the Webb resident population series from 1970 to 2011, however, does not detect a change in its trend as a result of NAFTA (See Figure 3). In fact, the average annual growth rate of the resident population in Webb county was 3.40 and 2.82 percent over the periods 1971-1994 and 1994-2011, respectively. This simple analysis finds no evidence that NAFTA increased the rate at which local population was growing before 1994.

A possible explanation for a lack of effect of NAFTA on the aggregate Laredo's economy would be two-fold. First, the drop in retail sales and the increase in international trade services, both caused by NAFTA, "cancelled each other." Second, as discussed in the previous section ('Laredo 2012: Economic Recovery Continues'), international trade is an important sector in Laredo, but it is not the main economic sector, and it is also not the only important one. This section focuses on the first part because the second has been discussed in the previous section, as well as in the center sections in *Vision 2012* and *Vision 2011*.

The increase in services provided to international trade, as a result of NAFTA, can be inferred from the increase in U.S.-Mexico trade via the port of Laredo (See Chart 2, p. 10) since 1994, as well as the observed increases after 1994 in truck crossings through the port of Laredo (See Chart 5, p. 3), rail car crossings through the port of Laredo (See Chart 6, p. 4), and gross landed weight at the Laredo International Airport (See Chart 7,

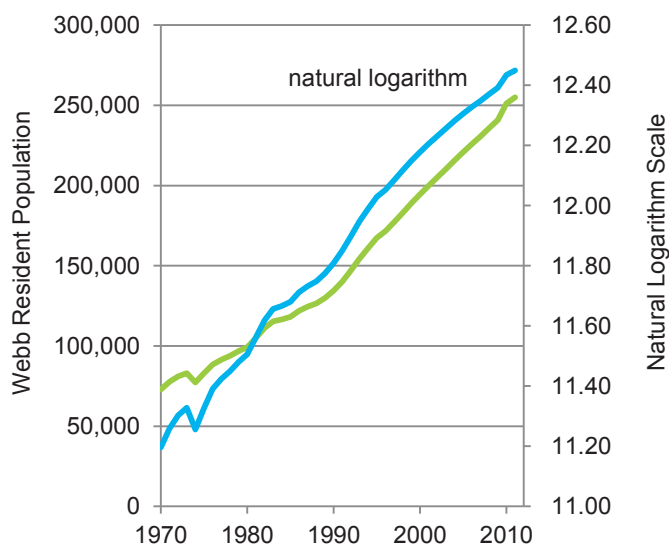
p. 4). There were a total of 3.6 million truck crossings via the port in 2012, up from 0.8 million in 1990. Similarly, there were a total of 518.7 thousands rail car crossings at Laredo in 2012, up from 98.1 thousands in 1990. Finally, the Laredo International Airport handled 461.8 million pounds of air cargo in 2012, up from 46 million in 1990.

In contrast, the drop in retail sales in Laredo, caused by NAFTA, can be inferred from the observed drop after 1994 in both pedestrian crossings (See Chart 3, p. 3) and vehicle crossings (See Chart 4, p. 3). That is, the number of cross-border shoppers in Laredo has decreased. Figure 4 specifically shows that (measured in constant 2005 dollars) per capita gross retail sales (solid line) dropped after 1994 and have remained low compared to the period that preceded the implementation of NAFTA. Figure 4 also shows that per capita gross retail sales used to exceed per capita personal income (dotted line) before 1994, but such event has not occurred anymore after that year. Indeed, the gap between these two indicators has increased over time. Therefore, cross-border shopping has declined as a result of NAFTA and, thus, per capita gross retail sales no longer exceed per capita personal income in Laredo.

In sum, this section presents a descriptive analysis that finds no evidence that NAFTA increased aggregate economic activity in Laredo, TX. Nonetheless, this section discusses how NAFTA might have altered the importance of local economic sectors by increasing activity in the sector that provides services to international trade, while reducing activity in the retail sales sector. ▀

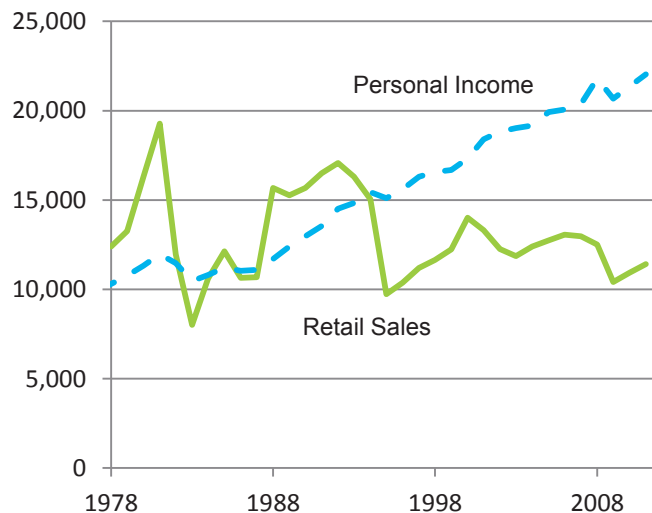
—Pablo Camacho Gutiérrez, Associate Professor of Economics, Division of International Banking and Finance Studies, A.R. Sanchez Jr., School of Business, Texas A&M International University

**Figure 3**  
Resident Population in Webb County  
1970 - 2011



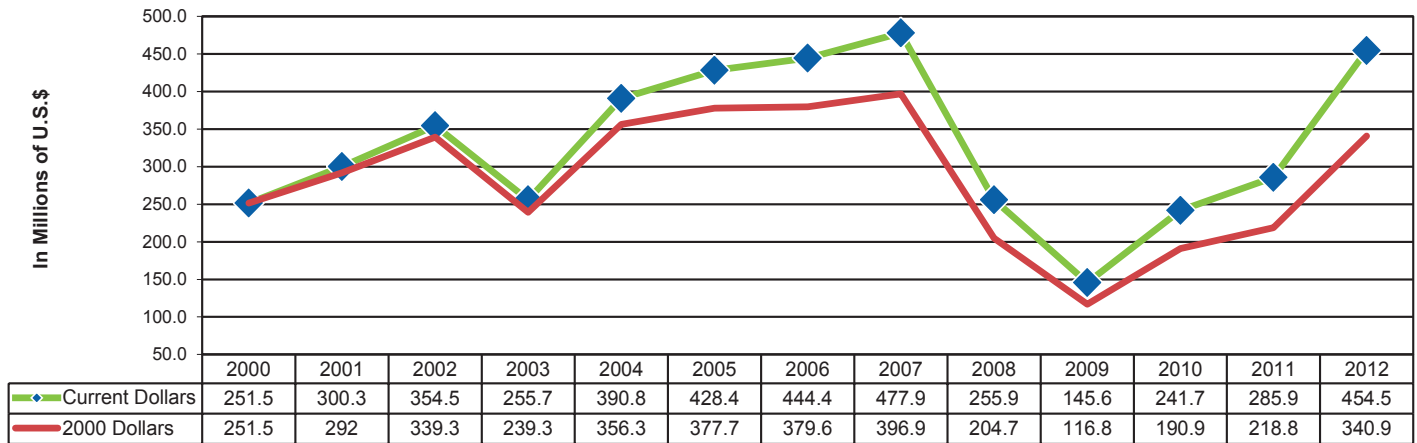
Source: Economic Research Division, Federal Reserve Bank of St. Louis

**Figure 4**  
Per Capita Gross Retail Sales and Per Capita  
Personal Income in Constant 2005 Dollars:  
Laredo, 1978-2011



Source: Economic Research Division, Federal Reserve Bank of St. Louis and the Texas Comptroller of Public Accounts

Chart 10  
Laredo Building Permit Values (All Structures)  
In Current and 2000 U.S. Dollars



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

Total value of building permits has increased over the last three years (Chart 10). In 2012, the total value of building permits increased by 168.6 million with respect to 2011; i.e., 58.98 percent increase in nominal terms. Despite the growth it has experienced in recent years, the total value of building permits in 2012 (454.5 million) falls short of its pre-recession level (477.9 million in 2007). That is, in current dollars, 23.4 million worth of fewer building permits were granted in 2012 than in 2007. In real terms, the total value of building permits granted in 2012 barely exceeds the amounts that were granted in 2002 and 2003. Even more, the total value of building permits in 2012 falls short by 16.44 percent of its 2007 level, in real terms. The growth in Laredo's total value of building permits from 1990 to 2007 mirrors the boom in its construction sector. Indeed, significant declines in Laredo's total building permit values occurred in 1996 and 2003 but did not alter its long term growth trend. Over the period 1990 to 2007, building permits increased by an average annual rate of 8.44 percent in real terms. In contrast, the real value of total building permits sharply dropped in 2008 and 2009 by 48.4 and 42.9 percent, respectively. The growth observed

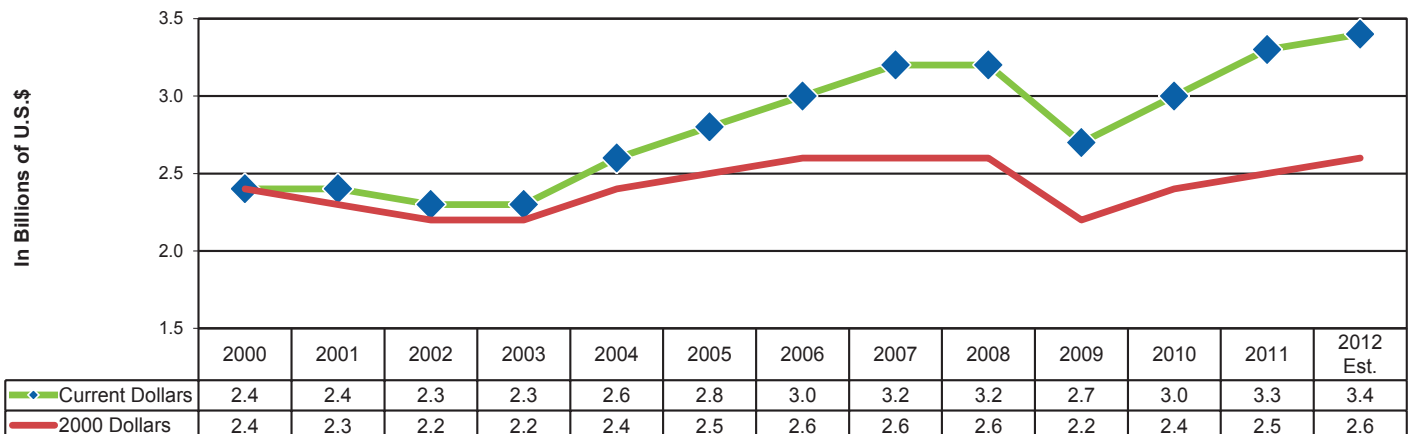
during 2010, 2011 and 2012 has not been enough to overcome the drop that occurred in 2008 and 2009.

### International Trade and Commerce

It is estimated that in 2012 retail sales in Laredo were \$3.4 billion—\$0.1 billion more than in 2011 (Chart 11). According to such estimate, retail sales in Laredo increased by 2.26 percent in real terms during 2012. In current dollars, retail sales reached a maximum at \$3.2 billion in 2007, remained at the same level in 2008 and dropped to \$2.7 billion in 2009. Retail sales have increased during the last three years; however, it is until 2012 when it is estimated to reach its pre-recession level in real terms. In addition,—in real terms—retail sales in Laredo have remained stagnant since 2000; 2012 estimated retail sales are 6.83 percent higher than in 2000 and 9.42 percent higher than in 1992.

Laredo sales tax rebates increased to \$38.7 million in 2012, that is, \$2.8 million more than in 2011 which represents a 7.78 percent increase (Chart 12, p. 9). In constant dollars, sales tax rebates grew by 5.58 percent in 2012. Sales tax rebates, in real

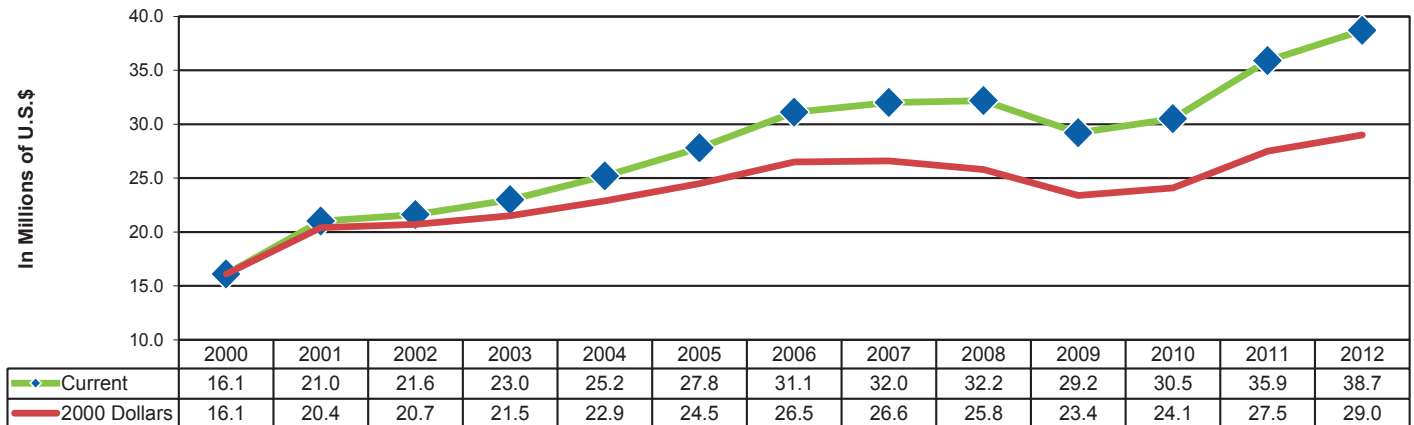
Chart 11  
Laredo Retail Sales  
In Current and 2000 U.S. Dollars



Source: Texas Comptroller of Public Accounts



Chart 12  
Laredo Sales Tax Rebates  
In Current and 2000 U.S. Dollars




Source: Texas Comptroller of Public Accounts

terms, leveled off during 2006 and 2007 and then dropped in 2008 and 2009. Sales tax rebates have been growing during the past three years, surpassing its pre-recession level in 2011 and reaching a new historic high in 2012.

Expansion of U.S.-Mexico trade is a determinant of the economic growth in Laredo. In 2012, total U.S.-Mexico trade increased to \$494.0 billion, up from 460.6 billion in 2011 (Chart 1, p. 10). Among the 28 ports of entry on the U.S.-Mexico border, the port of Laredo handled 41.7 percent of the trade by land between U.S.-Mexico, up from 40.6 percent in 2011. In particular, during 2012, the port of Laredo processed \$76.8 billion worth of exports to Mexico and \$86.8 billion worth of imports from Mexico (Table 1, p. 10). Total U.S.-Mexico trade is higher than its pre-recession levels.

Economic activity in Laredo, however, does not depend solely on international trade. For instance, in terms of provision of

jobs—measured as the average annual number of employees—*Vision 2012* showed that in 2010 the employment in local government (19.3 percent) and the employment in education and health services (16.0 percent) exceeds the employment in transportation and warehousing (12.7 percent). Similarly, in terms of the contribution to the Laredo-MSA Gross Domestic Product (GDP), *Vision 2011* listed the top seven economic sectors: government (25.88 percent); transportation and warehousing excluding postal service (13.70 percent); retail trade (9.23 percent); real estate and rental and leasing (8.42 percent); healthcare and social assistance (7.99 percent); mining (5.74 percent), and wholesale trade (5.59 percent). Having these economic references in mind, one can better understand the discussion of the effects from the North American Free Trade Agreement (NAFTA) on the economic activity in Laredo. (This is referenced in the featured article on page 6 of this publication.) 

## NOTICE

The Texas Center for Border Economic and Enterprise Development (TCBEED) has switched data provider for all northbound crossings (vehicles, pedestrians and trucks). The new provider is the Department of Homeland Security, U.S. Customs and Border Protection (DHS, CDP).

- The new data sets include historical years—1994 through the present—and hereafter.
- The changes will most notably affect northbound pedestrian and vehicle crossings.
- Comparisons between past vehicle and pedestrian crossings and the new data currently online should not be undertaken.
- Truck crossings will slightly be affected. (The majority of this data already reflects Customs data.) The overall impact may mean a negligible amount of between 5,000-7,000 trucks monthly, as compared to the previous provider's data.

Anyone with post 2012 northbound vehicle, pedestrian or truck data is urged to visit the TCBEED website at <http://texascenter.tamui.edu>. For further questions, comments or concerns, contact our office at 956.326.2545.

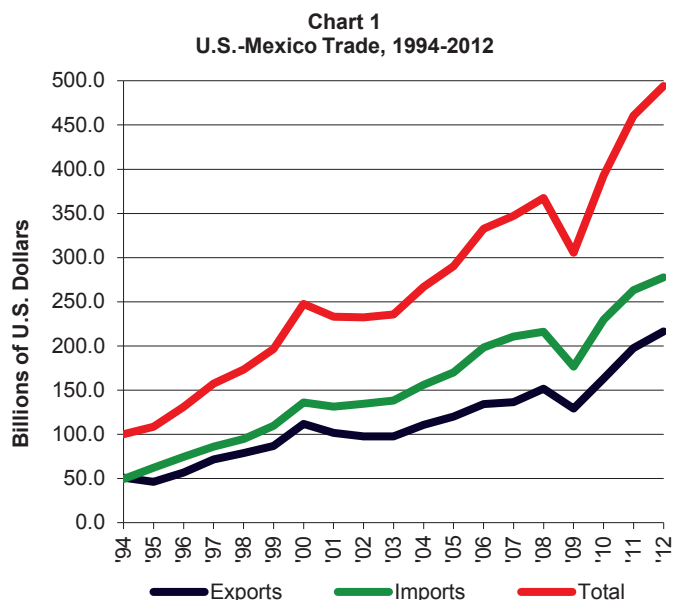
## NAFTA, U.S.-Mexico Trade and the Port of Laredo by Baldomero G. Garcia

### The NAFTA and the Port of Laredo

As the North American Free Trade Agreement (NAFTA) enters its 20th year, commerce amongst the United States, Mexico and Canada has flourished. The NAFTA's facilitation of trade has stimulated increases in activity at the border ports. Southern border ports, Laredo, TX; El Paso, TX; and Otay Mesa, CA; and northern border ports, Detroit, MI; Port Huron, MI; and Buffalo-Niagara Falls, NY have benefited from the trade agreement.

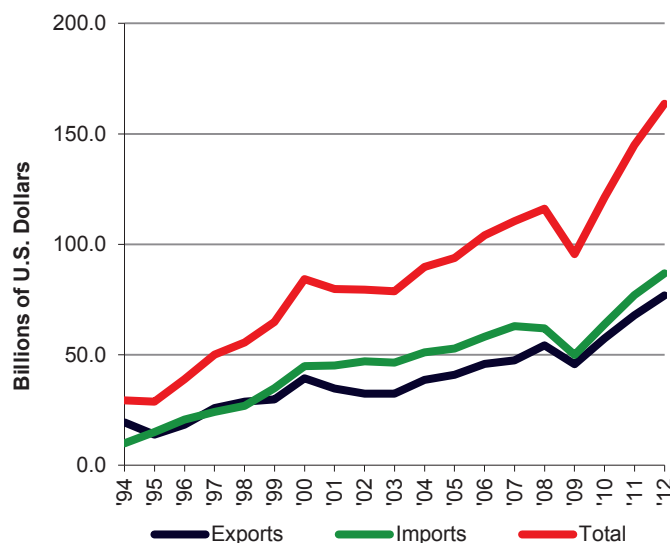
The NAFTA created a much freer flow of goods between the U.S. and Mexico as tariffs were eliminated. In its initial year—1994, trade figures between the partners registered \$50.8 billion in exports to Mexico, and \$49.5 billion in imports from Mexico for a total trade value of \$100.3 billion. Ten years into the agreement (2003), these trade values grew to \$97.5 billion in exports and \$138.1 billion in imports for a total of \$235.6 billion in trade value. In 2012, one year from the 20th anniversary of the NAFTA, these trade figures continued exhibiting the growth in trade between both countries—\$216.3 billion in exports and \$277.7 billion in imports for a total value of \$494.0 billion in trade.

Chart 1 (below) shows the increase in U.S.-Mexico trade since the start of the NAFTA (Note: All trade figures presented are in unadjusted U.S. dollars, unless noted). The growth of trade between the U.S. and Mexico was tempered by two recessions, within the past decade. In both instances, trade growth snapped back, but the recovery was much quicker after the second recession.



Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. data compiled by the Texas Center at Texas A&M International University.

**Chart 2**  
**U.S.-Mexico Trade via Port of Laredo, 1994-2012**



Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. data compiled by the Texas Center at Texas A&M International University.

Since the start of NAFTA on January 1, 1994, the Port of Laredo has ridden the wave of increased trade activity. The pattern of trade in goods processed at the Port of Laredo mimicked that of all U.S.-Mexico trade with some variation (See Chart 1 and Chart 2).

Table 1 (below) exhibits the value of goods processed in Year 1, 10, and 19. Growth is evident in the values over those periods.

Certain commodities delineated in Table 2 (See page 11) led the way towards these gains. The commodity grouping which stood out in both exports and imports was SITC 7—Machinery and transport equipment. This grouping comprised over 49.0 percent of the export values and over 60.0 percent of the import values throughout the nineteen years of NAFTA.

In 2012, the top three commodities both in export and import values were under SITC 7 groupings. These were: 1) Parts and accessories for tractors, motor cars and other motor vehicles, trucks, public-transport vehicles and road motor vehicles; 2) Internal combustion piston engines and

**Table 1**  
**U.S.-Mexico Trade Processed at the Port of Laredo**  
**NAFTA at Year 1, 10 and 19**  
*Values in Billions of U.S. Dollars*

	1994	2003	2012
U.S. Exports to Mexico	19.4	32.4	76.8
U.S. Imports from Mexico	10.0	46.4	86.8
Total Trade	29.3	78.8	163.6

Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. data compiled by the Texas Center at Texas A&M International University.

**Table 2**  
**U.S.-Mexico Trade Processed at the Port of Laredo**  
**SITC 1 Digit Commodity Groupings**  
**NAFTA at Year 1, 10 and 19**  
*Values in Millions of U.S. Dollars*

U.S. Exports to Mexico				% Change	% Change	
SITC 1	Description	1994	2003	2012	'94 v. '12	'03 v. '12
0	Food and live animals	1,482.8	2,156.5	5,917.4	299.1	174.4
1	Beverages and tobacco	88.9	70.6	380.0	327.5	438.0
2	Crude materials, inedible, except fuels	913.8	1,344.7	2,154.1	135.7	60.2
3	Mineral fuels, lubricants and related materials	58.9	172.2	1,451.8	2,364.8	743.1
4	Animal and vegetable oils, fats and waxes	127.6	134.7	332.7	160.7	146.9
5	Chemicals and related products, n.e.s.	2,094.1	4,076.3	10,781.8	414.9	164.5
6	Manufactured goods classified chiefly by material	2,829.3	4,915.0	12,808.2	352.7	160.6
7	Machinery and transport equipment	9,673.6	16,576.2	37,827.8	291.0	128.2
8	Miscellaneous manufactured articles	1,982.6	2,701.1	5,052.4	154.8	87.0
9	Commodities and transactions not classified elsewhere in the SITC	132.3	284.6	87.5	-33.9	-69.3
Total Exports		19,383.8	32,432.0	76,793.7	296.2	136.8
U.S. Imports from Mexico				% Change	% Change	
SITC 1	Description	1994	2003	2012	94 v. 2012	03 v. 2012
0	Food and live animals	598.4	830.1	3,792.1	533.7	356.8
1	Beverages and tobacco	117.7	815.2	770.4	554.4	-5.5
2	Crude materials, inedible, except fuels	214.9	197.1	440.1	104.8	123.2
3	Mineral fuels, lubricants and related materials	1.7	6.4	14.1	721.6	121.3
4	Animal and vegetable oils, fats and waxes	3.7	8.9	21.6	484.8	143.0
5	Chemicals and related products, n.e.s.	394.2	1,325.6	2,839.9	620.5	114.2
6	Manufactured goods classified chiefly by material	1,585.2	4,596.1	10,559.2	566.1	129.7
7	Machinery and transport equipment	6,031.0	30,832.4	58,127.1	863.8	88.5
8	Miscellaneous manufactured articles	790.1	6,562.9	8,190.7	936.6	24.8
9	Commodities and transactions not classified elsewhere in the SITC	217.4	1,205.8	2,080.7	857.0	72.6
Total Imports		9,954.4	46,380.3	86,835.8	772.3	87.2
Total Trade		29,338.2	78,812.2	163,629.4	457.7	107.6


Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch data compiled by the Texas Center at TAMIU.

Note: Totals may not add up due to rounding.

parts thereof; and 3) Telecommunications equipment, and parts, and accessories of apparatus falling within telecommunications, etc.

### World Trade and the Port of Laredo's Position

The Port of Laredo, historically known as the number one inland port (by dollar value) on the southern U.S. border, continued in that spot in 2012. El Paso, TX is a distant second, and Otay Mesa Station, CA is a very distant third.

But more often, the inquiry is made as to the ports ranking against other ports in the U.S. Table 3 shows the Port of Laredo's ranking, by dollar value, of all commodities from all countries that trade with the U.S. In 2012, the Port of Laredo ranked fourth in the processing of export commodities and fourth in the processing of import commodities. 

—Baldomero G. Garcia, Program Manager, Texas Center for Border Economic and Enterprise Development, Texas A&M International University

**Table 3**  
**U.S.-World Trade, 2012**  
**Top 10 U.S. Ports of Entry**  
**Ranked by Value (\$U.S.)**

<b>Port-level Exports: All Commodities</b>			<b>Port-level Imports: All Commodities</b>		
Rank	Port	2012 Value (\$U.S.)	Rank	Port	2012 Value (\$U.S.)
1	JFK International Airport, NY (Port)	95,795,453,335	1	Los Angeles, CA (Port)	241,288,283,242
2	Houston, TX (Port)	93,420,872,526	2	Newark, NJ (Port)	145,115,838,168
3	Detroit, MI (Port)	78,741,370,060	3	Chicago, IL (Port)	112,568,157,151
4	<b>Laredo, TX (Port)</b>	<b>76,835,476,522</b>	4	<b>Laredo, TX (Port)</b>	<b>91,958,803,397</b>
5	New Orleans, LA (Port)	61,053,693,901	5	JFK International Airport, NY (Port)	88,531,275,566
6	Low Value (Port)	49,953,781,029	6	Houston, TX (Port)	83,382,059,367
7	Buffalo-Niagara Falls, NY (Port)	46,943,523,967	7	Detroit, MI (Port)	69,039,017,947
8	Miami International Airport, FL (Port)	44,960,116,079	8	Long Beach, CA (Port)	65,285,316,131
9	Port Huron, MI (Port)	44,587,613,372	9	New Orleans, LA (Port)	61,652,764,680
10	Los Angeles, CA (Port)	42,773,756,349	10	Los Angeles International Airport, CA (Port)	45,360,741,437

Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch data compiled by the Texas Center at TAMIU.



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## VISION 2013 Economic Outlook Conference



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## Vision 2013: Economic Outlook Report

### Partnership

By Ray M. Keck III, President  
Texas A&M International University  
Laredo, Texas



The **Vision 2013: Economic Outlook Report** is a joint effort between the Laredo Chamber of Commerce and Texas A&M International University. The Chamber of Commerce and Texas A&M International University share the common goal of providing business/economic information and analysis to decision makers on a timely basis. We believe that informed decisions taken today by businessmen and women, public officials, and policy makers will determine Laredo's opportunities of tomorrow.

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