

# Vision 2001

## Economic Report Update

### Laredo

Gateway  
to  
Mexico



#### Important Facts:

- The Port of Laredo is the largest port of entry on the U.S.-Mexico border, and the third largest inland border port of entry behind Detroit, MI and Buffalo, NY.
- The Port of Laredo accounts for over 40 % of U.S.-Mexico overland (truck and rail) trade.
- 8,000 trucks cross at the Port of Laredo daily.

#### Inside This Issue...

International Trade & Commerce .....	2
Crossings	
Pedestrian.....	2
Vehicle.....	2
Truck.....	3
Railroad.....	4
International Air Cargo .....	4
Laredo Port of Entry .....	5
The European (EU)-Mexico Free Trade Agreement .....	6
Bridge Revenues.....	8
Local Economic Activity.....	8
Building & Construction.....	8
Retail Sales.....	9
Sales Tax Rebates.....	9
Employment.....	10
Population.....	10

### Formulating a Vision

The Purpose of the Vision 2001 Conference and Trade Mission

During the past two centuries, Laredo has been at the crossroads of U.S.-Mexico trade and commerce. As the city of 200,000 inhabitants enters 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 750 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 2001 Vision Conference in Corpus Christi 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.

### NAFTA Places Heavy Burden on Border Transportation Infrastructure

By J. Michael Patrick, Director, Texas Center for Border Economic and Enterprise Development  
Texas A&M International University

The rapid growth in U.S.-Mexico trade, increasing 236.0 percent between 1990 and 1999, has placed a heavy burden on the transportation infrastructure of the border region. In 1999, 77.1 percent of U.S.-Mexico overland merchandise trade passed through Texas ports of entry, up 100 percent from 1994. Between 1994 and 1999, total vehicular, truck, and rail crossings at principal border cities\* increased 25.3 percent, 69.2 percent, and 85.9 percent, respectively (Table 1).

**Table 1**  
**Total Crossings at Principal Border Cities\***

	1994	1999	Percent Change 1994-99
<b>Vehicular (Millions)</b>	62.4	78.2	25.3
<b>Trucks (Millions)</b>	2.6	4.4	69.2
<b>Rail (Thousands)</b>	238.0	442.4	85.9

\* Principal border cities include: Brownsville, Harlingen, McAllen/Hidalgo/Pharr, Rio Grande, Roma, Laredo, Eagle Pass, Del Rio, and El Paso.

In 1996, the Texas Department of Transportation (TxDOT) conducted a study<sup>1</sup> to determine the impact of increased NAFTA-related truck traffic on Texas highways and citizens. The study estimated a total negative impact of \$601.5 million. The border region, comprised of the El Paso, Laredo, and Pharr TxDOT Districts, bore 29.6 percent of the total costs, which includes 34.2 percent of the pavement costs, 27.5 percent of the congestion costs, 26.0 percent of the air pollution costs, 38.5 percent of the noise pollution costs, and 29.2 percent of the accident costs (Table 2).

Since 1996, TxDOT estimates NAFTA-related truck traffic has increased 19.9 percent in the border region<sup>2</sup>. With the rapid rise in U.S.-Mexico merchandise trade and related truck traffic on

(Continued on page 11)

## International Trade and Commerce

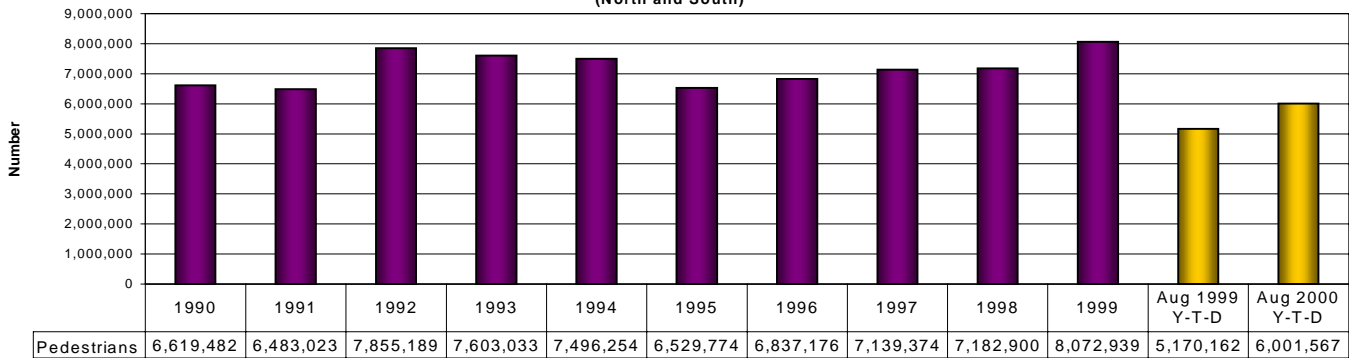
International crossings at Laredo set record, or near record, highs in 1999. The year 2000 promises to be even stronger by continuing the solid growth in *pedestrian, vehicle, truck* and *rail crossings* that Laredo has experienced in the 1990s. 2000 year-to-date numbers for pedestrian crossings are up 15.4 percent (Figure 1), vehicle crossings are on par with 1999 (Figure 2), truck crossings are up 6.1 percent (Figure 3), and rail crossings are up 17.5 percent (Figure 5).



Over 6 million pedestrians have already used International Bridge I in 2000.

### PEDESTRIAN CROSSINGS

Figure 1  
Pedestrian Crossings at Laredo  
(North and South)



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

In 2000, over 9.0 million pedestrians, 17.0 million vehicles, 3.0 million trucks, and 330 thousand railcars will cross the U.S.-Mexico international boundary at Laredo. In 1990, 6.6 million pedestrians, 12.7 million cars, 730 thousand trucks, and 98 thousand railcars crossed through Laredo. Laredo's international airport is expected to reach an all time high for gross landed weight in 2000 surpassing its previous high in 1998 by nearly 7.0 percent (Figure 6). Since the implementation of NAFTA in 1994 gross landed weight at Laredo's international airport has increased 31.3 percent. In 2000, Laredo's international bridges are expected to handle 40.5 percent (up from 39.1 percent in 1999) of all U.S.-Mexico overland (truck and rail) merchandise trade (Figure 8).

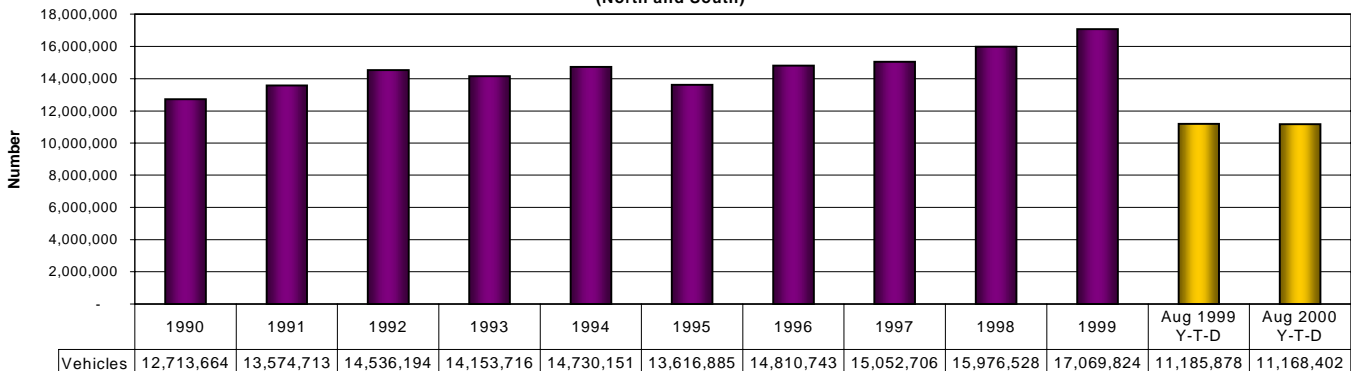
Laredo led all Texas ports of entry in southbound vehicle crossings, with 23.0 percent of all crossings in 1999. And it was the second largest Texas port of entry for northbound vehicle



Laredo logs over 46,000 vehicular crossings daily.

### VEHICLE CROSSINGS

Figure 2  
Vehicle Crossings at Laredo  
(North and South)



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

crossings in 1999, with 22.8 percent of the total. Laredo's share of U.S.-Mexico vehicle crossings is expected to increase in 2000 due to its strategic location and the rapid overall growth in vehicle crossings between the two countries.

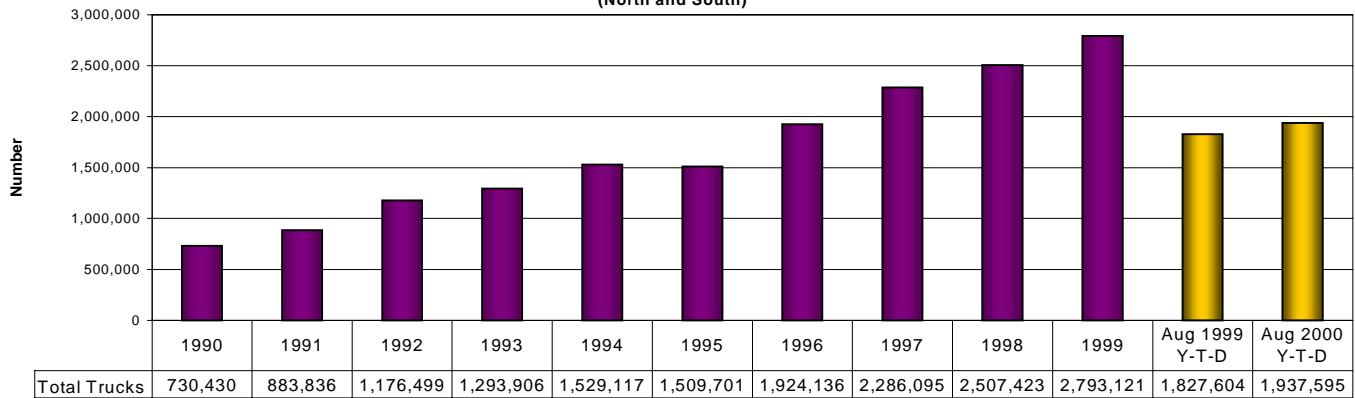
According to the U.S. Department of Transportation, roughly 83.0 percent of U.S.-Mexico trade by value, and 50.0 percent by tonnage, moves by truck and rail. The Laredo port of entry accounts for roughly 50.0 percent of the value and 39.0 percent of the volume of this trade, making it one of the busiest ports of entry for overland merchandise trade in the hemisphere. In 1999, the Laredo port of entry processed 7,000 trucks daily, on the average. For 2000 year-to-date, the number of trucks processed daily now



Laredo is the largest port of entry for trade on the U.S.-Mexico Border.

**TRUCK CROSSINGS**

**Figure 3**  
Total Truck Crossings at Laredo  
(North and South)



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

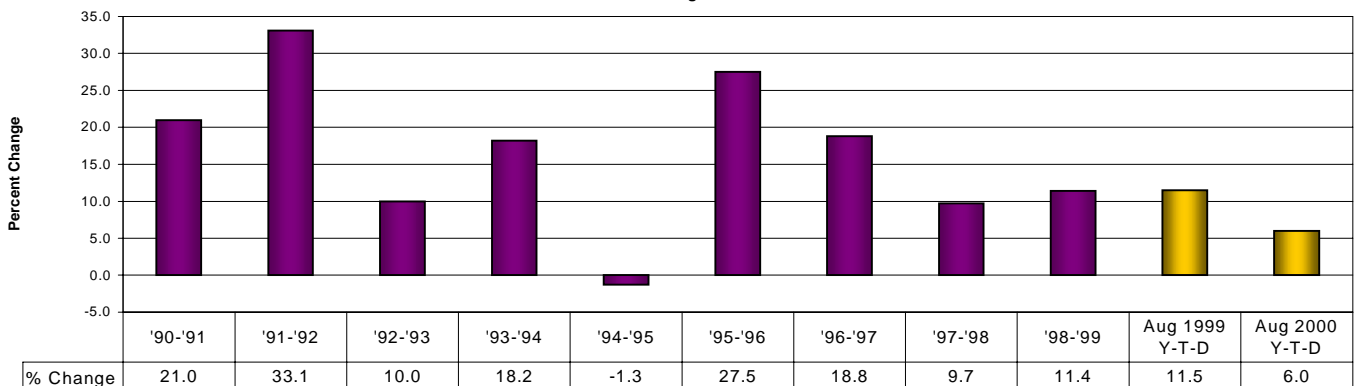
exceeds 8,000. If the total number of trucks processed for the year were lined up bumper-to-bumper, they would stretch from Mexico City to a point 72 miles north of Kansas City, MO.

Because of the large volume of traffic moving through Laredo, the port has been selected by the U.S. Customs Service as the testing site for two new programs —*The North American Trade Automation Program (NATAP)*, and the *National Customs Automation Program (NCAP)*. Both programs are designed to improve the efficiency and speed of processing shipments at border crossings. To handle the growing volume of overland trade, Laredo opened its 4<sup>th</sup> international bridge (World Trade Bridge) in April 2000. Discussions are underway regarding a possible 5<sup>th</sup> international bridge. Also, in October 2000, the new Camino Colombia toll road opened connecting the Colombia Solidarity Bridge to Interstate 35 at a point 23 miles north of downtown Laredo giving truckers and passenger vehicles an alternative to the increasingly congested Laredo streets.



Construction of fly-over facilitating access to the World Trade Bridge.

**Figure 4**  
Annual Percent Change in Total Trucks



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

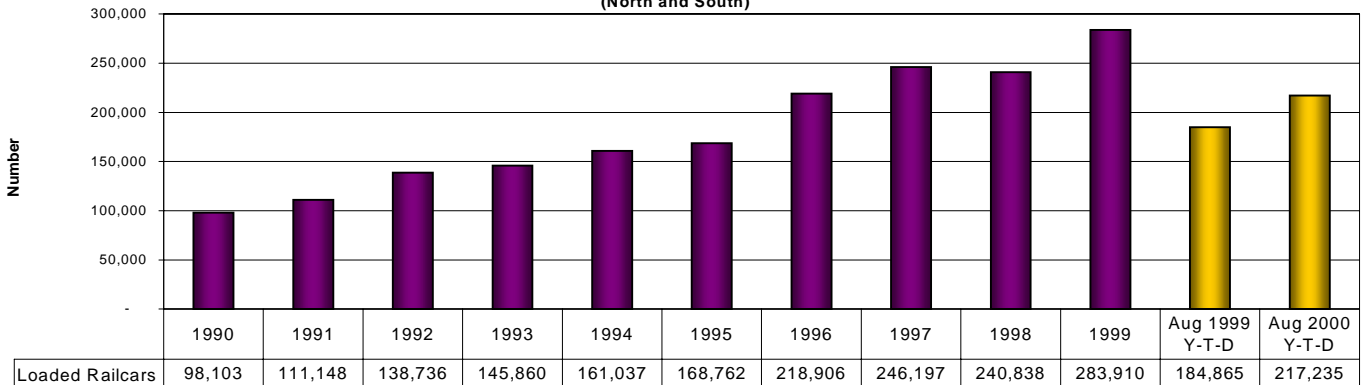
In an attempt to capture the full benefits of increasing trade with the U.S. under NAFTA, Mexico is privatizing many assets previously held by the public sector, including the railroads. More than \$1.0 billion (U.S.) will be invested over the next five years to upgrade and improve Mexico's stock of locomotives and rail cars. In addition, a consortium involving *Transportación Ferroviaria Mexicana (TFM)*, *Kansas City Southern Industries*, the *Texas Mexican Railroad*, and *Transportes Maritima Mexicana*, has committed to upgrade and modernize rail service between Laredo and Mexico City.



Rail car switching yard in Laredo.

**RAILROAD CROSSINGS**

**Figure 5**  
Loaded Railcar Crossings at Laredo  
(North and South)



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

The sharp increase in *international air cargo* handled at the Laredo's international airport is another indicator of the growth taking place in the region. In 1990, the airport reported handling 46.0 million pounds of cargo (gross landed weight). The projection for gross landed weight for 2000 is 420 million pounds, a staggering 8,130.0 percent increase. (Figure 6).

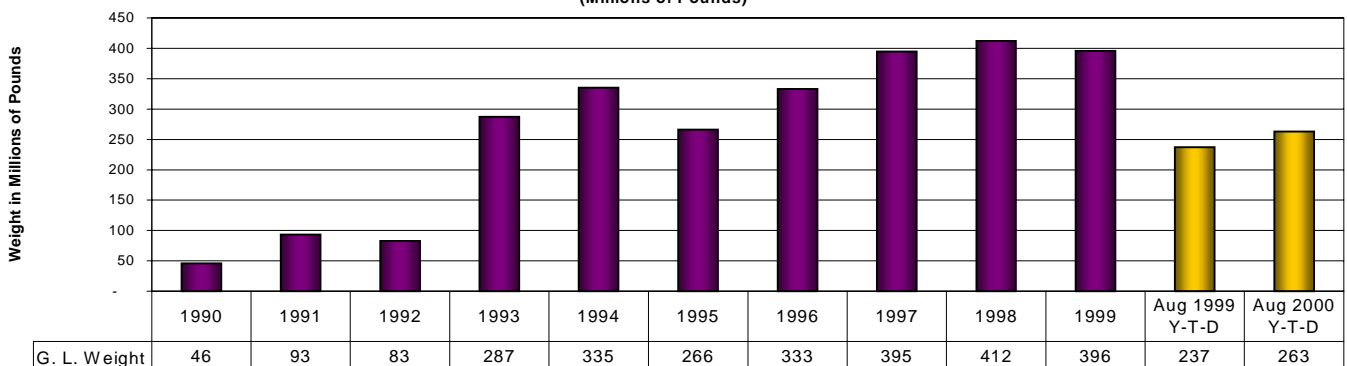


© 2000-www.arttoday.com

The projected landed weight for 2000 is 420 million pounds.

**INTERNATIONAL AIR CARGO**

**Figure 6**  
Gross Landed Weight at Laredo International Airport  
(Millions of Pounds)



Source: Data provided by the Laredo International Airport.

**LAREDO: LEADING U.S. PORT OF ENTRY**

The Laredo port of entry accounts for roughly 40.0 percent of U.S.-Mexico overland merchandise trade, according to the U.S. Department of Commerce. In 1999, the Laredo port of entry handled almost twice the amount of U.S.-Mexico trade (\$65 billion), than did its nearest competitor, El Paso (\$33 billion). For 2000 year-to-date, Laredo has handled more than twice the volume of trade than El Paso (Table 1). Between 1994 and 1999, the dollar value of U.S.-Mexico overland trade passing through the Laredo port of entry increased 122.0 percent compared to 87.0 percent for all other U.S.-Mexico border ports. Laredo's figures for 2000 year-to-date are running 32.7 percent ahead of last year's numbers (Figure 7). At the same time, Laredo's 2000 year-to-date percent share of total border port activity has increased to 41.2 percent, up from 38.8 percent in 1999 (Figure 8). Finally, in 1999, Laredo's percent share of U.S.-Mexico overland trade increased while other border ports experienced declines. This trend is continuing in 2000 (Figure 9). Motor vehicles, and motor vehicle parts and accessories continue to account for the largest share of exports and imports through the Laredo port of entry, followed by electrical and electronic components and materials.

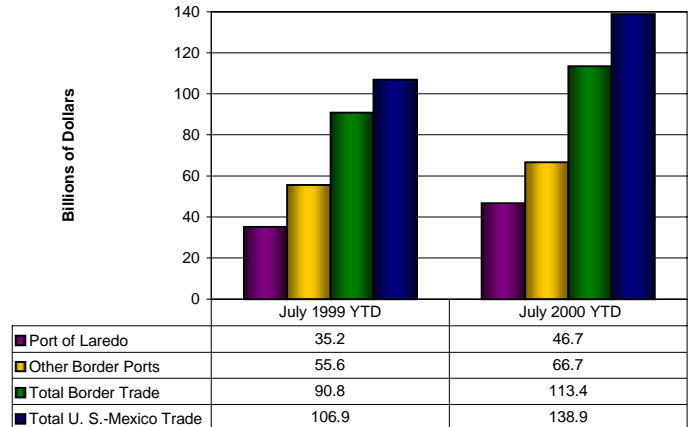
Continued strong growth in U.S.-Mexico trade flowing through the Laredo port of entry has stirred concerns that under staffing of U.S. Customs' personnel at the bridges will stifle trade and negatively impact the Laredo economy. Local officials are working closely with U.S. Customs to solve the problem.

**Table 1**  
**July 2000 YTD Imports and Exports, U.S. Dollars**

Laredo, TX	46,755,496,422
El Paso, TX	21,960,795,546
Otay Mesa Station, CA	10,159,942,695
Nogales, AZ	7,502,490,067
Hidalgo, TX	6,929,585,951

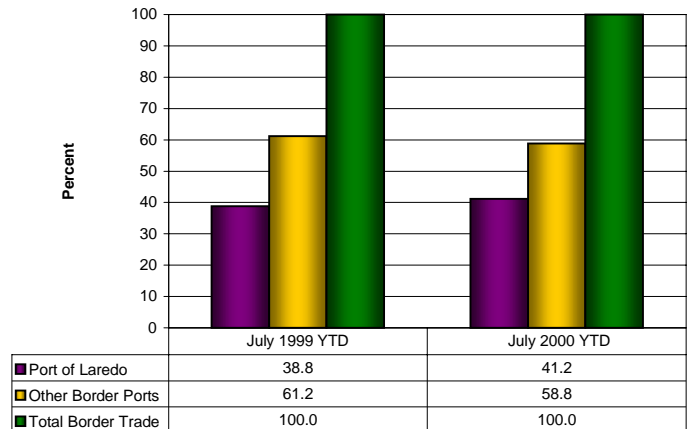


**Figure 7**  
**Total U.S.-Mexico Trade & U.S.-Mexico Border Trade Activity**  
**July 1999 YTD v. July 2000 YTD**



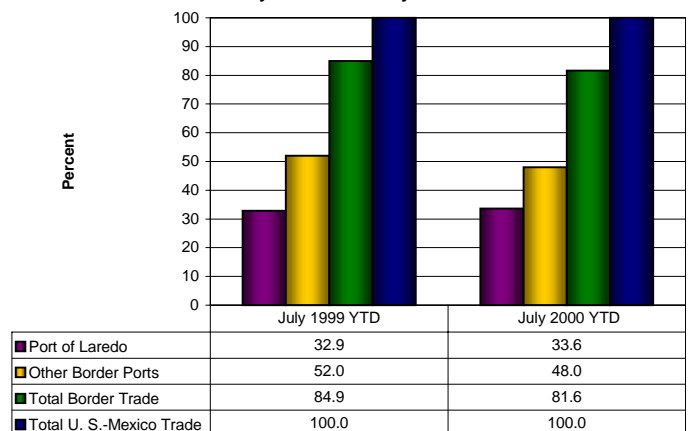
Source: U.S. Department of Commerce data compiled by the Texas Center at Texas A&M International University.

**Figure 8**  
**Laredo's Share of Total Border Trade Activity**  
**July 1999 YTD v. July 2000 YTD**



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

**Figure 9**  
**Laredo's Share of Total U.S.-Mexico Trade**  
**July 1999 YTD v. July 2000 YTD**



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

## The European Union (EU)-Mexico Free Trade Agreement: What's in it for Texas?



In November of 1999, the European Union (EU)\* and Mexico concluded negotiations on a Free Trade Agreement (FTA). The agreement was formally signed in March of 2000, following ratification by the European Parliament and the Mexican Senate.

The EU-Mexico FTA is a comprehensive agreement that covers free trade in industrial and agricultural goods, services, public procurement, investment, competition, intellectual property rules, and dispute settlement. The EU-Mexico FTA will likely bring challenges as well as opportunities to Texas.

Through the agreement, the EU aspires to raise the competitiveness of its products in the Mexican market and reverse a declining trend in its market share, believed to be the result of NAFTA. European multinationals are also hopeful that Mexico will become a major hub for the expansion of trade and investment into major markets throughout the Western Hemisphere. Mexico sees the FTA with the EU as a major accomplishment in its quest to reduce its long-standing economic dependence on the United States. During the first five years of NAFTA (1994-98), the United States accounted for well over 80 percent of Mexico's trade and 60 percent of its foreign direct investment flows.

### U.S. and EU Trade with Mexico

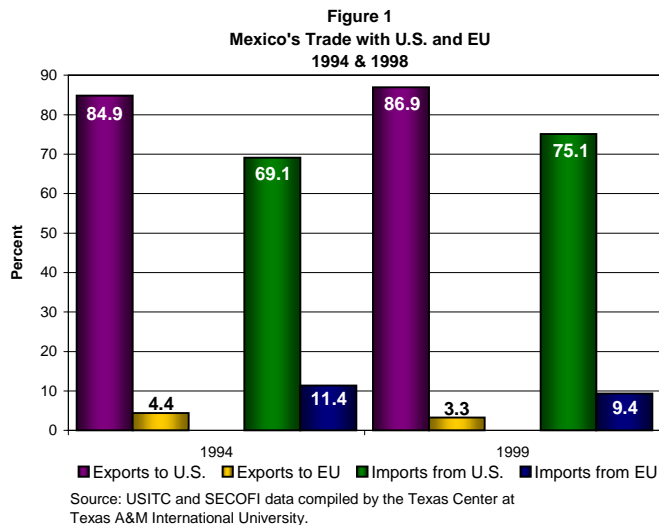
According to the European Commission, EU tariffs on 82.0 percent of industrial trade with Mexico will phase-out when the agreement enters into force. The remaining 18.0 percent will phase-out by January 1, 2003. Mexican tariffs on 47.0 percent of industrial trade with the EU will phase-out when the agreement enters into force. The remaining 53.0 percent will phase-out in three stages and be completed by January 1, 2007. Tariff phase-out on agriculture trade will occur in stages and be completed by January 1, 2010. Liberalization of trade, in services, will also be completed by January 1, 2010.

While the U.S. and EU markets are of roughly comparable size in world trade, the United States' trade with Mexico dwarfs the EU. In 1999, U.S. trade with Mexico was \$196.6 billion compared to \$17.9 billion

for the EU. The imbalance in trade between the U.S. and the EU with Mexico widened in the course of the NAFTA years. In 1994, the EU received 4.4 percent of Mexico's overall exports, while 84.9 percent went to the U.S. market. However, in 1998, only 3.3 percent of Mexico's total exports went to the EU compared to 86.9 percent for the United States (Figure 1). Machinery and equipment, mineral fuels, mining products, organic chemicals, and steel account for most of Mexico's exports to the EU. In 1994, 11.4 percent of Mexico's total imports originated in the EU and 69.1 percent in the United States. In 1998, the EU share of the Mexican import market fell to 9.4 percent, while the U.S. share increased to 75.1 percent (Figure 1). Iron and steel, machinery and equipment, automotive vehicles, pharmaceuticals, beverages and spirits, and dairy products account for most of Mexico's imports from the EU.

The EU has been comparatively more important as a source of investment than a trading partner for Mexico. The EU accounted for 22.0 percent, and the United States for 60.0 percent of all foreign direct investment inflows to Mexico during the 1994-1998 period. Mexico hopes that the FTA will substantially increase trade-related, foreign direct investment inflows from the EU, much as it has experienced an acceleration of foreign direct investment inflows from the United States and Canada under NAFTA.

In 1999, 3,955 EU firms were established and doing business in Mexico. This number represents 22.6 per-



cent of all registered foreign firms (17,521) operating in Mexico. The principal EU countries in Mexico are: Spain (967); Germany (684); United Kingdom (536); Holland (483); France (481); and, Italy (424). In terms of industry sector, 36.5 percent of EU firms are in the services sector; 32.6 percent in manufacturing; 23.8 percent in the construction sector; 3.1 percent in transportation and communications; 1.5 percent in agriculture; 1.1 percent in mining and energy; and 0.3 percent electricity and water.

**Texas Trade with Mexico**

Texas is a leading state in the U.S.-Mexico trade relationship. In 1999, Texas accounted for 37.7 percent of total U.S. exports to Mexico. In addition, 77.0 percent of total U.S.-Mexico overland merchandise trade passed through Texas ports of entry in 1999, over 40.0 percent passed through Laredo. As can be seen in Figure 2, the composition of Mexico’s imports from the U.S., the EU, and Texas is very similar. U.S. and Texas imports; however, dominate EU imports by significant margins.

**Figure 2**  
**Mexico’s Top Imports**  
**from the U.S., EU and Texas, 1999**

**United States**

Electrical Equipment & Components	\$19.3 billion
Industrial Machinery & Computers	11.3 billion
Transportation Equipment	7.8 billion
Rubber & Plastic Products	6.7 billion

**European Union (EU)**

Industrial Machinery & Computers	\$3.7 billion
Electrical Equipment & Components	2.0 billion
Chemicals & Allied Products	1.6 billion
Transportation Equipment	1.2 billion
Scientific Instruments	0.5 billion

**Texas**

Electronic Equipment & Components	\$11.4 billion
Transportation Equipment	6.2 billion
Industrial Machinery & Computers	4.5 billion
Chemicals & Allied Products	2.7 billion
Rubber & Plastics Products	2.5 billion

To the extent that the EU-Mexico FTA levels the playing field and EU products achieve market parity with products from the U.S. and Texas, EU products will be in a position to compete for a larger share of the Mexican market. In such a case, the U.S. and Texas could experience a decline in their exports to Mexico. South Texas could also see a fall in demand for export related transportation and warehousing services provided at border ports of entry. It is difficult to know *a priori*; however, how competitive EU products will be with U.S. and Texas products.

On the other hand, the increased presence of EU products and investments in Mexico, over time, will likely contribute to the country’s development by raising industry productivity and increasing consumer purchasing power. This, in turn, will increase the demand for U.S. and Texas products and the volume of overland merchandise trade moving through Texas border ports of entry.

Although NAFTA and EU-Mexico FTA rules of origin will limit European access to the American market, and American access to the EU market, the EU-Mexico FTA will likely spawn American-European-Mexican joint ventures targeting Central America and South American countries as well as emerging markets in Asia and Eastern Europe. ’

*By J. Michael Patrick, Director, Texas Center for Border Economic and Enterprise Development, Texas A&M International University*

**EU Members**

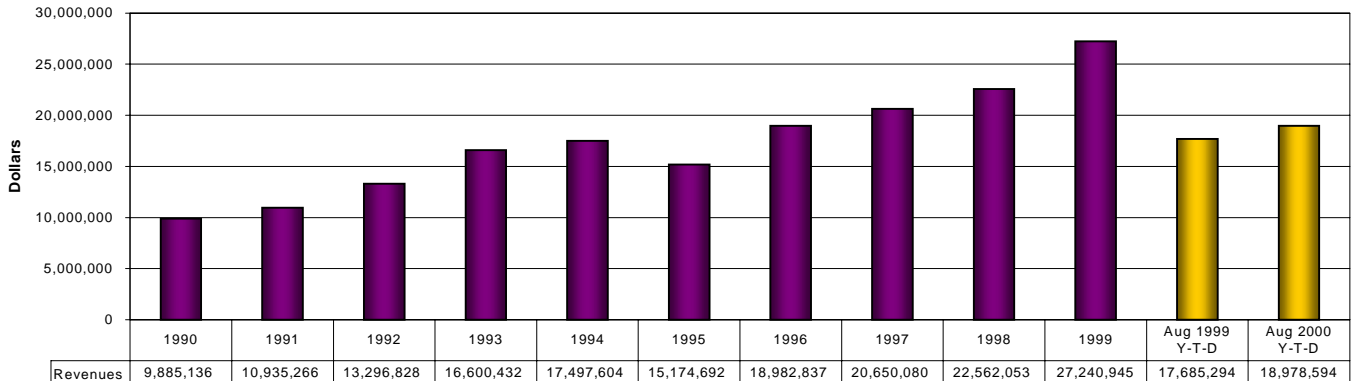
- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- Sweden
- U.K.



Reflecting the overall growth in the volume of international trade and commerce, Laredo's local *bridge revenues* have steadily increased, reaching a record high of \$27.2 million in 1999. Local bridge revenues for 2000 year-to-date are on track to top \$30.0 million. (Figure 10). Local *bridge revenues* are an important source of revenue for local government.

**BRIDGE REVENUES**

Figure 10  
Bridge Revenues for Laredo



Source: U.S. Bridge Operators' data compiled by the Texas Center at Texas A&M International University.

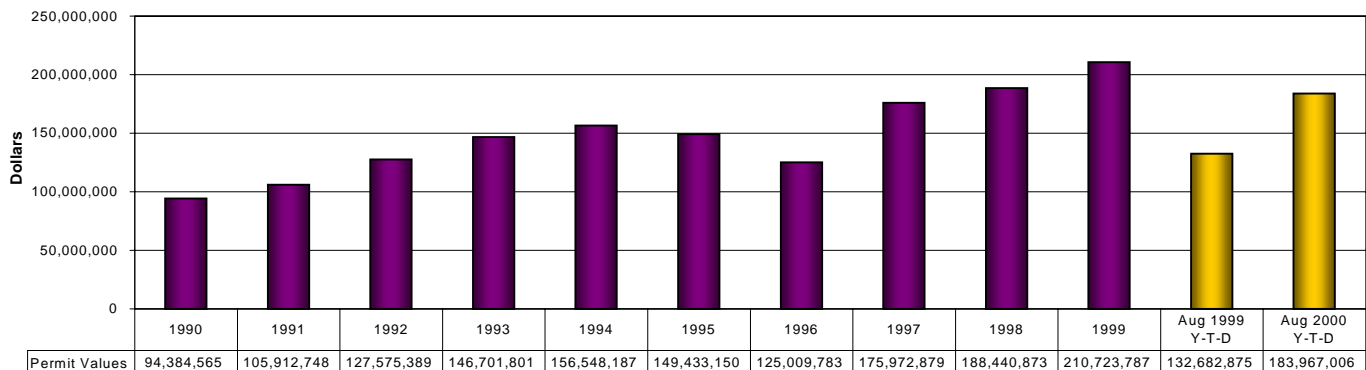
**Local Economic Activity**

Laredo has enjoyed continuous growth in its *construction* sector throughout the 1990s. The value of building permits has increased at the rate of 12.0 percent per year between 1990 and 1999 (Figure 11), reflecting the strong growth in population and economic activity in the area. 1999 *building permit values* reached a record high of \$210.7 million. With year-to-date building permit values running 38.0 percent ahead of 1999 figures, topping \$300.0 million in 2000 is a real possibility.

In the coming years, Laredo will see new construction, expansions, and improvements in the community's infrastructure, including, hospitals, ambulatory health care facilities, elementary schools, middle schools, high schools, and the local university and college. Continued construction on international bridges, warehousing facilities, residential and commercial properties, major highways and streets will also extend the construction boom. For example, in 2001, TxDOT has scheduled \$79.4 million in projects for Laredo, FINSA Development Corporation has plans to build a \$10.0 million industrial park adjacent to the new World Trade Bridge, Killam Industrial Park and East Point Industrial Park are planning multi-million dollar expansions, Convergys Corporation, a Standard and Poors 500 Company, will invest millions in a new telecommunications center, Laredo Community College is planning to break ground on a \$50 million second campus, if approved by voters, construction on the new multi-million dollar Laredo Campus Extension of the University of Texas Health Science Center at San Antonio is expected to get un-

**BUILDING AND CONSTRUCTION**

Figure 11  
Laredo Building Permit Values



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

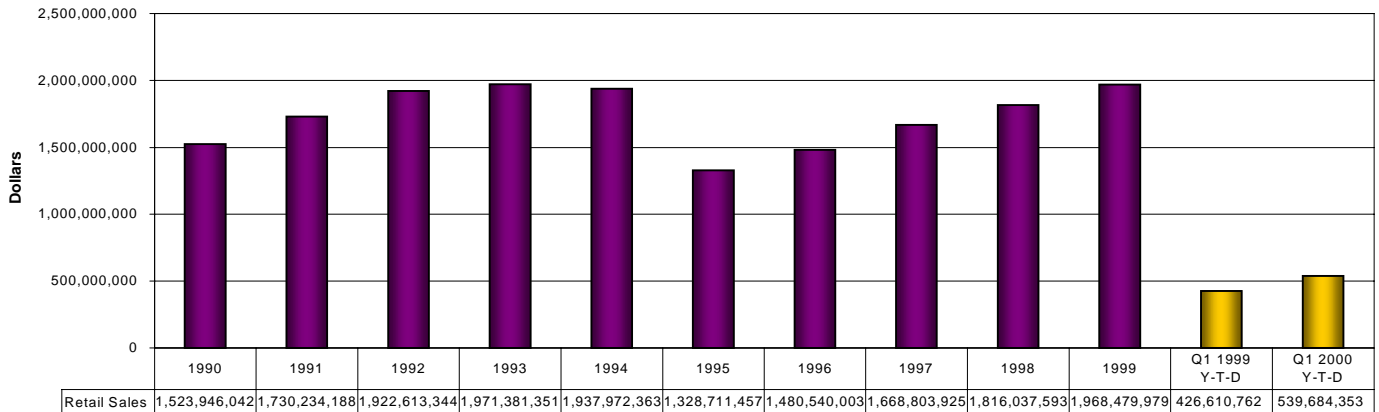


derway, Texas A&M International University will be in the middle of the \$49.5 million dollar Phase III Construction of its campus; and, ground will likely be broken on a new \$35.0 million Laredo Entertainment Center.

According to the Texas Workforce Commission, Laredo's fastest growing sectors during the 1990s were transportation, communications, and utilities, up 77.0 percent; construction, up 65.6 percent; and services, up 64.0 percent. Transportation services added 2,990 new jobs during the 1990s, followed by health services with 4,063 new jobs. Trucking and warehousing added 2,085 new jobs.

**RETAIL SALES**

Figure 12  
Laredo Retail Sales



Source: Texas Comptroller of Public Accounts

Local and cross-border retail sales constitute a major component of Laredo's economy. Retail sales account for over 50.0 percent of total sales, and provide income and employment to over a quarter of the area's residents. Notwithstanding a 31.0 percent decline in 1995 following the peso devaluation, Laredo's retail sales grew a healthy 27.7 percent between 1990 and 1999. Retail sales, for 2000 year-to-date, are running 26.0 percent ahead of 1999 and will likely top \$2.2 million by year's end (Figure 12).

Sales tax rebates, along with international bridge revenues, are an important source of revenue for local government. Sales tax rebates grew by 72.9 percent between 1990 and 1999. Following the December 1994 peso devaluation, Laredo's retail sales and sales tax rebates dropped 31.6 percent and 13.6 percent, respectively, from their previous record highs in 1994 (Figures 12 and 13). By 1999, however, retail sales and sales tax rebates fully recovered their lost ground, exceeding their 1998 levels. Sales tax rebates for 2000 year-to-date are up 12.0 percent over 1999 and are projected to exceed \$15.5 million by year's end (Figure 13).

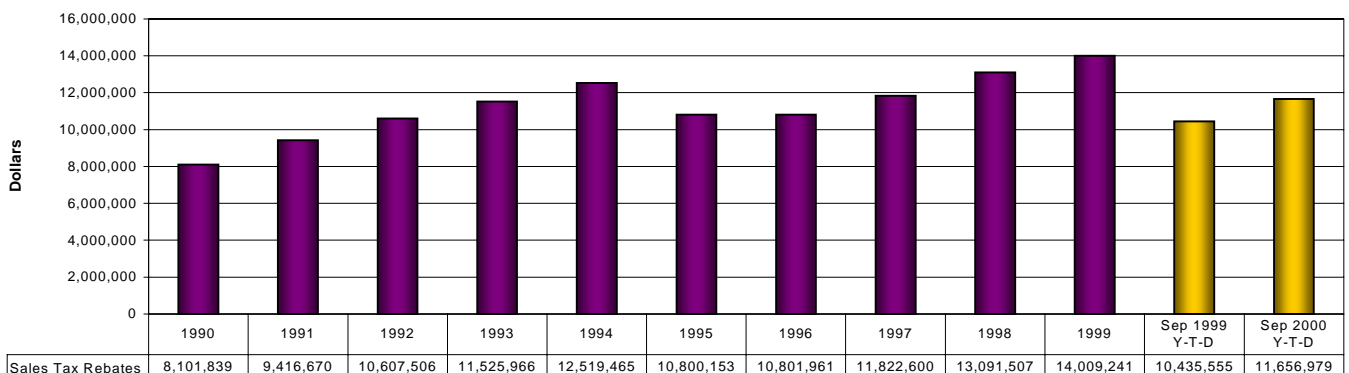


© 2000-www.arttoday.com

Laredo's retail sales continue to climb in 2000.

**SALES TAX REBATES**

Figure 13  
Sales Tax Rebates for Laredo



Source: Texas Comptroller of Public Accounts

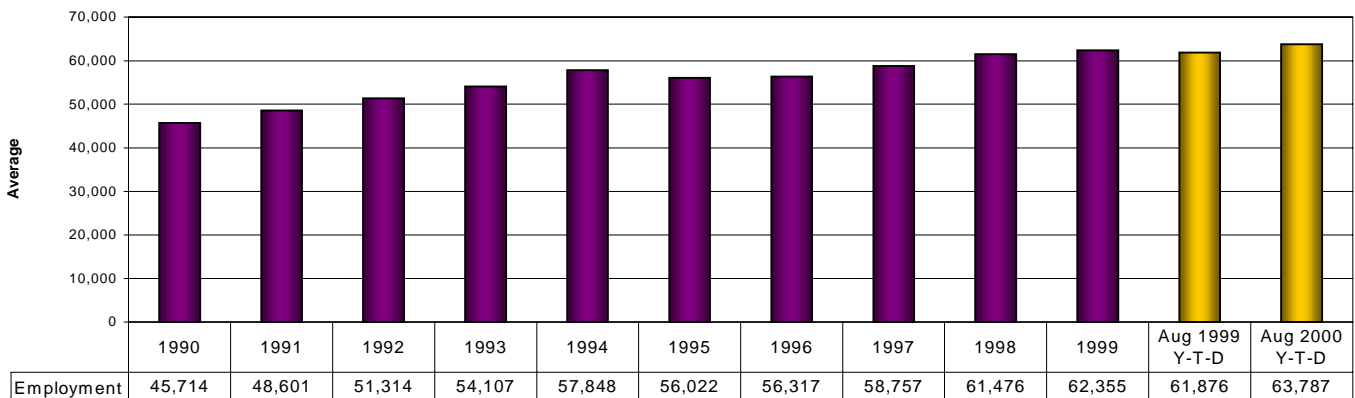
A measure of the strength of a local economy is its ability to generate jobs. Between 1990 and 1999, Laredo's robust economy created 16,641 *new jobs* (Figure 15). Laredo's 36.4 percent increase in jobs during this time period compares favorably to the State's job creation rate of 25.2 percent. Laredo is projected to add another 2,000 to 2,200 new jobs in 2000. Laredo's unemployment rate continues to improve in 2000, dropping to 7.3 percent year-to-date compared to 7.6 percent for 1999 and 4.3 percent for the State. Clearly, Laredo's economy is capable of generating jobs. The city's rapid growth in population (5.0 percent per annum compared to 1.8 percent for the State) is making it difficult to reduce the unemployment below its current level. The number of new job seekers in the Laredo economy is much higher, percentage wise, than for the State as a whole. Ironically, it would seem that Laredo's economic success is the source of its unemployment problem. The more jobs it creates, the more new job seekers it attracts.



Laredo will add 2,000 to 2,200 new jobs in 2000.

**EMPLOYMENT**

Figure 15  
Laredo Employment



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

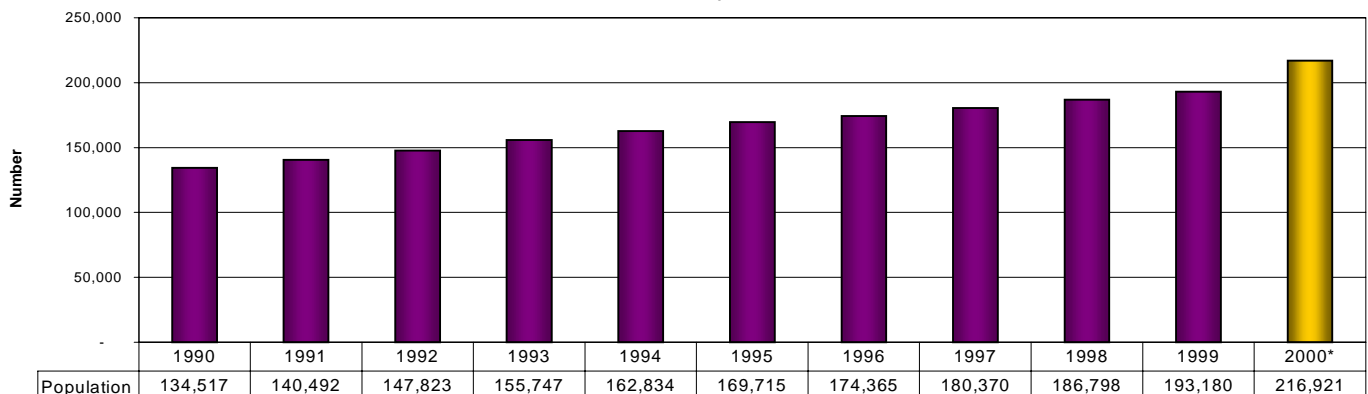
Laredo, with a current population estimate of 216,921, is the second fastest growing city in the U.S., behind Las Vegas, NV, according to the U.S. Census Bureau. Laredo's annual *population* growth rate of 5.0 percent, over the past decade, is nearly three times greater than the State of Texas rate of 1.8 percent. With the expansion of U.S.-Mexico trade and continued economic integration likely in the coming years, Laredo can expect to remain one of the fastest growing metropolitan areas in the nation. The Texas State Data Center projects that Laredo's population will double to 400,000 by 2030. Additionally the Texas Restaurant Association reported that Laredo has been the fastest growing food service market in the state during 1999. *U*



Laredo is the 2nd fastest growing city in the U.S.

**POPULATION**

Figure 14  
Laredo MSA Population



Source: U.S. Dept. of Commerce, Bureau of Economic Analysis' population figures for 1990-99; \*Projection for 2000.

Texas highways, TxDOT expenditures on construction, maintenance, and routine prevention increased by 19.0 percent in the border region and 9.3 percent in the non-border regions, between 1996 and 1999 (Table 3).

**Table 2**  
Impact of NAFTA on the Texas Transportation Infrastructure and Communities

Costs 1996 (\$ Millions)		Total	Pavement	Congestion	Air Pollution	Noise Pollution	Accident
District	<b>Border</b>	<b>178.2</b>	<b>31.1</b>	<b>58.7</b>	<b>23.3</b>	<b>19.0</b>	<b>46.2</b>
	El Paso	55.7	8.4	21.2	8.1	6.1	11.9
	Laredo	26.7	5.0	7.7	3.9	1.7	8.3
	Pharr	95.6	17.7	29.9	11.2	11.2	25.8
	<b>Non-Border</b>	<b>423.5</b>	<b>59.8</b>	<b>154.5</b>	<b>66.4</b>	<b>30.3</b>	<b>112.4</b>
<b>Total</b>		<b>601.5</b>	<b>90.9</b>	<b>213.3</b>	<b>89.6</b>	<b>49.3</b>	<b>158.4</b>

Costs 1996 (% Share)		Total	Pavement	Congestion	Air Pollution	Noise Pollution	Accident
District	<b>Border</b>	<b>29.6</b>	<b>34.2</b>	<b>27.5</b>	<b>26.0</b>	<b>38.5</b>	<b>29.2</b>
	El Paso	9.3	9.2	9.9	9.0	12.4	7.5
	Laredo	4.4	5.5	3.6	4.4	3.4	5.2
	Pharr	15.9	19.5	14.0	12.5	22.7	16.3
	<b>Non-Border</b>	<b>70.4</b>	<b>65.8</b>	<b>72.4</b>	<b>74.1</b>	<b>61.5</b>	<b>71.0</b>
<b>Total</b>		<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Texas Department of Transportation, *Effect of the North American Free Trade Agreement on the Texas Highway System*, December 1995. Verbal permission to quote from the study given by Luis A. Ramirez, District Engineer, TxDOT Laredo District on June 20, 1999.

**Table 3**  
District Construction, Maintenance and Contracted Routine & Preventive, 1996 & 1999

Expenditures	Construction (\$ Millions)		Maintenance (\$ Millions)		Routine & Preventive (\$ Millions)		Total (\$ Millions)	
	Dollars Spent	Percent Change	Dollars Spent	Percent Change	Dollars Spent	Percent Change	Dollars Spent	Percent Change
	96-99	96/99	96-99	96/99	96-99	96/99	96-99	96/99
El Paso	350.9	34.3	48.1	-7.6	34.8	114.9	433.8	32.6
Laredo	191.5	27.2	39.8	-3.1	33.9	0.0	265.2	18.9
Pharr	367.2	9.2	61.2	-18.5	42.1	45.7	470.5	7.7
<b>State</b>	<b>10,112.6</b>	<b>10.9</b>	<b>1,948.9</b>	<b>-7.9</b>	<b>1,291.0</b>	<b>32.8</b>	<b>13,352.5</b>	<b>10.1</b>

Source: Texas Department of Transportation, *District Construction, Maintenance and Contracted Routine & Preventive Maintenance Expenditure Reports*, 1996-1999.

Responding to the growing sense of urgency to meet the critical transportation infrastructure needs of the border region, TxDOT announced in September 1999 that more than \$1.8 billion in NAFTA-related transportation projects would be scheduled for the Texas-Mexico border region over the next ten years<sup>3</sup>. The U.S. Federal Highway Administration has also announced that it is planning to provide Texas with \$18.3 million to improve the State's transportation system, particularly in the border region<sup>4</sup>.

Many concerned groups, including the Texas Border Infrastructure Coalition (TBIC), fear that current state and federal plans to address the transportation infrastructure needs of the border region are "too little, too late". TBIC is calling for the TxDOT to accelerate the implementation of planned projects included in its \$1.8 billion border transportation initiative. In addition, TBIC is recommending the State Legislature establish a bond program to finance accelerated highway construction<sup>5</sup>.

There is little doubt that NAFTA has contributed to economic growth in the border region, as well as in communities across Texas and the nation. NAFTA induced trade, however, has also placed a growing burden on the border's transportation infrastructure. The failure to address this problem will likely turn border ports of entry into choke points blocking trade rather than facilitating it. *∇*

**Notes**

<sup>1</sup> Texas Department of Transportation, *Effect of the North American Free Trade Agreement on the Texas Highway System*, December 1998.

<sup>2</sup> Texas Department of Transportation, *1998 Texas Border Region Traffic Trends*, June 1999.

<sup>3</sup> Texas Department of Transportation, News Release, *Border Transportation Task Force Recommends Increased Funding: Border Transportation Task Force Report*, September 28, 1999.

<sup>4</sup> Laredo Morning Times, *Officials to Announce Millions to Improve Texas Transportation*, June 9, 2000.

<sup>5</sup> Texas Border Infrastructure Coalition, *Working Paper: Transportation Sub-Committee*, July 2000.



***“Gateway  
to Mexico”***

**Chamber of Commerce  
Laredo, Texas**

Miguel Conchas, President and CEO  
2310 San Bernardo Avenue  
Laredo, Texas 78040

Phone: (956) 722-9895  
Fax: (956) 791-4503  
Email: [chamber@icsi.net](mailto:chamber@icsi.net)



*The Vision 2001 Report series is produced by the Texas Center for Border Economic and Enterprise Development (Texas Center) in cooperation with the Laredo Chamber of Commerce. Baldomero G. Garcia, Associate Director of the Texas Center, is production editor of the series. Jacqueline O. Benavides, Texas Center's Data and Information Specialist, assisted with the content preparation for the Vision 2001: Economic Report Update.*

**Join Us for Vision 2001 in Corpus Christi, Texas on November 16 & 17, 2000.**

**Partnership**

By J. Charles Jennett, President  
Texas A&M International University  
Laredo, Texas



The **Vision 2001: Economic Report Update** 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.

The Laredo Chamber of Commerce and Texas A&M International University are committed to pursuing partnerships, including conferences, workshops, research projects and reports, that will enhance Laredo's ability to meet the challenges and opportunities of the future.

Reach us at our Web Site: [www.tamui.edu](http://www.tamui.edu)



**Texas A&M International University's  
Center for the Study of  
Western Hemispheric Trade**

*Completion Date: Late Fall 2001*