

Border Region Economy Update

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Vision 2001 Conference

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Border Region Defined

- Texas border counties contiguous with Mexico
- 90.2 percent of border region population (1999) resides in the Brownsville MSA (Cameron County), McAllen MSA (Hidalgo County), Webb MSA (Webb County) and El Paso MSA (El Paso County).

Measures of Economic Growth and Welfare

	Border	State
Employment (Thousands)		
1990	497.6	8,071.3
1999	640.6	9,734.4
Percent Change	28.6	20.6
Gross Sales — All Industries (\$ Billions)		
1990	20.3	395.4
1999	33.1	695.7
Percent Change	62.8	76.0
Per Capita Income (\$)		
1990	10,277	17,458
1999	14,189	25,368
Percent Change	38.1	45.3

Source: Texas Center for Border Economic and Enterprise Development, Texas A&M International University, Laredo, Texas

Border Region Employment, 1990-1999

	1990	1999	Percent Change
State	8,071,312	9,734,413	20.6
Border	497,550	640,613	28.6
Brownsville	90,866	119,139	25.6
McAllen	128,560	194,414	51.2
Laredo	48,766	66,518	36.4
El Paso	229,358	260,542	13.6
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Corpus Christi	150,142	164,394	9.5

Source: Texas Workforce Commission Civil Labor Force Estimates,
<http://www.twc.state.tx.us>

Border Region Gross Sales — All Industries, 1990-1999

	1990 (\$ Millions)	1999 (\$ Millions)	Percent Change
State	395,397.0	695,732.3	76.0
Border	20,334.0	33,101.2	62.8
Brownsville	4,010.5	4,534.2	13.1
McAllen	4,804.2	7,878.2	64.0
Laredo	2,717.7	3,877.9	42.7
El Paso	8,801.9	16,810.9	91.0
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Corpus Christi	7,238.4	9,601.7	32.6

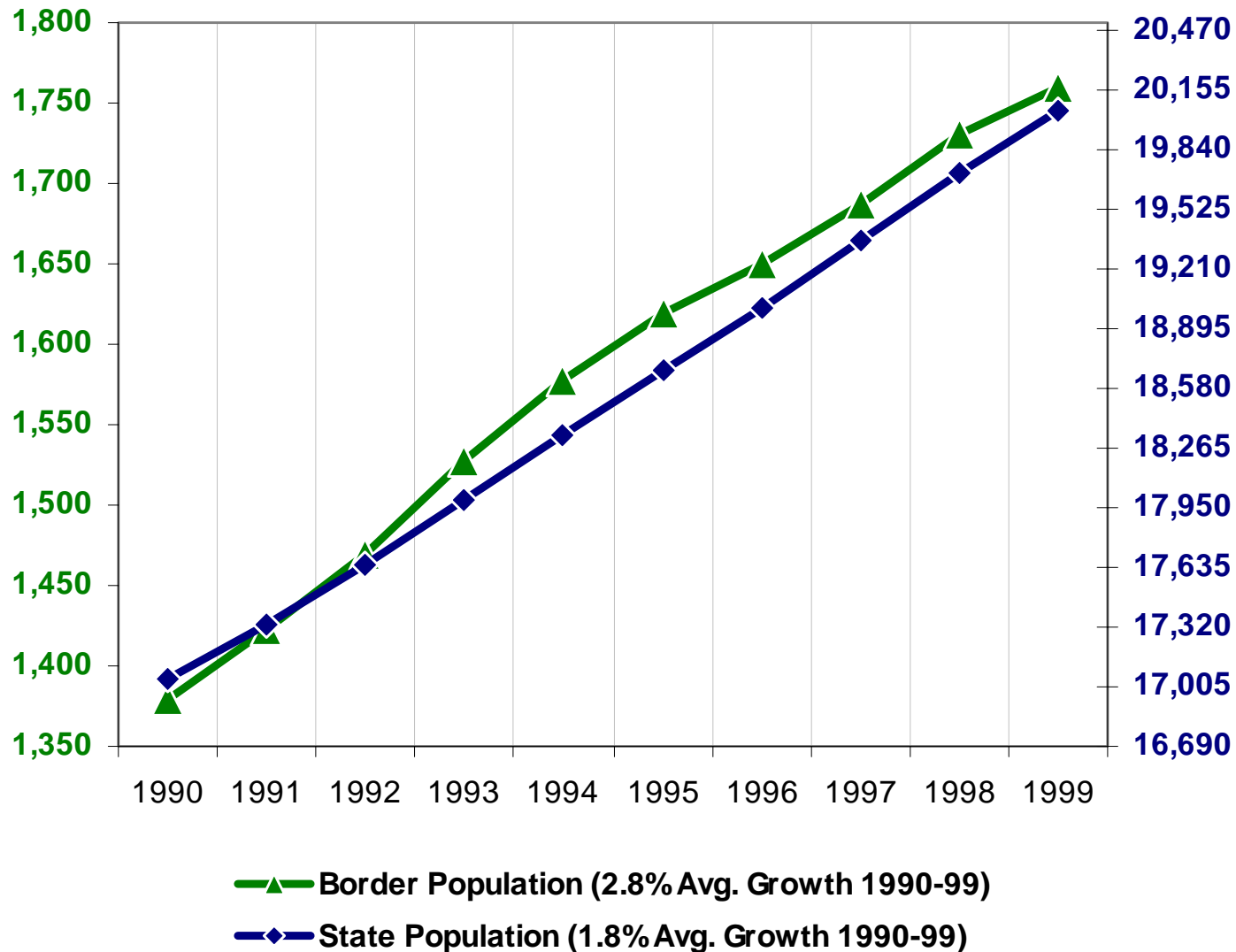
Source: Texas Comptroller of Public Accounts, Quarterly Sales Tax Report,
<http://www.window.state.tx.us>

Border Region Population, 1990-1999

	1990	1999	Percent Change
State	17,044,714	20,044,141	17.6
Border	1,378,952	1,759,126	27.6
Brownsville	261,693	329,131	25.8
McAllen	386,777	534,907	38.3
Laredo	134,517	193,180	43.6
El Paso	595,965	701,908	17.9
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Corpus Christi	349,894	387,105	10.6

Source: U.S. Census Bureau Metropolitan Area Population Estimates,
<http://www.census.gov>

Border Region & State Population Growth, 1990-1999 (Thousands)



Source: U.S. Census Bureau Metropolitan Area Population Estimates, <http://www.census.gov>

Source of Border Population Growth

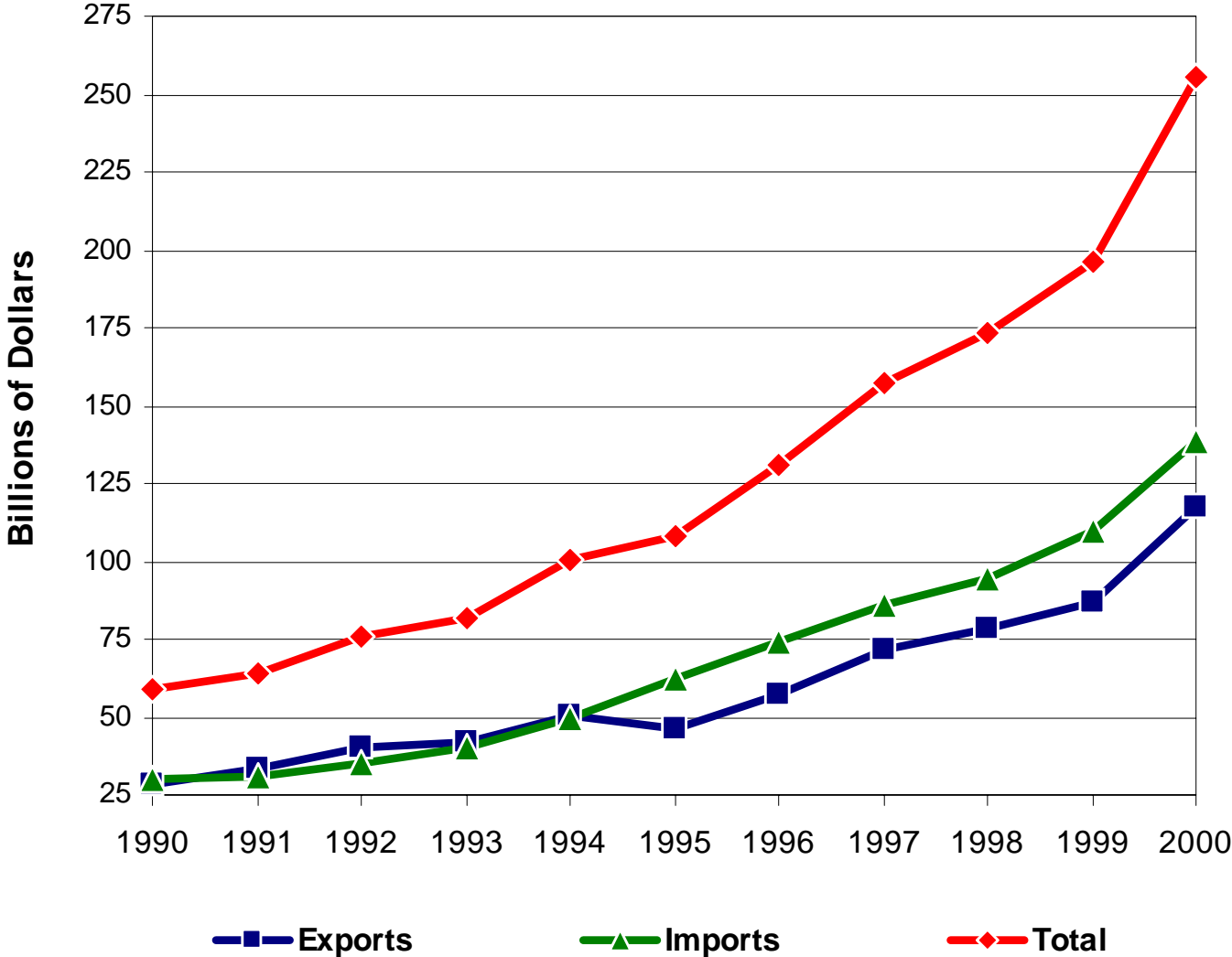
Natural Growth **70%**

In-Migration **30%**

Mexico, Central & South America	10%
Texas & Other U.S. States	20%

Source: Dr. Steve Murdock, State Demographer, Texas State Data Center, Texas A&M University, March 2000

U.S.-Mexico Trade, 1990-2000*



*Projected

Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. 20233

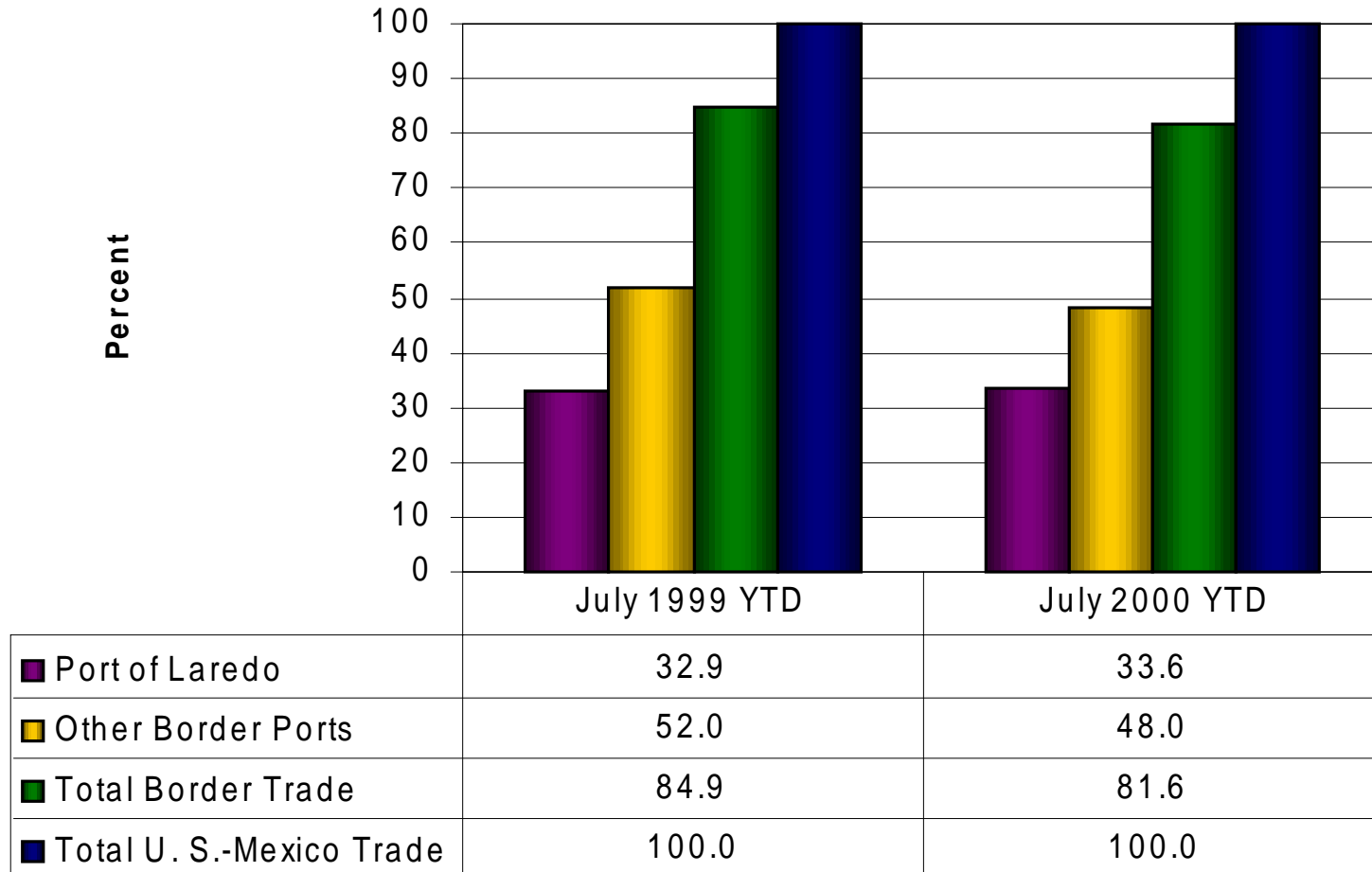
Total Crossings at Principal Border Cities* **NAFTA Era (1994-1999)**

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

* Brownsville, Harlingen, McAllen/Hidalgo/Pharr, Rio Grande, Roma, Laredo, Eagle Pass, Del Rio, and El Paso.

Source: Texas Center for Border Economic and Enterprise Development, Texas A&M International University, Laredo, Texas

U.S.-Mexico Trade and Border Trade Flows July 1999 YTD vs. July 2000 YTD



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

NAFTA Places Heavy Burden on Border Transportation Infrastructure

Impact of NAFTA on the Texas Transportation Infrastructure and Communities

Costs 1996 (\$ Millions)

	Total	Pavement	Congestion	Air Pollution	Noise Pollution	Accident
Border	178.2	31.1	58.7	23.3	19.0	46.2
Non-Border	423.5	59.8	154.5	66.4	30.3	112.4
Total	601.5	90.9	213.3	89.6	49.3	158.4

Costs 1996 (% Share)

	Total	Pavement	Congestion	Air Pollution	Noise Pollution	Accident
Border	29.6	34.2	27.5	26.0	38.5	29.2
Non-Border	70.4	65.8	72.4	74.1	61.5	71.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

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.

Border Region MSA Employment — NAFTA Era (1994-1999)

	1994	1999	Number	Percent Change
Agriculture	13,486	10,709	-2,777	-20.6
Mining	3,743	2,315	-1,428	-38.2
Construction	19,557	26,685	7,128	36.4
Manufacturing	74,500	67,000	-7,500	-10.1
Transportation & Pub. Util.	29,400	37,600	8,200	27.9
Wholesale Trade	24,600	27,500	2,900	11.8
Retail Trade	108,000	114,000	6,000	5.6
Fin. Serv.& Real Est.	18,400	21,500	3,100	16.8
Services	103,000	136,400	33,400	32.4
Government	114,400	133,400	19,000	16.7
Total	509,086	577,100	68,014	13.4

** Brownsville, McAllen, Laredo, and El Paso MSAs*

Source: Texas Workforce Commission, <http://www.twc.state.tx.us>

Border Region MSA Employment — NAFTA Era (1994-1999)

Leading Job Categories in Fastest Growing Sectors

(Estimates)

Sector/Job Category	Increase in Number of Jobs
Services	
Health Services	9,933
Business Services	7,701
Eating & Drinking Establishments	4,857
Social Services	2,555
Construction	
Special Trade Contractors	1,678
Heavy Construction, Ex. Bldg	728
Transportation & Public Utilities	
Transportation Services	2,356
Trucking & Warehousing	1,615

Source: Texas Workforce Commission, <http://www.twc.state.tx.us>

Border Region MSA Employment — NAFTA Era (1994-1999)

Losing Job Categories in Slowest Growing Sectors (Estimates)

Sector/Job Category	Decrease in Number of Jobs
Agriculture	
Production & Ranching	1,299
Agricultural Services	2,087
Mining	
Oil & Gas Exploration	1,282
	200
Manufacturing	
Apparel & Other Textile Products	5,760
Food & Kindred Products	602
Stone, Clay & Glass Products	251
Electronic & Other Electric Equipment	215
Furniture & Fixtures	203
Leather & Leather Products	162
Fabricated Metal Products	155
Chemicals & Allied Products	115
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Source: Texas Workforce Commission, <http://www.twc.state.tx.us>

Border Region and the State of Texas: Comparative Figures, 1999

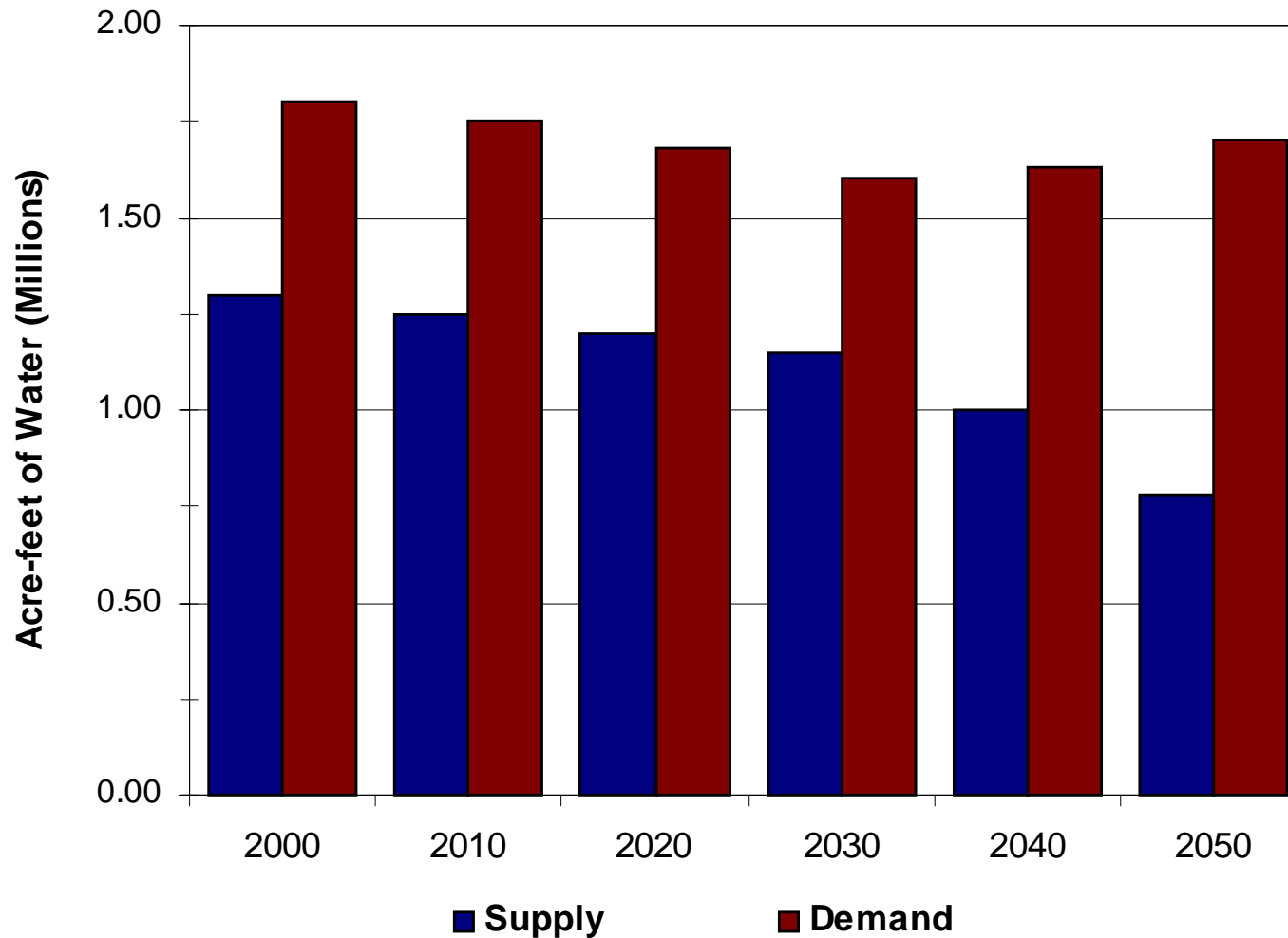
	Unemployment Rate ¹	Per Capita Income ²	Percent of Individuals in Poverty ³
Border Region	10.6	14,234	34.0
Brownsville MSA	9.8	13,766	35.3
McAllen MSA	14.5	12,759	37.7
Laredo MSA	8.5	13,870	35.2
El Paso MSA	10.6	16,539	27.9
Texas	4.6	25,369	16.5

Source: 1. Texas Workforce Commission, <http://www.twc.state.tx.us>

2. U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data, <http://www.bea.doc.gov/bea/regional/reis/>

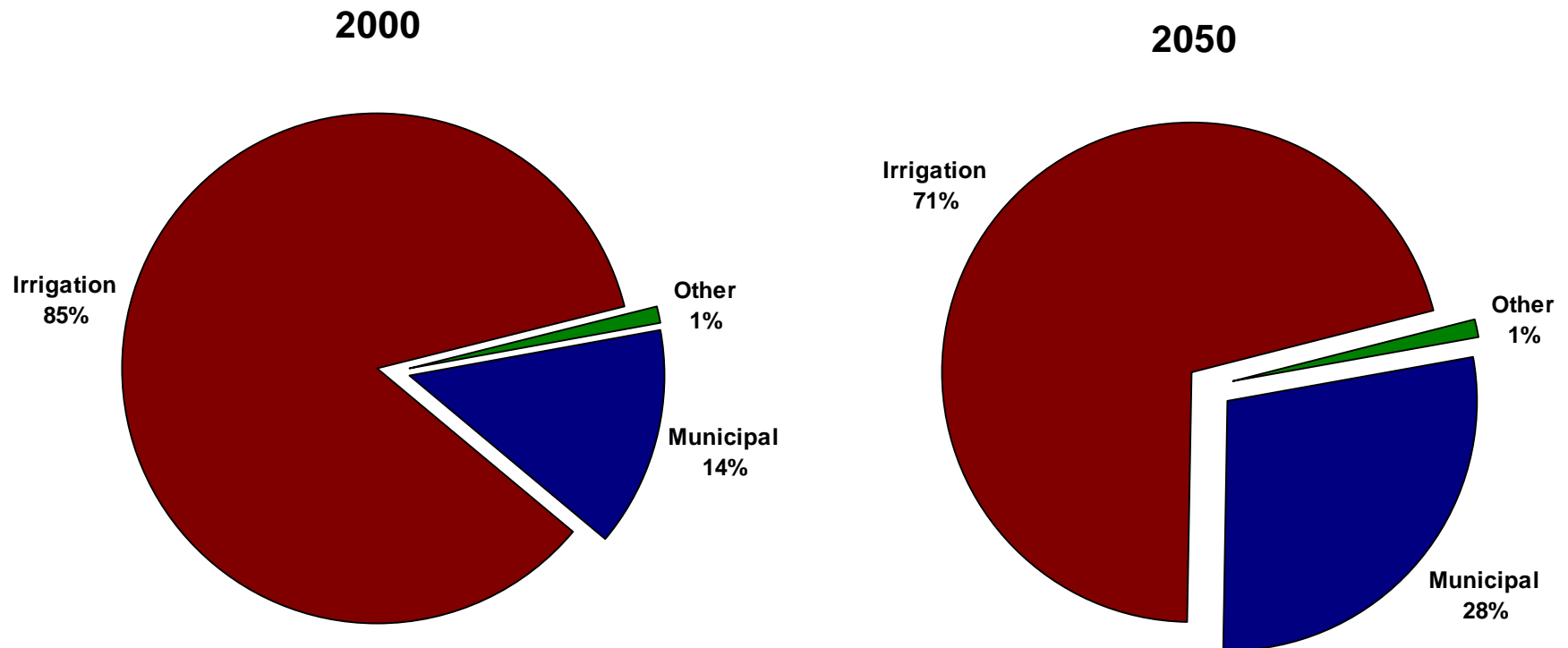
3. Texas Department of Human Services, <http://www.dhs.state.tx.us>

Water Supply and Demand in the Rio Grande Region 2000 - 2050



Source: Water for Texas: Rio Grande Regional Water Plan (Draft), Texas Water Development Board, Public Hearings, McAllen, Texas, September 27, 2000

Water Demand by Type of Use in the Rio Grande Region



Source: Water for Texas: Rio Grande Regional Water Plan (Draft), Texas Water Development Board, Public Hearings, McAllen, Texas, September 27, 2000

Texas Non-Agricultural Exports to Mexico

Top Ten MSAs

Output, Earnings and Employment Impact

1999

	Value of Texas Exports to Mexico by Sector in 1999 (\$ Billions)	Output Impact (\$ Billions)	Earnings Impact (\$ Billions)	Employment Impact (Thousands)
Texas	38.988	93.878	24.302	985.611
Top 10 MSAs	28.163	68.492	18.606	745.586
Dallas	10.088	24.986	7.024	278.085
Houston	5.824	13.783	3.373	135.527
Fort Worth/Arlington	4.454	10.648	2.913	114.604
Austin/San Marcos	3.179	8.030	2.369	91.953
El Paso MSA	1.627	3.829	1.035	47.084
San Antonio	1.496	3.726	1.053	42.335
Brownsville MSA	0.473	1.097	0.304	13.439
McAllen MSA	0.360	0.838	0.222	10.436
Longview/Marshall	0.339	0.795	0.194	7.426
Beaumont/Port Arthur	0.323	0.760	0.119	4.697

Source: Derived from Texas Department of Economic Development and Texas Workforce Commission data, utilizing the U.S. Department of Commerce's *Regional Input-Output Modeling System (RIMS II)*

Border Region Maquiladora Activity, 1999-2000

Mexican Border State	1990		2000		Pct. Change 1990-2000	
	No. Firms	Employment (000)	No. Firms	Employment (000)	No. Firms	Employment (000)
Chihuahua	326	160.3	443	328.7	35.9	105.1
Coahuila	138	31.9	280	114.8	102.9	259.9
Nuevo Leon	72	15.4	159	71.5	120.8	364.3
Tamaulipas	241	78.0	376	183.9	56.0	135.8
Total	777	285.6	1,258	698.9	61.9	144.7

Source: INEGI, *Banco de Información Económica*, <http://www.inegi.gob.mx>

European Union (EU)-Mexico Free Trade Agreement: Impact on Texas

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

Electrical 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

Source: Texas Center for Border Economic and Enterprise Development, Texas A&M International University, Laredo, Texas

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Chamber of Commerce
Laredo, Texas

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	2
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

Vision 2001

Economic Report Update

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 cities¹ increased 25.3 percent, 69.2 percent, and 85.9 percent, respectively (Table 1).

Table 1
Total Crossings at Principal Border Cities¹

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

¹Principal 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 study¹ 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 region². With the rapid rise in U.S.-Mexico merchandise trade and related truck traffic on

(Continued on page 11)