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THE BINATIONAL CUSTOMS AGENCY

A Vision for US-Mexico Joint Customs Operations

AUTHORS

Dr. Daniel Covarrubias
Gerónimo Gutiérrez Fernández

ABSTRACT

This paper proposes establishing a Binational Customs Agency between the United States and Mexico as a transformative solution to address growing challenges in cross-border trade and security operations. With bilateral trade surpassing $800 billion in 2023 and projected to exceed $1 trillion within the next decade, current customs frameworks struggle to balance efficient trade facilitation with evolving security imperatives.

The proposal builds upon successful precedents in bilateral cooperation, particularly the International Boundary and Water Commission (IBWC) and North American Development Bank (NADBank), while addressing contemporary challenges, including the fentanyl crisis, weapons trafficking, and infrastructure constraints.

The proposed agency would operate through five specialized divisions: Joint Operations, Technology and Innovation, Revenue and Compliance, Professional Development, and Infrastructure Planning. This structure aims to bridge the institutional divide between U.S. Customs and Border Protection's security focus and Mexico's National Customs Agency's revenue emphasis while creating a unified platform for customs modernization.

The framework allows for initial operations through distinct national sections with clear sovereignty protections while enabling deeper integration as operational success builds trust between partners. With the upcoming 2026 USMCA review presenting a strategic opportunity for implementation, this paper argues that the Binational Customs Agency represents a pragmatic and necessary evolution in North American economic integration, potentially serving as a foundation for broader regional customs coordination, including Canada.

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I. INTRODUCTION

With the 2024 presidential elections in Mexico and the United States behind us, attention has naturally turned to how will governments manage the relationship in light of the important challenges that lie ahead. On the one hand, we will face a complicated review of the United States-Mexico-Canada Agreement (USMCA), a process that will start next year and is set to conclude in mid-2026. On the other hand, more effective security and law enforcement cooperation will be needed to address transnational organized crime and, in particular, the trafficking of fentanyl through and from Mexico into the United States. Among a complex overall agenda, these are, by no means, easy problems to deal with. Nevertheless, a transformative opportunity exists to streamline and improve the security of cross-border trade operations between the United States, and a joint customs agency —a unified organization managing customs operations for both countries—could provide the structural framework needed to enhance the efficiency and security of our increasingly integrated economies.

The timing for such an initiative is particularly critical given the evolving security landscape and competitiveness challenges facing both nations. This proposed organization—the Binational Customs Agency—would serve as a bridge between our nations' customs operations. The timing for such an initiative is critical, driven by unprecedented growth in bilateral trade. In 2023 alone, U.S.-Mexico trade surpassed $800 billion, with US exports to Mexico being $323.8 billion and imports from Mexico climbing 5% to $475 billion (US Census Bureau, 2023). This progression of trade flows puts the current customs infrastructure and operations under mounting pressure, with projections indicating bilateral trade will surpass $1 trillion within the next decade (Boston Consulting Group, 2024). Such growth demands not just expanded infrastructure but fundamentally reimagined customs operations.

As global supply chains reconfigure in response to geopolitical tensions, the strategic importance of secure and efficient customs operations has never been greater. The White House's Executive Order 14017 explicitly recognizes this reality, emphasizing that "resilient supply chains are secure and diverse," requiring "adequate stockpiles, safe and secure digital networks, and a world-class American manufacturing base and workforce. (Executive Order No. 14017, 2021)."

Similarly, both the past and current Mexican federal administrations have pushed corresponding policies to, for example, strengthen bilateral cooperation on micro-processer manufacturing and, more recently, through an upcoming executive order promoting nearshoring as part of President Sheinbaum's Mexico Plan. The Binational Customs Agency would directly address these imperatives while strengthening regional competitiveness through coordinated modernization of customs processes.

The alignment of national policies further reinforces this momentum. Mexico's recently announced Plan México sets ambitious goals for trade facilitation and nearshoring, including reducing customs processing times through a new National Simplification and Digitalization Law, implementing digital investment windows, and harmonizing standards with North America. These policy initiatives reflect a broader recognition that regional integration is becoming increasingly vital to North American economic competitiveness.

Indeed, global trade patterns are undergoing a fundamental shift from broad globalization to regional integration, with nearshoring being one of the drivers of this transformation along the U.S.-Mexico border. The private sector is leading a surge in logistics and transportation infrastructure investments, from new transload facilities to expanded rail networks and cross-border bridges in border metropolitan areas like Laredo-Nuevo Laredo, Eagle Pass-Piedras Negras or San Diego-Tijuana, signaling confidence in sustained trade growth. While customs operations are modernizing to incorporate new technologies and processes, the pace of adaptation to today's integrated supply chains and security needs remains challenging.

These economic shifts coincide with urgent security challenges that demand innovative institutional responses. The fentanyl crisis has emerged as a critical threat to U.S. public health, while the flow of weapons from the U.S. into Mexico continues to fuel violence and crime. Donald Trump's return to the White House and his stated policies on border management add another dimension of urgency to establishing robust and effective institutional frameworks. These parallel pressures—expanding trade flows, evolving security threats, and a shifting political landscape—create an unprecedented imperative for systematic reform of customs operations.

While political polarization often complicates the analysis of innovative proposals in both nations, the Binational Customs Agency represents a plausible and pragmatic solution that is certainly worth thinking about, and that could transcend the inherently politized environment that often plagues the bilateral relationship. Transformational policies along the U.S.- Mexico border have required bold visions, strong leadership, and, above all, perseverance. The Tijuana-San Diego Cross Border Express, or CBX, which connects San Diego in the United States with the Tijuana

Airport in Mexico, was first discussed as early as 1989 and did not begin operations until 2015. It was initially regarded as a this-will-never-happen-proposal, that now eliminates the need for travelers to navigate traditional border crossings, avoiding wait times in a secure manner with the full coordination of Mexican and U.S. authorities.

The success of existing bilateral institutions, particularly the International Boundary and Water Commission (IBWC) and the North American Development Bank (NADBank), which have effectively focused on joint objectives, managed shared resources, and financed critical border infrastructure for decades through various political cycles, demonstrates how well-designed binational institutions can work well while respecting national sovereignty. The Binational Customs Agency could use these proven models as a reference, providing an institutional framework for addressing shared challenges while maintaining each nation's autonomy in critical areas of national interest.

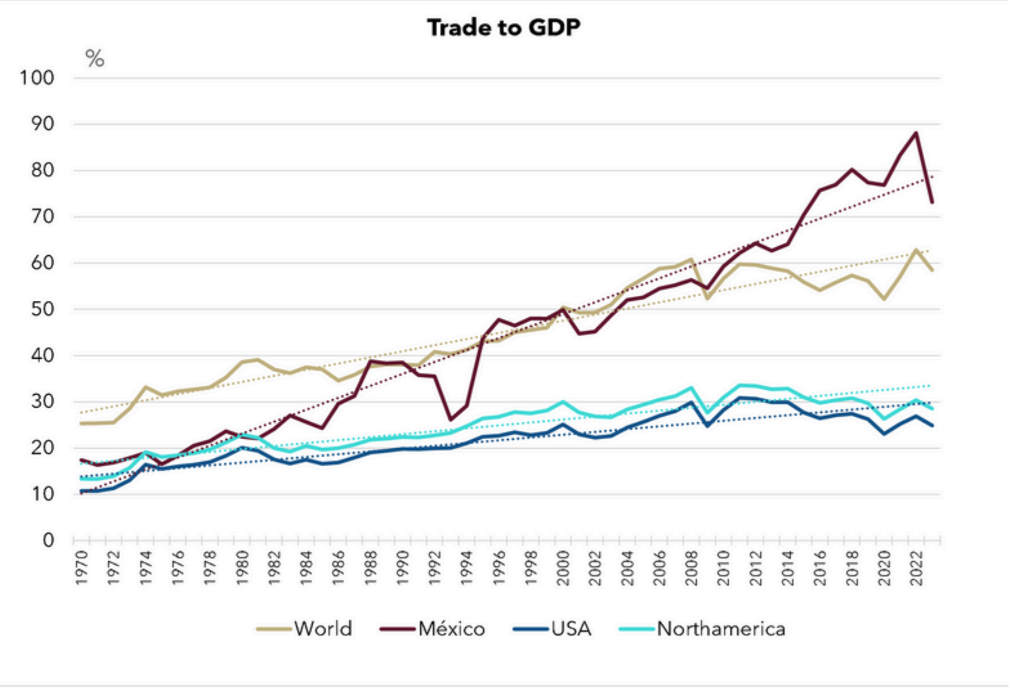
These successful precedents demonstrate the potential of well-designed bilateral institutions. However, in the customs domain, our nations continue to operate with distinct and hardly connected structures. The U.S. Customs and Border Protection has a broad security and enforcement mandate focused on preventing terrorism, narcotics trafficking, and illegal immigration. At the same time, Mexico's National Customs Agency (ANAM) functions primarily as a revenue collection entity. These parallel but separate systems increasingly struggle to provide the seamless, efficient border operations that our integrated economies demand.

The convergence of these factors—growing trade volumes, needed infrastructure and IT investments, shifting global trade patterns, and proven bilateral cooperation models—creates both an opportunity and an imperative for customs integration. The Binational Customs Agency represents a thoughtful response to this moment, building on successful precedents while addressing the unique challenges of modern cross-border commerce.

II. CONTEXT AND CHALLENGES

Trade Integration and Dynamics

The increasing interconnectedness of global commerce presents both opportunities and imperatives for customs modernization. World Bank data reveals that global trade as a proportion of GDP has maintained an upward trend and reached an unprecedented 63% in 2022—the highest level since 1970. This upward trajectory has demonstrated remarkable resilience despite periodic fluctuations over five decades. For Mexico, this integration has been particularly pronounced, with trade as a percentage of GDP growing from under 20% in 1970 to nearly 90% by 2022, significantly outpacing global averages (see Figure 1).



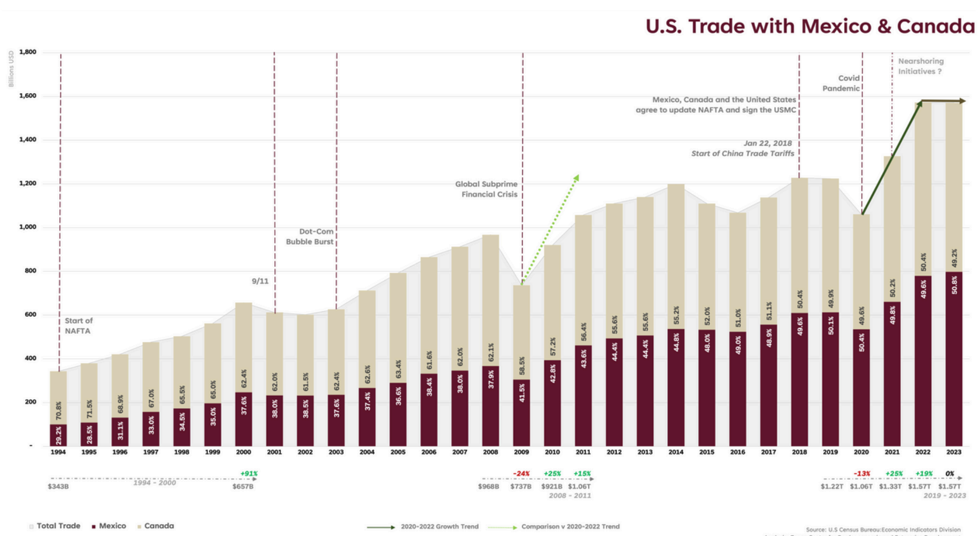
[FIGURE 1: Trade as Percentage of GDP (1970-2023)] Caption: Mexico's trade integration has accelerated dramatically since the 1990s, rising well above global averages. Source: World Bank

Today's supply chains reflect this integration, with production processes routinely spanning multiple countries and regions, creating complex interdependence networks requiring sophisticated customs management. As global trade patterns shift from broad globalization toward regional integration, customs operations must evolve to meet new challenges while maintaining security and efficiency.

The evolution of North American trade integration tells a compelling story of growth, resilience, and strategic repositioning (Figure 2). Beginning with NAFTA in 1994, total North American trade stood at $343 billion, setting the stage for unprecedented regional economic integration. By 2000, trade had grown by 91% to $657 billion, demonstrating the treaty's transformative impact. The relationship proved resilient through early challenges—surviving both the post-9/11 disruptions and the dot-com crisis—to reach $968 billion by 2008.

The 2008 global financial crisis tested this integration, with trade falling 24% to $737 billion in 2009. However, the region's economic resilience was evident in the swift recovery, with trade surging 25% to $921 billion by 2010. This momentum carried North American trade past a historic milestone in 2011, exceeding $1 trillion for the first time and reaching $1.06 trillion. Despite brief declines in 2015-2016, the upward trajectory continued, reaching $1.22 trillion by 2019.

The COVID-19 pandemic in 2020 caused a temporary setback, with regional trade contracting 13% to $1.06 trillion. However, the subsequent recovery once again demonstrated North America's economic resilience. Trade rebounded dramatically, with a 25% increase to $1.33 trillion in 2021, followed by another surge of 19% to reach $1.57 trillion in 2022. This level held steady through 2023, reinforced by the implementation of the USMCA and growing U.S.-China trade tensions, which have catalyzed a more pronounced regional realignment.



[Figure 2: NAFTA/USMCA Trade Evolution (1994-2023)]

Within this broader regional success, the U.S.-Mexico relationship has emerged as a particularly dynamic partnership. When NAFTA was signed in 1994, U.S.-Mexico trade accounted for $100 billion. By 2023, bilateral trade surpassed $800 billion, with Mexico becoming the United States' principal trading partner. This historic achievement, comprising $323.8 billion in U.S. exports to Mexico and $475 billion in imports, represents more than just statistics—it signals a fundamental shift in global trade dynamics, particularly as Mexico surpasses China as the largest source of U.S. imports.

The dramatic growth in bilateral and regional trade, coupled with evolving global supply chains and nearshoring initiatives, creates both opportunities and challenges that current customs frameworks were not designed to address. This understanding sets the stage for examining how customs operations must evolve to meet the demands of an increasingly integrated North American economy. For example, according to the World Bank's Logistics Performance Index, Mexico currently ranks 53rd globally, while the United States and Canada hold positions 10 and 17, respectively. More specifically, in customs efficiency and border administration, Mexico ranks 54th compared to the U.S., which is 11th, and Canada, which is 15th (see Figure 3), highlighting a critical area for improvement.

Logistic Performance Index 2023
(Selected Countries)

	Overall Ranking Ranking	Customs	Infrastructure	International Shipments	Logistics Competence & Quality	Tracking & Tracing	Timeliness
Germany	1	1	1	4	1	1	1
Sweden	3	4	3	2	5	11	4
Singapore	5	2	5	8	4	8	3
Japan	7	5	4	14	8	9	9
United States	10	**11**	6	23	11	3	16
Canada	17	**15**	16	28	13	15	21
Taiwan	24	25	25	24	24	27	27
China	27	30	24	18	27	28	29
Turkey	37	47	30	40	37	36	39
Chile	40	33	45	37	47	39	37
India	42	43	48	38	39	37	50
Vietnam	45	51	54	45	40	44	47
Mexico	53	**54**	56	50	49	51	52
Brasil	56	85	51	65	46	49	53
Colombia	71	89	81	60	66	70	80
Peru	74	74	91	68	87	85	60
Costa Rica	79	88	97	77	81	65	92
El Salvador	88	105	113	76	82	94	88
Honduras	106	123	112	97	91	97	121
Guatemala	115	116	118	126	125	117	89

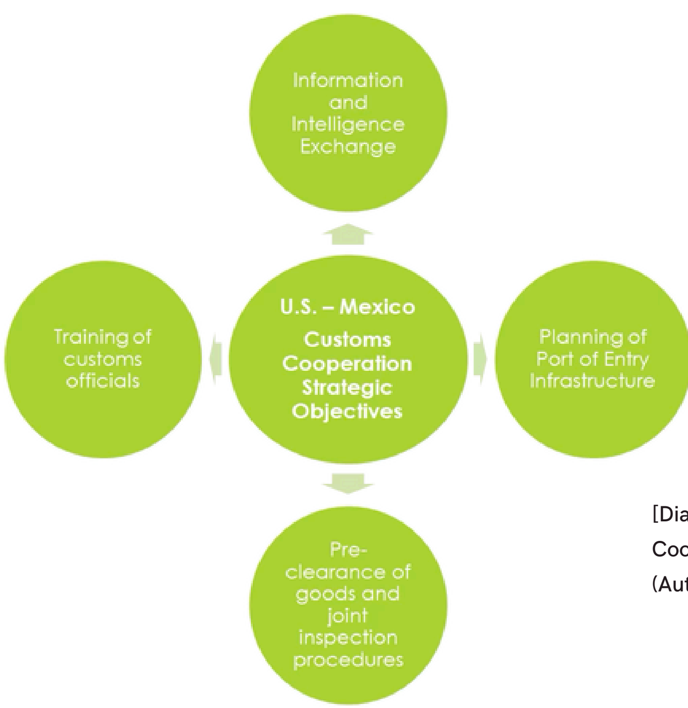
FIGURE 3: 2023 Logistics Performance Index (Selected Countries)] Caption: Mexico lags significantly behind its North American partners in customs efficiency and overall logistics performance. Source: World Bank

Evolution of U.S.-Mexico Customs Cooperation

Customs modernization challenges are not unique to North America. The impetus for integrated customs operations reflects broader global trends toward harmonized trade facilitation. The World Trade Organization's 2013 Bali Ministerial Declaration marked a watershed moment in this evolution, establishing the Trade Facilitation Agreement, which set new global standards for customs operations, emphasizing the need for streamlined border procedures, enhanced transparency, and reduced trade costs.

The World Customs Organization (WCO) has further advanced this agenda through its SAFE Framework of Standards, which provides a comprehensive approach to securing and facilitating global trade. The Framework's emphasis on harmonized advanced electronic cargo information, risk management, and coordinated border management closely aligns with the Binational Customs Agency's vision for integrated customs operations. While international experience can provide valuable guidance and demonstrate a global need for modernized customs operations, the unique depth of U.S.-Mexico economic integration and shared security challenges demand a more comprehensive approach.

As shown in Diagram 1, the progression of U.S.-Mexico customs cooperation can be traced through several key strategic initiatives. These milestones reflect an evolving understanding of balancing trade facilitation with security imperatives. While initial frameworks focused primarily on streamlining trade processes, later developments increasingly emphasized integrated approaches to address both commercial efficiency and border security concerns.



[Diagram 1: US-MX Customs Cooperation Strategic Objectives (Authors Own)]

Customs cooperation between Mexico and the United States has evolved significantly, particularly following the September 11, 2001, terrorist attacks. This impactful moment led to the most substantial reorganization of U.S. public administration since the National Security Act of 1947, creating the Department of Homeland Security and fundamentally changing how both nations approach border management. Indeed, since 2001, the security and trade agendas have become increasingly interrelated and focused on balancing efficient trade flows with robust security measures.

The 2005 Security and Prosperity Partnership for North America (SPP) set as one of its main objectives to facilitate the safe flow of goods among the three North American partners with a series of measures both at the trilateral and dual bilateral levels. This objective was also embedded into the 2010 United States – Mexico 21st Century Border Management Initiative, which has also been present since 2012 in the High-Level Economic Dialogue (HLED). In 2015 and 2018, the Mexican Tax Authority and the Homeland Security Department's Bureau of Customs and Border Protection CBP signed memoranda of understanding to design joint inspection customs processes. The evolution of this cooperation has resulted in several noteworthy initiatives and outcomes.

The development of information-sharing systems between the U.S. and Mexico has produced essential advances in cross-border cooperation. The Unified Cargo Processing (UCP) program pioneered joint CBP-SAT cargo inspections. Building on these successes, the innovative Cargo Pre-Inspection Program further streamlined operations by enabling pre-border crossing inspections. These initiatives demonstrate both the feasibility and benefits of integrated customs operations. These conceptual advances have been validated through several successful pilot programs. At the Laredo International Airport, Mexican Customs officers now review air cargo shipments directly on-site for the auto, electronics, and aerospace industries. The Mesa de Otay crossing has implemented CBP pre-inspection of U.S.-bound agricultural shipments under the USDA's National Agriculture Release Program.

At San Jerónimo, which connects to the Santa Teresa Port of Entry in New Mexico, an additional testing ground has emerged through its unique UCP facility – the only one situated south of the U.S.-Mexico border. The site has become increasingly strategic due to Foxconn's growing presence in the region, with the electronics manufacturer operating a 10,000-employee campus nearby in Ciudad Juárez. The collaborative inspection approach, where CBP and SAT officers work side-by-side, has proven especially valuable for time-sensitive electronics shipments, with designated FAST lanes helping to eliminate duplicate inspections and reduce processing times for qualified shipments entering the United States. These and other pilot programs collectively demonstrate the practical viability of integrated customs operations.

While these operational innovations show promise, their success depends on broader infrastructure development across the border region. Cooperation in infrastructure planning has produced comprehensive regional strategies through Border Master Plans. These plans are coordinated by U.S. state and local authorities with the support of federal agencies and some degree of coordination with Mexican authorities. They have become an important albeit insufficient means to generate long-term planning and development of ports of entry and transportation infrastructure on both sides of the border. Completed Border Master Plans now guide development in the Arizona/Sonora, El Paso/Santa Teresa/Chihuahua, and Texas/Tamaulipas/Nuevo Leon/Coahuila regions, with similar plans under development for California/Baja California and New Mexico/Chihuahua. Each plan is tailored to address specific regional challenges while maintaining a cohesive vision for the entire border region.

These coordinated planning efforts have already yielded significant infrastructure improvements across major trade corridors. The modernization of the San Ysidro-El Chaparral crossing, with an investment of over $740 million, has expanded capacity to 34 northbound vehicle lanes. The construction of the new Tornillo-Guadalupe International Bridge has added six lanes of vehicular traffic, while enhancements to the Veterans-Tomates International Bridge have expanded processing capacity through four additional vehicle lanes. Perhaps most significantly for freight movement, the Canadian Pacific Kansas City's new rail bridge in Laredo represents a $100 million investment that more than doubles cross-border rail capacity at North America's busiest land port of entry. These strategic investments demonstrate both nations' commitment to building the physical infrastructure needed to support growing trade volumes and enhance border efficiency.

However, despite these physical infrastructure improvements, technological vulnerabilities continue to present critical challenges in current border operations. This is repeatedly demonstrated when computer system failures on Mexico's side of the border cause cascading disruptions across multiple ports of entry. Operations are periodically suspended at the World Trade Bridge in Laredo, Texas, halting the processing of more than 18,000 trucks daily. This disruption has also been present in crossings like Otay Mesa, California, El Paso, and Pharr, Texas, ultimately costing the cross-border freight industry millions per day in lost revenue.

While technological solutions exist—pilot programs demonstrate that AI-powered systems could reduce customs entry processing time from 3-4 hours to approximately 5 minutes while maintaining 99.5% accuracy (Deep Cognition, 2023)—many carriers and supply chain providers are lagging in adopting these crucial innovations. This widening technology gap increasingly threatens the competitiveness of cross-border operations and highlights the urgent need for systematic modernization.

The scale of physical infrastructure challenges is equally daunting. In 2023, cross-border traffic reached historic highs, with 7.3 million cargo trucks and 76 million vehicles crossing the border. Despite this growing pressure on existing infrastructure, no new commercial bridge has been constructed in the past 24 years.

Both nations recognize these challenges and have initiated substantial infrastructure investments to address them. On the US side, a comprehensive $3.4 billion commitment, announced in December 2021 as part of the Bipartisan Infrastructure Law, targets the construction, acquisition, repair, and adaptation of 26 land ports of entry along the Mexican border. Progress is evident in several key projects: construction began in June 2023 on the San Luis I Land Port of Entry modernization in Arizona, while in mid-2024, presidential permits were awarded for three major Texas projects - the World Trade Bridge expansion in Laredo, the new Puerto Verde Global Trade Bridge in Eagle Pass, and Bridge 4/5 in Laredo.

Mexico responded during the July 2022 Biden-López Obrador summit by committing $1.5 billion through 2024 to modernizing ports of entry, with some level of implementation currently underway. While these independent investments are substantial, they address only the physical infrastructure needs. The operational and institutional frameworks managing this growing trade volume require equally bold innovations, particularly in workforce development.

Significant human capital challenges further complicate these infrastructure constraints. CBP and ANAM face persistent staffing shortages and continually seek additional funding for workforce development and training. While both agencies maintain training programs to address emerging challenges in border management and develop professional expertise, the current approach to human capital development remains fragmented and under-resourced. A unified training framework through the Binational Customs Agency would institutionalize and expand these professional development efforts, creating a more robust and sustainable approach to building the customs workforce both nations need.

While the U.S. Customs and Border Protection FY 2025 Budget provides for 68,069 positions, including plans to hire 350 new Border Patrol Agents and 150 new CBP Officers, ports of entry across the southwest border continue to operate with persistent staffing shortages below approved levels. Meanwhile, Mexico's ANAM faces its own staffing and recruitment challenges as it transitions to a militarized structure.

Perhaps the most fundamental challenge in creating a joint customs entity lies in reconciling the distinct missions of each nation's customs agencies. Mexico's National Customs Agency (ANAM) operates primarily as a revenue-generating body, collecting nearly $59 billion in 2023, with a strong focus on tax enforcement and compliance. In contrast, U.S. Customs and Border Protection (CBP) prioritizes security and law enforcement, focusing on preventing terrorism, narcotics trafficking, and illegal immigration while facilitating legitimate trade.

Fundamental differences in organizational structure and operational approach further complicate these divergent institutional missions. While CBP is a specialized civilian agency with professional customs officers and clear public accountability measures, Mexico has recently militarized its customs operations through ANAM. While intended to combat corruption and enhance security, this militarization has introduced several significant complexities.

The deployment of military personnel, often lacking specialized customs expertise, has created operational challenges in processing trade flows efficiently. Moreover, the military structure, it has been argued, could result in decreased transparency in customs operations, making it more challenging to align processes with CBP's civilian approach. These organizational differences extend beyond mere structural distinctions—they reflect fundamentally different approaches to customs management, creating cultural and procedural gaps that complicate bilateral coordination efforts.

These organizational differences between CBP and ANAM point to a broader challenge in coordinating enforcement priorities and security objectives across the border. Divergent institutional approaches directly affect how each nation addresses critical security threats, particularly as traditional challenges evolve and new threats emerge in our increasingly complex trading environment.

In sum, these collaborative efforts demonstrate both countries' commitment to improving border operations. However, they also highlight the need for a more comprehensive, institutionalized approach to customs cooperation. While the current patchwork of programs and initiatives is valuable, it needs the cohesive framework that The Binational Customs Agency would provide. Achieving such a framework requires careful consideration of the complex political landscape that shapes bilateral cooperation.

Shared Security Concerns and Customs Cooperation

The U.S.-Mexico border faces an unprecedented convergence of security challenges that demand innovative institutional responses. The production and trafficking of drugs have gone through deep transformations over the last decades, and thus, governments must update and modernize their strategies against transnational crime organizations. One of the main transformations is the development of synthetic drugs, which are less expensive to produce and easier to conceal and transport.

In this regard, the fentanyl crisis has reached alarming proportions, with the United States reporting over 70,000 synthetic opioid overdose deaths in 2022 (Fentanyl - Centers for Disease Control and Prevention, 2024). The sophistication of trafficking networks has evolved dramatically—unlike traditional plant-based drugs, synthetic opioids like fentanyl rely on widely traded chemical precursors with legitimate commercial uses, creating complex challenges for customs detection and interdiction. Not surprisingly, the Homeland Security Department has defined fentanyl trafficking as its number one objective and operational challenge (Department of Homeland Security, 2023).

This crisis is compounded by the bi-directional nature of illicit trafficking. While fentanyl and other synthetic drugs move northward, weapons flow south from the United States into Mexico, fueling violence and contributing to the power of organized crime in the country. There are different estimates on the number of weapons that every year enter Mexico from the United States, with some going as high as 500,000 (Castro, J., 2023). However, two things are certain: the vast majority of weapons in the hands of Mexican crime organizations come from the United States, and a very small proportion is actually stopped at the border. This highlights the critical need for enhanced customs cooperation and enforcement capabilities.

The political landscape adds another layer of complexity to these challenges. Donald Trump's return to the White House will fundamentally reshape U.S.-Mexico relations and approaches to border management. His stated policies include expanded deportations, military action against drug cartels, and significant tariffs on Mexican imports. Of particular relevance to customs operations is Trump's proposed "External Revenue Service," tasked with collecting "Tariffs, Duties, and all Revenue from Foreign sources," which could fundamentally reshape U.S.-Mexico trade relations. The Binational Customs Agency could serve as a critical institutional bridge during this transition in several important ways. It would provide a stable, treaty-based framework that could help maintain predictable trade flows regardless of policy shifts.

The evolution of border enforcement challenges demonstrates the urgent need for a unified customs approach. Recent enforcement data illustrates this imperative: despite significant investments in current systems, the sophistication of trafficking networks continues to grow, as evidenced by the increasing presence of synthetic opioids and their precursors in cross-border trade. Meanwhile, Nuevo Laredo Customs alone collected MX$111.7 billion (US$5.8 billion) between January and July 2024, representing 16.9% of Mexico's total customs revenue (National Customs Agency of Mexico, 2024). These parallel imperatives of security enforcement and revenue collection demand an organizational structure capable of addressing both missions effectively while streamlining operations.

III. THE BINATIONAL CUSTOMS AGENCY: STRUCTURE AND OPERATIONS

Both the Mexican and the U.S. Governments have traditionally been reluctant to create new institutions, albeit for different reasons that pertain, in essence, to concerns about sovereignty. Mexico's reluctance stems from fear that the institutions will respond, in fact, to U.S. interests and objectives, while the United States usually is skeptical of diminishing its superpower status. Given this inherent complexity, in creating a bi-national institution that must balance sovereignty concerns with adhering to joint objectives and achieving operational integration, it can be helpful to examine successful precedents in U.S.-Mexico cooperation. The history of bilateral institutions provides valuable lessons for designing an organization capable of managing sensitive border operations while respecting each nation's authority. Two models, in particular, offer proven frameworks that can inform the Binational Customs Agency's structure and evolution.

Institutional Models and Governance

The Binational Customs Agency's design draws from two proven models of bilateral cooperation: the International Boundary and Water Commission (IBWC) and the North American Development Bank (NADBank). These institutions demonstrate how carefully structured governance can enable effective cross-border cooperation while respecting national sovereignty.

The IBWC model provides the foundational framework for the Binational Customs Agency's initial structure through three key operational elements. First, a comprehensive treaty framework would explicitly define customs management authority while protecting both nations' sovereignty, similar to how the 1944 Water Treaty established IBWC's scope and responsibilities. Second, distinct U.S. and Mexican Sections maintain jurisdiction over operations within their respective territories while coordinating closely on shared challenges. the agency would operate as a permanent binational institution with international organization status. Third, these national sections would be staffed by their own personnel and supported by dedicated resources, working through formal "minutes" to document agreements and procedures while maintaining clear lines of authority to their respective governments.

The NADBank model offers a vision for the agency's potential evolution toward a more integrated organization. As a joint U.S.-Mexico institution with equal ownership and governance responsibilities, NADBank demonstrates how shared funding and staffing can effectively manage complex cross-border challenges while maintaining operational independence and professional standards. This model would inform the agency's approach to resource allocation, project financing, and professional development.

This dual-model approach—starting with IBWC's separate but coordinated structure and incorporating elements of NADBank's integrated model—provides the institutional framework needed to address modern customs challenges. The initial phase would establish clear protocols for joint customs operations while maintaining distinct national authorities. As operational success builds trust between the partners, deeper integration could be possible. Building upon these proven institutional models, the Binational Customs Agency would establish a comprehensive organizational structure designed to address current operational challenges while maintaining the flexibility to evolve as needs change.

Organizational and Governance Structure

The proposed structure of the Binational Customs Agency addresses the fundamental challenges identified in current customs operations. It consists of five key divisions overseen by a balanced binational governance system. At the highest level, a Board of Directors with equal representation from both nations would guide operations, with two co-directors (one from each country) managing day-to-day activities. An advisory council, including private sector stakeholders, would provide industry perspectives, while an independent oversight committee would ensure transparency and accountability. Within this governance framework, five specialized divisions would execute the Binational Customs Agency's core functions, each designed to address specific challenges in current customs operations.

The Joint Operations Division would tackle the critical issue of divergent institutional approaches by establishing unified command centers at major ports of entry. This division would enable integrated risk assessments, coordinated inspections, and efficient intelligence exchange, directly addressing the current challenges of duplicative inspections and misaligned enforcement priorities. The transformation to a "single-stop" model would allow commercial vehicles to undergo one comprehensive inspection conducted by joint teams of U.S. and Mexican customs officials, resolving the inefficiencies highlighted in current processing times.

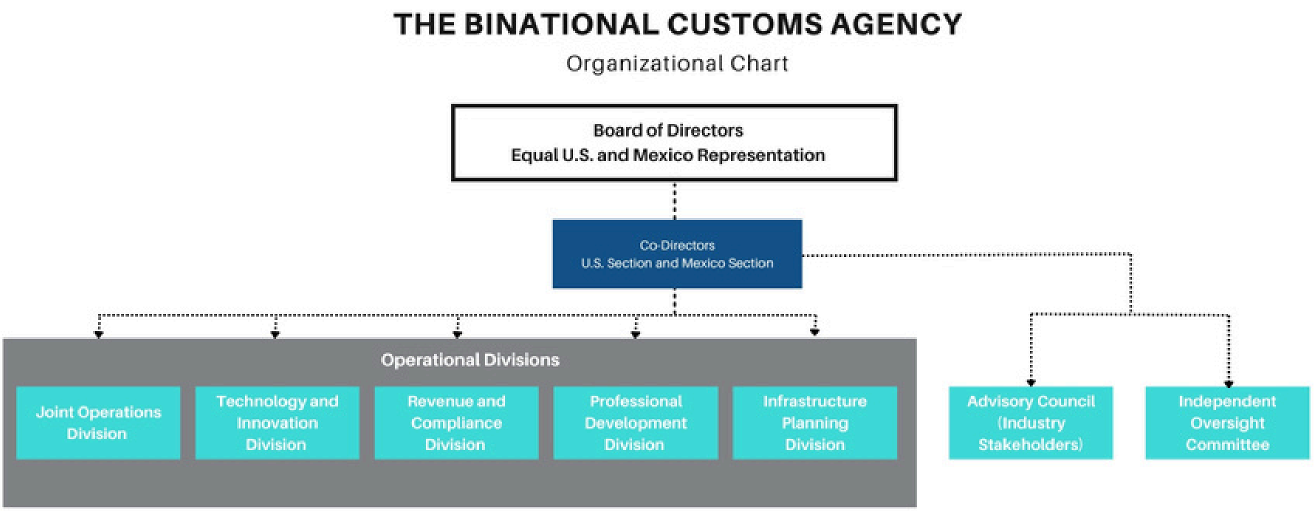
The Technology and Innovation Division would address what Covarrubias (2024) calls the "Digital Wall" that currently separates U.S. and Mexican customs systems by developing a standardized digital platform connecting operations between both countries. This division would tackle the technological gaps identified in current operations, where system failures can paralyze entire trade corridors. The platform would integrate real-time risk assessment, automated data analysis, shipment tracking, and other critical customs technologies. Implementing blockchain technology would strengthen security and transparency through immutable record-keeping, particularly benefiting industries requiring stringent chain-of-custody protocols, such as automotive and aerospace manufacturing.

The Revenue and Compliance Division would bridge the gap between ANAM's revenue focus and CBP's security mandate by harmonizing documentation requirements and ensuring seamless integration of both nations' tax collection systems. This division would address the current challenge of disparate institutional missions while promoting transparency in customs duties and tariffs. The integration would reduce redundant audits and enhance coordination, ultimately increasing compliance rates while reducing opportunities for fraud.

The Professional Development Division would establish and manage a joint training academy to address the human capital challenges facing both agencies. This division would also address the expertise gap created by Mexico's recent militarization of customs operations while building on CBP's established training protocols. Through standardized instruction for customs officials from both countries, this division would ensure consistent training standards, facilitate cross-border exchanges, and maintain ongoing professional development programs essential for keeping pace with evolving technologies and procedures.

The Infrastructure Planning Division would coordinate facility development and technology infrastructure alignment between both nations, addressing the current infrastructure constraints that limit trade growth. This division would ensure that both countries' investments in port infrastructure modernization are aligned for maximum efficiency, addressing both current bottlenecks and future capacity needs.

Diagram 2: The Binational Customs Agency Organizational Chart (Authors Own).



Operational Framework and Processes

The Binational Customs Agency's day-to-day operations would represent a fundamental shift from parallel processes to fully integrated customs operations. Advanced risk management systems, incorporating artificial intelligence and machine learning, would analyze shipment data to determine appropriate inspection levels. This would enable faster processing of low-risk shipments while allowing customs officials to focus on higher-risk cargo. This comprehensive operational framework—centered on joint inspections, standardized documentation, and synchronized information-sharing systems—aims to create a customs system capable of managing the needs of a modern, integrated economy.

Joint inspection protocols would replace separate inspection points with a "single-stop" model, combining the expertise of both nations' customs officials in a unified process. Commercial vehicles would undergo one comprehensive inspection by a joint team utilizing shared technology and following standardized procedures. The success of similar programs in the European Union, where integrated customs operations have reduced processing times by up to 60%, provides a compelling model for The Binational Customs Agency's potential impact.

At the operational core, a unified digital platform would eliminate the current 'Digital Wall' that hampers efficient information exchange. This integrated system would enable real-time data sharing between both nations' customs authorities while providing automated risk assessment and targeting capabilities. The platform would facilitate integrated tracking of shipments from origin to destination, standardize documentation processing, and create unified communication channels for all stakeholders.

Professional Development and Training

The Binational Customs Agency's success largely depends on its human capital development. The joint customs academy would provide standardized training built around three core pillars. First, an integrated legal framework understanding would encompass combined U.S.-Mexico customs regulations, international trade law, cross-border enforcement authorities, and bilateral agreement implementations. Second, technical competencies would focus on advanced technology systems operation, sophisticated risk assessment methodologies, joint inspection procedures, and robust document verification protocols. Finally, cultural integration training would ensure proficiency in cross-cultural communication, joint operational procedures, and shared professional standards.

Based on CBP's proven academy structure, which provides 120 hours of comprehensive law program training, The Binational Customs Agency would create an enhanced curriculum that addresses the unique challenges of binational customs operations. This expanded program would integrate crucial aspects of nationality law, immigration law, and applied authority while incorporating new elements essential for joint operations. The cornerstone would be a sophisticated legal framework that bridges both nations' customs systems, enabling customs officials to develop expertise in how U.S. and Mexican customs laws intersect and complement each other.

Technical competency development would emphasize hands-on experience with state-of-the-art tools for risk assessment and cargo inspection. Officers would master advanced technology systems through practical application, ensuring consistency and efficiency in cross-border operations. Document verification protocols would receive special attention, with officers learning to navigate both nations' documentation requirements while maintaining the highest standards of accuracy and security.

Looking to successful international models, the Binational Customs Agency's academy structure would incorporate proven elements from the EU Customs Program, which has demonstrated remarkable success in creating a unified customs framework across multiple nations. The EU's achievement in maintaining nearly 100% availability of its digital customs systems and perfect uptime for its Common Communication Network sets a high benchmark that the Binational Customs Agency would strive to match and exceed.

Resource Allocation and Deployment

The Binational Customs Agency would implement a dynamic resource allocation model that maximizes operational efficiency through flexible personnel and equipment deployment. This model would respond to seasonal trade patterns, incorporate risk assessment data, accommodate special operation requirements, maintain emergency response capabilities, and address ongoing training and development needs. This approach would help address current staffing challenges while ensuring optimal resource utilization across all operations.

Through this carefully designed combination of organizational structure, operational processes, and professional development, the Binational Customs Agency would create a truly integrated customs management system. This comprehensive approach—encompassing governance, technology, operations, and human capital—represents a pragmatic response to current cross-border challenges while building a foundation for future growth and innovation in North American trade. The path forward builds upon proven models while adapting to our unique regional realities.

Funding

The Binational Customs Agency's initial funding structure would follow the proven IBWC model, where both nations contribute resources based on shared benefits and responsibilities. Each country would fund its respective section's operational costs, while joint programs and infrastructure would be financed through coordinated investments. This approach has been followed by the IBWC to support its operations for decades, demonstrating how binational institutions can maintain financial sustainability while respecting national sovereignty.

Beyond basic operational funding, the agency would leverage multiple financing mechanisms to support its broader mission. Similar to how IBWC utilizes EPA grants and NADB funding for specific projects, the Binational Customs Agency could access resources from various federal agencies and development banks for targeted initiatives in customs modernization and infrastructure development. Cost-sharing arrangements for major technology investments, training programs, and infrastructure projects would be determined through formal agreements similar to IBWC's "minutes" system, ensuring clear accountability and equitable distribution of financial responsibilities between both nations.

IV. CONCLUSION AND NEXT STEPS

Establishing the Binational Customs Agency represents a strategic response to a critical moment in U.S.-Mexico relations. As bilateral trade surpasses $800 billion and approaches $1 trillion, our customs infrastructure faces unprecedented pressure. Simultaneously, evolving security challenges—from sophisticated drug trafficking networks to weapons smuggling—demand more coordinated enforcement approaches. Donald Trump's return to the White House adds urgency to establishing robust institutional frameworks that can withstand political pressures while advancing both nations' core interests.

Operational realities provide compelling evidence of the Binational Customs Agency's potential impact. Current pilot programs like Unified Cargo Processing have already demonstrated how joint operations can effectively balance security imperatives with trade facilitation. Though limited in scope, these successes provide practical validation for broader systematic reform. The agency's proposed structure—with its five specialized divisions and balanced governance system—builds upon these proven concepts while creating the comprehensive framework needed to address present challenges and future needs.

The agency's significance extends far beyond operational efficiency. In an era of global supply chain reorganization and intensifying security challenges, it addresses critical strategic imperatives for both nations. Coordinated operations and integrated technology platforms would simultaneously enhance supply chain resilience and security. The joint training academy would create a professional customs workforce capable of managing emerging challenges, while the unified digital infrastructure would eliminate the vulnerabilities plaguing cross-border operations.

The initial phase, structured around distinct national sections with clear lines of authority, provides the sovereignty protections both nations require. Yet the framework also allows for deeper integration as trust and operational success grow, creating a dynamic institution capable of evolving with changing needs. This carefully balanced approach ensures the agency can maintain operational continuity even during periods of political tension while steadily building capacity for more ambitious cooperation.

As North America enters a new era of economic competition and security challenges, the Binational Customs Agency offers a framework for maximizing the region's potential. The 2026 USMCA review presents the perfect opportunity to begin this crucial transformation. Decades of growing economic integration have laid the foundation, and successful pilot programs have validated the operational models. The security imperatives are clear and urgent.

The path toward establishing the Binational Customs Agency should leverage existing bilateral mechanisms for initial discussions and planning. The U.S.-Mexico High-Level Economic Dialogue (HLED) provides an ideal forum to begin these conversations at the cabinet level, particularly under its "Building Back Together" and "Securing the Tools for Future Prosperity" pillars. Additionally, the 21st Century Border Initiative's framework for modernizing border infrastructure and technology offers a natural platform for developing the agency's operational blueprints.

Concurrent with these high-level discussions, the proposal should be brought before the USMCA's Trade Facilitation and Competitiveness Committees. These bodies are specifically mandated to enhance regional trade efficiency and develop modern physical and digital trade infrastructure. Their established stakeholder engagement processes, including regular dialogues with private sector representatives, would provide valuable input for refining the agency's structure and operations.

The 2026 USMCA review then presents the perfect opportunity to formalize these discussions and begin the crucial transformation toward an integrated customs framework. Over the next two years, by building momentum through these existing bilateral mechanisms, both nations can lay the groundwork for incorporating the Binational Customs Agency into the broader modernization of North American trade architecture.

Looking further ahead, the Binational Customs Agency could serve as a foundation for even broader regional integration. As the model proves successful, Canada could be invited to join, evolving the institution into a truly North American Customs Agency. The future of North American competitiveness and security will depend on our collective ability to modernize customs management across the continent, and this bilateral framework provides a proven starting point for that broader vision. The path forward requires bold action: through the Binational Customs Agency, the United States and Mexico can create a customs framework that enhances security, promotes prosperity, and strengthens the bonds between our nations. The success of North American economic integration in the coming decades may well depend on our willingness to embrace this ambitious but achievable vision. The time for action is now.

ABOUT THE AUTHORS

Dr. Daniel Covarrubias is the Director of Texas A&M International University's A.R. Sanchez, Jr. School of Business' Texas Center for Economic and Enterprise Development. His research focuses on cross-border trade, logistics technology innovation, and U.S.-Mexico economic integration. He leads the Logistechs Living Lab, a research initiative dedicated to enhancing the efficiency and competitiveness of cross-border trade and transportation through technological innovation.

Gerónimo Gutiérrez Fernández is a former Mexican Ambassador to the United States (2017-2018) with extensive experience in U.S.-Mexico relations and North American economic integration. He previously served as Managing Director of the North American Development Bank (NADB) and held senior positions in Mexico's Ministries of Economy, Foreign Affairs, and Finance. Currently, he works as a senior advisor at Covington & Burling, LLP, while managing BEEL Infrastructure and serving on multiple advisory boards focused on bilateral relations and infrastructure development.

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The alignment of national policies further reinforces this momentum. Mexico's recently announced Plan México sets ambitious goals for trade facilitation and nearshoring, including reducing customs processing times by 50% through a new National Simplification and Digitalization Law, implementing digital investment windows, and harmonizing standards with North America. The plan also establishes the IMMEX 4.0 program to streamline manufacturing export processes and commits to increasing local content in strategic sectors like automotive, aerospace, and electronics by 15% by 2030. These policy initiatives, coupled with dedicated funding for customs modernization and infrastructure development, demonstrate Mexico's commitment to enhancing bilateral trade efficiency. These economic shifts coincide with urgent security challenges that demand innovative institutional responses.

The rapidly evolving political landscape adds another dimension of urgency to customs modernization. Donald Trump's proposed "External Revenue Service" in 2025, tasked with collecting "Tariffs, Duties, and all Revenue from Foreign sources," could fundamentally reshape U.S.-Mexico trade relations. The Binational Customs Agency could serve as a critical institutional bridge during this transition by:

1. Providing a stable, treaty-based framework that could help maintain predictable trade flows regardless of policy shifts
2. Offering an established channel for coordinating implementation of new tariff policies while minimizing disruption to supply chains
3. Creating standardized digital systems that could interface with both existing CBP infrastructure and any new ERS platforms
4. Maintaining professional continuity through its joint training programs even as institutional structures evolve
5. Serving as a forum for technical discussions on revenue collection and enforcement separate from political considerations

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