Laredo Economy Update

Presentation by
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&
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Texas A&M International University

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• Over the past two decades, Laredo has experienced extraordinary growth.

• Future growth with increasing prosperity will depend on expanding U.S.-Mexico economic integration, efficient border security, improved infrastructure, and increased education attainment.
Laredo: Two Decades of Growth, 1990-2006

Big Picture
Laredo-Border-Texas Comparison

Population Growth
- 1990-1999: Laredo 1.5 x greater than the Border (4.5 vs. 2.7)
- 1990-1999: Laredo 2 x greater than the State (4.5 vs. 2.3)
- 2000-2006: Laredo 1.5 x greater than the Border (2.9 vs. 1.9)
- 2000-2006: Laredo 1.75 x greater than the State (2.9 vs. 1.6)

Employment Growth
- 1990-1999: Laredo 2 x greater than the Border (3.6 vs. 1.7)
- 1990-1999: Laredo 1.5 x greater than the State (3.6 vs. 2.2)
- 2000-2006: Laredo 3 x greater than the Border (3.7 vs. 1.2)
- 2000-2006: Laredo 2.5 x greater than the State (3.7 vs. 1.4)
Laredo: Two Decades of Growth, 1990-2006

Big Picture

Laredo-Border-Texas Comparison

Gross Product Growth

- 1990-1999: Laredo 15% greater than the Border (6.1 vs. 5.3)
- 1990-1999: Laredo 60% of the State (6.1 vs. 9.7)
- 2000-2006: Laredo 40% greater than the Border (6.1 vs. 2.4)
- 2000-2006: Laredo 70% of the State (6.1 vs. 8.9)

Per Capita Income Growth

- 1990-1999: Laredo 1.5 x greater than the Border (5.9 vs. 4.1)
- 1990-1999: Laredo same as the State (5.9 vs. 5.7)
- 2000-2006: Laredo 1.5 x greater than the Border (3.6 vs. 2.2)
- 2000-2006: Laredo 2 x greater than the State (3.6 vs. 1.7)
- Laredo per capita income as a percent share of the State
  - 1990-1999: 54% - $9,406 vs. $17,769
  - 2000-2006: 58% - $17,421 vs. $30,732
Laredo Economy

U.S.-Mexico Trade
Slide 3
Total U.S.-Mexico Trade, 1990-2006

Growth in Total Trade

- 1990-2006: 468.4%
- 1990-1999: 236.1%
- 2000-2006: 34.3%

Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C.
Slide 4
Pedestrian Crossings at Laredo
(North and South)

<table>
<thead>
<tr>
<th>Year</th>
<th>Pedestrians</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>6.6</td>
</tr>
<tr>
<td>1991</td>
<td>6.5</td>
</tr>
<tr>
<td>1992</td>
<td>7.9</td>
</tr>
<tr>
<td>1993</td>
<td>7.6</td>
</tr>
<tr>
<td>1994</td>
<td>7.5</td>
</tr>
<tr>
<td>1995</td>
<td>6.5</td>
</tr>
<tr>
<td>1996</td>
<td>6.8</td>
</tr>
<tr>
<td>1997</td>
<td>7.1</td>
</tr>
<tr>
<td>1998</td>
<td>7.2</td>
</tr>
<tr>
<td>1999</td>
<td>8.1</td>
</tr>
<tr>
<td>2000</td>
<td>9.0</td>
</tr>
<tr>
<td>2001</td>
<td>8.8</td>
</tr>
<tr>
<td>2002</td>
<td>9.0</td>
</tr>
<tr>
<td>2003</td>
<td>8.5</td>
</tr>
<tr>
<td>2004</td>
<td>8.8</td>
</tr>
<tr>
<td>2005</td>
<td>8.4</td>
</tr>
<tr>
<td>2006</td>
<td>8.8</td>
</tr>
</tbody>
</table>

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

**Growth**

- **1990-2006**: 33.3%
- **1990-1999**: 22.7% (2.3%/yr)
- **2000-2006**: -2.0% (-3.0%/yr)
- **1995** (Peso devaluation): -13.0%
- **2001** (U.S. recession, 9/11, laser visa): -2.0%
Slide 5
Vehicle Crossings at Laredo
(North and South)

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

Growth

• 1990-2006: -0.8%
• 1990-1999: 28.9% (2.9%/yr)
• 2000-2006: -22.1% (-3.2%/yr)

• 1995 (Peso devaluation): -7.0%
• 2001 (U.S. recession, 9/11, laser visa): -2.0%
Slide 6
Truck Crossings at Laredo
(North and South)

Growth

• 1990-2006: 312.5%
• 1990-1999: 250.0% (25.0%/yr)
• 2000-2006: 13.8% (2.0%/yr)
• 1995 (Peso devaluation): No Change
• 2001 (U.S. recession, 9/11, laser visa): -3.0%

Source: Laredo Bridge System and U.S. Customs Service data compiled by the Texas Center at Texas A&M International University.
Bridge Revenues for Laredo

Growth

- **1990-2006**: 294.9%
- **1990-1999**: 174.7% (17.5%/yr)
- **2000-2006**: 35.8% (5.1%/yr)

- **1995** (Peso devaluation): -19.0%
- **2001** (U.S. recession, 9/11, laser visa): 1.0%

Source: Laredo Bridge System data compiled by the Texas Center at Texas A&M International University.
Slide 8
Rail Car Crossings at Laredo
(North and South)

Growth

- 1990-2006: 309.4%
- 1990-1999: 189.4% (18.9%/yr)
- 2000-2006: 19.7% (2.8%/yr)
- 1995 (Peso devaluation): 5.0%
- 2001 (U.S. recession, 9/11, laser visa): 4.0%

Source: Data provided by railroad companies and compiled by the Texas Center at Texas A&M International University.
Gross Landed Weight at Laredo International Airport  
(Millions of Pounds)

Growth

- 1990-2006: 694.3%
- 1990-1999: 765.5% (75.7%/yr)
- 2000-2006: -17.1% (-2.4%/yr)
- 1995 (Peso devaluation): No Change
- 2001 (U.S. recession, 9/11, laser visa): -50.8%
Laredo Economy

Cross-Border Commerce
and Local Business Activity
Growth

- 1990-2006: 147.8%
- 1990-1999: 60.8% (6.1%/yr)
- 2000-2006: 42.5% (6.1%/yr)

- 1995 (Peso devaluation): -29.0%
- 2001 (U.S. recession, 9/11, laser visa): -3.0%
Slide 11
Laredo Employment

Growth

• 1990-2006: 78.3%
• 1990-1999: 36.3% (3.6%/yr)
• 2000-2006: 26.2% (3.7%/yr)
• 1995 (Peso devaluation): -3.0%
• 2001 (U.S. recession, 9/11, laser visa): 2.0%

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990*</td>
<td>133,239</td>
</tr>
<tr>
<td>1991**</td>
<td>140,492</td>
</tr>
<tr>
<td>1992**</td>
<td>147,823</td>
</tr>
<tr>
<td>1993**</td>
<td>155,747</td>
</tr>
<tr>
<td>1994**</td>
<td>162,834</td>
</tr>
<tr>
<td>1995**</td>
<td>169,715</td>
</tr>
<tr>
<td>1996**</td>
<td>174,365</td>
</tr>
<tr>
<td>1997**</td>
<td>180,370</td>
</tr>
<tr>
<td>1998**</td>
<td>186,798</td>
</tr>
<tr>
<td>1999**</td>
<td>193,180</td>
</tr>
<tr>
<td>2000*</td>
<td>193,117</td>
</tr>
<tr>
<td>2001***</td>
<td>201,292</td>
</tr>
<tr>
<td>2002***</td>
<td>208,605</td>
</tr>
<tr>
<td>2003***</td>
<td>215,269</td>
</tr>
<tr>
<td>2004***</td>
<td>221,694</td>
</tr>
<tr>
<td>2005***</td>
<td>228,354</td>
</tr>
<tr>
<td>2006***</td>
<td>231,643</td>
</tr>
</tbody>
</table>

Source:  
*U.S. Census Bureau, 1990 and 2000 Census Count  
***The Texas State Data Center, The Texas State Population Estimates and Projections Program (for July 1, 2001 - January 1, 2006)

### Growth

- **1990-2006: 73.9%**
- **1990-1999: 45.0% (4.5%/yr)**
- **2000-2006: 19.9% (2.8%/yr)**
- Laredo population (231,643 today) is estimated to reach 400,000 by 2030
Growth

- **1990-2006: 120.0%**
- **1990-1999: 33.3% (3.3%/yr)**
- **2000-2006: 37.5% (5.4%/yr)**

- **1995 (Peso devaluation): -13.0%**
- **2001 (U.S. recession, 9/11, laser visa): No Change**
- **Over 50% retail sales to cross-border shoppers**
Slide 14
Laredo Building Permit Values
(All Structures)

Growth
- 1990-2006: $3.9 billion invested in structures/facilities (private and public)
- Roughly 500% increase, high year (2006-$463.9m) over low year (1990-$95.9m)
- 1990-2006: $2.6 billion in private structures/facilities.

- Industry Sub-Sector Shares (1990-2006):
  - Single-family: 52%
  - Multi-family: 8%
  - Commercial: 29%
  - Industrial: 11%
- 1995 (peso devaluation): -17.0% (1996, lagged effect)

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

- 1990-2006: 283.6%
- 1990-1999: 126.2% (12.6%/yr)
- 2000-2006: 56.3% (8.0%/yr)
- 1995 (Peso devaluation): -19.0%
- 2001 (U.S. recession, 9/11, laser visa): 11.0%

Source: Laredo Bridge System's and Texas State Comptroller's data compiled by the Texas Center at Texas A&M International University.
Is the Port of Laredo Ready?
Is the Port of Laredo Ready?

Growth

- 1990-2006: 309.4%
- 1990-1999: 189.4% (18.9%/yr)
- 2000-2006: 19.7% (2.8%/yr)
- 1995 (Peso devaluation): 5.0%
- 2001 (U.S. recession, 9/11, laser visa): 4.0%

Source: Data provided by railroad companies and compiled by the Texas Center at Texas A&M International University
### Container Traffic (TEUs) at Major U.S. West Coast Ports, 2000 and 2005
(In Thousands)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2005</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Los Angeles</td>
<td>4,819.4</td>
<td>7,484.6</td>
<td>56.3</td>
</tr>
<tr>
<td>Long Beach</td>
<td>4,600.8</td>
<td>6,709.8</td>
<td>45.7</td>
</tr>
<tr>
<td>Oakland</td>
<td>1,776.9</td>
<td>2,272.5</td>
<td>27.8</td>
</tr>
<tr>
<td>Seattle</td>
<td>1,376.4</td>
<td>2,066.4</td>
<td>40.0</td>
</tr>
<tr>
<td>Tacoma</td>
<td>1,230.0</td>
<td>2,140.2</td>
<td>50.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,291.6</strong></td>
<td><strong>22,761.6</strong></td>
<td><strong>48.9</strong></td>
</tr>
</tbody>
</table>

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Freight Data

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**Is the Port of Laredo Ready?**

- Container Traffic (TEUs) up 48.9\% (2000-2005) from Asian Pacific countries
- U.S. West Coast Ports saturated, long, costly delays
- Major U.S. importers re-routing shipments to other ports, including Mexican Ports
## Container Traffic (TEUs) at Major Mexican Pacific Coast Ports, 2000 and 2005

<table>
<thead>
<tr>
<th>Port</th>
<th>2000</th>
<th>2005</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensenada</td>
<td>26,822</td>
<td>75,101</td>
<td>180.0</td>
</tr>
<tr>
<td>Lazaro Cardenas</td>
<td>759</td>
<td>132,479</td>
<td>173.5</td>
</tr>
<tr>
<td>Manzanillo</td>
<td>426,717</td>
<td>873,976</td>
<td>104.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>454,298</strong></td>
<td><strong>1,081,556</strong></td>
<td><strong>138.1</strong></td>
</tr>
</tbody>
</table>

Source: U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Freight Data

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**Is the Port of Laredo Ready?**

- Container Traffic (TEUs) at Mexican Pacific Coast Ports up 138.1% (2000-2005)
- Traffic at Lazaro Cardenas up 173.5%
- Lazaro Cardenas and other Mexican ports scheduled to receive multi-million dollar modernization investment to handle long-term growth in traffic
- Lazaro Cardenas preparing to move 2 million containers annually
Is the Port of Laredo Ready?

Port of Laredo is Mexico’s principal connection with the U.S. rail system for shipments bound to and from the U.S. heartland.
Laredo – Closing the Gap
Strong Job Growth, Modest Wage Gains
Slide 20
Annual Unemployment Rates, 1995-2006
Laredo vs. Texas Comparison

• 1995-1999: 57.4% drop to 6.8% (1999) from 15.0% (1990)

• 2000-2006: 20.6% drop to 5.4% (2006) from 6.8% (2000)

• Today, Laredo and Texas unemployment rates are essentially the same.

Source: Texas Comptroller of Public Accounts
### Private Sector Employment Gains-Leading Industries

**Laredo-Texas Comparison**

2000-2006 (1st Quarter)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2000-2006</td>
<td>% change, 2000-06</td>
</tr>
<tr>
<td>Total Share Gain</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total-All Industries</td>
<td>61,647</td>
<td>10 0.0</td>
<td>10,685</td>
</tr>
<tr>
<td>Total-Leading</td>
<td>45,421</td>
<td>73.7</td>
<td>9,481</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>11,543</td>
<td>18.7</td>
<td>1,470</td>
</tr>
<tr>
<td>Transportation &amp; Warehousing</td>
<td>11,759</td>
<td>19.0</td>
<td>1,066</td>
</tr>
<tr>
<td>Finance &amp; Insurance</td>
<td>3,886</td>
<td>6.3</td>
<td>1,156</td>
</tr>
<tr>
<td>Health Care &amp; Social Assistance</td>
<td>10,974</td>
<td>17.8</td>
<td>4,018</td>
</tr>
<tr>
<td>Accommodations &amp; Food Services</td>
<td>7,259</td>
<td>11.8</td>
<td>1,771</td>
</tr>
</tbody>
</table>

| | | | | | | | | |

Source: Texas Workforce Commission

- Health Care & Social Services and Accommodations & Food Services, together, accounted for 54.2% of the gain in private sector employment (2000-2006).
- They also saw their average weekly wage fall by 14.9% of the time period, compared to 27.6% gain for the other industry sectors.
- Rapidly growing workforce competing for low skill jobs, bidding wages down.
- Low worker productivity.
### Laredo, Texas, U.S. Educational Attainment, 2005
(Percentage)

<table>
<thead>
<tr>
<th></th>
<th>Laredo</th>
<th>Texas</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>No High School Degree</td>
<td>41.6</td>
<td>21.2</td>
<td>15.8</td>
</tr>
<tr>
<td>High School Degree Only</td>
<td>40.5</td>
<td>53.7</td>
<td>57.0</td>
</tr>
<tr>
<td>Bachelor’s Degree or Higher</td>
<td>17.9</td>
<td>25.1</td>
<td>27.2</td>
</tr>
</tbody>
</table>

Source: American FactFinder, U.S. Census Bureau, 2006

- More than 50% of LCC and 30% of TAMIU first time freshman are enrolled in at least one remedial course—Math, Reading, or English to prepare them for college-level work. (Source: “Can’t read, Can’t add,” Laredo Morning Times, February 11, 2007)
In 2005, according the U.S. Department of Labor, the average annual salary nation-wide for U.S. workers with:

- Some high-school was $20,450
- High School diploma was $29,150
- Bachelors degree was $46,850

According to a 2001 study by the Federal Reserve Bank of Dallas, if the Laredo high school graduation rate rose to the state average (53.7%), wage/salary income in the community would increase by $413.8 million dollars annually. Applying a conservative income multiplier of 1.5, the overall impact of raising the current Laredo high school graduation rate (of 40.5%) to the state average would result in the Laredo economy growing by $1.1 billion dollars or 17.5%.
Conclusion

• Over the past two decades, Laredo has experienced extraordinary growth.

• Future growth with increasing prosperity will depend on expanding U.S.-Mexico economic integration, efficient border security, improved infrastructure, and increased education attainment.
Acknowledgement

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Jacqueline Benavides, Data Information Specialist

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Questions & Comments
Thank You

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