Laredo Economy Update

Presentation by
Andres Rivas, Ph.D.
Assistant Professor of Finance and Economics
&
Interim Coordinator
Texas Center for Border Economic and Enterprise Development
Texas A&M International University

Vision 2008 Conference
Laredo, Texas – April 3, 2008
Outline

• Laredo Economy: Where are we heading?
  ➢ Cross-Border Commerce and Local Business Activity

• Laredo Economy: US-Mexico Trade

• Conclusions
Laredo in Perspective

<table>
<thead>
<tr>
<th>Description</th>
<th>1990</th>
<th>2007</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>133,239.00</td>
<td>237,396.00</td>
<td>78.17%</td>
</tr>
<tr>
<td>Pedestrian Crossings</td>
<td>6,619,482.00</td>
<td>8,768,355.00</td>
<td>32.46%</td>
</tr>
<tr>
<td>Vehicles Crossings</td>
<td>12,089,681.00</td>
<td>11,054,534.00</td>
<td>-8.56%</td>
</tr>
<tr>
<td>Trucks Crossings</td>
<td>766,425.00</td>
<td>3,081,785.00</td>
<td>302.10%</td>
</tr>
<tr>
<td>Rail Car Crossings</td>
<td>98,103.00</td>
<td>395,775.00</td>
<td>303.43%</td>
</tr>
<tr>
<td>Bridge Revenues</td>
<td>$9,876,136</td>
<td>$39,081,666</td>
<td>295.72%</td>
</tr>
<tr>
<td>Retail sales (Billions)</td>
<td>$1.50</td>
<td>$3.30</td>
<td>120.00%</td>
</tr>
<tr>
<td>Employment</td>
<td>45,714.00</td>
<td>81,137.00</td>
<td>77.49%</td>
</tr>
</tbody>
</table>
Pedestrian Crossings at Laredo
(North and South)

Growth

- 1990-2007: 33.3%
- 1990-1999: 22.7% (2.3%/yr.)
- 2000-2007: -2.2% (0.3%/yr.)
- 2006-2007: No Change

- 1995 (Peso devaluation): -13.0%
- 2001 (U.S. recession, 9/11, laser visa): -2.0%

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

• 1990-2007: -8.3%
• 1990-1999: 28.9% (2.9%/yr)
• 2000-2007: -27.9% (-3.5%/yr)
• 2006-2007: -7.5%
• 1995 (Peso devaluation): -7.0%
• 2001 (U.S. recession, 9/11, laser visa): -2.0%

Source: Laredo Bridge System and Mexico's Oficina de Caminos y Puentes data compiled by the Texas Center at Texas A&M International University.
Slide 3
Truck Crossings at Laredo
(North and South)

Growth

- 1990-2007: 287.5%
- 1990-1999: 250.0% (25.0%/yr)
- 2000-2007: 6.9% (0.9%/yr)
- 2006-2007: -3.1%

• 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.
Slide 4
Bridge Revenues for Laredo
(In Millions of Dollars)

Growth

- 1990-2007: 302.2%
- 1990-1999: 174.7% (17.5%/yr)
- 2000-2007: 38.2% (4.8%/yr)
- 2006-2007: 1.8%
- 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 5**

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

**Growth**

- **1990-2007:** 303.5%
- **1990-1999:** 189.4% (**18.9%/yr**)
- **2000-2007:** 17.9% (**2.2%/yr**)
- **2006-2007:** -1.4%
- **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
(In Millions of Pounds)

Growth

- 1990-2007: 674.3%
- 1990-1999: 756.5% (75.7%/yr)
- 2000-2006: -22.5% (-2.8%/yr)
- 2006-2007: -2.5%

- 1995 (Peso devaluation): No Change
- 2001 (U.S. recession, 9/11, laser visa): -50.8%

Source: Data provided by the Laredo International Airport.
Growth

- 1990-2007: 160.8%
- 1990-1999: 60.8% (6.1%/yr)
- 2000-2007: 50.0% (6.3%/yr)
- 2006-2007: 9.1%

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

- **1990-2007**: 120.0%
- **1990-1999**: 33.3% (3.3%/yr)
- **2000-2007**: 37.5% (4.7%/yr)
- **2006-2007**: No Change

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

Growth

- **1990-2007**: 356.7%; $4.3 billion invested in structures/facilities (private and public)
- 363.4% increase, high year (2006-$444.4m) over low year (1990-$95.9m)
- **2006-2007**: -1.4%

- **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.
Laredo Employment

- 1990-2007: 77.5%
- 1990-1999: 36.3% (3.6%/yr)
- 2000-2007: 25.6% (3.2%/yr)
- 2006-2007: 1.6%

Growth

- 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.
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, 2007)

Growth

- **1990-2007:** 78.2%
- **1990-1999:** 45.0% (4.5%/yr)
- **2000-2007:** 22.9% (2.9%/yr)
- **2006-2007:** 1.2%
- Laredo population (237,396 today) is estimated to reach 400,000 by 2030
Laredo Economy

U.S.-Mexico Trade
Total U.S.-Mexico Trade, 1990-2007
(In Billions of U.S. Dollars)

Growth in Total Trade
• 1990-2007: 493.7%
• 1990-1999: 236.1%
• 2000-2007: 40.3%
• 2006-2007: 4.5%

Source: U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C.
### U.S.-Mexico Total Trade
Processed at the Top 10 U.S.-Mexico Border Ports of Entry
2006 vs. 2007
(In Billions of U.S. Dollars)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Port</th>
<th>2006</th>
<th>2007</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Laredo</td>
<td>104.1</td>
<td>110.5</td>
<td>6.1</td>
</tr>
<tr>
<td>2</td>
<td>El Paso</td>
<td>46.8</td>
<td>49.1</td>
<td>4.9</td>
</tr>
<tr>
<td>3</td>
<td>Otay Mesa Station</td>
<td>28.6</td>
<td>30.8</td>
<td>7.7</td>
</tr>
<tr>
<td>4</td>
<td>Hidalgo</td>
<td>20.0</td>
<td>21.9</td>
<td>9.5</td>
</tr>
<tr>
<td>5</td>
<td>Nogales</td>
<td>18.9</td>
<td>18.2</td>
<td>-3.7</td>
</tr>
<tr>
<td>6</td>
<td>Brownsville</td>
<td>12.6</td>
<td>13.3</td>
<td>5.6</td>
</tr>
<tr>
<td>7</td>
<td>Eagle Pass</td>
<td>11.2</td>
<td>12.0</td>
<td>7.1</td>
</tr>
<tr>
<td>8</td>
<td>Calexico-East</td>
<td>11.6</td>
<td>11.9</td>
<td>2.6</td>
</tr>
<tr>
<td>9</td>
<td>Del Rio</td>
<td>3.1</td>
<td>3.2</td>
<td>3.2</td>
</tr>
<tr>
<td>10</td>
<td>Santa Teresa</td>
<td>1.2</td>
<td>1.4</td>
<td>16.7</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Commerce data compiled by the Texas Center at Texas A&M International University.
Slide 14
Laredo's Share of U.S.-Mexico Total Border Trade Activity

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Port of Laredo</th>
<th>Total Other Ports</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>39.5%</td>
<td>60.5%</td>
</tr>
<tr>
<td>2007</td>
<td>39.8%</td>
<td>60.2%</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Commerce data compiled by the Texas Center at Texas A&M International University.
### U.S. Exports to Mexico via the Port of Laredo, 2007
(In Billions of U.S. Dollars)

<table>
<thead>
<tr>
<th>Rank</th>
<th>SITC</th>
<th>Product Description</th>
<th>U.S. $ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>78</td>
<td>Road vehicles (including air-cushion vehicles)</td>
<td>8.2</td>
</tr>
<tr>
<td>2</td>
<td>77</td>
<td>Electrical machinery, apparatus and appliances, N.E.S.</td>
<td>4.1</td>
</tr>
<tr>
<td>3</td>
<td>57</td>
<td>Plastics in primary forms</td>
<td>2.9</td>
</tr>
<tr>
<td>4</td>
<td>71</td>
<td>Power-generating machinery and equipment</td>
<td>2.9</td>
</tr>
<tr>
<td>5</td>
<td>74</td>
<td>General industrial machinery and equipment, N.E.S.</td>
<td>2.9</td>
</tr>
<tr>
<td>6</td>
<td>75</td>
<td>Office machines and automatic data-processing machines</td>
<td>2.0</td>
</tr>
<tr>
<td>7</td>
<td>68</td>
<td>Non-ferrous metals</td>
<td>1.9</td>
</tr>
<tr>
<td>8</td>
<td>89</td>
<td>Miscellaneous manufactured articles, N.E.S.</td>
<td>1.6</td>
</tr>
<tr>
<td>9</td>
<td>76</td>
<td>Telecommunications and sound-recording...</td>
<td>1.5</td>
</tr>
<tr>
<td>10</td>
<td>69</td>
<td>Manufactures of metals, N.E.S.</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Commerce data compiled by the Texas Center at Texas A&M International University.
### U.S. Imports from Mexico via the Port of Laredo, 2007
(In Billions of U.S. Dollars)

<table>
<thead>
<tr>
<th>Rank</th>
<th>SITC</th>
<th>Product Description</th>
<th>U.S. $ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>78</td>
<td>Road vehicles (including air-cushion vehicles)</td>
<td>16.5</td>
</tr>
<tr>
<td>2</td>
<td>77</td>
<td>Electrical machinery, apparatus and appliances, N.E.S.</td>
<td>7.8</td>
</tr>
<tr>
<td>3</td>
<td>76</td>
<td>Telecommunications and sound-recording…</td>
<td>6.1</td>
</tr>
<tr>
<td>4</td>
<td>71</td>
<td>Power-generating machinery and equipment</td>
<td>4.4</td>
</tr>
<tr>
<td>5</td>
<td>74</td>
<td>General industrial machinery and equipment, N.E.S.</td>
<td>4.3</td>
</tr>
<tr>
<td>6</td>
<td>68</td>
<td>Non-ferrous metals</td>
<td>2.1</td>
</tr>
<tr>
<td>7</td>
<td>69</td>
<td>Manufactures of metals, N.E.S.</td>
<td>1.8</td>
</tr>
<tr>
<td>8</td>
<td>82</td>
<td>Furniture and parts thereof; bedding, mattresses…</td>
<td>1.7</td>
</tr>
<tr>
<td>9</td>
<td>75</td>
<td>Office machines and automatic data-processing machines</td>
<td>1.7</td>
</tr>
<tr>
<td>10</td>
<td>87</td>
<td>Professional, scientific and controlling instruments…</td>
<td>1.5</td>
</tr>
</tbody>
</table>

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

• While the growth of the economy has slowed down compared to the 1990s, Laredo’s economy still continues to show growth

• **Good things:**

  - Laredo’s population Growth @ 3.45%
  - Greater U.S.-Mexico economic integration
  - Enhanced efficient border security
  - Improved infrastructure
  - Increased *educational* attainment in the region

  Growth and sustainability for Laredo
Acknowledgement

Baldomero G. Garcia, Program Manager
Jacqueline Benavides, Data Information Specialist

Texas Center
College of Business Administration
Texas A&M International University
http://texascenter.tamiu.edu
956-326-2546
Questions & Comments
Thank You

Andres Rivas
Texas Center

arivas@tamiu.edu
956-326-2546