Ad-Hoc Hearing: Redefining Border Security: Border Communities Demand to be Heard in the Comprehensive Immigration Debate

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September 13, 2013

Congressman Grijalva, Congressman Vela, Congressman O'Rourke:

Thank you for this opportunity to address the important issue of U.S.-Mexico trade in the context of the current immigration reform debate.

U.S.-Mexico Trade: A Growing Opportunity

Though all too often hidden from the public eye behind headlines on organized crime, violence, and unauthorized immigration, the United States-Mexico economic relationship is strong and growing. Since the 1990s, the scale of the economic relationship has grown enormously as the United States, Mexico, and Canada have joined together to become a tightly integrated market and production platform. In fact, U.S.-Mexico goods and services trade is now valued at more than a half-trillion dollars per year. Since NAFTA was implemented in 1994, bilateral trade has more than quintupled, and exports to Mexico are now more than U.S. exports to Brazil, Russia, India, China and South Africa (the BRICS) combined. The U.S. Chamber of Commerce estimates that U.S.-Mexico trade supports six million American jobs.

Due to favorable demographics and a series of political and economic reforms implemented over the past 25 years, including a commitment to free trade, Mexico has achieved a great degree of macroeconomic stability that has spurred the growth of its middle class and has set the stage for a period of economic growth likely to continue, albeit with ups and downs, for a number of years. As Mexico grows, and as Mexico's middle class grows, so do U.S. exports to Mexico. Since the Great Recession, U.S. exports to Mexico have taken off, growing at an average annual rate of 19 percent per year, faster than the growth in U.S. exports to China (17%).

In addition to being immense, U.S. trade with Mexico is unique. We not only trade finished goods, we actually work together to build products, sending parts back and forth across the border several times during the manufacturing process. Because of this phenomenon, imports of final goods from Mexico contain, on average, 40 percent U.S. content. This means that even imports from Mexico, unlike imports from any country except Canada, strongly promote U.S. exports, industry, and jobs. For each dollar spent buying imports from Mexico, 40 cents of it stays right here in the United States. As a point of comparison, imports from China contain just 4 percent U.S. parts. The unique nature of U.S.-Mexico trade means that our nations are best understood as partners working together on the global stage, not competitors where a gain in one country represents a loss in the other.

In addition to profoundly linking together the U.S. and Mexican economies, this system of production sharing, with parts often going back and forth across the border multiple times as products are being manufactured, creates a multiplier effect for any inefficiencies at the border. Having trucks full of goods wait in line for hours at the border before being able to cross is expensive once, but manufacturers involved in co-manufacturing with Mexico often have to pay what is essentially a *border tax* multiple times.

Trade Benefits Border States and Many More

Seventy-seven percent of all U.S. trade with Mexico comes across the land border, the majority by truck, making the efficient operation of our land ports of entry crucial to maintaining and building on the six million American jobs sustained by bilateral trade. Three border states—Texas, California, and Arizona—count Mexico as their top export market, but states throughout the nation rely heavily on trade with Mexico. In fact, Mexico is either the first or second largest market for exports from twenty three states. The range of industries involved in trade with Mexico is similarly large and diverse, ranging from high-value manufacturing in the automotive and aerospace sectors to agriculture and processed foods. (See Table 1 in the Appendix.)

Creating a Secure and Competitive Border

The infrastructure and capacity of the ports of entry to process goods and individuals entering the United States has not kept pace with the expansion of bilateral trade or the population growth of the border region. Instead, the need for greater border security following the terrorist attacks of 9/11 led to a thickening of the border, dividing the twin cities that characterize the region and adding costly, long and unpredictable wait times for commercial and individual crossers alike. Congestion acts as a drag on the competitiveness of the region and of the United States and Mexico in their entirety.

Several studies have attempted to quantify the costs of border area congestion to the economies of the United States and Mexico (See Table 2 in the Appendix). The specific results of the studies are varied, and too much value should not be placed on any single number. Nonetheless, one message comes through quite clearly—long and unpredictable wait times at the POEs are costing the United States and Mexican economies many billions of dollars each year. Recognizing the costs of congestion and the need for additional CBP staff to reduce long lines at the border crossings, the CREATE Homeland Security Center at the University of Southern California performed a study, finding each additional CBP officer staffed to our ports of entry would lead to a two million dollar increase in U.S. GDP and would create thirty-three American jobs.[1]

Given the importance of our nation's security and economic needs, solutions are needed that strengthen both border security and efficiency at the same time. The development of the 21st Century Border initiative, which was recently reaffirmed by Presidents Obama and Peña Nieto, has yielded some advances in this direction, but the efforts need to be redoubled. Moderate investments to update infrastructure and to fully staff the ports of entry are certainly needed, as long lines and overworked staff promote neither efficiency nor security. But in a time of tight federal budgets, more resources cannot be the only answer. Strategic efforts to maximize existing resources, improving throughput and reducing congestion, are also needed.

For the past two decades, border security efforts along the U.S.-Mexico border have focused on the areas between official crossing points. As a result the Border Patrol is now five times larger than it was in the early Nineteen Nineties; yet much less attention has been paid to the staffing, infrastructure and technology needs of ports of entry themselves, both leaving them less secure and undermining America’s economic competitiveness. In the context of immigration reform, a continued focus on the areas between the ports of entry and inattention to the security and efficiency needs of the official ports of entry could exacerbate this issue.

One way to make ports of entry better at blocking dangerous traffic while letting legitimate travelers and commerce through quickly would be to increase participation in trusted traveler and trusted shipper programs. It is a problem of needles and haystacks. With over a half-million people and a billion dollars’ worth of goods crossing the Southwest border into the United States each day, there is a whole lot of haystack in which dangerous individuals and shipments can hide.

Trusted programs (SENTRI for individuals, FAST for commercial vehicles) expedite the passage of vetted, low-risk travelers and shippers so that law enforcement can focus its limited resources on unknown and suspicious traffic. Despite the fact that the majority of border crossers do so regularly, approximately 18 percent of individuals use the express lanes available to vetted trusted travelers, suggesting the potential for such programs is much greater than their current level of use.

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[1] Bryan Roberts et al., “The Impact on the U.S. Economy of Changes in Wait Times at Ports of Entry,” University of Southern California CREATE Homeland Security Center, April 4, 2013, http://create.usc.edu/CBP%20Final%20Report.pdf.

Investments in port of entry infrastructure and technology are also needed. U.S. Customs and Border Protection has identified a need for six billion dollars in border infrastructure investments to fully modernize the ports of entry along the U.S.-Mexico border. Inadequate infrastructure currently causes long lineups at the border, which, in addition to their economic impacts outlined above, encourage officials to rush the screening process and possibly miss suspicious crossers while increasing the risk that drugs or other illegal goods could be planted in idled vehicles.

Finally, rather than conditioning immigration reform on border security, reform of the legal immigration system could be used as a tool to strengthen border security and efficiency. Border security funding associated with the reform effort could be used to address deficiencies at the ports of entry, and a reform of the visa system itself could act to limit illegal migration. When visa demand is much greater than the visa supply, prospective immigrants are more likely to cross illegally.

Appendix

Table 1. List of U.S. States with Mexico as Largest or Second Largest Export Market

State	Rank of Mexico among export markets
Arizona	1
California	1
Texas	1
Arkansas	2
Colorado	2
Illinois	2
Indiana	2
Iowa	2
Kansas	2
Kentucky	2
Louisiana	2
Michigan	2
Missouri	2
New Hampshire	2
New Jersey	2
New Mexico	2
Nebraska	2
North Dakota	2
Ohio	2
Oklahoma	2
South Dakota	2
Tennessee	2
Wisconsin	2

Table 2. The Costs of Congestion

Studies of the Costs of Border Wait Times and Congestion to U.S. and Mexican Economies						
Region of Crossings	Region of Economic Impact	Wait Time (min.)	Year of Potential Impact	Cost to Regional Economy (billions of USD)	Costs in Jobs	Source
San Diego - Tijuana	U.S. and Mexico	…	2007	$7.2	62,000	SANDAG, 2007 Update
Imperial Valley - Mexicali	U.S. and Mexico	…	2007	$1.4	11,600	HDR|HLB IVAG 2007
Tijuana	Mexico	180	2007-2008	$1.9	57,000	Del Castillo Vera, COLEF, 2009
Ciudad Juarez	Mexico	132	2007-2008	$1.5	87,600	Del Castillo Vera, COLEF, 2009
Nuevo Laredo	Mexico	174	2007-2008	$3.7	133,800	Del Castillo Vera, COLEF, 2009
Nogales	Mexico	66	2007-2008	$0.2	18,000	Del Castillo Vera, COLEF, 2009
US-Mexico Border	U.S.	63	2008	$5.8	26,000	Accenture Draft, March 2008
US-Mexico Border	U.S.	99	2017	$12.0	54,000	Accenture Draft, March 2008
El Paso/Cd. Juarez	El Paso/Cd. Juarez	2008 peak times: ~45 - 220	2035	$54.0	850,000	Cambridge Systematics Inc., June 2011
US-Mexico Border	U.S.	…	2011	$7.8	…	Hummer, Bloomberg, 2013

Note: Year of Potential Impact refers to the year in which the listed monetary and employment effects take place. For dates before 2009, this refers to the estimated costs for the year of the study. For future years, this refers to the estimated cost that will take place if the border is not made more efficient.

Sources: Cambridge Systematics, *El Paso regional Ports of Entry Operations Plan*, Texas Department of Transportation and Cambridge Systematics, June 2011; Gustavo Del Castillo Vera, "Tiempos de espera en los cruces fronterizos del norte de México: una barrera no arancelaria," *Comercio Exterior*, Vol. 59, No. 7, July 2009, 555; SANDAG, *Economic Impacts of Wait Times in the San Diego-Baja California Border Region Fact Sheet: 2007 Update*; Accenture, *Draft: Improving Economic outcomes by Reducing Border Delays*, Accenture and Department of Commerce, March 2008; HDR|HLB, Imperial Valley - Mexicali Economic Delay Study, HDR, Imperial Valley Association of Governments and California Department of Transportation, District 11, November 19, 2007; Matthew Hummer, Bloomberg, 2013.