

BORDER TASK FORCE REPORT

PASO DEL NORTE REGION

July 2022

Prepared by Arrowhead Center and
the Center for Border Economic
Development at New Mexico State University

Sponsored by New Mexico Economic Development
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Border Task Force Report

July 2022

Prepared by:

Dr. Kramer Winingham, Arrowhead Center

Dr. Lucinda Vargas, Center for Border Economic Development

Dr. Christopher A. Erickson, Center for Border Economic Development and Carruthers Chair
for Economic Development

New Mexico State University

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Arrowhead Center

New Mexico State University

Las Cruces, NM 88003

Please send comments or questions to jkramer@nmsu.edu

Foreword

With the advancement of near-shoring and friend-shoring, the vibrant binational region of El Paso, Texas, Ciudad Juárez, Chihuahua and Doña Ana County in southern New Mexico is poised to take advantage of these shifting supply chains and an increase of trade through the area. However, to be fully competitive and unleash the significant human and economic potential of the region, we must modernize our regional border infrastructure.

In February, U.S. Rep. Veronica Escobar (TX-16) and co-chairs Gov. Michelle Lujan Grisham of the State of New Mexico and Gov. María Eugenia Campos Galván of the State of Chihuahua, Mexico formed the Binational Infrastructure Task Force. This task force was established with the goal of engaging with public and private stakeholders from each region. The enclosed report is the direct result of these engagements and seeks to highlight the many different infrastructure priorities and opportunities throughout our communities while ensuring each stakeholder know what is on the horizon for our partners for more effective collaboration and success.

This report demonstrates that in order to bring the border region into the 21st century, there must be significant investments at the federal, state and local levels in addition to increased collaboration. There must also be vision. That means re-envisioning our land ports of entry so they can move commerce and people as quickly as our airports do, investing in sustainable transportation options that will connect our communities like cross-border light rail, and confronting and eliminating sub-standard conditions that exist in our colonias and other economically disadvantaged areas in border communities. Our report sets the stage for better communication between our stakeholders while allowing us to better understand how to achieve these goals and more.

We thank all those who worked on this report and those who contributed to its contents. This report is a momentous step forward for our communities, but it is just the first step. It is now on us to follow through on its contents, coordinate our efforts, continue the collaboration and make the investments needed to fulfill our vision.



U.S. Rep. Veronica Escobar
(TX-16)



Gov. María Eugenia Campos
Galván of the State of
Chihuahua, Mexico



Gov. Michelle Lujan Grisham
of the State of New Mexico



Executive Summary

The Paso del Norte region is truly unique: a tri-state, binational area spanning over 13,000 square miles where borders are blurred by people with common needs and goals. Southern New Mexico, west Texas, and northern Chihuahua, Mexico, face similar challenges and opportunities and can work together to create a region with more and better jobs and a higher quality of life for its residents.

Economic trends and political factors have aligned favorably for the region, leading many stakeholders to believe “*the time is now*” for the full realization of the region’s potential. The region has significant untapped possibilities for trade, travel, and economic development. Border infrastructure improvements are necessary to meet current needs and facilitate new growth.

To address the region’s opportunity, U.S. Rep. Veronica Escobar (TX-16), Gov. María Eugenia Campos Galván of the State of Chihuahua, Mexico, and Gov. Michelle Lujan Grisham of the State of New Mexico formed the Border Task Force to identify opportunities and propose solutions to longstanding border infrastructure challenges in the Paso del Norte region. The idea of a binational border effort for the area was discussed at a meeting with stakeholders convened by United States Ambassador Ken Salazar. At this meeting, it was determined that Representative Veronica Escobar would lead the task force with co-chairs Governor Lujan Grisham and Governor María Eugenia Campos Galván. The Border Task Force includes stakeholders drawn from government agencies, private businesses, NGOs, and the general public. The goal was to ensure that points of view from all three states and the two nations were included.

The New Mexico Economic Development Department, on behalf of the Border Task Force, contracted with Arrowhead Center (Arrowhead) and the Center for Border Economic Development (C-BED) at New Mexico State University (NMSU) to develop this comprehensive report to identify critical infrastructure and policy priorities for the region. These priorities include cross-border investments for land ports of entry, roads, electricity, economic development, housing, security, commercial and pedestrian transportation, water, and other infrastructure.

Paso del Norte Vision

To unite Mexico and the United States to create a world-class hub for global trade that celebrates the people, culture, and environment of the border region through dignified and efficient border crossings, cutting-edge infrastructure, and shared spaces for binational collaboration.



The purpose of this report is to present strategic initiatives from the Paso del Norte region to form an aligned strategy for developing regional capacities and competitive advantages. The vision identified for this region is to unite the U.S. and Mexico to create a world-class hub for global trade that celebrates the people, culture, and environment of the border region through dignified and efficient border crossings, cutting-edge infrastructure, and shared spaces for binational collaboration.

During the development of this report, input was gathered through individual and group meetings with stakeholders from the Paso del Norte region.¹ Additionally, Arrowhead and C-BED reviewed existing plans and studies on border infrastructure. These provided a broader understanding of the Paso del Norte region's history, the current situation and challenges, and promising visions for the future. Immediate regional needs are listed at the end of this executive summary.

'The Time is Now'

From border crossing improvements that enhance the binational community and reduce wait times to reshoring and nearshoring of far-flung supply chains, the Paso del Norte region has enormous potential. Viewed as a single region, diverse strengths can be leveraged to create a total package for new business locations and strategic supply chain investments.

"The time is now" theme emerged from stakeholder meetings and reflects economic and political factors that have aligned to unlock the region's potential. These factors are a combination of long- and short-term trends, as well as increased interest and engagement from U.S. and Mexican

¹ Stakeholders are listed in Appendix 2

Key Findings

- There is an immediate need for investment in infrastructure projects.
- All stakeholders are unanimously focused on building dignified and efficient border crossings.
- "The time is now" to act on unlocking the region's potential and become a "region of the future."
- U.S. and Mexican governments are engaged, each with plans for multibillion dollar investments on both sides of the border.



governments, each with plans for multibillion-dollar investments on both sides of the border.² This combination of interest, funding, and economic trends presents a truly once-in-a-generation opportunity to develop this binational region.

The COVID-19 pandemic demonstrated the risks inherent to long supply chains and international dependencies in the face of rising global tensions. This has refocused the industry from a lowest-cost mindset to one of resiliency; a shift from “just-in-time” to “just-in-case” has been pursued in many industries.³ U.S. policy views the reshoring of supply chains as a matter of national security for crucial industries such as electronics and pharmaceuticals.⁴ Nearshoring and reshoring present opportunities to maintain “just-in-time” advantages while limiting risk by consolidating supply chains in North America. New trade agreements and long-term trends support this shift, as well.⁵

The region offers intermodal transportation options to access major markets in the U.S. while benefiting from a geographically confined supply chain, lower labor costs and currency advantages.

Labor costs in China have been outpacing labor costs in Mexico for more than a decade.⁶ In manufacturing, the trend is even more pronounced.⁷ This trend can in part be explained by currency movements relative to the dollar in the Chinese Yuan and Mexican Peso. This relative movement in currency exchange rates benefits manufacturing in Mexico beyond labor costs. For U.S. companies with dollar-denominated budgets, it makes everything purchased in pesos relatively less expensive, including raw materials sourced in Mexico.

The region offers intermodal transportation options to access major markets in the U.S. while benefiting from a geographically confined supply chain. The Paso del Norte region also possesses unique advantages over competitors – Phoenix, AZ; Dallas, TX; Guadalajara, MX; and Monterrey, MX – for similar industries and business locations because the region is binational, sharing the benefits of each side of the border in a single region with substantial room for development. The

² (The Biden-Harris Plan to Revitalize American Manufacturing and Secure Critical Supply Chains in 2022, 2022); (Averbach & Nacha, 2022); (Fact Sheet: Competitive Infrastructure Funding Opportunities for Local Governments, 2022)

³ (Balancing just-in-time with just-in-case: Profitable redundancy in supply chains, 2022)

⁴ (The Biden-Harris Plan to Revitalize American Manufacturing and Secure Critical Supply Chains in 2022, 2022)

⁵ (Gantz, 2020)

⁶ (Advantages of Manufacturing in Mexico vs China, 2019)

⁷ (PwC, 2020)



San Jerónimo/Santa Teresa binational area – termed Los Santos – has the largest privately-owned landmass (70,000+ acres) in North America, located adjacent to a major metropolitan area.⁸

Combined, these factors make the Paso del Norte region a leading option for many aspects of the supply chain. The region is especially well-positioned in industries with international supply chain risks: pharmaceuticals (\$117 billion in U.S. imports in 2019, and a target industry for El Paso), medical devices (\$46 billion in U.S. imports in 2019, 20% from Mexico), automotive (\$300 billion in U.S. imports in 2019, 30% from Mexico) and electronics (\$314 billion in U.S. imports in 2019, 23% from Mexico).⁹ The substantial size of these industries demonstrates the magnitude of the opportunity in the Paso del Norte region. As regional infrastructure investments continue to make the region more competitive, more of the market share of these industries can be captured in the Paso del Norte region. Additionally, enhancing the ease of travel across borders and reimagining shared binational spaces would bring the Paso del Norte region communities closer together, unlock significant economic value, and encourage collaboration, innovation, commerce, tourism, and community-building.

To address key capacity issues and enhance regional competitiveness, Border Task Force stakeholders identified several immediate needs on both sides of the border, shown in Tables 1-3. These are projects and initiatives requiring immediate implementation that need additional funding. Stakeholders also mentioned several policy recommendations to allow for wider and flatter bridge crossings and an extension of the Section 301 Tariff exclusions that are important for regional competitiveness and new solar power installations.

⁸ (Why Los Santos, 2022)

⁹ (The Atlas of Economic Complexity, 2022)



Immediate Regional Needs

Stakeholders from the Paso del Norte region identified projects and initiatives as immediate regional needs. This designation was based on two criteria: (1) considered a top priority by stakeholders, and (2) not fully funded through existing channels. Costs were drawn from stakeholder meetings, the 2021 Texas-Mexico Border Master Plan, and the 2021 New Mexico-Chihuahua Border Master Plan.¹⁰ Due to price changes for required materials and construction activities, estimated costs may vary. Costs for economic development programs and projects in New Mexico and Texas were estimated at 1% of total costs. Projects in Chihuahua are grouped by Port of Entry (POE), and projects for New Mexico and Texas are grouped by category due to regional preferences. As the projects identified in these tables are unfunded (with the exception of two of the projects in Table 1), the specific source or responsibility for funding these projects is undetermined.

Funding and executing on high priority projects is necessary to catalyze regional growth.

Table 1: Immediate Border Infrastructure Needs, Chihuahua, Mexico

POE	Top Project Proposals	Amount (Millions of Pesos) ¹¹
Zaragoza/Ysleta	POE Modernization; Access routes to POE	TBD ¹²
San Jerónimo/ Santa Teresa	POE Modernization and Juárez rail bypass to Santa Teresa	\$1,600
	San Jerónimo Federal Highway 2	\$700
Córdova - Américas/ Bridge of the Americas	POE Modernization; Access routes to POE	TBD

¹⁰ (El Paso Stakeholder Meetings, 2022); (Mexico Stakeholder Meetings, 2022); (NM Stakeholder Meetings, 2022); (Texas-Mexico Border Master Transportation Plan, 2021); (New Mexico Department of Transportation, 2021)

¹¹ The amounts shown reflect funding by the Federal Government. At an exchange rate of 20 pesos/dollar, the figures translate to approximately US\$80 million (first amount) and US\$35 million (second amount).

¹² Due to the project development process used for infrastructure projects in Mexico, cost estimates are not available before feasibility studies are completed.



Table 2: Immediate Border Infrastructure Needs, New Mexico, U.S.A.

Category	Projects	Amount (USD)
Rail	Juarez Rail Bypass connections	\$500,000,000
Ports	Santa Teresa Port modernization, streamlined funding for POEs, pre-clearance program expansion	\$173,000,000
Regional Connectivity	Pete Domenici Highway grade separations	\$99,614,000
Air	Doña Ana Jetport improvements	\$68,500,000
Water	Water infrastructure upgrades in Santa Teresa	\$48,500,000
Economic Development	Binational infrastructure planning, expansion of marketing and recruitment efforts, Santa Teresa Master Plan, supplier development programs, workforce training initiatives	\$8,986,000
Total		\$898,600,000

Table 3: Immediate Border Infrastructure Needs, Texas, U.S.A.

Category	Projects	Amount (USD)
Regional Connectivity	Borderland Expressway, Downtown I-10	\$1,046,689,000
Ports	POE and Pedestrian Facility Improvements at Ysleta, Paso del Norte, Stanton Street, and Bridge of the Americas, including intelligent transportation systems, toll collection improvements, interoperability of electric toll collection, improved CBP facilities and additional primary inspection booths, safety improvements, covered walkways, dedicated bicycle lanes, improved pickup and drop-off locations, and improved access to POE.	\$868,251,000
Air/Rail	Presidio Rail Port of Entry improvements	\$33,000,000
Economic Development	Binational infrastructure planning, expansion of marketing and recruitment efforts, supplier development programs, workforce training initiatives	\$19,676,000
Total		\$1,967,616,000



