Transcript of the Testimony of
BORDER TRADE ADVISORY COMMITTEE

Date:
September 19, 2017

Case:
Committee Meeting
BORDER TRADE ADVISORY COMMITTEE MEETING

ON

SEPTEMBER 19TH, 2017

9:00 A.M.

AT

TEXAS DEPARTMENT OF TRANSPORTATION

GREER BUILDING, RIC WILLIAMSON ROOM

125 E. 11TH STREET

AUSTIN, TEXAS
## PROCEEDINGS

**SECRETARY PABLOS:** Okay. Everyone, good morning.

**SECRETARY PABLOS:** The time is 9:34 and I'd like to call this meeting of the Border Trade Advisory Committee to order.

**Caroline,** please take roll.

**MS. MAYS:** Good morning. Okay. Good morning. What I would like to do, Mr. Secretary, is let the members introduce themselves and then I'll check who's here.

**SECRETARY PABLOS:** Sounds good. Ed, can you please --

**MR. DRUSINA:** Ed Drusina with the International Boundary Water Commission located in El Paso. We're responsible for the 2000 miles between San Diego and Brownsville.

**MR. ESPARZA:** John Esparza, President of the Texas Trucking Association located here in Austin.

**MR. CRISTINA:** Paul Cristina with BNSF Railway out of Fort Worth.

**MS. GARZA-REYES:** Cynthia Garza-Reyes with Pharr Economic Development Corporation.

**MR. OLAGUIBEL:** Juan Olaguibel, City of McAllen.

**MR. ALDRETE:** Rafael Aldrete with the Texas A&M Transportation Institute in El Paso.

**MR. CAMPIRANO:** Edward Campirano, Port of Brownsville.

**MR. GIESBRECHT:** My name is -- good morning, everybody. My name is Jacob Giesbrecht. I'm with the Presidio Bridge, Presidio International Port Authority.

**MR. DOMINGUEZ:** Good morning. Arturo Dominguez, Kansas City Southern Railway Director of International Border Operations in Laredo, Texas.

**MR. VALE:** Sam Vale, Starr-Camargo Bridge Company, Rio Grande City, a privately-owned bridge.

**MR. LOVE:** Stop hogging the mic, Sam. John Love, city councilman City of Midland also Permian Basin Metropolitan Planning Organization.

**MR. CANON:** Andrew Canon, transportation director for Hidalgo County MPO.

**MR. CANAVATI:** Jorge Canavati, J. Canavati & Company, San Antonio, Texas, representing John LaRue from the Port of Corpus Christi.

**MR. REEVES:** Michael Reeves at the Ports-to-Plains Alliance out of Lubbock.

**MR. GARCIA:** Good morning. My name is Josue Garcia. I'm with Cameron County Bridge System.

**MR. RICO:** Germán Rico with Port San Antonio.

**MR. GARZA:** Hector Garza with the Texas International Produce Association representing Dante Galeazzi.

**MR. VALLEJO:** Alfonso Vallejo, Brownsville MPO deputy director and representing Mayor Martinez Brownsville -- City of Brownsville.

**MR. PUIG:** Ben Puig, Fasken Oil and Ranch from the City of Midland, City of Laredo representing Tommy Taylor.

**MR. GONZALEZ:** Gilberto Gonzalez designee for Mayor Chris Boswell, City of Harlingen.

**MR. MARROQUIN:** Enrique Marroquin. I'm the president of Hunt Mexico.

**MR. HUERTA:** Avdiel Huerta, Assistant Secretary of State with the Secretary of State's Office.

**MR. SMITH:** Peter Smith, Director of Transportation Planning and Programming with TxDOT.

**SECRETARY PABLOS:** Okay. Do we have a quorum?

**MS. MAYS:** Yes, we do.

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**20 MR. SMITH:** Peter Smith, Director of Transportation Planning and Programming with TxDOT.
SECRETARY PABLOS: Okay. I'd like to --
given that we're actually -- we've allotted a little
bit too much time for adopting the minutes. I'd like
to ask the audience to introduce themselves. We'd also
like to know who's here. It buys us a little time
before our speakers get here and it also gives us an
opportunity to know who's here. So, we'll start right
there with you, sir.

MR. RUTT: Tyler Rutt with West Texas Gas.
MS. CISNEROS: Joanne Cisneros, U.S.
Department of Transportation, Federal Motor Carrier
Safety Administration.

MR. GIULIANI: Anthony Giuliani, Texas
Secretary of State.

MS. COBOS: Lori Cobos, Cobos Law Firm.
MR. VILLA: Good morning. Juan Carlos
Villa with the Texas A&M Transportation.

MS. VICTORIA: Good morning. Isabel
Victoria, Cambridge Systematics.

MR. CALVO: Good morning. Eduardo Calvo
HNTB Corporation.

MR. GARZA: Braulio Garza, HMPO.
MS. GARZA: Garza, TxDOT Pharr District.
MR. ALVAREZ: Good morning. Pete Alvarez,
Pharr district engineer and TxDOT engineer.

MS. CABALLERO: Good morning. Good
morning, Boss. Texas Secretary of State's Office,
Enriqueta Caballero.

MR. SEPULEDA: Good morning. My name is
Pete Sepulveda. I'm the executive director of the
Cameron County Regional Mobility Authority.

MR. TAYLOR: Sam Taylor, the communication
director for the Secretary of State's Office.

MR. ARREDONDO: Good morning. Henry
Arredondo with the City of Del Rio.

MS. GONZALES: Bernice Gonzalez, Hidalgo
County MPO.

MS. STOPPENHAGEN: Good morning. Gloria
Stoppenhagen, Atkins Global.

MR. NELSON: Good morning. Rick Nelson.
I'm the Director of Toll Operations for TxDOT.

MS. KOEHLER: Good morning. I'm Audrey
Koehler with TxDOT Federal Affairs.

MS. MARTINEZ: Hi. I'm Terry Martinez
with TxDOT Legislative Affairs.

MR. URIBE: Antonio Uribe, TxDOT.

MS. JASENOVEC: Georgi Ann Jasenovec,
Federal Highway Administration, Tech Division.

MS. PROZZI: Jolanda Prozzi, TAMU.

MR. BAMBA: Michael Bamba, University of
North Texas.

MS. WESTON: Lisa Weston, University of
North Texas.

MS. MULLINS: And Lindsay Mullins, BNSF
Railway.

SECRETARY PABLOS: Wonderful. Well, thank
you all very much for being here. I know a lot of you
are coming from far places in Texas and I wanted to
thank you for being here.

I'll start off by talking a little bit
about last night. Last night we had the opportunity to
host Ambassador Geronimo Gutierrez and the leadership
of PEMEX for dinner; and we had been planning on this
dinner for quite a while. And the importance of it
being that we are, as a state, very in tune with the
needs of the Mexican energy sector, particularly with
PEMEX, what PEMEX is trying to do with exploration and
midstream.

We had some oil and gas company executives
at the dinner. And let me tell you it was a great
discussion around cross-border trade of oil and gas
in this particular case. We spoke a little bit about
electricity but it was an oil-and-gas-focused dinner.

And Governor Abbott, you know, was very
clear in his intention to promote that trade and also
to help focus on identifying Texas companies that are
seeking to invest in Mexico at all levels of the
3 spectrum. So, we had a good dinner.

We had discussions with Geronimo
Gutierrez, Ambassador Gutierrez about NAFTA. We had an
opportunity to explain to him what this committee has
been doing. We talked a little bit about the document
that we submitted as a group back in, was it, June that
we submitted. You know, they were very interested in
seeing Texas continue to articulate the importance of
NAFTA.

And so, the Governor spoke about getting
granular on the data, focusing on -- on that trade data
that will help make that -- that case for ensuring that
NAFTA not only stays but also gets stronger.

And so, we -- I promised the Governor that
we would focus on that, that we would begin to compile
the data. The data's already there. We just need to
put it in a format that allows us to make the case for
ensuring that the trade between Texas and Mexico gets
stronger.

So, as -- as all of you know, we put this
document together. And I just wanted to ask Caroline
to go over just the major points of that document so
that we can all be on the same page as to what was
1. A subcommittee was the fact that NAFTA was enacted but it was never transportation funding associated with it. So, in the case it was kind of like, "Okay. The 4 trade is coming but we don't have money for the 5 infrastructure." That was the corner piece of that 6 element.  
7. And then some of the specific, you know, 8 elements that was raised, was that, you know, NAFTA, in 9 essence, has lowered unemployment and increased incomes 10 in the Texas border regions. So, the argument that the 11 committee was making was that, you know, really NAFTA 12 needs to be modernized because it's actually benefited 13 the border regions but also the entire state of -- 14 until Texas -- you know, I've been around for a long time. 15 So, you have a lot of operational issues associated 16 with that and that leads to congestion, issues at the 17 border, border wait times and other issues. So, that 18 was, you know, an issue that, you know, the -- this 19 group brought to bear and use of technology to enhance 20 operations. I think the committee understands that you 21 can't necessarily, you know, widen the border, per se, 22 but you can improve the efficiency of the border by 23 using our technology and the examples across the 24 southern border and the northern border and the use of 25 technology that's really facilitating trade, you know, 18 between U.S. and Mexico.  
19. And you've got continued investment in 20 border crossings and be more strategic about looking 21 at -- you know, there are new border crossings needed. 22 Where should those be and what's the purpose of the 23 border crossings. I think one of the things we brought 24 up, too, on a bi-national level, the challenge is that 25 we have a lot of border crossings, especially with the 26 technology that's really facilitating trade, you know, 18 between U.S. and Mexico.  
27. And then increasing connectivity to 8 enhance U.S. trade with Mexico that was, again, another 9 key recommendation. The fact that a lot of times when 10 people look at trade with Mexico, they just think of 11 the border region; but, you know, trade with Mexico, 12 you know, serves and touches everybody in this country 13 and including Canada. So, how do we connect our -- you 14 know, the Texas border region to the rest of the 15 country or the North America that benefits from -- from 16 that trade. So, again, making sure that, you know, 17 that is part of the negotiations that trade doesn't, 18 you know, stop in the Texas-Mexico border. It benefits 19 the entire United States.  
20. And then the next one is really enhancing 21 bi-national and trilateral cooperation and 22 collaboration because, again, the dialogue has to 23 continue on, one, how do we continue to facilitate 24 trade but also want to make investments in the 25 transportation network. The border crossings
1 themselves or the transportation system that is being
2 coordinated both between Texas and Mexico but also U.S.
3 and Mexico.
4 Engaging public and private sector, you
5 know, was also indicated that one of the biggest
6 challenges, as you -- you know, you can see even from
7 here, this group sitting here right now, the majority
8 is public sector. So, we're not necessarily hearing
9 from the private sector that uses the system. They use
10 the border crossings, you know, the Walmarts, the
11 H-E-Bs. You know, they all are moving stuff back and
12 forth, you know, along the border, across the border
13 need to be at the table. They need to be engaged
14 because they're the ones that are driving a lot of
15 the -- you know, the impact of the decisions that are
16 being made, you know, on trade and really they need to
17 be at the table.
18 Then I think the last one was -- I call it
19 "digital trade and protect intellectual property
20 rights." Again, you know, with the advent of
21 e-commerce and all this Internet-based transactions,
22 you know, how can NAFTA be modernized to accommodate
23 that. You know, essentially taking NAFTA to changing
24 dynamics of grade and moving forward.
25 So, Secretary those were some of the key

1 highlights.
2 SECRETARY PABLOS: Well, thank you.
3 And what I'd like to do is, you know, open
4 the floor up to any comments now that we have an idea
5 of how the conversations are going, you know, last
6 night. We had a very candid discussion about, you
7 know, the negotiations themselves. And I think there's
8 a certain concern about them selling out here in the
9 next couple of months simply because the difficult
10 issues have not really been addressed just yet. We've
11 been discussing, you know, some of the items that
12 overlap that everybody can agree on but we're going to
13 start getting into items such as rules of origin and
14 everything else. And what I would hate to see is for
15 our initiatives, our issues that we brought to the
16 table to get stalled out as well.
17 And so, as we move forward in -- in doing
18 what we can from our perspective, I want to make sure
19 that we begin to focus on some of the metrics, you
20 know, ask you to provide us the information at the
21 local level that you might be able to bring to the
22 table and then -- and work towards, you know, perhaps
23 another document that we would send in, you know,
24 after -- after the Ottawa discussions occur here next
25 25 week.
I don’t know how we can make them come to the table to work together. That really is something they need to decide with us. I think we need to hold the hand out that you will have a friendly ear in the state of Texas with the Chairman and all his resources and where we can go through your office as well.

But I just get a little nervous when people start acting like the world’s going to come to an end. It’s not.

SECRETARY PABLOS: Well, you’re right, Sam. And it’s not. And we are going to continue to have trade irrespective of the NAFTA discussions. I mean, unless the U.S. pulls out of the World Trade Organization, which will be catastrophic, I think. So, we wouldn’t -- we wouldn’t anticipate that.

But at the same time, as Sam said, we do need to continue under the assumption that trade is only going to increase with Mexico and that means that at the local level -- and Ambassador Gutierrez mentioned this last night. Port of entry -- you know, he is focused on ensuring that our ports of entry are prepared, are well-equipped and well-staffed to be able to anticipate the increase in trade.

So, I would recommend that we begin to reach out, as Sam said, to some of these multi-nationals that depend on trade with Mexico, irrespective of NAFTA but that trade with Mexico and that means that need to be able to mount their own campaign to get their voices heard.

Any comments? Jorge, do you have anything to add or -- with respect to this? You’re -- I mean, you’re an expert in this.

SECRETARY PABLOS: Sam needs no introductions, do we? Everybody knows his voice.

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MR. CANAVATI: I appreciate you --

MS. MAYS: And I’ll just say -- excuse me -- please, you know, identify yourself because this 14 is recorded. There’s a person for this. So, please state your name.

SECRETARY PABLOS: Sam needs no introductions, do we? Everybody knows his voice.

MR. CANAVATI: The word you -- the term you just said is symbiotic.

SECRETARY PABLOS: Yes.

MR. CANAVATI: One thing will not exist without the other.

SECRETARY PABLOS: That’s right. That’s right. And I think we need to remind, on a very regular basis, what that means.

I think that we can continue to recommend to the Governor policy that works only to strengthen our border infrastructure and really treat these, you know, potential threats as background noise and ensure that we -- that it doesn’t get in the way of our planning. You know, we have to move forward.

I think at the end of the day people will -- will come to terms with the fact that our economies, our manufacturing systems are so well-integrated that’s -- it’s impossible to separate them, right, especially along the border. And that -- and that leads me to a point that I’d like to discuss at the end of this meeting, which is cross-border economic development like we did up in El Paso-Juarez. I want to have that discussion, too.
And what we're thinking -- but we're cross-border. I work with CODECH, which is Economic Development for the state of Chihuahua and for Presidio. And I think we have a little bit over there in Juarez and El Paso, just on a smaller scale.

But what we're not hearing in the small- to medium-size businesses and that's what we're concerned about there in Presidio because we are a small and medium-sized. But what we remember is that the United States was built by small- and medium-size businesses and the Fortune 500 companies we realize the issues that they're having at the -- at the national level trade and small and medium size are not taking big -- they can't take advantage of the NAFTA, as we think it should be. And -- because we really want to build -- especially the agricultural products and got southbound machinery and northbound produce. And we have a lot issues there locally that the Mexican government has that they're not addressing. And most of it is just operations of the ports.

But it's -- it's especially for the small- to medium-size businesses that really have a lot of work that needs to be done in Texas. That's what will build the country up, in small -- and make the medium size -- the medium hires people, which we think is critical for the success of NAFTA and the renegotiations of NAFTA. But we would really like to go into detail on that. And I think it starts on the 23rd in Ottawa, if I'm not mistaken. We'll continue to have direct influence federal level but the items that we can control are not only with TxDOT but I think it's an interagency effort with TCEQ, Water Development Board and all the other organizations at the state level.

And so, one thing we can do is perhaps build the country up, in small -- and make the medium size -- the medium hires people, which we think is critical for the success of NAFTA and the renegotiations of NAFTA. But we would really like to go into detail on that. And I think it starts on the 23rd in Ottawa, if I'm not mistaken. We'll continue to have direct influence federal level but the items that we can control are not only with TxDOT but I think it's an interagency effort with TCEQ, Water Development Board and all the other organizations at the state level.

SECRETARY PABLOS: Okay. Yeah. I mean, look at supply base, small business, medium-size business are all a part of it and that's what companies look for when they look to either move their operations or start operations is they need to make sure that the supply base is there, which is a small business.

Issues like access to capital are very important, NBE, hub businesses, so forth. Business support is also very important.

So, you're absolutely right, Jake.

Yes, Sam.

MR. VALE: Sam Vale. Again, I would really like to urge that we continue to work closer with the TxDOT and do the development and the planning for the things that we can control because it doesn't really work when we don't -- when TxDOT is not given the information in time and the processes they have to go through to -- to do a road -- to take an off-systems 25 road put it on system, all of those are complex processes.

And I think to the extent that we have a futuristic type of planning and certain assumptions that we can build a better state of Texas that fits into whatever the final international structure is. And I think that we could do a lot with this group to work very hand in glove with TxDOT. And I think that's something I feel is -- is -- we don't want it to fall off. It's not just about the federal government. They make the rules at the ports of entry but we have to make the ways to communicate.

And, by the way, there's a lot of stuff that comes to the border areas that comes on rail and they don't particularly want to lose all those cars in Mexico for a while. So, they kind of do -- some products they encourage transloading at the border.

SECRETARY PABLOS: Oh, absolutely. And I agree. And it's not just TxDOT. And certainly it's something that -- you know, success of this committee is going to be based on focusing on those things that we can control, which is state level. We can certainly influence federal level but the items that we can control are not only with TxDOT but I think it's an interagency effort with TCEQ, Water Development Board and all the other organizations at the state level.

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SECRETARY PABLOS: Okay. Yeah. I mean, look at supply base, small business, medium-size business are all a part of it and that's what companies look for when they look to either move their operations or start operations is they need to make sure that the supply base is there, which is a small business.

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| 1 during the negotiation. We don't -- we don't have 2 that. And, you know, that's one thing that I hope that 3 we can very quickly get up to speed. I know it -- you 4 know, there's influence and there's support from the 5 private sector but what the cuarto al lado or whatever 6 it is that the official term is but they're having, you 7 know, dozens perhaps into the hundreds of experts from 8 the private sector participate indirectly in those 9 negotiations. That is extremely important because it 10 really brings in -- gets the buy-in first and foremost 11 but it brings in the private sector. 12 And so, I hope that, you know, we can get 13 to a point very quickly where we can have our private 14 sector, you know, discussing with our Department of 15 Commerce and our negotiators, you know, the items that 16 are important not only to the U.S. but specifically 17 important for Texas. So, that's one item I'd like to 18 be able to bring to the Governor to see what his 19 direction might be as it relates to that. 20 You know, John, with the trucking 21 association, I think, you know, having you guys at that 22 table would be fantastic. 23 And, you know, everyone else around this 24 table your input that we're providing now is indirect 25 but I think a directive might also be helpful. So, 1 that's something that I'd want to look at. 2 And, you know, the energy sector, I mean, 3 that's really, I think, the greatest opportunity at 4 this time. And that's really why we wanted to focus 5 this particular meeting on cross-border trade of 6 energy. As I mentioned to you, last night we had a 7 great conversation and I think there are tremendous 8 opportunities. 9 One of the things that my office has done 10 is we've started a statewide tour for the 11 Undersecretary of Hydrocarbons, Aldo Flores with SENER. 12 My discussions with Secretary Flores were around the 13 fact that Texas companies really, for the most part, 14 didn't understand the energy reform, really didn't 15 understand how to do business in Mexico, didn't 16 understand, you know, what the opportunities were. 17 And so, back in May we hosted the first 18 dinner in Houston for the Secretary. So, we had, what 19 was it, Avdiel? About 20? 20 MR. HUERTA: 24. 21 SECRETARY PABLOS: 24 midstream companies 22 sat down with the undersecretary so that they can have 23 a candid discussion about the opportunities in Mexico 24 for trade and energy and investment and infrastructure, 25 so they can understand the reform itself or at least 1 have a better understanding of it. Keep in mind these 2 are midstream companies. They're not the huge 3 multi-nationals. They're not the ExxonMobil -- 4 although ExxonMobil was there -- you know, to try to 5 get a good sense of what's going on. 6 And that's partly why I wanted to focus 7 this particular meeting on energy trade, not only on 8 the hydrocarbon side but also on the electricity. And 9 so, that's why our agenda looks the way it does today 10 is because that's also a very important component of 11 North American economic development. You know, if 12 there is the availability of natural gas into Mexico to 13 be able to produce affordable and reliable electricity, 14 the hope is that Mexico will then be able to attract on 15 the manufacturing side and on other investments more 16 and more companies to come and set up shop there. 17 So, it's -- again, Jorge, it's a symbiotic 18 relationship where we have identified our respective 19 strengths and now the opportunity is to be able to 20 share those strengths with our neighbors as neighbors, 21 whether it's in the electricity side -- on the 22 electricity side or on the hydrocarbon side. So, 23 that's why we're going to have those discussions. 24 I'm being told that Commissioner Sitton is 25 running behind a little bit. 1 MR. HUERTA: Yes. 2 SECRETARY PABLOS: Yeah. So, here's what 3 I'd like to do, if it's okay with everyone. Let's go 4 ahead and break for five minutes, ten minutes at most, 5 until he arrives. And then that way we can come back 6 on and we'll have approval of the minutes. It'll give 7 you a chance to review the minutes, if you haven't, and 8 then we'll continue with our meeting. 9 Is that acceptable? 10 Okay. Thank you. We'll reconvene in 11 about 10 or 15 minutes. 12 (Break) 13 SECRETARY PABLOS: Okay, everyone. Thank 14 you for your patience. The time is 10:22 and I'd like 15 to call this meeting back to order. 16 As we get started with our next item, I'd 17 like to at this time ask for a motion to approve the 18 minutes of May 31st Border Trade Advisory Committee. 19 Is there a motion? 20 MR. GARCIA: So moved. 21 SECRETARY PABLOS: We have a motion. Do 22 we have a second? 23 Any comments, any changes, any -- anything 24 that you see on there that is not accurate or that 25 needs to be explained in any way?
Okay. Hearing none, at this time I'd like to bring this up for a vote. All those in favor, please signify by saying aye. (Collective "aye.")

SECRETARY PABLOS: Any opposed?

Okay. That motion carries. So, the 7 minutes of May 31st are officially adopted.

Okay. So, let's move on to our panel discussion. As I mentioned earlier, we feel that it is important to have a discussion about energy, a discussion about the one industry, the one item that I personally believe can be the crown jewel of the next generation of trade with Mexico of NAFTA discussions.

And so, that's why we felt it important to invite experts in the subject matter to have a discussion with us, an open dialogue. Feel free to -- to chime in, feel free to ask questions as the discussion occurs because really from a border perspective, from a port infrastructure perspective, this is really our future here. We -- we are seeing a tremendous interest in this area.

Mexico has, you know, a bright future when it comes to energy, both on the oil-and-gas side and also on the electricity side. Texas, obviously, leads in this area; and so, I think it's a partnership made in heaven. I think that both sides -- both governments, the Texas government and the Mexican government, are very open to having discussions.

Governor Abbott has already met with President Pena Nieto twice on this, with the executive director of PEMEX on several occasions now. And so, we really need to take the helm and lead this discussion about the future of Texas-Mexico cross-border energy trade and investment.

So, that's why we have a very distinguished panel with us today. We have Regina García-Cuéllar, who is the chief of staff at PEMEX.

We had a great dinner last night. We had excellent discussions. I'm sorry that you didn't get to go back with your -- with your team last night and I thank you for staying the night and being with us today. You being here is very important to me personally, but I think this group of border stakeholders will appreciate your comments today.

So, Regina, thank you for being here today.

We also have with us we have Enrique Marroquin, which is the president of Hunt Mexico.

Mr. Ray Hunt was with us last night, and I can't think of a better individual who is heavily involved in the energy trade with Mexico on the electricity side than Mr. Marroquin to speak to us about that component.

And last, but certainly not least, is Commissioner Sitton. Thank you, Commissioner, for being here. Your leadership in this area is appreciated. You taking the lead on amplifying the message of the importance of trade with Mexico, so --

on the oil and gas side. So, I appreciate everything that you do.

So, before we get started, are there any comments or items that we might discuss before we get started on this?

Okay. So, hearing none, let's go ahead and get started.

Regina, I'd like to begin with you. Could you give us just a broad perspective of PEMEX where it is today? I know that a lot of people don't have a full understanding of the energy reforms but I think it's important to give a broad perspective of where PEMEX has been and now under the new leadership, under the executive director, where it's going and where you see this relationship headed.

MS. GARCÍA-CUÉLLAR: Okay. Just a quick overview. I know probably all of you have heard about PEMEX. But PEMEX was the national -- or is the national oil company in Mexico. It has been for the last about 80 years -- almost 80 years it's been the national oil company. And the Constitution didn't allow any private investment in -- in the hydrocarbon sector in Mexico for the last 80 years. So, PEMEX was the only company allowed to explore, produce, distribute and sell everything related to hydrocarbon. So, PEMEX was the only company that could explore, you know, do drilling. It, obviously, could contract companies but it was not any -- any risk really. It was only -- PEMEX who was the only company who was allowed to have the profits and to bear all the risk by itself for the last 80 years. So, the -- all the hydrocarbon sector was completely vertically integrated in PEMEX.

So, PEMEX is a huge company. It's one of the 98 Fortune companies. It's -- it does everything from exploring to producing to distributing and to selling the products -- the refined product. It -- for example, PEMEX exploration and production is the fifth largest company in terms of producing oil. It became 21 around the third back when we had Cantarell, which was the largest field in 2004. It's -- it's -- Cantarell 24 has been going down. So, PEMEX is not -- not producing 25 as many -- as much oil as it was before.
For example, in terms of logistics, it's the fifth logistics company in the world. PEMEX was in the charge of all logistics. You know, producing -- carrying the crude and refined products throughout all 5 of Mexico. It also had all the pipelines that the -- carried natural gas. Now those pipelines are now turned to another state-owned company, which is called Sinogas but PEMEX was also in charge of distributing all the natural gas. Now it's in charge of 10 distributing all the refined product. It's also in charge of refinery. PEMEX has the sixth largest refineries in Mexico. It has one in shared -- in Texas here with Shell. It's a Deer Park refinery. I don't know if you-all have heard about it. It also has, for example, petrochemicals. It has fertilizers and coal generation. So, it is in charge of everything. The energy reform was passed in 2014 and the energy reform liberalized all the sectors, all the 20 chains. So, now the private sector is allowed to produce -- to participate in every part of the chain. So, companies are now allowed to participate, for example, in exploration and production by themselves or in -- in conjunction with PEMEX. They are now allowed to participate in the distribution of all -- of all the petrochemicals in -- in logistics you can do it by yourself or also you can do in alliance with PEMEX. In refining the same, private parties are allowed to participate in refining; although building a new refinery is very complicated but they are allowed to participate in every aspect related to refining with PEMEX or without PEMEX. And so, it's changed the whole dynamics of the energy sector in Mexico, completely from being completely closed to now completely open in every aspect. Implementing the reform -- the reform was passed in 2014. Implementing the reform is challenging, of course, because it's a completely new game for PEMEX, for the regulatory agencies in Mexico and, of course, for the private sector. So, Mexico has been very keen in opening all the parts of the -- of the energy sector. Some of them with more success in the first -- in this first few years. For example, in the energy sec- -- the energy ministry has done some rounds where private 20 parties are allowed to participate in -- in buying or acquiring some blocks. They have done around four 23 blocks in round one. There is a round two, which was already successfully bidded in last -- I think it was 25 last -- during the summer. Two rounds were in the summer. So, that has been a very successful part in exploration and production. In logistics we also had an open season because PEMEX was the owner -- is the owner of all the 5 logistics in Mexico. So, we had an open season where 6 companies could participate in trying to get some rights to distribute products. That was also successful. We had our first open season in the first 9 part of 2017, which was successfully bidded out; and in 10 terms of refining, PEMEX has been able to get some alliances in the production of hydrogen and for some of the refinery plants. So, it's a completely new game and I think it will change the energy sector in Mexico and, of course, it will change the energy sector in terms of their -- its relationship with the U.S. because now we can get partnerships in -- in -- with U.S. companies, with the private sector all throughout the chain.

SECRETARY PABLOS: Great. Great. Thank you.

As you can see, it's quite a stark 22 difference in what PEMEX was a few years ago. And so, last night we had several Texas oil and gas companies represented who are already doing business in Mexico and so, we'll -- we'll certainly look forward to seeing, in our discussion, Regina, what that means for the border committees, what that means for border infrastructure, what that means for our seaports.

With that I'd like to ask Commissioner Sitton you -- you traveled to Mexico, you've been heavily involved in this cross-border trade situation. Can you give us a broad overview of your efforts and your vision for this very important industry?

COMMISSIONER SITTON: Sure. Well, once again, thank you for having me -- thank you for having me -- oh, that's better. Thank you for including me 12 today. It's great that you continue this discussion. And as you mentioned, I've been to Mexico. Went down there a little over a year ago now. In fact, I came from your office and we talked to several government officials down there and also some of the corporate representatives. And I'll tell you the -- of the things to keep in mind is -- and I've said several times -- that if you look over in the last ten 20 years -- heck, the last generation maybe -- this reform in Mexico is arguably the biggest -- represents the 22 biggest policy shift in any major oil and gas country. I mean, to make that kind of major transition in 24 policies is a big deal for a country to do that and it takes time for that to work itself out.
I try to be overly blunt about both where the opportunities are and where the challenges are. And I said when we met recently one of the things I think, as Mexico is working so aggressively to invite new investment, new partnerships, is to ensure that there is not just regulatory certainty but economic certainty, policy certainty. And, once again, let's be blunt, to some people they're -- they're being cautious about that. What -- are -- are they really seeing not just a policy shift but an attitude shift towards those partnerships and I think we're seeing them but it takes time for those things to play out.

I will tell you when you look at the opportunities going forward they -- they represent -- the opportunities between Mexico and the United States are indicative of the complexity of the oil and gas industry. And people ask me today, "Well, Ryan" -- just looking at the microcosm of the state of Texas, "Ryan, is the state of Texas becoming a global powerhouse in energy again because of its resurgence of oil production in the Permian Basin?" Certainly no.

Certainly the fact that we produce three times as much oil in this state than we did ten years ago and twice as much natural gas in this state as we did ten years ago, is a big deal; but that alone wouldn't represent this monumental market shift that we're seeing around the world.

It is the combination of that production with the most complex pipeline infrastructure in the world, we have the most dynamic refining infrastructure in the world along the Gulf Coast and even our inland refineries. We've got import and export terminals. We also have sophistication of things like personnel, drilling rigs, technology development. You put all of that together and that is what enables the state of Texas to be capturing market share on a percentage basis faster than anybody else on the planet.

Now, let's go back to the partnership with Mexico. You know, these shifts in Mexico are really inspiring and they're opening up opportunities I think in ways that -- that you have to not just look -- look today and next year and the next year after that but over the next generation who will -- who will experience those. And, you know, some of them -- some of the challenges are what do you do with an aging refinery infrastructure. Six refineries that, let's --let's be blunt, have not had the investment over the last 20 years that their U.S. counterparts have.

However, the Eagle Ford portion -- or the Eagle Ford that stretches into Mexico many think houses more hydrocarbon than the portion in America. So, if I'm -- if we think in a more complex way about where the opportunities are, how can Mexico leverage that onshore oil and gas development? Well, some of that's going to be basic things, like building roads and building pipelines in ways that open up opportunities for U.S. partners to come down and drill and produce, to construct new pipelines, to bring that product to either to the Mexican refiners or their American counterparts. And then where do those products go?

You know, Mexico's got port infrastructure. What about developing new import/export capabilities? Because as we see in Texas we are already becoming constrained by our import-and-export capabilities. In fact, just in the last two weeks the Army Corps of Engineers approved an expansion product port in the country. And the demands for the ability to move product fungibly around the world cannot be overstated.

And so, as we think about, "Man, how can Mexico expand its import and export capabilities? How can it expand its import and export capabilities? How can it open up for investment in the Eagle Ford? How can it develop partnerships in these refiners -- in these refineries, which are such complex machines to operate?"

I think all of those represent real opportunities not just for Mexico but for the United States. Because when we look globally over the next generation -- I'll say it this way. History has shown us over the last hundred years who controls energy certainly has a big influence in the world. And between Canada, the United States and Mexico, those -- the North American oil and gas infrastructure rivals any -- any conglomerate in the world, especially as some of the OPEC alliances begin to fracture, when different countries have different agendas.

So, the ability for us to move product seamlessly between nations, import and export around the world, the rest of the world sees North America as a huge energy supplier to the world will be good for 20 all of us.

SECRETARY PABLOS: Right. Great. Great intro. I certainly agree with what you're saying. You know, several years ago Chairman Victor Carrillo would lead a delegation to Mexico, an energy-based delegation. The Governor would go. And I would
1. Hunt that are heavily invested in -- in infrastructure
2. that's required.
3. And so, Enrique, would you tell us a
4. little bit about what it is that Hunt has been doing
5. what -- and what it sees in the horizon when it comes
6. to trading in electricity?
7. MR. MARROQUIN: Certainly, Mr. Secretary.
8. Thank you. And thank you for the invite.
9. Similar to what Regina mentioned on the
10. oil and gas, electricity was also part of the reforms
11. and were -- were modified in Mexico in 2013. And
12. similar to the oil and gas, you know, there's -- there
13. was one government-owned electric utility that operated
14. in all the country, except central part of Mexico,
15. Mexico City, which was another utility which was also
16. government owned and eventually was -- it was taken
17. over by the larger electric utility. So, now there's
18. only one -- or before the reform there was only one
19. electric utility.
20. There were very few instances where
21. private sector could invest in electricity in Mexico.
22. There were -- there were some legal structures that
23. were conceived and devised for generators to develop
24. power plants so they can supply private sector but they
25. were not necessarily based on -- on a full

| 1 | constitutional change. So, once that change occurred, |
| 2 | that whole sector is open. |
| 3 | And CFE, which is the electric utility or |
| 4 | was the electric utility, was broken up into pieces. |
| 5 | It was, basically, spun off into different entities. |
| 6 | So, now you have five or six generation companies that |
| 7 | CFE operates. You have one transmission company that's |
| 8 | government-owned, CFE Transmission. And you have local |
| 9 | distribution companies, electric distribution companies |
| 10 | and you have a myriad of other structures that allow |
| 11 | for trade similar to what we have here in Texas, |
| 12 | America. |
| 13 | You have wholesalers. You have, what they |
| 14 | call, qualified users, which are users that can buy |
| 15 | energy in the wholesale markets and you have qualified |
| 16 | suppliers and so on and so forth. So, the reforms are |
| 17 | there. As Commissioner Sitton mentioned, it takes |
| 18 | time. It takes time to implement those. It's not |
| 19 | necessarily that you enact the laws and the regulations |
| 20 | and the next day you -- you can enforce them. |
| 21 | For starters, you know, the Comisión |
| 22 | Reguladora de Energía, the Mexican regu- -- or |
| 23 | commission -- energy regulatory commission didn't have |
| 24 | the staff. They were a small staff and now suddenly |
| 25 | they -- they have to grow their staff to -- to manage |

By Kim Tindall and Associates, LLC 16414 San Pedro, Suite 900 San Antonio, Texas 78232 210-697-3400
1 Mexico also kept up and built generation that -- that
2 supplied those towns and -- or those cities. And --
3 but the border itself didn't change. You know, the
4 electric interconnection between the border didn't
5 change. You know, they were -- they remained -- the
6 older interconnections remained.
7 So, in the early part of the last -- last
8 decade, ERCOT and CFE embarked on a compressive study
9 on how can the border interconnect further in a long
10 term -- as a long-term vision. How many points -- how
11 many interconnection points could there be between
12 Texas and Mexico and what type of technology should
13 those interconnections be and when -- when would they
14 get built and, you know, what would the purpose of
15 those interconnections.
16 As a result of that study, at least three
17 interconnections were built, one in Eagle Pass -- it's
18 a very small 32-megawatt interconnection. Mostly a
19 pilot project -- one between Laredo and old Laredo,
20 which is 100-megawatt device that also helps the -- the
21 reliability of the Laredo and -- cities of Laredo and
22 then -- and then two more in McAllen -- in McAllen and
23 Reynosa. And the one in McAllen and Reynosa, it's the
24 same technology as the Europeans use to interconnect
25 amongst themselves. So, if you look at the map --

1 electrical map in Europe -- and my apologies again to
2 get too electrical -- too nerdy. But if you look
3 at -- you know, Germany supplies power to Sweden.
4 Sweden supplies power to Denmark and then Great Britain
5 gets power from Norway and so on and so forth. They
6 use the same technology. And why? Because they need
7 the grids to be independent of each other and operate
8 independently.
9 So, that's the type of interconnections
10 that were built as part of the study. And there were
11 reliability interconnections. The company I work for
12 developed the ones in McAllen and they're operated by
13 sharing utilities, which is a regular utility here in
14 Texas.
15 And -- and the purpose of those were to
16 increase their reliability on both sides but also to
17 foster trade. And to foster trade, you know, you also
18 have to have mechanisms that -- that will allow trade
19 because the borders were interconnected and because
20 those interconnections that existed back then were
21 mostly for emergency purposes, the majority of the
22 connections that exist in Texas or Mexico back then or
23 when they were energized, did not contemplate trade.
24 And what that means if somebody wants to -- wanted to
25 sell a generator in Texas to Mexico in realtime, the

1 regulations or the proper procedures were not there.
2 Fast forward to today, ERCOT has made some
3 adjustments to those procedures. Mexico was a part of
4 that reform, also made some adjustments to those
5 procedures, which now, if you look at the graph on how
6 much energy has been traded between Texas and Mexico,
7 it's grown from nothing before 20- -- 2007 to almost
8 at -- on a daily basis now -- this year at least on a
9 daily basis, Mexico has been importing power from Texas
10 on a daily basis, if emergency conditions allow.
11 The future, I think, is to build more
12 interconnections. I don't think I'm sure is to, for
13 instance, modernize the ones that El Paso has with
14 Juarez and perhaps allow Brownsville and Matamoros to
15 also interconnect. But for that to happen, it has to
16 go hand in hand with, you know, modernization of the --
17 of the protocols and trading mechanisms that exist
18 today so that that will bring private investment to
19 anchor those -- those interconnections.
20 SECRETARY PABLOS: The regulatory
21 certainty, of course, you need to, you know -- the
22 capital markets need to know that there's certainty
23 there with respect to that trade.
24 You know, the -- from a policy discussion
25 perception, I think taking a hard look at the

1 importance of having affordable and reliable
2 electricity on the Mexican side of the border is very
3 important. This is what the factories look for. This
4 is what -- what they need to have; and if trading
5 electricity that is being generated on the Texas side
6 makes that happen, if it makes it reliable and
7 affordable, then why wouldn't we want that as border
8 communities, right? And this doesn't take away from
9 CFE or from the Mexican side. If anything, it adds
10 value to that -- to that capacity for economic
11 development.
12 Again, this is based on economic
13 development. This is based on our co-habitation of
14 this space where if we can switch some policy around
15 and some of the ERCOT protocols around to make this
16 happen, what -- you know, the question why wouldn't we
17 want that to happen. And same thing on the oil and gas
18 side, right?
19 And so, when we have the ability to export
20 affordable gas into Mexico, which will, ultimately,
21 allow Mexico to be -- to become more productive to
22 increase its productivity, which will, then, in turn,
23 help our market, our economy, then again why wouldn't
24 we want to do that. And we're already seeing that.
25 Can you speak a little bit to that Regina
1 market to -- to export that and we need to develop our
2 infrastructure in a more developed way than -- than it
3 is today.
4 But I think Mexico is doing very -- a lot
5 of effort in -- in producing the pipelines in
6 increasing their -- their import capacity.
7 SECRETARY PABLOS: Absolutely.
8 Absolutely.
9 Commissioner, what would you say -- on a
10 more will localized level, what would you say to our
11 MPOs -- as they look into the future to plan for their
12 infrastructure, what would you say to them given this
13 discussion we're having about the importance of
14 regional integration with respect to the energy? What
15 would be your message?
16 COMMISSIONER SITTON: Say to who? Our
17 FPO?
18 SECRETARY PABLOS: MPO, the metropolitan
19 planning organizations.
20 COMMISSIONER SITTON: Ah. Okay.
21 SECRETARY PABLOS: These are the folks --
22 COMMISSIONER SITTON: Just learned
23 something.
24 SECRETARY PABLOS: Well, these are the
25 folks who -- and we have many of them around the table.

1 These are the folks who actually, you know, plan for
2 growth, plan for infrastructure along the border. They
3 are the ones who are charged with the task of looking
4 into the future in trying to determine what their needs
5 are, infrastructure needs and others.
6 But, you know, as it relates to this
7 discussion of regional integration of our energy
8 industry, you know, what would be -- you know, with
9 respect to say, for instance, pipelines --
10 COMMISSIONER SITTON: Uh-huh.
11 SECRETARY PABLOS: -- what would be your
12 message?
13 COMMISSIONER SITTON: Share a lesson
14 that's been learned not to -- before I was a Railroad
15 Commissioner, an engineer by background I was in the
16 oil and gas business for 20 years and have been all
17 over the world, Middle East. I actually worked in
18 Australia for a while, Malaysia, China, South America,
19 Canada. One of the common threads when you get into
20 discussion around -- from a national perspective how
21 energy -- not just energy, how industry grows.
22 One of the debates out there is what is
23 the role of the government in that and in the United
24 States -- historically the United States has taken a
25 very -- relatively speaking, a really hands-off
1 process, hands off -- hands-off approach. You know, 2 let -- let companies take care of most of it. And I'll 3 use something very specific.

4 When I was in -- when I was in Mexico on 5 the last trip we went, somebody was asking me about 6 safety regulation of oil and gas specifically. And 7 they asked about how safety is regulated in the United 8 States. You know, the other day -- in the United 9 States on that specific thing, in general, there are an 10 OSHA. OSHA has regulations around the safe operation 11 of what we call hazardous chemical facilities. So, the 12 OSHA PSM standard is a 1910.119. It's a CFR. And 13 what -- what -- it has very -- it's very limited in 14 scope. Its approach is -- it's a performance-based 15 standard. The United States says, you -- as a federal 16 or even a state government, you must be safe. If 17 you're not safe, then we're going to punish you. As 18 opposed to, let us tell you very prescriptively exactly 19 how you have to do everything to be safe. That's -- 20 more countries have gone the route of here's how you 21 have to do exactly everything.

22 Some would say, well, you leave way too 23 much open to private business and surely that 24 introduces risks. Well, if you look historically, the 25 United States is as safe as any other country when it

1 comes to working in our industrial facilities.

2 The flip side of that is when you -- when 3 you -- we talk about this in a political dialogue -- 4 you hear about removing regulation, allowing business 5 to do anything. And that's really where the rubber 6 meets the road. It can be so easy -- and I, as a 7 regulator, who I -- if you want to drill a well -- in 8 case you don't know the Railroad Commission, if you 9 want to drill a well in Texas, you want to build a 10 pipeline inside the state of Texas, you have to come to 11 us to get a permit. You have to follow our rules.

12 And we try to strike a balance between 13 allowing companies to do everything they need. Give 14 them a lot of latitude to do things because governments 15 is -- tends to be a slow-moving entity. So, as you can 16 imagine when you talk about local communities -- and 17 I'll talk about the Texas side.

18 If I were to look at the number of cities, 19 municipalities, school districts and counties that a 20 pipeline has to go through to get from say Mont 21 Belvieu, Texas down to the Mexican border, you're 22 talking about dozens. And if I have to work with every 23 individual government entity along the way, that's 24 going to take some time, it's going to take a lot -- 25 it's going to take a lot of cost and it's going to take 1 a lot of logistics.

2 Most individual cities and municipalities 3 just don't have the ability to do that. The companies 4 do it. The companies go to all the individual 5 organizations and county commissioners courts and city 6 councils and get the approvals and it's an arduous 7 process but they have the ability to get that done so 8 much faster than government.

9 It's a long way of getting to what -- what 10 we have learned in the United States over the last 11 hundred years is that more often than not when it comes 12 to getting things done, private business tends to 13 outperform -- outperform government 99 times out of 14 100. So, what government can do can is make that easier, 15 get out of the way. And when there are challenges -- 16 for examples, right-of-ways for pipelines, hey, we can 17 actually help with that. If you want to come through 18 our county, we can help facilitate where you might run 19 that pipeline. If you want to come through our city, 20 we can help you get approval to do that.

21 But beyond -- we want to do as much as we 22 can to make it easy for you. Otherwise, we're going to 23 leave it to you to take the reins and that has proven 24 very effective for us.

25 My perception -- I'm speaking out of turn.

1 You two can weigh in. My perception is is that Mexico 2 doesn't quite have the same approach. It's still more 3 government controlled but the more that you continue 4 down this road of allowing not just private investment 5 but private strategy, private engagement, for private 6 companies to lay the groundwork and to get the deals 7 done, the faster those things will happen and to some 8 degree to build a trusting relationship between a 9 corporation -- pick on Hunt since they're sitting next 10 to us. I don't know exactly what Hunt's doing down 11 there.

12 But if they're going to build pipelines, 13 invest in the oil and gas development, build a 14 partnership in a way that allows them to really lead 15 and us -- us, as elected officials, to open up those 16 doors and try to make this as seamless as possible, 17 that's usually where we do the best.

18 SECRETARY PABLOS: Yes, yes. Absolutely.

19 Enrique, would you like to weigh in from 20 that now from the electricity side as well?

21 MR. MARROQUIN: Yeah. Excellent points, 22 Commissioner.

23 Actually, yes, on the electricity; but 24 before that, you know, the -- Mexico does do very 25 prescriptive regulations and sometimes very stifling.
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<td><strong>1 And the safety -- in the safety -- the newly-created</strong></td>
<td><strong>1 Mexico has already a market and a functional energy</strong></td>
<td><strong>1 megawatts of renewal energy in this state. Mexico, not</strong></td>
<td><strong>1 gas is going to be a driving force. I was in El Paso</strong></td>
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<td><strong>2 safety agency in Mexico is -- because it's newly</strong></td>
<td><strong>2 wholesale market. It's not as modern as the American</strong></td>
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<td><strong>2 last week actually visiting Santa Teresa and Los</strong></td>
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<td><strong>3 created and tries to be very prescriptive --</strong></td>
<td><strong>3 market is but the Mexican reform -- the electricity</strong></td>
<td><strong>3 renewals but from the traditional wind and solar it's</strong></td>
<td><strong>3 Angeles region. And the main -- one of the main</strong></td>
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<td><strong>4 prescriptive. You know, they're actually learning from</strong></td>
<td><strong>4 reform was modeled after the ERCOT and the other market</strong></td>
<td><strong>4 probably 10 percent of that. So, if one of the</strong></td>
<td><strong>4 planners in the area is -- at least in the Juarez side</strong></td>
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<td><strong>5 the best -- the best -- what they call the best</strong></td>
<td><strong>5 in the northeast, the PGN market.</strong></td>
<td><strong>5 purposes of the integration of the energy grids is to</strong></td>
<td><strong>5 is the companies that want to locate there want access</strong></td>
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<td><strong>6 regulations of the world, whether it's Norwegian or</strong></td>
<td><strong>6 And it's going very well, in my opinion,</strong></td>
<td><strong>6 have cleaner energy, one of the fastest way that Mexico</strong></td>
<td><strong>6 to cheap energy. Abundant, reliable and cheap energy.</strong></td>
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<td><strong>7 what have you, the U.S., of course. And so, they go</strong></td>
<td><strong>7 for some market that just started two or three years</strong></td>
<td><strong>7 can access the cleaner energy is to import clean Texas</strong></td>
<td><strong>7 So, you know, what -- you know, and the ideas are,</strong></td>
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<td><strong>8 180 degrees differently than the one we have here in</strong></td>
<td><strong>8 ago. It has its opportunities and they're working on</strong></td>
<td><strong>8 energy. Import renewals whether there's --</strong></td>
<td><strong>8 &quot;Well, let's tap into the Texas grid and get that</strong></td>
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| **9 the U.S. So, that -- that makes things go slower and** | **9 them.** | **9 particularly in this case wind. But to do that you** | **9 energy into Mexico."
| **10 that always -- I don't want to say scares investors but** | **10 The regulators -- the regulatory bodies** | **10 need to build infrastructure and you need -- you need** | **10 So, I think that -- that continues and** |
| **11 at least makes it more difficult and costlier to do** | **11 around electricity are -- are a little more fluid than** | **11 to build infrastructure that's modern, that allows the** | **11 will continue to be the driving force. Energy** |
| **12 business now. And compliance is probably going to be** | **12 they are, for instance, in the hydrocarbons. So,** | **12 grids to remain independent but also allows the systems** | **12 reliability's important. You know, if the grid is** |
| **13 costlier as well.** | **13 hydrocarbons is getting there fast. And so, Mexico is** | **13 to separate sufficiently in realtime.** | **13 built correctly and something happens on the U.S.** |
| **14 Now, the exception -- and it doesn't come** | **14 going in the right path in that respect.** | **14 I know there's a couple of initiatives** | **14 side -- there was a big blackout in Mexico. I don't** |
| **15 from the oil industry but in the -- in the pension fund** | **15 On the -- on the future of trade, if I** | **15 going on between the U.S. and Mexico and Canada,** | **15 know if you learn in Monterrey and in the northwest** |
| **16 industry, there's been some equals created that** | **16 may, I see that Mexico and Texas could integrate** | **16 actually, to plan for future integration considering** | **16 last week. I don't want to say that because -- because** |
| **17 actually through partnerships are encouraging what** | **17 further in trade -- in electricity trade and let me** | **17 renewables. The dialogue is going well. It is a** | **17 there wasn't an integrated North American grid but in** |
| **18 Commissioner Sitton's saying, training the private** | **18 give you a couple of examples. The Mexican grid -- the** | **17 challenge as I know the planners in this room can** | **18 some of those cases, if you have an integrated grid and** |
| **19 sector to self-regulate. So, perhaps there's --** | **19 whole Mexican grid is probably 10 percent smaller than** | **19 attest and it's always a challenge to plan locally and** | **19 there's a problem in Mexico, they can easily rely on** |
| **20 there's some hope there and -- but that's a funding** | **20 the whole Texas grid. So, the state of Texas generates** | **20 regionally. Can you imagine between countries? But** | **20 the U.S. to help and vice versa.** |
| **21 sector. That's completely different than the energy** | **21 more power than the whole country of Mexico. And so,** | **21 it's going in the right direction. So, I think** | **21 So, the more reliable and the cheaper and** |
| **22 sector.** | **22 that's -- that's a fact. Now, let's see. If it's not** | **22 renewable will probably be a driving force in the** | **22 the more abundant the energy is -- obviously I'm** |
| **23 On the electricity side what I want to say** | **23 10 percent, might be 15 percent or 8 percent but it's** | **22 integration.** | **23 stating the obviously -- the -- the higher the** |
| **24 is in my opinion the electricity reform has gone better** | **24 one of those numbers.** | **23 Cheap natural gas is also going to be a** | **23 24 probabilities that the North America will be a --** |
| **25 than the hydrocarbon reform. And when I say better is** | **25 Texas has around 20 gigawatts, 20,000** | **25 driving force. You know, abundant and cheap natural** | **25 continue to be the leading powerhouse, you know, global** |
25 infrastructure that Mexico would like to have. And so,
24 spread the word about SENER’s vision for this
23 Undersecretary Aldo Flores around Texas so that he can
22 · · · · · · ·As I mentioned earlier we’re taking
21 Mexico.
20 opportunities for Texas companies to do business in
19 the Commissioner said; and we can certainly look at
18 the electric side. You have aging infrastructure, as
17 help develop not only the hydrocarbon side but also on
16 area that this group can cover at this time. We have
15 the ability to take the lead on ensuring that our
14 respective communities are prepared from an
13 infrastructure perspective, from an economic
development perspective. You can see this virtuous
12 cycle, right?
11 SECRETARY PABLOS: Great. Well, as you
10 can see, this -- this subject matter of cross-border
09 trade in energy I think is perhaps the most important
08 area that this group can cover at this time. We have
07 the ability to take the lead on ensuring that our
06 respective communities are prepared from an
05 infrastructure perspective, from an economic
development perspective. You can see this virtuous
04 cycle, right?
03 · · · · · · ·Jorge, can you just very quickly tell us a
02 of our cross-border economic development.
01 certainly a very important component of the next phase
00 of our cross-border economic development.
09 MR. CANAVATI: Thank you, Mr. Secretary.
08 Jorge Canavati, representing the Port of
07 Corpus Christi. Actually seaports are more of economic
06 development engines right now rather than just ocean.
05 Case in point and to your point on the -- on the
04 manufacturing in Mexico. Corpus is now -- the Howard
03 pipeline is going to start in Corpus, going through
02 Brownsville, over the border to feed Monterrey
01 industry. Howard, of course, got the commitments
00 beforehand from these industries to develop the
09 pipeline, 500-million-dollar project. That's one.
08 Secondly, Corpus -- they're now laying --
07 the pipe is now actually arriving. This is a true
06 project. Canadian company is now -- is
05 going to lay a pipeline underwater, under the ocean to
04 little bit about what's going on in Corpus --
03 strategic -- and Brownsville that will be its strategic
02 advantage, I think, over any -- any other inland port
01 important, Port of Brownsville. That will be its
00 · · · · · · ·SECRETARY PABLOS: -- and the things
09 infrastructure development, and we need to be ready for
08 ports are also going to require a lot, this
07 you're seeing? Because, you know, I think maritime
06 strategic -- and Brownsville that will be its strategic
05 cars and we're going to use less -- less
04 And -- but it's -- it's -- we need it now and
03 And so, I'll leave it there.
02 SECRETARY PABLOS: And so, I think that that helps everybody involved.
01 powerhouse. And I think that's what we can ascribe --
00 1 these are all great opportunities; but the key to all
00 2 of this is that all of this rests on border
00 3 infrastructure and port infrastructure.
00 4 Jorge, I mean, Port of Corpus Christi very
00 5 important, Port of Brownsville. That will be its
00 6 strategic -- and Brownsville that will be its strategic
00 7 advantage, I think, over any -- any other inland port
00 8 is that you have the ability to -- to provide both of
00 9 those services.
00 10 And so, everyone involved here, trucking,
00 11 I mean, this -- this could be, you know, the next great
00 12 thing for trucking, I believe, for rail. But, again,
00 13 coming together as a group and focusing on the future
00 14 today, working with TxDOT and Railroad Commission and
00 15 all the other state agencies to make sure that we're
00 16 prepared, collaborating with the federal IBWC you're
00 17 involved within these presidential permits in ensuring
00 18 that whatever is crossing the border is also
00 19 acceptable.
00 20 So, there -- we have a great team. We
00 21 have the team in place. The idea now is, you know,
00 22 where do we go from here? How do we adopt this --
00 23 should you desire to adopt it, how do we adopt this as
00 24 part of our efforts so that we can, you know, continue
00 25 to push that because, as you heard here today, it's
09 different -- at different times of the day. So, we're
08 able to cohabitate at that level, being able to take
07 our very affordable natural gas into Mexico, being able
06 to invest in the Mexican infrastructure, bringing Texas
05 knowhow, Texas skill set and capital into Mexico to
04 help develop not only the hydrocarbon side but also on
03 the electric side. You have aging infrastructure, as
02 the Commissioner said; and we can certainly look at
01 opportunities for Texas companies to do business in
00 Mexico.
00 As I mentioned earlier we’re taking
00 Undersecretary Aldo Flores around Texas so that he can
00 spread the word about SENER’s vision for this
00 infrastructure that Mexico would like to have. And so,
So, you have a Canadian company, U.S. stock in Corpus/Brownsville, into Tuxpan, Mexico, then on to Duledado (phonetic) distribution. That is a true NAFTA project. That -- the pipe is arriving to Corpus as we speak.

Corpus is also the operation center for a very large refinery, which is based in San Antonio, Valero. Valero is investing in distribution in Colima. And they're not going to use pipeline there. They're going to use over the road and they're investing in Veracruz with a Mexico operation. -- they're going to use infrastructure from a Mexico company for distribution as well.

And it goes on and on and on. I mean, I've been charged with supporting Corpus in the development of these projects. And I just wrote a work paper for John for the next year and my focus -- my charge is just to focus on those -- those situations.

We've had many meetings -- just the way you go to Mexico and talk to these companies, we have many meetings from companies because most of that is going to come from our area Corpus, Brownsville into Mexico. Corpus is going to be the center of this -- of this new energy supply of Mexico.

Again, this is great news. Again you're seeing a perfect example of what we're talking about. And I just had a discussion about this and kind of vision that they have is just incredible.

Mr. CANAVATI: Yes.

SECRETARY PABLOS: Any other communities want to chime on their efforts with respect to energy transfer along the border where we're seeing -- yes, sir, Sam.

MR. VALE: Sam Vale from Starr-Camargo Bridge and Rio Grande City, privately-owned operation.

I want to really compliment -- compliment Commissioner Sitton for your approach in what you're talking about because we really have a gigantic logistics issue going on between Mexico and the United States. Many people seem to confuse -- they seem to think that Pemex is the government and while they are very -- they're wholly owned by the government, they're very much an independent organization and they make a lot of decisions separate and apart from what you hear coming from the -- from the Congress and the Senate, which are more powerful today than they used to be.

And so, this whole process of -- of liberalization, particularly in the hydrocarbons, really very much depends on the logistics permitting processes and the way you expose the community to competition. It's -- it's quite interesting to me to be -- we're more of the logistics side of the business but to see all the different barriers that are created when -- when -- really when you think of Mexico and Texas if you really want to look at it following the kind of the philosophies that Commissioner Sitton has charged with supporting Corpus in the NAFTA project. That -- the pipe is arriving to Corpus. But it's not the real world on the ground. And when you get out there and you're dealing with the railroads and the truckers and the people looking to get the permits and do the distribution, it's a whole different animal. It's not even recognizable to the theory of what's happening.

The theory is very well thought out. It's interesting to me to be -- we're more of the logistics permitting processes and the way you expose the community to competition. It's -- it's quite different to see all the different communities working with the regulatory agencies as well as letting the private sector be as free as possible to develop with by private sector companies trying to come into Mexico. And that is, to some extent, a stop and go, a 21 stop and go. I've been in the tower. I've looked out. It's a beautiful city. Looks -- it's another world up there. But it's not the real world on the ground. And when you get out there and you're dealing with the 

Mr. Secretary, to bring the transportation people, the regulatory people, recognize Pemex is a very important part of the process but we have to reach past 25 to all the private sector in Mexico to be able to.
1 develop. Because between Mexico and Texas you can form a pretty powerful little outfit and that's something we historically have done very well.

4 SECRETARY PABLOS: Thank you, Sam. You're absolutely right.

6 And in speaking of -- you know, of economic development and using the cluster-based economic development model, which now includes energy but also doesn't forget about all the other stuff that we already have in place such as manufacturing and logistics and everything else that -- that we already have are very strong. I think is a very good way of taking this to the next level, partnering up with both of our governments on both sides and looking at those items that brings us -- on the Texas side --

16 MR. VALE: Cheap energy is the secret to all economic development success.

17 all economic development success.

18 SECRETARY PABLOS: Absolutely.

19 And what we're talking about gets us there. We just need to make sure that our border communities are well-prepared, well-heeled to be able to -- to take on this monumental task because good times are coming. We have to be ready for it.

24 There -- there's nothing worse than having great opportunities and having to pass them up because we're not prepared. And that's really the vision is to be ready for -- for those good times.

MR. CAMPIRANO: Very briefly, Mr. Secretary. One, I'll save my comments about what's going on in Brownsville and so forth for the panel discussion.

5 first of all, it's great to be here in Austin. You brought some beautiful weather. It's a little warmer than it is in El Paso and Juarez but it's not bad.

9 But I just wanted to add to something you mentioned a minute ago, presidential permits that we use at the IBWC, there have been a large increase in the number of permits that have been filed. And I must admit from my engineering group very well-prepared permits. The designs are at a higher level of quality, fewer comments coming from our section now as a result of that. And I think that's resulted in a lot safer --

18 Although we must keep in mind we're crossing the Rio Grande-Rio Bravo. That is a water source for millions of people. So, that safety is greatly appreciated and must be maintained. So, a 22 higher level of security and protection to that pipeline system, whether it's gas, petroleum and energy -- other energy sources, power, we're very happy 25 to see that the -- there's an uptick, an upturn in the quality of those permits. So, thanks to the industry that's producing.

SECRETARY PABLOS: Well, thank you for your comments. And certainly, you know, safety and security are extremely important but the fact that you're seeing that uptick, the fact that you're seeing an increased level of professionalism in the permits ourselves, ought to encourage our MPOs to get involved to at least be aware of the permits that are being submitted for for presidential review.

You have dozens upon dozens of agencies that have to review each permit and so, having that local support and local understanding of the implications of whatever the project is is very important and so that's -- the purpose I think -- one of the purpose of this discussion is to bring awareness to what's already going on.

I mean, you're saying an uptick in applications and so, I think our border communities needs to be aware of the increase in demand for cross-border trade of energy, which is -- which is occurring as we speak.

So, thank you for your comments. That's very good.

Anyone else with -- yes, sir.
1 when items come up, especially in social media circles.
2 And so, I -- we certainly have heard of instances where
3 you had pipelines breached but that is certainly not
4 the norm. Those are the exceptions, right? And we see
5 that across the board.
6 I don't know if you're seeing that in
7 PEMEX and what you might be doing about that with your
8 partners.
9 But the energy security aspect that I
10 would focus on would be on ensuring that we're energy
11 independent as -- as a continent and that's really, I
12 think, where what we're talking about, you know, comes
13 into play. Obviously making sure that our
14 infrastructure is safe and secure.
15 Also on the electricity side, I mean,
16 there are very many vulnerable aspects of our
17 transmission infrastructure as well.
18 And so, I don't know -- Regina, do you
19 want to address that? I don't mean to put you on the
20 spot.
21 MS. GARCIA-CUÉLLAR: No, no. Don't worry.
22 The -- as you said it's blown out in
23 social media. But it is a problem but it's a very
24 focalized problem. It is a problem that touches the
25 state of Puebla, Guanajuato a little bit. It's very
1 focalized.
2 And what has been done, which is a new
3 strategy, it's working within many different levels of
4 government, the -- the tax administration, for example,
5 is involved, the Ministry of Finance is involved, PEMEX
6 is involved. And what -- the strategy has been not
7 just focusing on trying to pursue the delinquents but
8 also trying to look at the gas station which are buying
9 the theft product. And it has been very productive
10 before you, know, the product was -- was stolen
11 and it was sold in the gas stations but nobody was
12 looking after the gas stations, which were stealing --
13 which were buying stolen product and then selling it to
14 the -- to the public.
15 So, that strategy has proved somewhat
16 productive. And, obviously, there's still a lot of
17 room to -- to improve and there -- it is a huge problem
18 but it's very focalized in -- in two states of the
19 country.
20 We have been improving. We have been
21 closing gas stations which are buying stolen product
22 and that is making it more difficult for the criminals
23 to commercialize their product because if the gas
24 stations are -- are being, you know, penalized through
25 the Ministry of Finance, through the tax authority and
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<td>1 when they see a return on that investment, they're not</td>
<td>1 you can look at PEMEX as a private company who's</td>
<td>1 and the dialogue open with -- with the regulatory</td>
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<td>2 afraid to make that investment. I think it's our job</td>
<td>2 willing to share risks, to work with you in working</td>
<td>2 agencies.</td>
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<td>3 to give them the examples, make those -- those</td>
<td>3 with the regulatory agencies, all these small details</td>
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<td>4 opportunities apparent and then it'll be impressive to</td>
<td>4 which are complex and which will be -- we will have to</td>
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<td>5 see what private industry does.</td>
<td>5 work out on getting things done because that's what</td>
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<td>6 And I'm going to duck out now. Thank you</td>
<td>6 Mexico needs to be -- to do now. We need to get things</td>
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<td>7 very much for having me.</td>
<td>7 done, to get the integration moving and to work with</td>
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<td>8 SECRETARY PABLOS: Thank you. Thank you</td>
<td>8 all of you in getting the trade going through the</td>
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<td>9 for being here.</td>
<td>9 borders, through the ports, through the pipelines. And</td>
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<td>10 (Applause)</td>
<td>10 for that we'll have to sit down with the authorities,</td>
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<td>11 SECRETARY PABLOS: Enrique, would you</td>
<td>11 with the regulatory authorities and change some of the</td>
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<td>12 like --</td>
<td>12 ways they're looking at regulation as Commissioner</td>
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<td>13 MR. MARROQUIN: Yes. Thank you again.</td>
<td>13 Sitton said.</td>
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<td>14 Thank you for the invite.</td>
<td>14 I think the U.S. has been very successful</td>
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<td>15 And so, the -- the major change that</td>
<td>15 at having a hands-off approach and Mexico has to learn</td>
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<td>16 needed to happen in Mexico has already happened, you</td>
<td>16 and we have to recognize that when we did the reform, I</td>
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<td>17 know, the constitutional reform once-in-a-lifetime</td>
<td>17 think they changed from a completely controlled state</td>
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<td>18 change. I think what now we all need to focus on is to</td>
<td>18 to a regulatory state that right now it's very tight,</td>
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<td>19 make the small changes. Small changes are the ones</td>
<td>19 very inflexible. For example, the CNH, which is a</td>
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<td>20 that are going to make the difference. The big change</td>
<td>20 hydrocarbon commission, has learned. Has been more</td>
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<td>21 already occurred.</td>
<td>21 flexible in some of the regulations. And we as PEMEX</td>
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<td>22 And what I mean by small changes is small</td>
<td>22 as a private sector have to go to them and let them</td>
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<td>23 change can regulatory construct that are not keeping --</td>
<td>23 know what are the problems in the day-to-day works.</td>
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<td>24 or are not up to -- up to pace to what -- what we want</td>
<td>24 So, I think that's important to have this</td>
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<td>25 as an integrated marketplace -- energy marketplace in</td>
<td>25 communication open between the private sector, PEMEX</td>
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<td>1 North America. And, you know, one -- if if there's</td>
<td>1 and the dialogue open with -- with the regulatory</td>
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<td>2 regulatory harmony between two -- the two countries or</td>
<td>2 agencies.</td>
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<td>3 in this case Texas and Mexico, they'll probably -- we</td>
<td>3 SECRETARY PABLOS: Great. That's a great</td>
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<td>4 will start noticing additional freight and -- focusing</td>
<td>4 point. And we certainly have taken the first step in</td>
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<td>5 on electricity as well as on hydrocarbons. And that's</td>
<td>5 this dialogue, in this communication. We look forward</td>
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<td>6 going to result in, as I mentioned earlier, more</td>
<td>6 to working with you -- each of you to -- to take this</td>
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<td>7 economic development, additional companies wanting to</td>
<td>7 agenda and move it forward, to ensure that our border</td>
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<td>8 locate in areas where there's a robust and reliable</td>
<td>8 communities can benefit from this and our states can</td>
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<td>9 electric service and obviously competitive.</td>
<td>9 benefit from this, you know.</td>
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<td>10 So, it is those small things that matter.</td>
<td>10 So, I want to thank you.</td>
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<td>11 And so, if we can tweak -- if there was a wish list and</td>
<td>11 Let's take a short five-minute pause so</td>
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<td>12 we can only tweak certain things, I would focus on the</td>
<td>12 that I can have the opportunity to say bye to our</td>
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<td>13 small things which will result in bigger changes.</td>
<td>13 panelists and then we'll get right back on schedule</td>
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<td>14 SECRETARY PABLOS: Good point. Good</td>
<td>14 very quickly. Thank y'all very much.</td>
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<td>15 point. But you know, I'll give you -- thank you,</td>
<td>15 (Break)</td>
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<td>16 Enrique.</td>
<td>16 SECRETARY PABLOS: I hope you all enjoyed</td>
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<td>17 I'll give you the last word.</td>
<td>17 your networking break. I think this is also very</td>
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<td>18 MS. GARCIA-CUÉLLAR: Well, thank you.</td>
<td>18 healthy that we all get a chance to catch up with old</td>
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<td>19 Thank you, first of all, all of you inviting me here</td>
<td>19 friends and see what is going on in our respective</td>
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<td>20 and listening to what PEMEX has to say.</td>
<td>20 communities. So, I'm glad we've had a chance to do</td>
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<td>21 And my concluding remarks are very similar</td>
<td>21 that.</td>
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<td>22 to Enrique's. The biggest change has been done but the</td>
<td>22 So, what we have coming up here is a</td>
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<td>23 devil is in the details. As Sam said, working out the</td>
<td>23 discussion on the border master plan and then we'll go</td>
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<td>24 day-to-day problems will be what will take almost all</td>
<td>24 take a quick break and then enter into our working</td>
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<td>25 of our time. I would like to tell you that PEMEX --</td>
<td>25 lunch panel. So, let's go ahead and address the next</td>
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1 item, which is our Texas-Mexico Transportation Master Plan headed up by TxDOT.

2 Caroline, I'll hand it over to you.
3 MS. MAYS: Actually I'll hand it over to Peter.
4 6 SECRETARY PABLOS: Oh, okay. Peter --
5 Peter can you, please, take it?
6 MR. SMITH: And I am going to ask all staff to kind of go into the detail on this but I did want to prelude the discussion by saying --
7 11 SECRETARY PABLOS: I'm sorry. Put your mic a little closer.
8 MR. SMITH: Yeah, I just wanted to prelude the discussion by saying we had -- we're excited about this awesome opportunity for the -- for this committee actually as -- as part of its role to help us shape the vision that you've espoused and the strategy, overarching strategy for how we move forward in investing in transportation infrastructure. And in the past or to date we'll hear a little bit more detail about the three existing plans, bit more regional plans. And now, we have the opportunity to really develop what would amount to the first state transportation border master plan where we lever the existing plans but go beyond that.
9 So, I'm going to be asking Caroline and Tim to expound on that but I did want to recognize --
10 you know, we talked earlier about taking things into our own hands and doing things that we control and are able to control. But we also -- I wanted to recognize our federal partner in the FHWA and recognize the --
11 recognizing them for their support. And Georgian Sonovich I think is still here. Wanted to thank her for her help in being able to get us to a point where this study that we're going to talk about is actually going to be funded by SPR first. They're called State Planning and Research funds but they're federal funds.
12 And so, we're able to do that with the support of the FHWA.
13 So, I did want to follow the discussion by recognizing their support. So having said that, I'll pass it on to Caroline.
14 MS. MAYS: And I'm just going to tee this up and Tim will, you know, take it over from here and provide you with more detail on that. But I just wanted to kind of give you an overview of why the 22 update and why this is important. And I think really the key to this update, as Peter mentioned, is a comprehensive look at the border, at the region and 25 also a comprehensive look at the border crossings but also it benefits the entire North America tying into the trade corridors in multimodal facet and look at, you know, how can we better coordinate border planning but also develop investment strategies to address the needs of the border.
1 2 2 at, you know, how can we better coordinate border planning but also develop investment strategies to address the needs of the border.
3 So, there has been significant changes from when the last border master plans were developed. 6 As Peter mentioned there was three of them but now we're looking at it from a comprehensive way. We're going to be developing one border master plan. 9 And really the -- the main goal or the 11 main focus of this update and really making sure that we have a plan to address these border issues is to ensure that the plan continues to represent the visions and goals of this committee but also for the border regions and to ensure --I think, you know, what has been talked about here this morning is to continue to facilitate efficient movement of across border trade. 17 That's the end game.
18 It's one thing you take out of this is the 20 border master plan, the intent is to facilitate efficient and safe movement across border trade between Texas and Mexico but also, you know, Mexico and the U.S. As you know, you -- trade that comes through Texas border crossings benefit the entire U.S., but also it benefits the entire North America tying into Mexico. And then also when we want to -- as part of the border master plan, is to anticipate not only current trade transportation needs but also anticipate future needs so that we can be able to at least plan for it not just short term but plan for long-term needs. And then also anticipate investment strategies that are going to be needed and that includes funding that, you know, this group has already brought out. 9 Again, there's a last discussion in this panel about communication, bi-national communication, between 11 Texas and Mexico, U.S. and Mexico. So, I think what we're hoping how the plan will help us is to strengthen, you know, the communication and the coordination between Texas and Mexico and, you know, as Peter mentioned with our federal partners from both the U.S. and the Mexican side.
17 On the U.S. we have a lot of federal partners that are involved from CPP, FMCSA is here, 19 federal highway and other federal partners that are involved in -- in trade and cross-border movement. We have a lot of you that, you know, are bridge owners and at the local level you have, you know, private sector. 22 That is the key area that we want to focus on and we'd really love, once we get started, to hear from you-all 25 how we engage the private sector in this process.
1 preliminary information regarding the scope of work.
2 We also discussed the type of feedback that we received
3 from a bi-national standpoint from the various partners
4 and -- and the stakeholders. And then at the BTAC
5 meeting in San Antonio, we received information and
6 the -- information and feedback from our members.
7 So, the border master plan is the Border
8 Trades Advisory Committee. You will lead this effort.
9 Our intent is to have regularly scheduled meetings in
10 which updated information will be provided to you. In
11 addition, we're going to propose the need to receive
12 feedback and guidance as we go along throughout the
13 entire development. Your assistance with stakeholder
14 outreach is going to be critical to ensure that your
15 region and your business industry sectors are included
16 and we definitely want to ensure that the private
17 sector is involved in this development process.
18 BTAC will lead the development of the plan
19 and they will also lead the implementation of the plan.
20 For those members of you that serve also on BTAC as
21 well as our Texas Freight Advisory Committee, the
22 business model for the development of the border master
23 plan is the same business model that we used for the
24 development of the Texas Freight Mobility Plan, your
25 input, your guidance, your direction on how we're going

1 With that, no questions, Tim.
2 MR. JUAREZ, JR.: Thank you Peter and
3 Caroline.
4 Good morning, Secretary of State Pablos
5 and BTAC members. I'm Tim Juarez and I'm the
6 International Trade and Border Coordinator here at
7 TxDOT and I'm also going to serve as the project
8 manager for the Texas-Mexico Transportation Corridor
9 Master -- Master Plan Update.
10 Today I'm going to provide you an update
11 on this global work for the border master plan and I'm
12 going to give you an update on the development schedule
13 that TxDOT is going to utilize to procure a consultant
14 team to help both TxDOT and BTAC develop this plan.
15 And you do have the presentation in your packets, if
16 you would like to follow along.
17 So, a little background information, at
18 the last BTAC meeting in San Antonio, I provided you
19 background information on the previous border master
20 plans and Caroline has touched that this morning. As
21 you may recall, we had the three regional BNP's that
22 focused primarily on border crossings only. We also
23 discussed the procurement schedule as it was at that
24 point and I'm going to provide you with an update of
25 that schedule today. And then I also gave you
1. The plan is going to be developed in coordination with BTAC as well as bi-national public and private sector partnering agencies and stakeholders. To the extent possible, the engagement plan will include methods, proposed schedules and target groups and populations. So, we're going to be drilling down as to who will be inclusive in the overall process.

2. Task 3 is our goals and objectives of the plan. And a lot of this was shaped based on information we received from the partners and the stakeholders in BTAC. We're going to create a plan that identified bi-national goals and targets.

3. Increased understanding of critical multimodal systems, border crossing and support facilities. We're gonna develop a criteria for prioritizing projects for both existing and proposed systems. And a lot of that future system will be based on the demographics and socioeconomic data related to the movement of goods.

4. We want to create a plan that leads to prioritizing and advancing multimodal transportation systems, border crossing and support facilities. And then we want to be able to identify those needs. And we want to add if you want to ask a question or have a comment, as I go through the presentation, please go ahead and do so.

5. Task 4 talks about multimodal data collection and inventory. In order to make decisions, we have to have a process that is data driven. So, we're going to conduct a comprehensive bi-national, socioeconomic and demographic -- demographic data collection and inventory for all loads, for all border crossing and support facilities, facilities to help us move people and goods. We want to be able to identify and address data needs and data gaps for -- for those 25 facilities as well. The process is going to include identification of data needs and document the process for the approval of the methodologies utilized, collection and inventory of the data needs and gaps for all those various multimodal -- multimodal modes as well as the transportation systems.

6. And then we're going to develop a demographic and cross-border passenger travel by mode -- by goods movement, goods movement by mode and commodity and then for economic development. So, we're going to help in the development and enhancement of a multimodal network on a platform that's going to be readily accessible by all the stakeholders and all the partners. We want to be able to outline a multimodal network that identifies the most critical system for facilitating the movement of people and goods.

7. The needs assessment is in Task 6 and is going to help us identify both current and future needs. So, we talked about that earlier, not only what the existing system is but what would that future system look like. And a lot of that future system will be based on the demographics and socioeconomic data that we'll be collecting; for example, land use, where are the warehouses located now, where will they be located within your respective communities in the future.

8. We want to be able to address the impact of those multimodal movements of people and goods throughout the entire border region as a -- as a region and throughout the state and then throughout the nation. So, we're going to have this tiered effect as we go up the chain to goods and movement of people are occurring.

9. And then we want to be able to identify and prioritize any policies, programs or other needs assessment that's readily accessible by all the stakeholders and all the partners. We want to be able to outline a multimodal network on a platform that's going to be readily accessible by all the stakeholders and all the partners. We want to be able to outline a multimodal network that identifies the most critical system for facilitating the movement of people and goods.

10. Task 5 talks about multimodal corridor identification and designation. So, we have to be able to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

11. Task 7 talks about forecasting. Our goal is to develop a 20-year forecast. It's going to include multimodal movement of people and goods for all of the border crossings, port support by corridor for both existing and forecasted demand. We're going to talk about existing and proposed passenger travel by mode -- by goods movement, goods movement by mode and commodity and then for economic development. So, we're going to help in the development and enhancement of a multimodal system. So, we're going to do that whole analysis as part of the needs assistance.

12. Task 8 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

13. Task 9 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

14. Task 10 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

15. Task 11 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

16. Task 12 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

17. Task 13 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

18. Task 14 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

19. Task 15 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

20. Task 16 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

21. Task 17 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

22. Task 18 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

23. Task 19 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.

24. Task 20 is about the partnering agencies throughout the entire effort. And that is to identify and designate the existing integrated network that identifies the most critical system for facilitating the movement of people and goods.
By commodity we want to identify and analyze the demands of trade on the transportation systems and those support facilities to include imports and exports, intrastate, interstate by transportation systems for both the region, state and bi-national and then by mode we want to be able to identify and analyze the demands on the transportation system for those border crossing and support facilities at a regional, statewide and binational level. That is going to identify passenger movement, including number of passengers operating vehicles and number of buses. This will all lead to Task 8, which is the economic analysis, one of the key elements that we've gotten here from the Border Trade Advisory Committee. For economic analysis, we're going to develop economic profiles of both current and future outlook of the economic impacts of the U.S./Mexico trade to the border region, to the state and then both to the national level in both Texas and Mexico. For current, future and outlook of economic impact we want to be able to identify the movement of people as they come across or cross both borders going from Texas to Mexico and Mexico to Texas. We hope to identify, develop and analyze the economic impact of border congestion, border wait times and underutilization of the existing support facilities and capacity issues on movements of passenger and goods. So, we're going to see what the system is now and where the other systems are acting at capacity and noncapacity. And then finally as part of the economic analysis, we want to develop economic -- economic analysis impacts and cost benefits analysis for both short-, mid- and long-term levels at the multimodal transportation system. So, we're going to continue to drill down to help provide that information for all the various regions. Task 9 is the recommendation and investment plan. It's the need to develop a comprehensive strategy to address the Texas-Mexico border crossing and support facilities, to look at and help support the movement of people and goods and needs and issues. We're going to develop multimodal cross-boarding transportation related policy, programs and projects that will help address that and then prioritize multimodal and associated network improvements, associated project development, a process to help identify policies, program and projects that will have a net effect on those.

And then the key component is identifying the appropriate funding sources and the responsible stakeholder for prioritization of those multimodal improvements. TxDOT will have an aspect on projects and where we can spend federal and state dollars but we're not the only one who will be able to do that. We're going to be looking at the local governments and other partners to help us identify those funding sources. And then the last step is -- or Step 10 is the implementation plan. Develop a comprehensive multimodal implementation strategy both for short, medium and long term. We want to be able to develop a framework and guideline for border project planning, development programming and implementation to assist federal, state, all the local governments, all the Texas and Mexico partners and all the stakeholders in both binational. And then we want to be able to develop a project management and tracking system that's going to be compatible to either current software in place so that all the partners will have the ability to get access to that. And then, finally, we will have the final report, executive summary and brochure. This is the anticipated selection time frame that TxDOT is utilizing for the procurement of the consultant team. As we reported at the San Antonio meeting in May, we had had the pre-RFQ meeting and then the request for qualifications were posted. Since then we received the statement of qualifications. That was done on September the 11th. Our next steps is that the Consultant Selection Committee is currently reviewing the SOQs and we will be providing notification to those consultant teams who submitted to come up with a short list that will occur around the first week in October. TxDOT will conduct interviews. We'll have our selection complete by the end of October and then the consultant team will be identified. TxDOT's procurement folks will enter into negotiations with that team regarding this scope of work and hopefully we have -- we plan to have that completed by early to mid-December. And then a contract execution done by early to mid-February. So, that is the timeline and schedule that we're working on. If you would like additional detailed information, both Caroline and I are here and we're -- have our information available for you. And having said that, we'll now open it up to discussion, any comments or questions the members.
SECURITY PABLOS: Thank you, Tim.

Members, any -- any questions?

I have a couple of questions. I'm wondering -- first and foremost, I'm seeing here on the timeline itself that it's subject to change. Is there any way we can expedite this any further? I mean, it's -- at the end of the day it's going to be ten months from the moment we started till the moment we have a selection. And so, I'm wondering, you know, how can we -- and I certainly know you're taxed for resources. I mean, I'm not blind to that.

But any chance to move this further along on a much quicker timeline?

The other question I had is is there anyone in this committee who's part of the selection committee or is it staff driven?

SECRETARY PABLOS: Okay. So, I'm going to answer the -- your schedule timeline question first.

SECRETARY PABLOS: Okay.

MR. JUAREZ, JR.: So, these are just target dates.

SECRETARY PABLOS: Okay.

MR. JUAREZ, JR.: If we have the ability -- you know, the consultant selection committee is made up of TxDOT employees. Our division, plus a representative from each of the districts, El Paso, Laredo and Pharr. So -- because we are in an open procurement, we're very sensitive to and respective of the effort and you're leading the development process. But any chance to move this further along on a much quicker timeline?

SECRETARY PABLOS: Right.

MR. JUAREZ, JR.: For this since it's an open meeting. So, we are actively engaged and moving this process along as a -- as a team. We will expedit e all those pieces that we can. Once we -- the selection aspect -- up to the selection aspect, that's going to occur very fast. It's going to be the negotiations of our professional engineering group with that team. That may take sometime, as well as contract execution because they're gonna have to drill down, based on the scope of work that BTAC has developed in conjunction with the partners.

So, that's really why we wanted to give a larger time frame; but I can assure you, Secretary of State and BTAC members, we're actively engaged in this and we're moving very fast to get this underway.

Because as Peter noted and Caroline noted, we're very excited to get this developed; and so we're going to work to get to that point.

MR. SMITH: I don't know that there's anything that I could add. Tim, I think you did a great job with that. You know, we have committed to the FHWA to include them and make sure that they're involved in the final scope and make sure that they're comfortable with the detail in there. But I don't see that as being a critical path issue.

SECRETARY PABLOS: So, to understand this correctly, there are federal and state rules that prohibit members of the public who are stakeholders to participate in the process? Is that --

MR. SMITH: That's correct.

SECRETARY PABLOS: -- my understanding?
1 to be complete within 18 to 24 months. Okay. We're looking at the subsequent year to be an implementation effort but we have identified and we'll continue to do so that -- as you saw in the scope of work, we keep noting short-, medium- and long-range efforts.

Those short elements that we can implement immediately, we're going to task the teams or task the respective parties to go ahead and do that. So, we want to ensure BTAC and all the partners that we're not going to wait until the end of the 18 months or 24 time frame. Where we can get those immediate wins and implement those immediate policies or programs, we're going to do that because we want to ensure that we continue to be efficient and effective in all the aspects of our border crossings and portray an economic development.

SECRETARY PABLOS: Any questions or comments, Members?

Yes, sir.

Mr. Puig with Fasken Oil and Ranch.

We currently have a lot of development property in Laredo, Texas; and I know one of the biggest issues you mention here is border congestion, wait times and things of that nature. So, is CBP going to be heavily involved in -- at the table as far as what their needs are?

MR. JUAREZ, JR.: Yes. So, we have actively engaged CBP at a national level. In fact, they were -- we had gone to U.S.-Mexico Joint Working Committee in Mexico City and they weighed in on the development of this scope of work, similar to GSA and other federal partners. What we have -- we have done outreach to the various regions. We haven't waited for the implementation of this. And so we have talked to CBP in El Paso and CBP in the Lower Rio Grande Valley. Our goal is to go and work with the partners in the Laredo area in October but we continue to gather information and input from them. Our goal is to be able to identify CBP's needs at each of the various regions at each of the various border crossings. So, yes, they've been actively engaged and will continue to do so as we go through the process.

MR. ESPARZA: Mr. Secretary, if I may.

SECRETARY PABLOS: Yes, sir.

MR. ESPARZA: I may want to point out -- John Esparza, Texas Trucking Association.

It is important to note that these needs at each of those locations, whether it be Laredo or El Paso -- I'm glad to hear that you're working and will work to continue to identify those needs because they're very different and that's the one thing that as an industry from the trucking side has been a huge challenge for us is the nuances between the different individual bridges even are often times a big, logistical objective for us. And -- or an obstacle, I should say.

Any work that we can do we certainly will be a part of that as well. But Congressman Cuellar has been very, very helpful with that over the years but we continue to be challenged in that area and we'd like to work with you more closely to have some sort of standard need perhaps or at least to be more efficient than the standard in any way that we can. So, thank you.

SECRETARY PABLOS: Thank you, sir.

MR. CRISTINA: I'm Paul Cristina with BNSF Railway.

I have to two comments. The first regarding forecasting and if -- and I assume that this is how to make those border crossings, inspections, whatever the case may be, more efficient so that we can continue to move goods and be the economic powerhouse state that we currently are.

SECRETARY PABLOS: Any work that we can do we certainly will. We definitely have some roundtable and listening sessions because we want to be able to hear what the concerns are of the stakeholders. For example, Mr. Esparza, you know, we have heard from some 22 of the users that one region may have a policy and program in place that's very effective and why can't our region have that.

So, our goal is to identify those policies and programs, look at the business case, what was the reason or intent or purpose to have it in place there and how can we get it in place in the other regions, if it truly is sufficient and working. So, when we say about policy and programs, that's really what we're looking at because we want to make sure that all of the 7 regions at least have the ability to provide input on how to make those border crossings, inspections, 8 how ever the case may be, more efficient so that we can continue to move goods and be the economic powerhouse.

SECRETARY PABLOS: Thank you, sir.

Yes, sir.

MR. CRISTINA: I'm Paul Cristina with BNSF Railway.

I have to two comments. The first 17 regarding forecasting and if -- and I assume that this will come out as your consultant team's put together their proposals on how they want to execute the 19 table and listening sessions because we want to be able to hear what the concerns are of the stakeholders. For example, Mr. Esparza, you know, we have heard from some 22 of the users that one region may have a policy and program in place that's very effective and why can't our region have that.

So, our goal is to identify those policies and programs, look at the business case, what was the reason or intent or purpose to have it in place there and how can we get it in place in the other regions, if it truly is sufficient and working. So, when we say about policy and programs, that's really what we're looking at because we want to make sure that all of the 7 regions at least have the ability to provide input on how to make those border crossings, inspections, 8 how ever the case may be, more efficient so that we can continue to move goods and be the economic powerhouse.

SECRETARY PABLOS: Thank you, sir.

Yes, sir.

MR. CRISTINA: I'm Paul Cristina with BNSF Railway.

I have to two comments. The first 17 regarding forecasting and if -- and I assume that this will come out as your consultant team's put together their proposals on how they want to execute the 20 project. I would recommend that you allow or even 21 maybe encourage the term scenario -- scenario planning rather than a forecast. A forecast denotes a fixed 23 point in space that we expect sometime in the future but scenario probably gives you a much broader cone to 25 work within. You can always plan infrastructure for...
SECRETARY PABLOS: And forgive me if I
So, I appreciate those comments. you-all know that all exist not just in the future.
I'm gonna be energy and my area it's going to be
drive those types of efforts. We just wanted to
give a global perspective of what we were looking for
in the region. When we actually go and drill down and
start initiating those subtasks, I believe we're going

MR. JUAREZ, JR.: So we are currently in
an open procurement and we do have -- you know, it's an
2 open meeting here and the work within -- the task
within -- the subtask within each task is broad enough
to cover those types of efforts. We just wanted to
give a global perspective of what we were looking for
in the region. When we actually go and drill down and
start initiating those subtasks, I believe we're going

SECRETARY PABLOS: And forgive me if I

MS. MAY: Yeah. If I -- Secretary, if I
8 may just add onto that, actually federal highway did a
9 whole plan on the scenario planning across the entire
10 southern border and, you know, we've been in
11 discussions with them to hopefully, you know, let us
12 use that as a foundation as we move forward with what
13 the plan development and certainly within the
14 forecasting, you know, task there's flexibility there
15 to be able to look at some of the scenarios, you know.
16 Otherwise, just the straight forecasting by itself
17 might not give us the ability or the result that we
18 need. So, there's some flexibility within this to be
19 able to look at that and that's exactly what we're
20 looking for on this committee is to provide us with the
21 feedback so we can tweak and adapt, you know, the scope
22 of the plan moving forward to address the needs that
23 you-all know that all exist not just in the future.
24 So, I appreciate those comments.
25 SECRETARY PABLOS: And forgive me if I

MR. VALE: Thank you. Sam Vale.
20 One -- one of the most unaccounted for
21 structures in this whole process is changes in
22 procedures and what I'm talking about is we are no
23 longer able to think that we're going to have the
24 infrastructure at the ports of entry that we would all
25 like to ideally plan. But it has to change and what

MR. JUAREZ, JR.: Yes. Our engagement
10 plan as we have identified in the task and for the
11 scope of work is to be a bi-national engagement effort.
12 TxDOT is currently working with the regions to identify
13 points of contacts both on the public and private
14 sector. It's not currently an exhaustive list because
15 we continue to add to that contact list on a daily
16 basis. Whoever is selected on the consultant team,
17 we're asking them to help us enhance that; but our goal
18 is and we're -- we're definitely looking at how do we
19 hold those listening -- listening sessions, roundtable
20 efforts on both sides of the border with the right
21 points of contact.
22 So, yes, we are considering that and
23 looking at our program and how we can work with that
24 effort.
25 SECRETARY PABLOS: And I'll just tell you

MR. VALE: Thank you. Sam Vale.
20 One -- one of the most unaccounted for
21 structures in this whole process is changes in
22 procedures and what I'm talking about is we are no
23 longer able to think that we're going to have the
24 infrastructure at the ports of entry that we would all
25 like to ideally plan. But it has to change and what
1 will be changing and there is a lot of pilots going on
2 with this today.
3 For example, in cargo, that is the
4 consolidated cargo processing that CBP has now started
5 to go to with the Mexicans, which basically means
6 the port of the future may be -- there's only going to
7 be one point of inspection. It may be on the U.S.
8 side; it may be on the Mexican side, depending on how
9 they negotiate it. And that's going to reduce the
10 infrastructure needs at the port but it's going to
11 increase the needs for transportation systems going
12 from the port.
13 So, these things are not something that
14 you can sit there and draw a line. The scenario's fine
15 but you have to have scenarios and change in policy
16 because a change in policy like that can change your
17 projections in three years. Everything can turn around
18 because you can do a lot more throughput.
19 Right now I know that CBP is very unhappy
20 with the process they built in the old time Mesa on the
21 Mexican side where American officers were going into
22 Mexico for one reason only. The throughput is not
23 increasing. So, if you do something, it has to produce
24 an increased throughput. You can -- the truck's got to
25 get in, they got to get out. The car's got to get in,

1 one car's gotta get out. So, they're talking about
2 pulling back on that because they're not getting any
3 results.
4 Some issues on infrastructure on the
5 Mexican side but the processes you have to go through
6 at the port of entry. The port of entry of the future
7 is going to be much more consolidated and much more
8 efficient. It's the only way it's going to survive.
9 SECRETARY PABLOS: One last comment and
10 then we'll have to break.
11 Yes, sir.
12 MR. CANON: Yes, sir. Thank you. Andrew
13 Canon with Hidalgo County MPO.
14 Tim, I'm assuming, I guess, there's going
15 to be a great deal of coordination with this, with the
16 MPO's because, as I'm reading through it, I see that
17 much of what we're doing in the way of short-, mid- and
18 long-term planning is addressed in Tasks 4 through 9
19 already. We're doing that. As agencies we're tasked
20 with that.
21 And I guess my question is back to Task 3
22 is that as we start to develop the criteria and
23 prioritization of projects, will this be done in
24 compliment to the prioritization list that the MPOs
25 already have? And if so, how would we possibly address

1 if we have projects that come out of a different
2 ranking than what's identified locally because we're
3 already investing great deals of money and partnerships
4 and the planning aspects leading up to this for
5 whatever we may have as one or two as opposed to what
6 can come out of it.
7 SECRETARY PABLOS: And I think that was
8 addressed when we talked about the scope of work, the
9 ability to participate during the scope of work phase
10 of this.
11 Am I understanding that correctly?
12 MS. MAYS: Yes.
13 SECRETARY PABLOS: So, I agree with you.
14 I mean, look, the worse thing we can get into here is
15 redundancy and overlapping efforts and wasted
16 resources. And so, I am glad to hear -- I would have
17 liked to have had someone from this group in the
18 selection process but I get it, I understand. But I am
19 glad to hear that there will be an opportunity for this
20 group and anyone else who has a stake in this process
21 to participate -- am I understanding that correctly?
22 MS. MAYS: Yes, that's correct.
23 SECRETARY PABLOS: So we can shape the
24 scope of work for the consultants?
25 MS. MAYS: Yes. What will happen is once
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<th>Page 114</th>
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<tbody>
<tr>
<td>1 It's always a privilege to be here moderating a panel</td>
<td>1 MS. MAYS: Yeah. Absolutely. And I</td>
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<td>2 in this distinguished committee.</td>
<td>2 wanted to -- one last thing -- I know Peter is wanting</td>
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<td>3 I'm going to introduce our panel, ladies</td>
<td>3 to say something.</td>
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<td>4 and gentlemen. Their bios are in your booklet. We</td>
<td>4 But I wanted to address your comment about</td>
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<td>5 have a lot to discuss. We don't have much time, which</td>
<td>5 are we involving the Mexicans? Yes, we involved the</td>
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<td>6 is always the case.</td>
<td>6 Mexicans. And the scope that you see today we'll run</td>
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<td>7 But first and foremost Edward Campirano,</td>
<td>7 that through Mexico City, several of the federal</td>
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<td>8 very dear friend of mine for many, many years was the</td>
<td>8 agencies, including -- SDT/SRE actually weighed on</td>
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<td>9 port director and CEO of Port of Brownville. Then</td>
<td>9 this. So, we already have some involvement from them</td>
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<td>10 Jake -- I'm going to mess this up Jake -- &quot;Jies/brech.&quot;</td>
<td>10 and like Tim mentioned we cannot broadly share this</td>
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<td>11 MR. GIESBRECHT: Bettis.</td>
<td>11 with everybody because it's an open procurement.</td>
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<td>12 MR. CANAVATI: Bettis. Mr. Jake Bettis</td>
<td>12 SECRETARY PABLOS: No. I get it. And my</td>
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<td>13 executive director Presidio International Port</td>
<td>13 concern was not necessarily on the government side but</td>
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<td>14 Authority. And Michael Reeves, president of</td>
<td>14 as Sam mentioned where the rubber meets the road, the</td>
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<td>15 Ports-to-Plains Alliance. All important entities</td>
<td>15 private sector business, the people that are actually</td>
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<td>16 regarding issues and opportunities in energy-related</td>
<td>16 driving the trucks, the people that are actually</td>
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<td>17 transportation, the midstream, truck, rail pipelines,</td>
<td>17 impacted by those on a daily basis, those are the</td>
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<td>18 ocean and ocean barges.</td>
<td>18 individuals we need to be engaging because they're the</td>
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<td>19 A while ago we spoke about ports as</td>
<td>19 ones that have that, you know, on-the-ground</td>
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<td>20 seaports because they are -- they are on the coast but</td>
<td>20 intelligence that sometimes can't be seen from -- from</td>
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<td>21 seaports are, in reality, a critical economic driven</td>
<td>21 our state or federal capitals.</td>
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<td>22 agent not necessarily involved in oceangoing</td>
<td>22 Okay. We need to break. Let's go -- what</td>
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<td>23 transportation. Okay? And with this remark, I'm going</td>
<td>23 are the logistics on lunch? What are we doing?</td>
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<td>24 to open this up to Eduardo, who runs one of the most</td>
<td>24 MS. MAYS: Yeah. We have boxed lunches</td>
</tr>
<tr>
<td>25 unique ports in the United States. Forgive me but I</td>
<td>25 and so, the Committee will take few minutes, they'll go</td>
</tr>
<tr>
<td>26 grab their lunch and maybe a few minutes to grab a</td>
<td>26 quick bite. And then we have the panel -- the lunch</td>
</tr>
<tr>
<td>27 little behind. So, this is great. Appreciate it.</td>
<td>27 panel come and, you know, we can continue the meeting.</td>
</tr>
<tr>
<td>28 Lunch break)</td>
<td>28 But right now the lunch is in the next</td>
</tr>
<tr>
<td>29 SECRETARY PABLOS: Okay.</td>
<td>29 room, go through this door where the coffee was this</td>
</tr>
<tr>
<td>30 MS. MAYS: Yeah.</td>
<td>30 our state or federal capitals.</td>
</tr>
<tr>
<td>31 SECRETARY PABLOS: Let's grab our lunch</td>
<td>31 Alright. We need to break. Let's go -- what</td>
</tr>
<tr>
<td>32 and get back here as soon as possible. I didn't think</td>
<td>32 are the logistics on lunch? What are we doing?</td>
</tr>
<tr>
<td>33 we'd fall behind but we're actually -- we're actually a</td>
<td>33 Ms. MAYS: Yeah. We have boxed lunches</td>
</tr>
<tr>
<td>34 little behind. So, this is great. Appreciate it.</td>
<td>34 and so, the Committee will take few minutes, they'll go</td>
</tr>
<tr>
<td>35 SECRETARY PABLOS: Okay. everyone. Let's</td>
<td>35 grab their lunch and maybe a few minutes to grab a</td>
</tr>
<tr>
<td>36 go ahead and reconvene.</td>
<td>36 quick bite. And then we have the panel -- the lunch</td>
</tr>
<tr>
<td>37 So, we've had the opportunity to hear from</td>
<td>37 panel come and, you know, we can continue the meeting.</td>
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<tr>
<td>38 some experts related to trade. Now, what I'd like to</td>
<td>38 But right now the lunch is in the next</td>
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<tr>
<td>39 do is with -- with respect to our working lunch</td>
<td>39 room, go through this door where the coffee was this</td>
</tr>
<tr>
<td>40 panelist introduce our moderator Jorge Canavati, a good</td>
<td>40 morning.</td>
</tr>
<tr>
<td>41 friend, an expert in this whole U.S.-Mexico trade,</td>
<td>41 SECRETARY PABLOS: Okay.</td>
</tr>
<tr>
<td>42 logistics and businesses issues.</td>
<td>42 MS. MAYS: Yeah.</td>
</tr>
<tr>
<td>43 So, I'd like to recognize Jorge to</td>
<td>43 SECRETARY PABLOS: Let's grab our lunch</td>
</tr>
<tr>
<td>44 introduce the panel and begin our discussion about</td>
<td>44 and get back here as soon as possible. I didn't think</td>
</tr>
<tr>
<td>45 energy-related transportation issues.</td>
<td>45 we'd fall behind but we're actually -- we're actually a</td>
</tr>
<tr>
<td>46 MR. CANAVATI: Thank you, Mr. Secretary.</td>
<td>46 little behind. So, this is great. Appreciate it.</td>
</tr>
<tr>
<td>47</td>
<td>47 Lunch break)</td>
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Kim Tindall and Associates, LLC 16414 San Pedro, Suite 900  San Antonio, Texas 78232 210-697-3400
1 replicated anywheres in the country. 90 to 95 percent
2 of what we do is support Mexico.
3 We're an in-transit port. And by that I
4 mean is that we import a lot of commodities that come
5 from a foreign country and turn around and export them
6 to a foreign country and that is Mexico. 50 percent
7 of our trade is hydrocarbons. A lot of what comes
8 through the port is going into Mexico for for
9 PEMEX. Diesel, premium gasoline, hydrocarbons such as
10 refined -- refined lubricants. And that's 50 percent
11 of our trade and a lot of that is what is used to fuel
12 the Mexican economy.
13 The other part of what we do that is
14 another 40 percent of our trade is steel and we do a
15 lot of the -- we import a lot of that steel that turns
16 around and gets imported/exported into Mexico. That is
17 the feedstock for a lot of the commodities that turn
18 around and then cross at Laredo, at Eagle Pass.
19 Automobiles, white appliance, you know, a lot of that
20 industry. So, when you look at the Port of Brownsville
21 and what -- the role we play in cross-border trade, you
22 know, we essentially could be described as the Port of
23 Northern Mexico in many respects. And part of that is
24 the primarily trading influences into the Monterrey
25 area down to San Luis Potosi.

1 The maritime piece of that really is just
2 a connection to all of the other multimodal pieces that
3 are critical for that. Rail is very important. 95, 98
4 percent of the steel slab that moves through the Port
5 of Brownsville, in excess of 2 million tons a year,
6 moves into Mexico by rail. A lot of the connectivity
7 that we have related to some of the liquid commodities
8 that come in, our connection to Pharr, all the heavy
9 NAFTA that's coming into the Port of Brownsville
10 crosses at Pharr.
11 Pipeline connectivity -- and what we're
12 beginning to see and here you're going to see more and
13 more of is the pipeline connectivity is increasing
14 beyond just natural gas. Now there's a lot of
15 discussion about refined product pipelines beginning to
16 connect into Mexico. Demand for liquid propane, demand
17 for some other lubricants and other commodities beyond
18 just gasoline, diesel and natural gas.
19 So, when you look at a port, it's really a
20 multimodal center and all those pieces are really
21 critical. You know, rail is very important. Pipeline
22 connectivity is growing. Truck -- truck, we do
23 anywhere from 5 to 700 trucks a day, whether it's the
24 overweight, heavy-haul corridor or just the description
25 of our connectivity, the Pharr Bridge in terms of heavy

1 NAFTA coming through their bridge headed to the Port of
2 Brownsville.
3 MR. CANAVATI: Excuse me. I was going to
4 ask you about that for a moment, the heavyweight
5 corridor --
6 MR. CAMPIRANO: Uh-huh.
7 MR. CANAVATI: -- and how it impacts
8 the -- your investment of Mexico over-the-road
9 carriers, trucking companies at the port.
10 MR. CAMPIRANO: Yeah. Well, let's kind of
11 begin by saying that the overweight corridor program
12 was really pioneered at the Port of Brownsville and it
13 was really kind of to avoid a cat and mouse between
14 TxDOT or Department of Public Transportation and the
15 truckers trying to game each other and being able to
16 get across the bridge with heavy loads. And it focused
17 primarily on the steel trade.
18 And really simply this is what it does.
19 It is now a -- a Department of Public Safety program
20 that it's administered through -- through the
21 Department of Public Safety. 85 percent of the
22 proceeds that are developed from that program through
23 the sale of permits, overweight permits, go through the
24 Department of Public Safety. That's actually a
25 dedicated fund that goes to TxDOT for the purposes of

1 maintaining the overweight corridor route because it is
2 a fixed route. It isn't like you can cross and go
3 everywheres. It's essentially from the Port of
4 Brownsville to the Los Tomates Veteranos Bridge that is
5 the international bridge crossing there in Brownsville.
6 And I guess simply put this is what it
7 does. It synchronizes the weight limits of Mexico to
8 those here and in a very elementary, I'll tell you.
9 Typically an 18-wheeler equipment and load in Texas is
10 80,000 pounds. That same truck and load in Mexico is
11 120,000 pounds. So, what the overweight corridor
12 program does is allows us to synchronize that weight
13 limit to the Mexican limits. So, a truck coming from
14 Monterrey going to the Port of Brownsville that may be
15 overloaded doesn't have to stop in Matamoros lighter
16 then come across at 80,000 pounds. Conversely the same
17 thing occurs if you have a loaded truck coming out of
18 Brownsville going to Monterrey it doesn't have to go
19 out at 80,000, stop in Matamoros load up and then keep
20 going.
21 But it is also a very regulated program.
22 Trucks have to meet all Texas as well as federal
23 highway standards. They're insured. They're
24 inspected; and if you talk to the truckers on the
25 overweight corridor permit, you'll know that DPS does
1 not turn a blind eye.
2 MR. CANAVATI: Right.
3 MR. CAMPIRANO: They make sure and they
4 stay on top of it. So, it's been very effective in
5 that route. And what it does is really created a whole
6 large logistics industry covering the trucking industry
7 that just operates along the border between Matamoros
8 and Brownsville. And so, it's been a very effective
9 tool and it's one that is really an integral part of
10 that cross-border trade.
11 MR. CANAVATI: So, a lot of the Mexican
12 carriers -- let's say bulk liquid carriers they have
13 terminals -- the Mexican companies have actual terminals
14 at the Port of Brownsville because of the corridor.
15 They can load directly and their trucks just cross
16 right into to final destination.
17 MR. CAMPIRANO: Some of them do; others
18 are relying on the terminals where they actually load,
19 whether it's a liquid terminals or some of the bulk
20 terminals, they'll simply -- or they go directly from
21 loading at the dock into Mexico, for example, if it's a
22 bulk carrier. A lot of steel coil moves by truck into
23 Mexico, on occasion steel slab as well.
24 And part of it is that the logistics that
25 have been developed along the border they've got it
26 figured out. I mean, technically you can load --
27 unload something at the Port of Brownsville, hit the
28 dock, put it on a truck and be in Monterrey within
29 three and a half to four hours --
30 MR. CANAVATI: Okay. So --
31 MR. CAMPIRANO: -- if you need it that
32 quickly. And it can be done and it's demonstrated.
33 And that operates really all up and down the border.
34 I mean, but -- but in the case of the
35 MR. CANAVATI: Excellent. Thank you very
36 much, Eduardo. We'll certainly have questions.
37 Jake Bettis, so, how -- how -- how --
38 you're a champion for small and medium business in your
39 region. How -- how can these companies -- tell us
40 about how these companies can take advantage of all
41 these new -- the new projects being developed in the
42 20 energy reform with Mexico, et cetera.
43 MR. GIESBRECHT: Well, thank you,
44 22 Mr. Secretary and thank you BTAC members for the
45 opportunity to speak here. Yeah, I'm Jake Bettis now,
46 I guess.
47 MR. CANAVATI: Of course.
25 And just alone in natural gas just in our region, we're
24 the opportunities that we think are there and we identify.
23 trip the other day we're looking at all the
22 the people from West Texas Gas and I even did a road
21 are tremendous. We -- we -- West Texas Gas -- one of
20 happening to us, too, but there -- the opportunities
19 Take out the weeds sometimes with the grass. And it's
18 like all -- like everybody does, some growing pains.
17 it's burning and it's drying chillie as we speak and
16 we're very excited. It's small community and because
15 Monterrey helped us on it. And I really thought, boy,
14 this is crazy. We're looking at 40 years and today
13 it's 12 years ago and I think we're ahead of schedule
12 we feel very pleased with the natural gas that we have
11 There you've got the 42-inch pipeline going 16
10 we just partnered with West
9 and we've got -- they sent a person here
8 today to see what we're talking about.
7 But they're excited about it also and they
6 MR. GIESBRECHT: West Texas Gas did.
5 MR. CANAVATI: West Texas?
4 MR. GIESBRECHT: West Texas Gas did.
3 into our region.
2 12 years ago and we did a -- we went back to -- 40 years
1 ahead and then we went backwards in 5 years. And back

11 The State of Chihuahua did a study 12
12 years ago and we did a -- we went back to -- 40 years
13 ahead and then we went backwards in 5 years. And back
14 then I was a part of the study and the City of
15 Monterrey helped us on it. And I really thought, boy,
16 is crazy. We're looking at 40 years and today
17 12 years ago and I think we're ahead of schedule
18 at the plant that we did 12 years ago.
19 So, we're very excited and we're very --
20 we feel very pleased with the natural gas that we have
21 there now. You've got the 42-inch pipeline going 16
22 miles away from us and we just partnered with West
23 Texas Gas and they've got -- they sent a person here
24 today to see what we're talking about.
25 But they're excited about it also and they
1 we're looking at 100-mile radius and then we're looking
2 at 150-mile radius. And then -- and into Mexico.
3 And on the U.S. side we're looking at 200,
4 300 and maybe a 400-mile radius. That's all we're
5 looking at. And first one is probably our first 5
6 years, which is -- and the first 50-, 60-mile radius we
7 have the potential of right now today of energy and
8 it's almost 6 million cubic feet of natural gas.
9 MR. CANAVATI: We appreciate you very
10 much. We look forward to supporting you in all this.
11 MR. GIESBRECHT: Thank you. You have
12 already. Great joint -- tremendous, a lot of people
13 have.
14 MR. CANAVATI: Thank you very much.
15 Mike -- Mike, tell us about
16 Ports-to-Plains and how that organization can support
17 all this. This is a very vast -- you know, this is not
18 only our part of the world here but it's vast, it's
19 U.S. wide.
20 MR. REEVES: Yeah. Our corridor initially
21 we run through West Texas up into -- members up into
22 Alberta Canada, down through Amarillo, Lubbock,
23 connecting Amarillo, Lubbock, Midland, San Angelo, the
24 big population centers in West Texas. And we have
25 crossings at three border crossings, of course, Laredo
26 but also Eagle Pass and Del Rio. Then we have members
27 running down the west coast of Mexico in Mazatlan.
28 And what's interesting about -- you know,
29 we view ourselves -- we're working to get I-27 extended
30 down to the border. And what we see is just how you
31 have I-35, which serves freight right out of Mexico,
32 but out of Laredo, up through the middle of country.
33 You have I-69 planning to go to the east. You know, we
34 can see -- our port would like I-27 and Ports-to-Plains
35 corridor serving to the west. And kind of -- and more
36 importantly with what our corridor -- our corridor
37 serves is primarily agriculture and energy production,
38 all the way up and down, the whole corridor from
39 Mazatlan all the way up to Alberta. It's the energy
40 and agriculture production of the area.
41 And so, what we see with the energy trade
42 especially is we can see kind of a pattern develops
43 whether we're at Fort McMurray, Alberta and we hit all
44 the major oil plays in the continent. Fort McMurray,
45 Alberta, and the oil sands. We hit the Bakk in North
46 Dakota. We hit, you know, down into the Permian Basin,
47 Eagle Ford and even now some of the new developments --
48 you know, some of the first blocks for development with
49 the shale in Mexico where in minutes, which is right
50 between Del Rio and Eagle Pass, we're right between
51 Beatriz (phonic) and Acuña.
52 And so, one of the things that struck me,
53 not only does the energy production put a lot of
54 traffic on the road -- Councilman Love can tell you a
55 lot about that out in Midland-Odessa how much freight.
56 It's just going from the oil sites.
57 But also because of how much Texas and
58 Texas energy industry supports other energy production.
59 Give you an example: We're up in -- I stopped -- first
60 day I went to Alberta 10-15 years ago and we stopped at
61 the border crossing at Coutts and Sweet Grass and we
62 were meeting with the border officials.
63 Where are the trucks coming from that go
64 through here?
65 Most of them are Texas. I was a little
66 stunned because they're northern border. Why is
67 everything coming from Texas?
68 They said it's energy stuff. And it's
69 because they get pipe from -- you know, they get pipe
70 from Texas. They get pumps from Texas. They get
71 steel -- there was a steel company in San Angelo that
72 was shipping up there. There were mining trucks that
73 were being made in Acuña that were being shipped up
74 to -- up to -- up there. Even products coming from
75 Asia would have to go through Texas because they
76 couldn't get them over the mountains.
77 You know, you think why don't you ship
78 them to Vancouver. It's a lot closer from Vancouver
79 but they couldn't get them over the mountains. So,
80 they'd ship them down to Houston and truck them up.
81 And so, you know, the things that Canadians were
82 telling us was for every two jobs that were created in
83 Canadian oil sands there's a third created in America.
84 And so, I think what we'll see with the
85 energy production in Mexico will be the same sort of
86 thing. It's because -- you know, that's -- I think
87 that's the driving force for the Mexican reform in the
88 energy industry was to create that same -- to tap into
89 that U.S. technology, tap into the American
90 international energy investments and I think that's
91 where you see the potential for us to grow.
92 And, furthermore, you know, that -- you
93 know, they're talking about the infrastructure is not
94 in place yet in Mexico. And so, I think that's where
95 you're going to see more opportunities for the
96 communities on the Texas side to assist as they build
97 that up. You know, the first blocks were released in
98 Jimenez, right between Piedras and Acuña. So, you
99 know, you could use -- you could base almost on the
100 Texas side where the Eagle Ford has a lot of -- lot
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<tr>
<td>1 of those companies and expertise. Use the ports at Del</td>
<td>1 think you see so much of it goes into Laredo right now.</td>
</tr>
<tr>
<td>2 Rio. Use the port at Eagle Pass and you could service</td>
<td>2 But if you're hauling wind towers and wind blades, you</td>
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<tr>
<td>3 those -- those operations right there, almost like an</td>
<td>3 don't want to throw those on I-35 and going through the</td>
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<td>4 offshore meeting in some ways.</td>
<td>4 ports --</td>
</tr>
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<td>5 So, it gives us opportunities there but</td>
<td>5 Mr. CANAVATI: Uh-huh.</td>
</tr>
<tr>
<td>6 we've got to have the connectivity because we see so</td>
<td>6 Mr. REEVES: -- you know, and what -- and</td>
</tr>
<tr>
<td>7 much moving on. The same thing with, you know, our</td>
<td>7 I think -- so, that's -- I think it gets a little bit</td>
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<td>8 corridor. It's a big, heavy wind energy driver. I</td>
<td>8 what we discussed with the master plan. You're looking</td>
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<tr>
<td>9 heard, you know, some discussion this morning about</td>
<td>9 at underutilized facilities. What do we have that</td>
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<tr>
<td>10 wind energy going into Mexico.</td>
<td>10 could have the capacity to take some of the weight off</td>
</tr>
<tr>
<td>11 You know, we're down in Monclova and there</td>
<td>11 of -- you know, some of the congestion off of I-35.</td>
</tr>
<tr>
<td>12 was a big -- you know, Trinity has a tower</td>
<td>12 Mr. CANAVATI: Absolutely. Absolutely.</td>
</tr>
<tr>
<td>13 manufacturer, I think, in Monclova right there. And if</td>
<td>13 And that can be done with great infrastructure, which</td>
</tr>
<tr>
<td>14 you've seen anything with wind energy, whether it's big</td>
<td>14 is my next point.</td>
</tr>
<tr>
<td>15 trucks carrying big loads going down that highway. So,</td>
<td>15 Thank you very much, by the way.</td>
</tr>
<tr>
<td>16 you have to have that transportation infrastructure.</td>
<td>16 I've been -- I've been watching the -- for</td>
</tr>
<tr>
<td>17 You know, BNSF put in a transloading</td>
<td>17 probably 20 years now the Port of Tuxpan, which for</td>
</tr>
<tr>
<td>18 facility. A couple of them are owners and they just</td>
<td>18 many, many years in Veracruz was a very small,</td>
</tr>
<tr>
<td>19 opened one up in Plainview, which is an hour north of</td>
<td>19 energy-related port, very small compared to the other</td>
</tr>
<tr>
<td>20 Lubbock on -- so, every time I drive up I-27 now, every</td>
<td>20 ports in the area. And for 20 years I watched and</td>
</tr>
<tr>
<td>21 rest area has a wind blade or a cell or tower pulled</td>
<td>21 heard of the development of the super highway connect</td>
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<tr>
<td>22 into it. So, you see that sort of impact and that's</td>
<td>22 to Mexico City because geographically Tuxpan is the</td>
</tr>
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<td>23 the opportunity to create jobs here but also to support</td>
<td>23 closest port to Mexico City.</td>
</tr>
<tr>
<td>24 the Mexican industry.</td>
<td>24 I think about three years ago -- it came</td>
</tr>
<tr>
<td>25 Even Mayor Garza and Mr., you know, Henry</td>
<td>25 to pass three years ago and from the easternmost point</td>
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<tr>
<td>1 from Del Rio they led a delegation here last month down</td>
<td>1 in Mexico City where the -- where English Revis is you</td>
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<td>2 to Mazatlan, drove the corridor over to the west coast.</td>
<td>2 can now drive 3.5 hours to Port of Tuxpan, unheard of,</td>
</tr>
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<td>3 And you go to Mazatlan and it was -- it was interesting</td>
<td>3 superhighway. So, immediately -- immediately the</td>
</tr>
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<td>4 because, Number 1, there was a big -- big agriculture</td>
<td>4 development in Tuxpan port, port-related is</td>
</tr>
<tr>
<td>5 area, huge agriculture production. I think -- what'd</td>
<td>5 unbelievable infrastructure, port infrastructure. And</td>
</tr>
<tr>
<td>6 they say, 25 percent of Mexico's food produced is in</td>
<td>6 Tuxpan is probably going to become the most important</td>
</tr>
<tr>
<td>7 Sinaloa State. Also they're creating a lot of biofuels</td>
<td>7 supplier of jet fuel probably from -- from</td>
</tr>
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<td>8 because they have a lot of ag production and biproduct</td>
<td>8 Corpus-Brownsville, et cetera, to the new airport</td>
</tr>
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<td>9 and we can use our biofuels for that. So, there</td>
<td>9 that's being developed in Mexico City. That -- that is</td>
</tr>
<tr>
<td>10 creates an opportunity for us to do that as well.</td>
<td>10 a very, very important piece of information.</td>
</tr>
<tr>
<td>11 Mr. CANAVATI: That's excellent. And yes,</td>
<td>11 And speaking about jet fuel and because of</td>
</tr>
<tr>
<td>12 that corridor is very -- is very important, you know,</td>
<td>12 that project, we -- many, many years ago, Corpus</td>
</tr>
<tr>
<td>13 for the economic -- in fact, that's my next point, the</td>
<td>13 developed the foreign trade zone process for the oil</td>
</tr>
<tr>
<td>14 infrastructure. See, that's a beautiful piece of</td>
<td>14 that's a refund, the jet fuel going into Corpus. Then</td>
</tr>
<tr>
<td>15 infrastructure connecting the U.S. into Mazatlan,</td>
<td>15 it's taken by pipeline to DFW. And whatever jet fuel</td>
</tr>
<tr>
<td>16 right?</td>
<td>16 is put on a foreign aircraft is not paid duties.</td>
</tr>
<tr>
<td>17 Mr. REEVES: Uh-huh.</td>
<td>17 That's a foreign trade zone process that Corpus</td>
</tr>
<tr>
<td>18 Mr. CANAVATI: And that's interesting.</td>
<td>18 designed, incredible, many, many years ago.</td>
</tr>
<tr>
<td>19 So --</td>
<td>19 We're begin -- this is going to become</td>
</tr>
<tr>
<td>20 Mr. REEVES: And they put a lot of money</td>
<td>20 very complicated, but with the situation with the</td>
</tr>
<tr>
<td>21 into that highway. I know those guys drove from Del</td>
<td>21 Mexico City airport and Tuxpan we'll begin to talk</td>
</tr>
<tr>
<td>22 Rio over there --</td>
<td>22 about similar processes in the future with Mexico. So,</td>
</tr>
<tr>
<td>23 Mr. CANAVATI: Yeah.</td>
<td>23 it's very important the development of infrastructure</td>
</tr>
<tr>
<td>24 Mr. REEVES: -- and just to see the</td>
<td>24 into these new ways of doing energy logistics. You</td>
</tr>
<tr>
<td>25 investment that they had made on their side. And I</td>
<td>25 know -- and I have -- we're opening it up for questions</td>
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1 But I want to start with a question for
2 our rail guests. Once Mexico begins to really get into
3 the drilling on the Mexico side of the plume of the
4 Eagle Ford shale, would -- and this is a speculative
5 question -- would the railroad -- does the
6 railroad believe there will be some congestion with the
7 frac sand shipments going into Mexico compared to
8 what's going on in South Texas now?
9
10 MR. DOMINGUEZ: This is Arturo Dominguez,
11 Kansas City Southern.
12 No, not at all. The -- the there's a
13 little bit more to it than that. As a matter of fact,
14 we are -- at least Kansas City Southern is handling
15 sand trains right now into Laredo, a hundred car sand
16 trains. So, adding another train on the bridge is --
17 we don't see a problem with that.
18 And our partners Union Pacific are also
19 hauling on the U.S. side of fuel on trains into Mexico
20 right now. That will be handled by Kansas City
21 Southern but at this point, no, we don't see any
22 issues.
23
24 MR. CANAVATI: Wonderful.
25 MR. CRISTINA: Paul Cristina with BNSF.
24 I think KCS is best suited to answer the
25 question based on their network as compared to ours.
26
27 But in general, you know, railroads love
28 the opportunity to invest in their networks to
29 accommodate any business. So, no, congestion is not
30 something that we would see a problem if the
31 opportunity came.
32
33 MR. CANAVATI: Okay. Great, great. And
34 part of that was I was talking to some people the other
35 day and there's talk about at -- once again, this is
36 10 years down the road, as Mexico develops the drilling on
37 the Mexico side of the plume -- of ocean barges or
38 barges coming down the Mississippi with frac sand and
39 silos going up in, let's say, Altamira. You know, you
40 there's -- that's out there. You know, that's --
41 that's talk because those ports are very close to where
42 this -- this plume would be.
43
44 MR. VILLA: (Inaudible.)
45 MR. CAMPIRANO: No. Well, you can do it
46 inside the port but you can't leave the port until
47 you're on public roads. So, it's not -- no.
48
49 MR. CANAVATI: Not even on the heavy
50 corridor?
51
52 MR. CAMPIRANO: No. It's -- you've still
53 got to follow all -- all TxDOT rules and all state
54 rules are applicable. Now, when you get into Mexico,
55 into Matamoros, once they get there, they get out they
56 can double -- do the double load. But you still have
57 to operate under the same rules.
58
59 MR. CANAVATI: There's not at full.
60 MR. CAMPIRANO: So, no, you can't do that.
61
62 MR. CANAVATI: Any other questions of our
63 panelists?
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139
140 MR. CANAVATI: Any other questions of our
141 panelists?
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<tr>
<td>1 that was that needed to have something concrete that</td>
<td>1 present discussions to each of the recommendations but I think</td>
<td>1 SECRETARY PABLOS: Who will be first?</td>
<td>1 specific challenges and they’re shown there on the</td>
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<td>2 this group can use and which became very valuable when,</td>
<td>2 today we want to tee it up and maybe the committee</td>
<td>2 MR. VILLA: I will start.</td>
<td>2 screen and on your handout. And we picked from those</td>
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<td>3 you know, the group that developed the after piece. A</td>
<td>3 members take it back, mull over it a little bit, help</td>
<td>3 Thank you, Caroline. Thank you,</td>
<td>3 five recommendations.</td>
</tr>
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<td>4 lot of that information was -- I think that was done</td>
<td>4 us refine it and -- and then we can come back at the</td>
<td>4 Secretary.</td>
<td>4 And we also provided you with -- with a</td>
</tr>
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<td>5 here but also to help be the foundation for the</td>
<td>5 next meeting and maybe start tackling in terms of</td>
<td>5 I’m going to show, as Caroline mentioned,</td>
<td>5 hand -- with a little printed handbook with the detail</td>
</tr>
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<td>6 development of the master plan.</td>
<td>6 priority, the other set of recommendations that BTAC</td>
<td>6 you how we got here and the presentation of five key</td>
<td>6 recommendation action plan. One of the things that</td>
</tr>
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<td>7 So, when you came on board, we have</td>
<td>7 will want to take on first or do, you know, they want</td>
<td>7 recommendations, what we’re -- we’re discussing and</td>
<td>7 Caroline directed us to do is to, basically, just have</td>
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<td>8 another document, which I will not share with you</td>
<td>8 to take it altogether, maybe some, you know, priority,</td>
<td>8 analyze with the Secretary and with TxDOT as being the</td>
<td>8 action items, not more -- no more studies, no more</td>
</tr>
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<td>9 today. But you asked -- I say, “Okay. Of this big</td>
<td>9 you, of this set of recommendations. There are</td>
<td>9 low-hanging fruit that could be implemented relatively</td>
<td>9 analysis. Just go ahead and come up with recommended</td>
</tr>
<tr>
<td>10 document can you-all pull out, you know, three, four,</td>
<td>10 in the near future.</td>
<td>10 fast.</td>
<td>10 action items that we can implement, as I mentioned, in</td>
</tr>
<tr>
<td>11 five key recommendations that, you know, can, you</td>
<td>11 recommendations, what we’re -- we’re discussing and</td>
<td>11 So, with that we have the five</td>
<td>11 the near future.</td>
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<td>12 know -- that BTAC can move forward with looking at</td>
<td>12 different topics that we have been discussing in the</td>
<td>12 low-hanging fruit that could be implemented relatively</td>
<td>12 low-hanging fruit that could be implemented relatively</td>
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<td>13 implementing those as we continue to flesh out the</td>
<td>13 last meetings. And then we come up with a long list of</td>
<td>13 fast.</td>
<td>13 first one is to establish the Texas-Mexico Trade</td>
</tr>
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<td>14 report or the plan but also the development of the</td>
<td>14 recommendations. There were, like, more than 20 of</td>
<td>14 So, with that -- I mean, I won’t go into</td>
<td>14 Transportation Task Force. The second one to develop a</td>
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<td>15 border -- the master plan.&quot;</td>
<td>15 them that were listed as potential action items that --</td>
<td>14 the details but I will go through the first</td>
<td>14 trade lane program, then develop a public awareness and</td>
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<td>16 So, what we are presenting to you today</td>
<td>16 that could be implemented.</td>
<td>15 recommendation and then we’ll -- I'll share that</td>
<td>15 education program, implement technology and innovative</td>
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<td>17 are those five key recommendations that we talked about</td>
<td>17 So, on those five, we basically -- sorry.</td>
<td>15 bi-national border strategies and, finally, foster</td>
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<td>18 at the last BTAC meeting. This will be more fleshed</td>
<td>18 The -- the actual goals are shown there in the slide.</td>
<td>15 private sector involvement.</td>
<td>15 19 private sector involvement.</td>
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<td>19 out. You know, we’re trying to move towards that</td>
<td>19 You know, we identify five. We had six and then we</td>
<td>19 So, with that -- I mean, I won’t go into</td>
<td>19 So, with that -- I mean, I won’t go into</td>
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<td>20 implementable, you know, set of recommendations that</td>
<td>20 merged two of them. So, we ended up with these five</td>
<td>19 the details but I will go through the first</td>
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<td>21 BTAC can start taking. And lot of it is really based</td>
<td>21 on what BTAC members have discussed and talked about,</td>
<td>20 recommendation and then we’ll -- I'll share that</td>
<td>20 recommendation and then we’ll -- I'll share that</td>
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<td>22 on what BTAC members have discussed and talked about,</td>
<td>22 you know, not just over the last year but a lot of them</td>
<td>20 So, with that -- I mean, I won’t go into</td>
<td>20 So, with that -- I mean, I won’t go into</td>
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<td>23 24 have been involved from day one.</td>
<td>24 have been involved from day one.</td>
<td>20 recommendation and then we’ll -- I'll share that</td>
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<td>25 So, that's, you know, really what we're doing</td>
<td>25 those discussions to each of the recommendations but I think</td>
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<td>20 the details but I will go through the first</td>
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1 specific goals that the blueprint will tackle. And as | 21 we want to tee it up and maybe the committee | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 22 I mentioned there, we moved from those goals to | 22 members take it back, mull over it a little bit, help | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 23 first we identified | 23 us refine it and -- and then we can come back at the | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 24 The -- the actual goals are shown there in the slide. | 24 next meeting and maybe start tackling in terms of | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 25 So, with that -- I mean, I won’t go into | 25 priority, the other set of recommendations that BTAC | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 26 in the near future. | 26 will want to take on first or do, you know, they want | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 27 low-hanging fruit that could be implemented relatively | 27 to take it altogether, maybe some, you know, priority, | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
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| 31 You know, we identify five. We had six and then we | 31 different topics that we have been discussing in the | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 32 merged two of them. So, we ended up with these five | 32 last meetings. And then we come up with a long list of | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
| 33 specific goals that the blueprint will tackle. And as | 33 recommendations. There were, like, more than 20 of | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |
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| 42 the details but I will go through the first | 42 that could be implemented. | 20 recommendation and then we’ll -- I'll share that | 20 recommendation and then we’ll -- I'll share that |

Kim Tindall and Associates, LLC 16414 San Pedro, Suite 900 San Antonio, Texas 78232 210-697-3400
1 thing is that there's no bi-national forum to address a 2 specific Texas-Mexico cross-border issues. There is 3 the general receive. There is the bridges and border 4 group. There's multiple groups that meet but they are 5 at the national level. You know, the general receives 6 it's for the whole border and so are the border 7 crossing group. So, we think that particular it's 8 important to have this Texas-Mexico task force to be as 9 specific on issues that -- that are in this -- in this 10 part of the world. 11 So, the expected outcomes of that 12 particular recommendation is to improve the 13 collaboration and coordination with Mexico. We heard 14 this morning that that's very important. You know, Sam 15 was pointing out and other members of the BTAC have 16 been pointing out in the last meetings that we 17 had. 18 So, the second outcome is to have a forum 19 for this coordination. Again, something that's very 20 specific already created with the name and with a plan. 21 Increased information sharing, especially from the 22 different Mexican states and the federal government. 23 Our experience is that it's difficult to gather and to 24 coordinate that information. So, this will be a forum 25 where this can be more -- more implemented and be more 1 efficient. Strengthen the communication. That's also 2 important to be to build consensus; and, finally, 3 advise the Texas Secretary of State and TxDOT on 4 specific issues that -- at the Texas-Mexico border. 5 So, what we are proposing is to have -- 6 and you can go -- probably go through the booklet. 7 Here we have a list of the members that we are 8 proposing. As following the Secretary's comment from 9 last meeting, to keep it small. You know, we don't 10 want to have a group of you know, 50-60 people. So, we 11 have main membership, let's call it that way. The 12 chairs will be representatives from the Secretary of 13 State and TxDOT on the U.S. side and then on the 14 Mexican side the SCT, and the four border states. That 15 will be the proposal as the -- as the chairs of this 16 task force. 17 Obviously, we'll have additional members 18 from Texas and from Mexico and also most important to 19 include members of the private sector. You know, could 20 be the rail companies, obviously, but also some 21 shippers and carriers, organizations, marquela 22 (phonetic) associations, index associations at the 23 local level, which are the ones -- those are the ones 24 who can provide us with good information on the issues 25 and potential solutions for those issues.
1 connections to Texas' border crossing and between Texas border regions and the rest of the state and nation.
2 It's not only a north-to-south review but also an east to west. How do we get goods from Laredo to Brownsville and et cetera. And then we want to be able to improve the flow of trade between Texas and Mexico be clearly identifying strategic cross-border trade investment needs as we go throughout the region.
3 Some of the expected outcomes include a comprehensive evaluation of projects under development and current investments. We talked about that as part of the effort under the border master plan. We want to be able to add the identification of system gaps and needs. We want to look at the development of regionwide criteria for analysis, prioritization and development of system improvements and then identification of available funding and implementation of system needs.
4 And I want to reemphasize something that we might have missed in the border master plan. Local governments, metropolitan planning organizations, they have their own identified funding. Along with 23 that comes a prioritized list of transportation investments that they made some commitment to in the development of that project. And none of those 25 prioritizations will go away. This is an enhancement to the current system. So, I wanted to make that clear.
5 So, the strategy associated with the development of a trade lanes program is we want to be able to formalize the program overall. We want to review those projects and investments currently underway. We want to be able to identify critical trade centers and those associated corridors. Once we are able to identify trade centers, either through an origin and destination survey or through our partners' assistance, that's going to help us identify the corridors that are currently being used. It's also going to help us identify any system gaps that may exist between them either from the origin point or to the destination point and vice versa. We're going to look at the development of an analysis of criteria and the critical component of this is being able to review and identify the funding sources that are currently available. It also could potentially lead to the development of recommendations to help us identify if we have the system gap then what type of investment from a funding perspective will it take to utilize and fill in those gaps.
6 The schedule -- the proposed schedule for the development of the trade lane program is that we anticipate the discussion will be furious and fast and pretty extensive. So, we allocated about two months for discussing the program itself. One month for both the review of projects and investments, identifying the critical trade corridors and centers and then identifying the system gaps.
7 And then we anticipate about a couple of months each for review and identity of funding and developing the actual recommendations.
8 MR. VILLA: Thank you, Tim.
9 The next recommendation is to develop a public awareness and education program and this comes from -- from discussions, again, that we had in many, many meetings here where we had -- there is no story -- no one telling the story outside of this particular audience about the importance of the Texas-Mexico border, so, basically what we call the Texas border story.
10 And so, with that, what we're proposing is to develop this -- this public awareness and education program with the expected outcome of having, you know, the story to be heard and to be constantly being presented to stakeholders that are -- are not located in the border. So, that's the main objective.
11 So, in order to do that, what we are proposing is to have, you know, five different techniques. Let's call them that way. One of them is to have forums with implementation strategy and that one is basically, again, to -- to go and talk to the people, present material on specific topics. You know, could be organized on a region-by-region basis on a supply chain basis. You know, we are going to a specific part of the country or the state where that particular commodity or supply chain is important, we can present what's important of that chain.
12 You know, we already heard this morning about the importance of energy. So, we can go to -- to other places, you know, Houston or even to Washington to present why is it important to the Texas-Mexico border. So, in order to do that we need to, you know, prepare those materials. They'll be brief presentation or brochures like the one you have in front of you where that information could be presented.
13 Most important with -- with facts, with the statistical data with the information that it's supported by but good data. And then also we heard this morning that it is important to have a very good data in order to tell this story and not only comments,
The second action is to develop the fact sheets for this implementation strategy. So, again, the fact sheets will be developed based on -- again, on those particular important issues that we already have identified in previous meetings and -- and combined with the different supply chains.

There is coordination here with the freight plan. TxDOT and the committee have already identified a group of supply chains that are important for Texas and they're shown there on your material in 12 bullets, for example, technology and manufacturing, biotechnology, forestry and wood, energy and electric power and so on. So, again, those could be implemented and the specific brochures will be developed for these particular supply chains.

The third action is to develop a webpage and implementation strategy and, again, that's something that could be developed internally by TxDOT with input from everyone where we have a specific site on the Texas-Mexico border webpage.

The next one is -- I'm sorry. I cannot see the screen from here. The next one is to have a newsletter that could be quarterly, could be electronic newsletter that could be distributed again to all the different stakeholders so they can keep information -- constant or other things.

And, finally, the social media strategy, again, we -- we need to add other potential ways of disseminating information either by Twitter, by other social media, or other relatively new ways of disseminating information.

So, we are proposing a 12-month program in which we have, again, different areas working in parlor (sic) in most of these activities. So, we can start coordinating efforts and working together with you -- and the lead agency will be TxDOT, obviously, but working together and provide material because what we heard from our -- our social media experts is not only 21 develop the website but you need to keep it up to date, 22 you need to keep feeding information, you need to keep it up to date. Otherwise, you know, it's lost and few months later it's going to be -- the whole effort's going to be lost.
1 course, will need to be modified with the input from --
2 from stakeholders. I also wanted to mention that these
3 are strategies that we identified or technologies that
4 we've identified that was already piloted either on the
5 southern or the northern border. But, you know, if
6 there is anything else that's of interest to this
7 committee, you know, please share with us or with
8 Caroline who will, then, share with us, if there's
9 something else you want us to delve into.
10 MR. BOMBA: Okay. I was asked to look at
11 the last recommendation, which is to foster private
12 sector involvement. And so, one of the issues that has
13 occurred along the border and, frankly, probably in
14 transportation planning and in general transportation
15 implementation is a desire to have more private sector
16 involvement in the process so that public sector can
17 better plan for projects that actually fit the needs of
18 the private sector.
19 And what's interesting is along the border
20 it's probably one of the places where there's probably
21 the most public sector involvement in the business of
22 private sector than any other part of the economy
23 because they're basically looking at every single thing
24 that passes through. So, this is a good place to start
25 that kind of cooperation.

---

1 technologies, we are proposing in the last two steps
2 the development of a tracking and monitoring system
3 similar to what's proposed in the border master plan
4 update so that we can actually track how implementation
5 is progressing. But also what we propose is that
6 there's regular -- regular presentations and feedback
7 to this committee but also to the Texas-Mexico Trade
8 Transportation Task Force, if that's -- if that's
9 moving forward, because we've heard from the BTAC that
10 it's important that the lessons learned are shared with
11 the stakeholders, What worked, what didn't work,
12 what -- what needs to be modified.
13 So, in all three of the technologies,
14 that's what -- what we're proposing.
15 On the shipment tracking, the first step
16 is -- what we propose is that we look at secure
17 origins, review the lessons learned from that pilot.
18 The next step would, then, again, be to identify the
19 stakeholder and the stakeholder roles. But here we
20 have another step before we go into implementation
21 where we recommend that we actually reach out to
22 industry and see -- get their perspective as to whether
23 this is a good pilot in the rest of the border.
24 And there are, of course, you know,
25 determining whether the pilot is effective and a

---

1 recommendation for other deployment. And being the
2 last step is to monitor the progress and provide
3 regular feedback to this community as well as the
4 Texas-Mexico Trade Transportation Task Force.
5 Third strategy is the bi-national traffic
6 management center. Here there's quite a bit of --
7 there's quite a few studies, I should say, that have
8 already been completed. TTI recently did a study on
9 this topic for TxDOT but there is at least two or maybe
10 even more FHWA reports that I reviewed in developing
11 this strategy. But, again, the first step is to
12 identify the stakeholders and the stakeholder roles.
13 Here we foresee that TxDOT's border districts will
14 potentially be the lead agency. Second step is to
15 assist the needs, develop the concept of the
16 operations, prepare for cyber attacks, et cetera. The
17 third step is then to actually develop the
18 communications architecture and then the fourth step is
19 to develop the implementation plan.
20 You know, we have a potential schedule. I
21 don't know if I'm completely comfortable with calling
22 it a proposed schedule but for consistency it's
23 proposed schedule. But, of course, this is in a --
24 kind of an ideal world how things could materialize.
25 So, this is what we're proposing but, of
The public participation process is that companies just get involved for one short period and they move on and
be involved again. And we want to have a 3 longer, more sustained participation.
And, then, finally better synchronize the
5 public sector border initiatives and private sectors' 6 interests but also taking into account the capabilities
7 and the strengths, a combination of the two.
8 So, how would we actually implement this?
9 Well, the first thing we would do is to form a 10 bi-national private stakeholders' network. And so, what
11 does that mean. Well, it would be a group of private
12 sector only companies from different parts of the
13 economy who are most involved with the border. So,
14 some examples of who those groups might be are Texas
15 and Mexico custom brokers, bridge trucking firms,
16 railroads, taradore (phonetic), logistics firms,
17 warehousing and distribution, chambers of commerce,
18 economic development corporations, Mexican chambers of
19 industry and so forth.
20 And what's nice about those is each of
21 these groups that I just mentioned usually have their
22 own trade organization located along the border, both
23 on the Texas side and on the Mexican side. So, rather
24 than chasing after thousands of companies to try to get
25 some feedback, the idea would be to concentrate on

1 sector at each of those facilities that use those 1 getting involved for one short period and they move on and
2 facilities and operate them to understand what they're 2 they're not involved again. And we want to have a
3 going through so that they can give you that 3 longer, more sustained participation.
4 information and feedback.
5 And then, finally, there's a goal to 4 And, then, finally better synchronize the
6 coordinate private sector influence with private sector 5 public sector border initiatives and private sectors' 6 interests but also taking into account the capabilities
7 initiatives. That's sort of cryptic and I'll talk
8 about that a little bit more about what exactly that
9 means. Basically that means taking sort of the
10 strengths and the abilities of both the public and
11 private sector and making them work together.
12 So, what do we expect to get out of this?
13 The goal is to have a more effective two-way exchange
14 of communication. So, right now a lot of the
15 communication is TxDOT telling the public about what
16 they're doing, asking for feedback and getting maybe a
17 trickle of information back. So, the idea is to make
18 this much more of a two-way street and get a lot more
19 involvement in the private sector. If that is
20 successful, then, what we would hope to see would be
21 more targeted and robust solutions to issue.
22 So, for example, you know, if you're going
23 to expand bridge hour operation -- bridge operational
24 hours but you're only doing it for a pilot program
25 that's too short for companies to actually change their

1 practices or to feel comfortable changing their 1 using those trade organizations as a forum to get to
2 practices, you know, it's not going to work. But if
3 you get that feedback beforehand about what they need
4 to feel comfortable changing their practices to go into
5 that program, then you're more likely to get one that
6 works.
7 They want to see outcomes if they're going
8 to be involved that actually affect them positively.
9 So, a lot of the frustration that we hear from the
10 private sector about getting involved in the public
11 participation process is, "I spent a lot of time and
12 then you're telling me 15 to 20 years from now I might
13 have a road that helps me. I can't wait that long. I
14 have to do something, you know, two months."
15 I don't think TxDOT can change that, of
16 course, because a lot of that is federally written.
17 But I think what we -- if this -- a recommendation is
18 implemented I think what we would see is that we would
19 be able to have outcomes that -- that are tangible to
20 the companies, that they can actually say, "Yeah, I got
21 involved with that and it actually produced an outcome
22 that was beneficial to me as a company." And then by
23 doing that they'll be more likely to stay involved in
24 the process because another thing we oftentimes see in
25 the public participation process is that companies just

Kim Tindall and Associates, LLC 16414 San Pedro, Suite 900  San Antonio, Texas 78232
210-697-3400 210-697-3408
1 implementations are, issues. And then what's the time
2 frame? Are they short-term things that we can do very
3 quickly? Medium or long term? And then prioritizing
4 them, which ones make the most sense to do quickly.
5 So, we get that ball handed and approved right off the
6 bat.
7 Then we would bring those back to you, as
8 the BTAC committee, and have you give us feedback and
9 hopefully once we kind of clean it up, get approval and
10 forward that to the Texas Transportation Commission.
11 The next implementation task would be to
12 develop an information sharing project. So, there's a
13 lot of information that both TxDOT and the private
14 sector have that they don't necessarily share with one
15 another but might be useful to each other. It's a very
16 complicated thing to do because, you know, there are a
17 lot of things with this data that are -- that are
18 either confidential or involve privacy. There could be
19 kind of different terms for proprietary nondisclosure
20 agreements that keeps this data from moving back and
21 forth. And so, what we would want to do is just set up
22 a subcommittee to sort of talk through these issues and
23 try to come up with some solutions to how data can pass
24 more easily between the public and private sector as
25 well as serve as a platform for that to occur because
1 folks who are involved in the border, have the ability
2 to talk to decision makers directly. Of course, the
3 state -- the state government can be a source of
4 information to us; and so, it would be helping provide
5 them with information they need and helping them
6 understand what the -- what the initiatives that have
7 been undertaken by TxDOT are so that way when they do
8 talk to these decision makers they understand what's
9 being -- what's been done so far.
10 Another way to look at it is to see in
11 circumstances what particular projects were, maybe
12 public and private sector overlapping over a certain
13 space. Maybe they can share some of those costs
14 because they're essentially doing the same thing, maybe
15 it's just not aligned in a time frame. So, you're
16 not -- it's like the -- some people always say, if
17 someone digs a hole one day, they cover it up the next
18 day, they come up and dig up the same hole, maybe we
19 can just do that once by finding some of those projects
20 where they overlap.
21 Similarly, under identify private sector
22 infrastructure, development and notification, can we
23 exchange more information with the private sector. You
24 know, TxDOT is a relatively transparent process about
25 what they want to do and when; but we don't -- TxDOT
1 you may get people to agree to start sharing data but
2 what's -- what's the logistics of it? You know, where
3 did the computer design? What is the protocol for
4 accessing it? This committee would help set that up.
5 And then on an annual basis have a meeting
6 where everybody comes together who is involved in these
7 activities and talk about what they do, how they have
8 learned to share this information, how they're going
9 collect it, what is the best way of disseminating it.
10 You talk about data visualization. You
11 know, we produce literally gigabytes of data that we
12 can't really use because it's so overwhelming. We
13 don't know what to do with it, but people are getting
14 more and more involved in the process of understanding
15 how to present that data in very simple and
16 easy-to-understand format. And that's what we would
17 want to support.
18 And then, finally, coordinate public
19 sector initiatives with private sector activities. So,
20 there are a couple of ways that this could occur.
21 First, support private sector organizations to enhance
22 funding opportunities.
23 So, on the one side of this is sort what
24 of we talked about in meetings as well is where the
25 private sector members of the BTAC, as well as other
1 doesn't really know a whole lot about what the private
2 sector is doing. So, is there at some level a way that
3 some of that information can be exchanged?
4 So, again, can we see where we can align
5 activities where we can make things more efficient for
6 both sides and maybe ensure some of those policies --
7 or at least minimize the structure. Sometimes these
8 projects can cause long-term disruption.
9 So, those are our ideas. As far as the
10 schedule goes, again, you know, this is just for
11 discussion purposes. But the main step would be to
12 develop a stakeholder network, which will take some
13 time; but once that starts to build and gain some
14 momentum, then I think these other tasks will fall into
15 place as far as looking into opportunities to share
16 information or coordination of public and private
17 sector.
18 SECRETARY PABLOS: Well, I have to tell
19 you I'm very impressed. You've done some tremendous
20 work. This is excellent. I certainly agree with the
21 approach. I'm excited about it. I think you've taken
22 everything that we've brought to you and put it into a
23 good format. So, I want to first and foremost
24 congratulate you on your great work.
25 And, you know, you've identified the
1 And ever since then I have been begging for content because I actually set up a Border Trade Advisory Committee page and I've been operating it for a year. And I have been begging for content and I have not been able to get any content.
6 So, when I see what you -- what your implementation is for a social media plan that it's going to take you three months to develop a strategy and then two months to set up an account and then the rest of the 12 months to implement and monitor it, I think that is the reason why government kind of moves slow. I set mine up in a day and I've been begging for content just to communicate to people in my area, around the country and around this nation why the border is so important. And all I need is some information. I need the hot maps that -- that Caroline has shared with us and some of the information that we have with respect to our transportation plans.

Mr. Love: I don't have a question. I have a comment. I'm John Love, city councilman for the City of Midland, Texas, and I also served on the MPO out there.

About a year ago I recommended to this body that we needed to have a social media presence and that we needed to get on it immediately and get ahead of the conversation. People always ask me, "Why are you here? You're not on the border." But we have significant border interest because our oil goes to the border. Not only that but being off of the border, I understand how or maybe not how -- but I realize that conservative part of my state and I would say across the country people do not understand how important the border is to the average American, which is why I suggested the social media in the first place.

Secretary Pablos: Well, you know, first answer: you are a border rat. You know, we understand the border. And here's the thing -- and I had this discussion earlier -- look, there needs to be a sense of urgency. Am I right?

Mr. Love: Yes.

Secretary Pablos: At the same time we've got the red tape loopholes and red tape, you know, hoops that we have to jump through. So, we've got to be able to marry those two but all the while with a sense of urgency. And so, I agree with you. I mean, this --

I take that long to set up a social media strategy and I would ask that you narrow your window and make that a little bit faster because we're getting killed with respect to information. And I say that because I come from a conservative state and I'm here because I understand how important the border is to Midland/Odessa, even if Midland/Odessa doesn't know how important that it is.

SECRETARY PABLOS: -- you are -- like we like to call ourselves, you are a border rat. You know, I don't know if Sam Taylor is here from my office but I'll commit our communications director to help in getting involved. I mean, we kind of need to have that sense of urgency.

This is very well-crafted. You guys thought through it very deliberately but, you know, I would concur and ask you to help find ways of expediting the process and not only with social media; but, you know, delve deep in, just like Tim did, begin to instill the sense of urgency in the process.

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1 priority. You know, make that, you know, part of the
2 requirements that there needs to be a sense of urgency.
3 But, you know, in coming from the private
4 sector into -- into government, you know, I feel it
5 every day. There's -- there's a sense of that but it's
6 just -- that's the way it is but we can certainly, you
7 know, create a public/private partnership in expediting
8 certain items that can be expedited. And I think
9 social media's one of those things that we can get up
10 and going very quickly.
11 But, nonetheless, I think you have done a
12 great job. You have identified the areas.
13 Thank you for your input. I think it was
14 very valid and timely. And what information -- I'd
15 like to commit at least my staff -- I can speak for the
16 Secretary of State's office to provide you whatever
17 information we can provide you, so that way you can get
18 started.
19 MR. LOVE: If you're on Facebook, it's
20 Border Trade Advisory Committee.
21 SECRETARY PABLOS: Very simple. So,
22 we'll -- we'll commit to working with you getting that
23 going; but on this side we can certainly also expedite.
24 MS. MAY: Mr. Secretary, can I just make a
25 comment on the social media?
SECRETARY PABLOS: And, Mayor, let's have that discussion. I want to be perfectly clear that in these studies and these programs that we're developing, every community along the border and -- and our seaports will have an equal opportunity to be represented. I want to make sure that we all understand that. The fact that you're here today speaking up, you know, is great; but you shouldn't have to be here to speak up to be considered, right. And so, I would encourage our working groups to guarantee us that every community's going to have an equal part, an equal say-so in how this is shaped. I mean, that is key and I'm glad you brought it up but I think that's, you know, a rule of thumb that we need to have in place that just because Secure Origins is already working in El Paso doesn't mean that we can't look at other opportunities elsewhere. All right? So, the bigger communities might be ahead in certain areas, for instance, in the area of technology, but that doesn't mean that your community isn't ready, willing and able to step up, right? So, I -- I'm glad you said that and I just want to be very clear that this is a one border effort. And we're going to -- we're going to make sure that every community -- Presidio, I know sometimes is out there and feels left out. I don't want that to happen. I want to make sure that everyone has an equal opportunity to -- to weigh in and to help craft these plans and these strategies in a way that benefits the entire border.

MR. GARZA: Very good. Thank you.

SECRETARY PABLOS: Okay. So, one thing, you know -- thank you very much panelists. I appreciate your work.

You know, I just wanted to close our day first and foremost by thanking you for being here for your input for your interests. To me, you know, I'm -- 16 if you can't tell, I'm very passionate about this. I've lived it. I've worked it. I know it's possible to help bring prosperity to the border and if we bring prosperity to the border, we bring prosperity to the rest of Texas and beyond; and so, I want to make sure that we continue to work together, collaborate; but I want to do it with a central theme. And that theme, I think, needs to be prosperity. Bringing prosperity to Texas, bringing prosperity to northern Mexico, and doing so from an economic development perspective.

And the way you bring prosperity in economic development is you create that capacity that you need to be able to attract the investment that will, then, help create jobs, which will then bring wealth to the community. And so, if we are in a process where we're now beginning to develop some serious plans around creating that capacity that is needed, we need to make sure that we also work with our local communities to help focus on bi-national regional economic development on both sides of the border that will benefit both sides of the border because it is clear to me -- and I think to everyone around this table -- that if -- if both sides of the border benefit, both Texas and Mexico benefit as well.

And so, as we work towards this, please keep the central theme in mind, which is economic development, regional, cross-border for the benefit of both sides. So, with that being said, we have a November date. We really haven't come up with it. Do you mind sending out some proposed dates?

And I know last time we had talked about going to Corpus. Sorry, Jorge that we changed it up on you but it needed to be done this way. We had a great opportunity with PEMEX coming into town and the ambas--

MR. CANAVATI: Sure.

SECRETARY PABLOS: -- and we had hoped for the ambassador to be here but he had to cut out. And I don't know if you've been texting but there's just been another earthquake in Mexico City and now we have buildings that have collapsed. And so, I want to keep our friends in Mexico City in our prayers.

Now, this is a time where we can come together. You know, this is a time together as -- as a community, as a -- as a region. So, we'll send you some proposed dates for our November deadline -- for our November meeting and I'm hope -- I'm hoping that we can accomplish that in Corpus. I don't know what the situation is down there, if it's even feasible --

MR. CANAVATI: Oh, of course.

SECRETARY PABLOS: -- to host us down there. I'd certainly at least want to go to Corpus and then we'll start moving this meeting around, hoping to have subgroups that will get together on a more regular basis.
So, with that being said, I’d like to adjourn today’s meeting and thank you-all for being here and safe travels home.

(Meeting adjourned at 2:09 p.m.)

STATE OF TEXAS

I, Stephanie McClure Lopez, a Certified Shorthand Reporter in and for the State of Texas, do hereby certify that the above and foregoing contains a true and correct transcription of all portions of the above-referenced Border Trade Advisory Committee meeting to be included in the transcript of said committee meeting, and were reported by me to the best of my ability.

Given under my hand and seal of office on the 4th day of October, 2017.

____________________________
STEPHANIE McCLURE LOPEZ, CSR
Texas CSR 3483; Expiration: 12/31/17
Kim Tindall & Associates, LLC
JBCC Firm Registration No. 631
16414 San Pedro Avenue, Suite 900
San Antonio, Texas 78232
Telephone: 210-697-3400
Facsimile: 210-697-3408
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