Transcript of the Testimony of

BTAC Meeting

Date:

January 21, 2020

Case:

BORDER TRADE ADVISORY COMMITTEE MEETING

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(BTAC MEETING)

Date: Tuesday, January 21, 2020

Time: 8:40 a.m.

Location: TEXAS DEPARTMENT OF TRANSPORTATION
125 E. 11th Street
Austin, Texas 78701

A P P E A R A N C E S

Welcome and Introductions
Texas Secretary of State, Ruth R. Hughs
Marc D. Williams, P.E. Deputy Director, Texas Department of Transportation

Summary of October 17, 2019, Meeting Minutes
Caroline Mays

Adoption of October 17, 2019, Meeting Minutes
Texas Secretary of State, Ruth R. Hughs

Mexico's National Infrastructure Plan
Carlos Hurtado Lopez

Discussion on the Texas-Mexico Border Transportation Master Plan
Texas Secretary of State, Ruth R. Hughs
Caroline Mays, TX DOT
Timoteo "Tim" Juarez, TX DOT
Alejandro Solis, HDR
Donald Ludlow, HDR
Stephen Decker, HDR

I N D E X O F E X A M I N A T I O N

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I N D E X O F E X H I B I T S
(No exhibits marked)

P R O C E E D I N G S

MS. HUGHS: Okay. Well, good morning again everyone. Thank you for your patience. We just wanted to make sure we were set up before we started and we want to be respectful of your time.

I appreciate everyone who traveled here possibly on holiday to be here for today's meeting, and I think I've helped some requests to maybe after a holiday move on a Tuesday to a Wednesday. So please let us know how that impacts your schedule and your preferences because we're happy to accommodate.

I want to thank all of the members for being here today. Hope everyone is off to a great New Year, and I want to recognize that we have joining us here today Representative Blanco from El Paso, as well as our friends in Mexico, Council General Marentes. I'm so grateful of you joining us again for this meeting, and it's really a helpful liaison to the federal government in Mexico as well. So thank you for your leadership and for being here.

And also joining us are Guillermo Gonzalez from Coahulia, and Noe Garza with Nuevo Leon, and Claudia Lagos from Tamaulipas. So really grateful to have them so that they can also hear the infrastructure

and conversation and also give their perspective from the other side of the border. So very grateful for that.

Here we are in Austin again for our Border Trade Advisory Committee meeting. We had talked about meeting in other locations, and we will certainly continue to look at those options and possibly have the next meeting at another location. With the holidays and scheduling it just became more feasible to meet here again in Austin. So I appreciate all of you traveling to do that.

Of course this is my second meeting as Secretary and our first meeting of 2020. And 2020 is going to be so historic in that we are going to finalize this Master Plan. We're very excited about that.

I want to thank TX DOT for all the work they've done. Of course we're joined by Marc Williams and Caroline Mays who have most of the presentations today that we're all looking forward to hearing.

And I know that working together that trade relationship with Mexico is going to grow even stronger. We were all anxiously awaiting the passage of USMCA and had a little bit of celebration last week in having the vote, but the work continues and in some way starts. So we're excited to continue to follow that closely, but I

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think it gives the level of predictability that we're all concerned about, and so both sides, business on both sides is breathing a sigh of relief.

During the time in this position I have had the privilege of visiting with many of you, either here in Austin or in my travels across the state. And last year many of you welcoming me in your communities and gave me opportunities to see firsthand the challenges that you face.

I want you to know that I am committed to ensuring that I can be a voice of communities and the communities across the state here in Austin in the weeks and months to come, and I look forward to additional visits to our border communities to further strengthen our relationship and continue to seek feedback and input on how we can better serve all of you.

The goal for this committee and my hope is that we do everything we can do to have a positive impact on our border communities. By establishing a clear and well-defined Border Transportation Master Plan, we will continue to communicate with our state, federal and international counterparts our needs and our priorities to help our border communities thrive. Because we know that your success across all of our communities along the border truly are the success of

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our state. When you succeed, Texas succeeds.

So when we met here last fall, members of the BTAC committee really provided invaluable feedback towards this plan. You brought up challenges of current and needed infrastructure, you suggested greater collaboration with Mexican state and federal partners, and you expressed concern over the potential impacts to the manufacturing and the retail sectors as a result of the increased wait times at the border. Additionally, you stressed the need to make our efforts better known to the public. So these are a few of the ideas that BTAC working collaboratively has helped generate.

I have no doubt that by continuing to work collaboratively, discussing new ideas and exchanging critical information we're going to forge an even brighter future for our border communities and for the Lone Star State.

As we progress with today's meeting, I want you to all to keep in mind a couple of questions that we can address in our open discussion later this morning, and that is a, you know, continued dialogue, and we can get into it in more detail of the top issues that you're seeing, some, if any, developments that you want to share with the group of your subcommittee meetings or other things since we last met.

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So really looking forward to hearing from all of you, and please know that we are here to serve you, and my office is excited to have this partnership with each and every one of you and the communities across the state.

So at this time what I'd like to do is starting to my right if you could go around the room and everyone could please state their name and who they are representing and what area they're representing, and we can go through the introductions now. Thank you.

MR. MARENTES: Pablo Marentes, the Consulate of Mexico since April this past year, and I really want to congratulate you and thank you very much for inviting us to this very needed gathering of people to -- who knows in good communicating and exchange of thoughts as needed and the ideas and realities that can bring to the countries together in a greater understanding. So thank you so much.

MS. CLAUDIA LAGOS: Good morning, Claudia Lagos representing the state of Tamaulipas.

DR. CARLOS HURTADO LOPEZ: Good morning, Carlos Hurtado from the Center of Economic Studies of the private sector in Mexico.

MR. GUILLERMO GONZALEZ: Good morning, Guillermo Gonzalez from Coahulia state.

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MR. NOE GARZA: Noe Garza for Nuevo Leon.

MR. TIM JUAREZ: Tim Juarez, TX DOT, Manager for International Trade and Border Planning.

MR. JORGE SALCIDO: Jorge Salcido, Commercial Affairs at the Mexican Consulate here in Austin.

MR. SAM VALE: Sam Vale, Starr-Camargo Bridge Company.

MR. EDUARDO CALVO: Good morning, Eduardo Calvo, Executive Director of the El Paso MPO.

MR. JULIAN ALVAREZ: Julian Alvarez, Texas Workforce Commission.

MR. JACOB GIESBRECHT: Good morning, Jacob Giesbrecht from Presidio International Port Authority.

THE REPORTER: Can everybody speak up? I can't hear.

MS. MAYS: Yes. Bring the microphone closer to you.

MR. JACOB GIESBRECHT: Good morning. This Jacob Giesbrecht from Presidio International Port Authority.

MR. JUAN OLAGUIBEL: Good morning, Juan Olaguibel, McAllen-Hidalgo and Anzaiduas International Bridges.

MR. KEITH PATRIDGE: Good morning, Keith Patridge for the McAllen Economic Development

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Corporation.

MR. EDDIE VALTIER: Good morning, Eddie Valtier, TX DOT in El Paso (inaudible, room noise).

MR. HUMBERTO GONZALEZ: Good morning, Humberto Gonzalez, TX DOT, Port District.

MR. PEDRO ALVAREZ: Good morning, Pete Alvarez, TX DOT, Port District.

MR. STAN MEADOR: Good morning, Stan Meador with Texas Pacifico Transportation.

MR. IVAN JAIME: Good morning, Ivan Jaime with Union Pacific Railroad.

MR. MATT WOJNOWSKI: Good morning, Matt Wojnowski with the City of Del Rio, City Manager.

MR. JON BARELA: Good morning, Jon Barela, the CEO of the Borderplex Alliance in El Paso.

MR. JOHN LOVE: Good morning, John Love, The Third, the City of Midland, the Permian Basin (unintelligible).

MR. EDUARDO CAMPIRANO: Good morning, Eduardo Campirano with the Port of Brownsville.

MR. HENRY SAUVIGNET: Good morning, Henry Sauvignet, IBC Bank. Here for Jerry Schwebel.

MR. LUIS BAZAN: Good morning, Luis Bazan, Pharr International Bridge.

MR. DANTE GALEAZZI: Dante Galeazzi, Texas

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International Produce Association based out of Mission, Texas.

MR. ANDREW CANNON: Andrew Cannon, Executive Director of the Rio Grande Valley MPO.

MR. JUAN FLORES: Good morning, Juan Flores representing Port of San Antonio.

MR. CESAR BLANCO: Bueno Dias, Cesar Blanco, State Representative, El Paso, Texas.

MR. PETER SMITH: Peter Smith, Texas DOT, Transportation (unintelligible).

MR. MARC WILLIAMS: Good morning, Marc Williams, Texas DOT, Deputy Executive Director.

MS. CAROLINE MAYS: Caroline Mays with TX DOT, and I just want to welcome you all, wishing you a happy New Year.

This is the first meeting of the year, so I want to welcome everybody. I hope that everybody started on a good note, and we are excited about the meeting today.

As the Secretary mentioned, we're really looking for your input, but primarily to develop the Border Transportation Master Plan, so we're looking really to those discussions. But again, thank you to our Mexican friends. Welcome. You know, to -- to Texas and we appreciate you being part of the dialogue.

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I just want to mention that last week we were in Washington, D.C., and we went to the Embassy and met with the Deputy Ambassador in Washington, D.C., and they're very supportive of the efforts that we're doing here and working with you all, and will continue to advocate down in Washington, D.C. as we move forward with the Border Master Plan.

So just again, we want to thank you all for your partnership and collaboration. Thank you for being here.

MS. HUGHS: And Carlos, I didn't mention in the beginning (speaking Spanish).

So thank you. It's a pleasure to see all of you, and please remember when we are speaking and if you could make sure that your microphone is on green and that we speak just slowly enough for the court reporter to be able to record this meeting.

The first order of business is adopting the Minutes. Has everyone had an opportunity to review the Minutes? I know there may have been an issue on getting them out, so let me turn to Caroline on that in case there's any concern. Otherwise, we can also just determine whether there are any questions about the Minutes.

Okay. I'll give you just a few minutes to

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kind of go over the Committee Minutes, and then I will entertain a motion if there are new questions.

Yes, Mr. Love.

MR. LOVE: I'll move forward (inaudible, room noise).

MS. HUGHS: Okay. There has been a motion made to accept the Minutes.

Is there a second?

AUDIENCE: Second.

MS. HUGHS: All right. We have a second with the Minutes from our last meeting approved, I'll turn it over to Caroline to provide us with a summary of the BTAC activities.

MS. MAYS: And I really -- I won't spend a lot of time talking about what was discussed last time, but this -- you know, the purpose for what we're going to talk about today is we're building on a lot of the analysis that we shared with you last time. And today you're going to see a little bit more detailed information, and really what we want to get from you today is, you know, one, your input on a lot of information we're going to be sharing with you today, and if you have any questions about those or the numbers don't make sense, please let us know. Because I think what will be done the last meeting was provide a lot of

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preliminary analysis, and some of what we're providing today is we're building on that.

So I don't want to spend a lot of time because I know we started a little late. I really will want to turn it over, you know, to Tim and the consulting team to move forward into the presentation.

I'm sorry, we have -- I've jumped a little bit. We have a speaker from Mexico. I think that's the agenda item, Secretary.

MS. HUGHS: Yes. Okay. At this time it's my pleasure to introduce to you more formally Carlos Hurtado Lopez. (Speaking Spanish) -- from Mexico. He has a bachelor's in economics from the Autonomous Institute of Technology of Mexico or ITAM, and a Ph.D. in economics from the University of Chicago.

Dr. Lopez currently serves as General Director for the Business Coordinating Council, CCE, Center for Economic Studies at the private sector CEESP.

Dr. Lopez served as Executive Director in the Colombia, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Spain and Venezuela Council of the International Monetary Fund for 2017 to 2018. At the IMF he also served as the Deputy Executive Director. From 1994 to 1997 he was Mexico's permanent representative to the OCDE, and from 2000 to 2006 as Under Secretary of

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Budgeting at the Ministry of Finance and Public Credit. From 2007 to 2008 he served as Vice President of Finance and Administration at the Inter-American Development Bank.

Among other positions held by Dr. Lopez include serving as an academic professor for his alma mater ITAM.

Thank you for being here today. I'll turn it over to Dr. Lopez. Please join me in welcoming him.

(Audience applause)

DR. LOPEZ: Thank you very much for your introduction, Secretary Hughs. And I was just -- I have no -- am I being heard? Is this okay, the sound?

MS. MAYS: Yeah.

MR. LOPEZ: I prefer to speak here. Thank you.

So we were just talking about how I could manage with the presentation because I cannot see the screen, so I have it here in my computer.

And -- well, thank you very much for the invitation. I think it is a wonderful place in the sense that today we look to the future here. I am going to be very honest when Humberto -- when I spoke to Humberto and my boss, Salazar said he couldn't make it because he's got a meeting with the President today.

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And -- but he was very enthusiastic, and he told me to come and do my best and so on.

On the topic we just -- more or less handled by the Consulate of (unintelligible) Mexicali in Mexico. And I didn't know anything about this group, this effort. And then I started asking people, and not to my surprise, but, you know, this is very well known in many, many places I can mention, and there's a lot of hope in what can happen in the future of this.

So I will -- let me just -- can I next, please? Let me just start by doing some -- by making some remarks on the atmosphere that we feel in Mexico today.

We think that this is a very positive state of things in Mexico in the sense that, you know -- or due to the recent approval of the USMCA trade agreement, and we think that there are many, many important potential opportunities for development, investment at the border and that there will be opportunities for cooperation and coordination of investments between Texas and Mexico.

Texas is the biggest, of course, the border of Mexico, and it's I would say a region of the U.S. We were just talking that many years ago, and I don't know to what extent this is still the case, but the Texan and Mexican authorities are more or less of the same size,

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so that's very important. And of course the difference in -- in the development or per capita income or whatever is still very wide. So I think there are many, many opportunities of a trade deal with the U.S., and especially with Texas in the future.

Now, this agreement has been modernized in the sense that the previous agreement, the NAFTA that was signed 25 years ago, was basically a manufacturing agreement. It was an agreement of trade for manufacturers. Now it includes the digital economy, and I think that should open some opportunities and so forth, cooperation on and trade and so on, and especially beneficial to my country, I think.

So what I'm going to do in the next few minutes is to go through basically three basic topics. One, is to explain to you the recent development in Mexico, developments, especially in the last 18 months, which is a new government from the election of the new government up to date. And then speak a little bit about the economic outlook, and then, you know, to the main topic here, which is a public-private agreement for infrastructure investment that was signed by the end of last year between the present Secretary (phonetic) and the government. So next, please.

Now, I have to do -- yeah. Okay. So what has

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happened in the last year and a half because the election took place in July, but the -- the winning President told importantly that -- he said that taking positions before taking power. So it's been a very complex year, including from the beginning, the second half of 2018 and all throughout 2019. Because basically the problem is that the economy is stalled, it's not growing. Right. And the main reason for this is that the investment has been falling very sharply domestically, both private investment and public investments. And this -- I will go into this why public investment should be the investment in infrastructure has been falling, and as well as foreign direct investment.

And everyone looking at investment prospects in Mexico for every one to work has been caution. And why, because of the new administration, the scene that he provided for the -- for the investors, the potential investors have not been very clear. And in some cases they have been very negative.

Probably the most important action that the new government took was to cancel the construction of the airport in Mexico City, which we were just talking about it. When you go to Mexico City the airport is really old.

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So there was a huge investment already made in a very privileged I would say part of Mexico City in which -- I mean one can think of nothing but the effort (phonetic) in that place, and it's quite close to the city and quite safe. It was a lake. And some people and the senators, some people say, well, it was a lake, so there was must be some environmental consideration. Yes, but it was a lake 500 years ago. So it's not like five and ten years ago.

So anyway, it was cancelled and that provided a very bad signal I think to investors and also politically. So it's a new administration. There is also things, there are ideological considerations which are very different from the previous governments, but it's also new. Right. So a new administration means that new teams, and they usually take like about a year in order to find out what to do and how to proceed, you know.

So this deceleration of the economy that happens is not a thing that happens -- sorry, is not the first time that it happens in Mexico. I think it happened to a worst degree in the year 2000 when President Bush was elected, which was -- he was the first president after 70 years that was -- (inaudible, coughing) -- it was part. There were -- there was a lot

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of emphasis as needed because of the political position, but there was social, a lot of concern for what is he going to do, which is going to be different.

And the same thing is happening now because our President has been complaining for the last 18 years since he became President. It's also not only a new administration, but it's a new government, right, and he speaks about transformation of the economy and with a lot of new ideas. So it's very natural that when uncertainty sets in and people are cautious about the investment and also consumption --

(Brief interruption - photographer standing in front of Reporter)

DR. LOPEZ: -- and saying, you know, in the first months after the election the consumer confidence indices were very high because of -- well, I mean they were already higher because of Koch (phonetic). Certain parts of the commission, people thought very positive and consumption more or less held on, right, which is what helped a -- a growth of a GDP that was around 1 percent, 2 percent or something like that.

Now, by the end of the year growth of GDP in 2019 I'm referring to was practically zero. Right. So the economy is stalled. And on the other hand, and this is positive, employment and the size of the payroll in

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the country is still as strong, although some conditions in the labor market have been deteriorating recently.

I have a few -- let me see how I can do this for -- I have a few pictures that indicate all this. What you can see on the left-hand side is the index for -- it's sort of a GDP index, but it's monthly that we use. So you can see the fall, which is very illustrative I think about the -- what I was talking about. And on the left -- the right-hand side you have investments. And this is aggregate investments in the whole economy, which is very negative. This is rates of growth, annually rates of growth.

You can also see here this index of -- this is an index that is developed by A.T. Kearney, the consulting office, about the confidence of international investors in different countries. So we've been falling sharply also because again foreign investments have been very cautious about Mexico now, which is natural.

And then on the right-hand side we have the consumer confidence, which as I was saying, you know, by the second half of 2018, which was very strong, people were very hopeful, but it has been falling down very sharply also.

So we're not in a very good situation economically in Mexico. That's what I want to say.

Wages are behaving okay and it's good news. For the first time in some years wages in real terms, and these are market wages, this is not the minimum wage, are growing. They're growing at the base around 2 percent or something like that. It's after inflation, which is okay. Of course we should be worried also about the activity, which is something that it's again not in the best condition in Mexico.

And -- but employment conditions are not very good. You know, you have the green line is an index of critical conditions, people working more than 40 hours a week or -- or less and they're making minimum wage and things like that. So that's been increasing. You know, it has been increasing for a while and so on.

Now, this is a real economy, but let me tell you what has happened, and I'm sure that all of you who are -- know about the many crises that the Mexican economy has gone through over the last few decades. Right. And the typical crisis in Mexico come from -- comes from a -- from public finances. Right. From big fiscal deficit, big current deficits, high inflation, financial instability, bank weak, banking system and so on and so forth. That is what happened '82, '86, '94. You know, something a little bit like that in 2009 we put that, that is different.

Now, what happens now in Mexico as opposed to the bad news that I was giving you on the real economy is that public finances are in -- some sort of equilibrium, which is quite healthy.

So there is no risk of inflation or crisis that we have had in the past. You know, the tequila crisis and all those things, but there are some sustainability issues in the public finances.

Basically, you know, the public investment has been reduced incredibly sharply, you know, in the last few months, and that's very important because it's investment in the infrastructure. Mostly public investments should be in public infrastructure. But anyway, being the case or not, it's really flat at the moment.

And the government has privileged investment -- sorry, expenditure, public expenditure in social welfare programs basically through a means that is being reborn in Mexico now, which is cash transfers to people in different ways from scholarships, basically education, or maybe for the old people, and for daycare, for women that work and so on. You know, there used to be many daycare centers, now they're closed, they're not supported by the government, but the government is giving out to the mothers, right, to the families.

So it's a new way of doing social policy in Mexico. And anyway, there are many opinions about this. I have mine, but this is not the case now.

And the government, the fact is that it's using the money to subsidize payments, which is the company -- the old company which is in a very bad state, and finally the social welfare programs of the government. Right.

And that is at the cost of many things. Right. Because in order to keep fiscally liquid, you know, when you spend a lot of money on payments and especially cash transfers, then you have to reduce something, right, in order to make it work.

And the big things have been, guess what, the budget of communication and transportation. That's probably the most important. So these subsidies to agriculture, right, health, believe it or not, and to some extent education and public works important.

So, you know, this is pointing to the government in my view, this is of course my view, that the government is going into a direction of social programs and -- in cash, and not attending some of the very important infrastructure projects in the country. In the country, public infrastructure.

So that's, of course, the suspicion of many

people like me is that the background of all this is very political, and it has electoral objectives rather than -- but anyway, this -- this graph I wanted to show it to you because it looks very nice. You know, the blue bar is what we, the economists denominate as the primary balance of the government, which is the balance, the result of the public finances before interest, and that's very important to our country. Right.

So it used to be very healthy really since the '90s until the big financial crisis in 2008, and then it became a bit like in many countries in the world, right, that they wanted to sort of push economy forward with public spending. So that happens, but that really created a big problem of public deficit, and that is subject to be corrected in 2017 already. And then this President Obrador has kept this fiscal discipline really with a lot of determination with the consequences that I was talking about before, but it's very decisive.

And now, the other big problem that we have faced in previous decades is high inflation. You know, without control and so on as part of this big macroeconomic crisis that we have suffered in the past.

Now, inflation is under control now. It's within the range, which is the objective range of the Central Bank. There are some subtleties here that I would not like to go into now that, you know, it's not that firm, but it's already in the range. And this is very important, especially for investment.

Inter-domestic interest rates are very high. What you can see there in the sort of yellowish line here is the monetary policy rate of the Central Bank, which increased a lot in 2017 and 2018 because the economy, as like many other major economists, was subject to many risks coming from the global atmosphere in general. Right. So it increased.

Also the yellow line -- sorry, the blue line below is the equivalent rate of the American Central Bank -- Central Bank, which was also increasing, right, and now they're both decreasing. But look at the difference between our interest rate and inflation in the country. So the real interest rate -- you know, the interest rates corrected by inflation in Mexico have been increasing a lot. The difference has widened over the last two years already, right, which is very important, and that's obviously not very positive for investment because the capital costs increases with that. Especially for enterprises that really do not have access to capital market abroad. In a country like Mexico, only a few big, big enterprises have access to the capital market around the world. For many companies

the sources of finances are domestic and that's very expensive now for investment and for working capital, both. So this is an important thing that one has to consider.

Okay. So that's more or less how the economy went according to my dissertation of course over the last year and a half.

Now, what we see for the future, especially for 2020 and in the future. Well, we see that there's level of macroeconomic financial and fiscal stability. This is very important because sometimes people are very critical of public policies like me. Sometimes we forget that we have this basis, right, which is important. We have fiscal equity room, we have the macroeconomic stability and financial stable and so on. And this is very -- this is not very common for Mexico if you look at history. Right.

Now, the best news that we have had recently is the approval by the U.S. Congress of the USMCA trade deal, which is extremely important for Mexico, it's excellent news for the Mexican economy, and we have a little bit of complex international circumstances. You know, when one reads the reports, if you look at the TV financial shows in the morning, and everyone is in the Wall Street land, and everyone is speaking about the

dull prospectus of the world economy in advanced countries, well, that's true for Europe and for many emerging economies. But it's not exactly true for the American economy, which is our most important reference, right, to Mexico.

So Alejandro, are you following this?

MR. SOLIS: Yes.

DR. LOPEZ: Sorry. So, you know, like the Mexican economy -- the Mexican economy is very open. So we're subject to many perturbations coming from the world economy. For example, I have -- this is really my topic. So let me extend a little bit. I don't know -- who of you know that the Mexican peso is the second -- is the second most traded currency in the world of the emerging markets after only -- only after the Chinese currency, right, but it's very high. And, you know, when people want to pitch in the world markets against risks coming from the instabilities in the Brazilian economy or the Colombian economy or the Peruvian economy or wherever, they probably sell pesos because they buy the hedging from emerging market currencies, and the depth of the markets of the Colombian peso, the Brazilian real or whatever, right, they're not so -- it's not that high. So they use as a proxy the Mexican peso hedge, and that provides a lot of instability from

Mexico when there are problems in the emerging markets they call them. Right.

So it's very open, and we should still be worried about this -- the profits of the world economy, although we have to recognize that the American economy is still growing. And in my view, you know, at some point this is going to end, but nobody knows at what point. So that's --.

So for 2020 what we see in Mexico, and when I say "we," it's everyone, right, I mean look at the world universally, the Mexican numbers are all the same. Some growth recovery, but the prospects are not great. So everyone think, most people think that growth in -- of GDP in 2020 for Mexico will be around one percent. Now, this is good news because we are at zero percent now. Right. It's not excellent news because we should be growing at least four percent. That is considering the dynamics of the population in Mexico and the need that we have to reduce poverty and welfare and so on. We have many needs in Mexico. And the stock of capital in Mexico is not (inaudible, room noise) per capita than in the U.S. or advanced economies. So we have to invest more and grow more, and one percent is just not enough. Right. So that's what we have at the moment. (Brief interruption, coughing) There is population needs and

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so on.

I think that bullet was cut short somehow. There is sort of an agreement of the government that many analysts and many people including from Mexico that think we should aspire to have a rate of growth of about four percent per year, and we're far away from that.

There are many analysts, especially, you know, international people that say, okay, well, the potential rate of growth. The potential rate of growth, and this is connected to investment, is a concept that people like Larry Summers states, no, no, where else can the potential to grow. So that means or what tells me at least is that we cannot grow more than that rate for any economy.

Well, I think that may be true for the American economy or the Japanese economy or something like that, big, big things, right, but in an economy the size of Mexico if investment grows, let's say that tomorrow everyone decides that the best prospect for foreign direct investment in the world is Mexico, right, so investment flows to Mexico tremendously, the economy is going to increase the rate of growth. Right. Let me just tell you, and this is important for investment by the way, there is a more extreme case, which is true, that your Hawaiian economy grew for 25 years at the rate

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of about one percent per year. Now, this is not low for the economy of your Hawaii because of the -- it's an aged economy and the population is -- has been decreasing -- right, decreasing. And suddenly some people from the -- from some other countries decided to do an investment in your Hawaii having to do with timber, so they invested and it was a big thing. And the economy grew for about five percent per year. So one investment.

So, you know, this concept of potential growth is maybe irrelevant for big, big economies, but less relevant for the smaller economies. So Mexico is still a small economy. So if there is investment in the economy, the economy will grow more.

So, for example, people forget that in the second decade of the '90s the average rate of growth of the Mexican economy was five percent. Now it's like a dream, huh, when we say five percent. But what happened, it was the first years of the NAFTA and there was a lot of foreign direct investment, right, in cars. Basically the car business and parts and so on in the first year. So that's important. So it may happen again, but we have to do things right.

Anyway, in this context what -- you know, I'm looking at what was going on and what is still going on

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in the country. The private sector, and I should say left by some people, but especially my employer, Mr. Salazar. By the way, I forgot to say in the beginning, he told me to come, and he also told me to -- that he apologized, but he had some important meetings today as indicated.

So he and other people promoted in the private sector, promoted an agreement with the government in order to invest in infrastructure. Right. So I guess what they saw is there is a need for investment, people are not investing, and the problem is the government is not investing in things that cannot be postponed forever. Right. Like roads and water and railroads and things like that. Right. That is public infrastructure. So they said, okay, there are many projects, and by the way, something that I don't think is here, but, you know, there are financing sources available. So we don't have a problem of availability of finance sources. Right. We have big banks and strong banks, if they want to -- they want to lend money to do projects. Right. But the thing is that we don't have the projects. So that was the diagnosis.

And so they promoted this agreement with the government, and they through a big effort, about a thousand or 1,600 projects, which are infrastructure

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projects, were identified. This is like a year ago, right, but they were with different degrees of readiness, right, but there was all this projects. Roads, railroads, ports, airports or water projects of different kinds, you know, health projects. And some of the things which are not exactly public infrastructure as considered in the -- normally in the world, that we usually include tourism, which I don't think is public infrastructure. (Brief interruption, coughing)

All these luxury hotels are not the problem to begin with, but anyway, we usually consider that and energy. And in Mexico energy is considered public infrastructure because it will be, you know, electricity -- a utility and -- electricity and utility are problems of the government, but this is not the infrastructure, this is the infrastructure of the -- (inaudible, room noise) -- that's what it is.

But anyway, but this is just a recognition. So the role of the -- all this effort is -- let me put it this way. What should be public infrastructure investment or public investment should go up from about 2 percent of GDP, which is what it is today, to five percent. Now, the difference between two to five is not going to be finalized by the budget, but it's going to be final and operated and built by the private sector.

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So that means toll roads, obviously toll railroads. I don't know if that is the correct name. Privately managed ports as they already exist in Mexico, and -- and so this is going to be a business for the private sector, but it's going to provide the infrastructure that the public sector have not been able to provide till now, and it doesn't look like it's going to do it in the future.

And this agreement is a tool, is a mechanism of coordination with the public sector and the private sector. In order to facilitate and accelerate the definition, the identification of the definition of many projects and the implementation of those projects. The next, please. Thank you.

So through this agreement the government adopts certain commitments, and this is assigned by the way in public documents. So it commits first to conclude works that are in progress. Because, you know, I mean when this agreement was -- everything was looking to the future, but then someone said, well, but now you have these roads, you have these -- all these works. Right.

For example, a big one, which is really -- I think is a bad project, but it isn't like how it's built already and it just want to be finished, but it's -- and

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it has not been (unintelligible) -- but anyway, it's a railroad from -- a fast trade railroad from Mexico City to Toluca, which is a big city in Mexico. So it's a big thing. So it's there, you know.

It's a little sad when you go -- go and especially all these things unfinished. So it has to be finished. So the government commits to finish what is there already in progress, but it commits to facilitate and promote the private sector participation of finishing the project.

This is very important because, for example, I was telling you that energy is considered infrastructure, and whether or not it is infrastructure that's semantics. But the thing is that there -- there is resistance in some parts of the government to allow private participation in energy, especially in oil, right, and electricity. So the energy sector is not easy.

You know, I mean people in this government, I don't think that the President does, but some of the people, and in fact those people in charge of those sectors they do not like private participation in there. It's a fact.

So -- but the government committed to facilitate and promote the private sector and

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participation in new projects, and energy is included in that. So we have to see what happens.

And also the government has to define what are the appropriate schemes for this participation because you have many, many participation of private enterprises in public consumption. Right. You have -- use the most, and these PPPs and different rules. So you have many avenues. Okay.

And so they have to design it, and they also commit to evaluate -- this is very important, evaluation is a very important word I think in terms of public infrastructure. The structure financially and authorize the project on this commitment of the government and more general commitments.

And this next bullet is important. To create and sustain an atmosphere of confidence is certainly appropriate to investment. I think this has been fading in the last year because sometimes the President meets with many peers of the private sector, and the message is very good in the meeting, but then in the morning conferences, press conferences the signal is exactly the opposite. So that commitment -- or that was going to end.

To -- well, I mean an old problem that Mexico has is, you know, of course is the application of the

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rule of law in general. Right. It's the rule of law and -- well, that's -- you know, it's more an aspiration than a reality in Mexico. The government commits to make it work and keep macroeconomic stability, which is okay.

And the last bullet is very important. To remove obstacles that impede progress of projects. This is a typical case in my country. I don't know to what extent, but it must be more or less the same in the U.S.

And the problem that we have is the federal government, the federation, because you have three layers of government. And then you have a water problem or the construction of a dam or the renovation of a dam in a certain part of Mexico, and then you have the water and then you have the Marines -- you know, the Army -- the Navy, sorry. The Navy, which is in charge of that because it's water. And then you have, you know, like several authorities at the state level, and then you have all the authorities at the federal level, and sometimes being a municipality, we have authorities of the same things from the municipal level.

So in that discussion, you know, the renovation of the land can take ten years of meetings and everything, agreements with the government. So that's a problem that we have. That what I believe is

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a -- this President has the political power, right, to solve those problems. Right. I mean this is really -- it hasn't happened for a while that -- in Mexico have not happened for a while in Mexico that a president was so powerful politically in order to put some order in these things.

So we have to grasp this opportunity. This is very important, and he appears to be committed to -- and what I have heard people say, I have never seen the President in person, but what I hear is that he has so many (inaudible, coughing) -- he's cautious and he's got the power to do it and -- anyway.

So there are some commitments of the private sector. The first one of course is to invest in the project that have been identified as ready. Because the only thing about investment projects is the readiness of project. Right. The ideas and there are some stories and so on, but until the President is ready, it can take a long time.

So what they did is out of this 1,600 projects and further investigation, too close to identify, 147 projects that are supposed to be ready to begin. Okay. And the commitment of the private sector is to invest there in those projects, and be on time, execution of time, and also permanently in this mechanism for new

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projects to implement the projects according to the ethical values of the -- I wrote organisms, but I refer to it as private sector organisms. And this is important to the rest of the world because nowadays, you know, I mean there are some ethical values, some of them are justified, some not, but they are there and they are safe, and the project management has to be very careful about that. Right. Groups are proposed and environmental problems and so on and collaborate. So I think this is important.

This is probably the last thing I'm going to say, you know, on this before I show you what -- what other projects that are relevant to this meeting is the project cycle.

We have -- and this is for public infrastructure projects, and there is a cycle that is mandated by the budget loan in Mexico. And the thing is that each project has to have 10 commonalities of whatever it is. The second one, and this is probably my bias, but I think this is the most important one, that each project has to -- has to have an evaluation of costs and benefits from the social point of view. And the social point of view is they tell me that it has to consider the costs of negative and (inaudible, room noise), solution or something, and the benefits of

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positive externalities like interconnection or things, right.

So that's the evaluation, and it has to have this evaluation, and then there are rules to do it. Well, financing sources, that's part of the cycle. Compliance with social inclusion and standards of the government. Right. I don't know exactly what that is, but that's part of the cycle now.

And the project selection will be done by this mechanism, but the mechanism will be physically chaired by the President. So it will be -- it will be the last word in choosing which projects goes first and after. And, of course, the laws for the bidding and so on have to be the ones on the (inaudible, room noise) and so on.

Then you have something who are the members, I think that's bureaucracy. What they do is to review the project, the photo ops and make the projects provision of progress. Coordination problems, that's an important. Right. And if -- if this progresses to coordinate with Texas, which is important, a bridge, it has a connection to both, size and things like that which are very obvious. Right. And of course mitigation of risk and so on.

So at this stage we have in -- it's like the 147 projects you see that many of them are roads, ports

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and airports. I didn't make the comment about airports. Airports in Mexico are concessionary, most of them, the operations of airports, and in their type of concessions they have obligations to do works in the government. So this included here, and I don't know to what extent this is investment. This is something they were going to do anyway. But anyway, it's there.

Some telecommunication problems, publics. My suspicion is this is not very public anyway. So there is water projects and energy and so on. The electricity, turismo, health and all this. So you have the others. That I think -- and of course these projects, which are the ones that were announced, amount to 860 billion pesos or 43 U.S. billion dollars. Right.

And then you have the amounts, and from this presentation that you have here, with the way of doing public investment in Mexico and planning sort of things that we have, that we come with and so on, these are the projects as it says in close proximity to the Texas border, the Texas/Mexico border.

And I'm not an expert in the region, I'll start by saying that, but I understand that there's some important ones. That, for example, this road which is a connection with Matehuala-Satillo, a road which I don't know to what extent this is very important to me, from

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that road to Colombia. Colombia I guess is a road -- a border pass, and the presentation of (inaudible, room noise) and the international bridge from Laredo. No? (inaudible, room noise) and so on.

And I think that I should stop here. And since it's taken me -- it's taken me a little bit too long to speak. Thank you.

MS. MAYS: Thank you. Thank you very much. You give committee members an opportunity to ask any questions.

Yes, Sam. Please use the mic and state your name and --

MR. VALE: Sam Vale, Starr-Camargo Bridge Company. We're one of the smallest privately ports on the border, but I see some conflicts that are going on in the way commercial traffic is growing. I think we have representatives from Pharr and the produce sector, they can all attest to we've had and we're including this past year five, six percent growth, four to six percent growth in all of our international commercial crossings. And I don't think that -- I think it's a mixture of who's participating in that.

I know of the produce sector, which we have the president of the Texas International Produce Association, who is Bazan who's with the Pharr Bridge,

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which is the largest in south Texas outside of Laredo, and we're all growing pretty significantly. So something is going right. And it's maybe in the energy sector, it's probably pretty good to be next to Texas when you need more energy.

So you will probably get that energy cheaper than producing it. So right now there is plenty of opportunities for both sides of the border to be able to benefit from our relative deficiencies on each side. And I just don't know that it's such a negative thing to be in, you just have to know what road to use.

DR. LOPEZ: Can I?

MS. MAYS: Yeah, sure.

DR. LOPEZ: Let me -- I hope I didn't convey the notion that I think this is negative, the neighborhood is negative.

MR. VALE: Kind of.

DR. LOPEZ: I am absolutely convinced that we are in the best location in the world, and in the world of emerging markets.

Let me tell you an anecdote that happened to me when I was at the OECD. I developed a good friendship with the New Zealand -- my New Zealand colleague, you know, the ambassador there. And these people don't know anything about this region of the

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world, as I don't know anything about them. Right.

So I was telling him that the length of the border is 3,000 kilometers, right, and it's basically land. And he said, Wow. And he said -- he told me, Do you know how much New Zealand would be prepared to pay for one, just one kilometer of land border on the states, what would be the value of that. And, you know, I tell him that I think it's true. Right. So we have to solve problems in order to state the opportunities that are among us.

And one of the -- I think while Mexico has been buying a lot of natural gas from Texas, and someone else told me, and I apologize for my ignorance, that I don't know the volume like the (unintelligible) -- I don't know the term for gas, but he told me something like that and don't take this very conciliarly. He said that we're buying the gas for $3.00 per I don't know what, and he's an expert in energy. He knows what he's talking about, different from me. But he told me that the Germans for the same product were paying the Russians 21.

MR. VALE: Yes.

DR. LOPEZ: Seven times more. And the point is, for example, that I think we should be investing in ways to keep some of that gas in Mexico, to buy it now

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that it's cheap. Because these things do not go on forever. Right. Someone is going to do it for you, to liquify and take it. Because the margin is very high on it. It may be profitable at some point as I was told to take this to Europe, for example, even at the cost of liquifying by the end, you know, which is very high.

MR. VALE: The port of Brownsville will attest to that. They are building facilities to export liquefied gas to Europe.

DR. LOPEZ: Exactly. It takes time.

MR. VALE: And so there's an excess in Texas that we can economically provide not only to the Mexicans but to the Europeans. And I think Mexico is very fortunate right now to be a neighbor of Texas.

DR. LOPEZ: When I talk about -- you know, as long as these projects with Europe and so on --

MR. VALE: And we're already producing.

DR. LOPEZ: -- when in reality the profits will be higher for us. So we should be doing a little bit more to buy and keep gas in Mexico for a while and in reserves.

MR. VALE: Keep your reserves, buy Texas gas.

DR. LOPEZ: We're now doing.

MS. HUGHS: Well, I just needed to step out. Is there another question?

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MR. CALVO: I have another question.
MS. HUGHS: Yes.
MR. CALVO: This is Eduardo Calvo from El Paso MPO.
A couple. First of all, thank you for your presentation. The first question, the indicators that you show, you did not show the exchange rate or at least I didn't see it there.
How do you see the exchange rate or I mean the historical trends? Because that obviously is one of the big things that affects us, and specifically to the border.
DR. LOPEZ: Well, yeah, you're right, and let me tell you why I didn't show it. Because I am used to speaking in Mexico. Now it's been so stable that it hasn't been a conjuncture or issue in the last few months. Right. It's so stable, the exchange rate.
According to the figures that are done by some people that are there to see the -- to say something about the correct valuation of the exchange rate because I don't -- I don't dare doing that, right, because it's so volatile in general -- and I'm not talking about Mexico -- but it's been very, very stable.
Now, there is something behind that. This is something that I think we should be very cautious.

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Sometimes we forget in Mexico because we see it so stable and nothing is happening there, but the nature of risks in my view, you know, financial risks is the following. You can have -- everything can be very quiet and tranquility everywhere, and there are like inner risks that are building up. And in financial markets do not warn very much, you know. Some of the -- if there is a risks that is building up, something -- suddenly it explodes and you didn't even see it coming. Right.
Think of the financial crisis in 2008 in this country. I mean there are many, many reports from banks, from the IMF and so on, and from the Federal Reserve Bank that just weeks before it exploded here in the states they were saying that we were past the times of instability of banks, that the innovation of banks -- you know, even the Federal Reserve Chairman in those days, he said this publicly, right, that innovation was so mature, that now the banking system was different and everything was okay. And one week pass, the worst recession for some many countries -- advanced countries in the world came up. And the same thing happened in Europe.
So that's the nature of financial risks, right, in my view. Everything is quiet and suddenly -- (inaudible, room noise) So we have a risk like that.

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I was showing you that it's light in which the interest rate was very high in Mexico, and at the same time public finances were healthy, and I would say healthy because their repression of expenditure in things like health, education, roads, and general public investment and all the things, ecology and so on, I think that builds some risks. Right. Of sustainability risks.
Like -- you cannot have -- I mean I was Under Secretary for the budget, and for six years my everyday intention was to reduce expenditure, and I don't -- I never imagine that I would be saying the words that I'm saying right now, but, you know, the Communications and Transportation Secretary to Mexico in the last three years the decline in real spending of those guys has been in the order of 20, 30 percent per year. So I don't think that is very sustainable, you know.
I mean public roads are -- like I was telling someone a little bit jokingly that if you go to a public, not toll road, public road in most of the Mexico, country, it looks like the pictures that you see on TV of Iraq. It's very similar. You know, and then you have to be very careful. And then you have people, you know, I mean they're not very safe, it's not safe from a public safety point of view. So that cannot go

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on forever. Right.
And the same thing, we have a lot of anecdotal evidence of this government in which there's scarcity of medicines and hospitals or many hospitals without electricity. Can you imagine that? Or running elevators. And that's because the spending -- public expenditure on health has been compressed and compressed. Why? Because of the cash transfers.
So there's a risk there, which is quiet, there's nothing happening, right, and then nothing happens every day. Right. And you have high interest rates. Now, the high interest rates, what happens is that it makes very expensive the working capital for companies and investment for companies.
Now, there are many, many financial investors visit Mexico like every day and they speak to many people like me. Right. And then more or less the same story and so on, but then I always make a question to them, financial. Why are you still in Mexico? And they say both, because the public finances are certain -- they don't care about the medicines or the potholes in the road. So on the aggregate figures (inaudible, room noise) -- and the interest rates are very high.
We have the highest interest rates in the emerging world, the emerging markets world only behind

Turkey, I'm sure and someone else, the highest. The difference is that we have investment grade in Mexico and those people don't, either Russian or Turkey. You know, the ones that we -- we're more or less in the same league, they don't have the -- so these two things, you know, the repression of public expenditure and the high interest rates are the repressive factors for the economy.

So at some point, I don't know to what extent that is sustainable, and that's when the (inaudible, room noise) --. Because when the investors see that there is no longer so rosy, they fly away. Fly to North California. So that's why.

MS. HUGHS: Thank you. Are there any other questions?

MR. SAUVIGNET: Maybe not a question. Henry Sauvignet, IBC Bank. A comment about your mentioning, you know, what's keeping the peso (inaudible, room noise) And I agree, you know, the interest rates are keeping -- although it may be preventing internal investment within the country, it's also keeping capital from leaving the country. We're trying to counterbalance that given the flight of capital.

I think the other thing that's positive at this point is the stability of the Banco de Mexico and

its independence, and that's been discussed recently, come under question.

Do you have any comments regarding this? I don't foresee it not being independent in the future, but still that's a conversation that's occurring within Mexico.

DR. LOPEZ: Yes. I think this is a very important point because so far, you know, in my view, and this is personal, but I think that this government doesn't like very much the independent institutions of the state, no. So, you know, the thing like competition, commission, even the Electro Institute and some other things have been weakened for at least from the resources point of view. And some of them, some of the heads have been just -- through different means practically fired. So that has not happened with two very important institutions. One is the Banco de Mexico and the other one is Anime, which is a big statistics institution. Right. So their -- their independence has has not been even questioned by anybody.

Now, what may happen in the Banco de Mexico eventually is that some people -- and I think this will be the instinct of the government and through their nominations for the -- for the new -- you know, for the substitutions of the Board of the Banco de Mexico, more

and more people will get in, which will have the intention of changing the mandate of the bank to include something like employment or growth or something, a situation in the U.S. by the way. And most of the world central banks, they have only one mandate, which is to keep inflation or maybe financial stability. And I think we will go through that route at some point, but I don't think the Banco de Mexico -- I don't think the President wants to sort of play with that. You know, it's too important of an institution.

MS. HUGHS: Any other questions or comments?

MR. CALVO: Eduardo Calvo, El Paso MPO.

So in general the macro indicators look okay, right, in general terms, but I've heard also some people maybe a little more pessimistically that say that the -- that they were okay, but Obrador has been in power for only one year. He has five more years to really screw it up. Right.

Where do you stand on that? What is your outlook in general terms based on --

DR. LOPEZ: I'll make it better.

MR. CALVO: Saying that the pessimists are saying he has five years to screw it up, but how do you see the outlook?

DR. LOPEZ: Well, first of all, let me tell

you I am very happy because of what you said because I am usually very pessimistic, and I shouldn't be in this meeting, so I did a good job.

No, no, I am -- I am on the side of those that are very worried what may happen in the future. And I see that because of the -- again, the instincts of this government to go against the institutions. The institutions in Mexico are generally weak, and the Banco de Mexico is probably an example and so on, but in general they're very weak. Right.

We have had resignations of people that are not public employees in the sense that they do not depend on the government, that supposed to be independent. Even Supreme Court judges that have resigned without an explanation, but it's clear to everyone.

But with a lot of information, and this is true, this is not intimidation. Right. So we have had that. And I am very worried about the attack on the institutions in which are independent from the government. Because they're very weak, right, they're not very solid yet, and I think that is something that was very good for the country and very difficult, right, to be able over the years. And now in my view I would be on the part of those that are worried about the

future.
Now, the President is very popular and, you know, I mean things happen in the past in Mexico that make it feasible to be -- to -- to be very critical of the past and be successful with that, and he's very good. So the combination of his continued -- his popularity is still very high.
I mean I cannot imagine what would have happened with previous presidents if they had said or done the same things, you know. They would be destroyed. This President he says, you know, and some of the -- as he call them or us, you know, the conservatives, we're a fan, so on and so forth, just reduce number of people in the country. So I'm very pessimistic on that.
MS. HUGHS: Well, thank you. Thank you for your comments. Really appreciate learning more and hearing it from your perspective. I'm very curious to see the goal of the private sector in really raising that percentage from two to five and how that actually gets implemented over time. So we'll be following that closely, and to see the projects in close proximity to the Texas-Mexico border is very helpful for this group in particular. I'm not sure if there any surprises for the group, but certainly to know what our partners on

the other side are looking at and prioritizing is very helpful in our work. So really appreciate your comments here today. Thank you for joining us.
DR. LOPEZ: Secretary, can I say something else?
MS. HUGHS: Yes.
DR. LOPEZ: I was thinking on the presentation. There is a very good instrument that in my view has been underutilized in the last five years, which is a NAD Bank. And the commission for -- I don't know the name, the modern name, but that bank was created because of the environmental problems along the border.
So the first thing was the commission in order to produce products. And then the Nad Bank was capitalized right after this because of some political pressures and so on. So the NAD Bank was so inactive that in (unintelligible) we called it the Nada Bank, nothing happened, right, and in the last few years that has been active and the structure (unintelligible) it should be very, very good operation and (unintelligible).
MS. MAYS: Can I just respond to that? On the terms of the NAD Bank, actually there's been a lot of discussions on expanding the role of NAD Bank, in not

just financing environmental water-related projects but also transportation-related projects. And you're going to see that change moving forward because, one, the interest in it, but also in Washington, D.C. there's also a lot of elected officials that are pushing to expand the role of NAD Bank. So you're going to see that change.
MS. HUGHS: From Nada to (speaking Spanish). So very good. Thank you for that.
And at this time I'd like to turn it over to Marc Williams, the Deputy Director of TX DOT for some comments and then we'll move into the agenda where you see the 10:00 o'clock agenda part.
MR. WILLIAMS: Secretary, thank you, and thank you to everybody who is taking an opportunity to be here. I think Dr. Lopez's presentation and what we're about, what this provides us is context. The context for what we're trying to do and understand here in Texas related to our border trade and border trade planning.
And we're in a very dynamic time. There are so many things that are changing in the transportation and trade industry that having that context is so helpful to us. We're going to have a lot of discussion here today about data and some of the findings and the

information that our study team has generated as we're going through the development of this Border Master Plan.
But without this context of discussion, without the input from our partners with Mexico, from the private sector, our border operators, thank you representatives for being here today because of the legislative side of that is important as well for us.
But that context is so critical. So I want to thank you as I always do for your time in being here today. But continue to encourage you all to help us with your understanding of what these issues mean to you and how these issues are changing. Because we've got a wide variety of different scenarios that we can project into the future, and we're guaranteed to probably be wrong on whatever we project, but having an understanding of your perspective on where these things are going, particularly the information on where Mexico is as they're beginning to move forward with projects. This is tremendously helpful to us.
But now with USMCA how is that affecting your decisions and how should we understand that within the data and the information that we're putting together as part of this Border Trade Master Plan. Very important, very helpful.

Thank you all for your continued dialogue and input as we go through the day. Thank you.

MS. MAYS: Yeah, before I turn it over to Tim, you know, Secretary, we're not going to take a formal break, and so if you want to step out, refill your coffee, use the facilities, please feel free to do that. Because we're not taking a break for ten minutes, and we have a lot to cover so we apologize for that, being a short meeting.

But I'm going to turn it over to Tim, but I think, you know, again as I mentioned earlier, the next discussion is really focusing on building upon what we presented at the last meeting, which is primarily we'll talk about the data, you know, analysis that we've done so far and how it resonates with you all to ask questions, provide us feedback. Because again, this is what's going to build the Border Master Plan.

And we want to underscore that we're on the -- you know (inaudible, room noise), but we're looking to finalize this plan by the end of the year, we'll talk a little bit later about your role this year and probably a little bit more intensive than last year because we really have to get to that finish line and we really hope that you stay the course.

And so I will turn it over to Tim to get into

the discussion. So Tim.

MR. JUAREZ: Good morning, Secretary of State, Border Trade Advisory Committee members.

I'm Tim Juarez for TX DOT, and I serve as the manager for International Trade and Border Planning. I also serve as TX DOT's project manager for the development of the Texas-Mexico Border Transportation Master Plan.

Today we are going to provide you a discussion on the development of the status of where we are on the Border Master Plan. This will include what we heard at the three binational regional steering committees that was held after the last BTAC meeting.

Part of those efforts we initially discussed some identification designation and needs assessment of the binational multi-mobile corridors from a highway roadway network. This time you're going to hear from the other modes. We've taken that same piece of information, but we will be looking at aviation, maritime, rail and water ports and airports to name a few.

The components of the data that we have collected and was discussed today is identifying the commodities that are traversing through the actual border that is coming through the three regions and

through the actual border crossings. That will tie into the supply chain that we will look at and analyze later. In addition to that, we're going to talk about our approach, our identified preliminary methodology for future forecasting, as well as any economic analysis.

At this time I would like to introduce Alejandro Solis. He serves as the project manager from the consultant team that TX DOT has contracted to help us deliver this plan. Alejandro.

MR. SOLIS: Thank you. And good morning everybody. Can you guys hear me well? Yeah, okay. This is a mic.

And so as Tim mentioned, we have a pretty comprehensive agenda. We'll be looking at a lot of topics, and hopefully start building up this border story.

At the end of today remember what we're trying to do here in this Border Master Plan is convey the border story. So what you're going to be seeing today are the building blocks for that story, and what we want to do is for you to tell us if we're heading in the right direction based on what you see in your local areas.

So we have a kind of chronological order here of the agenda. You have it in your packets so you can

follow along on these slides.

We're going to start with Stakeholder Outreach and then we're going to move into the more technical corridor analysis designation, et cetera. We're going to see a lot of data that Caroline were mentioning, trade patterns, which are states trading with each ports of entry, start building that story. And then we're going to go to the upcoming task of forecasting and how this starts building that border story.

So just a quick recap. I know that the holidays tend to create a lot of memories that displace other memories. So just to let you guys -- refreshing up on what we saw last year.

Last time we spoke of the goals and objectives, kind of showing you what the goals and objectives of the plan are. We also talked to you a little bit about the preliminary data analysis. We focused it on data, population, employment, et cetera, to give you kind of the baseline of how we see the border.

We -- this is called a Spheres analysis that we're going to be employing or using in the study. We looked at the preliminary identification of roadways and ports of entry or border crossings based on certain parameters and criteria, and then we talked to you a

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little bit about the needs assessment, how we plan for that needs assessment.

So now we're going to build upon that and give you a little bit more detail about the actual movement of goods and people, building upon that. So before we go into the more kind of technical detail, we want to give you a little bit of a recap of what we did after the previous BTAC meeting.

So I'm going to slow down a little bit. We have an hour and 45 minutes so we have I think enough time.

So the three -- the four things that we were able to convey to the districts or to the regions and validate with them is that -- is that the border is a very dynamic entity. There's a lot of growth of population, a lot of growth in employment way beyond the national averages in both sides of the border. So that's a number -- a number one takeaway.

The second thing that we were able to validate is that a lot of that growth is happening actually on the Mexican side. The Mexican side has about two-thirds to one-third ratio of population, employment, et cetera. So there's a little bit of an imbalance in the sense that most activity happens on the Mexican side.

The third one is that there's a decrease in

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the number of passenger movements or people crossing from Mexico to the U.S. That's been trending for a few years, probably 10 or more, and then the last one is that on the contrary to passenger vehicles, commercial activity had been growing a lot, and you mentioned it here. So these were validated at the different regions that we went to visit as part of our Grand Prix.

And then we have kind of certain topics that were very specific to each one of those areas. I'm not going to spend a lot of time there, but you have it in your PowerPoint. But I think in some cases they wanted to point out something specific about their area. For example, inclusion of another region to the Spheres that we're analyzing, et cetera. So we capture all those comments, and we're processing that and we're kind of including in this particular presentation.

So first thing we're going to do is talk about this overall task, which is corridor identification, designation and needs assessment. That's kind of the backbone of the study. What we do there is identify the trade routes and then look at the -- define which are the focus of our analysis.

And in particular I want to give you now a little bit of the economic policy and land use profiles which basically help us figure out what is being moved

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through the border and what are the characteristics of those movements for both people and goods. So as you can tell us yay or nay and does it ring a bell or not.

The first thing I want to tell you about economic profiles is that they're very important for our study and I think for the border story. This is really where we start building the border story that you and your representatives and the officials of Texas can actually start telling other people, stakeholders, not only Texas roles in other states.

So we're going to be looking at two things today. One of them is the commodity flows, which basically tells which are the routes that are going through the Texas POE's, the Texas border crossings. And that one has a direct implication of creation of jobs, wages, et cetera. So whatever has been traded through Texas has somebody that produced it and therefore it creates an economic impact that might -- might as well be outside of Texas. So that is very important to understand.

The second part that we're going to be looking at today is the trade flows to the specific ports of entry, and that is also important because all of the trade and all the movement of people and goods that happens between Texas and Mexico needs to go to a

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certain type of transportation infrastructure, be it highway, railroad, you name it, but it has to go through some sort of network. And we want to know what that network is so we can analyze what are the conditions, what are the needs, and what are going to be the future requirements -- bless you -- to move more people and goods. So these two things are key. Therefore, we really want you guys to tell us if we're heading in the right direction because this is basically the foundation of the needs assessment.

So the -- the data that we have and that we will be presenting today is actually mainly public data. We did a little bit of manipulation, and I can talk more about that, but it's basically at the POE level, at the port of entry level. And there's a distinction between the port of entry and the border crossing.

So the port of entry is a -- the POE is an aggregated of border crossing, and this is basically because of the way the data is reported in -- in the sources that we looked at. So we're going to be talking to you about POE's throughout the presentation, not individual border crossings.

I have a list of POE's here. You can make the correlation rather easily, and we also have a handout,

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handout number one where we're actually describing which are the sources we're using and the corresponding POE to border crossing matching. So you can always reference that, you have the handout also in your package.

So I'm going to let Donald talk about the commodity flows and then I'll take it back for the flows to the specific areas.

MR. LUDLOW: Thanks, Alejandro. Appreciate that.

THE REPORTER: Your name?

MR. LUDLOW: Donald Ludlow.

THE REPORTER: Thank you.

MR. LUDLOW: All right. So we're going to start with this trend line, and let me give you a little bit of background.

Since we last met, the team has been assembling a database from a number of different sources, including the U.S. Census Bureau, the Federal Highway Administration and Customs and Border Patrol Transporter Data, and we've assembled that in a way that we'll be able to use it for the rest of the study to be able to examine commodity flows organized by mode, by location, and by origin and destination patterns. So we kind of built this database. I'm still calling it preliminary just because we might -- we're kicking the

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tires right now, and we want your input on that and we may continue to refine it a little bit.

But this first chart is the big picture, shows really the last -- you know, the last series of 10 years since 2006 out to 2017. Showing -- you know, including the period where we have the global financial crisis in 2009. But this really depicts the uptick in the growth showing about 71 percent growth in total trade. The southbound growth has actually been a little stronger than the northbound growth during this period of time.

But what we're going to do after this slide is take you through some of this data at the regional level, set up on the BNSRC basis and then we've also got some of this at the port of entry level. I'm not going to spend a lot of time going into each of those. Let me give you some examples, let you absorb it a little bit, ask some questions, get some feedback and then we will move on to some of the other substantive findings that we have so far.

But I will stop for just a minute because this is kind of the big picture, and I wanted to know from you, answer to a couple of questions and these are in your slide pack, the first is what is driving the overall upward trend in cross border trade. And this is important because we're trying to also set ourselves up

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to be able to build a forecast. And Marc mentioned that the forecasts are seldom right, we know that, but we're going to try to get as close as we can to parameterize that correctly.

So the question for you, what's driving this upward trend, especially over the last six years or so. Since the recovery we've seen a big increase. Any thoughts or comments?

Yeah, please.

MR. GALEAZZI: Dante Galeazzi with Texas International Produce Association. Just real quick, back up to make sure that the numbers are correct.

I'm looking at the sources. I don't see USDA, U.S. Department of Agriculture. I had market service included in your figures, so I'm wondering if you have the 13 to 15 billion dollars of fresh produce included in your -- in the northbound movement?

MR. LUDLOW: Okay, first. Well, tell you what, a few slides ahead you'll see avocados pop out prominently. So I'm pretty sure we do, but Dante, I'll go back and double-check that. This is exactly the kind of feedback that we need.

MS. MAYS: And generally on the data what we're using here are USDA BTS, which is the Bureau of Transportation Statistics. So USDA beats that.

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MR. GALEAZZI: Excellent. I was just going to say, so to answer your question, I know that for many of the American industries part of the reason that we've seen, especially in the last six years, has been the -- obviously they are relocating a lot of production or complimentary production into Mexico because of regulations, burdens, compliance, those types of things. And I've seen it I know at least on the agricultural side in big numbers, especially in the last ten years with the onset of things like Food Safety Modernization Act and produce safety rules. Those types of things.

MR. LUDLOW: Excellent, thank you. Very good insight. Please.

MR. CAMPIRANO: Yeah, and I'll try to speak loud. Can you hear me?

MR. LUDLOW: And just remember to state your name.

MR. CAMPIRANO: Eduardo Campirano with the Port of Brownsville.

When you talk about these movements, when you say refer to the POE, so are you capturing just what is delineated on that POE chart, which would be I guess slide number 5? Or are you looking at the network for the POE's?

The reason I ask is because is rail included in these three delineations?

MR. LUDLOW: Correct, rail is included in these delineations. This is every mode.

MR. CAMPIRANO: Because what we see is driving the movement at least from the Port of Brownsville primarily to market, steel and energy. There's really a -- it's a refined product market. In fact, it just continues to increase. We've seen that pretty consistently, and all indications are the steel is going to pick up significantly going into late this year and in the subsequent years with the Festaria (phonetic) project coming fully online.

MR. LUDLOW: Okay.

MR. CAMPIRANO: Which is basically a slab operation, and the majority of that will be coming through the Port of Brownsville and it will go out by rail, and then the refined product market again -- and it could increase even more if the network to move that commodity opened up, whether it's pipeline or the availability of more rail equipment to do even larger volumes.

MR. LUDLOW: Excellent. Thank you very much. Other comments or thoughts? Yes, please.

MR. GIESBRECHT: Hello, this is Jake from the Presidio.

On the data, the stuff that goes through Mexico, I'm not saying that (inaudible, room noise) that it goes through Central America, but is that included?

MR. LUDLOW: So you're talking about cargo?

MR. GIESBRECHT: Cargo and vehicles and a lot of products go I think in bond into Mexico, right, that are going to Central America?

MR. LUDLOW: Correct. This is picking up everything that moves through the border, regardless of whether the destination is Mexico or further south. Or it could even be transiting Mexico to a specific port for, you know, transpacific shipment as well. So there's a bunch of different scenarios, but this captures it all.

Any other questions on this? Yes, please.

MR. SAUVIGNET: Does this take into account the product that the automobile industry crosses several times for the building, the construction of a product? So six times a car crosses, is it counting it each time?

MR. LUDLOW: Yes. Yes. It counts it, and you'll see some of this in a few of the slides in a moment where we get the finished automobiles versus the components, and they're part -- they're both part of that.

So let me pivot just a little bit and ask another question before we move into some of the more detailed information, and that is what do you see in the future, will this trend continue? Do you think that we'll continue to see this uptick? Especially there's been a big uptick between 2016 and 2017, and we know that that's continued. The study's using a 2017 base here, but we know that 2018 and 2019 we continue to see that sharp accent in total volumes.

So can you prognosticate, anybody want to guess the future here and help us start to formulate our forecasting? What's this going to look like and why?

MR. VALE: The USMCA is going to be everything that NAFTA was plus.

MR. LUDLOW: Plus. Okay. So Sam, what is that? What do you think that means?

MR. VALE: Well, that means you're going to continue to have this growth, and not only that, it might even increase higher.

MR. LUDLOW: Okay.

MR. VALE: But a lot of that depends on certain other factors, but the opportunities are there under this agreement to really explode the way -- what NAFTA did, this is going to be -- NAFTA is more than 2.0. It might be 3 or 4.0.

MR. LUDLOW: Okay. Great. So there we have a bullish forecast. We had a more conservative take earlier from Dr. Lopez.

MR. VALE: But we're living it. We know it. We're not speculating.

MR. LUDLOW: All right. Please.

MR. GARCIA: So --

THE REPORTER: Your name?

MR. GARCIA: Teclo Garcia with the City of Laredo.

So two things, and most people here know that, but just worth saying. Okay. So automakers have invested heavily in plants in Mexico, especially of recent. So Audi just -- is opening a plant in Pueblo, I think, and then Toyota just announced that they were going to -- although I think most people knew that was in the works for a while to produce their Tacoma, and there's other plants online as well. So this year, 2019, was the first year that Mexico shipped more new cars in the U.S. than Japan.

So if you looked at it scientifically, you would assume that there would be some increase in new cars coming from U.S., especially those plants. And those markets being -- the U.S. being the main market for those vehicles.

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Number two. In the private sector, we're seeing a lot of investment in cold storage infrastructure on the U.S. side. Right. And so that's the private sector telling you that they're bullish on produce in Mexico coming into this side. So those are two things that at least we see in Laredo as improving or being positive in the next few years.

MR. LUDLOW: Thank you. Very good.

Please, give me a Basin perspective.

MR. LOVE: Alrighty. I'm excited about my Carnac presentation.

Just commenting on -- John Love, sorry, from Permian Basin. Commenting on Eduardo's comments. Energy is not going to slow down. Although there is a lull right now in production, I don't believe it's going to last long. As a matter of fact, the City of Midland did a study through its organization, Power of Midland, and it did three different scenarios as far as production with respect to low, medium and high oil prices. And even the low oil prices, those have been between I think 40 and $55. Production is going to be through the roof. These guys are getting smart, and they're taking advantage of the mistakes they've made in the past with consolidation and just better technology and better drilling practices. Energy is going to

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continue to drive this state and the economy.

MR. LUDLOW: Thank you very much. Just in the interest of time, I think we'll move on, but great comments. Automotive, energy, steel, a number of different cold storage, we'd love to hear even more, and maybe those of you who are hanging out after can provide a little bit more.

Eduardo.

MR. CAMPIRANO: Just very quickly. The maquila industry in the Tila Quarez (phonetic), which is so important for us. Anecdotally, you know, I've heard that there's a lot of interest. The company is setting up operations, whether it's maquila or shelter type operations, but the outlook is strong.

MR. LUDLOW: Okay. Great. So the maquila industry too.

All right. So what I'm going to do in the next few slides, and again, I'm not going to go into a lot of detail on every single one of them. I want to give you a sample of how we set this up by region, and then we've also got this by port of entry. We can take this as we go.

So first point here, we focused on the commodity flows first. In the next BTAC will be packaging those commodity flows in the supply chains.

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So, for example, today we're going to highlight automotive parts and motor vehicles separately, but in the future we'll kind of package it all together and show the flows for the whole supply chain. So I just wanted you to understand that.

And as -- as Eduardo and others have mentioned, the general trend is the industrial inputs are shipped to Mexico in many cases where the bachilaura (phonetic) operations create finished products.

So let me flip to the first one here, and this is a profile of all of the cross border flows through Mexico. This has the mode splits. I mean you can see the truck is the most significant mode split right here representing about 74 percent of the total value. Rail is also very important. Aviation is small but growing. Pipeline is small in value, larger on tonnage, and the same relationship is true on maritime as well.

So overall there's more northbound moved into Texas than southbound, and I'll note that the 373 billion that we have here is a little different than the total we had in the previous slide, and that's because we have folded up really the top 12 key kind of commodity classes to be able to represent things here. And what those really are, it's motor vehicles, machinery, chemicals, high tech, food, ag, petroleum,

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plastics, metal, vegetable products and rubber, other things.

So moving on. When you look at this just a little bit differently, this is a snapshot of the commodities by value and the commodities by tons. And some of the anecdotes that you were providing are demonstrated here.

For example, the top commodity by value is parts and accessories for motor vehicles. A lot of this obviously is northbound, a lot is southbound as well. And then a motor vehicles finished, motor vehicles and freight vehicles, those are finished trucks and chassises and other equipment. Crude oil or noncrude. So this is finished petroleum products mostly southbound. And you might wonder what automatic data processing machines are. That's kind of an archaic way that U.S. government classifies everything computers. So this is everything from your laptops to servers of coming north in a stronger fashion.

The story is pretty different when we look at it from the perspective of tons and weight. We get a very much an energy centric kind of view where we've got finished products, we've got crude oil, we've got gas, natural gas.

The corn is mostly southbound, and that's corn

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grain. Nebraska, Iowa, the corn belt, shipping grain, corn grain to Mexico, and then we've got a lot of northbound basically nonmetallic minerals for construction and other things.

So different story again. On the value side, it's about motor vehicles, it's about -- it is about energy and it is about tack and other things, but on the weight side it's much more about natural resources and agriculture. And that's -- you'll see that same trend, kind of distribution continue as we look at this down at more localized and regional level.

Any questions? And we're going to into some of the regions, just give you an overview. Okay.

So I'm going to start with, and this is kind of going to be the way we'll do the sequence going forward, El Paso, Laredo, and then the valley, RGV. It's alphabetical and geographically sequenced.

So El Paso region, you can see the trade differential, there's higher northbound than southbound total. Others as strong, rail component and a very strong pipeline component. Truck obviously is strong in all of the regions.

When we look at specific kind of --

MR. JAIME: Before you go on, can I ask a question?

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MR. LUDLOW: Yeah, sure.

MR. JAIME: How is getting all the -- is it just a crossing that you're looking at or are you looking at it crossing over the border and then they hop on rail and stage that (inaudible, room noise). Have you accounted for that at all or --

MR. LUDLOW: We have a way of accounting for that in these statistics right here. This is basically if a truck crosses with a container on it and then uses the ramp, it's going to pick up as a truck crossing. So -- but we -- I can talk to you later about some ways that we have to look at that. That's -- that intermodal, multimodal compartment.

MR. JAIME: Do you think may be insightful (inaudible, room noise) -- it's fairly new to the market? And by way, I'm Ivan Jaime, sorry. But, you know, I mean it's fairly kind of recent, five, six years ago in Laredo, the recent expansion about two or three years ago riding motors from Laredo, so it's a new, really market and it might provide some insights for the group and others on how trucks are maybe crossing across the border and then hoping on the rail immediately and saving Texas highways.

MR. LUDLOW: Great. Excellent. Well, we can follow up with you on that and then Steve also is going

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to talk a little bit more in depth on some of the modal profiles as well. Thank you for that.

And so just jumping ahead here. When we look at El Paso, Santa Teresa and Chihuahua region, when we look at value, again kind of the computer and tech industries value, cables, wires and fiber. Next, motor vehicles, medical equipment parts. We know that there's a very important medical cluster in Juarez and in El Paso. Last time I was there I flew with some people who were going to visit their factories from the medical manufacturing industry and office machine parts.

This is a different profile than we see in some of the other regions. It's a distinct El Paso profile. On the weight side, again the energy and the agricultural, including wheat this time is really important, and a lot of that again is by rail.

When we move over just to look at the -- kind of some of the commodity crossings by specific port of entry, we get a, you know, pattern that picks up here showing El Paso as the predominant in the region.

Moving down to Laredo, Laredo, Coahulia, Nuevo Leon, Tamaulipas area, we see again a very significant amount of trade. In fact, this region is accounting for about 65 percent of the total trade on the border. The mode splits look similar to El Paso, a little higher on

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the rail side and even a little lower by total mode split on the pipeline side.

When we look at the distribution of the kinds of commodities at Laredo, again, the automotive story as the gentleman from Laredo mentioned, comes out loud and clear. I would pull the parts and the finished vehicles. Telephone and electric apparatuses is an archaic way of saying mobile devices. The U.S. government hasn't quite caught up with nomenclature here. And tractors. All very important commodities.

On the other side, a lot of it is southbound agriculture and energy from the United States to Mexico. So southbound energy and ag; northbound is a lot of finished materials and products, especially related to the automotive industry.

Jumping ahead to the distribution here, you see Del Rio, Eagle Pass and Laredo, their relative shares in that region.

When we look at the Rio Grande Valley, this is the most balanced of the regions in terms of northbound and southbound trade, and -- but it's also the highest in terms of truck. There's a relatively small share on the rail side. Of course the maritime side is an important industry in this region as well, as is the pipeline element.

When we look at specific commodities, you'll
be very happy, Dante, to see those avocados right there
coming out here loud and clear. And of course other
fruits and vegetables are important and would be further
down on the list, but this just shows you the importance
of, you know, that connection between Michoacan and all
of the avocado eaters across the United States.
Yes.
MR. GALEAZZI: Well, so we're getting a lot of
shaking heads over here. Generally when we look at this
category, we look at it as all nonfrozen fruits and
vegetables. And when you aggregate that number in
compliance to 2017, I think it was 12.6 billion dollars
or something like that. And so that will paint a much
better picture. Because it will also show -- for
example, you said Michoacan avocados, that's great, but
tomatoes is the number two item coming across in Texas,
2 billion dollars. So that implements the whole other
side of Mexico as well. And, you know, you've got
Sinaloa and you've got some more of those types of
places as well. And all these berries are now emerging,
but -- so I think it's going to be important, or at
least in my opinion, that we adjust that number for the
Rio Grande Valley so that it's a better reflection of
what's coming across.

MR. LUDLOW: That's an excellent point, and
let's us fast forward to the next BTAC meeting because
we will be taking these individual commodities and
building them into kind of those supply chain profiles.
So that's exactly the way that we will put it together
for you at that point.
Kind of a couple of distinct features here.
In Rio Grande Valley we're picking up kind of more on
the TV receivers, video monitors and projectors came
through. And obviously less on the overall.
Agriculture, you have, you know, oranges and avocados.
And as Dante said, if we aggregate all of those, it will
comprise an really important category in the future.
And we've got a distribution here between
Brownsville, Hidalgo and some of the other crossings,
and we'll be working on some forecasting for that in the
future as well.
We also have some -- some summaries by port of
entry, but in the interest of time I'm going to move
forward here and we will advance. This is just --
again, it's going to be fairly consistent with the
regions, but these are just divided by ports of entry,
and that information is available in your packet.
I did want to stop for a moment before we move
onto the next segment, just ask a couple of questions.

And the main one is are these findings consistent with
what you're seeing, and from what you told me and told
us a few minutes ago they seem to be, but are there any
surprises here?
Is there anything surprising? Are we headed
generally in the right direction? It sounds like as we
move forward and aggregate some of these commodities
based on supply chains, a little bit different story,
but is there anything here that's surprising or out of
place or -- yes?
MR. JAIME: I have more of a question than
addressing your particular response.
MR. LUDLOW: Sure.
MR. JAIME: Was there any thought given to
incorporating Eagle Pass into Rio Grande into their own
section? And the reason why I ask that is this
particular Eagle Pass, maybe you don't know, but just
the amount of growth and trade going through Eagle Pass,
and it's not really that closely associated with Laredo,
I'm just wondering, I don't know, maybe Presidio might
be another one, but definitely Eagle Pass and Del Rio I
think there is enough volume there to again lead some
insights into what's going on in the borders.
MR. LUDLOW: Go ahead, Alejandro.
MR. SOLIS: So we do have all that

information, and it's broken down by region, POE, et
cetera. We just didn't want to overwhelm you because we
have 13 POE's. So we could technically present 13 times
two, three or four indicators we're going to show you,
that's a lot, but we have that. And we're putting
together a report that lays out each one of those
profiles for each one of these POEs. And you're going
to see the same thing later in the next section where we
talk about states that trade to a specific POE.
We have the same level of detail, we're just
not presenting it here because it would be overwhelming.
But we have it. You guys will have it in your reports.
MR. JAIME: I'm not sure we got to go to 13,
but I definitely think Eagle Pass and Del Rio is big
enough that that would really help.
MR. SOLIS: Yeah. They do have Eagle Pass and
Del Rio are their own POE's for classification purposes
for CDP. So they are singled out just like we did here
for El Paso POE and Laredo, and we will do it Hidalgo.
They have their own administrative classification if you
want to call it that. Yeah.
MS. MAYS: You recognize to that certainly,
you know, for the purposes of BTAC we will try to stay
like at 30,000 foot, but we do have the data of each
border crossings.

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So what (inaudible, coughing noise) does is they have the POE's and they have border crossings. So when you're talking about Eagle Pass, Del Rio, Presidio, you know, all of those are going to be -- each of the border crossings is going to be highlighted. You know, but we're trying to aggregate it to a much larger. So for the context of BTAC to kind of give you all the (inaudible, room noise) -- but some of them have all the data, all the information for each of the border crossings, and each of them are very, very important. And you see as we move forward to the discussion in the final report you're going to see, you know, really documentations at the border crossing.

Again, you know, aggregated POE is just a broader analysis, but to identify the issues, their needs is at the border crossing level.

MR. LUDLOW: Great. Thank you, Caroline.

I'm going to transition now over to Alejandro and he's going to pick up on a similar vein on profiles.

MR. SOLIS: Thank you, Donald.

So just like we were telling you the story of what moves through the region and through the Texas and Mexico border, we also want to tell you where is it moving from and where is it moving to. Because again, this is in my opinion one of the best features of the

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border story.

You know, the border really is located by happenstance in Texas, but it really benefits the entire country. So what we want to show you is kind of a snapshot of what the analysis is we have done and then we can pair it up with what Donald was mentioning. So that we can kind of present to you again one of the I believe strongest building blocks of the story of the border.

So what you have here is -- and this is slide 30 for those of you that are following on the print version. This is the movement -- so the states on the two sides of the border that are trading through the POE's located in Texas, the Texas/Mexico border.

So on the left-hand side you have the northbound flows. So on the Mexican side these are the states that are producing the goods that get traded on the north, on the northbound. And then on the U.S. side, these are the importing states or the receiving states of those goods across the border.

And on the right-hand side you have the southbound movement. So the U.S. states are the producers and they actually export into the states in Mexico.

So that's kind of this subsection of the

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PowerPoint is going to presented like that, where it's going to be laid out like that. Northbound movements on the left, southbound movements on the right.

So what you can see on the left-hand side is that, you know, there's -- and the bluer the state of the color, the more they trade with Mexico. So you can see a couple of highlights from the northbound on the left-hand side, no surprise, the border states just bordering Texas are going to be active. So they export a lot into the U.S.

On the receiving end of the U.S. side, not surprising, Texas is the one that it's kind of -- the flow of trade, but also you see there California and you see Michigan and Illinois, very active. Again, these build up with the same story that Donald was mentioning, motor vehicles are going all the way north and then produce is going to California.

So I have some complete stats here, but I'm not going to -- you have all of the stats for all of the maps we have, but we have (inaudible, room noise).

So on the northbound on the left-hand side Texas, Michigan and California basically represent 64 of all the imports of the U.S. that go through the Texas POE's. Again, this is only -- we're basically narrowing the trade, only what goes through the Texas POE's and

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then see where it goes. So they represent 64 percent. That's almost two-thirds of all of the imports. So that's big, and it's only these three states. And most of it is related to what we're calling high tech, which is mobile phones, PC's, computers, et cetera. So that's kind of one of the biggest balls there. And then on the sending end, we chose the states that are sending those goods into the U.S. That's Nuevo Leon, (unintelligible) and Mexico City. Those are -- they represent about 40 percent of everything that moves through the POE's in northbound.

Now, the southbound, Texas, California, and Michigan represent about 62 percent of everything that gets sent to Mexico. So that's also a pretty big share of all of the exports. And it's also related to high tech or, you know, this mobile phones, T.V.'s, but also petroleum for motor vehicles, the parts of the motor vehicles are there. And the receiving states are Nuevo Leon, (unintelligible) and Mexico City. So it's kind of the same thing, just at a different degree. You can see that the map on the right-hand side has less blue concentration. So it means that the actual export from the U.S. states reach more states in Mexico. So that's kind of the way to read this map.

And again, we have all of the breakdown of

which are the supply chains and commodities, et cetera, the amounts that are traded in each one of the directions so that we can tell you specifically what are the amounts traded by Nuevo Leon in each direction.
Yes.
MR. GALEAZZI: This is Dante Galeazzi. Quick question. You had said something about the fresh produce going to California. That's actually incorrect. Most of the fresh produce or 54 percent last year, 2017, I think it was like 51 percent crosses through Texas, but it's bound for the East Coast where 60 percent of the U.S. population lives.
MR. SOLIS: You're right, you're correct. I think that the -- El Paso is the POE that serves kind of the California region, that's like slightly a different -- not (unintelligible) product, just in general.
The color you see there is related to El Paso. We'll see that, but you're right, when we see the -- we're calling it the spread chart of Hidalgo in this case, we're going to see a lot of the East Coast being served by Hidalgo.
MR. CALVO: Alejandro, can I ask you a question?
MR. SOLIS: Yes.

MR. CALVO: Eduardo Calvo. You were -- you said that you're going to be able to show by supply chains --
MR. SOLIS: Correct.
MR. CALVO: -- that -- or commodities and all that, will you also be able to show the mode by which they are moving?
MR. SOLIS: Yes. That is actually this next slide, and we can -- for each one of the supply chains just like Donald presented, he presented basically at the borderwide level, and he was assuming and matching mode, value, weight and space. So that is a little bit -- it's an additional refinement to what he presented. Just trying to link up the states that are actually trade.
So yes, we have all that information at that level, and we can kind of mine it that way. So again, this is a -- kind of the modes that are used through the entire region. This is consistent with what Donald presented, truck and rail are the predominant modes.
Now, this is through the region. What we did is exactly the same as in the profiles that Donald presented, but for the region, the POE's that are located in the El Paso region, which are the states they are linking basically in trade, and what is the

intensity of that linking in terms of the value of the trade.
So you can see here, as I mentioned on the northbound, El Paso is the one that kind of links California with the rest of Mexico. That's why California is a little bit on the border side. Of course Texas is the predominant in all of these, so I'm going to kind of bloviate that comment. But from the other states, California and also kind of the state of Michigan. And then on the southbound it's pretty spread out. The -- all of the -- pretty much all of the states in the U.S. trade something through El Paso, and the receiving states in Mexico are concentrated basically in the north. So I'll continue with the progression for the other regions.
The modes, again it's very similar to what we saw before, truck is way (unintelligible) -- I think the overall.
Then through Laredo. You can see Laredo has a little bit more of a reach to the northeast, but also more of a reaching to the center of Mexico we were talking about northbound movements.
When it comes to southbound, it's a little bit more of the middle of the country, the U.S. kind of serving even more of a regional with (unintelligible) --

some states in Mexico.
So again, each one of them has its own almost like market of states that they are including together.
Yes.
MR. BLANCO: Cesar Blanco from El Paso. Thank you. I'm noticing that the state of Chihuahua and through the value -- trade through the ports of entry is less than Tamaulipas and Corena (phonetic). What effects that? Is it tonnage or the weight or is it the value?
MR. SOLIS: So this is the value (inaudible, room noise) And El Paso and Argenine (phonetic) are relatively similar in value, total value for them. But my impression is that maybe they go further south than Chihuahua, the ones that cross through the El Paso region. They might have a little bit of a more southern reach. That's what I would gather. Because in terms of value of the two regions, they trade roughly the same.
MS. MAYS: Yeah, and to just add, with Laredo one of the reasons you see the trade values much higher is the commodities, highest value commodities. So in the state of Chihuahua what you're going to see, you know, things like ag, et cetera, where, you know, the value is not as high. So that's the challenge you see

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when you're looking, you know, just the value of the commodities. The weight might be more, but, you know -- and the weight might be less, but it's really generally it's the values. This one is looking just at that.

MR. BLANCO: Thank you.

MR. SOLIS: Okay. And I'm going to move along to the next one. So transportation modes, same story as before, the two dominant, truck and rail. So when we look at the Rio Grande Valley here, Dante, I think to your point, you see more reach on the east coast. Basically from Texas east a lot of the states are covered and served by the RGV region or the POE's located in the RGV region. And here where you can see actually a lot of the exporting states in Mexico on the left-hand side of the map are the ones that produce agriculture, et cetera. So that match is kind of the same picture that Donald was providing when we were talking about specific commodities being moved.

But I think that the key message here is pretty much all of the states in the U.S. and in Mexico trade through the POE's in Texas. So that's I think a powerful message or sound bite. If we were to give you one, that's the first one. And we have the numbers to back it up based on publicly available data. So again, this is the first building block of the story upon that.

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MS. MAYS: I guess, Alejandro, I just wanted to know that -- Dante to know that when you asked earlier when the El Paso slide, but does this match up with, you know, the valley. As you mentioned earlier, a lot of the produce that comes -- that's, you know, slated for the northeast by the country, so does that match because we just want to make sure?

MR. GALEAZZI: For the most part, it does. I was saying there could be a small variable there where -- specifically for avocados, many of the companies are actually headquartered out of California, so their crossing documents could show California, but the product is still bound for another location in the U.S.

But I think overall this is a good graph, and it does show a good picture of at least for our industry where the 15 billion dollars of fresh produce is bound.

MR. SOLIS: Yeah. There's a lot of nitty-gritty that happens when we're, you know, trying to find or put these data sets together. So yeah, there's definitely some how do they record things. Even on the Mexican side, do you report it with the headquarters or do you report it where the final shipping place was. But in general, we also felt that these represent the -- pretty accurately what -- what

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the trade patterns are out there.

So just moving on, again in the interest of time, so we also did a little bit of a streaming of the POE's. On the left-hand side in this slide you have the value of northbound trade and then the right-hand side the value of the southbound trade.

This, you know, basically you can see the scale of Laredo, El Paso POE, including the four border crossings that are in that region, and it's very significant compared to the next one, which is El Paso in both cases. But again, it just gives you a sense of this is -- this is the amount of value that each one of these POE's handles. And also a little segue from -- we use this information in the classification of those POE's during the last round. So all of these is kind of consistent and it's -- it helps us wrap our heads around the -- the movement of the goods.

We also did the same exercise for the individual POE's, so I'm not going to necessarily spend a lot of time here. But know that the same level of analysis that was presented before, we're doing it for each one of these 13 POE's that you have in your handout. So we can also tell you for each one of those POE's which are the states that trade over the U.S. and Mexico through that specific POE. So again, that's part

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of the story that we want to help you tell of the border.

So this is where El Paso -- I'm going to go very quickly and then to the last couple of questions -- this is Laredo, the specific Laredo POE, and this is Hidalgo POE.

And then the discussion is -- is there any comment that you have for us on those states that are trading? Did anything surprise you of the percentage, the reach of the POE's and the reach of the regions on that particular border? Yes, Sam.

MR. VALE: I'd just like to point out that for TX DOT purposes it's wheels on the road that count. It's not necessarily values, low value, high value cargo. It's still a truck taking space on the Texas highway. So we want to make sure that we do keep that in mind, it's the vehicle counts that are critical for what we're trying to do with TX DOT.

MS. MAYS: Okay. And Sam, we're definitely going to get there. In this case we're trying to set the context.

MR. VALE: I understand.

MS. MAYS: And then we want to translate those to, you know, a number of the truck crossings, and we're going to look at the core of those, look at the volumes of those corridors, we're going to look at the rail, et cetera. So we're going to look at all of those, and as soon as they define them, set a context now on course.

MR. VALE: Just to point out, the ports of entry don't charge on an ad valorem value, they charge on the numbers.

MS. MAYS: Yes.

MR. VALE: Same thing for a scrap truck as an electronic truck.

MS. MAYS: And you're right, for us it doesn't matter whether the truck is empty or loaded, it's still taking space on the highway, it's part of the congestion, it's part of the traffic mix. So yeah, some of these, we'll translate those, but we're really looking at the needs and the recommendations of the borders, but also the border crossings themselves. Whether it's empty or loaded, it's still part of the wait time at the border crossing. So all of those definitely have to be taken into account.

MR. CALVO: Alejandro?

MR. SOLIS: Yes.

MR. CALVO: Question. I know we're discussing mostly, you know, the movement of freight. You know, this is trade, right. But at some point are we going to be looking also at the movement of people across the

ports of entry?

Because when you talk about economic, you know, value, economic activity, you know, across border, that plays a very, very important role as well.

MS. MAYS: Eduardo, we actually -- you jumped ahead by a few slides down, we do that, yeah. This is a multimodal plan. We're looking at the movement of people and across the border, and in and around the border. So we're getting to that.

MR. CALVO: Thank you.

MR. SOLIS: Okay. So any other comment? Again, are these findings consistent? Does anything really in your mind says no, there's something off here, or does this really portray what you experience on an everyday at the border?

I mean if you also have any comments later on, just approach one of the team members and we can discuss it with you. But basically, we want to make this like a check of the direction we're going. So you're able to -- you guys live the border on a daily basis, it's going to be very important for us.

So with that, we're going to go into the modal because that's easy to present, and we're going to talk about pedestrians, et cetera.

(Brief interruption)

MR. DECKER: So we have talked a lot about freight and goods movement today. I'm going to follow that theme about freight and goods movement across the border. Of course we want to link that to these various corridors and designate the corridors in our analysis process which then feeds into needs analysis and then feeds into project evaluations.

I'll talk about freight/goods movement first and then I'll talk about pedestrian movements because I mean this is multimodal and we want to link the various modes to the various information that we provided to you previously.

So with that said, we'll get into modal profiles with goods movement. So you've seen this last time where we went through a detailed analysis of the roadway networks. Various roadway networks in the U.S., Mexico, Texas at the federal and statewide levels to define just our preliminary cut of corridors for this study, the corridor designation.

So we've identified international corridors, and keep in mind this is based on baseline information and it's going to be updated with the modes that we're talking about and then future forecasts that we're going to get into as we'll get into the future forecasts now.

So here are international -- preliminary

international corridor designations, emerging international corridors as well, regional cores that feed into these international and emerging international corridors that we feel are necessary to sort of feed the long distance corridors, which would truly be international, and then those local corridors that feed into this entire system.

And we went through this last time and we had feedback from the various third-round stakeholder involvement across the season. It looked -- it matched up with the people's thoughts. So this is where we're going with the roadways and you've seen this information before.

In terms of the movements, this represents northbound movements of trucking crossing the entire border, all three regions, all POE's. Obviously the Laredo region is seeing tremendous growth in terms of truck movements through the POE's. That's the darker maps there, and this shows the movements from 1997 to 2017. And then El Paso and Rio Grande Valley are pretty -- just growing as well, but not at the same rate as Laredo in terms of truck movements.

And in terms of commodity flows, we talked a little bit about that with both Donald and Alejandro. These are the top five movements in value, to the left

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tonnage, to the -- or weight to the right. The southbound movements are in orange and the northbound movements are in blue, and it just shows that's going to be consistent throughout.

So the top movements, I think we've talked about this before, and overall for trucking, it's electronics and machinery in terms of value, motorized vehicles, and then in terms of tonnage, it's more plastics, rubber, agricultural products, fuels, oils, those kinds of things. I think this is pretty consistent with what we've been talking about today.

And because this is a multimodal plan, we're getting into other modes here. This is freight rail.

AUDIENCE: Good job.

MR. DECKER: Thank you. So we have -- well, let's see if this is animated here. Yeah, so let me just go back.

So this is our class one network here in Texas. We go through a progression of the Texas class ones, and then class three. This is a class three railroad in Texas, and I think yellow -- you could hardly see them, but those are also class threes, and then here are the railroads, railroads in Mexico, and this is all built into -- it's going to be built into our analysis. And then here are all the roadways

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considered in our analysis here. And just -- if you guys remember we had the Spheres, and we talked a little bit about the Spheres of analysis.

And this -- the first Sphere is right around the border, about 60 miles. That's Sphere One, 60 miles plus or minus into U.S. and Mexico. The second is about a hundred miles, Sphere Two a hundred miles into and out of, and this really represents Texas which is really part of the third Sphere and the four Mexican states are the third Sphere. And then we actually get the entire Mexico, which is Sphere Five -- Sphere Four. So we show a pretty detailed network here, and we're also looking at -- at least depict the rail network for Sphere Five, the U.S. as well, and showing where the movements are going to go. We just didn't show it here. Like I said, these are just snapshots of information for each mode.

And so here we showed sort of depictions of the railway network before by the Sphere, and this is Sphere One in the El Paso region showing railroads, and it shows intermodal facilities as well and transfer facilities in the magenta, and it shows the class ones mainly being (unintelligible) UP and shows some of the railroad operators in Mexico as well, and then there's the southern part of the border region in El Paso and Sphere One in Presidio, I believe. And this is just

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showing the network.

And then the map to the left shows the rail, the rail infrastructure in Laredo and then the right's Rio Grande Valley. So this is sort of what we're working with in class ones and class threes and then the Mexican railroads as well in terms of that mode.

In terms of movements, these are the top five commodity flows, we've talked about them a little bit before. Again, southbound is in yellow, northbound is in blue, and motorized vehicles in terms of value, machinery, and then sort of tails off in terms of other modes in terms of -- or other commodities moved by freight rail.

And then on tonnage, it's grains, motorized vehicles. A lot of southbound movements on the grains.

MR. JAIME: You know, our trade is actually on the rail side. Ivan. I believe it's about 50/50. I think it's 51 north, 49 south. So it doesn't surprise me to see so much yellow because it's more of an algorithm, right?

MR. DECKER: Okay. That's good to know.

And of course there are, I don't know, there were ten different commodities and we paired it back to the top five, and there are many more than that too that we just --.

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In terms of aviation, we did look at aviation as well, and this shows a little animation. These are the primary airports in Texas, in Dallas, in Houston. These are the secondary medium-sized airports. We're talking San Antonio, Austin, Love Field, you know, in Houston or Dallas and Hobby, those kinds of things in Houston. A lot of it's passenger as well as cargo, but these are the cargo airports.

And then here is the small hub. Is that Arlington? Arlington. And then here are nonhub airports in Texas that, you know, meets air freight cargo needs, and then here are the Mexico airports that we looked at across the entire country, including mainly Sphere 3, I think. Maybe a little bit of Sphere 2 and Sphere 3 in the four Mexican states.

And then here they all are. Here are the airports that we're looking at in this analysis.

MR. WOJNOWSKI: Matt Wojnowski, the City of Del Rio. As of November of 2018 Del Rio had its airport opened up to passenger service.

MR. DECKER: Okay. This does go through 2017, unfortunately, but if he gets that in there especially for future, and this is from -- you know, I guess our main source was FAA on this one. So we will build that into this process for sure.

So here are some of the cargo movements that we've seen through some of the analysis, and these are southbound movements from airports in the border regions, in Mexico airports across Sphere -- probably Sphere 1 through 3 through 4 into Mexico, and then that's on the left-hand side. And the right-hand side these are also southbound movements from all of Texas airports to all of Mexico airports in terms of cargo movements.

We have lots of other information about different movements across different spheres into the U.S., et cetera, that's going to be in the report, but we just showed this as our example here of this snippet of information.

In terms of air cargo moved, you'll notice the value and then the weight time. The right is in pounds. It's a very small mode share compared to the tonnage that we're seeing with the trucks and freight rail. But the primary movements are transportation equipment by value, electronics and your TX turn (phonetic) products, and much of that going southbound.

And then by weight, you know, motorized vehicles, electronics, machinery, those kinds of things. So the primary commodities moved.

So maritime. We also looked at maritime, and

basically what we did is in this graphic we show the gulf, the U.S. ports in Texas that trade with Mexican ports across the entire country. So we -- that was sort of our baseline, crossing multiple spheres.

And here we just show some of the major northbound movements on the right from Mexican ports to the gulf coast ports in Texas and then the southbound movements on the right from U.S. ports to Mexican ports. And you see it's pretty wide-ranging in terms of the activities that we've seen in the data in terms of the distribution of cargo.

And the goods moved, the value in tons, gasoline, crude, some of it southbound. Put it back northbound, fuel, oils, basic chemicals, those kind of things by value are the highest top commodities moved by value.

And then by tonnage, crude, petroleum, northbound; gasoline southbound. Fuel, oil. It's very similar things moved or commodities moved.

MS. MAYS: Steve, you stay right there. So yeah, Eddie, go ahead.

MR. VALTIER: Oh, I'll just ask a question. When you measure movement by maritime, you're only recording what actually moves across the POE or --

MR. DECKER: No. No, no. In this case we're

from port to port.

MR. VALTIER: Okay.

MR. DECKER: Yeah.

MR. VALTIER: What about -- what about like our case is that most of the commodities are inbound from foreign countries, but that's what drives the trade that goes into Mexico, whether it's rail, whether it's truck.

How do you give that credit for the impact of that commodity coming to Texas and then turning around and going to Mexico, which turns around and probably comes back as a finished product in Laredo?

In the case of steel, whether it's the private clients industry or the automobile, that is foreign -- that's foreign import for export, but it's all going to Mexico.

MR. DECKER: No, that's a good point, and I know the data that Donald's talking about in compiling, that will be built into that data into the supply chain for the various commodities. Is that correct, Donald?

MR. LUDLOW: Yes.

MR. SOLIS: And it gets recorded basically when it enters the port and then as it crosses the border. So we're showing kind of different cuts at where the commodities cross the border.

Right now we're focusing on just when does it cross the border basically, but there's other information like you said that maybe it comes into your port, gets transported, actually gets some value added and then gets shipped by another mode down to Mexico. And then it gets value added and then goes up. So that's why the supply chain analysis I think is going to be a little bit more relevant because the supply chains map the majority of those movements. Whereas what we're presenting right now, the commodity level, is basically just the port where they crossed into the other countries.

MR. DECKER: And in this case, port to port, but in addition to what Alejandro said, the future analysis here, the future forecasts of these movements and these chains are going to be very important to understand these movements as well, as all the other modes of cargo.

So in terms of pipeline, we also looked at pipeline in terms of moving commodities. I believe these are the crude oil types, these are the other petroleum pipelines, and these are natural gas. And they do not cross the border at this point in time, but there are some locations that you see in terms of the yellow refineries I'm assuming. And then here is everything, the mix of all the different pipelines, including pipelines in Mexico that have been identified here for that commodity.

MR. CAMPIRANO: And this is 2017? The thing that goes back to that time?

MR. DECKER: It is 2017. Sorry, it should be up there as a label.

(Inaudible, room noise)

MR. SOLIS: And I was also going to mention that the disclaimer on these particular maps, is that on the Mexican side this is basically a point-to-point drawing of the alignment. It's not really the alignment. The information on the Mexican side is confidential because of -- you know, all of the energy related incidents that have happened over the past few years. So FEMEX and the other agencies do not release the actual -- the GIS base location of their pipelines. So -- but this is kind of our rendering of the places they connect, and therefore as Steve said, you might see a little bit of gaps, but it's not available to know exactly where they cross and exactly where they meet and all those things. But this is our best take at putting the two systems together on the U.S. and the Mexican side.

MR. DECKER: In terms of the commodities

moved, we have a significant value of these products with weight at both. And the significant movements are southbound, as well as the northbound values here are significantly lower in terms of export and import status.

And then another one of the anomalies of the economic codes, coal, NEC. I mean we're not moving coal by pipe, so it's really natural gas. So it's just one of the anomalies of how they code things. So natural gas is major movement for both value and weight and gasoline and other fuel oils.

So that wraps up the discussion of cargo and moving cargo by different modes. I can have a couple of questions for you. The previous questions were great, but here are -- you know, are these findings consistent with your -- with what you're seeing crossing the border in your region, and it could be by mode, it could be, you know, encompassing all modes. If you have any comments on that or -- that would be great for us to hear in terms of is this lining up with sort of your understanding what's happening in your region and the border.

MR. OLAGUIBEL: Juan Olaguibel, McAllen-Hidalgo and Anzaiduas International Bridges. My point, there's a corridor that seems to be missing. And

it's important to note that because of the area where we're at, and that's the corridor that leads from Reynosa to central highland (phonetic), it splits. It's right below Highway 97 and -- it's parallel to. So it looks like 45. So it's the corridor right below Reynosa to central highland (phonetic). It runs horizontal to Highway 101.

MR. DECKER: So it's missing?

MR. OLAGUIBEL: It's missing.

MR. DECKER: Okay. We'll probably stop by and note that and just get the specifics.

MR. JUAREZ: Yeah. So we'll work with you, give you that information so that we can identify on this corridor and to account for it if it's regionally emerging or whatever the case may be for classificationwise. Thank you.

MR. CALVO: I have a question also. On I-10 on that same slide, I-10 from El Paso going east, you're showing it as a regional corridor?

MS. MAYS: That was supposed to be changed. It's our fault on that. That was supposed to be changed.

MR. CALVO: And it would change it to international? Got it.

MR. DECKER: We are looking at it. It's not

just north/south, but it's east/west too.

MR. CALVO: Got it.

MR. DECKER: It's our fault, but like I said, this is going to be augmented with future information, future forecasts, as well as, you know, the modes and how the modes connect.

MS. LAGOS: Claudia Lagos. One comment. I think when we were at the Laredo County -- or support group, we shared with you some information regarding the corridors that we have on the Mexican side of the Tamaulipas. You can check that the information that we shared to you is included here. Because I think that's the part that's missing. Another one that we spoke about.

MR. DECKER: Okay. We'll check. We want to line all this stuff up to make it work.

MS. MAYS: Yeah, Claudia, and again, we'll follow up with you to make sure that will reflect those corridors on the map. And all the committee members, if we're missing any corridors from your region, please let us know. Please review this because this is going to form the basis for the needs assessment as we move forward and also the recommendations. So if we are missing a corridor or mislabeled it, please let us know so that we have the right form of identification.

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MR. DECKER: Okay. Go ahead.
MS. LAGOS: And I'm going to mention something else that probably you will say that I'm going to jump a little bit to one of the documents that you gave us with the ports. And this is important because the information that you are addressing it's considering different ports.
And I was looking on the Brownsville port, and you have three, but we actually have four, and we mentioned that also in the group in Brownsville.
And I don't know, but probably I think you are switching the place because the one that it's missing we call Los Suenos (phonetic) or Frutra (phonetic), and I think you are including that one on the Rio Grande in the state of Brownsville.
MR. DECKER: Let's make sure it's accurate, right.
MS. LAGOS: Yes. Because the information that you are taking into consideration, it's different and you are adding that port to a different region.
MR. DECKER: Okay. We'll clean that up and make sure this is accurate as possible.
MS. LAGOS: Thank you.
MS. MAYS: And for the benefit of the committee members, it's handout one that Claudia is

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referring to, it's a one-pager. Let's say it's handout one and in the back it has the different listings.
MR. DECKER: Okay.
(Inaudible, room noise)
MR. CAMPIRANO: Yeah, this is Eduardo Campirano. I was just commenting that of the -- I guess let's say for purposes of calling them bridges, the one that does not appear in any of the information is that Los Suenos crossing.
MR. SOLIS: So what we will do is the situation here is that the bridges have different names on the U.S. side and the Mexican side, and sometimes they're using interchangeably. So what we will do is we will revamp these handouts to include both the U.S. name and the Mexican name so that it can be identified and then we'll look into that classification. But yeah, we will do that so that it's clear for everybody kind of the correspondence, even for the same bridge on the different names.
MR. CAMPIRANO: And again, will you include the rail crossings as well?
MR. SOLIS: Yes. Yes, we will.
MR. DECKER: Any other your questions or -- we still have a bit of time here? If not, we'll move onto another question.

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In terms of did we miss anything with the cargo movements, did we depict things, you know, that make sense to you in terms of the movements by mode, that kind of thing, crossing the border or point-to-point other than the things you already pointed out?
MR. BARELA: I have a question. I'd like to -- for the percentages on whether the maps where you showed an emerging corridor, are you showing emerging corridors in all modes of transportation?
MR. DECKER: No, I think this is a multimodal setting so the -- each emerging corridor or core that we evaluate international emerging regional, local will have multimodal components and also will identify, you know, the economic generators. You know, the types of industry, these corridors. That's when we designate the corridors and then we'll bring in the future information as well to that.
MR. SAUVIGNET: Yeah, I think that's very useful, and I thank you for including that, the emerging corridors and sectors. Because often we're accused of planning for tomorrow with yesterday's numbers, and so emerging corridors I think is key to this.
MS. MAYS: Yes, but let me just add to your comment or question. Will we do rails similar to what

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we're doing, highways? No. Because the rails, Ivan and others know that the rails they're already classified as class one, as class two and three. So we will not say this is an emerging corridor unless the railroads want us to do that. So I think we'll just stick with the classification there.
So I think it's only the highways that we're really doing that. We can't do that for pipeline or in aviation. So you're going to see that we really can't do both. With air cargo or airports, we can say regional versus the commercial airports. That's to the extent that we can classify them.
MR. SAUVIGNET: And so mostly I was thinking as you point out, rail as well as highway because that involves the construction of roads and things of that nature. So obviously airports would need to be adjusted if you had an emerging air corridor, but I was thinking mostly rail and highways, and you've answered my question about rail. Thank you.
MS. MAYS: Ivan, do you want to defend rail?
MR. JAIME: No.
MR. DECKER: The connectivity is important too, you know, the connection between rail, truck, those kinds of transfers is what we're trying to capture with that analysis.

MS. LAGOS: And finally, related to the ports, can you consider the Port of (unintelligible) that it's under construction too?

MR. SOLIS: Yes. So we will have similar maps for the future scenario, and that's when we will include not only that, but all of the other information on possibly future ports of entry, like Laredo 45. So that we will have -- we will create a different map for the future, but yes, it will be included in that future depiction, yes.

MR. DECKER: And we'll also be set up with future ports of entry, border crossing, extended funded program projects. The point is that we won't have a series, it's going to be sort of a given, but we want to incorporate that into the analysis when we're trying to identify needs and trying to identify new projects. So that future will be done shortly.

MS. LAGOS: I just mentioned that because even if it's under construction, it's already working. We have one facility there, so that's why it's not really the future, it's something now and the future.

MR. DECKER: Great. Got you.

If there are no other questions, we'll move onto passenger movements. So we are looking at multimodes of passenger movements, and we start out with

just a summary of -- I think we've seen this slide before in terms of these are all northbound movements across the border by bus, pedestrian, bike and car, passenger car. So we're also going to look at aviation as well in terms of movements.

So here, just on the side is the mode split. Obviously we have a large passenger/cargo split with 20 percent pedestrian, which is fairly large, and less so by bus. And we talked about earlier and last time too where the passenger movements tend to be going down from the past and that's how it's trending.

In terms of passenger vehicle crossings, this is sort of by -- just shows the trend, it's going down like we talked about for each of the border regions. The light blue is El Paso which is picking up in terms of passenger movements in the last four or five years. Rio Grande Valley is in the yellow, right in the middle, and then Laredo is sort of trending down a little bit towards the passenger movements. Passenger vehicle movements over time from 1997 and 2017.

Here are some of the passenger routes between any of the airports. We talked about this a little bit with the cargo. From Sphere 1 in Texas on the border we see, you know, the El Paso airport has some movements to various other airports in Mexico. On the -- on the

right-hand side those are also southbound movements from all Texas airports to all airports in Mexico in terms of moving passengers. So we just focus on that even though we do have more information, you know, across the other spheres in the U.S.

In terms of transit, this is really bus movements. A lot of these are intercity buses, private operators for buses. It depicts the Texas network primarily. It does show some of the Mexican routes as well, but mainly focusing on the major facilities.

In terms of the movements with bus, Laredo has been pretty -- you know, it hasn't really grown, but it's maintained a high level of bus movements. There are some bridges with bus only lanes that, you know, we observed when we were there last time in probably November. Significant bus movements, moving a lot people through Laredo.

The Rio Grande Valley as well, and then less so in El Paso in terms of overall buses and people. And then this shows just the numbers of those movements. Obviously on the Juarez-Lincoln Bridge, that's where they have the transit bus lane only that moves a lot of buses through there, and that's the highest level of bus movements. And this is annually in 2018. And then the McAllen-Hidalgo Bridge we're moving about 20,000 annual

passengers per -- or number of buses per year as well. Less so in El Paso, but we are moving people through the border by bus.

And then here are the pedestrian POE's. Quite a few anomalies in the information and the data. So, for example, world trade shows up here as a pedestrian crossing bridge, and we all know that it moves trucks, but I believe they count -- a trucker if he gets out of his car or his truck for whatever purpose, they count him as a pedestrian. So there are several of the bridges that have very nominal amounts of pedestrian movements and several that have significant movements.

In the El Paso region currently, you know, moves the most people, and historically from '97 or 2008 to 2018 has moved the most passengers through its port of entries with Rio Grande Valley and then Laredo coming under that. And Laredo seems to be picking up significantly last year. I don't if that's an anomaly, but more pedestrian movements are occurring in Laredo.

MR. BARELA: It's slightly higher this year than last year, but not much.

MR. DECKER: So it's still going not quite that steep.

MS. MAYS: And I think related to the meetings and public meetings is walking is faster than driving. Because when you're in a vehicle it actually takes you longer to wait, and that's why a lot more people are just choosing to walk to cross the border via car.

MR. DECKER: And we have heard some stories from the various meetings in the three regions how pedestrian traffic is definitely decreasing over time. And we've seen that with the commodity -- with the trucking movements and the commodity movements increasing over time as well.

So with that said, I have a wrap-up questionnaire about the findings here, does it seem consistent with what you're seeing in your border regions, your POE's, your border crossings across the various modes, cars, bus transit, pedestrians and aviation.

And again, it's point-to-point aviation movements, not necessarily what's crossing that border.

MS. MAYS: We want to address your issues, questions, comments.

MR. CALVO: Yeah. I mean there's -- especially with the movement of pedestrians, I think it -- the three border regions are -- really show how different they are. Because again in Juarez-El Paso

we've got the largest Mexican border city and Ciudad Juarez, you know, along the border and El Paso being, you know, big. So the movement of people that we have across the border is people that move -- you know, or cross every day to go to school, to go to the doctor, visit family and all that. Which is different from the crossings in Laredo, which, you know, may -- you may have a lot more people coming in from the southern part and not just local Laredo or, you know, along the valley, you know, crossing the border.

But I think in terms of economic activity, I'm not sure that we are capturing that, and it's something that I think really needs to be -- to be captured so that we can add that to the economic value of the new trade. That's one thing.

MR. SOLIS: Yes.

MR. CALVO: And the other thing is also how much because of the same crossing of people back and forth, back and forth, that we capture the usage on highways of the people that are crossing from Ciudad Juarez on a daily basis. Because, you know, in terms of being able to understand that there was a lot of people crossing and using the highways and, you know.

MR. DECKER: I totally agree, especially about the impact on the economy, and one thing we're trying to

do is line up the -- you know, the orgins and destinations more on the U.S. side that we can to understand where these pedestrians are actually going. You know, because obviously you're not going to move too far off the border or crossing, but we're defining some ways in which to gather some more information about that.

The other thing is we have heard anecdotal stories about how people cross the border and they get on, you know, a bus and go somewhere else or whatever, get picked by a car and then go somewhere else or work or whatever. So trying to understand that dynamic would be important. I don't know if we're going to be able to get that information, but I think it would add to just the static, you know, crossing information that you mentioned.

MR. VALE: Okay. I'm just going to mention that we -- there's a lot of things going on right now in Washington relative to border and trade infrastructure and what they feel is important. They're actually -- actually Democrats and Republicans in the White House are working together on some of these pieces.

And it comes down to ports of entry are going to change. We're going to have more unified cargo processing, we're going to start looking at redefining

the way a port is that we don't need two parts, we only need one part with both agencies or both governments working together.

So this is going to be a very important study that TX DOT is doing, and it will be available and used in Washington. That they're talking about seeding this fund with 25 billion dollars and taking all the fees Customs collects and everything and dumping it into those. So there's a lot of we need this data to be able to successfully compete for those funds as we go through this process.

So you have a real special opportunity here as they go through this.

MS. MAYS: Sam, if I can add to your comments. Last week when I was in Washington, D.C. we did go and meet with CBP, which is the Customs and Border Protection in Washington, D.C. And really, the purpose of that meeting was, one, to share kind of where we're at with the Border Master Plan, but they told us the exact thing. That they're looking at this Border Master Plan to really help facilitate, one, their priorities, but also identify the needs and then help them in terms of, you know, really being able to communicate to the Hill and to Washington in terms of their needs. They're working on a lot of technological advancements.

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MR. VALE: Huge technology.

MS. MAYS: Unified cargo processing. They showed us some of the things they're doing, you know, some of the air cargo side. The air side is much more advanced, but they're looking at bringing those Fernando (phonetic) crossings, so they're very successfully, you know, on the air side. But then there's others, rail, you know, improvements in terms of using technology. But absolutely, they're looking at ways to consolidate and, you know, facilitate movement on those border crossings. And if it was up to CBP -- (inaudible, room noise) most of the border crossings, and unfortunately they don't have the funds.

MR. VALE: But there also seems to be a huge deficit in Internet broadband to be able to implement these faster technologies at the ports of entry. So that is also -- it's a different kind of highway, but if we're going to share data, it's got to go both ways.

MS. MAYS: That actually came up. That's an impediment, the bandwidth. That's an impediment because a lot of technologies are using Internet, and that is challenging for a lot of the border regions because that limits where they can go and implement a lot of these technologies because they need that.

The other thing it talks about is definitely

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issues for border wait time. Technology continues to how to measure that and how to address it. So a lot of things that CBP is working on that really -- they're looking to this plan to really help them in articulating the needs, but also in investment levels needed for them to be able to address a lot of the border crossing issues today.

Henry?

MR. SAUVIGNET: The point was covered. Thank you.

MR. SOLIS: We have four more slides and then we'll close this.

So this is kind of a little bit of a preview of what's coming up in terms of our work, and we wanted to run it by you so you have a good vision of where we're heading and how can we benefit from you guys or a group like you in discussions.

The first thing is future forecasting. You know, we were discussing this, we gave you kind of the lay of the land as in right now or as in 2017 to be precise. And we're going to have to forecast this into the future because we don't want to be planning for tomorrow, we want to be planning for 2050. So we need to figure out how that 2050 is going to look like.

So what we will be conducting over the next few

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months is forecast to estimate the movement of people and goods. And that's why it was important for us to validate the things that we presented today with you. Because we're going to be looking at how will these trade in terms of value, weight and number of people moving. It's going to look in the future.

So the numbers that we're going to be using as a base right now are going to be then projected into the future. So, okay, we have a good starting point, we're more likely to not be exact, but be -- be on the ballpark of the future forecasting. So that's why it's important that you give us all of this input on what we presented today on the current edition.

So we -- how we would use those future forecasts of the movement -- of the movement of goods and people. We're going to then put them into the system and see how the systems, transportation systems react to those. We're hoping elevated involvements of cargo and people movement, and see where the needs are.

So once we put those forecasts in the actual highways, rail lines, et cetera, where are the bottlenecks so we can identify them, and then based on that, select specific solutions to those bottlenecks.

So that's where the forecasting is going to go. So any information that you guys have on the future

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forecasts, we know that some of the MPO's have estimates of population, employment, et cetera, or even it could be some of the border crossings have forecasts on their own projections for the people and goods movement. So if you have those, please share with us or at least when we represent something, let us know if we're on the right track because that's going to be also key to identifying the needs and the solutions we need for projects that are going to be recommended. So that's kind of the overview of the forecasting movement, and then I'm going to give you a little bit of an overview of the economic outlook.

Yes, Marc.

MR. WILLIAMS: Before we leave the forecasting part of it, I think it's going to be important to get your input on the trade side. But kind of going back to some of my original comments, and Sam, you know, you touched on it a little bit talking about the influence of technology and how we move this product.

Alejandro, start talking about the forecast of the product and, you know, we'll incorporate, you know, some sort of status quo scenario projection of what that may mean in terms of the modal use, you know, transportation of that product.

But there's a lot of scenarios out there that could be coming about, and you all are beginning, particularly those of you all who are on the front line with our -- and our border locations or ports of entry are beginning to kind of see some of the trends that might be influencing how that product moves in the future.

Technology trends, vehicle technology or just communication technology, economic trends, policy trends, looking at a scenario. A lot of discussion about, you know, low carbon policies and influences on that. Understanding while we may not be able to through this report to be able to predict the future in all of that, understanding what those scenarios and those influences might mean is going to be very important as we look at how we might address those needs.

And so in addition to thinking about just the impact of freight and the growth of different types of commodities and different markets and development of those markets, thinking as well about those things that are going to influence how we move those products. It's going to be very important for us to be able to get that understanding so that we can make this a truly strategic plan, understanding where and how and the direction that we are going not only, you know, as a state and not only as adjoining partners with Mexico, but internationally

as well.

So I would really appreciate your thoughts on that as we, you know, begin to look to our meeting and assess some of these factors going forward. Thank you.

MR. SOLIS: Thank you, Marc. Yeah, that's -- that's a good way to put it.

We're looking at the forecasts but also anything else that modal shifts or more efficient ways to move the cargo. Maybe the way that the border looks now, it's very different than what it will look like in 2050. And if you have insights into that, we'll be happy to incorporate them as much as possible into this study.

So going back to the other kind of tasks, and this, Eduardo, hopefully I'm going to be able to address a lot of your comments. We're looking at the economic importance of the border, and again, this is in my opinion one of the key building blocks for the border story. We need to be able to tell everybody, all the stakeholders what is importance of this particular border. Evaluate the contribution of the trade and mobility at the border in the rest of country, and then basically turning the impact of investing money on border-related infrastructure. So we're going to do those three things.

And there's a slide there, it's called the economic impact of the border under the current conditions. That just tells you this is how much is traded and this is the number of jobs, value added, et cetera, that is creating because of the newer volumes and the conditions of the trade.

Number two is economic impact of the delays at the border. This is also important because the delays that are occurring that we're all experiencing and hearing about have an impact on how the private sector in particular functions. The routes they follow, the specific manufacturing processes they use, the transportation processes. So that one has a hidden cost. It might not be an out-of-pocket cost, but there is some cost.

And the third one is economic impact on the border crossing investment. Meaning whenever we put a dollar there on projects on the border, how does that benefit the rest of the country.

But what we need here, and this is our task, in order to do this more accurately, we do need to know where the orgins and destinations for the movement of people and goods, and then the level of expenditures in particular for the people.

So when somebody crosses the border and they

come and shop, they come from Monterey, they go to McAllen and they buy something, we kind of need to know how much if there's an amount are they spending. Because that trickles down to the local economy and then state and national economy.

So that information is really hard to come by. So Donald I think has been kind of scouring the -- all the sources we have, but if there's any kind of studies or information that you have, even if they're a little bit dated, that you can share with that is very important. Especially origin of destinations and expenditures are patterns of the people that cross the border that is key to represent the passenger side of things.

On the cargo side, I think that what we presented to you today is going to be the building block for that because we know which states are trading, what type of commodities and the value of those products.

From the passenger side, we're still a little like -- so that I hope -- hopefully that addresses your concern. I know that you guys are waiting on some things. So the more we can get of that information, the better.

So any -- any particular comments on the -- on kind of the border story to be put in perspective?

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Yes.

MR. CALVO: Just a comment, Alejandro. I think the City of El Paso is not here today, but they are actively -- well, they are pursuing a survey right now that will address precisely that, the economic impact of shoppers, you know, crossing the border which again for us is very important.

We're trying to work with them to see if we can piggyback on that and get a question about origin and destination, which is very important. But I'll make sure that the city shares whatever results that they get from that survey.

MR. SOLIS: Okay. Thank you, Eduardo.

And so our final question for the product team to be discussed, is there anything else that we should include in the economic analysis? Are there any specific considerations that you want us to look into as we start this economic impact study?

Yes.

MR. GIESBRECHT: Yes, this is Jake from Presidio. And again, on the (inaudible, room noise) -- we're dealing with a little bit of (inaudible, room noise) -- we're not very clear who makes the decision of where they go or which port is supposed to handle them, the business there in the Presidio. When they're trying

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to come to Presidio, we're not equipped to handle -- and handle them.

So my question in this would also be how much of the future are you considering Latin America, the Latin America market? Are we going outside of Mexico or just U.S. and Mexico or just -- you know, we in the Presidio think a lot of the development would be in Latin America (inaudible, room noise) -- America and South America (inaudible, room noise).

MS. MAYS: I think the broadest sphere is North America, correct, that's the broadest sphere. So we're looking at Canada and looking at certainly, you know -- I'm not sure what we're doing in South America at this point, but I think we did the USMCA, you know, countries, Canada, U.S. and Mexico.

But certainly if that's of interest to you, you can talk to us and we can see how we can look at that and maybe there's something there.

MR. SOLIS: So Tim, we're going to pass it onto Tim to wrap it up.

MR. JUAREZ: So Secretary of State Hughs and BTAC members, we provided a lot of baseline information to you at this particular meeting on the other modes similar to the information that we provided regarding roadway.

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This information, taking into account your comments you have today or any additional comments that you may have later, will help us finalize what we're saying is the baseline conditions report. As noted as part of our discussion, Gaston (phonetic) helped set the basis for where we're going to go forecasting in those future activities. Part of that effort as well is going to help us refine the corridor analysis of component. We're going to do a SWOT analysis which is potentially is going to allow us to do a review of where our strength, weaknesses, opportunities and potential threats can be. That's going to help us identify these corridor designations as we noted some revisions today, but then also to help us develop a high-level project prioritization framework that we will then bring back to you and this committee.

Those components are going to help us establish this forecasting effort that we talked about. We want to be able to identify key drivers for future needs. That's going to be part of that performance matrix that we talked about before that's going to tie into the goals and objectives that this committee approved of. So that's going to help us go forward with not only establishing the Border Master Plan, but forecasting approaches that we maintain.

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Of course all of this is going to tie into the identification of this binational supply chain. Today you got a primer on what the commodities are crossing through the border made up about 96 percent. We had it refined by each of the regions. We'll get it further refined to each of the port of entries.

Those supply chains will have an impact on the transportation network system on the various modes in which they're going through. We're not only going to establish the baseline, but if there are other opportunities there, not only within those supply chains by regions, but also on the mode they're traveling to or on, we want to capture those in the forecasting component. And then all of that is going to lead us to develop our economic analysis probe, which is very key and vital not only to this report but to the economy, to the state of Texas as it affects the performance of the state and Mexico as a whole and then the U.S. as a whole as part of the U.S.

We still will work with our technology leadership and you, Secretary of State Hughs on when the next BTAC meeting will be held, and in the meanwhile we'll continue to do our refinements, our analysis and then identify when we will go back to the three binational regional steering committees to give them an update on where we are.

So those are essentially the look ahead within the three-month time frame. We appreciate all of the BTAC members and the local government's continued participation of not only in this committee but in the regional steering committees, and especially our Mexican counterparts.

So that's where we stand and we are open to any comments or questions you may have.

MS. HUGHS: Thank you. Are there any comments or questions for the committee before we wrap up?

I want to thank you all for your participation. We really can't overstate the importance of your participation in this critical time, particularly as we look to have a complete report by the end of the year. And the input that you give, not only today, but in between meetings and the subcommittees, and of course that any time that you see something you had more time with some of these reports and you notice anything that you want to make sure you bring to our attention, please be sure to do so. We rely heavily on you for all of that.

I really appreciate the comments regarding the agriculture and the transfer of goods today, as well as Claudia Lagos in referencing some of the things on the

Tamaulipas side. These are just examples of how critical your input and your participation is.

So thank you very much to all of our friends from Mexico that have joined us here today and all of the border communities represented, and making sure that your voices are heard and that your interests are recognized.

As far as meetings, because we are trying to get closer to the end of the report, we are probably going to meet a bit more frequently between now and December. And so tentatively we're looking at meeting the month of April, June, August, October and December. And so by August there would be I believe a report that would be a draft report that would be submitted to the commission for consideration and then we would review some of that feedback in an October meeting with the goal of finalizing by December.

We don't yet have dates, nor do we have locations. As to locations, we are interested in meeting in some of our communities along the border. So please if you think that we should go to your community for a meeting, reach out to Caroline and we'll have discussions about logistics and making sure that it's something that works for everyone in the committee, but we're certainly very open to that.

I realize that you're all taking time from your work and you're traveling to come to our state's capitol. And we appreciate that very much and wish you very safe travels.

With that, unless there are additional comments, I will entertain a motion to close, but I think Caroline might have a few comments as well.

MS. MAYS: So one comment I wanted to make, it's more of an announcement, you all know that every two years we developed a -- produced an international business of border crossings book, and it took us a little longer this time to develop one because we revamped it. You haven't seen it yet. We will be sending that to you all this week for review and give us any comments you have.

It's very revamped from what you're used to. In the past it was more like a yellow book. Whereby we were telling you what you already know, but with this one you see a lot more information identifying actually each of your border crossings with a little bit more historical information. Whether you're on the goods movements side or you're on the people movement side, you see all of that information. So please take time to review it and provide us with comments so that we can have a book that's useful.

A lot of people require this. So I'll mention the feds, the feds normally ask us a lot for this information, and this is a good source that we want to send them to. So please do that.

Thank you, Secretary.

MR. WILLIAMS: Secretary, I want two comments.

One, we are talking about a lot of time, energy, effort to -- and work going forward over the coming year. Really it's an exciting time. It's with the USMCA trade deal, a lot of the economic growth that we're seeing, there couldn't be a better time for us to be fully together with this plan and this report. And so I'm highly confident that the time and energy and effort we're all putting in is worth it.

Secondly, John Love has taken off, so he won't be here to hear me say this. I don't know if he's snuck off to the back of the room, this I believe was John's last official border trade advisory committee meeting that he's going to be in, and he's transitioning out of his role with the City of Midland and the Midland MPO, but I just wanted to publicly thank John, and I'll let him know I said nice things about him, for his time and energy and effort. He's been a familiar and a regular face in all of these meetings. I'm sure he'll be moving into other public responsibilities in the future, but, you know, he's just one of many of you all that really have been a regular and mainstay in many of these types of meetings.

And John's presence and participation has certainly been much appreciated by the department, and I'll be sending him a note in the future just to thank you him for his time and effort. Thank you.

MS. HUGHS: Thank you. Thank you for recognizing him. I have the same, Sam Vale left us, and I really wanted to mention -- I was happy that he mentioned unified cargo processing because that will be such an important part of creating efficiencies along our border going forward, and I look forward to expanded discussions on how we can see some growth in that area.

So any other questions or comments before we wrap up?

Do I have a motion to adjourn?

MR. SAUVIGNET: So move.

MS. HUGHS: Thank you, Henry. There's been a motion to adjourn. Is there a second?

MR. CALVO: Second.

MS. HUGHS: All right. Thank you, Eduardo. With that, this meeting is adjourned and we will be in communication about the next meeting in April. Thank you.

(Proceedings concluded at 11:57 a.m.)

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STATE OF CALIFORNIA)
COUNTY OF SANTA CLARA)

I, Rebecca K. Quinn, CSR No. 5720, in and for the County of Santa Clara, State of California, hereby certify that the proceedings in the foregoing hearing was duly reported by me, a Certified Shorthand Reporter and a disinterested person, to the best of my ability, and was thereafter transcribed into typewriting under my direction and supervision.

IN WITNESS WHEREOF, I have hereunto set my hand.

Date: March 1, 2020.

REBECCA K. QUINN, CSR #5720

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