

Transcript of the Testimony of
BTAC Meeting

Date:

January 21, 2020

Case:

BORDER TRADE ADVISORY COMMITTEE MEETING

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BORDER TRADE ADVISORY COMMITTEE
(BTAC MEETING)

Date: Tuesday, January 21, 2020
Time: 8:40 a.m.
Location: TEXAS DEPARTMENT OF TRANSPORTATION
125 E. 11th Street
Austin, Texas 78701

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A P P E A R A N C E S

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3 Welcome and Introductions
4 Texas Secretary of State, Ruth R. Hughs
5 Marc D. Williams, P.E. Deputy Director, Texas
6 Department of Transportation
7
8 Summary of October 17, 2019, Meeting Minutes
9 Caroline Mays
10
11 Adoption of October 17, 2019, Meeting Minutes
12 Texas Secretary of State, Ruth R. Hughs
13
14 Mexico's National Infrastructure Plan
15 Carlos Hurtado Lopez
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17 Discussion on the Texas-Mexico Border Transportation
18 Master Plan
19 Texas Secretary of State, Ruth R. Hughs
20 Caroline Mays, TX DOT
21 Timoteo "Tim" Juarez, TX DOT
22 Alejandro Solis, HDR
23 Donald Ludlow, HDR
24 Stephen Decker, HDR
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I N D E X O F E X A M I N A T I O N

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4 BY MS. HUGHS.....4
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10 I N D E X O F E X H I B I T S
11 (No exhibits marked)
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P R O C E E D I N G S

1
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3 MS. HUGHS: Okay. Well, good morning again
4 everyone. Thank you for your patience. We just wanted
5 to make sure we were set up before we started and we
6 want to be respectful of your time.
7 I appreciate everyone who traveled here
8 possibly on holiday to be here for today's meeting, and
9 I think I've helped some requests to maybe after a
10 holiday move on a Tuesday to a Wednesday. So please let
11 us know how that impacts your schedule and your
12 preferences because we're happy to accommodate.
13 I want to thank all of the members for being
14 here today. Hope everyone is off to a great New Year,
15 and I want to recognize that we have joining us here
16 today Representative Blanco from El Paso, as well as our
17 friends in Mexico, Council General Marentes. I'm so
18 grateful of you joining us again for this meeting, and
19 it's really a helpful liaison to the federal government
20 in Mexico as well. So thank you for your leadership and
21 for being here.
22 And also joining us are Guillermo Gonzalez
23 from Coahuila, and Noe Garza with Nuevo Leon, and
24 Claudia Lagos from Tamaulipas. So really grateful to
25 have them so that they can also hear the infrastructure

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1 and conversation and also give their perspective from
2 the other side of the border. So very grateful for
3 that.
4 Here we are in Austin again for our Border
5 Trade Advisory Committee meeting. We had talked about
6 meeting in other locations, and we will certainly
7 continue to look at those options and possibly have the
8 next meeting at another location. With the holidays and
9 scheduling it just became more feasible to meet here
10 again in Austin. So I appreciate all of you traveling
11 to do that.
12 Of course this is my second meeting as
13 Secretary and our first meeting of 2020. And 2020 is
14 going to be so historic in that we are going to finalize
15 this Master Plan. We're very excited about that.
16 I want to thank TX DOT for all the work
17 they've done. Of course we're joined by Marc Williams
18 and Caroline Mays who have most of the presentations
19 today that we're all looking forward to hearing.
20 And I know that working together that trade
21 relationship with Mexico is going to grow even stronger.
22 We were all anxiously awaiting the passage of USMCA and
23 had a little bit of celebration last week in having the
24 vote, but the work continues and in some way starts. So
25 we're excited to continue to follow that closely, but I

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1 think it gives the level of predictability that we're
 2 all concerned about, and so both sides, business on both
 3 sides is breathing a sigh of relief.
 4 During the time in this position I have had
 5 the privilege of visiting with many of you, either here
 6 in Austin or in my travels across the state. And last
 7 year many of you welcoming me in your communities and
 8 gave me opportunities to see firsthand the challenges
 9 that you face.
 10 I want you to know that I am committed to
 11 ensuring that I can be a voice of communities and the
 12 communities across the state here in Austin in the weeks
 13 and months to come, and I look forward to additional
 14 visits to our border communities to further strengthen
 15 our relationship and continue to seek feedback and input
 16 on how we can better serve all of you.
 17 The goal for this committee and my hope is
 18 that we do everything we can do to have a positive
 19 impact on our border communities. By establishing a
 20 clear and well-defined Border Transportation Master
 21 Plan, we will continue to communicate with our state,
 22 federal and international counterparts our needs and our
 23 priorities to help our border communities thrive.
 24 Because we know that your success across all of our
 25 communities along the border truly are the success of

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1 our state. When you succeed, Texas succeeds.
 2 So when we met here last fall, members of the
 3 BTAC committee really provided invaluable feedback
 4 towards this plan. You brought up challenges of current
 5 and needed infrastructure, you suggested greater
 6 collaboration with Mexican state and federal partners,
 7 and you expressed concern over the potential impacts to
 8 the manufacturing and the retail sectors as a result of
 9 the increased wait times at the border. Additionally,
 10 you stressed the need to make our efforts better known
 11 to the public. So these are a few of the ideas that
 12 BTAC working collaboratively has helped generate.
 13 I have no doubt that by continuing to work
 14 collaboratively, discussing new ideas and exchanging
 15 critical information we're going to forge an even
 16 brighter future for our border communities and for the
 17 Lone Star State.
 18 As we progress with today's meeting, I want
 19 you to all to keep in mind a couple of questions that we
 20 can address in our open discussion later this morning,
 21 and that is a, you know, continued dialogue, and we can
 22 get into it in more detail of the top issues that you're
 23 seeing, some, if any, developments that you want to
 24 share with the group of your subcommittee meetings or
 25 other things since we last met.

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1 So really looking forward to hearing from all
 2 of you, and please know that we are here to serve you,
 3 and my office is excited to have this partnership with
 4 each and every one of you and the communities across the
 5 state.
 6 So at this time what I'd like to do is
 7 starting to my right if you could go around the room and
 8 everyone could please state their name and who they are
 9 representing and what area they're representing, and we
 10 can go through the introductions now. Thank you.
 11 MR. MARENTES: Pablo Marentes, the Consulate
 12 of Mexico since April this past year, and I really want
 13 to congratulate you and thank you very much for inviting
 14 us to this very needed gathering of people to -- who
 15 knows in good communicating and exchange of thoughts as
 16 needed and the ideas and realities that can bring to the
 17 countries together in a greater understanding. So
 18 thank you so much.
 19 MS. CLAUDIA LAGOS: Good morning, Claudia
 20 Lagos representing the state of Tamaulipas.
 21 DR. CARLOS HURTADO LOPEZ: Good morning,
 22 Carlos Hurtado from the Center of Economic Studies of
 23 the private sector in Mexico.
 24 MR. GUILLERMO GONZALEZ: Good morning,
 25 Guillermo Gonzalez from Coahulia state.

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1 MR. NOE GARZA: Noe Garza for Nuevo Leon.
 2 MR. TIM JUAREZ: Tim Juarez, TX DOT, Manager
 3 for International Trade and Border Planning.
 4 MR. JORGE SALCIDO: Jorge Salcido, Commercial
 5 Affairs at the Mexican Consulate here in Austin.
 6 MR. SAM VALE: Sam Vale, Starr-Camargo Bridge
 7 Company.
 8 MR. EDUARDO CALVO: Good morning, Eduardo
 9 Calvo, Executive Director of the El Paso MPO.
 10 MR. JULIAN ALVAREZ: Julian Alvarez, Texas
 11 Workforce Commission.
 12 MR. JACOB GIESBRECHT: Good morning, Jacob
 13 Giesbrecht from Presidio International Port Authority.
 14 THE REPORTER: Can everybody speak up? I
 15 can't hear.
 16 MS. MAYS: Yes. Bring the microphone closer
 17 to you.
 18 MR. JACOB GIESBRECHT: Good morning. This
 19 Jacob Giesbrecht from Presidio International Port
 20 Authority.
 21 MR. JUAN OLAGUIBEL: Good morning, Juan
 22 Olaguibel, McAllen-Hidalgo and Anzaiduas International
 23 Bridges.
 24 MR. KEITH PATRIDGE: Good morning, Keith
 25 Patridge for the McAllen Economic Development

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1 Corporation.

2 MR. EDDIE VALTIER: Good morning, Eddie

3 Valtier, TX DOT in El Paso (inaudible, room noise).

4 MR. HUMBERTO GONZALEZ: Good morning, Humberto

5 Gonzalez, TX DOT, Port District.

6 MR. PEDRO ALVAREZ: Good morning, Pete

7 Alvarez, TX DOT, Port District.

8 MR. STAN MEADOR: Good morning, Stan Meador

9 with Texas Pacifico Transportation.

10 MR. IVAN JAIME: Good morning, Ivan Jaime with

11 Union Pacific Railroad.

12 MR. MATT WOJNOWSKI: Good morning, Matt

13 Wojnowski with the City of Del Rio, City Manager.

14 MR. JON BARELA: Good morning, Jon Barela, the

15 CEO of the Borderplex Alliance in El Paso.

16 MR. JOHN LOVE: Good morning, John Love, The

17 Third, the City of Midland, the Permian Basin

18 (unintelligible).

19 MR. EDUARDO CAMPIRANO: Good morning, Eduardo

20 Campirano with the Port of Brownsville.

21 MR. HENRY SAUVIGNET: Good morning, Henry

22 Sauvignet, IBC Bank. Here for Jerry Schwebel.

23 MR. LUIS BAZAN: Good morning, Luis Bazan,

24 Pharr International Bridge.

25 MR. DANTE GALEAZZI: Dante Galeazzi, Texas

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1 International Produce Association based out of Mission,

2 Texas.

3 MR. ANDREW CANNON: Andrew Cannon, Executive

4 Director of the Rio Grande Valley MPO.

5 MR. JUAN FLORES: Good morning, Juan Flores

6 representing Port of San Antonio.

7 MR. CESAR BLANCO: Bueno Dias, Cesar Blanco,

8 State Representative, El Paso, Texas.

9 MR. PETER SMITH: Peter Smith, Texas DOT,

10 Transportation (unintelligible).

11 MR. MARC WILLIAMS: Good morning, Marc

12 Williams, Texas DOT, Deputy Executive Director.

13 MS. CAROLINE MAYS: Caroline Mays with TX DOT,

14 and I just want to welcome you all, wishing you a happy

15 New Year.

16 This is the first meeting of the year, so I

17 want to welcome everybody. I hope that everybody

18 started on a good note, and we are excited about the

19 meeting today.

20 As the Secretary mentioned, we're really

21 looking for your input, but primarily to develop the

22 Border Transportation Master Plan, so we're looking

23 really to those discussions. But again, thank you to

24 our Mexican friends. Welcome. You know, to -- to Texas

25 and we appreciate you being part of the dialogue.

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1 I just want to mention that last week we were

2 in Washington, D.C., and we went to the Embassy and met

3 with the Deputy Ambassador in Washington, D.C., and

4 they're very supportive of the efforts that we're doing

5 here and working with you all, and will continue to

6 advocate down in Washington, D.C. as we move forward

7 with the Border Master Plan.

8 So just again, we want to thank you all for

9 your partnership and collaboration. Thank you for being

10 here.

11 MS. HUGHS: And Carlos, I didn't mention in

12 the beginning (speaking Spanish).

13 So thank you. It's a pleasure to see all of

14 you, and please remember when we are speaking and if you

15 could make sure that your microphone is on green and

16 that we speak just slowly enough for the court reporter

17 to be able to record this meeting.

18 The first order of business is adopting the

19 Minutes. Has everyone had an opportunity to review the

20 Minutes? I know there may have been an issue on getting

21 them out, so let me turn to Caroline on that in case

22 there's any concern. Otherwise, we can also just

23 determine whether there are any questions about the

24 Minutes.

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

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1 kind of go over the Committee Minutes, and then I will

2 entertain a motion if there are new questions.

3 Yes, Mr. Love.

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

5 noise).

6 MS. HUGHS: Okay. There has been a motion

7 made to accept the Minutes.

8 Is there a second?

9 AUDIENCE: Second.

10 MS. HUGHS: All right. We have a second with

11 the Minutes from our last meeting approved, I'll turn it

12 over to Caroline to provide us with a summary of the

13 BTAC activities.

14 MS. MAYS: And I really -- I won't spend a lot

15 of time talking about what was discussed last time, but

16 this -- you know, the purpose for what we're going to

17 talk about today is we're building on a lot of the

18 analysis that we shared with you last time. And today

19 you're going to see a little bit more detailed

20 information, and really what we want to get from you

21 today is, you know, one, your input on a lot of

22 information we're going to be sharing with you today,

23 and if you have any questions about those or the numbers

24 don't make sense, please let us know. Because I think

25 what will be done the last meeting was provide a lot of

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1 preliminary analysis, and some of what we're providing
 2 today is we're building on that.
 3 So I don't want to spend a lot of time because
 4 I know we started a little late. I really will want to
 5 turn it over, you know, to Tim and the consulting team
 6 to move forward into the presentation.
 7 I'm sorry, we have -- I've jumped a little
 8 bit. We have a speaker from Mexico. I think that's the
 9 agenda item, Secretary.
 10 MS. HUGHES: Yes. Okay. At this time it's my
 11 pleasure to introduce to you more formally Carlos
 12 Hurtado Lopez. (Speaking Spanish) -- from Mexico. He
 13 has a bachelor's in economics from the Autonomous
 14 Institute of Technology of Mexico or ITAM, and a Ph.D.
 15 in economics from the University of Chicago.
 16 Dr. Lopez currently serves as General Director
 17 for the Business Coordinating Council, CCE, Center for
 18 Economic Studies at the private sector CEESP.
 19 Dr. Lopez served as Executive Director in the
 20 Colombia, Costa Rica, El Salvador, Guatemala, Honduras,
 21 Mexico, Spain and Venezuela Council of the International
 22 Monetary Fund for 2017 to 2018. At the IMF he also
 23 served as the Deputy Executive Director. From 1994 to
 24 1997 he was Mexico's permanent representative to the
 25 OCDE, and from 2000 to 2006 as Under Secretary of

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1 Budgeting at the Ministry of Finance and Public Credit.
 2 From 2007 to 2008 he served as Vice President of Finance
 3 and Administration at the Inter-American Development
 4 Bank.
 5 Among other positions held by Dr. Lopez
 6 include serving as an academic professor for his alma
 7 mater ITAM.
 8 Thank you for being here today. I'll turn it
 9 over to Dr. Lopez. Please join me in welcoming him.
 10 (Audience applause)
 11 DR. LOPEZ: Thank you very much for your
 12 introduction, Secretary Hughes. And I was just -- I have
 13 no -- am I being heard? Is this okay, the sound?
 14 MS. MAYS: Yeah.
 15 MR. LOPEZ: I prefer to speak here. Thank
 16 you.
 17 So we were just talking about how I could
 18 manage with the presentation because I cannot see the
 19 screen, so I have it here in my computer.
 20 And -- well, thank you very much for the
 21 invitation. I think it is a wonderful place in the
 22 sense that today we look to the future here. I am going
 23 to be very honest when Humberto -- when I spoke to
 24 Humberto and my boss, Salazar said he couldn't make it
 25 because he's got a meeting with the President today.

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1 And -- but he was very enthusiastic, and he told me to
 2 come and do my best and so on.
 3 On the topic we just -- more or less handled
 4 by the Consulate of (unintelligible) Mexicali in Mexico.
 5 And I didn't know anything about this group, this
 6 effort. And then I started asking people, and not to my
 7 surprise, but, you know, this is very well known in
 8 many, many places I can mention, and there's a lot of
 9 hope in what can happen in the future of this.
 10 So I will -- let me just -- can I next,
 11 please? Let me just start by doing some -- by making
 12 some remarks on the atmosphere that we feel in Mexico
 13 today.
 14 We think that this is a very positive state of
 15 things in Mexico in the sense that, you know -- or due
 16 to the recent approval of the USMCA trade agreement, and
 17 we think that there are many, many important potential
 18 opportunities for development, investment at the border
 19 and that there will be opportunities for cooperation and
 20 coordination of investments between Texas and Mexico.
 21 Texas is the biggest, of course, the border of
 22 Mexico, and it's I would say a region of the U.S. We
 23 were just talking that many years ago, and I don't know
 24 to what extent this is still the case, but the Texan and
 25 Mexican authorities are more or less of the same size,

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1 so that's very important. And of course the difference
 2 in -- in the development or per capita income or
 3 whatever is still very wide. So I think there are many,
 4 many opportunities of a trade deal with the U.S., and
 5 especially with Texas in the future.
 6 Now, this agreement has been modernized in the
 7 sense that the previous agreement, the NAFTA that was
 8 signed 25 years ago, was basically a manufacturing
 9 agreement. It was an agreement of trade for
 10 manufacturers. Now it includes the digital economy, and
 11 I think that should open some opportunities and so
 12 forth, cooperation on and trade and so on, and
 13 especially beneficial to my country, I think.
 14 So what I'm going to do in the next few
 15 minutes is to go through basically three basic topics.
 16 One, is to explain to you the recent development in
 17 Mexico, developments, especially in the last 18 months,
 18 which is a new government from the election of the new
 19 government up to date. And then speak a little bit
 20 about the economic outlook, and then, you know, to the
 21 main topic here, which is a public-private agreement for
 22 infrastructure investment that was signed by the end of
 23 last year between the present Secretary (phonetic) and
 24 the government. So next, please.
 25 Now, I have to do -- yeah. Okay. So what has

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1 happened in the last year and a half because the
 2 election took place in July, but the -- the winning
 3 President told importantly that -- he said that taking
 4 positions before taking power. So it's been a very
 5 complex year, including from the beginning, the second
 6 half of 2018 and all throughout 2019. Because basically
 7 the problem is that the economy is stalled, it's not
 8 growing. Right. And the main reason for this is that
 9 the investment has been falling very sharply
 10 domestically, both private investment and public
 11 investments. And this -- I will go into this why public
 12 investment should be the investment in infrastructure
 13 has been falling, and as well as foreign direct
 14 investment.
 15 And everyone looking at investment prospects
 16 in Mexico for every one to work has been caution. And
 17 why, because of the new administration, the scene that
 18 he provided for the -- for the investors, the potential
 19 investors have not been very clear. And in some cases
 20 they have been very negative.
 21 Probably the most important action that the
 22 new government took was to cancel the construction of
 23 the airport in Mexico City, which we were just talking
 24 about it. When you go to Mexico City the airport is
 25 really old.

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1 So there was a huge investment already made in
 2 a very privileged I would say part of Mexico City in
 3 which -- I mean one can think of nothing but the effort
 4 (phonetic) in that place, and it's quite close to the
 5 city and quite safe. It was a lake. And some people
 6 and the senators, some people say, well, it was a lake,
 7 so there was must be some environmental consideration.
 8 Yes, but it was a lake 500 years ago. So it's not like
 9 five and ten years ago.
 10 So anyway, it was cancelled and that provided
 11 a very bad signal I think to investors and also
 12 politically. So it's a new administration. There is
 13 also things, there are ideological considerations which
 14 are very different from the previous governments, but
 15 it's also new. Right. So a new administration means
 16 that new teams, and they usually take like about a year
 17 in order to find out what to do and how to proceed, you
 18 know.
 19 So this deceleration of the economy that
 20 happens is not a thing that happens -- sorry, is not the
 21 first time that it happens in Mexico. I think it
 22 happened to a worst degree in the year 2000 when
 23 President Bush was elected, which was -- he was the
 24 first president after 70 years that was -- (inaudible,
 25 coughing) -- it was part. There were -- there was a lot

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1 of emphasis as needed because of the political position,
 2 but there was social, a lot of concern for what is he
 3 going to do, which is going to be different.
 4 And the same thing is happening now because
 5 our President has been complaining for the last 18 years
 6 since he became President. It's also not only a new
 7 administration, but it's a new government, right, and he
 8 speaks about transformation of the economy and with a
 9 lot of new ideas. So it's very natural that when
 10 uncertainty sets in and people are cautious about the
 11 investment and also consumption --
 12 (Brief interruption - photographer standing in
 13 front of Reporter)
 14 DR. LOPEZ: -- and saying, you know, in the
 15 first months after the election the consumer confidence
 16 indices were very high because of -- well, I mean they
 17 were already higher because of Koch (phonetic). Certain
 18 parts of the commission, people thought very positive
 19 and consumption more or less held on, right, which is
 20 what helped a -- a growth of a GDP that was around 1
 21 percent, 2 percent or something like that.
 22 Now, by the end of the year growth of GDP in
 23 2019 I'm referring to was practically zero. Right. So
 24 the economy is stalled. And on the other hand, and this
 25 is positive, employment and the size of the payroll in

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1 the country is still as strong, although some conditions
 2 in the labor market have been deteriorating recently.
 3 I have a few -- let me see how I can do this
 4 for -- I have a few pictures that indicate all this.
 5 What you can see on the left-hand side is the index
 6 for -- it's sort of a GDP index, but it's monthly that
 7 we use. So you can see the fall, which is very
 8 illustrative I think about the -- what I was talking
 9 about. And on the left -- the right-hand side you have
 10 investments. And this is aggregate investments in the
 11 whole economy, which is very negative. This is rates of
 12 growth, annually rates of growth.
 13 You can also see here this index of -- this is
 14 an index that is developed by A.T. Kearney, the
 15 consulting office, about the confidence of international
 16 investors in different countries. So we've been falling
 17 sharply also because again foreign investments have been
 18 very cautious about Mexico now, which is natural.
 19 And then on the right-hand side we have the
 20 consumer confidence, which as I was saying, you know, by
 21 the second half of 2018, which was very strong, people
 22 were very hopeful, but it has been falling down very
 23 sharply also.
 24 So we're not in a very good situation
 25 economically in Mexico. That's what I want to say.

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1 Wages are behaving okay and it's good news. For the
 2 first time in some years wages in real terms, and these
 3 are market wages, this is not the minimum wage, are
 4 growing. They're growing at the base around 2 percent
 5 or something like that. It's after inflation, which is
 6 okay. Of course we should be worried also about the
 7 activity, which is something that it's again not in the
 8 best condition in Mexico.
 9 And -- but employment conditions are not very
 10 good. You know, you have the green line is an index of
 11 critical conditions, people working more than 40 hours a
 12 week or -- or less and they're making minimum wage and
 13 things like that. So that's been increasing. You know,
 14 it has been increasing for a while and so on.
 15 Now, this is a real economy, but let me tell
 16 you what has happened, and I'm sure that all of you who
 17 are -- know about the many crises that the Mexican
 18 economy has gone through over the last few decades.
 19 Right. And the typical crisis in Mexico come from --
 20 comes from a -- from public finances. Right. From big
 21 fiscal deficit, big current deficits, high inflation,
 22 financial instability, bank weak, banking system and so
 23 on and so forth. That is what happened '82, '86, '94.
 24 You know, something a little bit like that in 2009 we
 25 put that, that is different.

Page 23

1 Now, what happens now in Mexico as opposed to
 2 the bad news that I was giving you on the real economy
 3 is that public finances are in -- some sort of
 4 equilibrium, which is quite healthy.
 5 So there is no risk of inflation or crisis
 6 that we have had in the past. You know, the tequila
 7 crisis and all those things, but there are some
 8 sustainability issues in the public finances.
 9 Basically, you know, the public investment has
 10 been reduced incredibly sharply, you know, in the last
 11 few months, and that's very important because it's
 12 investment in the infrastructure. Mostly public
 13 investments should be in public infrastructure. But
 14 anyway, being the case or not, it's really flat at the
 15 moment.
 16 And the government has privileged
 17 investment -- sorry, expenditure, public expenditure in
 18 social welfare programs basically through a means that
 19 is being reborn in Mexico now, which is cash transfers
 20 to people in different ways from scholarships, basically
 21 education, or maybe for the old people, and for daycare,
 22 for women that work and so on. You know, there used to
 23 be many daycare centers, now they're closed, they're not
 24 supported by the government, but the government is
 25 giving out to the mothers, right, to the families.

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1 So it's a new way of doing social policy in
 2 Mexico. And anyway, there are many opinions about this.
 3 I have mine, but this is not the case now.
 4 And the government, the fact is that it's
 5 using the money to subsidize payments, which is the
 6 company -- the old company which is in a very bad state,
 7 and finally the social welfare programs of the
 8 government. Right.
 9 And that is at the cost of many things.
 10 Right. Because in order to keep fiscally liquid, you
 11 know, when you spend a lot of money on payments and
 12 especially cash transfers, then you have to reduce
 13 something, right, in order to make it work.
 14 And the big things have been, guess what, the
 15 budget of communication and transportation. That's
 16 probably the most important. So these subsidies to
 17 agriculture, right, health, believe it or not, and to
 18 some extent education and public works important.
 19 So, you know, this is pointing to the
 20 government in my view, this is of course my view, that
 21 the government is going into a direction of social
 22 programs and -- in cash, and not attending some of the
 23 very important infrastructure projects in the country.
 24 In the country, public infrastructure.
 25 So that's, of course, the suspicion of many

Page 25

1 people like me is that the background of all this is
 2 very political, and it has electoral objectives rather
 3 than -- but anyway, this -- this graph I wanted to show
 4 it to you because it looks very nice. You know, the
 5 blue bar is what we, the economists denominate as the
 6 primary balance of the government, which is the balance,
 7 the result of the public finances before interest, and
 8 that's very important to our country. Right.
 9 So it used to be very healthy really since the
 10 '90s until the big financial crisis in 2008, and then it
 11 became a bit like in many countries in the world, right,
 12 that they wanted to sort of push economy forward with
 13 public spending. So that happens, but that really
 14 created a big problem of public deficit, and that is
 15 subject to be corrected in 2017 already. And then this
 16 President Obrador has kept this fiscal discipline really
 17 with a lot of determination with the consequences that I
 18 was talking about before, but it's very decisive.
 19 And now, the other big problem that we have
 20 faced in previous decades is high inflation. You know,
 21 without control and so on as part of this big
 22 macroeconomic crisis that we have suffered in the past.
 23 Now, inflation is under control now. It's
 24 within the range, which is the objective range of the
 25 Central Bank. There are some subtleties here that I

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1 would not like to go into now that, you know, it's not
 2 that firm, but it's already in the range. And this is
 3 very important, especially for investment.
 4 Inter-domestic interest rates are very high.
 5 What you can see there in the sort of yellowish line
 6 here is the monetary policy rate of the Central Bank,
 7 which increased a lot in 2017 and 2018 because the
 8 economy, as like many other major economists, was
 9 subject to many risks coming from the global atmosphere
 10 in general. Right. So it increased.
 11 Also the yellow line -- sorry, the blue line
 12 below is the equivalent rate of the American Central
 13 Bank -- Central Bank, which was also increasing, right,
 14 and now they're both decreasing. But look at the
 15 difference between our interest rate and inflation in
 16 the country. So the real interest rate -- you know, the
 17 interest rates corrected by inflation in Mexico have
 18 been increasing a lot. The difference has widened over
 19 the last two years already, right, which is very
 20 important, and that's obviously not very positive for
 21 investment because the capital costs increases with
 22 that. Especially for enterprises that really do not
 23 have access to capital market abroad. In a country like
 24 Mexico, only a few big, big enterprises have access to
 25 the capital market around the world. For many companies

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1 the sources of finances are domestic and that's very
 2 expensive now for investment and for working capital,
 3 both. So this is an important thing that one has to
 4 consider.
 5 Okay. So that's more or less how the economy
 6 went according to my dissertation of course over the
 7 last year and a half.
 8 Now, what we see for the future, especially
 9 for 2020 and in the future. Well, we see that there's
 10 level of macroeconomic financial and fiscal stability.
 11 This is very important because sometimes people are very
 12 critical of public policies like me. Sometimes we
 13 forget that we have this basis, right, which is
 14 important. We have fiscal equity room, we have the
 15 macroeconomic stability and financial stable and so on.
 16 And this is very -- this is not very common for Mexico
 17 if you look at history. Right.
 18 Now, the best news that we have had recently
 19 is the approval by the U.S. Congress of the USMCA trade
 20 deal, which is extremely important for Mexico, it's
 21 excellent news for the Mexican economy, and we have a
 22 little bit of complex international circumstances. You
 23 know, when one reads the reports, if you look at the TV
 24 financial shows in the morning, and everyone is in the
 25 Wall Street land, and everyone is speaking about the

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1 dull prospectus of the world economy in advanced
 2 countries, well, that's true for Europe and for many
 3 emerging economies. But it's not exactly true for the
 4 American economy, which is our most important reference,
 5 right, to Mexico.
 6 So Alejandro, are you following this?
 7 MR. SOLIS: Yes.
 8 DR. LOPEZ: Sorry. So, you know, like the
 9 Mexican economy -- the Mexican economy is very open. So
 10 we're subject to many perturbations coming from the
 11 world economy. For example, I have -- this is really my
 12 topic. So let me extend a little bit. I don't know --
 13 who of you know that the Mexican peso is the second --
 14 is the second most traded currency in the world of the
 15 emerging markets after only -- only after the Chinese
 16 currency, right, but it's very high. And, you know,
 17 when people want to pitch in the world markets against
 18 risks coming from the instabilities in the Brazilian
 19 economy or the Colombian economy or the Peruvian economy
 20 or wherever, they probably sell pesos because they
 21 buy the hedging from emerging market currencies, and the
 22 depth of the markets of the Colombian peso, the
 23 Brazilian real or whatever, right, they're not so --
 24 it's not that high. So they use as a proxy the Mexican
 25 peso hedge, and that provides a lot of instability from

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1 Mexico when there are problems in the emerging markets
 2 they call them. Right.
 3 So it's very open, and we should still be
 4 worried about this -- the profits of the world economy,
 5 although we have to recognize that the American economy
 6 is still growing. And in my view, you know, at some
 7 point this is going to end, but nobody knows at what
 8 point. So that's --.
 9 So for 2020 what we see in Mexico, and when I
 10 say "we," it's everyone, right, I mean look at the world
 11 universally, the Mexican numbers are all the same. Some
 12 growth recovery, but the prospects are not great. So
 13 everyone think, most people think that growth in -- of
 14 GDP in 2020 for Mexico will be around one percent. Now,
 15 this is good news because we are at zero percent now.
 16 Right. It's not excellent news because we should be
 17 growing at least four percent. That is considering the
 18 dynamics of the population in Mexico and the need that
 19 we have to reduce poverty and welfare and so on. We
 20 have many needs in Mexico. And the stock of capital in
 21 Mexico is not (inaudible, room noise) per capita than in
 22 the U.S. or advanced economies. So we have to invest
 23 more and grow more, and one percent is just not enough.
 24 Right. So that's what we have at the moment. (Brief
 25 interruption, coughing) There is population needs and

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1 so on.

2 I think that bullet was cut short somehow.

3 There is sort of an agreement of the government that

4 many analysts and many people including from Mexico that

5 think we should aspire to have a rate of growth of about

6 four percent per year, and we're far away from that.

7 There are many analysts, especially, you know,

8 international people that say, okay, well, the potential

9 rate of growth. The potential rate of growth, and this

10 is connected to investment, is a concept that people

11 like Larry Summers states, no, no, where else can the

12 potential to grow. So that means or what tells me at

13 least is that we cannot grow more than that rate for any

14 economy.

15 Well, I think that may be true for the

16 American economy or the Japanese economy or something

17 like that, big, big things, right, but in an economy the

18 size of Mexico if investment grows, let's say that

19 tomorrow everyone decides that the best prospect for

20 foreign direct investment in the world is Mexico, right,

21 so investment flows to Mexico tremendously, the economy

22 is going to increase the rate of growth. Right. Let me

23 just tell you, and this is important for investment by

24 the way, there is a more extreme case, which is true,

25 that your Hawaiian economy grew for 25 years at the rate

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1 of about one percent per year. Now, this is not low for

2 the economy of your Hawaii because of the -- it's an

3 aged economy and the population is -- has been

4 decreasing -- right, decreasing. And suddenly some

5 people from the -- from some other countries decided to

6 do an investment in your Hawaii having to do with

7 timber, so they invested and it was a big thing. And

8 the economy grew for about five percent per year. So

9 one investment.

10 So, you know, this concept of potential growth

11 is maybe irrelevant for big, big economies, but less

12 relevant for the smaller economies. So Mexico is still

13 a small economy. So if there is investment in the

14 economy, the economy will grow more.

15 So, for example, people forget that in the

16 second decade of the '90s the average rate of growth of

17 the Mexican economy was five percent. Now it's like a

18 dream, huh, when we say five percent. But what

19 happened, it was the first years of the NAFTA and there

20 was a lot of foreign direct investment, right, in cars.

21 Basically the car business and parts and so on in the

22 first year. So that's important. So it may happen

23 again, but we have to do things right.

24 Anyway, in this context what -- you know, I'm

25 looking at what was going on and what is still going on

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1 in the country. The private sector, and I should say

2 left by some people, but especially my employer, Mr.

3 Salazar. By the way, I forgot to say in the beginning,

4 he told me to come, and he also told me to -- that he

5 apologized, but he had some important meetings today as

6 indicated.

7 So he and other people promoted in the private

8 sector, promoted an agreement with the government in

9 order to invest in infrastructure. Right. So I guess

10 what they saw is there is a need for investment, people

11 are not investing, and the problem is the government is

12 not investing in things that cannot be postponed

13 forever. Right. Like roads and water and railroads and

14 things like that. Right. That is public

15 infrastructure. So they said, okay, there are many

16 projects, and by the way, something that I don't think

17 is here, but, you know, there are financing sources

18 available. So we don't have a problem of availability

19 of finance sources. Right. We have big banks and

20 strong banks, if they want to -- they want to lend money

21 to do projects. Right. But the thing is that we don't

22 have the projects. So that was the diagnosis.

23 And so they promoted this agreement with the

24 government, and they through a big effort, about a

25 thousand or 1,600 projects, which are infrastructure

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1 projects, were identified. This is like a year ago,

2 right, but they were with different degrees of

3 readiness, right, but there was all this projects.

4 Roads, railroads, ports, airports or water projects of

5 different kinds, you know, health projects. And some of

6 the things which are not exactly public infrastructure

7 as considered in the -- normally in the world, that we

8 usually include tourism, which I don't think is public

9 infrastructure. (Brief interruption, coughing)

10 All these luxury hotels are not the problem to

11 begin with, but anyway, we usually consider that and

12 energy. And in Mexico energy is considered public

13 infrastructure because it will be, you know,

14 electricity -- a utility and -- electricity and utility

15 are problems of the government, but this is not the

16 infrastructure, this is the infrastructure of the --

17 (inaudible, room noise) -- that's what it is.

18 But anyway, but this is just a recognition.

19 So the role of the -- all this effort is -- let me put

20 it this way. What should be public infrastructure

21 investment or public investment should go up from about

22 2 percent of GDP, which is what it is today, to five

23 percent. Now, the difference between two to five is not

24 going to be finalized by the budget, but it's going to

25 be final and operated and built by the private sector.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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1 positive externalities like interconnection or things,
 2 right.

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

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

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

24 So at this stage we have in -- it's like the
 25 147 projects you see that many of them are roads, ports

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

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

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

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

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1 that road to Colombia. Colombia I guess is a road -- a
 2 border pass, and the presentation of (inaudible, room
 3 noise) and the international bridge from Laredo. No?
 4 (inaudible, room noise) and so on.
 5 And I think that I should stop here. And
 6 since it's taken me -- it's taken me a little bit too
 7 long to speak. Thank you.
 8 MS. MAYS: Thank you. Thank you very much.
 9 You give committee members an opportunity to ask any
 10 questions.
 11 Yes, Sam. Please use the mic and state your
 12 name and --
 13 MR. VALE: Sam Vale, Starr-Camargo Bridge
 14 Company. We're one of the smallest privately ports on
 15 the border, but I see some conflicts that are going on
 16 in the way commercial traffic is growing. I think we
 17 have representatives from Pharr and the produce sector,
 18 they can all attest to we've had and we're including
 19 this past year five, six percent growth, four to six
 20 percent growth in all of our international commercial
 21 crossings. And I don't think that -- I think it's a
 22 mixture of who's participating in that.
 23 I know of the produce sector, which we have
 24 the president of the Texas International Produce
 25 Association, who is Bazan who's with the Pharr Bridge,

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1 which is the largest in south Texas outside of Laredo,
 2 and we're all growing pretty significantly. So
 3 something is going right. And it's maybe in the energy
 4 sector, it's probably pretty good to be next to Texas
 5 when you need more energy.
 6 So you will probably get that energy cheaper
 7 than producing it. So right now there is plenty of
 8 opportunities for both sides of the border to be able to
 9 benefit from our relative deficiencies on each side.
 10 And I just don't know that it's such a negative thing to
 11 be in, you just have to know what road to use.
 12 DR. LOPEZ: Can I?
 13 MS. MAYS: Yeah, sure.
 14 DR. LOPEZ: Let me -- I hope I didn't convey
 15 the notion that I think this is negative, the
 16 neighborhood is negative.
 17 MR. VALE: Kind of.
 18 DR. LOPEZ: I am absolutely convinced that we
 19 are in the best location in the world, and in the world
 20 of emerging markets.
 21 Let me tell you an anecdote that happened to
 22 me when I was at the OECD. I developed a good
 23 friendship with the New Zealand -- my New Zealand
 24 colleague, you know, the ambassador there. And these
 25 people don't know anything about this region of the

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1 world, as I don't know anything about them. Right.
 2 So I was telling him that the length of the
 3 border is 3,000 kilometers, right, and it's basically
 4 land. And he said, Wow. And he said -- he told me, Do
 5 you know how much New Zealand would be prepared to pay
 6 for one, just one kilometer of land border on the
 7 states, what would be the value of that. And, you know,
 8 I tell him that I think it's true. Right. So we have
 9 to solve problems in order to state the opportunities
 10 that are among us.
 11 And one of the -- I think while Mexico has
 12 been buying a lot of natural gas from Texas, and someone
 13 else told me, and I apologize for my ignorance, that I
 14 don't know the volume like the (unintelligible) -- I
 15 don't know the term for gas, but he told me something
 16 like that and don't take this very conciliarily. He said
 17 that we're buying the gas for \$3.00 per I don't know
 18 what, and he's an expert in energy. He knows what he's
 19 talking about, different from me. But he told me that
 20 the Germans for the same product were paying the
 21 Russians 21.
 22 MR. VALE: Yes.
 23 DR. LOPEZ: Seven times more. And the point
 24 is, for example, that I think we should be investing in
 25 ways to keep some of that gas in Mexico, to buy it now

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1 that it's cheap. Because these things do not go on
 2 forever. Right. Someone is going to do it for you, to
 3 liquify and take it. Because the margin is very high on
 4 it. It may be profitable at some point as I was told to
 5 take this to Europe, for example, even at the cost of
 6 liquifying by the end, you know, which is very high.
 7 MR. VALE: The port of Brownsville will attest
 8 to that. They are building facilities to export
 9 liquefied gas to Europe.
 10 DR. LOPEZ: Exactly. It takes time.
 11 MR. VALE: And so there's an excess in Texas
 12 that we can economically provide not only to the
 13 Mexicans but to the Europeans. And I think Mexico is
 14 very fortunate right now to be a neighbor of Texas.
 15 DR. LOPEZ: When I talk about -- you know, as
 16 long as these projects with Europe and so on --
 17 MR. VALE: And we're already producing.
 18 DR. LOPEZ: -- when in reality the profits
 19 will be higher for us. So we should be doing a little
 20 bit more to buy and keep gas in Mexico for a while and
 21 in reserves.
 22 MR. VALE: Keep your reserves, buy Texas gas.
 23 DR. LOPEZ: We're now doing.
 24 MS. HUGHS: Well, I just needed to step out.
 25 Is there another question?

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

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

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

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

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1 Turkey, I'm sure and someone else, the highest. The
 2 difference is that we have investment grade in Mexico
 3 and those people don't, either Russian or Turkey. You
 4 know, the ones that we -- we're more or less in the same
 5 league, they don't have the -- so these two things, you
 6 know, the repression of public expenditure and the high
 7 interest rates are the repressive factors for the
 8 economy.
 9 So at some point, I don't know to what extent
 10 that is sustainable, and that's when the (inaudible,
 11 room noise) --. Because when the investors see that
 12 there is no longer so rosy, they fly away. Fly to North
 13 California. So that's why.
 14 MS. HUGHS: Thank you. Are there any other
 15 questions?
 16 MR. SAUVIGNET: Maybe not a question. Henry
 17 Sauvignet, IBC Bank. A comment about your mentioning,
 18 you know, what's keeping the peso (inaudible, room
 19 noise) And I agree, you know, the interest rates are
 20 keeping -- although it may be preventing internal
 21 investment within the country, it's also keeping capital
 22 from leaving the country. We're trying to
 23 counterbalance that given the flight of capital.
 24 I think the other thing that's positive at
 25 this point is the stability of the Banco de Mexico and

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1 its independence, and that's been discussed recently,
 2 come under question.
 3 Do you have any comments regarding this? I
 4 don't foresee it not being independent in the future,
 5 but still that's a conversation that's occurring within
 6 Mexico.
 7 DR. LOPEZ: Yes. I think this is a very
 8 important point because so far, you know, in my view,
 9 and this is personal, but I think that this government
 10 doesn't like very much the independent institutions of
 11 the state, no. So, you know, the thing like
 12 competition, commission, even the Electro Institute and
 13 some other things have been weakened for at least from
 14 the resources point of view. And some of them, some of
 15 the heads have been just -- through different means
 16 practically fired. So that has not happened with two
 17 very important institutions. One is the Banco de Mexico
 18 and the other one is Anime, which is a big statistics
 19 institution. Right. So their -- their independence has
 20 has not been even questioned by anybody.
 21 Now, what may happen in the Banco de Mexico
 22 eventually is that some people -- and I think this will
 23 be the instinct of the government and through their
 24 nominations for the -- for the new -- you know, for the
 25 substitutions of the Board of the Banco de Mexico, more

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1 and more people will get in, which will have the
 2 intention of changing the mandate of the bank to include
 3 something like employment or growth or something, a
 4 situation in the U.S. by the way. And most of the world
 5 central banks, they have only one mandate, which is to
 6 keep inflation or maybe financial stability. And I
 7 think we will go through that route at some point, but I
 8 don't think the Banco de Mexico -- I don't think the
 9 President wants to sort of play with that. You know,
 10 it's too important of an institution.
 11 MS. HUGHS: Any other questions or comments?
 12 MR. CALVO: Eduardo Calvo, El Paso MPO.
 13 So in general the macro indicators look okay,
 14 right, in general terms, but I've heard also some people
 15 maybe a little more pessimistically that say that the --
 16 that they were okay, but Obrador has been in power for
 17 only one year. He has five more years to really screw
 18 it up. Right.
 19 Where do you stand on that? What is your
 20 outlook in general terms based on --
 21 DR. LOPEZ: I'll make it better.
 22 MR. CALVO: Saying that the pessimists are
 23 saying he has five years to screw it up, but how do you
 24 see the outlook?
 25 DR. LOPEZ: Well, first of all, let me tell

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1 you I am very happy because of what you said because I
 2 am usually very pessimistic, and I shouldn't be in this
 3 meeting, so I did a good job.
 4 No, no, I am -- I am on the side of those that
 5 are very worried what may happen in the future. And I
 6 see that because of the -- again, the instincts of this
 7 government to go against the institutions. The
 8 institutions in Mexico are generally weak, and the Banco
 9 de Mexico is probably an example and so on, but in
 10 general they're very weak. Right.
 11 We have had resignations of people that are
 12 not public employees in the sense that they do not
 13 depend on the government, that supposed to be
 14 independent. Even Supreme Court judges that have
 15 resigned without an explanation, but it's clear to
 16 everyone.
 17 But with a lot of information, and this is
 18 true, this is not intimidation. Right. So we have had
 19 that. And I am very worried about the attack on the
 20 institutions in which are independent from the
 21 government. Because they're very weak, right, they're
 22 not very solid yet, and I think that is something that
 23 was very good for the country and very difficult, right,
 24 to be able over the years. And now in my view I would
 25 be on the part of those that are worried about the

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1 future.

2 Now, the President is very popular and, you

3 know, I mean things happen in the past in Mexico that

4 make it feasible to be -- to -- to be very critical of

5 the past and be successful with that, and he's very

6 good. So the combination of his continued -- his

7 popularity is still very high.

8 I mean I cannot imagine what would have

9 happened with previous presidents if they had said or

10 done the same things, you know. They would be

11 destroyed. This President he says, you know, and some

12 of the -- as he call them or us, you know, the

13 conservatives, we're a fan, so on and so forth, just

14 reduce number of people in the country. So I'm very

15 pessimistic on that.

16 MS. HUGHS: Well, thank you. Thank you for

17 your comments. Really appreciate learning more and

18 hearing it from your perspective. I'm very curious to

19 see the goal of the private sector in really raising

20 that percentage from two to five and how that actually

21 gets implemented over time. So we'll be following that

22 closely, and to see the projects in close proximity to

23 the Texas-Mexico border is very helpful for this group

24 in particular. I'm not sure if there any surprises for

25 the group, but certainly to know what our partners on

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1 the other side are looking at and prioritizing is very

2 helpful in our work. So really appreciate your comments

3 here today. Thank you for joining us.

4 DR. LOPEZ: Secretary, can I say something

5 else?

6 MS. HUGHS: Yes.

7 DR. LOPEZ: I was thinking on the

8 presentation. There is a very good instrument that in

9 my view has been underutilized in the last five years,

10 which is a NAD Bank. And the commission for -- I don't

11 know the name, the modern name, but that bank was

12 created because of the environmental problems along the

13 border.

14 So the first thing was the commission in order

15 to produce products. And then the Nad Bank was

16 capitalized right after this because of some political

17 pressures and so on. So the NAD Bank was so inactive

18 that in (unintelligible) we called it the Nada Bank,

19 nothing happened, right, and in the last few years that

20 has been active and the structure (unintelligible) it

21 should be very, very good operation

22 and (unintelligible).

23 MS. MAYS: Can I just respond to that? On the

24 terms of the NAD Bank, actually there's been a lot of

25 discussions on expanding the role of NAD Bank, in not

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1 just financing environmental water-related projects but

2 also transportation-related projects. And you're going

3 to see that change moving forward because, one, the

4 interest in it, but also in Washington, D.C. there's

5 also a lot of elected officials that are pushing to

6 expand the role of NAD Bank. So you're going to see

7 that change.

8 MS. HUGHS: From Nada to (speaking Spanish).

9 So very good. Thank you for that.

10 And at this time I'd like to turn it over to

11 Marc Williams, the Deputy Director of TX DOT for some

12 comments and then we'll move into the agenda where you

13 see the 10:00 o'clock agenda part.

14 MR. WILLIAMS: Secretary, thank you, and

15 thank you to everybody who is taking an opportunity to

16 be here. I think Dr. Lopez's presentation and what

17 we're about, what this provides us is context. The

18 context for what we're trying to do and understand here

19 in Texas related to our border trade and border trade

20 planning.

21 And we're in a very dynamic time. There are

22 so many things that are changing in the transportation

23 and trade industry that having that context is so

24 helpful to us. We're going to have a lot of discussion

25 here today about data and some of the findings and the

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1 information that our study team has generated as we're

2 going through the development of this Border Master

3 Plan.

4 But without this context of discussion,

5 without the input from our partners with Mexico, from

6 the private sector, our border operators, thank you

7 representatives for being here today because of the

8 legislative side of that is important as well for us.

9 But that context is so critical. So I want to

10 thank you as I always do for your time in being here

11 today. But continue to encourage you all to help us

12 with your understanding of what these issues mean to you

13 and how these issues are changing. Because we've got a

14 wide variety of different scenarios that we can project

15 into the future, and we're guaranteed to probably be

16 wrong on whatever we project, but having an

17 understanding of your perspective on where these things

18 are going, particularly the information on where Mexico

19 is as they're beginning to move forward with projects.

20 This is tremendously helpful to us.

21 But now with USMCA how is that affecting your

22 decisions and how should we understand that within the

23 data and the information that we're putting together as

24 part of this Border Trade Master Plan. Very important,

25 very helpful.

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1 Thank you all for your continued dialogue and
 2 input as we go through the day. Thank you.
 3 MS. MAYS: Yeah, before I turn it over to Tim,
 4 you know, Secretary, we're not going to take a formal
 5 break, and so if you want to step out, refill your
 6 coffee, use the facilities, please feel free to do that.
 7 Because we're not taking a break for ten minutes, and we
 8 have a lot to cover so we apologize for that, being a
 9 short meeting.
 10 But I'm going to turn it over to Tim, but I
 11 think, you know, again as I mentioned earlier, the next
 12 discussion is really focusing on building upon what we
 13 presented at the last meeting, which is primarily we'll
 14 talk about the data, you know, analysis that we've done
 15 so far and how it resonates with you all to ask
 16 questions, provide us feedback. Because again, this is
 17 what's going to build the Border Master Plan.
 18 And we want to underscore that we're on the --
 19 you know (inaudible, room noise), but we're looking to
 20 finalize this plan by the end of the year, we'll talk a
 21 little bit later about your role this year and probably
 22 a little bit more intensive than last year because we
 23 really have to get to that finish line and we really
 24 hope that you stay the course.
 25 And so I will turn it over to Tim to get into

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1 the discussion. So Tim.
 2 MR. JUAREZ: Good morning, Secretary of State,
 3 Border Trade Advisory Committee members.
 4 I'm Tim Juarez for TX DOT, and I serve as the
 5 manager for International Trade and Border Planning. I
 6 also serve as TX DOT's project manager for the
 7 development of the Texas-Mexico Border Transportation
 8 Master Plan.
 9 Today we are going to provide you a discussion
 10 on the development of the status of where we are on the
 11 Border Master Plan. This will include what we heard at
 12 the three binational regional steering committees that
 13 was held after the last BTAC meeting.
 14 Part of those efforts we initially discussed
 15 some identification designation and needs assessment of
 16 the binational multi-mobile corridors from a highway
 17 roadway network. This time you're going to hear from
 18 the other modes. We've taken that same piece of
 19 information, but we will be looking at aviation,
 20 maritime, rail and water ports and airports to name a
 21 few.
 22 The components of the data that we have
 23 collected and was discussed today is identifying the
 24 commodities that are traversing through the actual
 25 border that is coming through the three regions and

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1 through the actual border crossings. That will tie into
 2 the supply chain that we will look at and analyze later.
 3 In addition to that, we're going to talk about our
 4 approach, our identified preliminary methodology for
 5 future forecasting, as well as any economic analysis.
 6 At this time I would like to introduce
 7 Alejandro Solis. He serves as the project manager from
 8 the consultant team that TX DOT has contracted to help
 9 us deliver this plan. Alejandro.
 10 MR. SOLIS: Thank you. And good morning
 11 everybody. Can you guys hear me well? Yeah, okay.
 12 This is a mic.
 13 And so as Tim mentioned, we have a pretty
 14 comprehensive agenda. We'll be looking at a lot of
 15 topics, and hopefully start building up this border
 16 story.
 17 At the end of today remember what we're trying
 18 to do here in this Border Master Plan is convey the
 19 border story. So what you're going to be seeing today
 20 are the building blocks for that story, and what we want
 21 to do is for you to tell us if we're heading in the
 22 right direction based on what you see in your local
 23 areas.
 24 So we have a kind of chronological order here
 25 of the agenda. You have it in your packets so you can

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1 follow along on these slides.
 2 We're going to start with Stakeholder Outreach
 3 and then we're going to move into the more technical
 4 corridor analysis designation, et cetera. We're going
 5 to see a lot of data that Caroline were mentioning,
 6 trade patterns, which are states trading with each ports
 7 of entry, start building that story. And then we're
 8 going to go to the upcoming task of forecasting and how
 9 this starts building that border story.
 10 So just a quick recap. I know that the
 11 holidays tend to create a lot of memories that displace
 12 other memories. So just to let you guys -- refreshing
 13 up on what we saw last year.
 14 Last time we spoke of the goals and
 15 objectives, kind of showing you what the goals and
 16 objectives of the plan are. We also talked to you a
 17 little bit about the preliminary data analysis. We
 18 focused it on data, population, employment, et cetera,
 19 to give you kind of the baseline of how we see the
 20 border.
 21 We -- this is called a Spheres analysis that
 22 we're going to be employing or using in the study. We
 23 looked at the preliminary identification of roadways and
 24 ports of entry or border crossings based on certain
 25 parameters and criteria, and then we talked to you a

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1 little bit about the needs assessment, how we plan for
 2 that needs assessment.
 3 So now we're going to build upon that and give
 4 you a little bit more detail about the actual movement
 5 of goods and people, building upon that. So before we
 6 go into the more kind of technical detail, we want to
 7 give you a little bit of a recap of what we did after
 8 the previous BTAC meeting.
 9 So I'm going to slow down a little bit. We
 10 have an hour and 45 minutes so we have I think enough
 11 time.
 12 So the three -- the four things that we were
 13 able to convey to the districts or to the regions and
 14 validate with them is that -- is that the border is a
 15 very dynamic entity. There's a lot of growth of
 16 population, a lot of growth in employment way beyond the
 17 national averages in both sides of the border. So
 18 that's a number -- a number one takeaway.
 19 The second thing that we were able to validate
 20 is that a lot of that growth is happening actually on
 21 the Mexican side. The Mexican side has about two-thirds
 22 to one-third ratio of population, employment, et cetera.
 23 So there's a little bit of an imbalance in the sense
 24 that most activity happens on the Mexican side.
 25 The third one is that there's a decrease in

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1 the number of passenger movements or people crossing
 2 from Mexico to the U.S. That's been trending for a few
 3 years, probably 10 or more, and then the last one is
 4 that on the contrary to passenger vehicles, commercial
 5 activity had been growing a lot, and you mentioned it
 6 here. So these were validated at the different regions
 7 that we went to visit as part of our Grand Prix.
 8 And then we have kind of certain topics that
 9 were very specific to each one of those areas. I'm not
 10 going to spend a lot of time there, but you have it in
 11 your PowerPoint. But I think in some cases they wanted
 12 to point out something specific about their area. For
 13 example, inclusion of another region to the Spheres that
 14 we're analyzing, et cetera. So we capture all those
 15 comments, and we're processing that and we're kind of
 16 including in this particular presentation.
 17 So first thing we're going to do is talk about
 18 this overall task, which is corridor identification,
 19 designation and needs assessment. That's kind of the
 20 backbone of the study. What we do there is identify the
 21 trade routes and then look at the -- define which are
 22 the focus of our analysis.
 23 And in particular I want to give you now a
 24 little bit of the economic policy and land use profiles
 25 which basically help us figure out what is being moved

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1 through the border and what are the characteristics of
 2 those movements for both people and goods. So as you
 3 can tell us yay or nay and does it ring a bell or not.
 4 The first thing I want to tell you about
 5 economic profiles is that they're very important for our
 6 study and I think for the border story. This is really
 7 where we start building the border story that you and
 8 your representatives and the officials of Texas can
 9 actually start telling other people, stakeholders, not
 10 only Texas roles in other states.
 11 So we're going to be looking at two things
 12 today. One of them is the commodity flows, which
 13 basically tells which are the routes that are going
 14 through the Texas POE's, the Texas border crossings.
 15 And that one has a direct implication of creation of
 16 jobs, wages, et cetera. So whatever has been traded
 17 through Texas has somebody that produced it and
 18 therefore it creates an economic impact that might --
 19 might as well be outside of Texas. So that is very
 20 important to understand.
 21 The second part that we're going to be looking
 22 at today is the trade flows to the specific ports of
 23 entry, and that is also important because all of the
 24 trade and all the movement of people and goods that
 25 happens between Texas and Mexico needs to go to a

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1 certain type of transportation infrastructure, be it
 2 highway, railroad, you name it, but it has to go through
 3 some sort of network. And we want to know what that
 4 network is so we can analyze what are the conditions,
 5 what are the needs, and what are going to be the future
 6 requirements -- bless you -- to move more people and
 7 goods. So these two things are key. Therefore, we
 8 really want you guys to tell us if we're heading in the
 9 right direction because this is basically the foundation
 10 of the needs assessment.
 11 So the -- the data that we have and that
 12 we will be presenting today is actually mainly public
 13 data. We did a little bit of manipulation, and I can
 14 talk more about that, but it's basically at the POE
 15 level, at the port of entry level. And there's a
 16 distinction between the port of entry and the border
 17 crossing.
 18 So the port of entry is a -- the POE is an
 19 aggregated of border crossing, and this is basically
 20 because of the way the data is reported in -- in the
 21 sources that we looked at. So we're going to be talking
 22 to you about POE's throughout the presentation, not
 23 individual border crossings.
 24 I have a list of POE's here. You can make the
 25 correlation rather easily, and we also have a handout,

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1 handout number one where we're actually describing which
 2 are the sources we're using and the corresponding POE to
 3 border crossing matching. So you can always reference
 4 that, you have the handout also in your package.
 5 So I'm going to let Donald talk about the
 6 commodity flows and then I'll take it back for the flows
 7 to the specific areas.
 8 MR. LUDLOW: Thanks, Alejandro. Appreciate
 9 that.
 10 THE REPORTER: Your name?
 11 MR. LUDLOW: Donald Ludlow.
 12 THE REPORTER: Thank you.
 13 MR. LUDLOW: All right. So we're going to
 14 start with this trend line, and let me give you a little
 15 bit of background.
 16 Since we last met, the team has been
 17 assembling a database from a number of different
 18 sources, including the U.S. Census Bureau, the Federal
 19 Highway Administration and Customs and Border Patrol
 20 Transporter Data, and we've assembled that in a way that
 21 we'll be able to use it for the rest of the study to be
 22 able to examine commodity flows organized by mode, by
 23 location, and by origin and destination patterns. So we
 24 kind of built this database. I'm still calling it
 25 preliminary just because we might -- we're kicking the

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1 tires right now, and we want your input on that and we
 2 may continue to refine it a little bit.
 3 But this first chart is the big picture, shows
 4 really the last -- you know, the last series of 10 years
 5 since 2006 out to 2017. Showing -- you know, including
 6 the period where we have the global financial crisis in
 7 2009. But this really depicts the uptick in the growth
 8 showing about 71 percent growth in total trade. The
 9 southbound growth has actually been a little stronger
 10 than the northbound growth during this period of time.
 11 But what we're going to do after this slide is
 12 take you through some of this data at the regional
 13 level, set up on the BNSRC basis and then we've also got
 14 some of this at the port of entry level. I'm not going
 15 to spend a lot of time going into each of those. Let me
 16 give you some examples, let you absorb it a little bit,
 17 ask some questions, get some feedback and then we will
 18 move on to some of the other substantive findings that
 19 we have so far.
 20 But I will stop for just a minute because this
 21 is kind of the big picture, and I wanted to know from
 22 you, answer to a couple of questions and these are in
 23 your slide pack, the first is what is driving the
 24 overall upward trend in cross border trade. And this is
 25 important because we're trying to also set ourselves up

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1 to be able to build a forecast. And Marc mentioned that
 2 the forecasts are seldom right, we know that, but we're
 3 going to try to get as close as we can to parameterize
 4 that correctly.
 5 So the question for you, what's driving this
 6 upward trend, especially over the last six years or so.
 7 Since the recovery we've seen a big increase. Any
 8 thoughts or comments?
 9 Yeah, please.
 10 MR. GALEAZZI: Dante Galeazzi with Texas
 11 International Produce Association. Just real quick,
 12 back up to make sure that the numbers are correct.
 13 I'm looking at the sources. I don't see USDA,
 14 U.S. Department of Agriculture. I had market service
 15 included in your figures, so I'm wondering if you have
 16 the 13 to 15 billion dollars of fresh produce included
 17 in your -- in the northbound movement?
 18 MR. LUDLOW: Okay, first. Well, tell you
 19 what, a few slides ahead you'll see avocados pop out
 20 prominently. So I'm pretty sure we do, but Dante, I'll
 21 go back and double-check that. This is exactly the kind
 22 of feedback that we need.
 23 MS. MAYS: And generally on the data what
 24 we're using here are USDA BTS, which is the Bureau of
 25 Transportation Statistics. So USDA beats that.

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1 MR. GALEAZZI: Excellent. I was just going to
 2 say, so to answer your question, I know that for many of
 3 the American industries part of the reason that we've
 4 seen, especially in the last six years, has been the --
 5 obviously they are relocating a lot of production or
 6 complimentary production into Mexico because of
 7 regulations, burdens, compliance, those types of things.
 8 And I've seen it I know at least on the agricultural
 9 side in big numbers, especially in the last ten years
 10 with the onset of things like Food Safety Modernization
 11 Act and produce safety rules. Those types of things.
 12 MR. LUDLOW: Excellent, thank you. Very good
 13 insight. Please.
 14 MR. CAMPIRANO: Yeah, and I'll try to speak
 15 loud. Can you hear me?
 16 MR. LUDLOW: And just remember to state your
 17 name.
 18 MR. CAMPIRANO: Eduardo Campirano with the
 19 Port of Brownsville.
 20 When you talk about these movements, when you
 21 say refer to the POE, so are you capturing just what is
 22 delineated on that POE chart, which would be I guess
 23 slide number 5? Or are you looking at the network for
 24 the POE's?
 25 The reason I ask is because is rail included

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1 in these three delineations?

2 MR. LUDLOW: Correct, rail is included in

3 these delineations. This is every mode.

4 MR. CAMPIRANO: Because what we see is driving

5 the movement at least from the Port of Brownsville

6 primarily to market, steel and energy. There's really a

7 -- it's a refined product market. In fact, it just

8 continues to increase. We've seen that pretty

9 consistently, and all indications are the steel is going

10 to pick up significantly going into late this year and

11 in the subsequent years with the Festaria (phonetic)

12 project coming fully online.

13 MR. LUDLOW: Okay.

14 MR. CAMPIRANO: Which is basically a slab

15 operation, and the majority of that will be coming

16 through the Port of Brownsville and it will go out by

17 rail, and then the refined product market again -- and

18 it could increase even more if the network to move that

19 commodity opened up, whether it's pipeline or the

20 availability of more rail equipment to do even larger

21 volumes.

22 MR. LUDLOW: Excellent. Thank you very much.

23 Other comments or thoughts? Yes, please.

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

25 Presidio.

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1 On the data, the stuff that goes through

2 Mexico, I'm not saying that (inaudible, room noise) that

3 it goes through Central America, but is that included?

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

5 MR. GIESBRECHT: Cargo and vehicles and a lot

6 of products go I think in bond into Mexico, right, that

7 are going to Central America?

8 MR. LUDLOW: Correct. This is picking up

9 everything that moves through the border, regardless of

10 whether the destination is Mexico or further south. Or

11 it could even be transiting Mexico to a specific port

12 for, you know, transpacific shipment as well. So

13 there's a bunch of different scenarios, but this

14 captures it all.

15 Any other questions on this? Yes, please.

16 MR. SAUVIGNET: Does this take into account

17 the product that the automobile industry crosses several

18 times for the building, the construction of a product?

19 So six times a car crosses, is it counting it each

20 time?

21 MR. LUDLOW: Yes. Yes. It counts it, and

22 you'll see some of this in a few of the slides in a

23 moment where we get the finished automobiles versus the

24 components, and they're part -- they're both part of

25 that.

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1 So let me pivot just a little bit and ask

2 another question before we move into some of the more

3 detailed information, and that is what do you see in the

4 future, will this trend continue? Do you think that

5 we'll continue to see this uptick? Especially there's

6 been a big uptick between 2016 and 2017, and we know

7 that that's continued. The study's using a 2017 base

8 here, but we know that 2018 and 2019 we continue to see

9 that sharp accent in total volumes.

10 So can you prognosticate, anybody want to

11 guess the future here and help us start to formulate our

12 forecasting? What's this going to look like and why?

13 MR. VALE: The USMCA is going to be everything

14 that NAFTA was plus.

15 MR. LUDLOW: Plus. Okay. So Sam, what is

16 that? What do you think that means?

17 MR. VALE: Well, that means you're going to

18 continue to have this growth, and not only that, it

19 might even increase higher.

20 MR. LUDLOW: Okay.

21 MR. VALE: But a lot of that depends on

22 certain other factors, but the opportunities are there

23 under this agreement to really explode the way -- what

24 NAFTA did, this is going to be -- NAFTA is more than

25 2.0. It might be 3 or 4.0.

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1 MR. LUDLOW: Okay. Great. So there we have a

2 bullish forecast. We had a more conservative take

3 earlier from Dr. Lopez.

4 MR. VALE: But we're living it. We know it.

5 We're not speculating.

6 MR. LUDLOW: All right. Please.

7 MR. GARCIA: So --

8 THE REPORTER: Your name?

9 MR. GARCIA: Tecló Garcia with the City of

10 Laredo.

11 So two things, and most people here know that,

12 but just worth saying. Okay. So automakers have

13 invested heavily in plants in Mexico, especially of

14 recent. So Audi just -- is opening a plant in Pueblo, I

15 think, and then Toyota just announced that they were

16 going to -- although I think most people knew that was

17 in the works for a while to produce their Tacoma, and

18 there's other plants online as well. So this year,

19 2019, was the first year that Mexico shipped more new

20 cars in the U.S. than Japan.

21 So if you looked at it scientifically, you

22 would assume that there would be some increase in new

23 cars coming from U.S., especially those plants. And

24 those markets being -- the U.S. being the main market

25 for those vehicles.

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

8 MR. LUDLOW: Thank you. Very good.
 9 Please, give me a Basin perspective.

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

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

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1 continue to drive this state and the economy.

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

8 Eduardo.

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

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

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

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

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

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

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

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

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

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

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

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

25 The corn is mostly southbound, and that's corn

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1 grain. Nebraska, Iowa, the corn belt, shipping grain,
 2 corn grain to Mexico, and then we've got a lot of
 3 northbound basically nonmetallic minerals for
 4 construction and other things.
 5 So different story again. On the value side,
 6 it's about motor vehicles, it's about -- it is about
 7 energy and it is about tack and other things, but on the
 8 weight side it's much more about natural resources and
 9 agriculture. And that's -- you'll see that same trend,
 10 kind of distribution continue as we look at this down at
 11 more localized and regional level.
 12 Any questions? And we're going to into some
 13 of the regions, just give you an overview. Okay.
 14 So I'm going to start with, and this is kind
 15 of going to be the way we'll do the sequence going
 16 forward, El Paso, Laredo, and then the valley, RGV.
 17 It's alphabetical and geographically sequenced.
 18 So El Paso region, you can see the trade
 19 differential, there's higher northbound than southbound
 20 total. Others as strong, rail component and a very
 21 strong pipeline component. Truck obviously is strong in
 22 all of the regions.
 23 When we look at specific kind of --
 24 MR. JAIME: Before you go on, can I ask a
 25 question?

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1 MR. LUDLOW: Yeah, sure.
 2 MR. JAIME: How is getting all the -- is it
 3 just a crossing that you're looking at or are you
 4 looking at it crossing over the border and then they hop
 5 on rail and stage that (inaudible, room noise). Have
 6 you accounted for that at all or --
 7 MR. LUDLOW: We have a way of accounting for
 8 that in these statistics right here. This is basically
 9 if a truck crosses with a container on it and then uses
 10 the ramp, it's going to pick up as a truck crossing.
 11 So -- but we -- I can talk to you later about some ways
 12 that we have to look at that. That's -- that
 13 intermodal, multimodal compartment.
 14 MR. JAIME: Do you think may be insightful
 15 (inaudible, room noise) -- it's fairly new to the
 16 market? And by way, I'm Ivan Jaime, sorry. But, you
 17 know, I mean it's fairly kind of recent, five, six years
 18 ago in Laredo, the recent expansion about two or three
 19 years ago riding motors from Laredo, so it's a new,
 20 really market and it might provide some insights for the
 21 group and others on how trucks are maybe crossing across
 22 the border and then hoping on the rail immediately and
 23 saving Texas highways.
 24 MR. LUDLOW: Great. Excellent. Well, we can
 25 follow up with you on that and then Steve also is going

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1 to talk a little bit more in depth on some of the modal
 2 profiles as well. Thank you for that.
 3 And so just jumping ahead here. When we look
 4 at El Paso, Santa Teresa and Chihuahua region, when we
 5 look at value, again kind of the computer and tech
 6 industries value, cables, wires and fiber. Next, motor
 7 vehicles, medical equipment parts. We know that there's
 8 a very important medical cluster in Juarez and in El
 9 Paso. Last time I was there I flew with some people who
 10 were going to visit their factories from the medical
 11 manufacturing industry and office machine parts.
 12 This is a different profile than we see in
 13 some of the other regions. It's a distinct El Paso
 14 profile. On the weight side, again the energy and the
 15 agricultural, including wheat this time is really
 16 important, and a lot of that again is by rail.
 17 When we move over just to look at the -- kind
 18 of some of the commodity crossings by specific port of
 19 entry, we get a, you know, pattern that picks up here
 20 showing El Paso as the predominant in the region.
 21 Moving down to Laredo, Laredo, Coahuila, Nuevo
 22 Leon, Tamaulipas area, we see again a very significant
 23 amount of trade. In fact, this region is accounting for
 24 about 65 percent of the total trade on the border. The
 25 mode splits look similar to El Paso, a little higher on

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1 the rail side and even a little lower by total mode
 2 split on the pipeline side.
 3 When we look at the distribution of the kinds
 4 of commodities at Laredo, again, the automotive story as
 5 the gentleman from Laredo mentioned, comes out loud and
 6 clear. I would pull the parts and the finished
 7 vehicles. Telephone and electric apparatuses is an
 8 archaic way of saying mobile devices. The U.S.
 9 government hasn't quite caught up with nomenclature
 10 here. And tractors. All very important commodities.
 11 On the other side, a lot of it is southbound
 12 agriculture and energy from the United States to Mexico.
 13 So southbound energy and ag; northbound is a lot of
 14 finished materials and products, especially related to
 15 the automotive industry.
 16 Jumping ahead to the distribution here, you
 17 see Del Rio, Eagle Pass and Laredo, their relative
 18 shares in that region.
 19 When we look at the Rio Grande Valley, this is
 20 the most balanced of the regions in terms of northbound
 21 and southbound trade, and -- but it's also the highest
 22 in terms of truck. There's a relatively small share on
 23 the rail side. Of course the maritime side is an
 24 important industry in this region as well, as is the
 25 pipeline element.

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1 When we look at specific commodities, you'll
 2 be very happy, Dante, to see those avocados right there
 3 coming out here loud and clear. And of course other
 4 fruits and vegetables are important and would be further
 5 down on the list, but this just shows you the importance
 6 of, you know, that connection between Michoacan and all
 7 of the avocado eaters across the United States.
 8 Yes.
 9 MR. GALEAZZI: Well, so we're getting a lot of
 10 shaking heads over here. Generally when we look at this
 11 category, we look at it as all nonfrozen fruits and
 12 vegetables. And when you aggregate that number in
 13 compliance to 2017, I think it was 12.6 billion dollars
 14 or something like that. And so that will paint a much
 15 better picture. Because it will also show -- for
 16 example, you said Michoacan avocados, that's great, but
 17 tomatoes is the number two item coming across in Texas,
 18 2 billion dollars. So that implements the whole other
 19 side of Mexico as well. And, you know, you've got
 20 Sinaloa and you've got some more of those types of
 21 places as well. And all these berries are now emerging,
 22 but -- so I think it's going to be important, or at
 23 least in my opinion, that we adjust that number for the
 24 Rio Grande Valley so that it's a better reflection of
 25 what's coming across.

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

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

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

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1 So what (inaudible, coughing noise) does is
 2 they have the POE's and they have border crossings. So
 3 when you're talking about Eagle Pass, Del Rio, Presidio,
 4 you know, all of those are going to be -- each of the
 5 border crossings is going to be highlighted. You know,
 6 but we're trying to aggregate it to a much larger. So
 7 for the context of BTAC to kind of give you all the
 8 (inaudible, room noise) -- but some of them have all the
 9 data, all the information for each of the border
 10 crossings, and each of them are very, very important.
 11 And you see as we move forward to the discussion in the
 12 final report you're going to see, you know, really
 13 documentations at the border crossing.
 14 Again, you know, aggregated POE is just a
 15 broader analysis, but to identify the issues, their
 16 needs is at the border crossing level.
 17 MR. LUDLOW: Great. Thank you, Caroline.
 18 I'm going to transition now over to Alejandro
 19 and he's going to pick up on a similar vein on profiles.
 20 MR. SOLIS: Thank you, Donald.
 21 So just like we were telling you the story of
 22 what moves through the region and through the Texas and
 23 Mexico border, we also want to tell you where is it
 24 moving from and where is it moving to. Because again,
 25 this is in my opinion one of the best features of the

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1 border story.
 2 You know, the border really is located by
 3 happenstance in Texas, but it really benefits the entire
 4 country. So what we want to show you is kind of a
 5 snapshot of what the analysis is we have done and then
 6 we can pair it up with what Donald was mentioning. So
 7 that we can kind of present to you again one of the I
 8 believe strongest building blocks of the story of the
 9 border.
 10 So what you have here is -- and this is slide
 11 30 for those of you that are following on the print
 12 version. This is the movement -- so the states on the
 13 two sides of the border that are trading through the
 14 POE's located in Texas, the Texas/Mexico border.
 15 So on the left-hand side you have the
 16 northbound flows. So on the Mexican side these are the
 17 states that are producing the goods that get traded on
 18 the north, on the northbound. And then on the U.S.
 19 side, these are the importing states or the receiving
 20 states of those goods across the border.
 21 And on the right-hand side you have the
 22 southbound movement. So the U.S. states are the
 23 producers and they actually export into the states in
 24 Mexico.
 25 So that's kind of this subsection of the

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1 PowerPoint is going to presented like that, where it's
 2 going to be laid out like that. Northbound movements on
 3 the left, southbound movements on the right.
 4 So what you can see on the left-hand side is
 5 that, you know, there's -- and the bluer the state of
 6 the color, the more they trade with Mexico. So you can
 7 see a couple of highlights from the northbound on the
 8 left-hand side, no surprise, the border states just
 9 bordering Texas are going to be active. So they export
 10 a lot into the U.S.
 11 On the receiving end of the U.S. side, not
 12 surprising, Texas is the one that it's kind of -- the
 13 flow of trade, but also you see there California and you
 14 see Michigan and Illinois, very active. Again, these
 15 build up with the same story that Donald was mentioning,
 16 motor vehicles are going all the way north and then
 17 produce is going to California.
 18 So I have some complete stats here, but I'm
 19 not going to -- you have all of the stats for all of the
 20 maps we have, but we have (inaudible, room noise).
 21 So on the northbound on the left-hand side
 22 Texas, Michigan and California basically represent 64 of
 23 all the imports of the U.S. that go through the Texas
 24 POE's. Again, this is only -- we're basically narrowing
 25 the trade, only what goes through the Texas POE's and

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1 then see where it goes. So they represent 64 percent.
 2 That's almost two-thirds of all of the imports. So
 3 that's big, and it's only these three states. And most
 4 of it is related to what we're calling high tech, which
 5 is mobile phones, PC's, computers, et cetera. So that's
 6 kind of one of the biggest balls there. And then on the
 7 sending end, we chose the states that are sending those
 8 goods into the U.S. That's Nuevo Leon, (unintelligible)
 9 and Mexico City. Those are -- they represent about 40
 10 percent of everything that moves through the POE's in
 11 northbound.
 12 Now, the southbound, Texas, California, and
 13 Michigan represent about 62 percent of everything that
 14 gets sent to Mexico. So that's also a pretty big share
 15 of all of the exports. And it's also related to high
 16 tech or, you know, this mobile phones, T.V.'s, but also
 17 petroleum for motor vehicles, the parts of the motor
 18 vehicles are there. And the receiving states are Nuevo
 19 Leon, (unintelligible) and Mexico City. So it's kind of
 20 the same thing, just at a different degree. You can see
 21 that the map on the right-hand side has less blue
 22 concentration. So it means that the actual export from
 23 the U.S. states reach more states in Mexico. So that's
 24 kind of the way to read this map.
 25 And again, we have all of the breakdown of

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

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

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

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

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1 when you're looking, you know, just the value of the
 2 commodities. The weight might be more, but, you know --
 3 and the weight might be less, but it's really generally
 4 it's the values. This one is looking just at that.
 5 MR. BLANCO: Thank you.
 6 MR. SOLIS: Okay. And I'm going to move along
 7 to the next one. So transportation modes, same story as
 8 before, the two dominant, truck and rail. So when we
 9 look at the Rio Grande Valley here, Dante, I think to
 10 your point, you see more reach on the east coast.
 11 Basically from Texas east a lot of the states are
 12 covered and served by the RGV region or the POE's
 13 located in the RGV region. And here where you can see
 14 actually a lot of the exporting states in Mexico on the
 15 left-hand side of the map are the ones that produce
 16 agriculture, et cetera. So that match is kind of the
 17 same picture that Donald was providing when we were
 18 talking about specific commodities being moved.
 19 But I think that the key message here is
 20 pretty much all of the states in the U.S. and in Mexico
 21 trade through the POE's in Texas. So that's I think a
 22 powerful message or sound bite. If we were to give you
 23 one, that's the first one. And we have the numbers to
 24 back it up based on publicly available data. So again,
 25 this is the first building block of the story upon that.

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1 MS. MAYS: I guess, Alejandro, I just wanted
 2 to know that -- Dante to know that when you asked
 3 earlier when the El Paso slide, but does this match up
 4 with, you know, the valley. As you mentioned earlier, a
 5 lot of the produce that comes -- that's, you know,
 6 slated for the northeast by the country, so does that
 7 match because we just want to make sure?
 8 MR. GALEAZZI: For the most part, it does. I
 9 was saying there could be a small variable there
 10 where -- specifically for avocados, many of the
 11 companies are actually headquartered out of California,
 12 so their crossing documents could show California, but
 13 the product is still bound for another location in the
 14 U.S.
 15 But I think overall this is a good graph, and
 16 it does show a good picture of at least for our industry
 17 where the 15 billion dollars of fresh produce is bound.
 18 MR. SOLIS: Yeah. There's a lot of
 19 nitty-gritty that happens when we're, you know, trying
 20 to find or put these data sets together. So yeah,
 21 there's definitely some how do they record things. Even
 22 on the Mexican side, do you report it with the
 23 headquarters or do you report it where the final
 24 shipping place was. But in general, we also felt that
 25 these represent the -- pretty accurately what -- what

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1 the trade patterns are out there.
 2 So just moving on, again in the interest of
 3 time, so we also did a little bit of a streaming of the
 4 POE's. On the left-hand side in this slide you have the
 5 value of northbound trade and then the right-hand side
 6 the value of the southbound trade.
 7 This, you know, basically you can see the
 8 scale of Laredo, El Paso POE, including the four border
 9 crossings that are in that region, and it's very
 10 significant compared to the next one, which is El Paso
 11 in both cases. But again, it just gives you a sense of
 12 this is -- this is the amount of value that each one of
 13 these POE's handles. And also a little segue from -- we
 14 use this information in the classification of those
 15 POE's during the last round. So all of these is kind of
 16 consistent and it's -- it helps us wrap our heads around
 17 the -- the movement of the goods.
 18 We also did the same exercise for the
 19 individual POE's, so I'm not going to necessarily spend
 20 a lot of time here. But know that the same level of
 21 analysis that was presented before, we're doing it for
 22 each one of these 13 POE's that you have in your
 23 handout. So we can also tell you for each one of those
 24 POE's which are the states that trade over the U.S. and
 25 Mexico through that specific POE. So again, that's part

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1 of the story that we want to help you tell of the
 2 border.
 3 So this is where El Paso -- I'm going to go
 4 very quickly and then to the last couple of questions --
 5 this is Laredo, the specific Laredo POE, and this is
 6 Hidalgo POE.
 7 And then the discussion is -- is there any
 8 comment that you have for us on those states that are
 9 trading? Did anything surprise you of the percentage,
 10 the reach of the POE's and the reach of the regions on
 11 that particular border? Yes, Sam.
 12 MR. VALE: I'd just like to point out that for
 13 TX DOT purposes it's wheels on the road that count.
 14 It's not necessarily values, low value, high value
 15 cargo. It's still a truck taking space on the Texas
 16 highway. So we want to make sure that we do keep that
 17 in mind, it's the vehicle counts that are critical for
 18 what we're trying to do with TX DOT.
 19 MS. MAYS: Okay. And Sam, we're definitely
 20 going to get there. In this case we're trying to set
 21 the context.
 22 MR. VALE: I understand.
 23 MS. MAYS: And then we want to translate those
 24 to, you know, a number of the truck crossings, and we're
 25 going to look at the core of those, look at the volumes

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1 of those corridors, we're going to look at the rail, et
 2 cetera. So we're going to look at all of those, and as
 3 soon as they define them, set a context now on course.
 4 MR. VALE: Just to point out, the ports of
 5 entry don't charge on an ad valorem value, they charge
 6 on the numbers.
 7 MS. MAYS: Yes.
 8 MR. VALE: Same thing for a scrap truck as an
 9 electronic truck.
 10 MS. MAYS: And you're right, for us it doesn't
 11 matter whether the truck is empty or loaded, it's still
 12 taking space on the highway, it's part of the
 13 congestion, it's part of the traffic mix. So yeah, some
 14 of these, we'll translate those, but we're really
 15 looking at the needs and the recommendations of the
 16 borders, but also the border crossings themselves.
 17 Whether it's empty or loaded, it's still part of the
 18 wait time at the border crossing. So all of those
 19 definitely have to be taken into account.
 20 MR. CALVO: Alejandro?
 21 MR. SOLIS: Yes.
 22 MR. CALVO: Question. I know we're discussing
 23 mostly, you know, the movement of freight. You know,
 24 this is trade, right. But at some point are we going to
 25 be looking also at the movement of people across the

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1 ports of entry?
 2 Because when you talk about economic, you
 3 know, value, economic activity, you know, across border,
 4 that plays a very, very important role as well.
 5 MS. MAYS: Eduardo, we actually -- you jumped
 6 ahead by a few slides down, we do that, yeah. This is a
 7 multimodal plan. We're looking at the movement of
 8 people and across the border, and in and around the
 9 border. So we're getting to that.
 10 MR. CALVO: Thank you.
 11 MR. SOLIS: Okay. So any other comment?
 12 Again, are these findings consistent? Does anything
 13 really in your mind says no, there's something off here,
 14 or does this really portray what you experience on an
 15 everyday at the border?
 16 I mean if you also have any comments later on,
 17 just approach one of the team members and we can discuss
 18 it with you. But basically, we want to make this like a
 19 check of the direction we're going. So you're able
 20 to -- you guys live the border on a daily basis, it's
 21 going to be very important for us.
 22 So with that, we're going to go into the modal
 23 because that's easy to present, and we're going to talk
 24 about pedestrians, et cetera.
 25 (Brief interruption)

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1 MR. DECKER: So we have talked a lot about
 2 freight and goods movement today. I'm going to follow
 3 that theme about freight and goods movement across the
 4 border. Of course we want to link that to these various
 5 corridors and designate the corridors in our analysis
 6 process which then feeds into needs analysis and then
 7 feeds into project evaluations.
 8 I'll talk about freight/goods movement first
 9 and then I'll talk about pedestrian movements because I
 10 mean this is multimodal and we want to link the various
 11 modes to the various information that we provided to you
 12 previously.
 13 So with that said, we'll get into modal
 14 profiles with goods movement. So you've seen this last
 15 time where we went through a detailed analysis of the
 16 roadway networks. Various roadway networks in the U.S.,
 17 Mexico, Texas at the federal and statewide levels to
 18 define just our preliminary cut of corridors for this
 19 study, the corridor designation.
 20 So we've identified international corridors,
 21 and keep in mind this is based on baseline information
 22 and it's going to be updated with the modes that we're
 23 talking about and then future forecasts that we're going
 24 to get into as we'll get into the future forecasts now.
 25 So here are international -- preliminary

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1 international corridor designations, emerging
 2 international corridors as well, regional cores that
 3 feed into these international and emerging international
 4 corridors that we feel are necessary to sort of feed the
 5 long distance corridors, which would truly be
 6 international, and then those local corridors that feed
 7 into this entire system.
 8 And we went through this last time and we had
 9 feedback from the various third-round stakeholder
 10 involvement across the season. It looked -- it matched
 11 up with the people's thoughts. So this is where we're
 12 going with the roadways and you've seen this information
 13 before.
 14 In terms of the movements, this represents
 15 northbound movements of trucking crossing the entire
 16 border, all three regions, all POE's. Obviously the
 17 Laredo region is seeing tremendous growth in terms of
 18 truck movements through the POE's. That's the darker
 19 maps there, and this shows the movements from 1997 to
 20 2017. And then El Paso and Rio Grande Valley are
 21 pretty -- just growing as well, but not at the same rate
 22 as Laredo in terms of truck movements.
 23 And in terms of commodity flows, we talked a
 24 little bit about that with both Donald and Alejandro.
 25 These are the top five movements in value, to the left

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1 tonnage, to the -- or weight to the right. The
 2 southbound movements are in orange and the northbound
 3 movements are in blue, and it just shows that's going to
 4 be consistent throughout.
 5 So the top movements, I think we've talked
 6 about this before, and overall for trucking, it's
 7 electronics and machinery in terms of value, motorized
 8 vehicles, and then in terms of tonnage, it's more
 9 plastics, rubber, agricultural products, fuels, oils,
 10 those kinds of things. I think this is pretty
 11 consistent with what we've been talking about today.
 12 And because this is a multimodal plan, we're
 13 getting into other modes here. This is freight rail.
 14 AUDIENCE: Good job.
 15 MR. DECKER: Thank you. So we have -- well,
 16 let's see if this is animated here. Yeah, so let me
 17 just go back.
 18 So this is our class one network here in
 19 Texas. We go through a progression of the Texas class
 20 ones, and then class three. This is a class three
 21 railroad in Texas, and I think yellow -- you could
 22 hardly see them, but those are also class threes, and
 23 then here are the railroads, railroads in Mexico, and
 24 this is all built into -- it's going to be built into
 25 our analysis. And then here are all the roadways

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1 considered in our analysis here. And just -- if you
 2 guys remember we had the Spheres, and we talked a little
 3 bit about the Spheres of analysis.
 4 And this -- the first Sphere is right around
 5 the border, about 60 miles. That's Sphere One, 60 miles
 6 plus or minus into U.S. and Mexico. The second is about
 7 a hundred miles, Sphere Two a hundred miles into and out
 8 of, and this really represents Texas which is really
 9 part of the third Sphere and the four Mexican states are
 10 the third Sphere. And then we actually get the entire
 11 Mexico, which is Sphere Five -- Sphere Four. So we show
 12 a pretty detailed network here, and we're also looking
 13 at -- at least depict the rail network for Sphere Five,
 14 the U.S. as well, and showing where the movements are
 15 going to go. We just didn't show it here. Like I said,
 16 these are just snapshots of information for each mode.
 17 And so here we showed sort of depictions of
 18 the railway network before by the Sphere, and this is
 19 Sphere One in the El Paso region showing railroads, and
 20 it shows intermodal facilities as well and transfer
 21 facilities in the magenta, and it shows the class ones
 22 mainly being (unintelligible) UP and shows some of the
 23 railroad operators in Mexico as well, and then there's
 24 the southern part of the border region in El Paso and
 25 Sphere One in Presidio, I believe. And this is just

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1 showing the network.
 2 And then the map to the left shows the rail,
 3 the rail infrastructure in Laredo and then the right's
 4 Rio Grande Valley. So this is sort of what we're
 5 working with in class ones and class threes and then the
 6 Mexican railroads as well in terms of that mode.
 7 In terms of movements, these are the top five
 8 commodity flows, we've talked about them a little bit
 9 before. Again, southbound is in yellow, northbound is
 10 in blue, and motorized vehicles in terms of value,
 11 machinery, and then sort of tails off in terms of other
 12 modes in terms of -- or other commodities moved by
 13 freight rail.
 14 And then on tonnage, it's grains, motorized
 15 vehicles. A lot of southbound movements on the grains.
 16 MR. JAIME: You know, our trade is actually on
 17 the rail side. Ivan. I believe it's about 50/50. I
 18 think it's 51 north, 49 south. So it doesn't surprise
 19 me to see so much yellow because it's more of an
 20 algorithm, right?
 21 MR. DECKER: Okay. That's good to know.
 22 And of course there are, I don't know, there
 23 were ten different commodities and we paired it back to
 24 the top five, and there are many more than that too that
 25 we just --.

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1 In terms of aviation, we did look at aviation
 2 as well, and this shows a little animation. These are
 3 the primary airports in Texas, in Dallas, in Houston.
 4 These are the secondary medium-sized airports. We're
 5 talking San Antonio, Austin, Love Field, you know, in
 6 Houston or Dallas and Hobby, those kinds of things in
 7 Houston. A lot of it's passenger as well as cargo, but
 8 these are the cargo airports.
 9 And then here is the small hub. Is that
 10 Arlington? Arlington. And then here are nonhub
 11 airports in Texas that, you know, meets air freight
 12 cargo needs, and then here are the Mexico airports that
 13 we looked at across the entire country, including mainly
 14 Sphere 3, I think. Maybe a little bit of Sphere 2 and
 15 Sphere 3 in the four Mexican states.
 16 And then here they all are. Here are the
 17 airports that we're looking at in this analysis.
 18 MR. WOJNOWSKI: Matt Wojnowski, the City of
 19 Del Rio. As of November of 2018 Del Rio had its airport
 20 opened up to passenger service.
 21 MR. DECKER: Okay. This does go through 2017,
 22 unfortunately, but if he gets that in there especially
 23 for future, and this is from -- you know, I guess our
 24 main source was FAA on this one. So we will build that
 25 into this process for sure.

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1 So here are some of the cargo movements that
 2 we've seen through some of the analysis, and these are
 3 southbound movements from airports in the border
 4 regions, in Mexico airports across Sphere -- probably
 5 Sphere 1 through 3 through 4 into Mexico, and then
 6 that's on the left-hand side. And the right-hand side
 7 these are also southbound movements from all of Texas
 8 airports to all of Mexico airports in terms of cargo
 9 movements.
 10 We have lots of other information about
 11 different movements across different spheres into the
 12 U.S., et cetera, that's going to be in the report, but
 13 we just showed this as our example here of this snippet
 14 of information.
 15 In terms of air cargo moved, you'll notice the
 16 value and then the weight time. The right is in pounds.
 17 It's a very small mode share compared to the tonnage
 18 that we're seeing with the trucks and freight rail. But
 19 the primary movements are transportation equipment by
 20 value, electronics and your TX turn (phonetic) products,
 21 and much of that going southbound.
 22 And then by weight, you know, motorized
 23 vehicles, electronics, machinery, those kinds of things.
 24 So the primary commodities moved.
 25 So maritime. We also looked at maritime, and

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1 basically what we did is in this graphic we show the
 2 gulf, the U.S. ports in Texas that trade with Mexican
 3 ports across the entire country. So we -- that was sort
 4 of our baseline, crossing multiple spheres.
 5 And here we just show some of the major
 6 northbound movements on the right from Mexican ports to
 7 the gulf coast ports in Texas and then the southbound
 8 movements on the right from U.S. ports to Mexican ports.
 9 And you see it's pretty wide-ranging in terms of the
 10 activities that we've seen in the data in terms of the
 11 distribution of cargo.
 12 And the goods moved, the value in tons,
 13 gasoline, crude, some of it southbound. Put it back
 14 northbound, fuel, oils, basic chemicals, those kind of
 15 things by value are the highest top commodities moved by
 16 value.
 17 And then by tonnage, crude, petroleum,
 18 northbound; gasoline southbound. Fuel, oil. It's very
 19 similar things moved or commodities moved.
 20 MS. MAYS: Steve, you stay right there. So
 21 yeah, Eddie, go ahead.
 22 MR. VALTIER: Oh, I'll just ask a question.
 23 When you measure movement by maritime, you're only
 24 recording what actually moves across the POE or --
 25 MR. DECKER: No. No, no. In this case we're

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1 from port to port.
 2 MR. VALTIER: Okay.
 3 MR. DECKER: Yeah.
 4 MR. VALTIER: What about -- what about like
 5 our case is that most of the commodities are inbound
 6 from foreign countries, but that's what drives the trade
 7 that goes into Mexico, whether it's rail, whether it's
 8 truck.
 9 How do you give that credit for the impact of
 10 that commodity coming to Texas and then turning around
 11 and going to Mexico, which turns around and probably
 12 comes back as a finished product in Laredo?
 13 In the case of steel, whether it's the private
 14 clients industry or the automobile, that is foreign --
 15 that's foreign import for export, but it's all going to
 16 Mexico.
 17 MR. DECKER: No, that's a good point, and I
 18 know the data that Donald's talking about in compiling,
 19 that will be built into that data into the supply chain
 20 for the various commodities. Is that correct, Donald?
 21 MR. LUDLOW: Yes.
 22 MR. SOLIS: And it gets recorded basically
 23 when it enters the port and then as it crosses the
 24 border. So we're showing kind of different cuts at
 25 where the commodities cross the border.

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1 Right now we're focusing on just when does it
 2 cross the border basically, but there's other
 3 information like you said that maybe it comes into your
 4 port, gets transported, actually gets some value added
 5 and then gets shipped by another mode down to Mexico.
 6 And then it gets value added and then goes up. So
 7 that's why the supply chain analysis I think is going to
 8 be a little bit more relevant because the supply chains
 9 map the majority of those movements. Whereas what we're
 10 presenting right now, the commodity level, is basically
 11 just the port where they crossed into the other
 12 countries.
 13 MR. DECKER: And in this case, port to port,
 14 but in addition to what Alejandro said, the future
 15 analysis here, the future forecasts of these movements
 16 and these chains are going to be very important to
 17 understand these movements as well, as all the other
 18 modes of cargo.
 19 So in terms of pipeline, we also looked at
 20 pipeline in terms of moving commodities. I believe
 21 these are the crude oil types, these are the other
 22 petroleum pipelines, and these are natural gas. And
 23 they do not cross the border at this point in time, but
 24 there are some locations that you see in terms of the
 25 yellow refineries I'm assuming. And then here is

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1 everything, the mix of all the different pipelines,
 2 including pipelines in Mexico that have been identified
 3 here for that commodity.
 4 MR. CAMPIRANO: And this is 2017? The thing
 5 that goes back to that time?
 6 MR. DECKER: It is 2017. Sorry, it should be
 7 up there as a label.
 8 (Inaudible, room noise)
 9 MR. SOLIS: And I was also going to mention
 10 that the disclaimer on these particular maps, is that on
 11 the Mexican side this is basically a point-to-point
 12 drawing of the alignment. It's not really the
 13 alignment. The information on the Mexican side is
 14 confidential because of -- you know, all of the energy
 15 related incidents that have happened over the past few
 16 years. So FEMEX and the other agencies do not release
 17 the actual -- the GIS base location of their pipelines.
 18 So -- but this is kind of our rendering of the places
 19 they connect, and therefore as Steve said, you might see
 20 a little bit of gaps, but it's not available to know
 21 exactly where they cross and exactly where they meet and
 22 all those things. But this is our best take at putting
 23 the two systems together on the U.S. and the Mexican
 24 side.
 25 MR. DECKER: In terms of the commodities

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1 moved, we have a significant value of these products
 2 with weight at both. And the significant movements are
 3 southbound, as well as the northbound values here are
 4 significantly lower in terms of export and import
 5 status.
 6 And then another one of the anomalies of the
 7 economic codes, coal, NEC. I mean we're not moving coal
 8 by pipe, so it's really natural gas. So it's just one
 9 of the anomalies of how they code things. So natural
 10 gas is major movement for both value and weight and
 11 gasoline and other fuel oils.
 12 So that wraps up the discussion of cargo and
 13 moving cargo by different modes. I can have a couple of
 14 questions for you. The previous questions were great,
 15 but here are -- you know, are these findings consistent
 16 with your -- with what you're seeing crossing the border
 17 in your region, and it could be by mode, it could be,
 18 you know, encompassing all modes. If you have any
 19 comments on that or -- that would be great for us to
 20 hear in terms of is this lining up with sort of your
 21 understanding what's happening in your region and the
 22 border.
 23 MR. OLAGUIBEL: Juan Olaguibel,
 24 McAllen-Hidalgo and Anzaiduas International Bridges. My
 25 point, there's a corridor that seems to be missing. And

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1 it's important to note that because of the area where
 2 we're at, and that's the corridor that leads from
 3 Reynosa to central highland (phonetic), it splits. It's
 4 right below Highway 97 and -- it's parallel to. So it
 5 looks like 45. So it's the corridor right below Reynosa
 6 to central highland (phonetic). It runs horizontal to
 7 Highway 101.
 8 MR. DECKER: So it's missing?
 9 MR. OLAGUIBEL: It's missing.
 10 MR. DECKER: Okay. We'll probably stop by and
 11 note that and just get the specifics.
 12 MR. JUAREZ: Yeah. So we'll work with you,
 13 give you that information so that we can identify on
 14 this corridor and to account for it if it's regionally
 15 emerging or whatever the case may be for
 16 classificationwise. Thank you.
 17 MR. CALVO: I have a question also. On I-10
 18 on that same slide, I-10 from El Paso going east, you're
 19 showing it as a regional corridor?
 20 MS. MAYS: That was supposed to be changed.
 21 It's our fault on that. That was supposed to be
 22 changed.
 23 MR. CALVO: And it would change it to
 24 international? Got it.
 25 MR. DECKER: We are looking at it. It's not

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1 just north/south, but it's east/west too.
 2 MR. CALVO: Got it.
 3 MR. DECKER: It's our fault, but like I said,
 4 this is going to be augmented with future information,
 5 future forecasts, as well as, you know, the modes and
 6 how the modes connect.
 7 MS. LAGOS: Claudia Lagos. One comment. I
 8 think when we were at the Laredo County -- or support
 9 group, we shared with you some information regarding the
 10 corridors that we have on the Mexican side of the
 11 Tamaulipas. You can check that the information that we
 12 shared to you is included here. Because I think that's
 13 the part that's missing. Another one that we spoke
 14 about.
 15 MR. DECKER: Okay. We'll check. We want to
 16 line all this stuff up to make it work.
 17 MS. MAYS: Yeah, Claudia, and again, we'll
 18 follow up with you to make sure that will reflect those
 19 corridors on the map. And all the committee members, if
 20 we're missing any corridors from your region, please let
 21 us know. Please review this because this is going to
 22 form the basis for the needs assessment as we move
 23 forward and also the recommendations. So if we are
 24 missing a corridor or mislabeled it, please let us know
 25 so that we have the right form of identification.

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

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

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

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

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1 MS. LAGOS: And finally, related to the ports,
 2 can you consider the Port of (unintelligible) that it's
 3 under construction too?
 4 MR. SOLIS: Yes. So we will have similar maps
 5 for the future scenario, and that's when we will include
 6 not only that, but all of the other information on
 7 possibly future ports of entry, like Laredo 45. So that
 8 we will have -- we will create a different map for the
 9 future, but yes, it will be included in that future
 10 depiction, yes.
 11 MR. DECKER: And we'll also be set up with
 12 future ports of entry, border crossing, extended funded
 13 program projects. The point is that we won't have a
 14 series, it's going to be sort of a given, but we want to
 15 incorporate that into the analysis when we're trying to
 16 identify needs and trying to identify new projects. So
 17 that future will be done shortly.
 18 MS. LAGOS: I just mentioned that because even
 19 if it's under construction, it's already working. We
 20 have one facility there, so that's why it's not really
 21 the future, it's something now and the future.
 22 MR. DECKER: Great. Got you.
 23 If there are no other questions, we'll move
 24 onto passenger movements. So we are looking at
 25 multimodes of passenger movements, and we start out with

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1 just a summary of -- I think we've seen this slide
 2 before in terms of these are all northbound movements
 3 across the border by bus, pedestrian, bike and car,
 4 passenger car. So we're also going to look at aviation
 5 as well in terms of movements.
 6 So here, just on the side is the mode split.
 7 Obviously we have a large passenger/cargo split with 20
 8 percent pedestrian, which is fairly large, and less so
 9 by bus. And we talked about earlier and last time too
 10 where the passenger movements tend to be going down from
 11 the past and that's how it's trending.
 12 In terms of passenger vehicle crossings, this
 13 is sort of by -- just shows the trend, it's going down
 14 like we talked about for each of the border regions.
 15 The light blue is El Paso which is picking up in terms
 16 of passenger movements in the last four or five years.
 17 Rio Grande Valley is in the yellow, right in the middle,
 18 and then Laredo is sort of trending down a little bit
 19 towards the passenger movements. Passenger vehicle
 20 movements over time from 1997 and 2017.
 21 Here are some of the passenger routes between
 22 any of the airports. We talked about this a little bit
 23 with the cargo. From Sphere 1 in Texas on the border we
 24 see, you know, the El Paso airport has some movements to
 25 various other airports in Mexico. On the -- on the

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1 right-hand side those are also southbound movements from
 2 all Texas airports to all airports in Mexico in terms of
 3 moving passengers. So we just focus on that even though
 4 we do have more information, you know, across the other
 5 spheres in the U.S.
 6 In terms of transit, this is really bus
 7 movements. A lot of these are intercity buses, private
 8 operators for buses. It depicts the Texas network
 9 primarily. It does show some of the Mexican routes as
 10 well, but mainly focusing on the major facilities.
 11 In terms of the movements with bus, Laredo has
 12 been pretty -- you know, it hasn't really grown, but
 13 it's maintained a high level of bus movements. There
 14 are some bridges with bus only lanes that, you know, we
 15 observed when we were there last time in probably
 16 November. Significant bus movements, moving a lot
 17 people through Laredo.
 18 The Rio Grande Valley as well, and then less
 19 so in El Paso in terms of overall buses and people. And
 20 then this shows just the numbers of those movements.
 21 Obviously on the Juarez-Lincoln Bridge, that's where
 22 they have the transit bus lane only that moves a lot of
 23 buses through there, and that's the highest level of bus
 24 movements. And this is annually in 2018. And then the
 25 McAllen-Hidalgo Bridge we're moving about 20,000 annual

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1 passengers per -- or number of buses per year as well.
 2 Less so in El Paso, but we are moving people through the
 3 border by bus.
 4 And then here are the pedestrian POE's. Quite
 5 a few anomalies in the information and the data. So,
 6 for example, world trade shows up here as a pedestrian
 7 crossing bridge, and we all know that it moves trucks,
 8 but I believe they count -- a trucker if he gets out of
 9 his car or his truck for whatever purpose, they count
 10 him as a pedestrian. So there are several of the
 11 bridges that have very nominal amounts of pedestrian
 12 movements and several that have significant movements.
 13 In the El Paso region currently, you know,
 14 moves the most people, and historically from '97 or 2008
 15 to 2018 has moved the most passengers through its port
 16 of entries with Rio Grande Valley and then Laredo coming
 17 under that. And Laredo seems to be picking up
 18 significantly last year. I don't if that's an anomaly,
 19 but more pedestrian movements are occurring in Laredo.
 20 MR. BARELA: It's slightly higher this year
 21 than last year, but not much.
 22 MR. DECKER: So it's still going not quite
 23 that steep.
 24 MS. MAYES: And I think related to the
 25 meetings and public meetings is walking is faster than

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1 driving. Because when you're in a vehicle it actually
 2 takes you longer to wait, and that's why a lot more
 3 people are just choosing to walk to cross the border via
 4 car.

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

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

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

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

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

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

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

16 MR. SOLIS: Yes.

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

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

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

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

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

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

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

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

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

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

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1 MR. VALE: Huge technology.
 2 MS. MAYS: Unified cargo processing. They
 3 showed us some of the things they're doing, you know,
 4 some of the air cargo side. The air side is much more
 5 advanced, but they're looking at bringing those Fernando
 6 (phonetic) crossings, so they're very successfully, you
 7 know, on the air side. But then there's others, rail,
 8 you know, improvements in terms of using technology.
 9 But absolutely, they're looking at ways to consolidate
 10 and, you know, facilitate movement on those border
 11 crossings. And if it was up to CBP -- (inaudible, room
 12 noise) most of the border crossings, and unfortunately
 13 they don't have the funds.
 14 MR. VALE: But there also seems to be a huge
 15 deficit in Internet broadband to be able to implement
 16 these faster technologies at the ports of entry. So
 17 that is also -- it's a different kind of highway, but if
 18 we're going to share data, it's got to go both ways.
 19 MS. MAYS: That actually came up. That's an
 20 impediment, the bandwidth. That's an impediment because
 21 a lot of technologies are using Internet, and that is
 22 challenging for a lot of the border regions because that
 23 limits where they can go and implement a lot of these
 24 technologies because they need that.
 25 The other thing it talks about is definitely

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1 issues for border wait time. Technology continues to
 2 how to measure that and how to address it. So a lot of
 3 things that CBP is working on that really -- they're
 4 looking to this plan to really help them in articulating
 5 the needs, but also in investment levels needed for them
 6 to be able to address a lot of the border crossing
 7 issues today.
 8 Henry?
 9 MR. SAUVIGNET: The point was covered.
 10 Thank you.
 11 MR. SOLIS: We have four more slides and then
 12 we'll close this.
 13 So this is kind of a little bit of a preview
 14 of what's coming up in terms of our work, and we wanted
 15 to run it by you so you have a good vision of where
 16 we're heading and how can we benefit from you guys or a
 17 group like you in discussions.
 18 The first thing is future forecasting. You
 19 know, we were discussing this, we gave you kind of the
 20 lay of the land as in right now or as in 2017 to be
 21 precise. And we're going to have to forecast this into
 22 the future because we don't want to be planning for
 23 tomorrow, we want to be planning for 2050. So we need
 24 to figure out how that 2050 is going to look like.
 25 So what we will be conducting over the next few

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1 months is forecast to estimate the movement of people
 2 and goods. And that's why it was important for us to
 3 validate the things that we presented today with you.
 4 Because we're going to be looking at how will these
 5 trade in terms of value, weight and number of people
 6 moving. It's going to look in the future.
 7 So the numbers that we're going to be using as
 8 a base right now are going to be then projected into the
 9 future. So, okay, we have a good starting point, we're
 10 more likely to not be exact, but be -- be on the
 11 ballpark of the future forecasting. So that's why it's
 12 important that you give us all of this input on what we
 13 presented today on the current edition.
 14 So we -- how we would use those future
 15 forecasts of the movement -- of the movement of goods
 16 and people. We're going to then put them into the
 17 system and see how the systems, transportation systems
 18 react to those. We're hoping elevated involvements of
 19 cargo and people movement, and see where the needs are.
 20 So once we put those forecasts in the actual
 21 highways, rail lines, et cetera, where are the
 22 bottlenecks so we can identify them, and then based on
 23 that, select specific solutions to those bottlenecks.
 24 So that's where the forecasting is going to go.
 25 So any information that you guys have on the future

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1 forecasts, we know that some of the MPO's have estimates
 2 of population, employment, et cetera, or even it could
 3 be some of the border crossings have forecasts on their
 4 own projections for the people and goods movement. So
 5 if you have those, please share with us or at least when
 6 we represent something, let us know if we're on the
 7 right track because that's going to be also key to
 8 identifying the needs and the solutions we need for
 9 projects that are going to be recommended. So that's
 10 kind of the overview of the forecasting movement, and
 11 then I'm going to give you a little bit of an overview
 12 of the economic outlook.
 13 Yes, Marc.
 14 MR. WILLIAMS: Before we leave the forecasting
 15 part of it, I think it's going to be important to get
 16 your input on the trade side. But kind of going back to
 17 some of my original comments, and Sam, you know, you
 18 touched on it a little bit talking about the influence
 19 of technology and how we move this product.
 20 Alejandro, start talking about the forecast of
 21 the product and, you know, we'll incorporate, you know,
 22 some sort of status quo scenario projection of what that
 23 may mean in terms of the modal use, you know,
 24 transportation of that product.
 25 But there's a lot of scenarios out there that

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1 could be coming about, and you all are beginning,
 2 particularly those of you all who are on the front line
 3 with our -- and our border locations or ports of entry
 4 are beginning to kind of see some of the trends that
 5 might be influencing how that product moves in the
 6 future.

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

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

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1 as well.

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

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

7 We're looking at the forecasts but also
 8 anything else that modal shifts or more efficient ways
 9 to move the cargo. Maybe the way that the border looks
 10 now, it's very different than what it will look like in
 11 2050. And if you have insights into that, we'll be
 12 happy to incorporate them as much as possible into this
 13 study.

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

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

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

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

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

25 So when somebody crosses the border and they

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

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

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

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

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

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1 Yes.
 2 MR. CALVO: Just a comment, Alejandro. I
 3 think the City of El Paso is not here today, but they
 4 are actively -- well, they are pursuing a survey right
 5 now that will address precisely that, the economic
 6 impact of shoppers, you know, crossing the border which
 7 again for us is very important.
 8 We're trying to work with them to see if we
 9 can piggyback on that and get a question about origin
 10 and destination, which is very important. But I'll make
 11 sure that the city shares whatever results that they get
 12 from that survey.
 13 MR. SOLIS: Okay. Thank you, Eduardo.
 14 And so our final question for the product team
 15 to be discussed, is there anything else that we should
 16 include in the economic analysis? Are there any
 17 specific considerations that you want us to look into as
 18 we start this economic impact study?
 19 Yes.
 20 MR. GIESBRECHT: Yes, this is Jake from
 21 Presidio. And again, on the (inaudible, room noise) --
 22 we're dealing with a little bit of (inaudible, room
 23 noise) -- we're not very clear who makes the decision of
 24 where they go or which port is supposed to handle them,
 25 the business there in the Presidio. When they're trying

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1 to come to Presidio, we're not equipped to handle -- and
 2 handle them.
 3 So my question in this would also be how much
 4 of the future are you considering Latin America, the
 5 Latin America market? Are we going outside of Mexico or
 6 just U.S. and Mexico or just -- you know, we in the
 7 Presidio think a lot of the development would be in
 8 Latin America (inaudible, room noise) -- America and
 9 South America (inaudible, room noise).
 10 MS. MAYS: I think the broadest sphere is
 11 North America, correct, that's the broadest sphere. So
 12 we're looking at Canada and looking at certainly, you
 13 know -- I'm not sure what we're doing in South America
 14 at this point, but I think we did the USMCA, you know,
 15 countries, Canada, U.S. and Mexico.
 16 But certainly if that's of interest to you,
 17 you can talk to us and we can see how we can look at
 18 that and maybe there's something there.
 19 MR. SOLIS: So Tim, we're going to pass it
 20 onto Tim to wrap it up.
 21 MR. JUAREZ: So Secretary of State Hughs and
 22 BTAC members, we provided a lot of baseline information
 23 to you at this particular meeting on the other modes
 24 similar to the information that we provided regarding
 25 roadway.

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1 This information, taking into account your
 2 comments you have today or any additional comments that
 3 you may have later, will help us finalize what we're
 4 saying is the baseline conditions report. As noted as
 5 part of our discussion, Gaston (phonetic) helped set the
 6 basis for where we're going to go forecasting in those
 7 future activities. Part of that effort as well is going
 8 to help us refine the corridor analysis of component.
 9 We're going to do a SWOT analysis which is potentially
 10 is going to allow us to do a review of where our
 11 strength, weaknesses, opportunities and potential
 12 threats can be. That's going to help us identify these
 13 corridor designations as we noted some revisions today,
 14 but then also to help us develop a high-level project
 15 prioritization framework that we will then bring back to
 16 you and this committee.
 17 Those components are going to help us
 18 establish this forecasting effort that we talked about.
 19 We want to be able to identify key drivers for future
 20 needs. That's going to be part of that performance
 21 matrix that we talked about before that's going to tie
 22 into the goals and objectives that this committee
 23 approved of. So that's going to help us go forward with
 24 not only establishing the Border Master Plan, but
 25 forecasting approaches that we maintain.

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1 Of course all of this is going to tie into the
 2 identification of this binational supply chain. Today
 3 you got a primer on what the commodities are crossing
 4 through the border made up about 96 percent. We had it
 5 refined by each of the regions. We'll get it further
 6 refined to each of the port of entries.
 7 Those supply chains will have an impact on the
 8 transportation network system on the various modes in
 9 which they're going through. We're not only going to
 10 establish the baseline, but if there are other
 11 opportunities there, not only within those supply chains
 12 by regions, but also on the mode they're traveling to or
 13 on, we want to capture those in the forecasting
 14 component. And then all of that is going to lead us to
 15 develop our economic analysis probe, which is very key
 16 and vital not only to this report but to the economy, to
 17 the state of Texas as it affects the performance of the
 18 state and Mexico as a whole and then the U.S. as a whole
 19 as part of the U.S.
 20 We still will work with our technology
 21 leadership and you, Secretary of State Hughs on when the
 22 next BTAC meeting will be held, and in the meanwhile
 23 we'll continue to do our refinements, our analysis and
 24 then identify when we will go back to the three
 25 binational regional steering committees to give them an

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1 update on where we are.
 2 So those are essentially the look ahead within
 3 the three-month time frame. We appreciate all of the
 4 BTAC members and the local government's continued
 5 participation of not only in this committee but in the
 6 regional steering committees, and especially our Mexican
 7 counterparts.
 8 So that's where we stand and we are open to
 9 any comments or questions you may have.
 10 MS. HUGHS: Thank you. Are there any comments
 11 or questions for the committee before we wrap up?
 12 I want to thank you all for your
 13 participation. We really can't overstate the importance
 14 of your participation in this critical time,
 15 particularly as we look to have a complete report by the
 16 end of the year. And the input that you give, not only
 17 today, but in between meetings and the subcommittees,
 18 and of course that any time that you see something you
 19 had more time with some of these reports and you notice
 20 anything that you want to make sure you bring to our
 21 attention, please be sure to do so. We rely heavily on
 22 you for all of that.
 23 I really appreciate the comments regarding the
 24 agriculture and the transfer of goods today, as well as
 25 Claudia Lagos in referencing some of the things on the

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1 Tamaulipas side. These are just examples of how
 2 critical your input and your participation is.
 3 So thank you very much to all of our friends
 4 from Mexico that have joined us here today and all of
 5 the border communities represented, and making sure that
 6 your voices are heard and that your interests are
 7 recognized.
 8 As far as meetings, because we are trying to
 9 get closer to the end of the report, we are probably
 10 going to meet a bit more frequently between now and
 11 December. And so tentatively we're looking at meeting
 12 the month of April, June, August, October and December.
 13 And so by August there would be I believe a report that
 14 would be a draft report that would be submitted to the
 15 commission for consideration and then we would review
 16 some of that feedback in an October meeting with the
 17 goal of finalizing by December.
 18 We don't yet have dates, nor do we have
 19 locations. As to locations, we are interested in
 20 meeting in some of our communities along the border. So
 21 please if you think that we should go to your community
 22 for a meeting, reach out to Caroline and we'll have
 23 discussions about logistics and making sure that it's
 24 something that works for everyone in the committee, but
 25 we're certainly very open to that.

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1 I realize that you're all taking time from
 2 your work and you're traveling to come to our state's
 3 capitol. And we appreciate that very much and wish you
 4 very safe travels.
 5 With that, unless there are additional
 6 comments, I will entertain a motion to close, but I
 7 think Caroline might have a few comments as well.
 8 MS. MAYS: So one comment I wanted to make,
 9 it's more of an announcement, you all know that every
 10 two years we developed a -- produced an international
 11 business of border crossings book, and it took us a
 12 little longer this time to develop one because we
 13 revamped it. You haven't seen it yet. We will be
 14 sending that to you all this week for review and give us
 15 any comments you have.
 16 It's very revamped from what you're used to.
 17 In the past it was more like a yellow book. Whereby we
 18 were telling you what you already know, but with this
 19 one you see a lot more information identifying actually
 20 each of your border crossings with a little bit more
 21 historical information. Whether you're on the goods
 22 movements side or you're on the people movement side,
 23 you see all of that information. So please take time to
 24 review it and provide us with comments so that we can
 25 have a book that's useful.

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1 A lot of people require this. So I'll mention
 2 the feds, the feds normally ask us a lot for this
 3 information, and this is a good source that we want to
 4 send them to. So please do that.
 5 Thank you, Secretary.
 6 MR. WILLIAMS: Secretary, I want two comments.
 7 One, we are talking about a lot of time,
 8 energy, effort to -- and work going forward over the
 9 coming year. Really it's an exciting time. It's with
 10 the USMCA trade deal, a lot of the economic growth that
 11 we're seeing, there couldn't be a better time for us to
 12 be fully together with this plan and this report. And
 13 so I'm highly confident that the time and energy and
 14 effort we're all putting in is worth it.
 15 Secondly, John Love has taken off, so he won't
 16 be here to hear me say this. I don't know if he's snuck
 17 off to the back of the room, this I believe was John's
 18 last official border trade advisory committee meeting
 19 that he's going to be in, and he's transitioning out of
 20 his role with the City of Midland and the Midland MPO,
 21 but I just wanted to publicly thank John, and I'll let
 22 him know I said nice things about him, for his time and
 23 energy and effort. He's been a familiar and a regular
 24 face in all of these meetings. I'm sure he'll be moving
 25 into other public responsibilities in the future, but,

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1 you know, he's just one of many of you all that really
 2 have been a regular and mainstay in many of these types
 3 of meetings.
 4 And John's presence and participation has
 5 certainly been much appreciated by the department, and
 6 I'll be sending him a note in the future just to
 7 thank you him for his time and effort. Thank you.
 8 MS. HUGHS: Thank you. Thank you for
 9 recognizing him. I have the same, Sam Vale left us, and
 10 I really wanted to mention -- I was happy that he
 11 mentioned unified cargo processing because that will be
 12 such an important part of creating efficiencies along
 13 our border going forward, and I look forward to expanded
 14 discussions on how we can see some growth in that area.
 15 So any other questions or comments before we
 16 wrap up?
 17 Do I have a motion to adjourn?
 18 MR. SAUVIGNET: So move.
 19 MS. HUGHS: Thank you, Henry. There's been a
 20 motion to adjourn. Is there a second?
 21 MR. CALVO: Second.
 22 MS. HUGHS: All right. Thank you, Eduardo.
 23 With that, this meeting is adjourned and we will be in
 24 communication about the next meeting in April.
 25 Thank you.

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1 (Proceedings concluded at 11:57 a.m.)
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1 STATE OF CALIFORNIA)
 2 COUNTY OF SANTA CLARA)
 3
 4 I, Rebecca K. Quinn, CSR No. 5720, in and for
 5 the County of Santa Clara, State of California, hereby
 6 certify that the proceedings in the foregoing hearing
 7 was duly reported by me, a Certified Shorthand Reporter
 8 and a disinterested person, to the best of my ability,
 9 and was thereafter transcribed into typewriting under my
 10 direction and supervision.
 11 IN WITNESS WHEREOF, I have hereunto set my
 12 hand.
 13
 14
 15 Date: March 1, 2020.
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REBECCA K. QUINN, CSR #5720

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