

A BORDER UPDATE

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PHOENIX, ARIZONA
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Key factors impacting the border

- The Economy!
- Border wait times increasing, in excess of 45+ minutes in 24-hour cycle
- Outdate infrastructure with enhanced requirements
- Shortage of staffing
- “Negative perception” of the border
- DHS southbound inspections
- Borderwide Competition
 - Mazatlan-Durango Corridor

Competitiveness

TEMA CENTRAL

Our land and sea borders have had a vast export activity, which has set border cities with a considerable economic and social development. This is greatly supported by the quality of Mexican labor force, logistics and administrative benefits granted by the government, as well as the agreements between Mexico and countries that activate foreign investment of firms, in diverse lines of business North of the country.

MAZATLAN-MATAMOROS ARTERIAL ROAD

The proper economic development conditions to the border and its impact on the rest of the country and vice versa, depend a lot on the economic development conditions of the highway infrastructure in Mexico. By 2012, the federal government will begin operation of the new highway that will join Mazatlan and Durango. The construction is 143 miles, 56 of those are in the Sierra Madre Occidental, where 115 bridges and 63 tunnels will be built, including Puente Baluarte and Tunnel El Sinaloense (Source: SCT).

The Baluarte is the tallest cable-stayed bridge in Latin American and third tallest in the world. With 152 cables, this bridge in the Durango-Mazatlan highway goes beyond the defiance and diversity that crossing the intricate Sierra Madre Occidental entails.

The total length of the bridge is 407 feet, with a clear center of 1,706 feet and 4 lanes suspended at 1,280 feet high.

BENEFITS TO THE TAMAULIPAS BORDER

The Mazatlan-Matamoros arterial road will reduce travel time between the two cities, which will permit improvement of the quality of life of families in the region and will enhance commercial and tourism development in the coast of Sinaloa. Meanwhile, the northern region of the country Reynosa and Matamoros, Tamaulipas, will be benefited due to creation of employment, and development of mainly restaurant, hotel and hospitality industries.



[BY: OFELIA SUÁREZ / TRANSLATED BY: ANDREA FIGUEROA]

HIGHWAY INFRASTRUCTURE IN MEXICO STIMULATES ECONOMIC DEVELOPMENT

Connecting Tamaulipas to the Rest of the World



Mónica González Garza Development in Tamaulipas

The reinforcement of infrastructure is one of the State Government's priorities. One of the ways to improve our infrastructure is to promote the highways of Tamaulipas, which will increase the competitiveness of the state and that two of the main axes of the country are in Tamaulipas.

TEMA CENTRAL

[POR: OFELIA SUÁREZ]



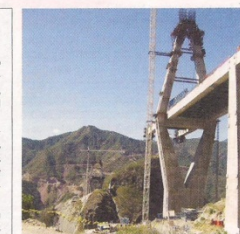
Carlos Alberto Reyes González, Administrador del Puente Internacional Puerta México

Tamaulipas ha avanzado en su infraestructura, sobre todo en la construcción de puentes internacionales, beneficiando a su desarrollo económico, haciéndolo más atractivo para los inversionistas extranjeros, por su cercanía con Estados Unidos, es una puerta importante para llegar a otros estados del país, pues cuenta con 4 cruces que facilitan las actividades de importación y exportación: El Puente Nuevo o Puente Internacional Puerta México, El Puente Viejo, el Puente Ignacio Zaragoza, también llamado como Puente los Tomates y el Puente los Indios.

El Gobierno Federal se ha preocupado por invertir en la infraestructura de carreteras, puentes, autopistas y túneles, ayudando a un importante desarrollo del comercio exterior.

"Definitivamente hemos avanzado en infraestructura, sobre todo en los proyectos carreteros, así tenemos más posibilidades de mejorar en nuestra economía para ser un estado competitivo e ideal para invertir".

Entrevista por: Julia Espinosa Corresponsal Matamoros



El Baluarte es el puente atravesado más alto de Latinoamérica y el tercero en el mundo.



El corredor carretero integra a Mazatlán, Durango, Torreón, Gómez Palacios, Saltillo, Monterrey, Reynosa y Matamoros con una longitud total de 1,048 km facilitará la conexión con el resto del mundo a través del mercado estadounidense.

“The Mazatlan-Matamoros arterial road will reduce travel time between the two cities... (It) will give direct access to Reynosa... an advantage in time, reduction in refrigeration costs and it also represents better access to the Northeast market of the United States”

Maquila Publication, October 2011
Reynosa - Matamoros

2011 Trade Data

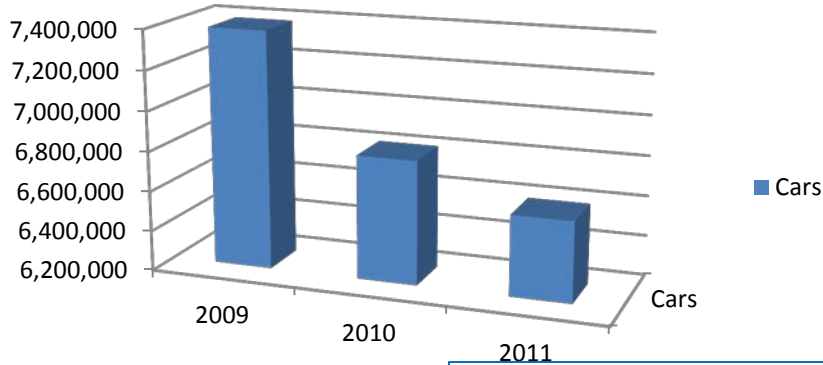
- NAFTA Trade is at a record \$460 billion
 - Up from \$390 billion in 2010
- US Exports to Mexico were \$193 billion
 - 20% increase over 2010
- US Imports from Mexico were \$168 billion
- Arizona's exports reached close to \$6 billion in 2011
- Arizona's ports of entry processed close to \$26 billion in 2011

Arizona's border in 2010

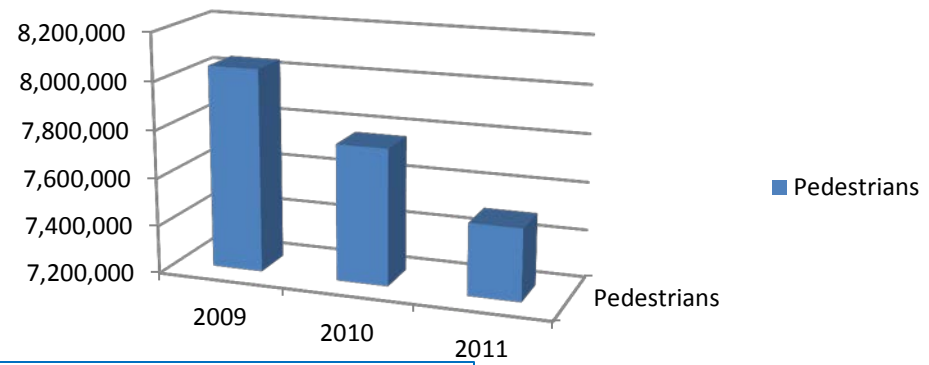
	Mode of Transportation (2010)*						
	Trucks	POVs	Pedestrians	Buses	Bus Pass.	Trains	Total People
Douglas	25,142	1,459,963	1,178,738	2,048	13,271	-	4,206,035
Lukeville	137	312,835	68,669	521	2,646	-	780,465
Naco	2,171	267,869	76,281	49	1,284	-	595,058
Nogales	309,308	2,660,610	3,926,801	10,320	167,094	602	11,158,704
San Luis	38,639	2,091,908	2,516,427	48	968	-	6,595,435
Sasabe	6	23,044	986	-	-	-	40,484
Totals	375,403	6,816,229	7,767,902	12,986	185,703	602	23,376,181

Trends

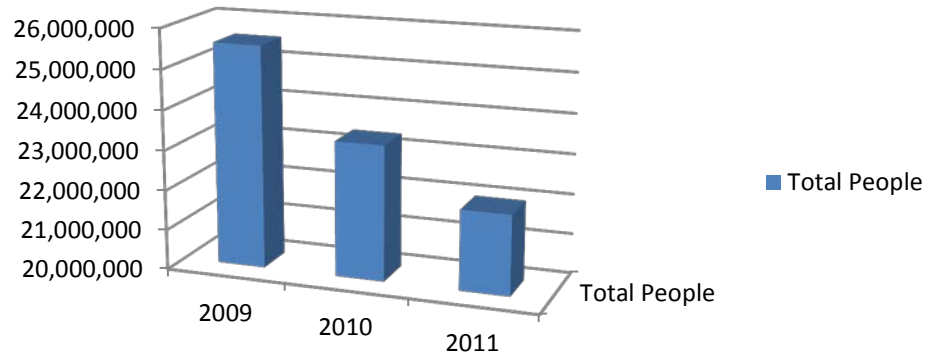
Cars



Pedestrians



Total People



Source: US CBP

Observations

- Volumes of crossings are down
 - Peak for people was 34 million in 2006
- Yet wait times remain the same or worse!

OVERVIEW OF PORT OF ENTRY PROJECTS:

- San Luis I
- San Luis II
- Lukeville
- Nogales West (Mariposa)
- Douglas

San Luis I



The situation

- GSA has contracted architectural firm to begin the formal design process for the Reconfiguration of San Luis I - **\$7 million** secured in FY '08 to pay for this phase
 - Funding Request for FY '12 for approximately \$80 million
 - Enhanced inspection requirements for southbound inspections requires additional space
 - GSA working with City of San Luis to relocate Friendship Park to free up additional space to expand the port's footprint
- GSA is currently working on Environmental Impact Statement
- City of San Luis working with ADOT to complete analysis of related transportation issues
- CBP has secured the funding necessary to start a new SENTRI lane at San Luis I once commercial operations are relocated to San Luis II – approximately 4th Q, 2010
 - City of San Luis is providing office space to CBP to establish SENTRI application processing center outside of POE
 - Municipality of San Luis Rio Colorado has committed to installing the necessary signage to designate SENTRI access lane for up to 2 kilometers on the Mexican side

San Luis I – The Situation

SENTRI
(Old
Commercial)

Line of cars
from
Mexico into
US

Pedestrian

Mexican
inspection

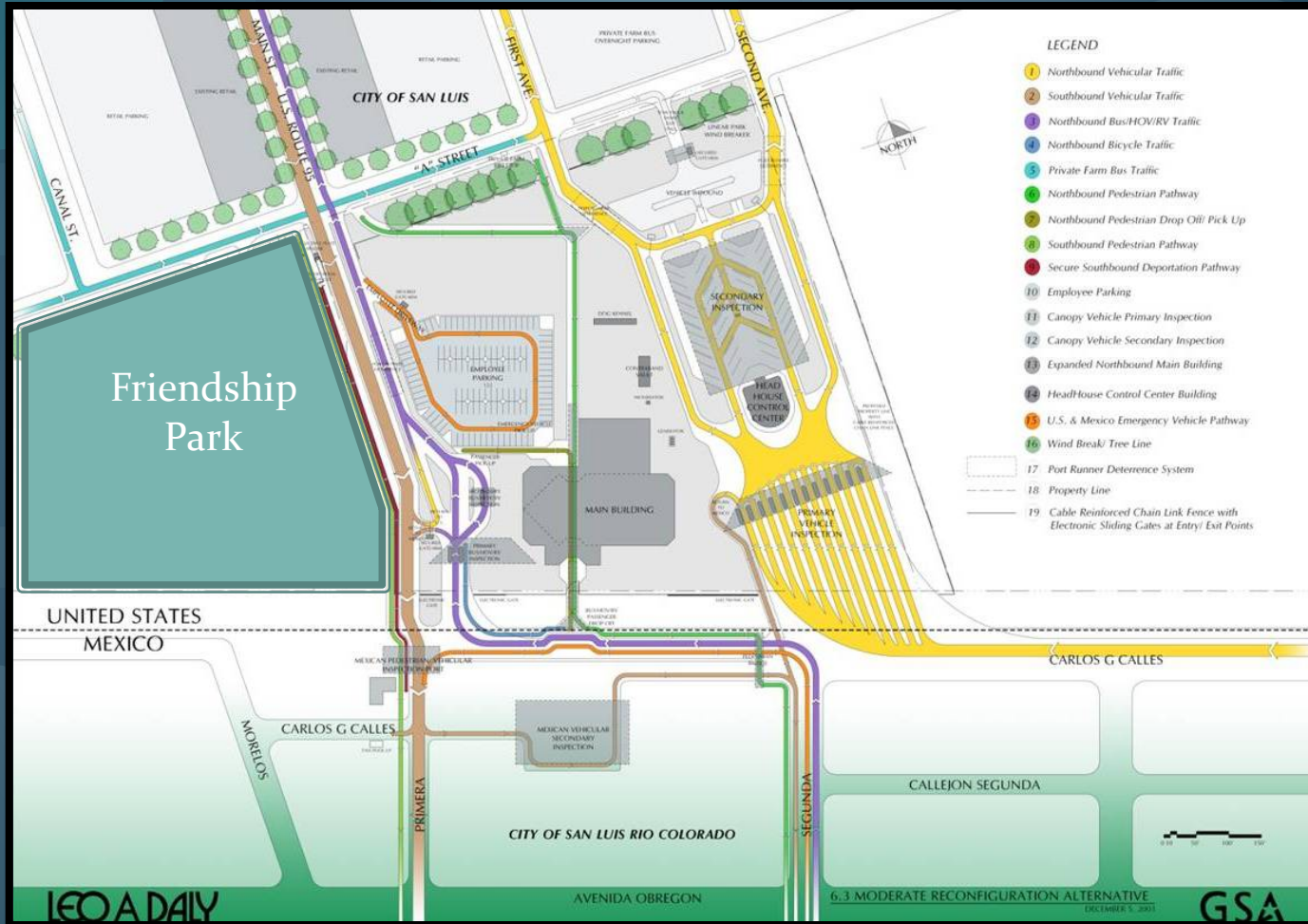
Southbound
inspections



San Luis I – The Situation



San Luis I – The Solution



San Luis I – High Impact-Low Cost



Existing 6
POV
Primary lanes

Space for 2
additional lanes

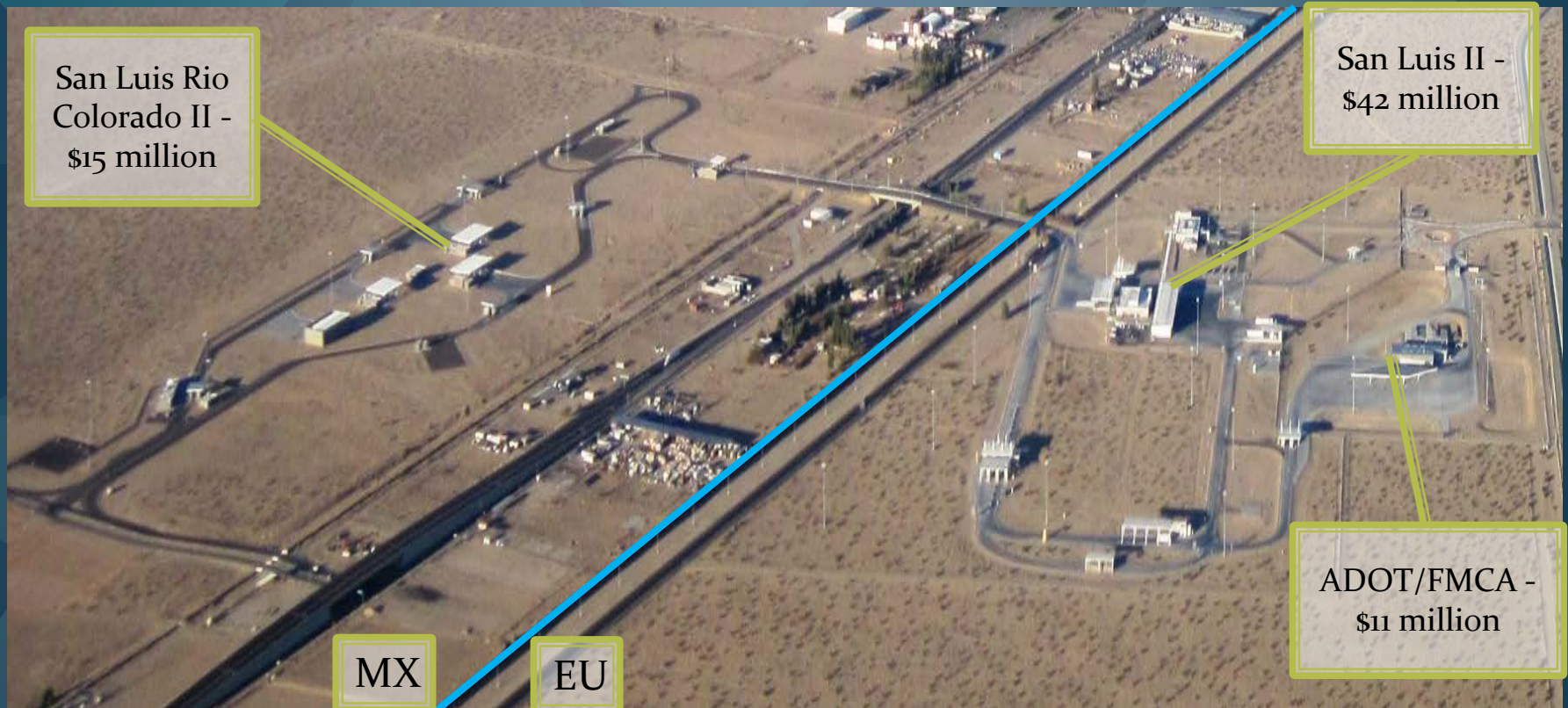
San Luis II



The Situation

- **San Luis II started operations on November 2010**
- San Luis Rio Colorado II (Mexican side) started operations on the same day
- Port of Entry investment: \$42 million
- Takes all commercial operations out of San Luis I
- Latest in design and technology makes San Luis II a state of the art inspection facility
- ADOT Safety Inspection Station (\$11 Million) and RAV Expressway (26.2 miles) to I-8 (\$92 million) completed.
 - Total infrastructure and inspection facility investment: **\$145 million**

San Luis II – The Solution



The Situation

- **2 additional lanes were completed in May, 2011**
- **Funding for project was a unique structure**
 - \$2.5 million was secured to pay for the lanes
 - ADOT paid \$1.5 million and also managed the construction of the project
 - Sonora private sector is providing \$1 million
- Working with Mexico to ensure the necessary improvements on the Sonoyta side of the border
 - Improvements to the Mexican inspection facilities operated by both Mexican Customs and Immigration
 - Widening of the access road that connects to Carretera 2 from 2 lanes to four lanes, including a frontage road

Lukeville – The Solution



Two additional lanes at Lukeville

Nogales West “Mariposa”

The Situation

- **\$199.48 million** secured as part of American Recovery Act to pay for construction phase
- Groundbreaking ceremony October 22, 2009
- Construction to be completed by March 2014
- Port will remain operational during entire construction period!
- At completion will have double if not triple throughput capacity for inspection
 - From 4 to 12 POV lanes
 - From 4 to 8 Cargo lanes
 - Dedicated lanes for pedestrians and buses
- Major improvements are being planned on Mexican side to both inspection facilities and connector corridor

Mariposa – Construction status



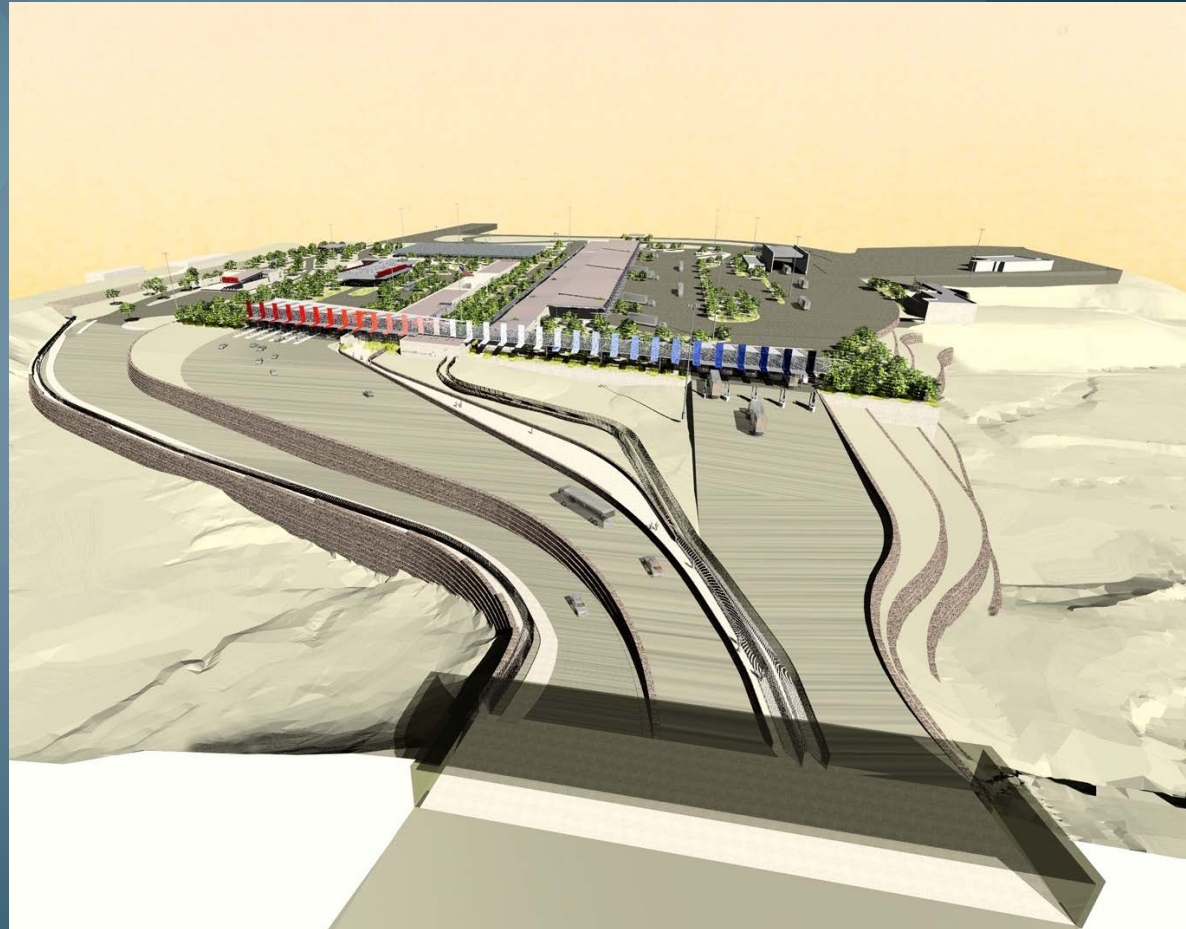
Mariposa – The Solution

Total Project Cost: \$214 million
Project Duration: 52 months
Est. Job Creation: 5,384
Impact to US GDP: \$677.9 million

Capacity Expansion:

- 4 car lanes to 12
- 4 truck lanes to 8
- 23 docks to 56 (6 air conditioned)
- 1 NII to 4
- Dedicated pedestrian lanes
- Dedicated bus lanes
- Dedicated southbound facilities

Port to remain fully operational
during construction phase



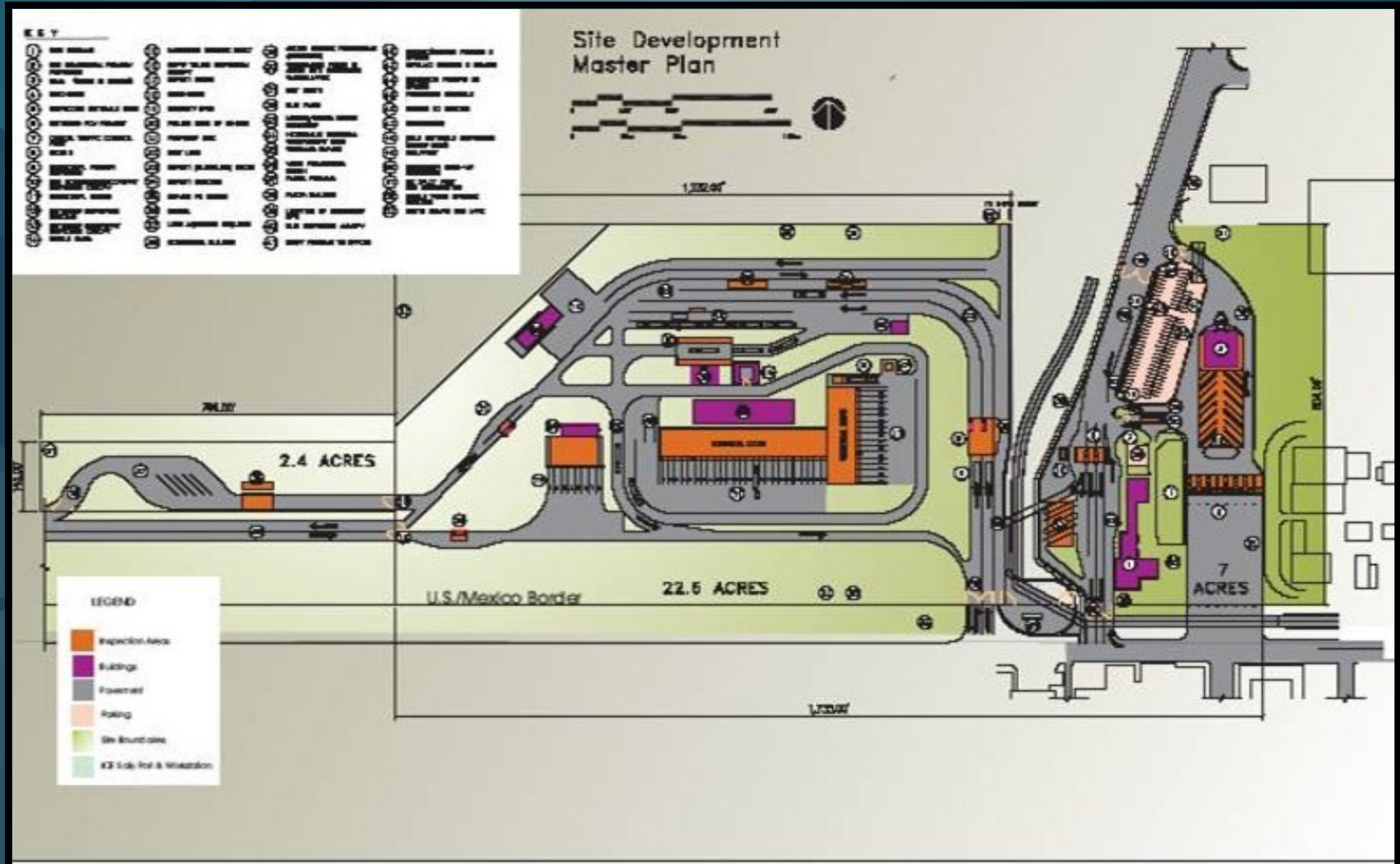
The Situation

- Douglas International Port Authority has been established
- GSA working with Mexican counterpart to confirm location for port improvements
 - Mexican authorities working to finalize the transfer of land from municipality to Mexican federal government to allow for expansion of inspection facilities at the current location
- Expect to seek funding in FY '13 to pay for design and construction phases at an estimated total project cost of approximately \$100 million

Douglas – The Situation



Douglas – The Solution



Arizona POE System



Commitments Met To Date

- Since Vision 2015 conceived in 2007 the number of lanes will increase by 22 by Summer 2012
 - San Luis I – 2 SENTRI, 2 Cars, 2 Ped SENTRI
 - San Luis II – 2 Cargo lanes (dedicated facilities)
 - Lukeville – 2 POV lanes
 - Mariposa – 4 POV lanes and 4 Cargo Lanes
 - Morley Gate – 4 Pedestrian Lanes
- \$260 million in port of entry investment

SOUTHBOUND INSPECTIONS:

- Delays at the border

Southbound Inspections



The Situation

- In an effort to stem the flow of illegal arms and money laundering into Mexico, the Department of Homeland Security implemented the Southwest Border Initiative, centered around intensified inspections for southbound traffic at all ports of entry on the US-Mexico border
 - All southbound trains are inspected before leaving the US
 - At Nogales, all southbound trucks are inspected before leaving the US
 - Random but frequent inspections of vehicular traffic creates major delays, in excess of 45 minutes
 - Additional delays are leading to less people crossing the border
- Need to ensure that DHS allocates the necessary resources, staffing, technology and infrastructure to effectively and efficiently conduct southbound inspections
 - Need to address the delays, congestion and safety issues that these initiatives create for all border communities

Southbound Inspections



Vehicular back up
leaving the US at
San Luis, Arizona

MX

US



ARIZONA-MEXICO COMMISSION

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