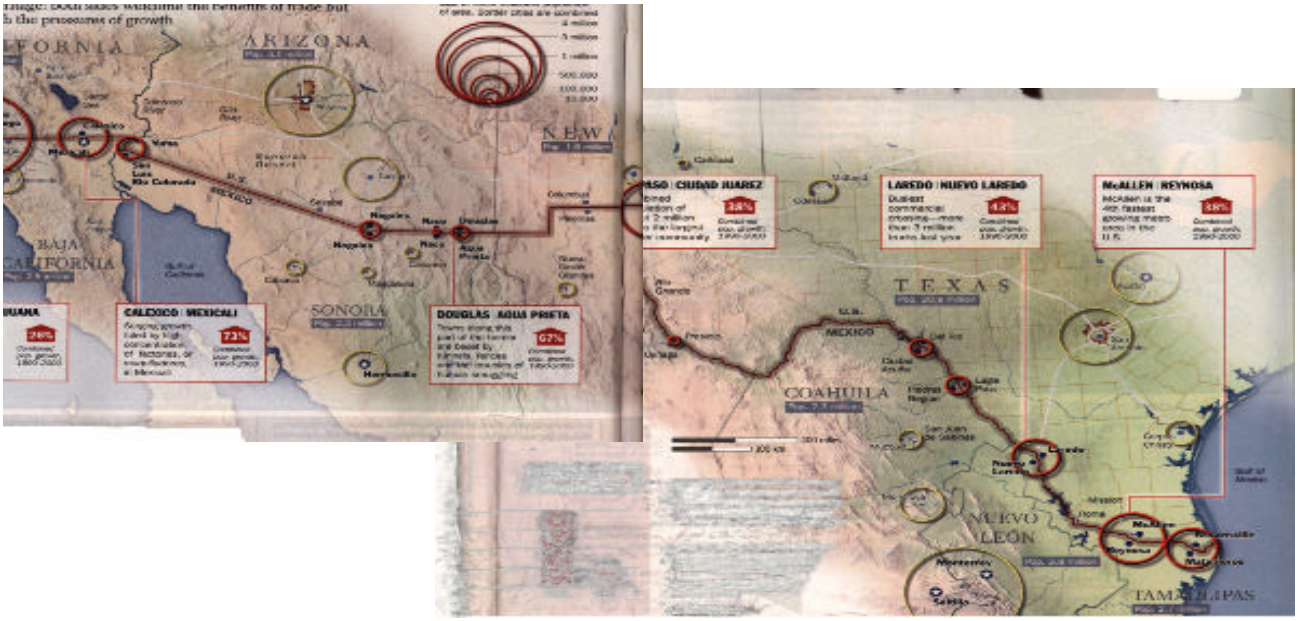
CHAPTER 12: THE STATE OF BORDER TRANSPORTATION AND SECURITY

The North American Free Trade Agreement (NAFTA) has fundamentally reoriented the United States' economy. Following World War II, trade in the U.S. flowed along an east-west axis. That trade pattern resulted from heavy U.S. involvement in Germany and Japan through the Marshall Plan. The federal government set up a national highway system to support east-west trade and Congress created trust funds to spur investment in the national highway system and ports on the West and East coasts.

Since Mexico's entry into the General Agreement on Tariffs and Trade (GATT), which lowered tariffs on traded goods and the ratification of NAFTA in 1993, north-south trade has expanded significantly. Port cities such as Detroit, Laredo, El Paso, and Brownsville have joined the ranks of Houston, Boston, Los Angeles, and Seattle as critical junctures in U.S. overland trade. These ports-of-entry have become the gateways of the United States' future. More regionally, this shift has imposed a significant burden on the U.S.-Mexico Border infrastructure, since it accommodates high volumes of NAFTA trade. The chart *U.S.-Mexico Border Ports of Entry* illustrates the major ports-of-entry found along the U.S.-Mexico Border.

U.S.-Mexico Border Ports of Entry



Additionally, the terrorist attacks of September 11, 2001 have significantly increased congestion along the U.S.-Mexico trade corridors because of an increase in security measures, and is compounded by an increased suspicion and fear of outsiders. With no reliable means to filter illicit cross-border activity from the legitimate exchange of goods and people, the response after the World Trade Center attacks was to effectively clamp the bi-national transportation arteries. This may have been a prudent response to the increased fear of international terrorism,

but the effect was a choke-hold on our cross-border economies. In the El Paso-Ciudad Juarez port of entry, with 62 million legal crossings each year, the increased congestion has imposed an enormous strain on an already over-burdened infrastructure.

In this age of more imminent terrorist threats, the U.S. is now in the process of rethinking its international ports-of-entry in new terms - with homeland security added to the mix of law enforcement and regulatory issues. While achieving adequate security is a crucial issue along the border, these policies must not transform the U.S.-Mexico Border into a "security fence," a highly fortified physical barrier that impedes the legitimate flow of commerce and people. Because U.S.-Mexico ports-of-entry face these new challenges, effective regulation at our borders will require the coordination of state and national resources, as well as international cooperation.

The United States' focus on safeguarding its citizens from further barbaric acts of terrorism is appropriate. However, this new war on terrorism must not undermine our nation's confidence or dictate its destiny; rather, it must be integrated into the nation's vision for expeditious and enhanced trade. If we allow congestion at border ports-of-entry to obstruct free trade with Mexico, the terrorists will have won. With the words "The only thing we have to fear is fear itself," Franklin Delano Roosevelt moved a whole nation to test the character of its people in a time of uncertainty and trouble. Today, we too must do the same; if we do not, ultimately, trade will move to overseas competitors eager to take advantage of an economy blinded by fear.

Any policy changes proposed for the shared border and our ports-of-entry must take into account that the overwhelming majority of people and goods cross the Border for legitimate purposes. U.S. efforts to increase homeland security must be made alongside equal efforts to enhance trade. In the words of Mexican President Vicente Fox Quezada—"*hoy*": today, is the time to act.

NAFTA and its Role in the Nation's and Texas' Economy

Trade

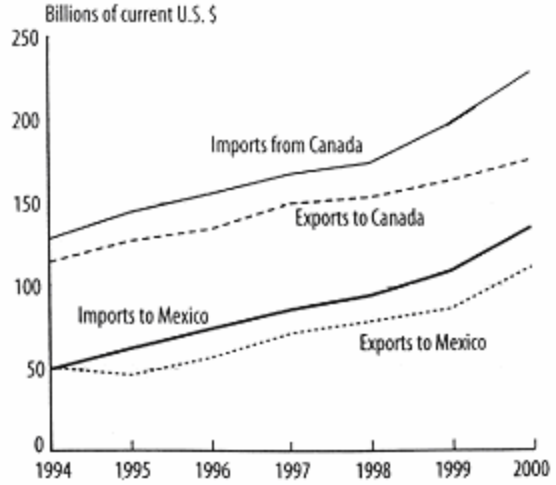
In the 1990s, the value of U.S. international trade more than doubled when adjusted for inflation, rising to $2.2 trillion in 2000. In that year, nearly one-third of U.S. merchandise trade was with Mexico and Canada.[1] The following charts, *Value of U.S. Merchandise Trade with Canada and Mexico Compared with U.S. Trade with all other Countries; 1994-2000* and *Value of U.S. Merchandise Trade with Canada and Mexico, 1994-2000*, illustrate this point.

Value of U.S. Merchandise Trade with Canada and Mexico Compared with U.S. Trade with All Other Countries; 1994-2000

	Total U.S. international trade (current $ millions)	U.S. trade with NAFTA partners (current $ millions)	U.S. trade with all other countries (current $ millions)	Ratio of U.S.-NAFTA to all U.S. trade (percent)
1994	1,175,883	342,923	832,960	29.2
1995	1,328,285	379,989	948,296	28.6
1996	1,420,364	421,192	999,172	29.7
1997	1,557,472	475,382	1,082,090	30.5
1998	1,594,000	502,715	1,091,285	31.5
1999	1,717,587	558,987	1,158,600	32.5
2000	1,997,306	653,270	1,344,036	32.7
Percentage change, 1994 – 2000	69.9	90.5	61.4	
Annual growth rate, 1994 – 2000 (percent)	9.2	11.3	8.3	

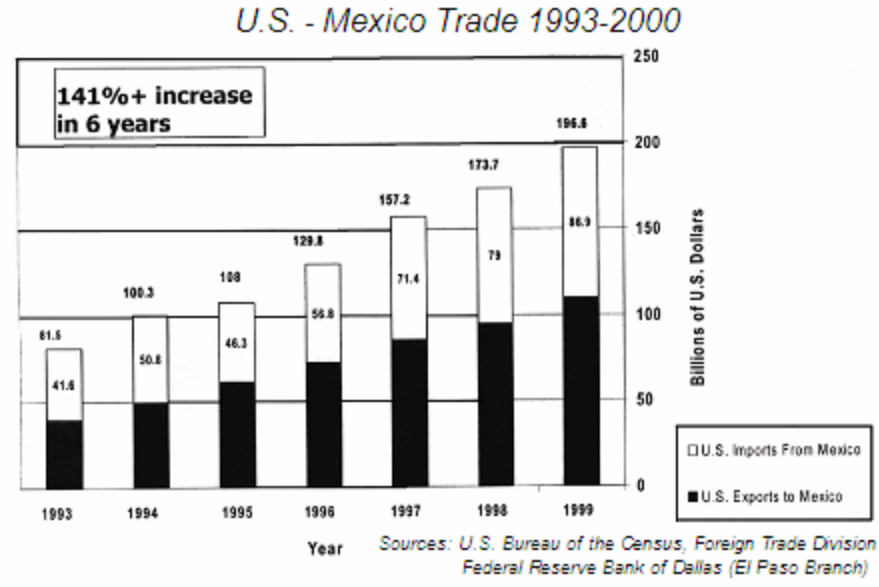
SOURCES: U.S. Department of Transportation, Bureau of Transportation Statistics, special tabulation, April 2001: based on: total trade, air, and water -- U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Division, FT920 U.S. Merchandise Trade (Washington. DC: Various Years): all land modes -- U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Surface Freight Data.

Value of U.S. Merchandise Trade with Canada and Mexico: 1994-2000



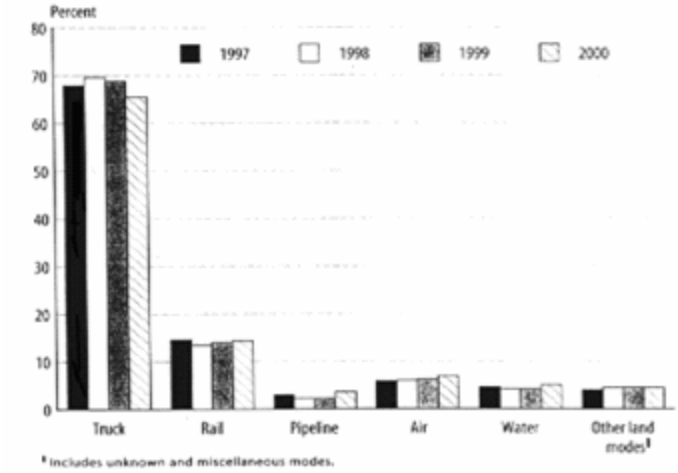
SOURCES: U.S. Department of Transportation, Bureau of Transportation Statistics, special tabulation, April 2001: based on: total trade, air, and water -- U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Division, FT920 U.S. Merchandise Trade (Washington. DC: Various Years): all land modes -- U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Surface Freight Data.

Most of this change in share can be attributed to trade with Mexico, which grew from 8.5 percent to 12.4 percent of total international merchandise trade during this period.[2] The chart *U.S.-Mexico Trade, 1993-2000* illustrates that trade grew between both countries by 141 percent from 1993 to 2000.



Over the past 15 years, U.S. trade with Mexico has increased 400 percent—from $48 billion to $239 billion—yet neither Mexico nor the United States has made the adjustments necessary to handle the growing traffic.[3] Unlike U.S. commerce with any other nation, excepting Canada, U.S.-Mexico trade is mostly moved across land via commercial vehicle. As the chart *Model Shares of U.S. Merchandise Trade with NAFTA Partners by Value; 1997-2000* illustrates, more than 75 percent of the value of this trade was moved by truck.

Model Shares of U.S. Merchandise Trade with NAFTA Partners by Value; 1997-2000



SOURCES: U.S. Department of Transportation, Bureau of Transportation Statistics, special tabulation, April 2001: based on: total trade, air, and water -- U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Division, FT920 U.S. Merchandise Trade (Washington, DC: Various Years): all land modes -- U.S. Department of Transportation, Bureau of Transportation Statistics, Transborder Surface Freight Data.

Trade with Texas

As of June 2000, California is the single largest exporting state in the country, with total exports of $60.8 billion, with Texas close behind with a total of $53.6 billion.[4] Nearly one-half, or 47 percent, of all Texas exports go to Mexico.[5] Eighty percent of all U.S. trade with Mexico passes through Texas' ports-of-entry, making Mexico the state's most important trading partner. Trade with Mexico accounts for one in every five jobs in the state, and exports make up approximately 14 percent of the state's gross product.[6]

The costs of trade, as well as the benefits, are felt most in South Texas, since this region is primarily responsible for overland U.S.-Mexico trade. As U.S. and Mexican economies integrated due to NAFTA, trade between the two countries grew and lead to increased commercial vehicle traffic at Texas' land ports-of-entry. The United States shares 2,000 miles of Border with Mexico, of which 1,254 miles are along the Texas Border. In Texas, 23 international crossings serve as overland ports-of-entry for trade with Mexico. The state's ports-of-entry handle approximately 80 percent of U.S.-Mexico overland trade, of which 90 percent moves via commercial vehicle over NAFTA corridors that originate and end in the United States and Mexico.[7] This percentage is not expected to change any time in the foreseeable future. Rather, the number of commercial vehicle crossings will grow exponentially over the next 10 to 15 years, creating choke points for trade.

Enhanced trade has increased the number of northbound commercial vehicle crossings from 2.7 million in 1994 to more than 4.3 million in 2001.[8] In Texas, the Federal Motor Carrier Safety Administration reported that the state had 3.1 million Border crossings in 2000 – three times more than California, which has the second busiest Border. In fact, Texas was home to the top two busiest crossings – Laredo with 1.5 million and El Paso with 725, 000 crossings.[9] In the same year, Border bridges at Texas ports-of-entry recorded over 6.7 million commercial vehicle

movements either going to, or leaving Mexico, more than half of which had U.S. origins or destinations outside of the state.[10] It is estimated that more than seven million commercial vehicles crossed the Texas-Mexico Border both directions, and that these trips were made by approximately 70,000 to 75,000 commercial vehicles in 2001.[11] On a typical day, about 205,000 vehicles and 97,000 pedestrians cross the Texas-Mexico Border. The 15,000 commercial vehicles and 1,220 railcars that traverse the Border daily highlight the importance of international trade to the state.[12]

Commercial vehicle traffic at Texas and California ports-of-entry, which handle approximately 91 percent of truck crossings from Mexico, has grown just over 60 percent since NAFTA took effect.[13] The chart *Truck Crossings from Mexico into the United States, Fiscal Year 2001* lists the principal commercial ports-of-entry and the number of commercial vehicle crossings that occurred at each port.

Truck Crossings From Mexico Into the United States, Fiscal Year 2001

Location	Truck crossings	Percentage of total crossings
Texas		
Laredo	1,419,165	33%
El Paso	656,257	15
Hidalgo/Pharr	367,991	9
Brownsville	255,231	6
All others	223,159	5
Total Texas	**2,921,803**	**68**
California		
Otay Mesa	700,453	16
Calexico	259,174	6
All others	63,970	1
Total California	**1,023,597**	**23**
Arizona		
Nogales	251,474	6
All others	90,424	2
Total Arizona	**341,898**	**8**
New Mexico	**34,851**	**1**
Total	**4,322,149**	**100%**

Source: U.S. Customs Service.

Whether commercial vehicle drivers use California, Arizona, New Mexico or Texas crossings, they face congestion and long waits, usually associated with government inspections and customs processing. These factors contribute to increased traffic congestion, which impedes commercial and non-commercial traffic in Border communities and at Border ports-of-entry. Given the significance of this trade to the nation and our state, federal and state regulators must determine how commerce and law enforcement should interact at the Border, and what policies should be adopted to facilitate the movement of people and goods in order to maintain productive trade patterns.

Problems Associated with NAFTA

Since the time NAFTA was ratified, the United States and Mexico have taken a number of steps to achieve closer economic integration. However, despite a strong trade relationship and other ties, cross-Border transportation issues continue to be a challenge. In addition to the damage caused by trucks, increased commercial traffic generated by NAFTA-related trade with Mexico has also led to increased congestion along key trade corridors such as I-10 and I-35, and particularly at crossings along the Border. This congestion will only become more prevalent as trade between both nations increases, and as Mexico continues to recover from the 1994 peso devaluation, further privatizes its transportation system, and becomes a larger player in world trade. In addition to the negative effect on travel times and drivers' tempers, congestion delays the shipment of raw materials and finished goods, curtailing the growth of the Texas and Mexican economies. Some economists assert that failure to invest in public works amounts to a "third deficit," after budget and trade imbalances. Delaying investment in infrastructure hinders production and shipping and hampers economic growth. For the El Paso/Ciudad Juarez metroplex, the cost of vehicle maintenance and delays for the 15 million vehicles stalled at the international bridges exceeds $100 million every year.[14]

On both sides of the U.S.-Mexico Border, the sheer volume of commercial vehicles has overwhelmed government agencies charged with inspections and exacerbated inefficiencies in outdated inspection processes. In its December 2001 Border transportation report, the General Accounting Office (GAO) found that six primary factors contribute to northbound congestion at the Border:

1. multiple inspection requirements;

2. staffing and human resources problems;

3. limited use of automated management information systems for processing commercial traffic;

4. insufficient roads connecting ports-of-entry; and,

5. limited coordination and planning among U.S. inspection agencies and between the U.S. and Mexico.[15]

The GAO report notes that the lack of coordination among agencies within countries, as well as between countries, stands in the way of reducing shippers' transaction costs. Depending on the type of load, commercial vehicles have to pass through customs, agriculture, drug, immigration and safety inspections. Further, with 50 to 100 percent increases in commercial vehicle traffic since 1994, government funding for additional staff and facilities has fallen behind. Despite new "intelligent transportation" technologies that could drastically reduce processing times, federal agencies have been slow to incorporate these technologies, and most processing is still paper-based. The bottom line is that the cumbersome processing of northbound shipments could be improved by better cooperation among U.S. government agencies and greater use of available technology.

"One-Stop" Border Inspection Facilities

A "Smart Border" bi-national trade system uses technology to help streamline the passage of low-risk goods and people into the United States. At the same time, the system seeks to prevent dangerous or illicit goods from entering the country. To that extent, smart border innovations have been in progress for some time.

To cope with NAFTA's strain on Border infrastructure and to expedite the flow of commerce at our ports of entry, Senator Shapleigh authored S.B. 913 in the 76th Legislative Session to require the Texas Department of Transportation (TxDOT) to build one-stop Border inspection stations in the cities that have experienced the greatest increase in commercial traffic, Laredo, El Paso, and Brownsville.

The 76th Legislature passed S.B. 913, which has five goals: (1) to facilitate the flow of commerce, (2) improve federal efforts aimed at interdiction, (3) protect our public health, (4) conserve our environment by decreasing the idling time of commercial vehicles, and (5) protect our already severely overburdened highways along the Border by preventing overweight trucks from traveling on Texas' roads.

In response to the passage of S.B. 913, former Texas Secretary of State Elton Bomer, working in conjunction with TxDOT, directed the Center for Transportation Research (CTR) of the University of Texas at Austin and the Texas Transportation Institute (TTI) of the Texas A&M University System to examine the feasibility of an expedited Border process that would facilitate trade while permitting federal and state agencies to maintain their inspection responsibilities. In addition, CTR and TTI were directed to determine the potential to enhance security through improved automation and screening. The final product envisioned was the "one-stop" Border inspection facility prototype. The one-stop model can be viewed at: www.bordercross.tamu.edu.

A summary of the main findings of this research follows:

1. a reduced-stop/no-stop automated Border process is feasible for the majority of trucks;

2. the process and necessary technology does not add substantially to the infrastructure costs, less than five percent, when compared to the current cost of Border facilities;

3. linking the state Department of Public Safety (DPS) inspection facilities to the U.S. federal agency facility will foster the vehicle safety compliance levels sought by the state; and,

4. the one-stop would involve electronic pre-clearing of northbound trucks and their cargo as well as better coordination between U.S. agencies at the Border.[17]

This era of free and increased trade requires creative thinking. To achieve the objectives outlined in S.B. 913, it will be necessary to reduce overlap and duplication of state and federal functions at our ports of entry. Currently, a total of 104 Federal agencies work on trade-related issues. As a result, a single international shipment can require as many as 40 different government paper forms.[16] To explain these problems, the *Illustration of Requirements for Strawberry Imports* chart notes the different government agencies with regulatory authority over a shipping process.

Illustration of Requirements for Strawberry Imports

Federal Agency...	is charged with...
Food and Drug Administration (FDA)	food safety and ensures that the strawberries are safe to eat.
Environmental Protection Agency (EPA)	determining tolerance levels for any pesticides used.
Animal and Plant Health Inspection Service (APHIS)	ensuring that strawberries are not infested with pests that may threaten US crops.
Agricultural Marketing Service (AMS)	processing and issuing Perishable Agricultural Commodities Act (PACA) licenses to importers of applicable agricultural products (including fresh strawberries).
Federal Highway Administration (FHWA)	administering safety and credentials requirements for the trucking company, the truck and the driver of the truck.
Immigration and Naturalization Service (INS)	checking the nationality and citizenship of the shipment's vehicle operator.
US Customs Service (USCS)	collecting duties and taxes on the imported strawberries and conducting enforcement examinations.

Source: Project Summary for the International Trade Data System (ITDS), Septmeber 1998. ITDS Office. US Department of the Treasury, Washington,D.C.

Co-locating the myriad state and federal agencies with inspection and regulatory responsibilities at the Border and integrating the various processes into one streamlined and cohesive approach is critical if we are to succeed in expediting U.S.-Mexico overland trade. For example, using devices that enable communication from electronic container seals to a PDA Network will improve security and facilitate trade by incorporating the processing of commercial vehicles, rail freight and crews, and addressing inland pre-clearance/post-clearance, international zones, and pre-processing centers at the Border. Creating this standardized platform is achievable, but will require strong direction from our state and the federal government.

The Use of Technology

The prototype "one-stop" Border inspection facility combines the use of a Radio Frequency Identification (RFID) system, which transmits data back and forth from truck to Border processing agent. RFID is a Federal government information technology initiative to implement an integrated, government-wide system for the electronic collection, use, and dissemination of international trade data. It will reduce burdens for the trade community and the government by eliminating duplicative information requirements and the collection of excessive data. The initiative will also improve enforcement of and compliance with government trade requirements. RFID promises to create a government that works better and costs less by:

1. reducing the cost and burden of processing international trade transactions for both the private trade community and the government;

2. improving the enforcement of and compliance with government trade requirements such as public health, safety, and export control; and

3. providing access to international trade data and information that are more accurate, thorough, and timely.

By digitizing the paper trail, the system promises to significantly reduce delays without compromising the objectives of U.S. law enforcement and other government agencies involved in the regulation of commerce. By providing users "dedicated trade lanes" in the "one-stop" Border inspection facility, it will ensure expedited clearance and passage in approximately 12 minutes. According to researchers and Mexican government officials, technological and other innovations, such as an automated clearance system requiring carriers to provide documentation electronically would also encourage the development of cross-Border trucking beyond the commercial zones by reducing the need for time-consuming paperwork reviews at the Border.[18]

The key to implementing the "one-stop" Border inspection facility is to bring cost-effective technology into the process. In particular, Texas must focus and expand the use of RFID. Presently, U.S. Customs will not share RFID with other law enforcement groups as they claim that it is a proprietary technology and can not be shared. Thus, the only option available for local law enforcement groups stationed at ports-of-entry is to purchase their own form of technology. From a public policy perspective of saving precious and few resources, w duplication should always be avoided, especially when technology is already available. In Texas, DPS officials at the Border inspect trucks for safety concerns. If they had access to driver and truck safety data, they could determine in advance if approaching trucks need inspection. Ideally, the RFID transponders would be linked to the Federal Motor Carrier Safety Administration's query central information system, providing DPS officials with this information.

RFID technology will not only improve inspection and enforcement, but will also speed the flow of commerce. The use of transponders, weigh-in-motion scales, existing federal and state agency databases, and Internet connectivity will also expedite trade in Texas. RFID

technology must also be incorporated as a key part of the physical design and layout of each "one-stop" Border inspection facility. In addition, the implementation of the "one-stop" should include provisions for co-location of all federal and state agencies with responsibilities at our ports-of-entry and include key Mexican counterparts through "virtual" connectivity.

Immediate action is necessary to head off congestion that is choking trade, increasing product cost, and adversely impacting the quality of life at our key ports-of-entry. The need, the will, the funding and the technology exist now to make the "one-stop" a reality. When Texas-Mexico trade increases, the entire state will benefit.

SecureOrigins: A Plan to Carry out the Concept

Border Region leaders must address the stifling congestion and inefficiency caused by overlapping and tedious inspection processes, antiquated systems, and uncoordinated efforts between different agencies and entities. The development of a Secure Manufacturing Zone is contingent on the efficient, safe and uncomplicated cross-Border transport of goods. According to researchers and Mexican government officials, technological and other innovations, such as an automated clearance system requiring carriers to provide documentation electronically would also encourage the development of cross-border trucking beyond the commercial zones by reducing the need for time-consuming paperwork reviews at the border.[30]

Transporting Goods to the U.S.-Mexico Border

The 2,600 maquiladoras along the U.S.-Mexico Border represent the largest component of U.S.-Mexico trade. The maquiladora industry and the local economies along the Border cannot afford to have the post-September 11th environment of increased inspections impede the vital flow of trade. Even with increased inspections focused primarily on terrorism and secondarily on contraband and drugs, less than 10 percent of the trucks crossing the Border are inspected.

The key to implementing the "one-stop" border inspection facility is to bring cost-effective technology into the process. *SecureOrigins* is a solution by a Border company, for the Border, offering a dual value proposition: predictable trade for industry, and secure trade for government. By securing this trade as well as making the region more competitive. *SecureOrigins* also serves the industry-government partnership essential to homeland security. The Global SecureOrigins Center (GSO), located in the heart of the U.S.-Mexico Border, offers intelligent monitoring and analysis of the Border's origin-to-destination trade flows through proven, distinct, and integrated technologies. Inspection capacity and resources are multiplied by automated and intelligent risk management. Every element within the supply chain is protected, from the driver, to the truck, to the container, and ultimately the individual contents.

Moving the Border to the Plant

The SecureOrigin system works in the following manner: as a truck is ready to depart from a given plant, it would be secured with intelligent seals and lock-in devices. The read and

write capabilities of these devices automatically assembles individual tractor/trailer data and assign the route to a specific one-stop Border inspection facility, then forwards the data to the Global SecureOrigins Center. This device adds intelligence to the logistics by assigning the tractor trailer, seals, and driver into a computer object that can then be monitored by the SecureOrigins System. GPS monitors the actual journey to a one-stop border inspection facility and reports whether the assigned route was followed or if a route deviation occurred.

Securing the Supply Chain

At the one-stop inspection facility, field inspectors carrying P.D.A.s would wirelessly receive the truck's route information and know whether to perform an in-depth inspection or, if the truck is in compliance, approve the authorized crossing. With 3,000 trucks a day crossing in El Paso alone, SecureOrigins provides intelligent risk management, making the Border the last line of defense, rather than the first.

The Global SecureOrigins Center seamlessly integrates the requirements of the Automated Commercial Environment currently focused on the Customs-Trade Partnership against Terrorism on the U.S. side, and Empresa Certificada on the Mexican side. This integration results in seamless supply chains for both northbound and southbound trade. Integration includes each stakeholder in every step in the process on both sides of the Border.

Intelligence Sharing & Multi-Agency Collaboration

In addition to securing commerce, SecureOrigins offers capabilities for emergency response. Emergencies generate vast amounts of data that need to be quickly evaluated for an effective response. SecureOrigins provides information-centric technology that rapidly transforms this data to only the most actionable items such as a GIS map to pinpoint the exact location of the event and the coordination of emergency and investigative teams. Simultaneously, rapid-response delivery systems send this information to "need-to-know" directorates in the U.S. Department of Homeland Security. An intelligence agent can trigger real-time models to help reduce the threat to first responders and improve the overall emergency response.

In sum, SecureOrigins offers dual value by providing multiple levels of security and facilitating end-to-end supply chain management. The investments and infrastructure for secure trade also advance competitive trade, moving the U.S.-Mexico Border up the value chain to compete with two of the most dynamic regions in the world. Lastly, the value-added services of the Global SecureOrigins Center improve manufacturing and increase technological capacity. GSO will generate high-tech jobs that provide a technology transfer so that our region evolves from a labor value to a source of knowledge and talent. The *SecureOrigins* flowchart on the next page illustrates how the system would work.

Other Barriers to Facilitating Commerce

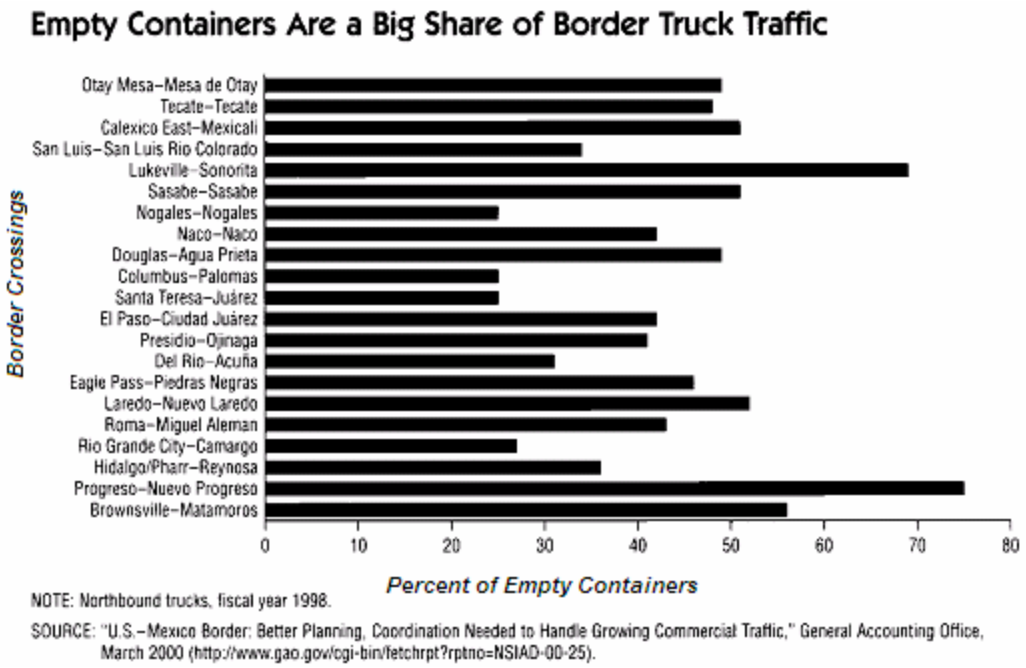
Although emerging technologies exist to address trade and safety, barriers to trade persist and even increase as new obstacles are erected. The restricted movement of commercial vehicles across the Border, Mexican customs broker practices, inadequate staffing and inspection facilities, and outdated U.S. customs processing and inspections all cost shippers time and money. These transactions costs reduce the volume of trade and increase the price of goods.

In the current system, restrictions on cross-Border commercial vehicle traffic mean that, on average, three trucks are necessary to carry goods from the interior of Mexico to the U.S. interior. For example, a long-haul truck carries freight to the Mexican Border from an interior

Mexican state, where it is transferred to a short-haul drayage truck that carries the goods across the U.S. Border into the commercial zones. To move a shipment beyond the commercial zones, it must be transferred to a third truck based in the United States. The time required to complete these transfers within the Border commercial zones hinders the preferred "just-in-time" work process principles of many maquiladoras.

The system is cumbersome and inefficient, according to the Office of the U.S. Trade Representative, as well as trucking industry representatives, businesses, and academic researchers. They point out that a single commercial vehicle transport system would be more efficient, practical, and less costly.[19]

Furthermore, Mexico exports a lot more to the U.S. than it imports. As a result, a March 2000 General Accounting Office (GAO) study found that 47 percent of 3.6 million containers that crossed the Border to Mexico in 1998 were empty.[20] As shown in the chart *Empty Containers are a Big Share of Border Truck Traffic*, for northbound shipments, all major ports of entry had at least 25 percent empty trucks and most had greater than 40 percent.



NOTE: Northbound trucks, fiscal year 1998.

SOURCE: "U.S.–Mexico Border: Better Planning, Coordination Needed to Handle Growing Commercial Traffic," General Accounting Office, March 2000 (http://www.gao.gov/cgi-bin/fetchrpt?rptno=NSIAD-00-25).

In its Border transportation study, the GAO points out that government officials must process empty trucks using the same criteria as they use for loaded ones to ensure compliance with U.S. laws and regulations. The large number of empty trucks slows down cross-Border trade. These empty trucks are mainly drayage carriers, either returning from or on their way to shuttling a load across the Border. The end result is that surface trade with Mexico continues to be markedly more expensive than trade with Canada, our other NAFTA partner.[21]

Now that the spirit of the NAFTA trucking agreement will finally be enforced by the Bush administration, Mexican trucks will be allowed to transport goods directly into the United States and vice-versa. This change will have numerous benefits, including an increase in the

incidence of direct lining and reduced demand for drayage, which will lower costs to shippers and, since these carriers normally do not backhaul (return with a load), reduce congestion along the Border.

Safety of Mexican Commercial Vehicle Fleet

The most widely cited claim that cross-Border trucks are unsafe is based on a 36 percent failure rate of Mexican "short-haul" trucks chosen for inspection at border crossings in 2000.[22] For several reasons, it would be faulty to assume that a similar percentage of all trucks would fail under the new policy. Trucks currently inspected at the Border are short-haul drayage trucks that are not representative of the quality of Mexican trucks in general. Short-haul trucks, since they don't have to go very far, are older and more faulty. The GAO study states that many of these vehicles, according to Mexican government officials, would no longer meet safety standards in Mexico.[23] Also, because inspections are non-random, the trucks most likely to fail are singled out, skewing the failure rate for inspected trucks. Trucks not chosen for inspection would have lower failure rates if inspected, than those that are selected. In California, for example**,** where a higher percentage of all commercial vehicles are expected, the failure rate is only 26 percent. This number is comparable to a 24 percent nationwide failure rate for U.S. trucks.[24] Finally, Mexican commercial vehicles that enter the U.S. interior actually have lower failure rates than U.S. trucks: 19 percent versus 24 percent.[25] Thus, the argument that Mexican trucks would represent a safety hazard on U.S. roads is exaggerated at best.

Federal Initiatives

"Smart Border Plan" and Related Technology - a Means to Facilitate the Free Movement of People

Homeland security and improved trade processes are not mutually exclusive and can be accomplished simultaneously. To accomplish both, existing or new pre-screening programs should be considered to allow the federal and state governments' to have advance knowledge of the people, freight, and vehicles crossing our borders. To be able to identify, in advance, the overwhelming majority of the individuals who cross the Border as law abiding and low-risk crossers, innovative technology with precise filtering devices can be used so that law enforcement personnel can focus on high-risk movement. Improving the capacity of Border inspection agencies to validate legitimate cross-Border pedestrians should be the basis for implementing new models of risk management.

The high volume of persons and vehicles crossing the Border may make the implementation of new technology appear daunting. However, it is not as difficult a task as it might appear. Aggregate border crossing numbers are somewhat misleading since so many of the vehicles, drivers, and pedestrians are local, frequent travelers. For example, the 4.2 million recorded commercial vehicle southwest border crossings in 2000 were made by only 80,000 trucks.[26] If even one-half of these trucks, or 40,000 were found eligible for low-risk crossing, it is conceivable that federal and state workloads would decline significantly, representing ongoing annual savings after an initial investment.

To address these issues and expedite the use of new technologies at Border ports-of-entry, the following priorities for implementing a U.S.-Mexico "Smart Border Plan" should be addressed.

- develop common biometric identifiers in documentation such as permanent resident cards, NEXUS, and other travel documents to ensure greater security. Use innovative technology to develop and deploy a commuter or secure identity card for permanent residents that includes a biometric identifier to allow for the timely determination of legitimate crossers,

- support pilot programs to experiment with prototypes for low risk travelers, such as Dedicated Commuter Lanes (DCLs), and frequent traveler cards for U.S. citizens. The concept of "Frequent Traveler Cards" is an example of ways that technology at ports-of-entry can be used to expedite the inspection process. Biometrics can be embedded in the card, such as a digitized photograph, handprints, or facial or retina recognition that will verify the individual's identity,

- promote and encourage manufacturers and the trade community to enroll in the U. S. Customs' pre-clearance programs—the Border Release Advance Screening & Selectivity (BRASS), the Business Anti-Smuggling Coalition (BASC), and the Carrier Initiative Program (CIP), by encouraging dedicated trade lanes with expedited crossing for those who participate in these programs,

- realign the federal border inspection agencies within the Department of Homeland Security, and

- support the acquisition and use of non-intrusive technologies by Border inspection agencies, such as Pulse Fast Neutron Analysis (PFNA) inspection facilities.

Each day, thousands of Mexican citizens use their Border Crossing Cards (BCCs) to cross the Border in order to shop and engage in other legitimate business in the U.S. September 11th has made their entry into the U.S. much more difficult and has dealt a blow to border towns and the state economy. Homeland security issues must be considered in tandem with economic security to ensure the continued safety and health of the border and the entire nation.

U.S.-Mexico Border Partnership Action Plan

On March 19, 2002, the Bush Administration recommended a long-overdue reorganization of the federal agencies charged with protecting our borders by merging the U.S. Customs Service, the Immigration and Naturalization Service (INS) and the U.S. Border Patrol. The Homeland Security Act of 2002 merged the three agencies in an effort to streamline government functions at ports-of-entry by improving coordination among the thousands of federal employees who monitor the borders. While similar proposals have been rejected since President Nixon's Administration, the Bush initiative reflects the current administration's

commitment to rectify the antiquated procedures and other bureaucratic hurdles that now cripple cross-border traffic and trade. For example, before passage of the Act, an individual crossing the border was required to show his documents to up to six different federal employees, representing several different agencies. Under the Bush initiative these activities are being streamlined in one agency, which will not only simplify the process, but will also improve security through the consolidation of intelligence information.

In addition to the initiative to reorganize border regulatory processes on the U.S. side, on March 22, 2002, President Bush and Mexican President Vicente Fox Quezada announced the 22-point plan known as the "U.S.-Mexico Border Partnership Action Plan," outlined below. Unfortunately, it appears that, thus far, the initiative has very little funding.

Secure Infrastructure

1. long Term Planning - Develop and implement a long-term strategic plan that ensures a coordinated physical and technological infrastructure that keeps peace with growing cross-border traffic,

2. relief of Bottlenecks - Develop a prioritized list of infrastructure projects and take immediate action to relieve bottlenecks,

3. Infrastructure Protection - Conduct vulnerability assessments of trans-border infrastructure and communications and transportation networks to identify and take required protective measures,

4. Harmonize Ports of Entry Operations - Synchronize hours of operation, infrastructure improvements, and traffic flow management at adjoining ports-of-entry on both sides of the U.S.-Mexico Border,

5. Demonstration Projects - Establish prototype smart port-of-entry operations,

6. Cross-Border Cooperation - Revitalize existing bilateral coordination mechanisms at the local, state, and federal levels with a specific focus on operations at border crossing points, and

7. Financing projects at the Border- Explore joint financing mechanism to meet essential development and infrastructure needs.

Secure Flow of People

8. Pre-Cleared Travelers - Expand the use of the Secure Electronic Network for Traveler's Rapid Inspection (SENTRI) dedicated commuter lanes at high-volume ports-of-entry along the U.S.-Mexico Border.

9. Advanced Passenger Information - Establish a joint advance passenger information exchange mechanism for flights between Mexico and U.S. and other relevant flights.

10. NAFTA Travel - Explore methods to facilitate the movement of NAFTA travelers, including dedicated lanes at high-volume airports.

11. Safe Borders and Deterrence of Alien Smuggling - Reaffirm mutual commitment to the Border Safety Initiative and Action Plan for cooperation on border safety, established in June 2001. Enhance authorities and specialized institutions to assist, save and advise migrants, as well as those specialized on curbing the smuggling of people. Expand Alien Smuggling and Trafficking Task Force. Establish a law enforcement liaison framework to enhance cooperation between U.S. and Mexican federal agencies along the U.S.-Mexico Border.

12. Visa Policy Consultations - Continue frequent consultations on visa policies and visa screening procedures. Share information from respective consular databases.

13. Joint Training - Conduct joint training in the areas of investigation and document analysis to enhance abilities to detect fraudulent documents and break up alien smuggling rings.

14. Compatible Databases - Develop systems for exchanging information and sharing intelligence.

15. Screening of Third-Country Nationals - Enhance cooperative efforts to detect, screen, and take appropriate measures to deal with potentially dangerous third-country nationals, taking into consideration the threats they may represent to security.

Secure Flow of Goods

16. Public/Private Sector Cooperation - Expand partnerships with private sector trade groups and importers/exporters to increase security and compliance of commercial shipments, while expediting clearance processes.

17. Electronic Exchange of Information - Continue to develop and implement joint mechanisms for the rapid exchange of customs data.

18. Secure In-Transit Shipments - Continue to develop a joint-in-transit shipment tracking mechanism and implement the Container Security Initiative. In this new system, all containers brought into the U.S. would have to be registered 24 hours before their arrival and pre-screened for suspicious content.

19. Technology Sharing - Develop a technology sharing program to allow deployment of high technology monitoring devices such as electronic seals and license plate readers.

20. Secure Railways - Continue to develop a joint rail imaging initiative at all rail crossing locations on the U.S.-Mexico Border.

21. Combating Fraud - Expand the ongoing Bilateral Customs Fraud Task Force initiative to further joint investigative activities.

22. Contraband Interdiction - Continue joint efforts to combat contraband, including illegal drugs, drug proceeds, firearms, and other dangerous materials, and to prevent money laundering.[27]

Rail as a Means of Relieving Traffic Congestion

Steadily increasing traffic congestion has become one of the most important concerns cited in public opinion polls and public policy for the U.S.-Mexico Border. When deciding how to reduce congestion, policy should focus on the most cost-effective solutions available. The use of rail to move cargo should be a key consideration in transportation planning.

Commercial vehicle traffic volume has been rising considerably faster than other traffic. From 1990 to 1999, urban truck traffic increased by 48.7 percent, compared to the 26.9 percent growth rate of other traffic, and over the next 20 years, commercial vehicle volumes are expected to more than double in the United States.[28]

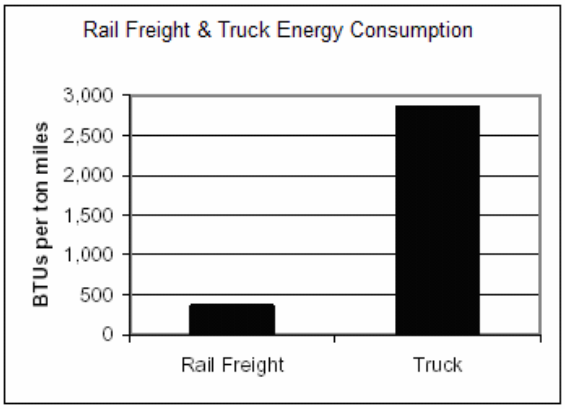
Traffic congestion caused by truck traffic is especially a problem in fast-growing states like Texas, with its high population growth rate, proximity to Mexico, and increasing volume of commercial vehicle traffic as a result of NAFTA. Increased congestion in Texas will only worsen in the next 20 years, with commercial vehicles expected to increase 100 percent on urban roadways.[29] This would increase total urban traffic by 21 percent. Worse, if rail freight's market share falls to the levels seen in the European Union (EU), commercial vehicle traffic could increase 235 percent—causing a 49 percent increase in overall traffic. The cost resulting from this additional congestion is estimated at $19 billion—raising the per-household cost from $1,250 to $3,750.[30]

There are also environmental consequences to focusing on commercial vehicles as the primary means for transporting goods. Trucks emit four times more pollutants per ton-mile than railroads, and commercial vehicles contribute exceedingly more to traffic volume. It is estimated that the average commercial vehicle occupies approximately 3.8 times the road space of an automobile.[31]

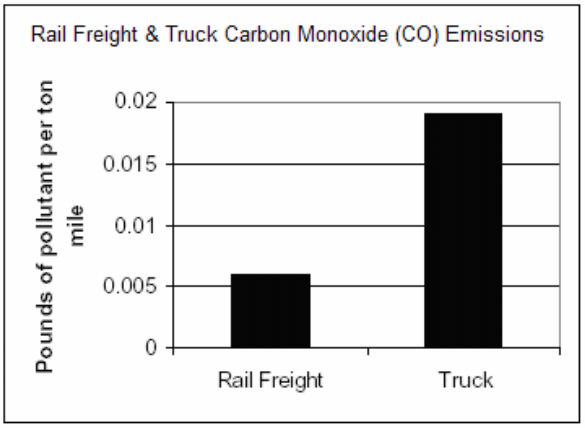
Freight railroads, on the other hand, have many advantages over commercial vehicle freight. They are able to move large volumes of freight comparatively inexpensively, and with a lesser expenditure of energy. As the rail freight charts indicate, there are several advantages to rail, including:

- rail moves freight with less energy;
- rail results a lower fatality rate than trucks;
- rail generally pollutes less than commercial vehicles; and,
- rail freight rates are lower than those of trucks, lowering ultimate product prices.

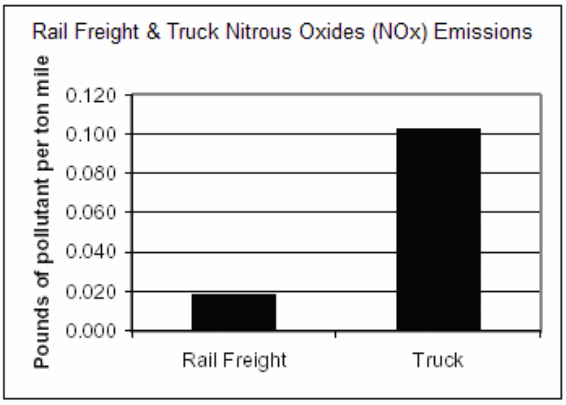
Source: Texas Public Policy Foundation; Calculated from Bureau of Transportation Statistics and the U.S., Department of Transportation Fatality Analysis Reporting System data.



Source: Texas Public Policy Foundation; Calculated from Bureau of Transportation Statistics data.



Source: Texas Public Policy Foundation; Calculated from C. Jake Haulk, *Inland Waterways as Vital National Infrastructure: Refuting "Corporate Welfare Attacks,"* Allegheny Institute, 1997.



Source: Texas Public Policy Foundation; Calculated from C. Jake Haulk, *Inland Waterways as Vital National Infrastructure: Refuting "Corporate Welfare Attacks,"* Allegheny Institute, 1997.

The Potential of High-Speed Rail

The subject of co-locating high-speed rail facilities within high priority transportation corridors is a very important topic that has garnered the interest of many within state government. Several high-speed rail (HSR) technologies are currently being considered due to the maximum speed that each can achieve. HSR "bullet trains" are modeled upon the European or Japanese style HSR bullet trains that operate at approximately 200 mph in very flat and straight rights-of-way. For the most part, these trains are almost always powered by overhead electrical catenary systems. Major, high-performance freeways built to more exacting standards could reasonably be added along the same corridor, although this has not yet been done in practice.

Development of a Border Corridor System

A trade corridor is an area that facilitates the national and international movement of goods, services, people, and information, often linking economic centers and projects of regional significance. A "smart" corridor anticipates delays due to weather, crashes, construction, and backups along the Border. In addition, a smart corridor provides safety with integrated traveler and emergency response systems, and provides complete cell coverage and broadband access. The result is the safest and most efficient mode of transportation for the movement of freight. Key U.S.-Mexico border ports-of-entry are located on international trade corridors linking Mexico, the United States, and Canada. The Federal Transportation Efficiency Act for the 21st century (TEA-21) emphasizes continued federal interest in identifying and promoting key international highway trade corridors in the United States. If they haven't done so already, U.S.-Mexico border states should implement an integrated border corridor plan. The plan should include strategies and projects to aid the exchange of commerce related to NAFTA through the use of multiple transportation modes. In doing so, border corridor plans should recognize the role of border ports-of-entry on selected international corridors and ensure that their contributions to transportation effectiveness and efficiency is explicitly recognized. In the future, trade corridors may qualify for a variety of federal transportation funding, and the border region needs to be clearly recognized as part of the U.S. corridor program. By clearly stating the case for new trade corridor investment along the Border, we will establish the foundation to support future requests for federal funding for the Border Region.

In addition, a corridor analysis of trade flow can produce substantial benefits for both planners and users. Corridor planning considers the overall efficiency of a transportation corridor by analyzing how efficiencies along the corridor benefit the corridor overall. Evidence supports the separation of trade flows and transportation flows because the two can differ so extensively. Enhancing our understanding of how corridors work will lead to a better use of resources, while a regional analysis of transportation flows will make a stronger case for federal support. Finally, the bi-national nature of U.S.-Mexico will allow us to synchronize investment plans with the Mexican Ministry of Transport, which is also considering further developing its recently announced transportation highway corridor plan.

Dedicated Commuter Lanes (DCL's) and SENTRI - a Means to Relieve Congestion

In many border communities, residents on both sides of the border work on the opposite side and often spend long periods of time waiting in line at border crossings. Dedicated Commuter Lanes (DCLs) at major crossings would help eliminate delays and related vehicle congestion. DCLs are designated traffic lanes at border ports-of-entry that are restricted to the vehicles of drivers that have passed a background check qualifying them for expedited entry and minimal inspection. These automated lanes encourage commerce and strike an effective balance between the importance of law enforcement and the free movement of people and trade. In addition, fewer vehicles waiting in traffic also mean decreased emissions, and thus less pollution.

DCLs have been in place at ports of entry on the U.S.-Canada Border for many years and are currently being used on the U.S.-Mexico Border in Otay Mesa, California, and in El Paso, Texas.

In El Paso, the former Immigration and Naturalization Service (INS) and the Customs Bureau worked in conjunction with the community to establish a DCL. Current enrollment at the Stanton Street Bridge DCL is approaching 9,000 users registered to over 6,000 vehicles. In addition, there are over 300 pending applicants, and the estimated saturation point for this DCL is 8,000 vehicles. The next place to expand this successful project is at the Ysleta port-of-entry. DCL participants would be able to used both DCL's and would have the added benefit of purchasing a "toll swipe card" that would make the lane more accessible to users. The different state transportation agencies should work with the federal government in assisting border communities to establish dedicated commuter lanes as ports-of-entry in order to facilitate cross-border employment and the free movement of people and goods.

At the United States federal level, the nation's first "frequent-crossers" lane may be installed at the Veterans International Bridge at Los Tomates as early as September 2004.[32] The SENTRI (Secure Electronic Network for Travelers' Rapid Inspection) lane will allow selected motorists to avoid long waits at international ports of entry. SENTRI was first implemented at Otay Mesa, CA, in 1995, and in El Paso, TX in 1999. SENTRI lane users will have their vehicles equipped with a transmitter that sends identifying information to an inspector's computer. SENTRI users can expect to wait no more that 15 minutes at even the heaviest commuting hour. The program will initially be available only to Mexican motorists entering the United States.

FAST Lanes

FAST (Free and Secure Trade) opened in El Paso at the Bridge of the Americas, Ysleta, Laredo, and soon in Nogales. These pre-clearance lanes are high volume manufacturers who are certified (CTPAT) as having secured their supply chain, employees, facilities, etc. Four hundred trucks per day are crossing in El Paso and only about 10 in Laredo. Only about 90 percent of commercial traffic comes from maquillas in El Paso, whereas it is the reverse in Laredo, which shows that there is a bigger base of users for lanes in El Paso.

Currently a public private infrastructure project is being implemented for Nogales, and the Department of Homeland Security has arranged for $2 million in grants to the Border Trade Alliance (BTA) Foundation from the Federal Highway Administration and Arizona Department of Transportation. BTA will be the program manager and organize private stakeholders to contribute and expand the Port of Nogales (CYBER Port) to include a FAST lane. Ford Motor Co. is building an assembly plant in Hermosillo and Delphi, among others, will contribute to get the project completed in a matter of months. The produce industry will also participate.

Trans-Texas Corridor

The Trans-Texas Corridor Plan outlines a new vision for transportation in Texas. Specifically, it provides a design concept, identifies four priority corridor segments, details the financial tools that will make it happen and addresses the importance of public-private partnerships. Finally, it presents an action plan for the first steps in implementation.

Vision

To advance Texas on a new multi-use, statewide transportation corridor that moves people and goods safely, efficiently and more reliably, improving our quality of life.

Challenge - To prepare Texas for the future by:

- Providing a safer, faster and more reliable means for people to travel across the state and reduce congestion
- Safely transporting hazardous materials
- Reducing air pollution
- Creating a transportation system to support economic growth

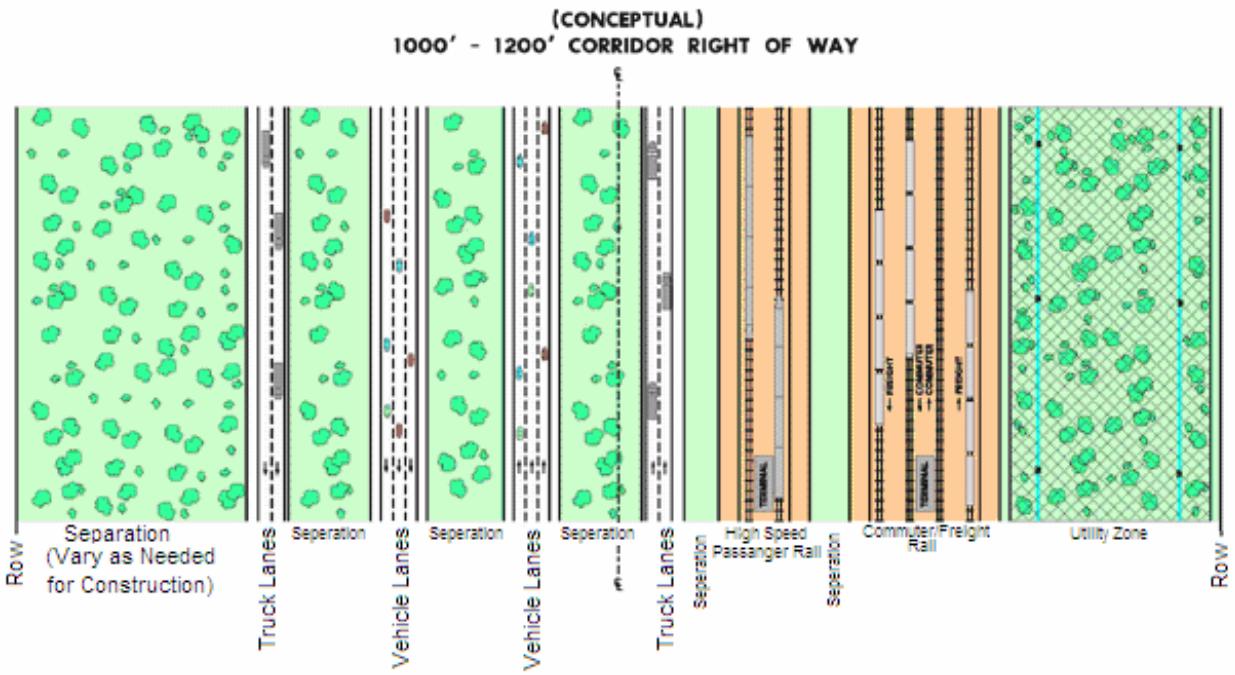
Elements

- Roadway
  - Passenger vehicle lanes - three separate 12-foot lanes in each direction
  - Truck lanes - two separate 13-foot lanes in each direction
- Rail component (each has two tracks, one in each direction):
  - High speed passenger rail
  - Freight rail
  - Commuter rail
- Dedicated utility zone - water, electric, natural gas, petroleum, fiber optic and telecommunications
- Dimensions - the corridor will be approximately 4,000 miles in length and up to 1,200 feet wide

Financing Options

- Exclusive Development Agreement
- Toll Equity
- Regional Mobility Authority
- Texas Mobility Fund

The images on the following pages convey the vision for the Trans-Texas Corridor.



source: http://www.dot.state.tx.us/ttc/ttc_home.htm

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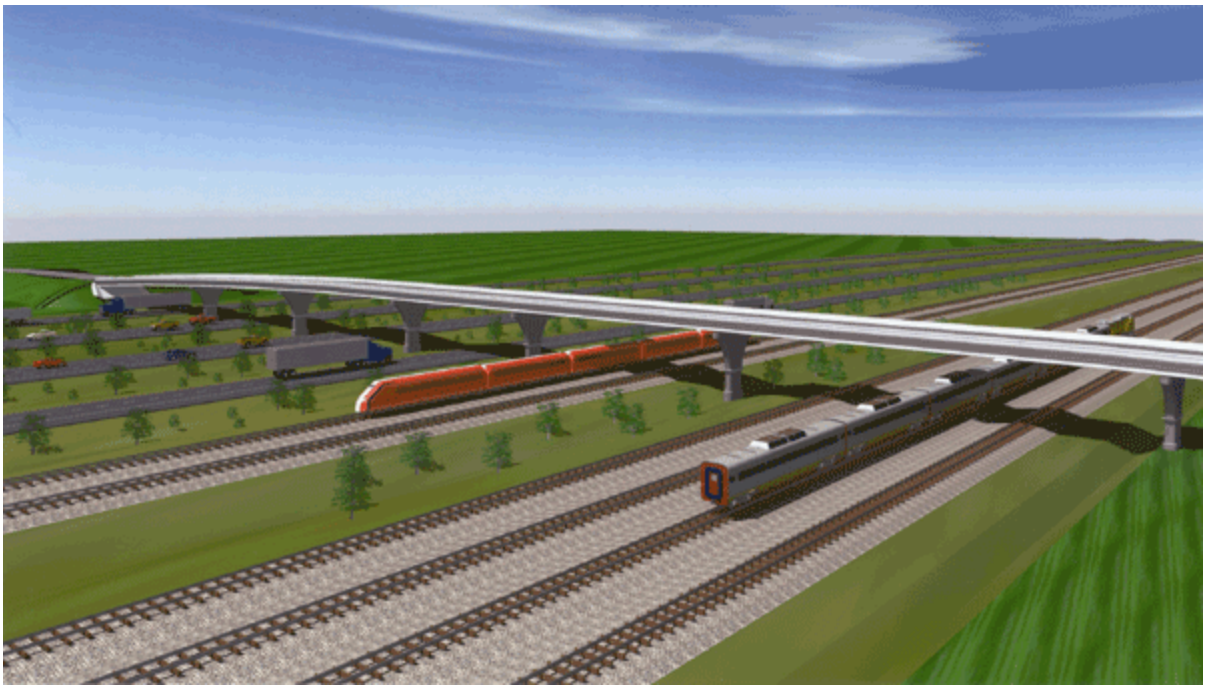
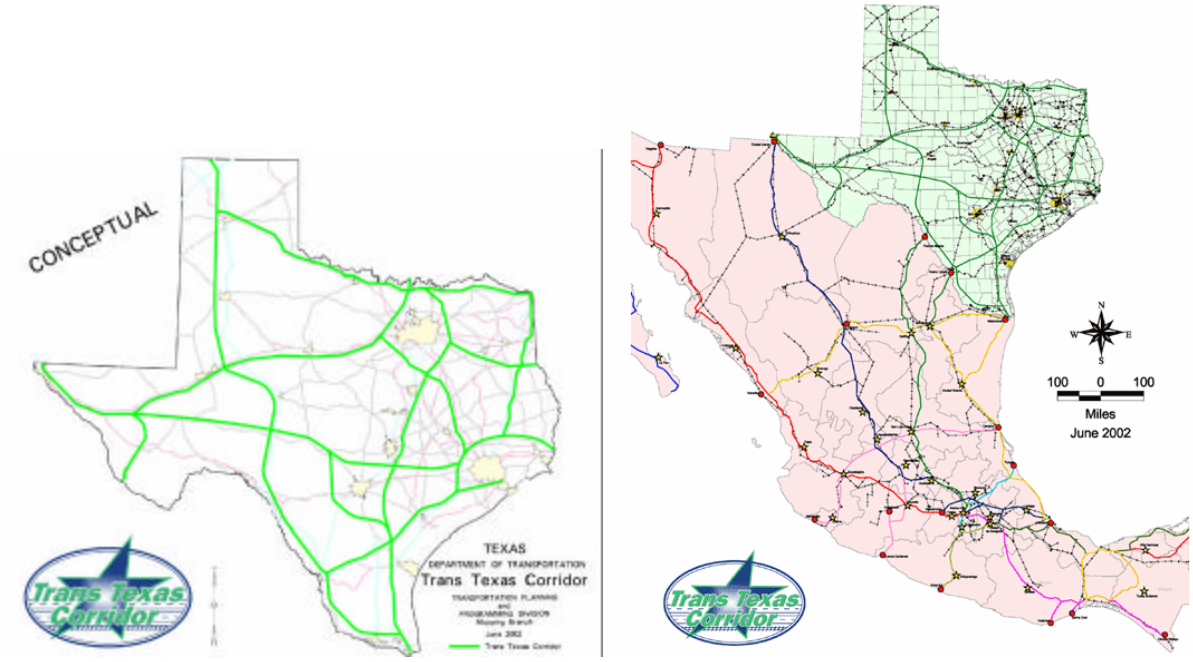


Source: http://www.dot.state.tx.us/ttc/ttc_home.htm



Source: Texas Department of Transportation

Policies for Investment in Border Infrastructure

Adequate transportation infrastructure along the Texas-Mexico Border is critical for a prosperous state economy. The Texas-Mexico Border region's ports-of-entry and highway infrastructure are being strained by increasing international trade, the continuing growth of the maquiladora industry, a growing population, and the accompanying expansion in commercial and commuter traffic. Some estimates show that truck traffic is expected to increase by 85 percent during the next three decades.[33] According to TxDOT officials, one fully loaded 18-wheel truck causes as much damage as do 9,600 cars. International trade through the three TxDOT border districts will only continue to increase as a result of Mexico's free trade policy, new transportation infrastructure in Mexico's northern region, and continued growth of direct foreign investment in Mexico. This increase will further strain already inadequate Border transportation infrastructure.

If the Border Region is to realize its economic potential and compete successfully in the global economy, the roads and bridges that support this trade— the greatest volume of overland trade in the U.S.— demand the state's increased attention. In response, the Texas Department of Transportation Commission should consider the Department's districts adjacent to the Border with Mexico to be a distinct category to be given preference in relation to the amount and importance of international trade using state transportation infrastructure in those districts. Additional resources in terms of increased funding for infrastructure and for planning and capacity will recognize the special challenges that the districts have in addressing these problems and will enable district staff to work more efficiently with Mexican federal and state highway entities. The latter becomes more crucial with the opening of the U.S.-Mexico Border to Mexican truck traffic, which will almost certainly cause changes in flow patterns and will add to the stress that is now being experienced in trade movements.

Revising Funding Formulas to Address Damage Done by NAFTA Truck Traffic

While the sizable increase in commercial truck traffic alone is sufficient to cause increased road wear, the effect of overweight trucks traveling on our state roads results in millions of dollars in accelerated road and bridge deterioration annually. A TxDOT task force has made recommendations to make formulas for preservation/rehabilitation funding categories more responsive to the needs and roadway conditions in corridors with heavy truck volumes. While NAFTA-related truck traffic has significantly increased wear and tear on highways, roads and bridges in Border communities and on our state's major trade corridors, funding formulas used by the Texas Department of Transportation to allocate maintenance funds may not adequately reflect the current cost of repairing road and bridge damage caused by NAFTA-related truck traffic. TxDOT should study factors that cause road damage and revise its funding formulas to reflect and address damage done by NAFTA-related truck traffic.

Efficient Border Management - The Creation of Port Authorities

As defined by the American Association for Port Authorities, the management structures of coastal port agencies are organized into four categories: (1) an autonomous or semi-autonomous, self-sustaining public body; (2) a state controlled agency subject to state-originated restrictions; (3) an integral administrative division of state, county, or municipal governments; (4) a separate department controlled by municipal authorities as an independent port of navigation district that serves a "special purpose" for political subdivisions.

States such as New York and New Jersey have established port authorities to build and operate infrastructure, cut red tape, and expedite commerce. On the U.S.-Mexico Border, this would require a cooperative arrangement between both nations, as well as participation by affected state and local governments in both countries. Lack of uniform port management and coordination with local entities creates poor performance. With a bi-national port authority, both countries will be able to allocate better resources and keep revenue in the Border Region to fund critical infrastructure needs produced as a result of NAFTA. Border port authorities would also expedite cross-bridge traffic and reduce congestion by consolidating under a single entity the different activities performed by the various federal and state agencies. Presently, there are up to ten state and federal agencies involved in staffing the ports-of-entry. By offering a means of coordinating and financing transportation infrastructure improvements, port authorities will reduce the time needed to bring raw materials and finished products to their destinations, making border manufacturers and other businesses more efficient and competitive and helping attract new businesses to the border. Port Authorities can meet the critical transportation infrastructure needs of the U.S.-Mexico border region, and can provide efficient transportation and port commerce facilities to move people and goods within the region and strengthen the economic competitiveness of the Border Region. Below are a couple examples of existing Port Authorities in the United States

The Port of Houston Authority[34]

One of the most prominent ports in Texas and ranked first in the United States in foreign waterborne commerce is the self-governing Port of Houston Authority. The Port of Houston has been the vanguard of Houston's development as a center of international trade. It has played an enormous role in the economic arena, providing Houston with an increased number of jobs and a larger revenue and tax base for the community.

The port is a 25-mile long complex of public and private facilities that generate approximately $649 million annually in state and local taxes. In 2001, 194 million tons of cargo traversed the port. The 2000 figures show that the port generated $10.9 billion through its public and private marine terminals.

The Port of Houston created 287,454 jobs in Texas and another 714,000 jobs nation wide that are either directly associated with or related to the everyday functions of the port. There are approximately 89,710 jobs that are directly associated with the port. These jobs vary from trucking and railroad shipments to support services for cargo vessels, and Houston and Harris County residents hold approximately eighty percent of these jobs. Other examples of direct jobs

created by the port authority due to the purchase of goods and services include: grocery stores, local construction, retail stores, health providers, local transportation, local and state government agencies and businesses providing professional and business services.

There are approximately 144,541 related jobs that are created locally which include: office supply firms, equipment and parts suppliers, maintenance and repair services, insurance companies, consulting, and other business services. The port authority's staff is continuously working on promoting new services and attracting more cargo that would benefit the community as a whole.

The Port of Houston Commission is a seven-member committee. The City of Houston and the Harris County Commissioners Court each assign two commissioners, and in addition, they both appoint the chairman of the Port Commission. Harris County Mayors/Councils Association and the City of Pasadena each appoint one additional commissioner. An executive director and a managing director run the day-to-day operations and implement policies of the port as directed by the Port Commission.

The Houston Port Authority is a fundamental element in Houston's and Harris County's economy. The 1927 Act of the Texas Legislature and the approval of the voters in Harris County Houston Ship Channel Navigation District have been very beneficial to the Houston area.

The Port of Seattle[35]

The Port of Seattle is unique in that it is a municipal corporation created by King County, Washington voters in 1911. It is a public entity providing transportation facilities and services to promote trade and commerce. The port, designed to work with other public and private organizations, focuses on complementing rather than duplicating services or competing with government or private sectors. According to the 1999 Economic Impact Study, the Port of Seattle remains one of that region's strongest economic engines, generating jobs, business and tax revenues: 83,000 direct jobs; 40,000 induced jobs; 31,000 indirect jobs; and 400,000 related jobs.

The port authority sustains itself with monies generated from business activities or net income. It is designed to exclude non-cash items such as depreciation and amortization and includes non-operating items such as interest earnings. The income is utilized to fund capital projects (pay-as-you-go) and leverage (borrowed against) for other projects. Authorization to levy property taxes within King County for general port purposes yields port income. The rate is not to exceed $0.45 per thousand dollars of assessed value and any increase cannot exceed the inflation rate or 6 percent. This levy is for capital expenditures, environmental expenses, and community investments such as the PortJOBS program.

Another source of income is the issuance of revenue bonds on a consolidated basis backed by aviation and seaport revenues. Other sources are general obligation bonds, FAA grants, passenger facilities charges, private and third party development, and conduit financing or project financing.

The Port of Seattle Commission is composed of five elected commissioners establishing port policy and serving four-year terms. Port authority structure consists of two divisions: Aviation Division and Seaport Division. The Aviation Division deals with day-to-day operations of the airport. The Seaport Division focuses on seaport activities including leasing the seaport's commercial and non-marine real estate holdings.

Intermodal Hubs as a Means of Economic Development

By providing a central location where cargo containers can be easily and quickly transferred between trucks, trains, and planes, intermodal hubs at key locations on the Border would boost NAFTA-related trade. In addition to being more efficient, intermodalism is cheaper for shippers than using ordinary trucks or railroad cars. Well-designed, strategically located intermodal hubs outside of cities' congested urban centers would help speed the flow of raw materials and finished goods across the Border. By reducing shipping times, such hubs would make local manufacturers more competitive and help attract new businesses engaged in value-added processing.

The City of El Paso is already working on a proposed joint-use intermodal facility to be located at Biggs Army Airfield on the grounds of Fort Bliss. The project is part of a Department of Defense pilot program that encourages development and joint use of facilities on military reservations by the public and private sectors. Locating an intermodal hub at Biggs Field would allow ready access to border crossings, major highways, the Union Pacific railroad, and the El Paso International Airport. According to El Paso officials, the proposed facility would cost about $500 million and will require both state and federal funds. In addition to the private sector, the Mexican government would be asked to contribute to such a facility.

The proposed intermodal hub would serve as an economic catalyst to help develop El Paso's potential as a key player in international trade. Instead of moving products through El Paso, the new infrastructure would circumvent the crowded city-center and attract new industries to currently underdeveloped areas. This manufacturing growth, along with enhanced cargo handling capabilities, will strengthen the regional economy. Finally, the proposed intermodal hub would also enhance the strategic value of Fort Bliss, White Sands Missile Range, and Holloman Air Force Base as "power projection platforms" for the rapid deployment of troops, equipment, and supplies, thus making those installations less vulnerable to future base closing efforts. The state should help Border communities such as Brownsville, Laredo, and El Paso plan and develop intermodal hubs and related infrastructure.

Foreign Membership on Border MPO's

Metropolitan Planning Organizations (MPO) are the policy advisory boards that direct the future of transportation projects and systems in urbanized areas. The majority of MPOs across the state have the ability to plan throughout a "360-degree" radius of their respective MPO regions. In contrast, MPOs along the Texas-Mexico Border region can only plan throughout a "180-degree" radius of their respective region, because the areas covered by these MPO's share borders with Mexico. El Paso, for example, must coordinate planning efforts with

two nations (U.S. and Mexico), three states (Texas, New Mexico and Chihuahua, Mexico), and two cities (El Paso, Texas and Ciudad Juarez, Mexico). The combined populations of El Paso (570,000) and Ciudad Juarez (1.3 million) form the largest international metroplex in the world, both dependent on a regional transportation system that is safe, efficient and effective.[36] In the case of the Laredo TxDOT district, planners must coordinate their projects with two different Mexican states (Tamaulipas and Nuevo Leon). Although international coordination between Texas and Mexican planners does occur, this joint planning is not officially recognized by the Texas Department of Transportation (TxDOT). Instead, TxDOT simply serves as a cooperative entity with regional planners.

Under current federal law, MPO membership is limited to local elected officials, officials of local public transportation agencies, and certain state officials. We must work with the United State Congress to amend federal law pertaining to membership on MPO policy committees to include foreign representatives. This will enable MPOs along the Border to work closely with their counterparts in Mexico.

US-VISIT Program

The US-VISIT program is a computerized entry and exit inventory for all foreign visitors, requiring them to swipe an electronic laser visa identity card that records the time of their entry and departure from the United States. Under current regulation, most Mexicans use machine-readable laser visas to enter the United States. The laser visa, which includes fingerprints and a digital photo, is distributed by U.S. consulates to Mexicans who have cleared U.S. State Department background checks and have economic ties to Mexico. The program was implemented at the nation's 115 busies airports last December. It is due to be implemented at the nation's top 50 land ports-of-entry, including El Paso, Laredo, Brownsville and McAllen, on December 31, 2004, and at all ports-of-entry by December 31, 2005.

When the program was originally proposed, laser visa holders entering the country from Mexico would only be allowed to enter the country for a 72 hour time period. Thereafter, visa holders who wished to stay longer than 72 hours were required to pay a $6 fee to obtain an I-94 card at the port of entry. In August 2004, the U.S. Department of Homeland Security announced that Mexican visitors carrying laser visa card would be able to stay in the United States up to 30 days, rather than the previous 72 hours. Canadian visitors can stay for up to six months. This 72-hour restriction on Mexican visitors with laser visas has long been considered an insult. As a practical matter many stay longer than three days, and these visits are a boost to local U.S. Border economies. This is just one example of the fact that the US -VISIT programs contains considerable flaws.

The foundation for US-VISIT rests on the capacity to apply biometric technology at land ports of entry. Some biometric experts have taken an adverse public position and criticized this program openly. Important stakeholders like the Federal Reserve Bank of Dallas believe actual application of US-VISIT at land ports will create tremendous economic devastation for many sectors of our economy, while threatening American jobs. In light of this, common sense has influenced many policy makers and stakeholders to believe that US-VISIT's return on

investment will be minimal in terms of security while bringing too many unknowns to the trade and commerce equation. American businesses can not make investments and conduct commerce in an environment filled with unknowns. The General Accounting Office believes the US-VISIT program will cost between $7 and $22 billion to implement, with no assurance that it will greatly enhance security from terrorist attacks.

Many stakeholders also believe this program is a prime example of government ineffectiveness and waste. US-VISIT may threaten legitimate trade and travelers from fueling the state and national economies. It will also create many unintended consequences that will have a lasting impact on our Just-In-Time (JIT) supply chain for the manufacturing sector, and spur a market run on real estate owned by foreign nationals in Texas and other states; and will adversely affect both the retail and tourism sectors of our economy. These new plans to capture biometric identifiers from millions of international visitors will bring cross border trade and traffic to a grinding halt. Many foreigners will not tolerate this invasive process regardless of its so called benefits. In fact, foreign tourism has shown a steady decline since September 11.

Any solution must be deployed on both the northern and southern borders by including entry parity. With Mexico now Texas' largest trade partner, we must work to increase trade and travel, not decrease it. Currently, many Mexicans fear traveling to the U.S. and inadvertently overstaying their visa. It will also keep the flow of tourism and retail dollars coming to Texas and the rest of the nation. Delaying implementation at land ports is not the answer; stopping US-VISIT and devising a better plan is the solution.

78th Texas Legislative Session - Recent Developments in Transportation Planning

H.B. 3588, passed during the 78th Legislative Session, addressed a wide range of transportation issues facing the state today. The bill created new financing tools to generate the funding required to attempt to maintain a working transportation system. These include the use of bonds to generate immediate cash flow, mechanisms for funding the Texas Mobility Fund, and an increase in fines and fees levied for traffic violations. Additional cash flow will be generated by increased reliance on turnpikes, both those funded by tolls paid by motorists and those built by local authorities and funded over time by the state. TxDOT is given the authority to encourage increased reliance on rail transportation. In addition, it will begin to plan and construct a new set of intermodal transportation facilities that will be known as the Trans-Texas Corridor and that will integrate highway, rail, and utility components. Regional Mobility Authorities will give localities greater flexibility in addressing their local transportation needs.

In transportation, as in other areas of state government services, the need is great. Today, about 25,000 lane miles need rehabilitation, and over 12,000 bridges are classified as structurally deficient or functionally obsolete. Only 70 percent of bridges in Texas are in good condition.[37] In addition, rough roads in Texas are increasing annual vehicle operating costs by $163 per

motorist and traffic delays cost urban drivers about $5.5 billion a year.[38] Finally, it is important to consider that traffic volume is growing 16 times faster than lane miles are added.[39]

Regional Mobility Authorities

A regional mobility authority (RMA) can study, evaluate, design, finance, acquire, construct, maintain, repair and operate transportation projects, including a turnpike project. TxDOT approval is required for the construction of all RMA projects that connect with the state highway system. A regional mobility authority may also construct, maintain, and operate rail, air, and public utility facilities, but no State Highway Fund money or general revenue may be used for these non-roadway projects. Earmarked federal funds may be used. The prior statute primarily limited RMAs to developing turnpikes.

The former statute granted the Texas Transportation Commission broad rulemaking powers that enabled the commission to regulate all facets of an RMA's operations. The new statute itemizes the rulemaking powers of the Transportation Commission. The new comprehensive statute and the limit on the Commission's regulatory powers required a comprehensive revision to the current rules. The new rules include a subchapter governing the transfer and conversion of a non-tolled state highway to an RMA turnpike.

Specifically, the commission's rulemaking powers are primarily limited to: governing the creation of an authority; governing the Commission's approval of a project that will connect to the state highway system or a Department rail facility; establishing design and construction standards for those projects; establishing minimum audit and reporting requirements and standards; establishing minimum ethical standards for authority directors and employees; governing the authority of an RMA to contract with Mexico; and governing other commission approval required by the RMA statute, such as the transfer of a department highway to an RMA.

Rail Facilities

As previously noted in this chapter, rail service is critical in Texas. The amount of freight currently carried by railroads in Texas is the equivalent of some 13 million annual truckloads. Over $1 billion in wages are paid to Texas railroad employees annually. However, between 1981 and 1995, more than 2,270 miles of tracks were abandoned in Texas.[40]

Article 4 of H.B. 3588 authorizes TxDOT to plan, construct, maintain and operate rail facilities or systems, including the acquisition and development of existing facilities. If rail service is to be provided on state-owned facilities, TxDOT must contract with an operator.

The Department may use any available funds to implement the new chapter, including funds from the State Infrastructure Bank. However, the Legislation places a $12.5 million cap on the level of funding for rail infrastructure. This restriction does not apply to:

- the acquisition of abandoned rail lines;
- funding derived from the issuance of bonds, private investment, and donations;
- federal funds from the Federal Railroad Administration, from the Federal Transit Administration or funds authorized and appropriated by the United States Congress for a specific project;
- grants awarded by the governor from the Texas Enterprise Fund; and,
- funds spent on grading and bed preparation.

The statute further required the commission to adopt rules governing the disbursement of funds for the acquisition of abandoned rail facilities that consider the local and regional economic benefit realized from the disbursement of funds in comparison to the amount of the disbursement.

Rulemaking on rail is required in five areas: acquisition of abandoned rail, acquisition of real property, relocation of utilities, environmental review and public involvement, and contracting procedures. Proposed rules for acquisition of abandoned rail were adopted by the Commission at its January 2004 meeting. The rules define an abandoned rail facility as one that has either had federal Surface Transportation Board authorization to abandon or discontinue service, or notice or an application has been filed with that board by the railroad requesting abandonment.

The Department will seek information from local governments to evaluate the regional economic benefit of acquiring the facility and conduct at least one public hearing on the proposed acquisition. The Commission in its considerations will take into account service on the rail line in the previous two years, comments received, alternate sources of transportation services available, impact of the abandonment on the state transportation system, local and regional economic impacts, viability of the rail line for continued service, and the economic benefits compared to the amount spent to acquire the facility.

The Commission adopted rules regarding the construction, operations and maintenance (contract procedures) of rail facilities at its April 2004 meeting. A public hearing regarding these rules was conducted on March 16, 2004 and no comments were received. In order to obtain the contractual relationship that is in the best interest of the state, and to comply with the intent of the statute, the rules provide that the Department will use a competitive process to obtain private rail operators for rail facilities acquired or constructed by the department.

In sum, the current cap on rail expenditures by TxDOT severely limits the agency's ability to move freight off state highways and to promote rail relocation away from our city centers. H.B. 3588 also limited the Department's financial participation in the Trans Texas Corridor, including a $25 million cap on non-highway facilities. Rail would be considered a non-highway facility, and is a capital intensive industry. TxDOT has identified actual present needs on state-owned rail facilities that exceed $45 million. There are additional needs throughout the state in the private sector that easily run into the billions of dollars. Failure to address rail needs could result in negative impacts to the state's highway and rail infrastructure as freight volumes and movements increase.

Bonds and Public Securities

Article 5 of H.B. 3588 authorizes the Transportation Commission to issue bonds and other public securities secured by a pledge of and payable from revenue deposited to the credit of the State Highway Fund. The aggregate principal amount of the bonds and other public securities issued may not exceed $3 billion and total $1 billion per year. Revenues must be used to fund highway improvement projects, with at least $600 million of the proceeds being used to fund highway safety improvement projects that correct or improve hazardous locations on the state highway system.

As per the provisions of HJ.R. 28, the authority to issue bonds under this article was subject to voter approval of Proposition 14 on September 13, 2003. Proposition 14 was adopted by a vote of 61 percent to 39 percent.

These bond proceeds may not be used for projects on the Trans Texas Corridor. The bill provides that bonds and other public securities must mature not later than 20 years after their dates of issuance, subject to any refunds or renewals. And annual expenditures may not exceed 10 percent of the amount deposited to the credit of the State Highway Fund in the immediately preceding year.

The Commission adopted rules prescribing criteria for eligible projects at its March 2004 meeting. Two categories are created – State Highway Improvement Projects and Safety Projects.

Eligible projects, as per TxDOT's Unified Transportation Program, would be accelerated if proceeds are made available. In selecting projects, one or more criteria must be used: the project's potential to improve mobility; the project's potential to maintain and preserve the existing transportation system; the time needed to complete the project; and adherence to design standards, feasibility, and traffic volume.

Safety projects include those designed to reduce the number and severity of traffic accidents, widen narrow two-lane highways, expand undivided Texas Highway Trunk System roads, construct highway and railroad grade separations, install median barriers, improve rail/highway grade crossings, install sidewalks and intersection improvements for pedestrian safety, treat or remove roadside fixed objects, improve intersections through such techniques as signal timing and turn lanes, install traffic control devices and safety appurtenances, and converting two-way frontage roads to one-way. Selection criteria include accident data, traffic volume, pavement geometry and other conditions; and one or more of the following: the potential of the project to correct identified safety problems, the time needed to complete the project, adherence to design standards, and project feasibility.

Although the new bonding authority does not provide "new" money, bond proceeds make it possible for the Texas Transportation Commission to afford more transportation projects by offering the Commission the option of accelerating some construction. This would be accomplished through the issuance of debt, which is then retired by existing revenues to the State Highway Fund.

The Texas Mobility Fund

Voter approval of Proposition 15 in 2001 and enactment of enabling legislation by the 77th Legislature created the Texas Mobility Fund. The Texas Transportation Commission can issue bonds that are secured by the Texas Mobility Fund. Funds can be used to finance road construction on the state-maintained highway system, publicly owned toll roads, or other public transportation projects.

H.B. 3588 redirects certain transportation-related fees that had been going to the General Revenue Fund to the Texas Mobility Fund. Deposits to the fund are expected to leverage highway bonds to produce up to $3 billion in new funding, which in combination with other tools will enable projects to begin sooner.

The Texas Transportation Commission administers this fund to finance acquisition of right of way, along with design, construction, reconstruction, and expansion of state highways. Further, the Commission administers the fund to provide participation in the costs of publicly owned toll roads and other public transportation projects.

Dedicating additional transportation related fees to the Texas Mobility Fund would allow the Department to accelerate the delivery of much needed transportation projects in Texas. More revenue dedicated to the fund would reduce congestion on the state highway system, provide safety improvements, increase economic development opportunities, and maximize limited transportation dollars. Some examples are: motor vehicle certificate of title fees, motor carrier permit fees (oversize / overweight permit fees), motor carrier registration fees, single state registration fees, motor carrier proof of insurance, salvage dealers license fees, and personalized

license plate fees. The graph *Revenues Dedicated to the Texas Mobility Fund* describes what has been created by recent legislation.

Revenues Dedicated to the Texas Mobility Fund

PROGRAM	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Driver Responsibility Fees	59.3	112.6	0.0	0.0	0.0	0.0	0.0	0.0
Traffic Fine	79.4	99.2	0.0	0.0	0.0	0.0	0.0	0.0
United We Stand Special License Plate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DPS Fees	0.0	0.0	232.7	236.9	238.9	241.3	243.7	246.1
Texas Emission Reduction Plan Fees	0.0	0.0	0.0	0.0	0.0	78.0	78.5	79.0
	138.7	**211.8**	**232.7**	**236.9**	**238.9**	**319.3**	**322.2**	**325.1**

Amount (in millions)

Toll Roads

H.B. 3588 changes the amount of money that TxDOT may grant for toll equity in toll roads each fiscal year from an amount not to exceed 30 percent of the obligation authority under the federal-aid highway program that is distributed in that year to an amount not to exceed $800 million. Toll equity helps stretch limited state dollars by allowing state highway funds to be combined with other funds to build toll roads. This combination of funds makes toll roads more feasible since the entire cost of the project does not have to be repaid with tolls. An increase in the level of toll equity that the department can use toward toll projects would free state highway funds for other highway improvements around the state, especially in areas that cannot support tolls.

Additionally, it should be clarified in statute that the conversion of a non-toll highway to a turnpike does not result in the prior expenditures being considered toll equity and applied to the cap. With regard to ensuring that toll revenue can be used for transportation-related projects, it should be clarified in statute that toll revenue from a department turnpike, whether funded with bond proceeds or not, is deposited into Fund 6 and may be spent by the Department.

At its February 2004 meeting, the Commission adopted new rules concerning the conversion of non-toll state highways to toll roads. Depending on to whom the road is conveyed, the following outlines the process contained in the rules. As per H.B. 3588, the rules provide that if the Commission finds that the conversion of a non-toll segment of the state highway system to a turnpike project is the most feasible means to accomplish necessary expansion,

improvements, or extensions to that segment of the state highway system, and that such conversion is in the best interest of the State of Texas, that segment may be converted to a turnpike project by order of the Commission. As part of the information that will be used by the Commission in determining whether to convert a non-toll segment of the state highway system to a Department turnpike project, the Department will conduct a public hearing for the purpose of receiving comments from interested persons concerning the proposed conversion.

The Commission may, after considering public input concerning the proposed conversion, convert a non-toll highway to a department turnpike project provided that:

(1) the commissioners court of each county in which the highway is located has approved the proposed conversion;
(2) the commission concludes that based on existing and/or forecasted traffic volumes the project is projected to be capable of generating revenue from tolls at rates to be set by the commission sufficient to satisfy project-related debt and maintenance and operating expenses allocable to the project;
(3) the conversion will improve regional mobility; and,
(4) construction of the necessary expansion, improvements, or extension can be accomplished efficiently and expeditiously.

Toll revenue collected from the operation of a converted segment of highway may only be used to finance the improvement, extension, expansion, or operation of the converted segment of highway.

County Toll Projects

The rules provide that the Commission may convey a non-toll state highway or a segment of a non-toll state highway to certain counties for operation and maintenance as a toll road project if the commissioners court of each county in which the highway is located approves the proposed conveyance: The Commission must also determine that the proposed conveyance will improve overall mobility in the region or is the most feasible and economic means of accomplishing necessary improvements to the highway. As part of the information that will be used by the Commission in determining whether to transfer a segment of the state highway system to a county, the Department must conduct a public hearing for the purpose of receiving comments from interested persons concerning the proposed transfer.

The county will reimburse the Department for the construction, maintenance, and operation of the transferred highway; unless the commission finds that the transfer will result in substantial net benefits to the state, the Department, and the traveling public. The Commission may waive reimbursement if the benefits equal or exceed the amount of the reimbursement waived. Costs anticipated to be expended by the department, as evidenced by inclusion in the current three-year Statewide Transportation Improvement Program, to expand, improve, or extend the highway shall be deducted from the costs to be reimbursed to the Department.

The Commission may transfer a highway to the county if:

(1) the county agrees to assume all liability and responsibility for the safe and effective maintenance and operation of the highway;
(2) the county agrees to assume all liability and responsibility for compliance with all federal laws, regulations, and policies applicable to the highway;
(3) the county agrees to assume all liability and responsibility for existing and future Environmental Permits, Issues, and Commitments (EPIC);
(4) the transfer will not adversely affect regional mobility;
(5) construction of the necessary improvements can be accomplished efficiently, expeditiously, and with minimum public investment;
(6) the commissioners court of each county in which the highway is located has approved the transfer;
(7) the county agrees to comply with the design and construction standards prescribed in this subchapter when developing projects on the transferred highway; and,
(8) the county agrees that tolls collected from the conveyed segment of highway will not be used for any purpose other than to finance the expansion, extension, operation, and maintenance of that highway segment.

By statute, a governmental or private entity must obtain the Commission's approval before beginning construction of a toll road, toll bridge, or turnpike that is to be part of the state highway system. The rules outline the process for securing such approval. The North Texas Tollway Authority and Harris County are exempt from the provision requiring Commission approval. For more information and to view copies of proposed rules and recently adopted rules, please refer to the TxDOT web site at this location: http://www.dot.state.tx.us/ogc/rules.html. For all other rules that have been adopted, please refer to the Texas Secretary of State web site at this location: http://www.sos.state.tx.us/tac/index.html.

Maximizing the Effectiveness of H.B. 3588

Current law requires that toll revenue from non-toll highways that have been converted to turnpike projects only be used to finance the improvement, extension, expansion, or operation of the converted highway. This prevents the Department from including those projects in a "toll system," which generally is the most efficient means of financing a regional system of turnpike projects and expeditiously improving mobility in the region. The Legislature could enhance the effectiveness of toll conversion by eliminating this limitation. The chart *Summary of Conversion/Transfer Statutory Requirements,* on the next page, explains key mandates of H.B. 3588.

Summary of Conversion/Transfer Statutory Requirements

	RMA	TxDOT	County	Regional Tollway Authorities*
County Resolution	No	Yes	Yes	No
Public Hearing	Yes	Yes	Yes	Yes
Governor Approval	Yes	No	No	Yes
Limitation On Revenue	No	Yes**	Yes**	No

* HB 3588 did not revise the procedures for transferring a converted segment of a highway to Regional Tollway Authorities.

** Limitation: Toll revenues from a converted segment may only be used to finance the improvement, extension, expansion or operation of the converted segment of highway.

Source: Texas Department of Transportation

El Paso Fast Plan - 2015

H.B. 3588 may help El Paso build on the progress the City made in 1992, when it let $26 million in projects. In 2003, the El Paso District let $152 million in projects and in 2004, El Paso is scheduled to let $75 million in projects. Without an El Paso toll plan, the community can expect approximately $100 million in annual letting in the next decade. With an El Paso toll plan, the city is expected to let approximately $200 million in annual projects in each year of the next decade. Essentially, this would mean that El Paso could build twice as many roads, in less time and without inflation of construction costs that a significant delay will produce.

Based on the 2000 U.S. Census, El Paso is the poorest MSA with a population of over 500,000 in the U.S., with a per capita income of $13,421 (1999). As such, El Paso political leaders have resisted commuter tolls as a tax on families that can not afford to pay, although some have indicated a willingness to toll pass through traffic.

Under the "El Paso Fast Plan 2015", El Paso would create an RMA at the City of El Paso to toll at U.S 54, Anthony and Tornillo to capture revenue from approximately 63,000 cars and trucks per day. Projected toll revenue by the year 2015 could be as much as $80 million.The "El Paso Fast Plan 2015" will require new federal legislation and FHWA approval. A non-tolled

alternative for I-10 would be required. The frontage roads, other parallel routes or Loop 375 would fill that requirement. Using the projected Interstate 10 toll revenue and the Texas Mobility Fund allocation, and assuming some toll equity to be provided by the Commission, there would be enough funds to cover the cost of building the Northeast Parkway and constructing the interchange at Loop 375 and I-10 on the East side, at a total value of $450 million. Although there would not be sufficient funding to complete a proposed rail relocation, it could be completed sometime later than 2015. Dallas has had toll roads since 1957; Houston has had toll roads since 1987. Of the top eight metro areas, Dallas-Fort Worth, Houston, San Antonio, Hidalgo County and Austin have all submitted toll plans. Lubbock, Corpus Christi and El Paso have not.

Conclusion

A commitment to expediting the movement of legitimate goods and people across our Border is the best way to ensure both homeland security and the equally important goal of economic growth for the Border Region and the state. With Mexico as our largest trading partner, no other state has a greater stake in improved trade processes with Mexico than Texas, whose ports-of-entry now accommodate 80 percent of all NAFTA trade. However, the rest of the nation also stands to benefit from improved commerce with our Southern neighbor, with much of the commercial vehicle traffic that crosses at Texas ports-of-entry destined for points throughout the United States and Canada. During the Roman Empire it was said that "all roads lead to Rome." In today's post-NAFTA economy, it could be said that "most truck routes lead to Texas."

It is clear that the cost of building and maintaining infrastructure to facilitate international trade is high, presenting a challenge to both the state and federal governments. The increase in vehicle and truck traffic resulting from Mexico's entry into the General Agreement on Tariffs and Trade (GATT) in 1986, and the ratification of NAFTA in November 1993 have imposed a tremendous strain on Border infrastructure. With these agreements came economic integration and the lowering of trade tariffs, which have resulted in increased trade with Mexico and increased congestion at Texas ports-of-entry. The increase in traffic has caused and will continue to cause road and bridge damage, meaning costly repairs as well as expansion and upgrading of roads. As a result of this congestion, pollution is increasing in Border cities, especially in El Paso where air pollution exceeds air quality standards in many categories.

Texas' location on the border with Northern Mexico and its proximity to the Mexican maquiladoras makes our state the logical crossing point for the transport of northbound commerce from Mexico and Central and South America. With the expansion of international trade agreements, commercial vehicle traffic into Texas will continue to grow. Yet, much of this commerce will pass through Texas without providing any significant economic benefit. Given their inadequate tax bases, Border communities cannot and should not have to shoulder the responsibility for or cost of international trade infrastructure alone, simply by virtue of their location. El Paso, for example, is the nation's 19th largest city, but only has the 156th largest tax base. The city does not have an inner or outer loop or "bypass." In the lower Rio Grande Valley, the region still does not posses an interstate highway. Because NAFTA-related trade benefits both the state and national economies, the state *and* federal governments must assume a

greater fiscal responsibility and invest in adequate trade infrastructure along the Texas-Mexico Border. These improvements are urgent and vital to the continued growth and health of Texas' economy and Border residents.

The passage of H.B. 3588 is a first step to financing the construction and renovation of the NAFTA corridors in the Border Region. However, solutions to the infrastructure deficit in the Border also will require changes in both government and business practices. NAFTA-related trade has increased the need to create new commercial vehicle inspection facilities and procedures. The development of more sophisticated and efficient technology will enhance the Border's ability to participate effectively in the post-NAFTA world and benefit businesses throughout the state that increasingly rely on trade with Mexico. The need, the will, the funding and the technology exist now to make the "one-stop" Border inspection facility a reality. By further delaying Border crossings, we will adversely impact our state's global competitiveness in a "just in time" world, when trade that was once ours moves to China, or Korea, or any other manufacturer without these limitations.

Specifically, we must urge both our state and federal government leaders to set a strong agenda for U.S.-Mexico economic development by:

- investing in a "one-stop" model at border ports of entry to cross commercial vehicles in 12 minutes, not six hours;

- issuing "smart cards" to thousands of Border citizens who present no health or safety risk and who are the most frequent travelers across Border points-of-entry;

- investing in Border rail routes to shift cargo from commercial vehicles and lines to rapid rail and just-in-time markets, and smart high priority corridors to move people and product in the most efficient mode of transport. Moreover, Border communities must integrate the input from their bi-national neighbors and pursue a regional approach by including bi-national non-voting members;

- investing in strategic commercial Border infrastructure. We need to invest in the infrastructure to move the goods upon which our prosperity depends. We need to urge both the U.S. and Mexican governments to increase financial resources for transportation infrastructure in Border states with international bridges, Border crossings and transportation corridors, both for new projects as well as for expansions, modernization and improvements. The investments should include inspection services with increased funding for additional staff and state of the art technology to make Border crossings faster, safer, and more secure. Both countries should invest in broadband deployment along the corridors for at least 300 miles. Likewise, homeland security initiatives should be strengthened and designed to improve the operations of and flow of trade through all existing and future federal and state Border facilities. A regional approach to security should include regional GIS proposals for bi-national homeland security projects.

- better coordination and cooperation among different national authorities at Border crossings is imperative as well as improvements in bi-national coordination. This must include synchronizing the operating schedules of U.S. and Mexican agencies at each

individual port of entry and extending hours of operation where necessary. We should aim toward a single point of inspection for both governments. Additionally, we should create state commissions in all border states; hold bi-national conferences regarding the high priority trade corridors; develop a bi-national center for Border Education Excellence; and develop bi-national, bilingual financial literacy courses to help both business owners and consumers navigate the various finance issues facing Border crossers and Border residents.

The benefit—as local resources are put to more efficient use—will be reduced air pollution and congestion and a competitive edge in attracting new industry and shippers to the Region. Ultimately, increased investment, greater government cooperation, the use of innovative technologies, and general business process improvements will benefit all U.S. and Mexican consumers.

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