

# The Anatomy of a Relationship:

A Collection of Essays  
on the Evolution of  
U.S.-Mexico  
Cooperation on  
Border  
Management

 **Wilson  
Center**  
**MEXICO INSTITUTE**

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## About the Collection

The conventional wisdom among those who study the border is that following the terrorist attacks of September 11, 2001, the United States unilaterally imposed significant additional security requirements on the management of the U.S.-Mexico border, and that the measures taken to meet these requirements have made the border more difficult to cross for not only illicit but also licit traffic, including the trade and travel that is the lifeblood of cross-border communities. There is much truth in this interpretation, but it largely portrays Mexico as a passive receptor of U.S. policy, which could not be further from reality.

Rather, the increasing relevance of transnational non-state actors—terrorist groups, organized crime networks—posing border and national security threats in the region have demanded increased international cooperation to monitor and mitigate the risks. At the same time, the U.S. and Mexican economies have become ever more deeply integrated, causing significant growth in cross-border traffic and placing the efficient management of the U.S.-Mexico border as a first-order national interest for both countries.

The post-2001 border management framework has pushed away from the traditional understanding of the border as a line in the sand and moved toward an approach that seeks to secure and (in the case of licit travel and commerce) facilitate flows. This focus on transnational flows has expanded the geographic scope of what were traditionally border operations and thus required an internationalization of border management, the development of partnerships and cooperative methods of border administration.

Mexico historically took a largely hands-off approach to its northern border, with virtually no entry processing required for the majority of travelers and a limited law enforcement focus on the border itself. After September, 2001, the U.S. sought cooperation from its allies in protecting the homeland, which in the case of Mexico predominately focused on the border. Mexico responded by offering support for U.S. security objectives, but also pressured for the creation of mechanisms to limit the economic and quality of life costs of increased security. More recently, Mexico has reciprocated by pushing for increased U.S. action to stop the southbound flows of weapons trafficking and illicit bulk cash.

At the U.S.-Mexico border, these changes meant that Mexico necessarily and for the first time fully got a seat at the table in discussions of border management. It took several years for the development to be fully institutionalized, but it was achieved through the formal creation of the Executive Steering Committee (with leadership in the White House and Los Pinos) and related binational committees for various aspects of border management in 2010 as part of the 21st Century Border initiative. Similarly, through the Merida Initiative, Mexico and the United States have jointly sought to strengthen public security in the border region, and through the High Level Economic Dialogue aimed to cooperatively strengthen the competitiveness of the regional economy.

Over the past decade and a half, the United States and Mexico have transitioned from largely independent and unconnected approaches to managing the border to the development and implementation of a cooperative framework. With contributions from government officials and other top experts in the field, this collection of essays explores the development of cooperative approaches to the management of the U.S.-Mexico border. The essays will be released individually throughout the fall of 2015 and published as a volume in early 2016.

The Mexico Institute would like to thank each of the contributors for sharing their expertise and experience. They include Assistant Secretary Alan D. Bersin and Michael D. Huston of the U.S. Department of Homeland Security; Sergio M. Alcocer from the Universidad Nacional Autónoma de México; Managing Director Gerónimo Gutiérrez of the North American Development Bank, David A. Shirk from the University of San Diego (and a Wilson Center Global Fellow); Carlos Heredia of El Centro de Investigación y Docencia Económicas; and Carlos de la Parra of El Colegio de la Frontera Norte.

**MANAGING THE MEXICO-U.S.  
BORDER:  
WORKING FOR A MORE INTEGRATED AND  
COMPETITIVE NORTH AMERICA**

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The border between Mexico and the United States is one of the most dynamic in the world. The United States and Mexican border states together represent the world's 4<sup>th</sup> largest economy, see more than \$500 billion dollars per year in bilateral trade; and house 56 crossing points where nearly 300,000 vehicle crossings take place on a daily basis.<sup>2</sup> Mexico and the United States share a border that stretches more than 3,140 kilometers, with approximately 14 million inhabitants in six Mexican states (Baja California, Sonora, Chihuahua, Coahuila, Tamaulipas and Nuevo León) and four U.S. states (California, Arizona, New Mexico and Texas) living within 100 kilometers of that border. Since the signing of the North American Free Trade Agreement (NAFTA) just over twenty years ago, the relationship between our two countries has improved dramatically. The \$81 billion dollars in U.S.–Mexico trade in 1993 has grown to nearly \$534 billion dollars in 2014, a 556 percent increase.<sup>3</sup>

The unprecedented level of cooperation between Mexico and the United States is a fact; our countries share an interdependent system in which nearly 6 million jobs in the United States depend directly on trade with Mexico. It is also a fact that Mexico is the third largest trading partner of the United States and its second largest export destination.<sup>4</sup> Similarly, the United States represents Mexico's largest export

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<sup>2</sup> "Frontera," Secretaría de Relaciones Exteriores, <http://mex-eua.sre.gob.mx/index.php/frontera>.

<sup>3</sup> "Trade in goods with Mexico," U.S. Census Bureau, last revised April 3, 2015 <http://www.census.gov/foreign-trade/balance/c2010.html>.

<sup>4</sup> "Top Trading Partners – April 2015," U.S. Census Bureau, last revised March 11, 2015, <http://www.census.gov/foreign-trade/statistics/highlights/toppartners.html#exports>.

destination; 79.6 percent of Mexican exports are sent to the United States, accounting for \$180 billion dollars in trade.<sup>5</sup>

Beyond its asymmetries and challenges, the border region is destined to be vibrant and spark prosperity, extending its benefits to other parts of North America. It is in our national interest to ensure that a positive border relationship is preserved. Mexico's *Plan Nacional de Desarrollo 2013-2018* highlights that Mexican border states have higher competitiveness and infrastructure development than the rest of the country (except for Distrito Federal, Morelos, Colima and Baja California Sur). It is our responsibility to replicate those conditions—growth, competitiveness, development—in the rest of Mexico.

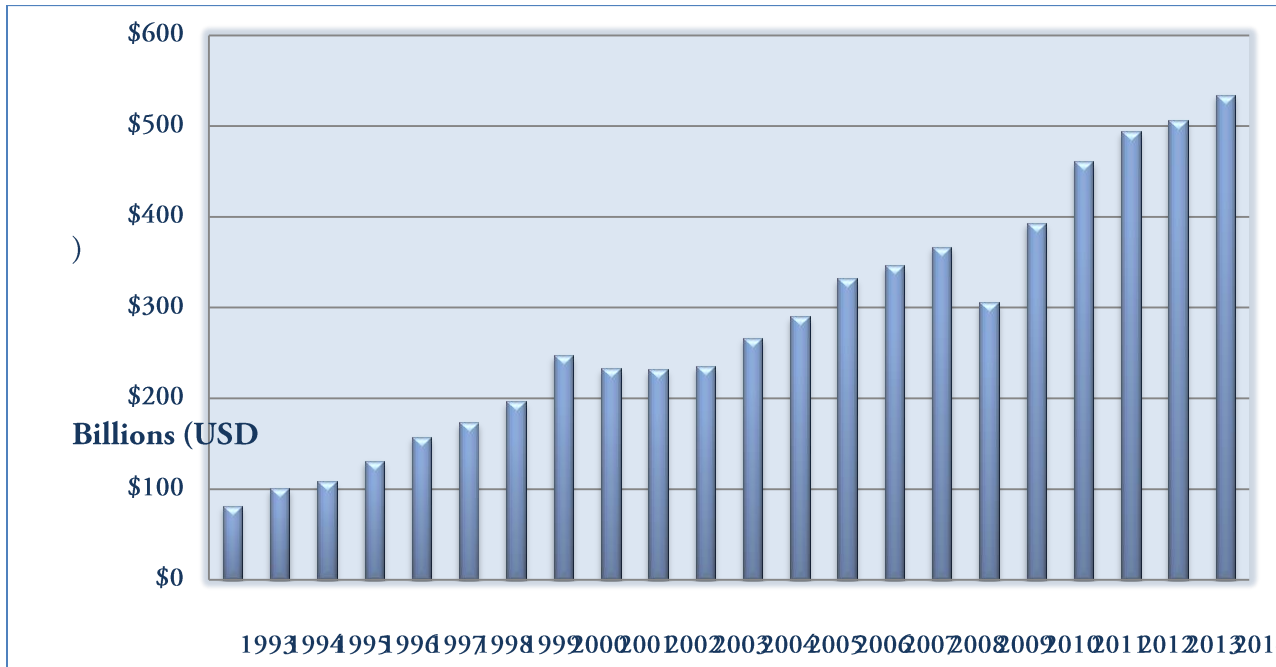
*"It is in our national interest to ensure that a positive border relationship is preserved."*

Our countries have always had a complex and intertwined relationship and have established different and successful mechanisms to manage border matters. At present, the level of cooperation between Mexico and the United States on border issues is the highest testament of the maturity and strength of the bilateral relationship. Positive synergies are now in place, our common values and cultural ties are nowhere more visible than at our shared border, benefitting both societies.

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<sup>5</sup> "Reporte sobre comercio e inversión, Agosto-Septiembre 2014," ProMexico, 2014, – <http://www.promexico.gob.mx/documentos/reportes-com-inv/reporte-comercio-inversion-agosto-septiembre-2014.pdf>.

Figure 1. U.S. Total Trade with Mexico, 1993-2014.



Source: U.S. Census Bureau.

This essay aims to offer a holistic approach and view of the border region. It focuses on the key aspects that comprise it, and also explains the mechanisms established by Mexico and the United States, describing the strong collaboration that has been accomplished by both countries.

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## POLICY DEVELOPMENT

### *North America Leaders’ Summit*

Established in 2005, the North America Leaders’ Summit (NALS) was created to strengthen political participation and economic cooperation in North America. In February 2014, the NALS, held in Toluca, Mexico, helped facilitate negotiations where both countries agreed to leverage existing bilateral border mechanisms, with a vision that recognizes them as an outstanding factor for regional cooperation. This agreement will enhance secure movement of goods across North America, promote trilateral exchanges on logistic corridors and regional development, and establish a North American Transportation Plan that will streamline procedures and harmonize customs data requirements for traders and visitors.

This mechanism acknowledges the competitiveness of the region and seeks to establish strategies and implement collaborative actions to increase such competitiveness. These efforts are focused on key areas such as science and technology, education, energy and environment. Collectively, there are plans to promote joint research in national laboratories and universities, engaging with private and public sectors. Other goals include supporting academic exchange and educational mobility in order to contribute to mutual understanding between societies and cultures. In energy, our priority is to develop secure, affordable, clean and reliable supplies that boost economic growth and support sustainable development in the region. Environmentally, there has been strong cooperation to protect the region's biodiversity and address environmental challenges such as climate change.

To leverage ongoing efforts to enhance secure movement of goods throughout the region and across borders, Mexico and the United States have established the North American Transportation Plan that is starting with a regional freight plan and will build on current initiatives. Additionally, the establishment of a North American Trusted Traveler Program, which comprises Global Entry, SENTRI and *Viajero Confiable* programs, will expedite the movement of people in the region.

### ***21st Century Border Management Initiative***

In May 2010, Mexico and the United States reaffirmed the importance of our shared border by issuing a Joint Declaration on 21st Century Border Management. This initiative seeks to develop an efficient border in which commerce and trade, as key components of bilateral cooperation and prosperity in the

21st century, are improved. The initiative also created the Executive Steering Committee (ESC), which is comprised of three subcommittees: infrastructure, secure flows, and security and law enforcement. In December 2014, ESC met in Washington, D.C. for its Seventh Policy Meeting to review the progress of ongoing actions and set the agenda for 2015.

Border infrastructure projects promoted by the ESC have improved the lives of millions of people by making it easier to cross the border for legitimate trade and travel. The progress made through these efforts is evident: in the San Diego-Tijuana region, for example, Mexico and the United States opened 25 extra lanes and 47 inspection booths which helped reduce wait times from 3 hours to only 30 minutes; during some times of the day, wait times can be as little as 10 minutes. At the border between Texas and Tamaulipas, the Veterans-Tomates International Bridge opened a second lane, doubling its capacity and improving safety by separating trucks from cars. The Nogales-Mariposa crossing between Arizona and Sonora, the primary entry point for Mexican produce, saw the completion of a major renovation and expansion on the U.S. side, which doubled its northbound capacity.

Looking forward, the 2015 Infrastructure Subcommittee action plan proposes to continue binational coordination on a broad range of border projects. Among relevant projects, the completion of the New Mexico-Chihuahua Regional Border Master Plan, reviewing the North American Development Bank's border infrastructure study, and exploring public-private partnerships and other innovative financing mechanisms are examples of joint work and collaboration. In 2015, the Infrastructure Subcommittee will seek to increase

engagement with stakeholders, including industry and trade groups, civil society, and others to improve their communication about vital border projects.

*“Border infrastructure projects promoted by the ESC have improved the lives of millions of people by making it easier to cross the border for legitimate trade and travel.”*

The Secure Flows Subcommittee worked to facilitate the secure movement of people and goods across our border. During 2014, derived from joint efforts through the U.S.-Mexico Customs Bilateral Strategic Plan and other bilateral mechanisms, it reported relevant achievements, including a significant milestone with the signing of a Mutual Recognition Agreement between Mexico’s Tax Administration Service (SAT) and U.S. Customs and Border Protection (CBP). Through this agreement, both agencies recognize each other’s Secure Supply Chain Programs, “*Nuevo Esquema de Empresa Certificadas*” or NEEC (acronym in Spanish) and the U.S. “*Customs-Trade Partnership against Terrorism*” or C-TPAT. This, in turn, creates a unified posture that facilitates trade, benefiting participants from both countries with fewer inspections at customs, joint validation processes, common security standards, and most importantly with reduced crossing and processing times by granting access to FAST and Express lanes, which translates to reduced transaction costs.<sup>6</sup> Currently, 41 percent of Mexican

exports (in terms of value) to the United States belong to CTPAT/NEEC exporters. This amount is larger than all of the U.S. imports from Germany or from France and the United Kingdom combined.

Also, in the framework of this Subcommittee, the United States and Mexico established ten wait time pilots to measure commercial and passenger vehicle travel times in order to manage traffic flows more effectively. This new bilateral framework will enhance trade by reducing crossing times for trucks, developing programs to analyze processing times at the border and integrating binational strategies to solve common problems. The Subcommittee also worked to promote both countries’ trusted traveler programs, *Viajero Confiable* in Mexico and *Global Entry* in the United States, in order to expedite the flow of travelers, tourists, and business people between both countries. Additionally, there was significant progress on lane segmentation at the border, which speeds crossing times for trusted travelers and traders. The newly approved laws on firearms in Mexico will allow preclearance processes becoming the core elements for border management and policies and will increase efficiency.

For its part, the Security and Law Enforcement Subcommittee has been working to develop and ensure better practices along the border. It has continued to collaborate and join efforts in training programs for the Mexican Federal Police. It has also held technical meetings to better understand the challenges and opportunities in the region. These actions are designed to

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<sup>6</sup> “U.S., Mexico Sign Mutual Recognition Arrangement,” U.S. Customs and Border Protection, October 17, 2014

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<http://www.cbp.gov/newsroom/national-media-release/2014-10-17-000000/us-mexico-sign-mutual-recognition-arrangement>.



strengthen our collaboration to fight criminal trafficking networks and to develop a joint understanding of current dangers.

One of the main objectives while managing the border is to improve the quality of life of the millions of inhabitants of the region. Therefore, an important step was taken at the last meeting of the ESC with the establishment of a new working group on “Sustainability and Quality of Life,” both key elements to change the traditional narrative about the border. This working group will seek a balanced interaction of three main components: economics, society and environment. It will address topics such as environmental conservation, natural resources management, renewable energies and their interaction with economic activities, as well as access to education, culture, health and recreational facilities.

## INFRASTRUCTURE

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### *Mexico-U.S. Binational Bridges & Border Crossing Group*

This Binational Group was established in 1983, with the goal of coordinating exchanges of technical and policy information, as well as facilitating processes for new border crossings. One of the main objectives of the Group is to achieve a dynamic border region based on modern ports of entry and up-to-date technology that allows meeting current and future demand.

This Group is co-chaired by the Ministry of Foreign Affairs of Mexico (SRE) and the U.S. Department of State. Other federal agencies of both countries with an interest in border crossings participate as well; among them is the Ministry of Communications and Transport (SCT), the Tax Administration Service (SAT) and the Institute of Management and Appraisal of Domestic

Goods (INDAABIN), among others, on the Mexican side, as well as U.S. Customs and Border Protection (CBP), the Department of

Homeland Security (DHS), the General Services Administration (GSA), the U.S. Coast Guard, the Animal Plant Health Inspection Service (APHIS), the Food and Drug Administration (FDA), the Federal Highway Administration (FHWA), the Federal Railroad Administration (FRA), the International Boundary and Water Commission (IBWC), as well as the respective departments of transportation and border authorities of the Border States on the U.S. side.<sup>7</sup> The vast number of participating agencies on both sides echoes the importance both countries place on a jointly managed border.

*“One of the main objectives while managing the border is to improve the quality of life of the millions of inhabitants of the region.”*

In its more than 30 years of existence, the Group has evolved and expanded its targets. In addition to its original goals, nowadays it has extended its reach to include clusters of industries and human capital that are in the border region, which represent valuable assets in terms of resources and skills. This mechanism understands ports of entry between Mexico and the United States as clear examples of dynamism and cooperation. For instance, the beginning of the construction of the Matamoros-

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<sup>7</sup> “Current border activities,” U.S.-Mexico Joint Working Committee on Transportation Planning, <http://www.borderplanning.fhwa.dot.gov/current.asp>.

Brownsville Railway Bridge—the first one of its kind in over 100 years—is about to be opened and will help improve the lives of the inhabitants of the region and boost the economy by reducing crossing times and building infrastructure where needed. On the same note, the port of entry Otay-Mesa, the second busiest commercial port of entry on the common border (by volume) which processes approximately 780,000 truck crossings and around \$23 billion dollars in trade,<sup>8</sup> underwent a pilot program in 2014, focused on analyzing wait times and developing binational recommendations to improve traffic flows.

According to the San Diego Regional Chamber of Commerce, by 2050, border crossings in San Diego County are estimated to reach 3.4 million incoming trucks annually and 39 million tons of goods with a value of \$309 billion dollars.<sup>9</sup> On that matter, associations such as the Smart Border Coalition, which brings together stakeholders from both Tijuana and San Diego, work jointly to manage different projects such as the so-called “Cross Border Xpress,” a pedestrian bridge connecting the Tijuana International Airport with the United States. This will be the first bridge to connect a facility in the United States directly into a foreign airport terminal and is expected to open by the end of 2015. The facility will serve nearly 2.4 million passengers<sup>10</sup> per year and will allow

residents of the San Diego Metropolitan area to fly directly to Asia without having to drive to Los Angeles.

### *Cross Border Energy Infrastructure*

Mexico’s demand for natural gas is growing to support its electric sector for generation purposes; the oil industry as fuel in its refineries; and the industrial sector.<sup>11</sup> As a response, Mexican cross-border energy infrastructure is increasing as well.

*“One of the main objectives of the Group is to achieve a dynamic border region based on modern ports of entry and up-to-date technology that allows meeting current and future demand.”*

U.S. gas imports to Mexico have increased 45 percent since 2010, covering 27 percent of the country’s gas demand. Nowadays, 70 percent of the imports are done through pipelines from the United States, with an estimated 1,755 million cubic feet per day (MMcfd) through different ports of entry (Figure 4).<sup>12</sup> This flow of gas will keep increasing in the next decade, reaching

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<sup>8</sup> Sandra Dibble, “U.S., Mexico strike deal on trusted traders,” *UT-San Diego*, October 18, 2014, <http://www.utsandiego.com/news/2014/oct/18/trusted-trader-c-tpat-customs-mexico/>.

<sup>9</sup> “Policy Priorities,” San Diego Regional Chamber, <http://sdchamber.org/mexico-business-center/mbc-issues.html>.

<sup>10</sup> “Otay Tijuana Venture, LLC Announces Unprecedented Border Crossing Between San Diego and the Tijuana International Airport Breaks Ground,” *BusinessWire*, July 14, 2014,

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<http://www.businesswire.com/news/home/20140714006099/en/Otay-Tijuana-Venture-LLC-Announces-Unprecedented-Border#.VE55BfnF98E>.

<sup>11</sup> Secretaría de Energía, *Prospectiva de Gas Natural y Gas L.P. 2014-2028*, (Mexico: Secretaría de Energía, 2014), <http://www.sener.gob.mx/res/ProspectivaDeGasNaturalyGasLP2014.pdf>.

<sup>12</sup> *Ibid.*

3,800 MMcfd in 2018, and around 4,400 MMcfd by 2020.<sup>13</sup>

Mexico is entering one of the largest pipeline construction periods in its history with several new pipelines between Mexico and the United States being constructed to fulfill Mexico's needs. These natural gas infrastructure projects will help support cross-border energy development and a cleaner regional environment. The projects include:

- Los Ramones Pipeline is the largest energy infrastructure investment in 40 years. It consists of a 1,054 km (650 miles) pipeline spanning from Agua Dulce, Texas, United States to Apaseo el Alto, Guanajuato, Mexico. Los Ramones phase I started operations in December 2014; meanwhile Los Ramones phase II (Nuevo León–Apaseo el Alto, Guanajuato) will start operations in December 2015.
- The Waha–Presidio gas pipeline will transport natural gas from the Waha, Texas region to meet electricity requirements in the Central, Northern and Western regions of Mexico. It will be approximately 230-km long and 42-inches in diameter, with a capacity of 1,350 million cubic feet per day (MMcfd) for gas transportation between Waha and Presidio, both in Texas. This natural gas system will interconnect with the Ojinaga–El Encino gas pipeline on the Mexican side of the border,<sup>14</sup> supplying natural gas to new power

generation plants, as well as those currently operating with fuel oil, which will be converted to use natural gas as their base fuel. The Waha–Presidio gas pipeline will start operations in March 2017.

- The Waha–San Elizario pipeline will transport natural gas from Texas to several pipelines in Chihuahua, interconnecting in San Elizario at the Mexican border with the San Isidro–Samalayuca gas pipeline in Chihuahua and with the *Corredor Chihuahua* pipeline, which is currently operating. The Waha–San Elizario pipeline will start operations in January 2017.
- The Sierrita Pipeline will transport natural gas from Tucson, Arizona to the border with Sonora, Mexico. This pipeline will supply gas to the existing fuel-oil-fired power generation plants that will be converted to natural gas, along with other new natural gas fired power generation plants that will be built during the next 15 years. The pipeline will supply natural gas to the Mazatlán–Sásabe corridor to contribute to the industrial development of Sonora and Sinaloa. These two states currently lack natural gas for their development.

Mexico and the United States also have electric transmission lines instrumented in the border in 11 points. Electricity trade in the border is conducted by the Mexican National Electric System (SEN). The trade flows of electricity with the United States are made through interconnections with the Western Electricity Coordinating Council (WECC), located in California, Arizona,

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<sup>13</sup> “Mexico’s energy ministry projects rapid near-term growth of natural gas imports from the U.S.,” U.S. Energy Information Administration, May 29, 2014, <http://www.eia.gov/todayinenergy/detail.cfm?id=16471>.

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<sup>14</sup> This project will be interconnected to El Encino – Topolobampo and to El Encino – La Laguna pipelines, both currently under construction.

New Mexico and a small portion of Texas; and with the Electric Reliability Council of Texas (ERCOT).

*“Mexico is entering one of the largest pipeline construction periods in its history with several new pipelines between Mexico and the United States being constructed to fulfill Mexico’s needs.”*

Both our countries have realized that energy costs have an outstanding impact on productivity and competitiveness on both sides of the border. Therefore, Mexico and the United States are working on strategies to support the development of unconventional energy resources and border electric interconnections. Currently, in North America, natural gas has an extremely competitive price compared to other energy sources, especially with the recent discovery of Shale gas, which has increased gas reserves and lowered the prices in the United States. In consequence, the tendency is higher use of natural gas for electricity production. In addition, Mexico’s Federal Electricity Commission (CFE) has sought to replace electricity production from fuel oil with natural gas, based on the fact that it has lower pollutant emissions.<sup>15</sup>

The exchange of electricity between countries is an important matter since it has great potential. Cross-border interconnections arise from the idea of linking lines and electrical systems that allow energy border trade between

neighboring countries. This exchange benefits from double seasonality between Mexico and the United States, where electricity consumption varies on each side of the border throughout the day. For example, the use of air conditioners is higher during the day on one side of the border, while its peak use comes at night on the other side. This translates into more electricity production on the side of the border that is using less electricity, while the other has greater demand for it, making the systems complementary. One of the main advantages of this strategy is to achieve increased efficiency within the network by allowing for the generation of electricity with the most efficient technology and environment in one region and then sending it from the place with lower prices and production costs to regions with higher prices.<sup>16</sup>

*“Both our countries have realized that energy costs have an outstanding impact on productivity and competitiveness on both sides of the border.”*

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<sup>15</sup> Prospectiva de gas natural y gas L.P. 2014-2028, <http://www.gob.mx/cms/uploads/attachment/file/352/Prospectiva-GasNaturalGasLP-2014.pdf>, pages 68-70

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<sup>16</sup> Prospectiva del Sector Eléctrico 2014-2018, [http://www.energia.gob.mx/res/prospectiva\\_de\\_electricidad\\_2014.pdf](http://www.energia.gob.mx/res/prospectiva_de_electricidad_2014.pdf), page 43

Figure 2. Waha-Presidio pipeline



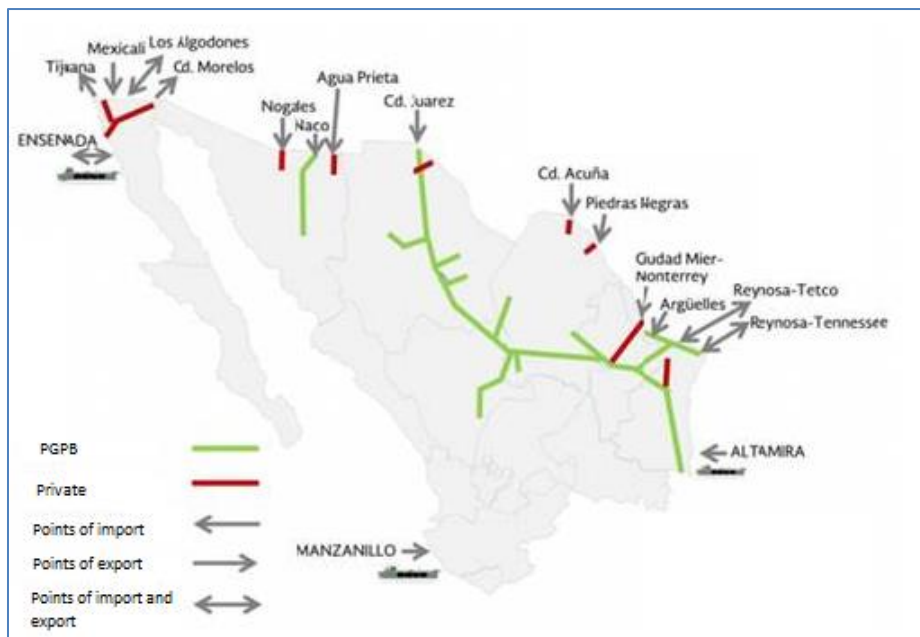
Source: Comisión Federal de Electricidad  
<http://www.cfe.gob.mx/Licitaciones/Licitaciones/Documents/EJEncinoLaLagunaIN1003.pdf>

Figure 3. Waha- San Elizario pipeline



Source: Comisión Federal de Electricidad  
<http://www.cfe.gob.mx/Licitaciones/Licitaciones/Documents/SanIsidroSamalayucaIN1003.pdf>

Figure 4. Natural gas exports and imports points of entry (2013)



Source: Prospectiva de Gas natural y LP 2014-2028, SENER, p.67  
<http://www.energia.gob.mx/res/ProspectivaDeGasNaturalyGasLP2014.pdf>

Figure 5. Mexico- U.S. cross-border electric infrastructure and capacity



Source: Prospectiva de Gas natural y LP 2014-2028, SENER, p.80  
<http://www.energia.gob.mx/res/ProspectivaDeGasNaturalyGasLP2014.pdf>

### *Joint Working Committee*

Mexico and the United States—through a Joint Working Committee (JWC)—have been collaborating together since January 1994 to establish Regional Border Master Plans (RBMP). RBMPs allow local stakeholders to provide input into infrastructure planning along the border. Just recently (October 2014), the Chihuahua-New Mexico Border Master Plan was opened under the initiative of this Committee.<sup>17</sup> Some other examples of these collaborative plans are: Sonora-Arizona (February 2013), Baja California-California (September 2008), El Paso/Santa Teresa-Chihuahua (October 2013), Tamaulipas-Lower Rio Grande Valley (October 2013), Coahuila/Nuevo León/Tamaulipas-Laredo District (June 2012).<sup>18</sup>

<sup>17</sup> U.S./Mexico Joint Working Committee on Transportation Planning, <http://www.borderplanning.fhwa.dot.gov/mexico.asp>.

<sup>18</sup> “Regional Border Master Plans,” U.S.-Mexico Joint Working Committee on Transportation Planning, <http://www.borderplanning.fhwa.dot.gov/masterplans.asp>.

The Regional Border Master Plans are important long-term tools that help keep port of entry and transportation infrastructure up to date. They aim to prioritize infrastructure projects based on each region’s interests, needs and priorities. The plans are periodically updated and amended in order to support the region’s vision and goals. Additionally, plans signify binational stakeholder efforts to: a) prioritize and promote ports of entry and related transportation projects, b) inform decision-making, c) allocate limited funding sources, d) ensure continued dialogue and coordination on current and future ports of entry, e) support transportation infrastructure needs and projects, and f) establish a multi-disciplinary group of experts from both Mexico and the United States to engage on transportation issues in the border region with short, mid and long term perspectives.<sup>19</sup>

<sup>19</sup> “Texas Border Master Plans,” Texas Department of transportation, <http://texasbmeps.com/>.

The JWC seeks to promote an efficient, safe and sustainable movement of goods and people along the border and to boost the competitiveness of the area. Given the complexity of managing the border region, JWC provides an exceptional space where stakeholders can share their expertise and best practices in order to achieve efficient and low-cost cross-border mobility. The JWC collaborates with other groups, such as the Mexico-U.S. Binational Bridges and Border Crossings Group and the Border Governor's Conference Worktable on Border Crossings, to implement transportation improvements and infrastructure.

*“Mexico and the United States--through a Joint Working Committee (JWC)--have been collaborating together since January 1994 to establish Regional Border Master Plans (RBPM).”*

The work of JWC is proof of the mature level of cooperation of both countries. JWC has been formalized with two Memoranda of Understanding (MOUs). The first one, signed in 1994, under the framework of NAFTA at the “NAFTA Transportation Summit,” focused mainly on promoting a joint planning process for the Mexico-U.S. border. The second one, signed in 2000, centered mainly on nine work topics: 1) trans-border corridor planning, 2) a coordinated port of entry management system, 3) intelligent transportation systems (ITS), 4) a border infrastructure needs assessment, 5) intermodal transportation, 6) air quality, 7) geographic information systems/live data bank, 8) a border

technology exchange program and 9) innovative financing mechanisms.<sup>20</sup>

## TRADE FACILITATION

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### *High Level Economic Dialogue*

The High Level Economic Dialogue (HLED), established in 2013, is a mechanism designed to foster government commitment at the highest level in strategic areas or topics. Its main goal is to improve competitiveness, prosperity, connectivity, and regional outreach by engaging the cabinets of the governments of Mexico and the United States in order to take our close economic and commercial relationship further. It recognizes the border region as a catalyst for development, promotion of competitiveness and enhanced connectivity. It also takes into account the crucial role that stakeholders play and the way their participation can help overcome challenges in the region by including their input as an important part of the discussion on all matters, including border issues.

In January 2015, as part of President Peña Nieto's visit to Washington D.C., the Second Annual Meeting of the HLED was held with the participation of nine Secretaries from both countries and chaired by Vice President Joseph Biden and Mexican Secretary of Finance, Luis Videgaray. The Secretaries reviewed the progress achieved so far and established the priorities to focus on in 2015. The chosen strategic areas are energy, workforce development, a modern border, regulatory cooperation, and joint regional and global

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<sup>20</sup> “Memoranda of Understanding (MOUs),” U.S.-Mexico Joint Working Committee on Transportation Planning, <http://www.borderplanning.fhwa.dot.gov/mou.asp>.

leadership, through cooperation on the development of Central America and the multilateral transparency initiative *Open Government Partnership*. Stakeholder engagement remains a priority for achieving the Dialogue's objectives.

The Dialogue has resulted in concrete, measurable achievements since its establishment. In 2014, Mexico and the United States worked together to successfully establish a Northbound Single Rail Manifest, and in 2015 they will also work to implement single cargo manifests for maritime and air shipments. In October 2014, the Mutual Recognition Agreement between Mexico's Tax Administration Service (SAT) and the U.S. Customs and Border Protection (CBP) was signed.<sup>21</sup>

*The High Level Economic Dialogue (HLED), established in 2013, is a mechanism designed to foster government commitment at the highest level in strategic areas or topics.*

Similar schemes of collaboration have also taken place in the telecommunications sector along the border region, where Mexico and the United States have worked consistently to establish mobile broadband services. We have actively engaged in discussions to eliminate regulatory divergences to reduce red tape and help businesses on both sides of the border. The United States has also provided legal and regulatory expertise to Mexico's new telecommunications regulator to support our country's goals of creating a

competitive, market-based regulatory landscape more conducive to telecommunications investment.

Our countries have developed strategic partnerships in order to share economic best practices. In 2013, both nations collaborated on formal agreements as part of the Small Business Network of the Americas; organized events and conferences with the purpose of improving financial access for businesses; and launched training sessions about entrepreneurship. Meanwhile, they started mapping a series of cross-border economic clusters, boosting both nations' capabilities to produce high-value products and services and are actively engaging in dialogues to streamline bureaucratic processes. The cluster mapping project is part of the initiatives of the HLED work stream and has had important milestones. The pilot project in the Cali-Baja region is completed and the project in the Texas-Monterrey/Salttillo region is underway.

Both Mexico and the United States have recognized the importance of stakeholder engagement because of their capability to inform both governments on private sector priorities that will facilitate trade, boost economic growth and enhance job creation. In this regard, and under the United States Chamber of Commerce and the *Consejo Coordinador Empresarial's* U.S. Mexico CEO Dialogue, in December 2014, business leaders from both countries got together in Monterrey, Mexico, to celebrate its third meeting. The CEO Dialogue is a forum for the private sector to engage in discussions about key issues that could impact the two countries' economic markets and relationships. It is also a meaningful space for the private sector to provide their input to policymakers on economic matters.

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<sup>21</sup> This Agreement forms part of the 21<sup>st</sup> Century Border Management Mechanism, explained earlier in this essay, as well as of the High Level Economic Dialogue.



Last year's CEO Dialogue contributed to our goal of forging a closer commercial relationship between our countries by agreeing to take additional steps to boost the economic relationship using the HLED as a path. Emphasis was placed on three topics: 1) *Optimization*, 2) *North American Competitiveness* and 3) *Connected Cross Border Cities*. On the subject of "*Optimization*," it was determined that there should be significant increases in the number of companies that participate in the "trusted traveler/shipper" programs in order to reduce border crossing times. They also resolved that both countries should implement transport tracking/monitoring technology on strategic border crossings to analyze northbound and southbound flows of goods.

Regarding "*North American Competitiveness*," the CEO Dialogue recommends a long-term vision centered on four essential pillars: education, energy, infrastructure, and labor mobility. It was emphasized that the U.S. immigration policy should progressively acknowledge the reality of a NAFTA economic space where services, goods and people are highly mobile. Finally, the "*Connected Cross Border Cities*" initiative prioritizes a comprehensive approach in which cross-border cities should be fully integrated in pairs, with the aim of improving the flow of people, information and goods, and thus augmenting security in the region.

At the technical level, there are numerous working groups comprised of subject matter experts from both countries' relevant agencies. For example, SAT, CBP and the U.S. Immigration and Customs Enforcement (ICE) have a Customs Bilateral Strategic Plan in place through which they develop ambitious initiatives that they further report to the High Level groups. SCT and the U.S.

Department of Transportation (DOT) have a working group to explore initiatives to improve transportation systems and for freight collaboration; among other possibilities.

Mexico and the United States are fully aware that in order to make North America the most competitive and prosperous region in the world, we have to do so in a sustainable manner. This is why one of our priorities is to foster innovation and entrepreneurship to make them the engines of our economic growth. For this reason, the Mexico-U.S. Entrepreneurship and Innovation Council (MUSEIC) was created. The Council's mission is to conduct our countries' efforts regarding the promotion and development of entrepreneurs, as well as small and medium enterprises. MUSEIC coordinates and collaborates in the creation and implementation of strategies geared toward growth of entrepreneurs and micro, small and medium enterprises.

*"In 2013, both nations collaborated on formal agreements as part of the Small Business Network of the Americas; organized events and conferences with the purpose of improving financial access for businesses; and launched training sessions about entrepreneurship."*

## ENVIRONMENT AND SUSTAINABILITY

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The development of the border should also focus on an understanding of the environment by using mechanisms that foster a coordinated stewardship that takes into account the natural resources of the region. Only through joint actions can Mexico and the United States protect the ecosystems along the border and sustainably manage the available resources.

The International Boundary and Water Commission established in 1889 is a perfect example of bilateral cooperation between both countries, in a region where conflict over natural resources, such as water, can rapidly grow. The Commission is an international body that manages water-rights treaties and agreements between Mexico and the United States. It is divided into Mexican and American sections that work together to administer the distribution of the waters of the Rio Grande, the Rio Tijuana and the Colorado River, protect lands along the rivers, manage border sanitation, establish regulation, as well as oversee infrastructure projects along the border with a hydrological focus.

More recently, Minute 319 set unprecedented institutional foundations to ensure regional water and environmental sustainability in the Colorado River. In November 2012, both countries signed this 5 year agreement for bilateral water basin management, storage, environmental enhancement and distribution of the waters of the Colorado River. Last year, the groundbreaking agreement helped one percent of the river flow all the way to its delta, reaching the Sea of Cortez for the first

time in 50 years.<sup>22</sup> This milestone proves that Mexico and the United States are continuously engaging in pragmatic projects and working together to achieve better environmental conditions that will benefit both countries. Among the projects under consideration for new water sources is the construction of a binational seawater desalination plant. Based on these positive experiences, our governments are exploring ways to move forward on water collaboration.

*“Only through joint actions can Mexico and the United States protect the ecosystems along the border and sustainably manage the available resources.”*

The North American Development Bank (NADBANK) together with the Border Environment Cooperation Commission (BECC), through the Border 2020 program, collaborate with relevant government agencies in both countries, with the goal of developing new cross-border initiatives and financing projects to increase cooperation in specific infrastructure sectors such as renewable and clean energy, electricity connection and water. Since the implementation of NAFTA, BECC has certified 227 projects and NADBANK has provided more than \$2.25 billion dollars in loans and grants to finance 192 of those projects, benefitting almost 15 million residents in communities on both sides of the border. In addition, both institutions have provided \$66 million dollars in

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<sup>22</sup> “Colorado River Pulse Flow Event,” Sonoran Institute, <http://www.sonoraninstitute.org/where-we-work/mexico-colorado-river-delta/colorado-river-pulse-flow>.

technical assistance to support the development of projects in 165 communities.<sup>23</sup>

The Wastewater Collection System in San Luis Rio Colorado, Sonora is one of the recently certified projects. It aims to extend the wastewater collection system to alleyways known as “B” streets. The project includes the installation of more than 77,000 lineal meters of sewer lines and 4,369 residential sewer hookups in eight different sections of the city. This project will help provide first-time sewer service to nearly 16,000 residents and will eliminate approximately 46.65 liters per second (lps) of untreated wastewater discharges.<sup>24</sup>

Other projects include the Wastewater System Rehabilitation Project in Piedras Negras, Coahuila, that will help repair two sections of the Rio Bravo Marginal Collector, make general repairs in the area of Lift Station No. 4 and replace 154 manhole covers and frames located throughout the city; the Wind Park “El Porvernir,” located in the Mexican state of Tamaulipas, which pursues the reduction of more than 90,976 metric tons of carbon dioxide (CO<sub>2</sub>), 1,442.4 metric tons of sulfur dioxide (SO<sub>2</sub>) and 189.7 tons of nitrogen oxides (NO<sub>x</sub>) per year; as well as “Los Alisos” Wastewater Treatment Plant,

located in the state of Sonora.<sup>25</sup> Additional support has also been given to previously certified projects, \$1.5 million dollars in additional loan funds were approved for the South-South Wastewater Treatment Plant in Ciudad Juarez, Chihuahua, as well as \$65,000 dollars through NADBANK’s Community Assistant Program (CAP) grant funds for the storm drainage project in Santiago, Nuevo Leon.<sup>26</sup>

*“Since the implementation of NAFTA, BECC has certified 227 projects and NADBANK has provided more than \$2.25 billion dollars in loans and grants to finance 192 of those projects, benefitting almost 15 million residents in communities on both sides of the border.”*

Environmental cooperation has been progressive and continuous. Just recently, in October 2014, the U.S. Environmental Protection Agency (EPA) granted more than \$8.6 million dollars to the Border 2020 program to help advance Mexican and U.S. environmental commitments, in addition to funding another seven environmental projects announced earlier this year. The money was allocated to projects such as “The Border Environment Infrastructure Fund,” “The Border Wastewater Treatment Plant Upgrade,” “The New River Cleanup

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<sup>23</sup> “NADB-BECC Board of Directors celebrates 20th Anniversary at Mexico City meeting,” May 12, 2014, [http://www.nadb.org/pdfs/pastnadbnews/volume\\_18/16.pdf](http://www.nadb.org/pdfs/pastnadbnews/volume_18/16.pdf).

<sup>24</sup> “Consejo Directivo del BDAN y de la COCEF celebra 20º Aniversario de las instituciones en reunión en México, D.F.,” Border Environment Cooperation Commission & North American Development Bank, May 10, 2014 [http://www.nadb.org/Reports1/Press\\_Releases/spanish/2014/100514.htm](http://www.nadb.org/Reports1/Press_Releases/spanish/2014/100514.htm).

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<sup>25</sup> “Proyectos certificados,” Comisión de Cooperación Ecológica Fronteriza, <http://www.cocef.org/proyectos/proyectos-certificados>.

<sup>26</sup> “NADB-BECC Board of Directors celebrates 20th Anniversary at Mexico City meeting,” May 12, 2014, [http://www.nadb.org/pdfs/pastnadbnews/volume\\_18/16.pdf](http://www.nadb.org/pdfs/pastnadbnews/volume_18/16.pdf).

and Education Campaign,” “Electronic Waste Management” and “Border Environmental Health Assessment.”<sup>27</sup> During this time, Mexico’s Ministry of Environment and Natural Resources (SEMARNAT) and the state of California signed a historic Memorandum of Understanding to collaborate on international climate change and the environment. This agreement will help promote bilateral actions on four specific subjects: climate change, wildfires, air quality and clean vehicles.<sup>28</sup> While helping the environment, this instrument will also help support sustained economic growth in the region.

Mexico and the United States have long understood that the best path for our shared success is through investment in the most important resource we both have—our people. Therefore, both countries have partnered with organizations and institutions that foster this commitment to strengthen our human capital. In collaboration with the EPA and the Latin American and Caribbean Water Center, “Centro del Agua para América Latina y el Caribe” (CDA) of the Monterrey Technological Institute (ITESM), 405 workers from 20 utility companies in 13 communities in Mexico received training in the proper and efficient operation and maintenance of wastewater treatment plants.<sup>29</sup> Additionally, in June 2014, BECC

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<sup>27</sup> “Efforts Expand to Improve Environment Along US-Mexico Border,” Department of State, October 8, 2014, <http://iipdigital.usembassy.gov/st/english/article/2014/10/20141008309574.html?CP.rss=true#axzz3FZUIXAUT>.

<sup>28</sup> “Semarnat y el Gobierno de California fortalecen alianza ambiental,” July 28, 2014, <http://saladeprensa.semarnat.gob.mx/index.php/noticias/1781semarnatyelgobiernodecaliforniafortalecenalianzaambiental>

<sup>29</sup> Report “Two Decades of Results 1994-2014 U.S.-Mexico Border Region”, p.6.

and NADBANK hosted a seminar in Los Cabos, Mexico, about desalination as an alternative for ensuring the availability of drinking water.

*“Mexico and the United States have long understood that the best path for our shared success is through investment in the most important resource we both have—our people.”*

## BORDER, CULTURE AND SOCIETY

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The border is more than just trade numbers; it is also about the people. It may be difficult for those who live outside the border area to fully appreciate the economic, social, and cultural impact that living in the region has on the inhabitants of the Border States. Despite the line that legally divides the two countries, Mexico and the United States have a seamless border that shares a culture and population.

The border between Mexico and the United States is an area of rich cultural exchange. Culture is part of a dynamic process in which people, beliefs and behaviors are interconnected. The flow of Mexican migrants to the United States has culturally impacted the border states. Mexican immigrants come not only from the border region, but from many different parts of the country. These immigrants take with them their knowledge and their cultural identity and expressions. Since a great amount of these immigrants decide to stay in the border region, the result is the creation of new transnational social spaces in these areas. Cultural life on both sides of the border is transformed; communities and immigrants

get involved in a process of biculturalism, in which coexistence between two different cultures generate changes in both of them. This impact is not only limited to first generation immigrants, but to the whole new societies, with their own particular cultural identities that evolve generation to generation.

The inhabitants along our border today have both much and little to do with the population of the 19th or 20th centuries. Today, our border communities are full of young, talented people who might be called “*Border Millennials*” and who are, in many cases, bilingual, binational and bicultural. They were born in the era of globalization and the Internet, a NAFTA generation.

These “*Border Millennials*” share perspectives and beliefs that transcend nationalities and conquer stereotypes, thus facilitating new and adventurous interactions between Mexico and the United States. Simultaneously, this young population is building a new cultural identity, deepening long-standing ties between our communities. They see the border as a conduit, rather than as a barrier, and their fresh perspective translates into the political will behind binational initiatives and programs designed to foster collaboration and a better understanding. One such program is the workshop “*U.S.-Mexico Border Region; Bridging the Cultural Divide*,” which took place in February 2014, in the border city of San Diego, California, and brought together key regional leaders from the public sector to promote cultural awareness and enhance daily interactions between the Mexican community and the U.S. authorities in that area.

## ACADEMIC COLLABORATION

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The two governments established the U.S.-Mexico Bilateral Forum on Higher Education, Innovation and Research (FOBESII, acronym in Spanish), which aims to expand opportunities for educational exchanges, scientific research partnerships, cross-border innovation and to develop a 21<sup>st</sup> century workforce for our mutual economic prosperity and sustainable social development. The implementation of FOBESII is taking place under an Action Plan divided into four main pillars: academic mobility, language acquisition, workforce development, and joint research and innovation. Four standing working groups are helping ensure that these pillars move forward in 2015.

Thanks to this increased academic collaboration, Mexico’s National Association of Universities and Higher Education Institutions (ANUIES, acronym in Spanish) initiated alliances with universities and research centers in California, Massachusetts and Texas, and launched a co-development and commercialization partnership with NASA’s Johnson Space Center, as well as one on cyber infrastructure with the University of Texas in El Paso (UTEP). It is also developing entrepreneurship, innovation and internship programs with the American Chamber of Commerce of Mexico and the California Chamber of Commerce.

We are currently working on developing binational research and innovation centers such as the recently launched Logistics and Distribution, and Advanced Nonferrous Alloys and Materials consortia. These centers add to the existing cooperation agreements between the Gulf of Mexico and the Caribbean Marine Research Institutions

Consortium (CIIMAR-GOMC) and three U.S. organizations (U.S. Gulf of Mexico University Research Collaborative, the Harte Research Institute, and the Northern Gulf Institute), as well as a binational virtual center on advanced manufacturing between the National Council of Science and Technology's (CONACYT, acronym in Spanish) Center of Advanced Technology (CIATEQ) and the University of Texas (PanAM and Austin). Likewise, the University of Arizona, through their Mirror Lab in collaboration with Harvard University, is working with the Institute of Astronomy at the National Autonomous University of Mexico (UNAM, acronym in Spanish) and the *Instituto Nacional de Astrofísica, Óptica y Electrónica* (INAOE) to create new astronomical projects in both countries.

## MOVING FORWARD

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The border region is in a period of rapid development, producing beneficial results for both our economies, and making impressive progress on structural reforms. We have established and tested that preclearance programs, which help expedite logistics and value chains at the border, can help boost regional growth. However, our shared connectivity still lacks appropriate infrastructure, technology, innovation and investment. Nonetheless, our multiple collaborative projects clearly demonstrate that Mexico and the United States are increasingly sharing a vision that commits us to work together and make improvements in those specific areas. We share a border but we are more than neighbors, we are partners in a key region which is at the forefront of the global economy.

While NAFTA has brought an increase in intra-regional trade of 379 percent in twenty years,<sup>30</sup> and of 556 percent in Mexico-U.S. trade, as previously mentioned, perhaps the most important change in the economic relation of the region is the growing integration of value chains. Given that we not only produce goods in each country to sell to our neighbors, but rather produce goods jointly to sell to the North American region and to third markets, any border inefficiency has an outsized impact on the competitiveness of the region as a whole. For instance, it has been estimated that auto-parts cross North American borders eight times before there is a finished car, so, in this case, inefficiencies are multiplied by a factor of eight.<sup>31</sup>

However, the border is only part of the competitiveness equation for the region. Industry clusters, such as those in the automotive and aerospace industries, must be properly connected through world class infrastructure and seamless border operations. That is why, through the High Level Economic Dialogue, we are fostering the development of strategic logistics corridors, which we envisage as a set of transportation, infrastructure and logistics services that generate and facilitate the flow of trade and transport among major economic centers, or logistics nodes, involving different modes of transport (airports, roads, ports and railways) as well as logistics infrastructure (logistics platforms, containers, storage facilities, and distribution centers). This is a tall order which requires very close collaboration between government and business. Without a holistic approach to the connectivity of

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<sup>30</sup> Information generated by the Economic Affairs Office of the Embassy of Mexico in the United States.

<sup>31</sup> Robert Pastor, "The Future of North America," *Foreign Affairs*, July/August, 2008, 89.

industrial clusters it will not be possible to unleash the complete potential derived from the economic complementarities of the region.

Moreover, the states along the border, both on the Mexican and U.S. sides, are culturally and economically linked in many important ways. It naturally makes sense to continue collaborating on policies and practices that help us attain a shared and strategic plan towards development. We understand that managing the border is a complex task that can only be achieved by establishing a comprehensive approach and harmonized policies in both countries, and the border should be met with compelling strategies that consolidate the economic strength of the region. These holistic management tactics at the border will translate into benefits not only in the border region but will cause prosperity to spill over throughout both our countries.

The competitiveness and success of the border region depends on the ability of our nations to enhance our strengths and understand our needs. The best expression of our bilateral relation can be found in this region, which is the most competitive area in both countries. Furthermore, both Mexico and the United States need to strengthen intangible, yet crucial, “people to people” connections. Without them, all the

infrastructure in the world is rendered meaningless. Our border is a *bona fide* asset that enriches the region far beyond cultural exchange alone.

*“Industry clusters, such as those in the automotive and aerospace industries, must be properly connected through world class infrastructure and seamless border operations.”*

## ABOUT THE AUTHOR

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Before returning to the Universidad Nacional Autónoma de México (UNAM) in 2015, Sergio M. Alcocer served as Undersecretary for North America for the Secretariat of Foreign Relations of Mexico. In Mexico's public sector, he has also served as Undersecretary for Energy Planning and Technological Development for the Secretariat of Energy and as Research Director at the National Center for Disaster Prevention under the Ministry of the Interior. At UNAM, He served as Secretary General, Coordinator for Innovation and Development and Director of the Institute of Engineering. He is the Vice President of Mexico's Academy of Engineering and a member of the National System of Researchers, the Mexican Academy of Sciences and numerous technical committees. Mr. Alcocer has a degree in Civil Engineering from UNAM and a PhD in the same field from the University of Texas at Austin.