

PARTNERSHIPS FOR PROGRESS
EXECUTIVE SUMMARY OF THE REGIONAL TRADE TOWN HALL
May 31 - June 3, 1995 • Albuquerque, NM

INTRODUCTION

The states of New Mexico, Texas, Arizona, Chihuahua and Sonora represent an important gateway of commerce between the United States and Mexico. Border crossings, transportation infrastructure, manufacturing, agriculture, maquiladoras, professional services and intertwined relationships along the border are vital to the health and economic potential of the region. Mexico's current receptiveness to trade, and the United States' recognition of the capabilities of its southern neighbors call for new positive attitudes and the desired elimination of perceptions and realities which can limit success in cross-border trade.

OBSTACLES AND OPPORTUNITIES

LAWS AND REGULATIONS: The complex and diverse laws of the US & Mexico are inconsistent & application creates unnecessary costs and delays.

- Laws governing business, taxation, financial regulations, professional licensure requirements, insurance, immigration, border crossing procedures, crossing permits, environmental laws and other paperwork should be simplified and standardized.
- Implement a regulatory review process to coordinate the work of the various regulatory agencies, prevent duplication and promote uniform enforcement.
- Alternative dispute resolution centers should be utilized and funding continued through private and public resources.

BUSINESS INFORMATION AND SERVICES: There is presently a lack of dissemination and access to existing information about available support services that could help business on both sides of the border and sometimes the information does not exist.

- The Town Hall recommends the creation of regional entities to enhance cross-border trade through information sharing on market analyses, access to finance and investment capital, inventories of available products, services and markets, internships, software enhancements to speed translations of documents, common computer platform development and installations, and cross-border mentoring.
- States should join with private industry in coordinated regional planning for cross border trade addressing business opportunities, physical and human infrastructure needs, environmental concerns, financial resources, education and training. Political and business groups should lead in these efforts.
- States on both sides of the border should actively support better print, telecommunications, and electronic access to existing legal regulatory and business information sources and other resource guides.
- Universities, community colleges, national laboratories and other institutions in both countries should continue to develop and create new collaborative educational activities related to business practices, technology transfer, and cultural differences by developing reciprocity agreements, student exchanges, tuition exchanges, cultural programs and internships.

BUSINESS AND CULTURE: Cultural familiarity is paramount to doing cross border trade. The region, with its common culture and heritage is in a unique position to utilize transnational partnerships and to develop more extensive cross cultural capabilities.

FINANCE AND INFRASTRUCTURE: The lack of available credit and other financing for cross-border investments represent another challenge.

- Cross-border trade has been complicated by the devaluation of the peso. This generally hurts businesses in both countries, but reduced cost to US buyers provides an opportunity to establish business in Mexico to increase Mexican export trade.
- There is a lack of physical infrastructure along the border (highways, railroads, warehousing). Private investment should be encouraged. The Town Hall also acknowledged the need to protect the environment along the border.

REGIONAL OPPORTUNITIES

The five states in the region considered by the Town Hall are rich in assets and opportunities: natural resources, human resources, recreational opportunities and key business sectors. The Town Hall recommends measures that would help the region realize its potential for economic advancement, increased exports and the development of industries to serve the region itself.

SOME UNIQUE STRENGTHS:

- Deep-water ports at Guaymas, Sonora, and Topolobampo, Sinaloa
- The building materials industry of Chihuahua
- The commercial center of El Paso/Juarez
- Arizona's well-developed border activities and research
- The research and development power and potential of New Mexico.

OTHER OPPORTUNITIES:

- Transformation of some manufacturing sector assembly operations into research and development and/or integrated manufacturers of products with marketing, sales and distribution divisions - the output for export and internal consumption.
- Potential export and import sectors should be identified and a system developed to share the information.
- Development of regional transportation and communication systems to attract business and build the business service sector.
- New venture opportunities exist in electricity generation and transmission, petroleum processing and distribution, water purification and delivery, environmental restoration and natural gas transportation and utilization.
- Economic infrastructure must be developed, including education and training for workers, one-stop business service centers, regional industry business directories, key government contacts on-line and in hard copy, regional financial services and capital markets.
- Strategic planning, particularly for New Mexico, is a priority.
- The region's natural beauty for tourism and recreation to promote European and Asian visitation into the region.

SUPPLY AGREEMENTS AND TRADE ASSOCIATIONS IN:

- Waste transportation and management along the border
- Fruit growing, processing and distribution, meat processing and other agricultural marketing and promotion
- Computer systems and maintenance
- Regional trade shows featuring borderland trade and maquilas.
- Business and government/state and local alliances to exchange technology and education, enhance bilingualism and develop basic industries.
- Regional task forces to recruit new companies to the region, and to promote the sale of products and services outside the region.

SPECIFIC TOWN HALL RECOMMENDATIONS:

- The creation of public/private partnerships for strategic planning in NM
- Every public and private institution work aggressively to seek out solutions and partners that can help the flow of commerce within and outside of the region.
- Private businesses, trade associations and law centers established to implement NAFTA take the lead in implementing the recommendations.
- The governors of the five states should assume responsibility for implementing the recommendations & eliminating redundancy.
- The US/Mexico Chamber of Commerce should participate in the coordination of the many cross-border institutions.
- The national and state legislatures should enact laws that encourage the free flow of commerce, improve insurance and banking regulations, promote transportation planning and construction.
- The Town Hall opposes border crossing/user fees and suggests using alternative measures, such as NADBANK.

CROSSING THE BORDER - RECOMMENDATIONS:

- Objectives for customer service must be adopted by government agencies involved in the border crossing process and border staff should be trained for appropriate, user-friendly service.
- The region should form a team to benchmark successful border crossing processes at the US/Canadian border and in Europe to ensure that the best proven processes and technologies available are being put in place to ease border crossing inefficiencies; the region's members continue seeking respective federal funding to support the research and development of technology to improve cross border operations; and that the border crossing at Santa Teresa, New Mexico/San Geronimo, Chihuahua be used as a pilot project for developing and testing the latest "smart technologies" to cost-effectively expedite the movement of commercial and private traffic.
- More cooperation between Mexico and the US in the operations and management of border crossings, including a unified port management system currently being tested in Nogales, Arizona. Joint training of border personnel, with an emphasis on customer service.
- Documents used in international trade should be standardized, particularly bills of lading by locating customs inspectors and cargo clearance operations closer to the point of product origin. A regional inspection and clearance pilot program should be implemented on a significant sample of the motor carrier population.
- To aid travel, both the US & Mexico should increase the use of bilingual signs, provide travel permit processing at interior airports, and expand "frequent crosser" programs.

REGIONAL TRANSPORTATION SYSTEMS RECOMMENDATIONS:

- Design and develop an integrated transportation system in the region with highways and roads, railroads and airlines, interconnected at multi-modal transit facilities.
- The U.S. delegates, through their U.S. congressional delegations, should encourage the adoption of the National Highway System by Congress' self-imposed deadline of September 30, 1995, as an essential method to build and maintain a financially adequate highway system.
- Regional airline service to the region's smaller and medium-sized cities and a relaxation of the rules that restrict the number of landings to pick up passengers allowed in international flights is needed.
- A study of trucking issues and endorsed the efforts of the Joint Working Committee for Land Transportation, the NAFTA Land Transportation Standards Subcommittee, the Southwest Border Transportation Alliance and the North American Committee on Surface Transportation Law and Practice.
- Complimentary, integrated transportation network communication systems should be investigated and supported by our two countries.

FINANCE AND CREDIT RECOMMENDATIONS:

- The lack of credit and financing is especially difficult for small to medium-sized Mexican businesses. Until long-term confidence is re-established, US and Mexican businesses may find partnerships and other ventures to seek financing useful alternatives.
- Changes in Mexican business laws that would allow Mexican businesses to secure their loans with inventory, accounts receivable and other types of collateral would modernize and harmonize the Mexican commercial registry.
- Innovative financing and audit mechanisms should be created to facilitate private development of infrastructure. (i.e. Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NADBANK).

SOCIAL STANDARDS: Education, labor, environmental and health standards should be made more consistent wherever possible.

- Schools in Mexico & the US should strive for quality bilingual cultural immersion education for students and teachers at every level.
- The states in the region should prepare their citizens for participation in the global workforce and support educational programs by satellite and cross-national internships.
- The region has a unique opportunity to develop a model for rural health care delivery to diverse populations. Cross-border training in medical practices and service models would help improve overall standards.
- The region should seek uniform standards, training and enforcement of food processing and production.
- NAFTA side agreements regarding labor and the environment are to be implemented. Federal funding from the US and Mexico is to be made available for environmental projects in the border region. The private and public sectors should actively involve themselves in programs newly developed to address these issues, and the governments in the five state region should ensure that information about these programs are effectively distributed to the business community in the region.
- The Town Hall recommends the development of reciprocal licensure and professional credentials where possible and appropriate. Professional and business associations should be called upon to review these issues and to make recommendations.

THE ROLE OF GOVERNMENT AND THE PRIVATE SECTOR: To achieve the goal of improved cross-border trade, all groups in government, business and other sectors -- especially those at the highest levels -- should develop partnerships that meet regularly in both countries in regional town hall meetings to discuss common trade interests and assess the progress of mutually beneficial solutions.

- In the United States, the states have a critical role because of their accessibility to the private sector and their ability to influence national policy. Therefore, many of the recommendations of this Town Hall must be acted upon by state, local and Native American (indigenous) policymakers.
- In contrast, the federal government of Mexico plays a predominant role, developing trade and economic policies. To facilitate border trade, the Mexican government should be encouraged to grant more decision-making power to its border-state governments.
- The private sector's responsibility is to pursue business opportunities within the region, create wealth and jobs, and promotion of services and quality products and is key to the development and implementation of government policy in trade matters.

FOR MORE INFORMATION, CALL NEW MEXICO FIRST (505) 241-4813.