



**Office of the Secretary of State
Border Commerce Coordinator Report 2017**

**Rolando B. Pablos
Secretary of State**

INTRODUCTION

In March 2017, Governor Abbott appointed Secretary of State Rolando B. Pablos to serve as the Border Commerce Coordinator (the “BCC”), pursuant to Section 772.010 of the Texas Government Code.¹

The role of the BCC is to facilitate communication and the coordination of border commerce between local officials, state agencies, and the federal governments of the United States, Mexico and Canada. The Secretary of State fulfills additional roles in facilitating international commerce, including as Chief International Protocol Officer for the State of Texas and the Governor’s Chief Liaison to Mexico and the Border Region of Texas.

The duties of the BCC are outlined in Section 772.010 of the Texas Government Code, which provides, in relevant part:

(a) ...The [border commerce] coordinator shall:

- (1) examine trade issues between the United States, Mexico, and Canada;
- (2) act as an ombudsman for government agencies within the Texas and Mexico border region to help reduce regulations by improving communication and cooperation between federal, state, and local governments;
- (3) work with federal officials to resolve transportation issues involving infrastructure, including roads and bridges, to allow for the efficient movement of goods and people across the border between Texas and Mexico;
- (4) work with federal officials to create a unified federal agency process to streamline border crossing needs;
- (5) work to increase funding for the North American Development Bank to assist in the financing of water and wastewater facilities;
- (6) explore the sale of excess electric power from Texas to Mexico;
- (7) study the flow of commerce at ports of entry between this state and Mexico, including the movement of commercial vehicles across the border, and establish a plan to aid that commerce and improve the movement of those vehicles;
- (8) work to identify problems associated with border truck inspections and related trade and transportation infrastructure and develop recommendations for addressing those problems;
- (9) work with the appropriate state and federal agencies to develop initiatives to mitigate congestion at ports of entry; and
- (10) develop recommendations designed to:
 - (A) increase trade by attracting new business ventures;
 - (B) support expansion of existing and new industries; and
 - (C) address workforce training needs.

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(c) The coordinator shall work with the interagency work group established under Section

¹ “Secretary Pablos Appointed Border Commerce Coordinator.” *Texas Secretary of State*. 17 March 2017. <http://www.sos.state.tx.us/about/newsreleases/2017/031717.shtml>

772.011, with local governments, metropolitan planning organizations, and other appropriate community organizations adjacent to the border of this state with Mexico, and with comparable entities in Mexican states adjacent to that border to address the unique planning and capacity needs of those areas. The coordinator shall assist those governments, organizations, and entities to identify and develop initiatives to address those needs. Before January 1 of each year, the coordinator shall submit to the presiding officer of each house of the legislature a report of the coordinator's activities under this subsection during the preceding year.

(d) The coordinator shall:

- (1) work with private industry and appropriate entities of Texas and the United States to require that low-sulfur fuel be sold along highways in Texas carrying increased traffic related to activities under the North American Free Trade Agreement; and
- (2) work with representatives of the government of Mexico and the governments of Mexican states bordering Texas to increase the use of low-sulfur fuel.

(e) The coordinator shall appoint a border mayor task force, to be named the Texas Good Neighbor Committee, consisting of the mayors from every municipality located in this state along the border between Texas and Mexico that has an adjoining sister city in Mexico. The task force shall:

- (1) Advise the coordinator on key trade, security, and transportation-related issues important to the municipalities appointed to the task force;
- (2) Hold quarterly meetings with mayors from Mexico to:
 - (A) increase:
 - (i) cooperation;
 - (ii) communication; and
 - (iii) the flow of information;
 - (B) identify problems; and
 - (C) recommend solutions;
- (3) seek assistance and input from private sector stakeholders involved in commerce to identify issues to address; and
- (4) provide recommendations to assist the coordinator in carrying out the coordinator's statutory duties.

This report serves as the "report of the coordinator's activities" referenced in section 772.011 (c), and generally updates the legislature on Secretary Pablos' activities regarding his duties as the BCC, outlined in Section 772.010 of the Texas Government Code. Several of the activities described below involve meetings with officials and stakeholders from local communities along the border, as required by 772.010(c).

I. **Communications with Mexican Officials and Others Relating to Texas-Mexico Trade**

Trade between the United States and Mexico rose 283 percent between 1993 and 2016, from \$137 billion to \$525 billion.² Mexico is the United States' third largest trading partner – behind China and Canada, respectively – and is Texas' primary foreign market.³ As the BCC, Secretary Pablos interacted on various occasions throughout 2017 with Mexican officials and others involved in cross-border trade between Mexico and Texas.

In late February 2017, Secretary Pablos traveled to Mexico City, accompanied by a small delegation from the Office of the Secretary of State. During this trip, Secretary Pablos met with the executive committee members of Mexico's Consejo Coordinador Empresarial ("CCE"), a national business coordinating council representing various private sector organizations in Mexico. In the meeting, participants discussed another meeting in Austin and further developing working relationships, investment in Texas, and the identification of private sector leaders in Mexico interested in visiting Texas. Members of the CCE traveled to Austin in April 2017 to meet with Governor Abbott and Secretary Pablos.

During his trip to Mexico City, Secretary Pablos also visited Mexico's Ministry of Foreign Affairs ("SRE"), where he met with Undersecretary for North America, Carlos Sada, and the Director of the North American Office, Mauricio Ibarra. They discussed the Texas-Mexico relationship and the investment by Mexican companies in the Texas economy. Secretary Pablos continues to communicate with SRE through Mexico's consular corps in Texas and the Mexican Embassy in Washington, D.C.

In addition to his trip to Mexico City, Secretary Pablos also traveled to Monterrey, Mexico, where he met the leadership of ARCA Continental, the second largest Coca-Cola bottler in Latin America. This year, ARCA announced their expansion to the United States by buying Southwest Coca-Cola, making Texas their base of operations.

Governor Abbott and Secretary Pablos also welcomed the Secretary of Economy Ildefonso Guajardo to Texas earlier this year, discussing trade between Texas and Mexico.

Through constitutional amendments to the Mexican Constitution passed in December 2013, and new reforms signed into law by President Enrique Peña Nieto in August 2014, Mexico's energy sector, including petroleum, natural gas, and electricity industries, has been opened up to privatization. Secretary Pablos also had the opportunity in 2017 to discuss Mexican energy reform with various individuals.

Specifically, during his February 2017 visit to Mexico City, Secretary Pablos met with the Mexico's Undersecretary for Hydrocarbons Aldo Flores at Mexico's Ministry of Energy ("SENER"). The visit focused on infrastructure to facilitate trade and energy exchange, production of low sulfur gas, and sale of excess electric power. Undersecretary Flores stated that Mexico is ready to improve and that, by the end of the year, the country's energy reforms will be fully implemented – upstream, midstream, and downstream. Secretary Pablos also proposed a statewide

2 Jesus Cañas, Aldo Heffner, and Jorge Herrera Hernández. "Intra-Industry Trade with Mexico May Aid U.S. Global Competitiveness." Federal Reserve Bank of Dallas. *Southwest Economy* (Second Quarter 2017): 3.

<https://www.dallasfed.org/~media/documents/research/swe/2017/swe1702b.pdf>

3 *Ibid.*, 3.

tour for the Undersecretary in order to meet Texas business people in the energy industry, which was accepted by Undersecretary Flores, who indicated that it was a good time to begin improving communication between energy leaders in Texas and Mexico.

Also, on September 18, 2017, Governor Abbott and Secretary Pablos met with Pemex CEO José Antonio González Anaya (now Mexico's Minister of Finance), Mexico's Ambassador to the U.S, Gerónimo Gutiérrez Fernández, and individuals from the Texas energy industry, to discuss Mexico's energy reform.

II. Border Trade Advisory Committee

The Border Trade Advisory Committee ("BTAC") was created in 2001 to define and develop a strategy and make recommendations to the Texas Transportation Commission and the governor for addressing the highest priority border trade transportation challenges. As Border Commerce Coordinator, Secretary Pablos serves as the Presiding Officer of BTAC. This year, BTAC held meetings in San Antonio, Austin and Corpus Christi. Currently, the committee is, among other things, working towards the development of a Texas-Mexico Border Strategic Transportation Blueprint. There are five key topics which have been most recently discussed in connection with the Texas-Mexico Border Strategic Transportation Blueprint, which involve the engagement of various stakeholders in the border region, and are also described further below.

A. Texas-Mexico Trade Transportation Task Force

The Texas-Mexico task force will serve as a forum for enhancing bilateral communication, coordination, and collaboration between Texas and Mexico on cross-border trade transportation. It will facilitate communication among agencies responsible for border transportation planning and implementation within Mexican border states: the Mexican federal government, State of Texas' local and regional agencies, and U.S. federal agencies. It will also facilitate bilateral data collection, sharing, and analysis to identify cross-border trade transportation needs.

B. Texas-Mexico Trade Lanes Program

The purpose of this program is to enhance economic prosperity by addressing trade transportation needs and investments, not only by addressing north-to-south movement of goods, but east-to-west movement as well. Expected outcomes of the program include:

- a comprehensive evaluation of projects under development and current investments;
- the identification of system gaps and needs;
- the identification of available funding; and
- the development of region-wide criteria for analysis, prioritization and system improvements.

C. Public Awareness and Education Program

The objectives of the public awareness and education program are to improve overall awareness of cross-border trade and transportation issues and communicate facts (including statistical data)

about trade between Mexico and the Texas and national economies to decision makers and the general public. The program will be organized into forums on a region-by-region basis and on a supply chain basis. Among the materials that will be developed are: brochures, fact sheets, quarterly newsletters, a webpage and social media accounts. The Texas Department of Transportation will serve as the lead agency and coordinate with other entities to develop the program over a 12-month period.

D. Implement Technology and Innovative Binational Border Strategies

In connection with this recommendation, three pilot programs have been identified to study: (1) the Origins unified cargo processing pilot in El Paso; (2) the Nogales Mariposa unified cargo processing initiative, and (3) the bi-national traffic management centers, all of which have the potential to reduce wait times and improve the overall flow of cross-border traffic.

E. Foster Private Sector Involvement

This recommendation intends to facilitate a more effective two-way exchange of communication between the public and private sectors, allowing both sectors to solicit feedback on best practices while utilizing the strengths and abilities of both sectors to harmonize collaboration throughout the border region. Means of gathering information may include forming a bi-national private stakeholder network, creating an information sharing project, determining how to present and disseminate data in a digestible format, and coordinating public sector initiatives with private sector activities.

III. Communications with Canadian Officials And Others Related to Texas-Canada Trade

Secretary Pablos visited Canada in June 2017, meeting with public officials and private sector leaders in Alberta. Secretary Pablos was joined by John Cypher, Americas Director of the Greater Houston Partnership, and Henry Wells, Senior Political and Economic Relations Officer at the Consulate General of Canada in Dallas.

Secretary Pablos rang the opening bell for the Toronto Stock Exchange at the 2017 Global Petroleum Show before participating in a panel discussion on the future of global energy with Canada's Minister of International Trade, François-Philippe Champagne. During the discussion, Secretary Pablos spoke to the diversity of Texas' energy profile and the strength of its energy infrastructure.

Following the panel discussion, Secretary Pablos met with executives from Suncor, an integrated energy company and a major oil sands producer, InnoTech Alberta, which specializes in oil and gas recovery technology, and TransCanada, owner of the Keystone XL pipeline that connects Alberta to Houston. Secretary Pablos also met with Deron Bilous, Alberta's Minister of Economic Development and Trade, and Margaret McCuaig-Boyd, Alberta's Minister of Energy, to discuss future cooperation between Texas and the province of Alberta. Secretary Pablos toured the floor of the Global Petroleum Show with U.S. Consul General in Calgary, Tom Palaia and U.S. Chargé d'Affaires at the U.S. Embassy in Ottawa, Elizabeth Moore Aubin.

IV. The North American Development Bank

The North American Development Bank has planned, implemented, and completed infrastructure projects along the Texas-Mexico border. One of the functions of the North American Development Bank has been to provide colonia residents access to water and wastewater services. The function that the Secretary of State's office has previously served within the Colonias Initiative Program was absorbed by the state agencies that work directly in administration of projects serving colonias in Texas, which allows those agencies that aid and support the state's colonias to work directly with the constituents they serve, rather than funneling that support through intermediaries at the Secretary of State's office.

V. Interagency Work Group on Border Issues

The Border Commerce Coordinator hopes that the border interagency workgroup can meet in the first quarter of 2018.