



**Office of the Secretary of State  
Border Commerce Coordinator Report 2016**

**Carlos H. Cascos  
Secretary of State**

## **INTRODUCTION**

Since late August 2015, Secretary Cascos has served as the Border Commerce Coordinator (the “BCC”), pursuant to Section 772.010 of the Texas Government Code.

The role of the Border Commerce Coordinator is to serve as a medium for communication and coordination of border initiatives between local officials, state agencies, and the federal governments of the United States, Mexico and Canada. The Secretary of State fulfills additional roles, including but not limited to, Chief International Protocol Officer for the State of Texas, Presiding Officer of the Border Trade Advisory Committee, and the Governor’s Chief Liaison to Mexico and the Border Region of Texas.

Texas has taken bold and pragmatic steps to create a welcoming business environment for domestic and international companies. Texas has taken a new stand in today’s global economy; as of 2016, it is the 10<sup>th</sup> largest economy in the world.<sup>1</sup> There’s no doubt that Texas has benefited significantly from utilizing an extensive network of public, diplomatic and corporate entities to facilitate the creation of commercial opportunities.

Texas and Mexico are bound together by a shared history and a blended culture that represents an opportunity for many shared successes now and for the future. The Secretary of State has engaged in the following activities as BCC in 2016 to foster the relationship and economic ties between Texas and Mexico.

## **OVERVIEW OF RESPONSIBILITIES AND ACTIVITIES**

The duties of the Border Commerce Coordinator (BCC) are outlined in Section 772.010 of the Texas Government Code. That section, as effective September 1, 2015, 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

---

<sup>1</sup> See, e.g., “Economic Output: If state were countries, California would be France,” published June 2016, available). <http://www.newsweek.com/economic-output-if-states-were-countries-california-would-be-france-467614>

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.

...

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

of the Texas Government Code, and generally updates the legislature on Secretary Cascos' activities as regards his duties as the BCC, outlined in Section 772.010 of the Texas Government Code. The descriptions below are organized by the duties identified in subsections (a), (d), and (e) of Section 772.010. Several of the activities described below involved meetings with officials and stakeholders in the local communities along the border, as required by 772.010(c).

**TEX. GOV'T CODE § 772.010(a)(1): Examine trade issues between the United States, Mexico, and Canada;**

Secretary Cascos' strategies and activities concerning border and international commerce for 2016 revolved primarily around three strategies aimed at helping the State's efforts in promoting economic development and job creation:

- 1. Maintaining the direct line of contact with Mexico's Ministry of Foreign Affairs (SRE) and other important ministries in Mexico's government, to serve as a medium to address different issues pertaining to trade, border and transnational energy infrastructure as well other important changes in the North American region.**
- 2. Continuing to expand knowledge of the current type of border infrastructure that is needed in Texas border cities and the type of investments that have been made by the Mexican government in border infrastructure.**
- 3. Strengthening Texas-Canada diplomatic relationships.**

Specifically, as to item 3, Secretary Cascos led an introductory economic development mission to Toronto, Ontario, Canada. The trip was planned by members of the Canadian consulate in Dallas. Consul General Sara Wilshaw accompanied the Secretary and staff members during his visit.

The Canadian consulate facilitated the following meetings for the Secretary and his staff:

- (1) Mark Romoff, President and CEO, Canadian Council for Public-Private Partnerships. **Discussion topics:** transportation, trade, public/private partnerships.
- (2) Peace Bridge Tour. **Discussion Topics:** bridge finance, maintenance and security.
- (3) U.S. Customs and Border Protection. **Discussion topics:** truck traffic, drug and firearms trafficking, and border security technology.
- (4) Magnet Forensics. **Discussion Topics:** Latest technology in forensics and the work being done with Texas communities to aid in the capture and prosecution of some of the state's most violent criminals.
- (5) ManTech. **Discussion Topics:** latest technology in water testing, safety and security.

(6) Mark J. Barrenchea, CEO of Open Text. **Discussion topics:** Open Text has set the goal of opening its first U. S. office in Texas.

In addition, various of the activities referenced in other sections of this report also contribute to a study of trade issues between the United States and Mexico.

**TEX. GOV'T CODE § 772.010(a)(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;**

**TEX. GOV'T CODE § 772.010(a)(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;**

**TEX. GOV'T CODE § 772.010(a)(4): work with federal officials to create a unified federal agency process to streamline border crossing needs;**

**TEX. GOV'T CODE § 772.010(a)(6) explore the sale of excess electric power from Texas to Mexico;**

**TEX. GOV'T CODE § 772.010(a)(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;**

**TEX. GOV'T CODE § 772.010(a)(8) work to identify problems associated with border truck inspections and related trade and transportation infrastructure and develop recommendations for addressing those problems;**

**TEX. GOV'T CODE § 772.010(a) (9) work with the appropriate state and federal agencies to develop initiatives to mitigate congestion at ports of entry;**

Due to its close proximity to Texas, Mexico has become a key destination for investment for Texas companies. This investment has become more prominent over the past couple of few years, where there has been an increase of participation in joint ventures between Texas and Mexican companies. This collaboration can lead to the construction of a 21<sup>st</sup> century transnational energy infrastructure in North America. Texas is strategically positioned to continue and increase its key participation in the future of this region.

Throughout the year the Secretary and members of his staff traveled to Mexico City and other of its federal states to discuss trade and energy issues.. Also, the Office of the Secretary of State has served as a medium for some Texas elected officials to engage Mexican authorities on multiple topics such as transportation, energy, water, trade and others.

## **General Interactions with Mexican Officials**

The Office of the Secretary of State joined the Texas Department of Transportation (“TxDOT”)’s

international office for a trip to Mexico City for the Plenary Meeting of the Binational and Border Crossings hosted by Mexico's Ministry of Foreign Affairs and U.S. State Department. During this visit the Office of the Secretary of State and TxDOT's International Office were able to revisit and engage with their Mexican counterparts ,revisit previous agreements, and discuss future collaboration and communication regarding future infrastructure projects with the goal of minimizing wait times at border crossings.

This year Governor Abbott welcomed the new Governor of the Nuevo Leon during his first visit to Austin, Texas. The conversation between both was heavily focused in the importance of trade between Texas and Mexico and the imperative role that border infrastructure has on Texas' and Mexico's economies.

Following the Nuevo Leon's Governor's Vvisit to Texas, the Office of the Secretary of State welcomed Nuevo Leon's Assistant Secretary of Economy and the Nuevo Leon's Port Director of the Laredo-Colombia - which is the only port of entry ("POE") that Texas shares with Nuevo Leon. In the next upcoming years of continuous investment from Mexico's government on the highway that leads to the Laredo-Colombia, there may be more traffic entering Texas from this POE.

Throughout this year, the Secretary and members of his staff have joined TxDOT's Chairman on multiple visits to Texas border cities such as Laredo, Presidio, and El Paso, in order to gather information on both the state's current and future projects in those regions. . The Office of the Secretary of State Office has actively interacted with federal agencies by participating in multiple roundtables such as the Administrators Roundtable on the Freight Economy "Beyond Traffic 2045", which washosted by the U.S. Department of Transportation Federal Highway Administration.

One of the Secretary's initiative since he took office was to engage Mexico's and the United States' commissioners of the International Boundary & Water Commission, in order to be a medium where honest and transparent discussion could take place on debt and shared efforts. The Chairperson of the Texas Water Development Board was also involved with these issues. Following these discussions, the debt owed by Mexico was paid in full

In addition, over the last year Mexico has gone through an election season. The Mexican state of Tamaulipas recently elected their new Governor Javier Garcia Cabeza de Vaca. Secretary Cascos was invited by the Governor-Elect (now Governor) to attend, and did attend, the inauguration event in Victoria, Tamaulipas on October 1, 2016.

In addition to meeting with Secretary Coldwell in Mexico City that following week, Secretary Cascos also attended the International Bridge, Tunnel and Turnpike Association ("IBBTA") conference in Mexico City.

### *Energy Infrastructure*

In January and February of this year, the Office of the Secretary welcomed multiple delegations from Mexico's Ministry of Energy and other energy regulatory agencies. The focus of conversations were Mexico's energy reform and its related regulatory policy process.

Transnational energy infrastructure has become a key subject of discussion since the enactment of Mexico's energy reforms, as has the importance of trade. Governor Abbott was able to meet with President Nieto during his visit to Houston earlier this year, where they were able to discuss bilateral trade, energy and border infrastructure. This is the second time that Governor Abbott met with President Nieto.

At the Governor of Tamaulipas' Inauguration event, Secretary Cascos also met several officials from PEMEX and the Secretary of Energy of Mexico, Pedro Joaquín Coldwell. Secretary Cascos also met with Secretary Coldwell the following week in Mexico City while Secretary Cascos was attending the IBBTA Conference.

## **General Interactions with Federal Officials**

In addition, representatives from the El Paso and Laredo field offices of the United States Customs and Border Protection made a presentation at the Border Trade Advisory Committee meetings in El Paso and Brownsville (referenced below), respectively, and a representative of the Federal Motor Carrier Safety Administration also participated in the Brownsville meeting, thus giving the BCC and the members of the Committee an opportunity to interface directly with the federal agency very involved in border crossing.

### **TEX. GOV'T CODE § 772.010(a) (5) work to increase funding for the North American Development Bank to assist in the financing of water and wastewater facilities;**

Since 1999, the Secretary of State's colonia initiatives program has been instrumental in the facilitation, coordination and implementation of water and wastewater services to colonias residents along the U.S. / Mexico border. It is through strong partnerships with funding agencies that many projects have come to fruition.

In elaborating on the above, one of the most important agencies is the North American Development Bank, and its sister institution, the Border Environment Cooperation Commission. Since its initiation, the NADB has allocated several millions of dollars in U.S. projects and continue to allocate necessary funding that benefit colonia residents in Texas. Prime examples of this vital funding are the current allocation of \$1.8 million dollars in Hidalgo County, which will impact approximately 1,600 residents. In addition, in Cameron County, the NADB is providing \$3.7 million for service connections in several colonias, which will impact approximately 2,600 residents. Finally, the Deputy Managing Director for the North American Development Bank made a presentation at the Border Trade Advisory Committee meeting in Brownsville (referenced below).

The NADB/BECC continue to be an integral part of successful projects that improve the lives of many Texans. The Office of the Secretary of State values its collaboration and continuing partnership with the NADB/BECC.

### **TEX. GOV'T CODE § 772.010(a) (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.**

...

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

During 2016, Secretary Cascos participated in, and as chair of, the Border Trade Advisory Committee (BTAC), which met four times over the course of the year, in Austin, Dallas, El Paso, and Brownsville. The purpose of the Committee is to facilitate communication and study issues relating to border trade; specifically, pursuant to Section 201.114 of the Texas Transportation Code, it works toward “defin[ing] and develop[ing] a strategy and mak[ing] recommendations to the [Texas Transportation] [C]ommission and governor for addressing the highest priority border trade transportation challenges.” Various guest speakers, including at least one representative from TxDOT and DPS, representatives from federal agencies, as well as individuals in the private sector involved in trade, have made presentations at BTAC meetings. Specifically, BTAC seeks to, among other things, develop and implement economic development strategy and public policy that facilitates U.S. –Mexico border trade, creates efficient corridors and enhances the state and national economy. Its objectives include, but are not limited to:

- (1) assessing the current and future needs of border infrastructure capacity and operations;
- (2) identifying new border management technologies;
- (3) addressing border wait times;
- (4) facilitating efficient trade flows.

It intends to address these objectives and other goals and objectives in Texas-Mexico Border Strategic Transportation Blueprint documents. While the topic of low-sulfur fuel has not specifically been raised at a BTAC meeting, it could conceivably be addressed by the report provided by BTAC.

**(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 in carrying the coordinator statutory duties.**

The Good Neighbor Committee established by subsection (e) above reports to the Border Commerce Coordinator, but the Border Commerce Coordinator is not a member. Secretary Cascos has appointed the Mayors of Laredo and McAllen as Chair and Vice-Chair, respectively, of the Good Neighbor Committee. This past June Secretary Cascos invited the Committee to hold a meeting with Mexican mayors at the Capitol; however, a quorum of the Committee was not able to make it due to last minute cancellations. . Future meetings are to be coordinated by the Chair and Vice-Chair.

### **Other Duties**

In 2017, the Office looks forward to attempting to work with the other agencies in the interagency workgroup established in Section 772.011, as provided in 772.010(c) of the Texas Government Code.