



**Office of the Secretary of State
Border Commerce Coordinator Report 2018**

**David Whitley
Secretary of State**

Introduction

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

The BCC’s role is to facilitate communication and coordination of border initiatives among local officials, state agencies, and federal governments of the United States, Mexico, and Canada. The Secretary of State also serves as Chief International Protocol Officer for the State of Texas and the Governor’s Chief Liaison to Mexico and the Border Region of Texas.

Mr. Pablos resigned as Secretary of State effective December 15, 2018. David Whitley was appointed and sworn in as Secretary of State on December 17, 2018. This report covers the Secretary of State’s activities as Border Commerce Coordinator in 2018.

I. Overview of Border Commerce Coordinator’s Role and Responsibilities

Section 772.010 of the Texas Government Code outlines the duties and responsibilities of the State’s Border Commerce Coordinator.

Pursuant to Section 772.010(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.

Section 772.010(c) reflects that the BCC will coordinate with other agencies and governments, including the interagency work group established under Section 772.011 of the Texas Government Code, local governments, metropolitan planning organizations, other “appropriate community organizations” along the Texas-Mexico border, and “comparable entities in Mexican states” along the Texas-Mexico border, to “address the unique planning and capacity needs of those areas.” Under this provision, “the coordinator shall assist those governments, organizations, and entities to identify and develop initiatives to address those needs.”

Section 772.010(d) directs the BCC to work with (1) “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) “representatives of the government of Mexico and the governments of Mexican states bordering Texas to increase the use of low-sulfur fuel.” In addition, Section 772.010(e) provides for the appointment of the “Texas Good Neighbor Committee,” consisting of the mayors of “every municipality located in this state along the border between Texas and Mexico that has an adjoining sister city in Mexico.” This committee is tasked with advising the BCC on “key trade, security, and transportation-related issues important to the municipalities appointed to the task force”; meeting with mayors of Mexican cities to identify problems and recommend solutions; seeking assistance and input from private-sector stakeholders; and providing recommendations to the BCC in carrying out his statutory duties.

This report is being submitted pursuant to Section 772.010(c) of the Texas Government Code, which requires that before January 1 of each year, the BCC “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.”

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

In 2018, Secretary Pablos interacted with Mexican officials and others involved in cross-border trade on numerous occasions. For example, Secretary Pablos accompanied Governor Abbott at the March 20, 2018 grand opening of a 150,000 square-foot La Moderna plant in Cleburne. La Moderna is Mexico’s largest pasta manufacturer and its Cleburne facility sustains approximately 100 jobs. During this trip, Governor Abbott and Secretary Pablos met with Luis Videgaray (Mexico’s then Secretary of Foreign Affairs) to discuss ways to advance the working relationship between Texas and Mexico. Secretary Pablos continued these discussions in early April, when he met with Carlos Sada (Mexico’s Undersecretary for North America) and members of the Texas-

Mexico Trade Coalition. They discussed the Texas-Mexico relationship and investments by Mexican companies in the Texas economy.

Beyond the opening of the La Moderna plant, other Mexican companies strengthened their Texas footprint in 2018. In August, Vitro Architectural Glass opened a new jumbo glass coater in its Wichita Falls facility—a \$60 million project that created 50 new jobs in the area, resulting in the largest glass coater in North America. Secretary Pablos attended the grand opening ceremony on behalf of Governor Abbott and thanked Vitro for its latest investment in the State. In September, Coca-Cola Southwest Beverages broke ground on a new \$250 million facility in Houston. The company is a subsidiary of Monterrey, Mexico-based Arca Continental, one of the world’s largest Coca-Cola bottlers. Secretary Pablos took part in the event, which celebrated one of the largest capital investments in Texas by a Mexican company and the first new Coca-Cola production plant to be built in the United States in more than a decade.

Secretary Pablos also continued his efforts to educate Texas energy leaders about Mexico’s energy reforms. Following up on his February 2017 visit to Mexico City, Secretary Pablos coordinated a meeting in April 2018 between Aldo Flores (Mexico’s Undersecretary for Hydrocarbons) and members of the oil and gas industry in Midland. This meeting provided an opportunity for Texas oil and gas representatives to learn more about how they could take part in Mexico’s growing energy sector.

Additionally, Secretary Pablos worked in 2018 to strengthen Texas’s relationship with the four Mexican states on the Texas-Mexico border. In April, Secretary Pablos hosted a delegation from Coahuila, which included Miguel Riquelme, Governor of Coahuila; Jose Maria Fraustro, Secretary of Government of Coahuila; and Manolo Jimenez, Mayor of Saltillo, Coahuila’s capital city. Secretary Pablos and the delegation discussed, among other things, improving coordination on transportation infrastructure, energy, trade, and cultural exchanges. Secretary Pablos continued these discussions in a subsequent visit to Saltillo, where he met with Governor Riquelme and his cabinet. The parties identified opportunities for collaboration in several areas, including energy, commerce, and education. Secretary Pablos’s visit to Saltillo featured the signing of a memorandum of understanding between the Texas Secretary of State and the State of Coahuila. The memorandum of understanding is intended to “establish mechanisms for bilateral cooperation relating to economic, social and cultural development” between the two states. Later, Secretary Pablos accepted Governor Riquelme’s invitation to attend his November 2018 State of the State.

Secretary Pablos also engaged in discussions with Nuevo Leon. In October 2018, Secretary Pablos hosted Roberto Russildi, Nuevo Leon’s Secretary of Economy and Labor, in Austin. The parties committed to finding opportunities to strengthen the relationship between Texas and Nuevo Leon. These conversations continued when Secretary Pablos traveled to Monterrey in November to meet with Nuevo Leon Governor Jaime Rodriguez and members of his cabinet. The parties discussed ways to attract investments, enhance tourism, and expand sports and cultural exchanges between the two states. Governor Rodriguez expressed Nuevo Leon’s interest in finding ways to increase Texas’s use of the Puente Internacional Colombia bridge.

Secretary Pablos focused his efforts on Tamaulipas as well. In February 2018, Secretary Pablos attended an energy conference in Reynosa, one of Tamaulipas's largest cities, where he participated in a panel discussion regarding energy infrastructure development and opportunities in Tamaulipas. In October 2018, Secretary Pablos hosted Claudia Lagos, Tamaulipas's Deputy Secretary for Economic Growth and Foreign Trade, in Austin. There, Secretary Lagos expressed her state's interest in collaborating with Texas on energy, manufacturing, and economic development. The parties agreed to continue these discussions in the future.

The BCC hopes to engage in similar discussions with Chihuahua in 2019.

III. Border Trade Advisory Committee

The Border Trade Advisory Committee ("BTAC") was created in 2001 to develop strategies, and make recommendations to the Texas Transportation Commission and the Governor, for addressing the key border trade transportation challenges facing Texas. As Border Commerce Coordinator, Secretary Pablos serves as BTAC's Presiding Officer. BTAC held quarterly meetings in April, July, October, and December 2018, all in Austin.

In 2018, BTAC pushed for expansion of its membership to include Mexican government officials at the federal and state levels in an effort to improve coordination on the committee's border infrastructure projects. To that end, Secretary Pablos secured participation by representatives of the four Mexican states along the Texas-Mexico border—all of whom attended the October and December 2018 BTAC meetings. Also, in October 2018, Secretary Pablos met with Geronimo Gutierrez, Ambassador of Mexico to the United States, to begin conversations with Mexico's federal government regarding their involvement with BTAC in 2019.

In addition, BTAC's membership expanded to include additional private-sector representation, particularly from the construction, energy, and manufacturing industries. These new members will help provide BTAC a more comprehensive perspective of the transportation infrastructure needed by the private sector.

BTAC is also developing the Texas-Mexico Border Transportation Master Plan. Through this plan, the committee has made five recommendations on cross-border trade and transportation issues, all requiring the engagement of border-region stakeholders: (1) establishing a Texas-Mexico task force on trade transportation; (2) developing a Texas-Mexico Trade Lanes Program; (3) creating a public awareness and education program; (4) implementing technology and innovative border strategies; and (5) creating an active dialogue between the public and private sectors.

A. Texas-Mexico Trade Transportation Taskforce

The Texas-Mexico task force is intended to improve bilateral communication, coordination, and collaboration between Texas and Mexico on cross-border trade transportation. Through the task

force, BTAC also seeks to facilitate bilateral data collection, sharing, and analysis to identify cross-border trade transportation needs and investment strategies. The task force will hold meetings in Texas and Mexico.

B. Texas-Mexico Trade Lanes Program

The purpose of this program is to enhance economic prosperity by addressing trade transportation needs and investments. It is expected that the program will result in 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. BTAC continued its work developing this program in 2018, including through the efforts of the Texas Department of Transportation.

C. Public Awareness and Education Program

With its public awareness and education program, BTAC seeks to improve awareness of cross-border trade and transportation issues and inform decision-makers and the public about Texas-Mexico trade. The Texas Department of Transportation serves as the lead agency on the public awareness and education program, coordinating with other entities as necessary. The program has developed an international trade video and fact sheets on border trade and transportation. It is anticipated that the program's future efforts will include additional brochures and fact sheets, along with an increased social media presence.

D. Technology and Innovative Binational Border Strategies

In connection with this recommendation, pilot programs have been identified to study the Origins unified cargo processing pilot in El Paso, the Nogales Mariposa unified cargo processing initiative, and the bi-national traffic management centers, all of which could reduce wait times and improve the flow of cross-border traffic. In 2018, BTAC also worked to develop white papers on the development of Texas border crossing technology and innovative border process inventory; Texas-Mexico border shipment tracking technology; and the Texas pipeline system.

E. Private Sector Involvement

This recommendation seeks to create a more effective two-way exchange of communication between the public and private sectors. Through these efforts, public officials and private-industry stakeholders would be able to solicit feedback on best practices in an effort to improve collaboration throughout the border region. BTAC is continuing to work on the development of this recommendation, including through listening sessions and roundtable events.

IV. Communications with Canadian Officials and Others Related to Texas-Canada Trade

In January 2018, Secretary Pablos traveled to Canada to meet with public officials and private-sector leaders in Toronto and Montreal. During his visit, Secretary Pablos discussed NAFTA negotiations with Raymond Bachand and Kenneth Smith Ramos, the chief NAFTA negotiators for Quebec and Mexico, respectively.

In June 2018, Secretary Pablos attend the Global Petroleum Show's Strategic Conference in Calgary. At the conference, Secretary Pablos participated in a panel discussion concerning global energy and attended meetings with industry leaders throughout the country. Secretary Pablos also met with Margaret McCuaig-Boyd (Alberta Minister of Energy) and Deron Bilous (Alberta Minister of Economic Development and Trade) to sign a memorandum of understanding between Texas and Alberta focusing on energy, business, and technology collaboration. While there, Secretary Pablos met with executives from Texas companies located in Canada to discuss ways that Texas can continue to support Canadian investment.

In October 2018, Secretary Pablos traveled to Washington, D.C., where he met with David MacNaughton, Ambassador of Canada to the United States. During this visit, Secretary Pablos received an update on NAFTA negotiations and changes to the Canadian diplomatic corps in Texas.

V. Continued Work with Federal, State, and Local Officials and Stakeholders

In addition to the Border Trade Advisory Committee efforts and other functions described in this report, the Border Commerce Coordinator looks forward to continuing to work with public officials and private-sector stakeholders on border issues, consistent with Section 772.010 of the Texas Government Code. To that end, the BCC hopes that the border interagency workgroup can meet in the first quarter of 2019. The BCC also will continue engaging with mayors and other local officials to address trade, security, and transportation-related issues impacting the Texas-Mexico border.