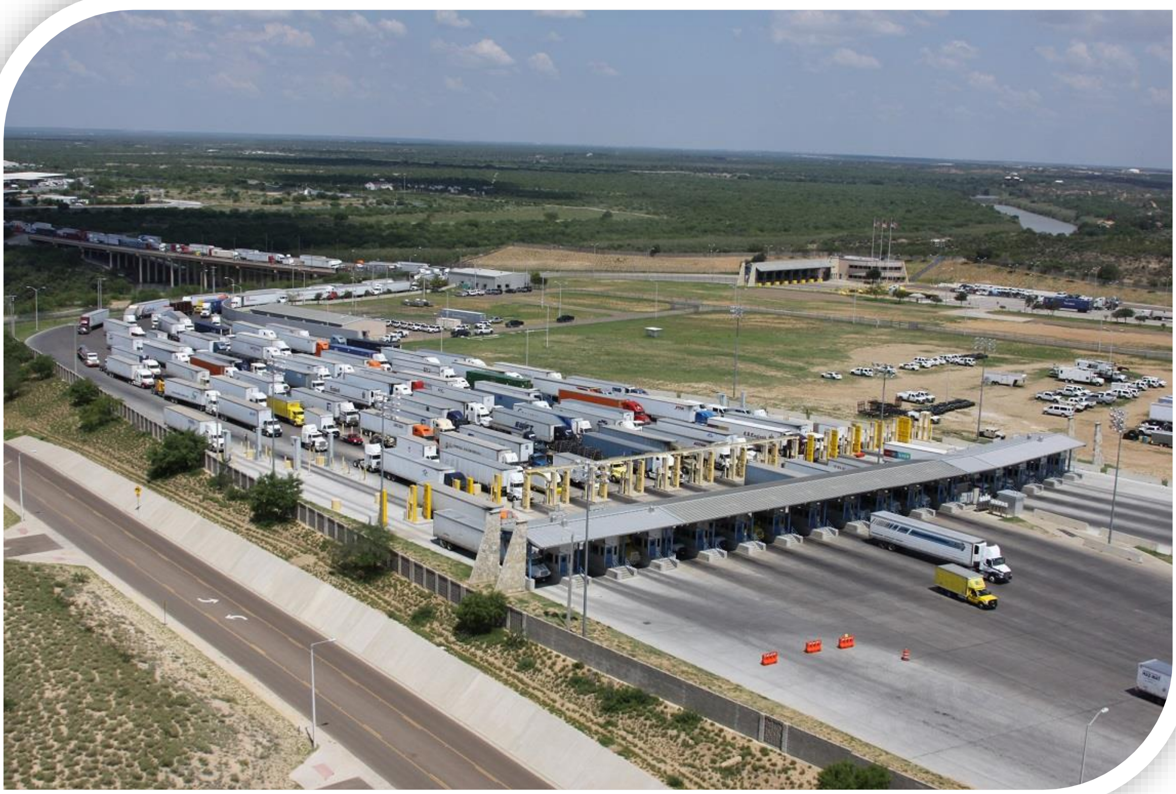
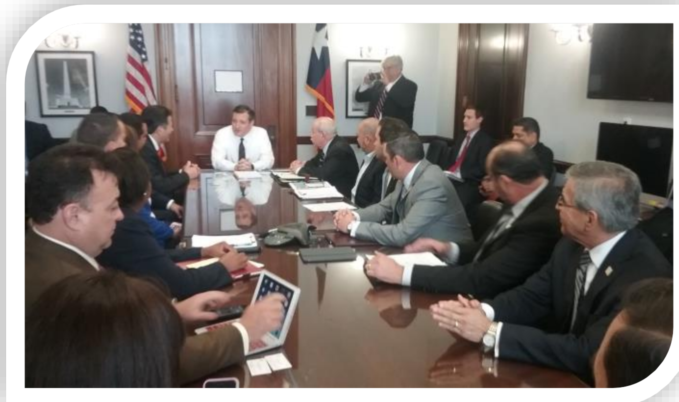
Legislative Agenda

FY 2017-2018



LaredoChamber of Commerce

2017-2018 Legislative Agenda



This publication lists the Laredo Chamber of Commerce's positions on state and federal legislative issues. It is intended to inform local governmental entities, the State legislature and representatives at the federal level of issues of importance to the Laredo/Webb business community.

These position statements were derived through an inclusive, comprehensive manner which included participation of thirteen local business and educational organizations. These included:

- The Laredo Chamber of Commerce
- Laredo Licensed U.S. Customs Brokers Assn.
- Association of Laredo Forwarding Agents
- Laredo Motor Carriers Association
- Laredo Economic Development Corporation
- Logistics & Manufacturing Association
- Laredo Builders Association
- Laredo Association of Realtors
- *Asociación de Empresarios Mexicanos*
- Laredo Retailers Association
- Texas A&M International University
- Laredo Community College
- Regional Mobility Authority

Major areas addressed by this Legislative Agenda

- International Trade and NAFTA – Laredo is the nation's largest and most important inland port. In 2016 it processed over $230 billion of cargo. Trade across Laredo's bridges contributes to the local economy, but more so, it impacts job generation and economic activity for almost every state in the union. A quick renegotiation of the North American Free Trade Agreement is key to the continued flow of commerce.
- Border Security – Security of our borders is vital to the safety of the nation's citizenry and to ensure secure flow of legal commerce. The Laredo Chamber supports the strengthening of resources, human and other, in particular at the nation's ports of entry, and the reinforcement of border security with the use of technology.
- Infrastructure: Freight Mobility – Having international bridges that move traffic efficiently is of little consequence if the infrastructure providing access and exit to/from the bridges is antiquated and inefficient. Support is sought for a proposed expansion of Laredo's World Trade Bridge, as well as completion of the I-35 /I-69 interchange and for eventual construction of a fifth international bridge.
- Workforce Development – Laredo has a young and plentiful labor force; yet, lacking the skills necessary to attract manufacturing prospects. A strategy that allows trained foreign talent to serve in a "seed" capacity as a local workforce develops, is recommended.
- Transportation – Laredo has over 200 trucking companies servicing its freight industry. The need for CDL drivers is foremost. A strategy to recruit and train younger drivers, to replace an aging workforce, is proposed.

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International Trade

Prepared by Enrique 'Henry" Gonzalez, Laredo Licensed U.S. Customs Brokers Association

REQUEST: The Laredo Licensed U.S. Customs Brokers Association strongly supports all infrastructure needs; from the expansion of World Trade Bridge to the construction of bridge 4/5, NAFTA, to include updated standards with technology and out of date trade deficiencies, as well as request for support for bill **HR 4657.**

Infrastructure: ***In the short term our vision is to promote the expansion of the World Trade Bridge, including surrounding infrastructure and personnel to make it a viable project.*** An increase in the capacity of the World Trade Bridge will have little added value without the improvements needed for international cargo to continue out of the Import Lot to staging areas (industrial parks and transportation terminals) and on to the interstate highway system. Further, additional cargo bridge capacity will require additional CBP and PGA (Participating Government Agency) personnel to handle the increased work load.

These are some of the things being worked or completed which will help the WTB and the commercial traffic.

- City Council approved FASTLANE (2 additional lanes to include 2 additional exit Booths) project with an increment in the commercial tolls;
- Several proposed arteries have been projected to decrease congestion on the West side of the city.
- Vallecillo Road, at a cost of 20M by the RMA, has already completed the environmental studies;
- Hachar Highway project, at a cost of 50M, by City of Laredo is in progress;
- 255 Camino Colombia no longer has a toll;
- The widening of Mines road, FM 1472, by TXDOT for a distance of 1.1 miles from Interamerica Industrial Park to ITC Industrial Park (3.1M estimated cost) has been completed;
- Expansion of Tienditas road, FM 3338, from 2 lanes to 4 lanes by TXDOT to be completed in 2020
- An application for an INFRA Grant for the Laredo Bundle (widening Loop 20 from the Import Lot gate to IH35 to include flyovers)
- A very important request that has been addressed and requested from both our Mayor Saenz and Congressman Cuellar was the addition of 4 booths at the exit gates to eliminate the bottleneck that currently exists during peak hours
- The RMA has a 90% Schematic on Vallecillo Road and has completed all environmental studies on the project up to this point. The next phase of the environmental on the project will

commence once the project is fiscally constrained (i.e. identified and programmed for construction).

- The RMA is currently participating in high level discussions regarding Pass through Finance as a possible avenue for funding of construction.
- The RMA will do a North West Laredo/ Webb County Regional Transportation Planning Study
- Ground breaking for a new project on Loop20 & IH35 overpass on November 27, 2017 scheduled for completion December 2019. (32M estimated cost)

We believe improvements in this trade corridor would have effects throughout the state of Texas, and the entire nation. Although the current political climate seems to tend toward the notion that international trade costs American jobs, it does in fact make American jobs more secure, strengthen the economy and create new jobs.

NAFTA: This trilateral agreement is a fundamental economic tool that must be kept in place and must work well. The passage of time has created the need for changes that the agreement never anticipated, for example, technology. There is a whole world of technology that did not exist 23 years ago when NAFTA was put in place. All legitimate merchandise that crosses our borders, should be accounted for in this era of technology, as well as providing detailed information for all partner government agencies and provide protection of intellectual property rights.

Efficiencies at land ports are an area that should be discussed in the NAFTA renegotiations. Our interest in improving cross border efficiencies with technology between Mexico and the U.S. can help expedite the flow of legitimate trade. More emphasis on the points of entry, to improve the infrastructure development, both on the U.S. and the Mexican sides of the border, must be enhanced.

Mexico has reformed their policies towards energy, so an area of discussion in oil and gas development should be included in the NAFTA Renegotiations. Privatization is part of their energy program and there is an opportunity under NAFTA to create an entire area dealing with our North American energy plan.

NAFTA has provided many advantages with one of the primary benefits to the U.S. consumer in particular is having reduced tariff rates, reaches the consumer in the form of lower prices for goods. It also provides increased exports as well as regional production areas that were previously, predominately low income border communities.

We want North American trade agreements to make us the most competitive trading bloc in the world and ensure that competition is preserved.

Customs Business Fairness Act (HR 4657) Rep. Peter King (R-NY) and Rep. Greg Meeks (D-NY) introduced the Customs Business Fairness Act (HR 4657) to provide relief to customs brokers for duties paid on behalf of importers who declare bankruptcy. Congressman King described the bill as "an effort to eliminate an unfair financial burden borne by customs brokers." Customs brokers are licensed by Customs and Border Protection (CBP) to transact customs business on behalf of the importing community. In addition to preparing and filing the data necessary to import products into the U.S., licensed customs brokers play an important role in the duty payment process at U.S. ports, serving as a pass-through entity for the collection and payment of duties to Customs and Border Protection (CBP). The government is significantly advantaged by this system where the prompt payment of billions of dollars in duties is facilitated by the customs broker.

In performing this role, however, customs brokers are often stuck with an unfair burden when an importer declares bankruptcy. In these circumstances, the customs brokers they worked with is required to pay the bankruptcy trustee any money received from the importer/debtor during the 90-day "claw back" period prior to the bankruptcy filing. This includes money paid by the importer for duties owed to CBP even when the customs broker has already transmitted the funds to the government! This can amount to substantial amounts of money - often well into the six-figure range.

To remedy this situation, HR 4657 provides a technical change to the Bankruptcy Code that would allow a customs broker to be "subrogated" to the priority rights of CBP for duties paid to the broker by an importer who subsequently files for bankruptcy. This would recognize that the customs broker has simply provided CBP those funds on behalf of the importer and not hold the broker liable for those funds. **We would greatly appreciate your support of HR 4657.**

Border Security: A Smart Wall Solution

Request: Laredo supports a ***Smart Wall Solution*** to address security along the U.S. and Mexico border. This combines a physical wall or fence in strategic locations, with technology such as drones, sensors, radar and cameras to detect, track and intercede on incursions across the border. This solution will preserve the valuable and cooperative relationship with Mexico, an ally and partner.

Laredo opposes the construction of a contiguous border wall, in particular in Laredo area, because any solution needs to prove it will solve the problem of security, illegal migration and the smuggling of drugs, cash and weapons in the most effective and efficient manner. At best, a wall is a partial solution. It is not the most effective and efficient use of federal dollars; it negatively impacts the environment and disregards private property rights.

Laredo appreciates the leadership of its public and private sector, as well as, the foresight the Texas delegation to look to reasonable and common-sense solutions by supporting a ***Smart Wall Solution*** that includes clearing the river bank fast-growing, invasive plant species in order to increase security and visibility, hiring more Customs inspectors to support and facilitate border crossings, upgrading the land ports of entry and hiring more immigration judges.

Background

1. North American Free Trade Agreement (NAFTA) trade has nearly quadrupled – up 250% - since 1993, and shows no sign of slowing. Texas has been the top U.S. exporting state for the last 15 years; and, the Laredo Customs District is the 2nd largest customs district in the United States, and accounts for 50 percent of all U.S./Mexico trade.

2. U.S. Customs and Border Protection (CBP), tasked with enforcing American immigration policy at its borders, is the largest federal law enforcement agency in the country. The federal government spends more on border and immigration enforcement than on all of the other federal law enforcement agencies combined. Today, this is nearly $20 billion per year—a 12-fold increase since the 1990s.

3. The U.S. government has spent $7 billion dollars building the existing fence, the majority since 2006 through legislation called the *Secure Fence Act*. The sections of the border that remain unfenced today largely fall into one of two categories: the Rio Grande River itself, or desert and mountainous areas.

4. As border security spending and staffing has multiplied, the number of undocumented immigrants coming to the United States has fallen. In 2000, the Border Patrol apprehended more than 1.6 million Mexican nationals attempting to cross the border into the U.S. without authorization. Recently, that number had fallen to about 300,000 —a reduction of over 80%.

5. In 2009, it was estimated that 6.4 million undocumented immigrants from Mexico were living in the United States, but by 2014 that number had fallen 9% to 5.8 million.

Solutions

1. Along most of the Texas and Mexico border, CBP seeks visibility of the river and access to the river. The salt cedar and Carrizo cane are invasive plants, and their density becomes a hiding place. This problem is solved by clearing up the riverbank along the Rio Grande. This would be enhanced with technology, including motion detectors, cameras and infrared sensors. Also, an all-weather river road, built to provide access to patrol the riverbank, could be constructed.

2. A review of existing immigration policy is necessary. The United States needs the labor of about a half million less-skilled workers every year to keep the economy growing. Americans are not filling these jobs – many found in the agricultural sector.

3. Another part of the solution falls on the judicial system which is inadequately staffed and funded. More immigration judges and courts are needed. Through October 2016, more than a half-million cases were awaiting adjudication in U.S. immigration courts. As immigration enforcement budgets have increased, funding and staffing for the immigration courts have lagged far behind. Border Patrol executives put the wait time at 1,000 days.

4. Laredo opposes a mandatory biometric exit system until the Congress has provided the necessary personnel, infrastructure and technology to handle CBP's current workload. CBP is understaffed to handle incoming traffic. At the international bridges in Texas, the infrastructure was not designed for departure inspections tracking an outgoing vehicle and pedestrian traffic with biometric systems.

The U.S. – Mexico Border by the Numbers:

1,989 miles Total length of border.

1,164 miles Length that the border and Rio Grande River are parallel.

653 miles Length of existing fence (one-third of border), in mostly California, Arizona and New Mexico.

33 percent Tribal or federally owned land.

67 percent State or privately owned land, almost all in Texas.

I-35/I-69 International Freight Gateway
FY 17-18 INFRA Freight Mobility Project

Prepared by Rolando G. Ortiz (Laredo Economic Development Corporation) & Elizabeth O'Connor & Gilberto Gamboa, (Laredo Board of Realtors) Infrastructure Sub Committee

REQUEST: The Chamber strongly supports the City of Laredo's INFRA Grant application for the Laredo I-35/ I-69W Improvements project. This project includes the final five (of eight) direct connectors between I-69W (formerly U.S. 59) and I-35 in north Laredo known as the "Milo" interchange. The Project also includes the addition of a 1.8 mile segment of I-69W to expanding capacity by adding one additional 12 foot main lane in each direction and widening to a 10-foot inside/outside shoulders. By completing the I-69/I-35 interchange and the direct connectors, this project will increase capacity on the Interstate 69W Loop (I-69) to and from the World Trade Bridge Port of Entry crossing to I-35. This project will alleviate congestion and foster trade and transportation growth along the Primary Highway Freight System, of which I-35 is a key element. The total cost is estimated to be $130 million of which, Laredo will fund $ 52 million as their participation towards the project. Laredo requests the $ 78 million balance to be funded by the Infra Grant. (See Exhibit "A")

BACKGROUND: With a population close to 270,000, Laredo is the third-most populated city on the U.S.-Mexico border and the largest Inland Port in the United States. Its economy thrives on commercial and industrial warehousing, transportation, imports and exports – every major U.S. third party logistics and trucking company has a local presence. Laredo boasts:

- The second largest Port in the nation handling land, rail and air with over $200 billion in total trade
- A direct connection to I-35 and I-69 in the United States, highway 85 in Mexico, and the only air cargo service with both U.S. and Mexican customs agents to pre-clear cargo flights destined for Mexico;
- Two Commercial international bridges that cross 16,000+ trucks per day – more than 50 percent of all trade between the U.S. and Mexico; and
- A railway bridge, serviced by Kansas City Southern and Union Pacific, which plays a significant role for automakers, whose supply chain moves car parts across the border at Laredo several times as it works its way to completion.

One of the nation's busiest trade corridors, Laredo connects the industrial markets in the Midwest, northeast, central states and even the western seaboard to Mexico.

ISSUE: Texas Jobs resulting from freight transportation are identified by the 2017 Texas Freight Mobility Plan as having a major economic impact. The Plan identifies 2.2 million direct jobs and1.3 million additional jobs; of these 3.5 million jobs', the truck transportation industry accounts for 52%. In fact, in the February 2017 Fiscal Notes publication, Texas Comptroller, Glenn Hegar identified the Laredo Port as handling 32% of all international trade in Texas, it creates 363,000 jobs and adds $52 billion dollars to the Texas gross domestic product.

This project will have national and regional impact by fostering employment, economic growth and will alleviate congestion on the I-35 Primary Highway Freight System as well as on U.S.59 and I-69W. This project would also improve freight travel times, resulting in shipper savings, reduced emissions, and improved safety by upgrading the interchange to current interstate standards. By completing the construction of all direct connectors, intersection traffic and freight bottlenecks will be alleviated.

Laredo is an important link in the local, State, National and International supply chain for all of the Americas.

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Skilled Workforce Development to Support Industrial Production in Depressed Border Regions

Prepared by Olivia Varela and Bill Green (Laredo Development Foundation) and Alma Acevedo (Logistics and Manufacturing Association) Manufacturing Sub Committee.

REQUEST: Create a productive industrial workforce by recruiting and vetting an existing pool of highly skilled, experienced talent from the abundant manufacturing base in our neighboring countries. Target specialized sectors such as engineering, technology and research, and other STEM-based careers that will immediately close the skills gaps found along the US-Mexico border. This will have a high impact toward productivity in predominantly low skilled areas along the border and generate binational cooperation for economically stable, sustainable, and more secure border regions.

BACKGROUND: Since WWII the U.S. has fallen from a 50% share of the global manufacturing market to a mere 20%. A study by the Boston Consulting Group, "estimates that reshored production… could create between 600,000 and 1 million direct manufacturing jobs by 2020." Laredo, Texas, a community of 266,000, sits on the US/Mexico border. In 2016, Laredo recorded a 32% poverty level, one of the highest in the country. Over 30% of the population is employed in the logistics and transportation industry at near minimum wage levels. Securing the border strengthens the border through talent development and retention and creates an economically viable and sustainable region. Our demographics make a strong play for the development of a highly competitive manufacturing industry targeting a higher skilled, higher paid workforce. A strategy, however, is needed to make it happen.

In a recent high-level dialogue between the US. and Mexico, a binational solution to challenges faced by communities of the four border states with Mexico addressed issues related to competitiveness, workforce development, and productivity. The US-Mexico Bilateral Agenda recommended "working in a coordinated manner to change the perception of the border to one of mutual and sustainable prosperity; and a focus on high-impact strategic actions to increase competitiveness, connectivity, economic growth and productivity".

ISSUE: A move toward higher value-added manufacturing industries requires a competent, skilled workforce.

The current shortage of workers to fill skilled factory jobs deflates productivity and curtails development and growth of the manufacturing industry. With the right policies, the U.S. can address the current shortage of experienced workers that can increase the potential for manufacturing by tapping into the experienced talent base that exists outside of the U.S. Targeting and vetting the existing talent pool will:

- Immediately fill the skilled labor gaps that exist along impoverished borders.
- Integrate training and apprenticeship programs to provide the necessary skills to local communities.
- Attract foreign investment incentivized by the availability of a skilled labor force and a "MADE IN AMERICA" designation.
- Provide a secure and productive option for immigration by means of a targeted and vetted talent pool while also promoting binational goodwill.
- Create a stronger, more secure border by generating job growth and economic stability in currently highly impoverished, low-skilled regions.

TRANSPORTATION

Laredo Motor Carriers Association supports The American Trucking Association And Urges Congress to Keep Interstate Commerce Moving

Clarify Preemption Under the FAAAA - Winter 2018

Position: Clarify the Federal Aviation Administration Authorization Act's preemption provision to ensure that current law extends to two areas: state meal and rest break requirements and state restrictions on "piece rate" pay practices. This clarification will ensure motor carriers can continue to operate efficiently and competitively, under nationally-uniform federal regulations, rather than being forced to adhere to a state-by-state patchwork of rules governing driver hours and pay practices.

Background: A little more than a decade after deregulating the trucking industry with the Motor Carrier Act of 1980, Congress further acted to promote efficiency in the trucking industry and preserve its deregulatory goals by enacting the Federal Aviation Administration Authorization Act (FAAAA) of 1994. This legislation included a preemption provision to advance market-driven services and productivity in the trucking industry and to facilitate interstate commerce by providing a uniform system of federal rules. Specifically, the provision provides for the express preemption of state laws related to the prices, routes, and services of motor carriers. The provision was necessary to preclude a potential patchwork of state laws that could thwart motor carrier efficiencies to be gained by engaging in a standard, uniform way of doing business.

As Congress observed when it enacted the FAAAA, "the sheer diversity of [state] regulatory schemes is a huge problem for national and regional carriers attempting to conduct a standard way of doing business." Congress determined that allowing states to impose their individual policy preferences on the trucking industry "causes significant inefficiencies, increased costs, reduction of competition, inhibition of innovation and technology and curtails the expansion of markets." Moreover, the Supreme Court has made clear, in interpreting this provision in other contexts, that the language chosen by Congress reflects a very broad preemptive purpose, regardless of whether the effect on carrier prices, routes, or services is direct or indirect, as long as the effect is more than tenuous or remote. Nevertheless, the Ninth Circuit court issued a ruling in 2014 that narrows the preemption provision, effectively changing the scope of the law, and the Supreme Court chose not to hear the particular case. Therefore, legislative action is needed to clarify the law.

Impact: Without uniform federal laws and regulations governing motor carriers, multiple layers of rules threaten to impair and impede the movement of freight throughout the country, creating a substantially burdensome and redundant system of rules for operation.

Solution: ATA supports amending the FAAAA preemption provision with a sensible, targeted approach to clarify the law's scope. Such a clarification will allow trucking companies to continue to provide the level of service that the Federal Motor Carrier Safety Administration (FMCSA) has determined is consistent with safe operations and driver welfare. At this time, language to address the meal/rest break portion of the issue resides in the Senate FAA Reauthorization bill (S.1405), with the current FAA extension set to expire on March 30, 2018. Additionally, language addressing the meal/rest break and effective date of 1994 is currently included in the House-passed Transportation, Housing & Urban

Development (THUD) appropriations bill (H.R.3354), with the final FY18 funding package unresolved at this time. With both legislative deadlines vehicles requiring attention in the near term, Congress will have opportunities to resolve this issue, and ATA urges swift action to clarify the federal preemption of interstate commerce.

The Laredo Motor Carriers Association supports The American Trucking Association and Urges the Need For Transportation Infrastructure Funding

Need for long-term solution to the Highway Trust Fund - Winter 2018

Position: The American Trucking Association strongly supports the need for adequate, long-term, stable and sustainable funding for the federal-aid highway program, including an increase in the fuel tax.

Background: Since 2008, the federal Highway Trust Fund (HTF) has experienced consistent funding shortfalls requiring $140 billion in general funds subsidies over and above income from highway user fees to avoid radical cuts in the federal-aid program. This lack of stable funding has forced states to delay or cancel critical highway projects, and has prevented them from fixing bottlenecks that are a significant cause of highway congestion.

Income and expenditure projections suggest that the HTF will likely have sufficient revenue to support the federal-aid highway program through the life of the FAST Act (2020). However, unanticipated reductions in income, expenditures more rapid than projected and/or a failure to pass new authorizing legislation in a timely manner could necessitate passage of legislation authorizing funding bailouts from the General Fund.

In the fall of 2016, then-candidate Trump's campaign pledge to introduce a 10-year $1 trillion infrastructure funding proposal compelled ATA to establish an Infrastructure Funding Task Force to evaluate all potential sources of funding for our roads and bridges. This Task Force supports a user fee increase as the easiest and most direct way to raise revenue for our highway system. Ultimately, the Task Force, along with ATA, wants to be a resource for the Trump Administration and Congress as they work to identify solutions to our Nation's infrastructure challenges.

Impact: The lack of adequate investment in highways has resulted in a deteriorating and highly congested network. Two-thirds of highways are in poor to mediocre condition. Ten percent of bridges are structurally obsolete and congestion on the National Highway System alone cost the trucking industry more than $63 billion in 2015 and wasted nearly 1 billion hours, equivalent to more than 362,000 drivers sitting idle for a full working year. The lack of long-term, stable funding prevents states from addressing major bottlenecks, which often require a significant, long-term commitment of resources. Further, this lack of investment is having a real, and increasing impact on the cost of goods that Americans buy every day.

Solution: ATA supports implementation of a "Build America Fee," a 20 cent fee on fuel sold at the terminal rack phased in over four years, with annual indexation to account for inflation and improvements in vehicle fuel efficiency. The revenue would be used to prevent the HTF from collapsing, and to make strategic investments in critical highway bottleneck projects. Due to the lack of funding from traditional sources, state and local governments increasingly rely on alternative revenue streams, such as tolls. While they are an inefficient method for funding highway projects and should be avoided if possible, ATA does not oppose toll financing for new capacity. We do, however, vehemently oppose tolls on existing Interstate lanes and support removing existing federal authority given to states that allow tolls on existing Interstates under certain circumstances. Furthermore, ATA opposes “asset recycling” of highways, under which public highways are leased or sold to the highest bidder and toll road users are forced to subsidize projects and programs from which they receive little or no benefit.

Trade *And its Impact on the Trucking Industry and Nation's Supply Chain*

Position: The Laredo Motor Carriers Association supports free trade, including the North American Free Trade Agreement (NAFTA) and the Department of Transportation's cross-border trucking program.

Background: Trade and trucking are synonymous, and the increased movement of freight across the northern and southern borders yields more good-paying jobs and growth in American companies.

Since 1995, the U.S. has been in a trade bloc agreement with Mexico and Canada through NAFTA . Data shows that the U.S. trucking industry is a large beneficiary of NAFTA. Since 1995, the value of goods traveling via truck across both the northern and southern boarders jumped 164% and totaled nearly $700 billion in 2016. This increase in trade has created or supported tens of thousands of jobs in the United States, with motor carriers, suppliers, and shippers, underscoring the benefits of free trade.

In 2016, truck transported exports to Canada, as measured by the value of the goods, was 55% of total truck transported trade with the country. U.S. truck transported exports to Mexico, as measured by the value of the goods, was 43% of total truck transported trade across the southern border.

Impact: Trucks haul roughly 70% of the nation's freight tonnage and move 71% of goods across the Canadian border and 82% of goods across the Mexican border compared to other modes of surface transportation. The value of goods traded with Canada transported by truck equaled $327.2 billion in 2016, 76% more than in 1995 when NAFTA was enacted. It required nearly 5.9 million truck movements across the U.S.—Canadian border to haul the $327.2 billion worth of merchandise. This truck-transported trade with Canada supports 20,234 U.S. trucking jobs, including more than 13,000 truck drivers, and generates $2.83 billion in annual revenue for the trucking industry.

In 2016, trucks moved $372.8 billion in merchandise across the Mexican border, which equates to 372% more than in 1995. Today, trucks haul 82% of the value of goods moving across the southern border via surface transportation. In 2016, this required 5.8 million truck movements across the U.S.—Mexican border. Annually, trade with Mexico moved by truck supports nearly 26,000 direct jobs in the U.S. trucking industry, including more than 17,000 U.S. truck drivers, and generates $3.7 billion in annual revenue to U.S. trucking companies. These analyses for Mexico and Canada do not take into account secondary benefits to other U.S. industries, like truck and trailer manufacturers and truck stops.

Any change in restricting trade between Mexico and Canada could be detrimental to the cross-border industry.

Solution: LMCA will support any trade policy that helps create good-paying American jobs and the trucking industry.

For more information, please contact: ATA Legislative Affairs at 202-544-6245.

Workforce Development- January 2018

The American Trucking Association along with The Laredo Motor Carriers Association urges you to support efforts to help our industry recruit, train, and retain younger drivers in order to relieve our driver shortage and replenish our aging workforce.

Background: In 2015, the trucking industry was short 48,000 drivers. If current trends hold, the trucking industry will need to hire 890,000 new drivers by 2024 to keep up with demand, taking in to account retirement and retention. In an ATA study, 90 percent of for-hire truckload carriers reported difficulty in recruiting drivers capable of meeting the U.S. Department of Transportation driver qualification requirements.

Younger drivers in particular are needed in our industry: the median age of an over-the-road truck driver is 49—7 years older than the average U.S. worker—whereas the median age of private fleet drivers is even higher at 52. In addition, 55 percent of the trucking workforce is over the age of 45. Only 4 percent is between the ages of 20 and 24. However, the fact that a commercial motor vehicle (CMV) driver must be at least 21 years old to drive a truck *across* state lines—even though the minimum age to operate a CMV *within* state lines is 18—makes it exceedingly difficult to recruit younger drivers, because candidates under 21 often obtain employment in other industries to start their careers at a younger age. On top of this barrier to entry, insurance companies commonly require that a driver have at least two years of experience in order to be insured.

Issues: Below are specific issues that ATA requests your assistance in resolving.

The WHEEL Act (18-21 Year Old Drivers): The 2015 FAST Act required that FMCSA establish a pilot program to study the safety of allowing younger drivers to operate in interstate commerce. However, this provision restricted participation in the pilot to active duty or recently retired military personnel whose military occupation classification was driving a truck. This provision severely reduced the available pool of drivers. Accordingly, ATA believes that this pilot program should be expanded to allow civilian drivers under the age of 21 to participate. In September, Rep. Claudia Tenney (R-NY), introduced H.R. 3889, the Waiving Hindrances to Economic Enterprise and Labor Act (WHEEL Act), which would expand the FAST Act pilot program to include civilian drivers younger than 21, who have a Commercial Driver's License (CDL), a clean driving record, and a certification of completion from a qualified training program. Expanding the pilot program in this manner would enable more qualified individuals to participate and generate more robust and accurate data for FMCSA to review—all the while upholding rigorous safety and training standards.

Apprenticeships: ATA would like to see the creation of an apprenticeship program that would train and allow qualified 18-21 year old CDL holders to operate CMVs in interstate commerce. ATA also strongly supports continued federal investment in the U.S. Department of Labor's apprenticeship programs. Given the historic bipartisan support for apprenticeships and the significant potential that they hold as a workforce development tool, ATA urges Congress and the Administration to continue working together to promote the expansion of apprenticeships in the trucking industry.

<u>Skills-Testing Delays:</u> In 2015, the Government Accountability Office found that 15 states have CDL skills-testing delays that make students wait for more than 14 days to take their CDL exam. In some states, individuals had to wait two to three months before being able to take the CDL exam. Many CDL applicants are not in a financial position to wait extended periods of time to take a licensing exam upon which their careers depend. ATA believes that states should allow independent third parties to conduct testing in a timely manner, or failing that, reduce the skills-testing wait-time to a maximum of 7 days.

<u>Outreach to Veterans and Opportunity Youth</u>: Trucking offers a pathway to the middle-class. In addition most motor carriers offer health insurance benefits to drivers despite not being legally required to do so. ATA requests your help in training veterans and youth who are neither in school nor employed.

Twenty First Century Border Management Cross-border Bridge That Creates Jobs and Growth

Prepared by Francisco Marquez and Glafiro Montemayor (Asociacion de Empresarios Mexicanos- USA) Webb County – Adelaido Uribe, and City of Laredo and Webb County RMA Ruben Soto

REQUEST: Within the framework of both the Federal Infrastructure program and the Laredo Chamber of Commerce, a core priority is to encourage and engage the private sector and governments through the use of Public Private Partnership mechanisms to develop a positive long-term vision for cooperation to foster Laredo Texas and United States growth and competitiveness. In that sense this ***Chamber supports the construction of the new international bridge No. 5 for Laredo.*** In addition to alleviate congestion and pollution caused by commercial and light traffic at the other existing ports-of-entry, it will help stem the deterioration of United States competitiveness in trade and will create a diverse range of new employment opportunities for the citizens of Laredo, TX.

The project is sponsored in the United States by the City of Laredo, Webb County and The Webb County & City of Laredo Regional Mobility Authority. In Mexico the Secretaria de Comunicaciones y Transportes (SCT) (Mexico's counterpart of U.S. Department of Transportation) will be the lead sponsor for the project. The proposed location is land owned by "The D.D. Hachar Charitable Trust Foundation of Laredo, Texas."

Background: The Laredo economy thrives on commercial and industrial warehousing, transportation, imports and exports – every major U.S. third party logistics and trucking company has a local presence.

Laredo boasts:

- The third largest U.S. Customs District in the nation after Los Angeles and New York, handling over $284 billion in total trade – more than the districts in Southern California, Arizona, New Mexico and West Texas *combined*;
- A direct access to highways I-35, I-69, I-359 and US-83 in the United States, highways Mex-85, Mex-2 in Mexico, and the only air cargo service with both U.S. and Mexican customs agents to pre-clear cargo flights destined for Mexico;
- Two international bridges that cross 16,000+ trucks per day – more than 40 percent of all trade between the U.S. and Mexico; and
- A railway bridge, serviced by Kansas City Southern and Union Pacific, which plays a significant role moving agriculture and produce, as well as heavy industry and finished goods to Mexican and South American markets.

One of the nation's busiest trade corridors, Laredo connects the industrial markets in the Midwest, northeast, central states and even the western seaboard to Mexico.

Issue: In late 2012, the U.S. Federal government sought and funded through the US-Mexico joint working committee (JIT) on planning and transport, an evaluation of all transport projects and binational and border crossings along the Texas border with Coahuila, Nuevo Leon and Tamaulipas.

- This study was named **"The Border Master Plan"**, its objective was to assess, inventory and prioritize projects along the US-Mexico border, based purely on its merit, regardless of political variables, or other subjective factors.
- The focus of the study was in the categories of congestion / capacity, demand, cost effectiveness / home preparedness, security, environmental impacts, and regional economic impacts.
- The rating entities of this study were authorities from federal, state and local governments, (GSA General Services Administration, Department of State DOS, Federal Highway Administration FHWA, Homeland Security DHS, Customs and Border Protection CBP, International Boundary and Water IBWC Commission, Federal Motor Carrier Safety Administration and FMCSA, TxDOT, City of Laredo Texas, Webb County) and their Mexican counterparts.
- The new international bridge No. 5 for Laredo **ranked 1st in this plan, in POE (Ports of Entry) and Roads categories both in Mexico and the U.S.**
- Of over 200 projects evaluated, the projects ranked first in both the United States and Mexico, were related to a proposed new International Bridge 5 in Laredo Texas, and their respective interconnections to highways US-83, IH-69 and Mex-85, in the category of international crossings and highways respectively.
- More information:

http://www.borderplanning.fhwa.dot.gov/documents/LaredoBMP_Report_Exec_Sum.pdf

Advantages of this new international bridge

Promoting competitiveness, better environment quality and connectivity

- Eliminating backlogs at the most important commercial border crossing between Mexico and the United States.
- Increased competitiveness in the logistics chain and certainty on the times of import-export and delivery of consumer goods at the centers of consumption and production (Just in Time)
- Better connectivity of existing roads
- It will alleviate air pollutants caused by the idling tractors and cars waiting to cross the border for long periods of time at the current bridges. (Results by: Texas Transportation Institute, Texas A&M)

- Promote and attract private investments benefiting our national competitiveness in our role as the premier logistic hub of the United States.
- Since this bridge will be the prototype of “The border of the twenty first century”, an area of immigration and inspection for joint offices is planned, which will:
  - ✓ Raise comfort and speed in processing tourists, while increasing binational security with the use of specialized detection equipment for: smuggling weapons, money, drugs and human traffic
  - ✓ Increase competitiveness and speed in processing each container
  - ✓ Reduce personnel, costs, and equipment used by Federal agencies of both countries
  - ✓ Joint inspection Port of Entry (U.S. and Mexico); Motto” Inspected once, accepted twice”

No action consequences

- Today’s value of losses due to wait times are in the order of **USD $3,650 million** (Woodrow Wilson International Center, “Working together”, Economic ties between the U.S. and Mexico, p-31).
- It is estimated that by 2020, the losses will have increased to the order of USD **$5,880 million** (Bloomberg Government, BOGV analysis “A Balanced border”, Author: Matthew Hummer”). http://www.borderplanning.fhwa.dot.gov/documents/LaredoBMP_Report_Exec_Sum.pdf

NAFTA Revisited

Prepared by Miguel A. Conchas, President/CEO of the Laredo Chamber of Commerce

As early as 1993, while Congress was debating passage of the North American Free Trade Agreement, the leadership of the Laredo Chamber of Commerce adopted a position in support of the three-country trade agreement. Given Laredo's geographical location at a key crossing point on the U.S. southern border, and an established connection with trade counterparts on the Mexican side, visionaries within the Chamber realized the potential looming on the horizon. In the fall of that year, a delegation representative of its membership, traveled to the nation's capital and lobbied for its support.

Travel twenty-four years into the future, and although maligned by critics, the North American Free Trade Agreement has brought for America an increase in exports of agricultural, dairy, beef and energy-related products; a reawakening of the auto industry as manufacturing plants create components for companies once thought lost to Asia and other countries; and creation of jobs in transportation, logistics and technological fields. Amazingly, the positive impact of NAFTA is not only relegated to states located along the northern and southern borders, but extends to states in the Midwest and Southeast. This economic impact is well evidenced in figures generated by the Federal Reserve Bank, the U.S. Department of Commerce, the U.S. Bureau of Labor Statistics, the U.S. Department of Agriculture, and private organizations such as the U.S. Chamber of Commerce, the Business Roundtable and the Wilson Center.

The Board of Directors of the Laredo Chamber of Commerce in 1993 adopted a resolution in support of passage of the North American Free Trade Agreement. In 2016, faced with the prospect of a renegotiation of the agreement, and fully convinced of its worth, the Board of the Laredo Chamber once more reestablished its support for the agreement by re-adopting a resolution urging a speedy renegotiation.

The attached document was produced in 2016 by the Laredo Chamber of Commerce as a position paper in support of a positive resolution to the renegotiation process. Its figures have been updated to include the latest data available; otherwise, it continues to express the Chamber's continued support for NAFTA.

NAFTA RENEGOTIATION

On May 18 of this past year, President Donald Trump, submitted a letter to the U.S. Congress formally notifying them of the administration's intent to renegotiate NAFTA. The letter itself served to trigger a 90-day waiting period prior to the initiation of talks between negotiators of the three North American countries. On August 16, after much anticipation, the first round of talks began in Washington, DC. Subsequent meetings during the next few months, extending into the new year, followed in Mexico City, Ottawa, Washington and Mexico City again, and Montreal.

Representatives of the three participating countries were in agreement from the start that, given its age, pending differences, and advancements in technology, tweaking of the agreement was in order. However, a strong posture from U.S. negotiators led by Trade Representative Robert Lighthizer, in response to President Trump's campaign promises, have made the negotiations problematic. In particular, U.S. negotiators have held firm on demands to increase regional auto content requirements, elimination of the current NAFTA dispute requirements and inclusion of a “sunset” clause for revision of the treaty every five years. Although progress has been slow, one bright spot following the 6th round of negotiations was a declaration by Lighthizer that President Trump has opted for asking Congress for renewal of TPA (Trade Promotion Authority), legislation which allows for an up or down vote from Congress once the negotiation process has been completed.

WITHDRAWAL FROM NAFTA: IMPACT TO THE U.S. ECONOMY

Arguments in support of NAFTA have been substantiated by different studies and reports prepared by reputable organizations ranging from the Federal Reserve Bank to the U.S. Chamber of Commerce (the attached paper documents a number of these). These studies present collections of data that substantiate the impact to American industry and the national economy should the United States opt to withdraw from NAFTA. On January 23, 2018, the Business Roundtable, an association of CEO’s of leading U.S. companies, released a study titled Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output, that offers a slightly different perspective. This study analyses the impact of reinstituting high tariff costs on American industry and its labor force.

The study concludes that a withdrawal from NAFTA would:

- *Reduce U.S. exports to Canada and Mexico by 17.4 percent each and lower American companies' global exports by 2.5 percent, as higher tariffs make American companies less competitive in the global market.*
- *Diminish American households' purchasing power by almost $654 per household due to higher prices and lower wages caused by increased tariffs.*
- *Shift economic activity away from North America and toward our economic competitors, including China, which would experience a GDP increase of 0.2 percent and a 2 million increase in employment.*

SOURCE: Terminating NAFTA: The National and State-by-State Impacts on Jobs, Exports and Output, Prepared by Trade Partnership Worldwide, LLC, January 2018.
https://businessroundtable.org/sites/default/files/NAFTA%20Termination%20Impact%20FINAL_0.PDF

Based on the growth in employment and the economic impact the City of Laredo experienced over the last two decades as a result of NAFTA, the Laredo Chamber of Commerce concurs with the conclusions of the Business Roundtable study.

Why NAFTA?

THE BENEFITS OF NAFTA TO THE LAREDO PORT OF ENTRY AND THE COUNTRY AT LARGE BY FAR OUTWEIGH ANY SHORTCOMINGS

Prepared by Miguel A. Conchas, President/CEO of the Laredo Chamber of Commerce

The North American Free Trade Agreement, commonly known as NAFTA, was approved by the governments of the United States, Canada and Mexico in the latter part of 1993 and took effect in January of the following year. While supporters of the pact in this country saw the elimination of tariffs in most products traded among the three countries as a boost for trade and of benefit to the same, from the start opponents argued that benefits to Mexico, whose per capita income was way below the other two, would result to the detriment of the United States'. Twenty-four years later, while growth in trade and its impact on the economies of the three countries is well documented – i.e., trade among the three countries increased from approximately $300 billion in 1993 to over $1.3 trillion in 2016, bringing along with it an increase in cross-border investment – there are those that argue that any benefits gained are outweighed by an imbalance in trade and outsourcing of jobs. Sadly, from the point of negotiation of the treaty back in the early 90's, opponents of the treaty chose to place blame for the many ills affecting U.S. manufacturing on the treaty itself. It did not matter that much of the outsourcing was going overseas or that, as many economists agree, the true impact to U.S. industry was the result of globalization and automation. NAFTA became an easy target for workers unions and political foes and, for all practical purposes, the scapegoat for those politically opposed to free trade.

Is elimination of NAFTA the answer to America's problems in 2018? Will elimination of the treaty bring back jobs to U.S. manufacturing plants and return workers to salaries of the past? Will the absence of NAFTA diminish a current imbalance of trade?

The answers to these questions are debatable. What has to be recognized is that while some American industries have been affected with loss of jobs in certain regions of the country (whether one attributes this to NAFTA or to other factors), other regions have gained as new opportunities have arisen. Southern and "sun belt" states, with Texas in particular, and the region along the U.S.-Mexico border have seen a marked impact in job creation, in trade opportunities, and in their economies in general, over the last two decades. The state of Texas has become the top exporter state in the nation over the last two decades, while communities, such as Laredo, Texas, have experienced a marked pattern of growth in trade and related industries.

As of the end of 2016, the Laredo Customs District (which extends from Brownsville on the eastern edge to Del Rio on the west) is ranked as the third largest in volume of trade processed – the ports of Los Angeles/Long Beach and New York being first and second. It should be noted, however, that the port of Laredo independently processes more volume of cargo than any other land, sea or air port, including New York JFK. In 2015, the Laredo Port of Entry customs district witnessed an astounding $284.3 Billion in trade – an increase of 1.6 percent (over the previous year) while the rest of the country experienced a 5.59 percent drop. $273.55 Billion, the lion's share of this amount, reflected trade with Mexico. Although the port experienced a slight drop of 2.7 percent in 2016 – to $283.18 Billion – exports amount to between 42 and 44 cents of every dollar (the national average is 40 percent). The port of Laredo accounts for more than 50 percent of all U.S. trade with Mexico

Impact of the North American Free Trade Agreement to the State of Texas:

- Texas is the one state in the union that has benefitted the most from NAFTA as reflected in the following points: 48% of Texas exports are destined to NAFTA partners and these generate $122 billion in revenue
- Texas exports totaled $247 billion in 2015 (top exporter state in the nation)
- 75 percent of U.S.-Mexico overland trade (approx. $343 billion in 2015) crosses through a Texas port of entry
- Exports of manufactured goods supported an estimated 990,000 jobs in Texas in 2015
- From 1994 to 2015, Texas exports grew 13 percent per year, while the rest of the country grew 6 percent per year
- Texas exports to Mexico grew 236 percent from 1994 to 2015, while exports for the rest of the country grew 116 percent
- Mexico is Texas' most important market accounting for more than 40 percent of exports in 2016

(SOURCE: Federal Reserve Bank of Dallas; U.S. Chamber of Commerce)

Impact of the North American Free Trade Agreement on the city of Laredo

Historically, the South Texas area (the region south of I-10) and counties lying along the U.S.-Mexico border, in particular, trailed the rest of the state in every demographic track. In 1989, then State Comptroller John Sharp published a study stating that "if the Border were a state it would have the highest unemployment rate in the nation." The Federal Reserve Bank of Dallas/El Paso lists the average unemployment rate for Laredo and Webb County between 1980 and 1993 at 14 percent. Yet, by 2017, Laredo's unemployment rate dropped to figures below 5 percent – well in line with (or below) state and national averages.

During the twenty-two years that followed the implementation of NAFTA, Laredo saw its population almost double from 122,899, as per the 1990 census, to 236,091, as per the 2010 census (currently projected at 260,000). Its labor force grew from 57,848 in 1994 to 115,000 at the end of 2017. During this span of time, the number of commercial crossings (by truck) over Laredo's international bridges grew from 1.5 million in 1994 to 4.18 million in 2016 – an increase of over 179 percent; the total number of imports/exports processed by the Laredo Port of Entry grew from $30 Billion in 1995 to $283.18 Billion in 2016.

Laredo's retail trade, heavily dependent on Mexican shoppers (the Federal Bank of Dallas estimates that approximately 40 percent of retail sales are attributed to Mexican nationals), has also experienced marked growth in the last two decades. Totaling $1.9 Billion in 1994, retail sales for the city exceeded $3.6 Billion by the end of 2015 (in 2016 the total retail sales figure dropped to 3.35 Billion, given a devaluation of the Mexican peso). Thus, as Laredo's labor force grew and its purchasing power strengthened, so did the strength of the economy for cities on the Mexican side of the Border, which indirectly impacted the city's retail industry.

As Laredo benefitted from growing industries in the import/export/transportation and retail areas during the last two decades, it was also able to capitalize on other sectors previously underserved. Its healthcare industry has gradually developed and the city's quality of life experienced a 180 degree turn. The city boasts of improved medical care, new university and community college campuses, and a variety of entertainment venues -- all post-NAFTA.

Significance of a Strong Laredo Port of Entry for the Nation

The question then remains – so NAFTA benefits Laredo and Texas, but what about the rest of the nation? In the estimation of the Laredo Chamber of Commerce, the benefits of the North American Free Trade Agreement to U.S. industry and the country's economy by far outweigh any limitations as evidenced by the following points:

- NAFTA products create jobs in the three participating countries, not necessarily at the expense of one another. While some components are manufactured in one of the three NAFTA countries, assembly or partial assembly of a final product may take place in another. Particular parts may be built in the U.S. and/or Canada and shipped to Mexico for assembly, or vice versa. Some products cross the border several times before the final assembly is completed.
- An improved Mexican economy benefits the NAFTA partnership. While the Mexican economy has experienced a few setbacks in the last two decades, overall it is a stable growing economy. The Federal Bank of Dallas concludes that job creation on cities on the Mexican side of the Border tends to result as a benefit for their counterparts on the Texas side, i.e., in the case of Laredo the FED Bank estimates a 4.6 increase in employment for a 10 percent increase in manufacturing on the Mexican side.
- Products coming from Mexico crossing through the Laredo port of entry are not destined for this community, as are not products coming from U.S. markets. Given Laredo's strategic location they are shipped through this port, processed and move on to destinations in Mexico, or to manufacturing and assembly plants throughout the continental United States. Efficient flow of traffic across Laredo's bridges guarantees *just-in-time* delivery of product to/from plants and markets across all 48 continental states.
- In addition, a comprehensive economic study conducted by the U.S. Chamber of Commerce concluded that trade with Canada and Mexico supports nearly 14 million U.S. jobs, and nearly 5 million of these net jobs are supported by the increase in trade generated by NAFTA.

Given this set of circumstances, the Laredo Chamber of Commerce attributes the growth in its economy, the creation of jobs, and the positive impact on the community as a whole over the last twenty-two years directly and indirectly to the implementation of the North American Free Trade Agreement. **While the Laredo Chamber recognizes that certain aspects of the North American Free Trade Agreement, which is now entering its 23rd year, may be in need of revision, it fully support its continuation.**