



Bulletin

August 26, 2021

I was fortunate to represent the coalition at **the North American Development Bank's 25th Border Environmental Forum XXV** in San Antonio last week (<https://www.nadb.org/knowledge-resources/events/xxv-border-environmental-forum>), and was impressed by the high-level speakers, ideas, and possibilities that came out of the discussions. I had the pleasure of speaking at length with **President López Obrador's** Northern Border appointee, **Pedro Romero Torres**, about the Mexican federal government's objectives for the future of the border, primarily the Baja California region. I was also involved in a number of side conversations about water and mobility with key NADB officers.

Mexican Ambassador to the United States Esteban Moctezuma opened the forum and reminded the audience that the combined U.S.-Mexico border states represent the fourth-largest economy in the world and that 80% of all U.S.-Mexico trade transits through 56 ports at an average rate of \$1.5 billion per day in value, not to mention the 1.6 million daily crossers. He emphasized the “need to create intelligent cities on the border” but recognized the stark reality that 80% of border cities have water sanitation problems.

In the **Investment Opportunities in the Current Environment** panel, **Pedro Romero** pointed out several infrastructure projects in key border cities but stressed that NADB will be not able to provide enough resources to invest in the future of border business, e.g., intelligent manufacturing, advanced robotics, sensors, the internet of things, algae production on our coasts, and restoration of water resources.

I enjoyed listening to Mexico's **Undersecretary of Economy, Luz Maria de la Mora**, talking about the United States-Mexico-Canada Agreement (USMCA) and the integration of a greener economy. She made it clear, as did **Gerry Schwebel** of the **International Bank of Commerce** (<https://www.ibt.com/>), that the USMCA is a framework agreement that will not solve all our problems. Integration is here to stay, but institution building will be the most critical part. Supporting small- and medium-size businesses to benefit from North American integration should also be a priority. In addition, social and environmental agendas must be part of any border project seeking funding.

In most of our conversations, it seemed that the greatest challenge is political will. I and so many have found that extracting commitments from local, state, and federal governments to do things is the most difficult part of any project, particularly at the border.

President Biden appointed **Maria Elena Giner** to serve as the U.S. **Commissioner of the International Boundary and Water Commission**, United States and Mexico (IBWC). The organization's charter is to provide solutions to issues that arise from the application of U.S.-Mexico treaties on boundaries, ownership of waters, sanitation, water quality and flood control in the border region.

Maria Elena has been a border champion since she was General Manager of the Border Environment Cooperation Commission. She is the second woman and first Latina to hold the post. Our coalition wrote her a recommendation letter some months ago, and I know that many other organizations, including the **Border Philanthropy Partnership**, of which she was a board member, voiced their support.

I am very confident that Maria Elena will do an outstanding job!

The **Tijuana Development Council** launched the first part of what will be its wait times monitoring pilot. This phase involves software development for

the information collected from WiFi readers on the Mexican approaches to the San Ysidro Port of Entry. The pilot will go live in October and continue for three months.

Along those lines, **U.S. Customs and Border Protection** should start receiving much more accurate northbound port of entry wait time information from the Mexican federal **Ministry of Communications and Transportation (SCT)**, starting this month. As I have stated in other bulletins, the SCT has built several WiFi stations in the port lane area and beyond to capture travel times anonymously.

A very credible source informed me that the San Diego **Metropolitan Transportation System (MTS)** is not in a position to manage the binational cross-border Tecate Rail revival project on its own and is seriously considering handing the baton to the **California Department of Transportation (Caltrans)** or the **San Diego Association of Governments (SANDAG)**. MTS would expect a new public-private partnership to emerge from this.

The restored rail link would provide a direct tie to the U.S. rail network to the east. But as I have stated several times, this cargo rail opportunity combining the Desert Line and the Tijuana-Tecate railroad will go unfulfilled so long as the U.S. side and the State of Baja California do not prioritize it. I believe there is a business case for rail in this region, but advocacy for it is weak to non-existent.

Our region has seen many lost opportunities associated with this project due to speculation and misuse of funds, and right now it appears this will continue. If Caltrans and SANDAG do take the lead in giving cross-border rail the importance it deserves, maybe Governor Ávila and her team will see it as a feather in their cap.

The former Mexican **Under Secretary of the Communications and Transportation ministry (SCT), Jorge Alvarez Hoth**, unveiled plans for the “**Baja California Express**”, a light rail option with seven stations in Tijuana with the potential to take 43,000 vehicles off the streets. The Stage One investment is \$140 million U.S. dollars. The first passengers will be using the line in August 2023.

I trust that what Alvarez Hoth is proposing is seen as part of a larger mobility plan where various modes of transportation work together to make city mobility more efficient.

Regional leaders must creatively take on the problems of water scarcity and energy reliability. Baja California is due for innovative ways to treat and reuse water and generate power independently of fossil fuels.

Sempra and its Mexican subsidiary, **IEnova**, are well positioned to lead the energy revolution in the CaliBaja region. Their investments in liquefied natural gas facilities, LNG conversion, wind energy, and natural gas conduction will make Baja less reliant on fossil fuels.

Much of the energy revolution will rely on synergies between companies like Sempra and IEnova and up-and-coming actors in the electric vehicle (EV) world such as **Beam Global** (<https://beamforall.com/>). I had the pleasure of meeting its CEO, **Desmond Wheatly**. His company features sustainable EV charging stations that municipalities around the U.S. are finding practical.

Beam Global’s San Diego operation has been building the stations, but Wheatly predicts that over the next 10 years demand will skyrocket as EV mandates come due. He believes the San Diego manufacturing facility will not keep up with demand, potentially making manufacturing in Baja California an option.

Sempra and IEnova could work with Beam to take the lead in offering fleets of EVs at a discount to Baja California workers. An effort like this could start an EV revolution in Mexico.

I had several meetings with **Francisco Rubio**, president of the **Tijuana Business Council** (Consejo Coordinador Empresarial, <http://www.ccetijuana.org/>), the city's most prestigious and important business organization role, as it represents 17 chambers, including commerce, construction, technology, development, housing, manufacturing, and gastronomy.

Francisco is the council's youngest-ever president. He is practical, down-to-earth, and a clear ally of any cross-border business and development effort. He has experience in real estate and winemaking.

Rafael Fernández de Castro, director of the **Center for U.S.-Mexican Studies** at UCSD launched a summer program on **“U.S. Political Institutions and U.S.-Mexico Relations.”** The level of panelists and professors he has been able to convene continues to amaze me, from the former head of the OECD **Angel Gurría**, to ambassadors **Davidow**, **Sarukhan**, and **Bárcena**, San Diego Mayor **Todd Gloria**, former presidential candidate **José Antonio Meade**, **Santiago Levy** of the Brookings Institution and **Caroline Freund**, new Global Policy School dean at UCSD.

I have been attending some of the discussions and have interacted with students. I have found their level of preparedness very high for the most part and been impressed with their level of engagement.

As part of the **Center for U.S.-Mexican Studies** summer program mentioned above, former ambassador to the U.S. **Martha Bárcena** did not mince words when stating that the Mexican federal government is unclear on what it wants to do at the border. Mexico lacks clarity on its aims in various key areas: security, migration, infrastructure, scientific collaboration, supply chains, and commerce/investment.

The priorities in the U.S.-Mexico relationship should be USMCA implementation, reshoring of supply chains, migration, and security and law enforcement dialogue. However, we cannot view USMCA as the solution to all our challenges. It is a framework that can guide us to work together and resolve our differences.

She highlighted the need to erase the view of the border as a problematic region and to prioritize border infrastructure as an example of innovation and creativity to the world.

The coalition and UCSD's Rady School of Management are preparing the third iteration of the **Border Innovation Challenge**. We are tentatively looking at dates in the October through December period. More on this to follow, as we create a more global call for ideas and projects.

I have come to respect Congressman **Henry Cuellar** of Texas. Cuellar was a speaker at the Wilson Center and Border Trade Alliance yearly border conference last week. Both organizations come together in Washington, D.C. and bring expert panelists to discuss border status and needs. The Texan stated that our binational institutional relationship IS being tested.

He stated that there are contradictions in allowing Mexican nationals to travel by airline across the border while we continue with restrictions to "non-essential" travel at land ports. Mexicans spend \$19 billion each year along the U.S. side of the border.

Cuellar is working diligently with a lot of Border Trade Alliance input on the **"Land Port of Entry Modernization Trust Fund,"** (<https://www.congress.gov/bill/117th-congress/house-bill/3028/actions?r=1&s=1>) which he sees as necessary to keep the borders secure yet efficient.

I would ask our congressional delegation to be as persistent and vociferous about border needs as Congressman Cuellar has been.

The **City of San Diego International Affairs Board**, on which I am privileged to have a seat, had its August meeting on the twelfth. Mayor Gloria continues to

be an outspoken critic of the current border restrictions, appearing on CNN and other major media outlets. At the meeting members enjoyed a presentation of San Diego's Climate Action Plan, which continues to gain admirers locally and in cities around the world (www.sandiego.gov/sites/default/files/final_july_2016_cap.pdf).

The **Latino** presence at the voting booth has been particularly strong in California as of late. From 2016 to 2020 there was a 30% growth in the Latino vote, due mainly to many strong “get out the vote” campaigns in the state led by **Senator Alex Padilla**. This helps explain the California contingent in President Biden's cabinet: **Xavier Becerra** as secretary of **health and human Services**, **Alejandro Mayorkas** as **homeland security** chief and **Isabel Guzman** as **Small Business Administration** head. It is also noteworthy that Latinas vote at significantly higher rates than men. In 2020, Latinos today represented over 31% of the vote in California and 23% in Texas.

Please join us at our next virtual **Stakeholders Working Committee** meeting on **September 9th from 9:00 AM to 11:00 AM**. Here are the featured presenters and topics:

- California State Senator Ben Hueso, Senate Select Committee on California-Mexico Cooperation.
- Tijuana Economic Development Corporation President Carlos Jaramillo on Binational Committee for Economic Development.
- Tijuana Business Council President Francisco Rubio on key border-related issues.
Carlos Carranza, North American Development Bank, on seizing border opportunities.

You will need to register in advance for this meeting:

<https://us02web.zoom.us/meeting/register/tZcsdu6pqzwsGdxmGo7e1hC48bj76f9Elmks>

After registering, you will receive a confirmation email containing information about joining the meeting.

Thank you,

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