



**UNITED STATES-MEXICO CHAMBER OF COMMERCE
CAMARA DE COMERCIO MEXICO-ESTADOS UNIDOS**

**EIGHTH ANNUAL
U.S.-MEXICO BORDER ISSUES CONFERENCE**

March 17, 2004

PROCEEDINGS

Members Room, Jefferson Building
Library of Congress
Independence Avenue & First St., SE
Washington, DC

United States-Mexico Chamber of Commerce
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BACKGROUND

The U.S.-Mexico Chamber of Commerce held its Eighth Annual Border Issues Conference on March 17, 2004 in the Members Room of the Jefferson Building at the Library of Congress in Washington, DC. The event, co-hosted by the Congressional Border Caucus, was convened by Congressman Silvestre Reyes, 16th District of Texas; Congressman Jim Kolbe, 5th Congressional District of Arizona; and Mr. Albert Zapanta, President and CEO of the Chamber.

Co-sponsors were:

- **The Hispanic Division of The Library of Congress;**
- **CEMEX;**
- **Discovery International Associates;**
- **Duty Free Americas;**
- **Manufacturing Extension Partnership and Management Services, Inc.;** and
- **Tyson Foods, Inc.**

Conference agenda:

8:30 am: WELCOME

Co-Conveners: **Congressman Silvestre Reyes**, 16th District of Texas
Mr. Albert Zapanta, President and CEO, U.S.-Mexico Chamber of Commerce

9:00 – 10:30 am - PANEL: WATER, ENVIRONMENT & ENERGY

Co-Conveners: **Congressman Steve Pearce**, 2nd Congressional District of New Mexico
Congresswoman Grace Napolitano, 38th Congressional District of California

Moderator: **Charles Cervantes**, USMCOC

Panelists: **Ed Fox**, U.S. Agency for International Development
Jorge Garcés, North American Development Bank

10:45 – 12:15 pm - PANEL: HOMELAND SECURITY & IMMIGRATION

Co-Conveners: **Congressman Bob Filner**, 51st Congressional District of California
Congressman Jim Kolbe, 8th Congressional District of Arizona
Congressman Rick Renzi, 1st Congressional District of Arizona
Congressman Jim Turner, 2nd Congressional District of Texas

Moderator: **Charles Cervantes**, USMCOC

Speaker: **Ambassador Cris Arcos**, Department of Homeland Security

12:15 – 1:30 pm - LUNCHEON

Keynote

Speakers: **Paul McHale**, Assistant Secretary of Defense for Homeland Defense
Diputado Ivan Cortes, (PAN) Estado de Mexico
Diputado Laura Martinez, (PRI) Estado de Coahuila

1:30 – 3:00 pm - PANEL: WORKFORCE DEVELOPMENT

Co-Conveners: **Congressman Ruben Hinojosa**, 15th Congressional District of Texas
Congressman Devin Nunes, 21st Congressional District of California

Moderator: **Charles Cervantes**, USMCOC

Panelists: **Cynthia Marcotte Stamer**, EBG Law
Kay Bulow, Director, DOL Workforce Grant
Rod Rodrigue, Manufacturing Extension Partnership (MEP)

3:30 – 4:45 pm - PANEL: BORDER HEALTH

Co-Conveners: **Congressman Ciro Rodriguez**, 28th Congressional District of Texas
Congresswoman Hilda Solis, 32nd Congressional District of California

Moderator: **Charles Cervantes**, USMCOC

Panelists: **Eva Moyer**, Border Health Commission
David Libenson, Hospital Santa Engracia
Dr. Mirta Roses, Pan-American Health Organization

6:00 – 8:00 pm - RECEPTION, Madison Hall, Library of Congress

Guests of

Honor: **Congressman David Dreier**, Chairman of the House Rules Committee
Congresswoman Nancy Pelosi, Minority Leader

BORDER REGION PROFILE

The United States and Mexico share a 2000 mile border that joins four U.S. and six Mexican states, extends 62 miles on either side of the legal boundary, and encompasses some 250,000 square miles. It is, notes Eva Moya of the Border Health Commission, the largest frontier between the developed and developing world. More than nine million people live in the 23 U.S. counties and 39 Mexican municipalities that touch the border, with populations numbering 5.2 million in the U.S. and 3.9 million in Mexico. Some 86 percent of this population lives in one of 12 pairs of border sister cities. On both sides of the border, residents can be characterized as young and predominately Hispanic. On the U.S. side, 72% of the population excluding San Diego is Hispanic, with some border cities having Hispanic populations of more than 90%. Also when excluding San Diego, more than 29% of U.S. border residents have less than a 9th grade level of education. The U.S. border population is growing three times as fast as that of the rest of the United States.

As to Mexico, its border population is expected to double in nine years. Mexico's border region encompasses 2,878 maquila plants employing some 1.8 million workers. Cross border truck crossings total approximately 3.8 million each year and annual legal crossings moving south to north, estimates Alfonso Ruiz of the Pan American Health Organization, have now reached 400 million.

The region's economic conditions are poor on both sides of the border. Of the 313 Metropolitan Statistical Areas in the United States, the border region contains five of the seven poorest. In Arizona, all three main border cities have sections which the federal government has declared as Economic Empowerment Zones. Over 35% of Texas's border population lives in poverty while New Mexico's Doña Ana County has been ranked as the 10th poorest county in the nation.

Brian Marshall
USMCOC

PRESENTATIONS

PANEL: WATER, ENVIRONMENT & ENERGY

Co-Conveners: Congressman Steve Pearce, 2nd Congressional District of New Mexico
Congresswoman Grace Napolitano, 38th Congressional District of California

Moderator: Charles Cervantes, USMCOC

Panelists: Ed Fox, U.S. Agency for International Development
Jorge Garcés, North American Development Bank

Overview of Key Points:

In their introductory remarks, both Congressman Pearce and Congresswoman Napolitano stressed the significance of water as an important issue for their constituents and in relations between Mexico and the United States. Congressman Pearce said “There are things that transcend the border.” Among these, he said water “creates jobs, sanitation. In the end, it creates life.” Congresswoman Napolitano concurred. “Water, believe it or not, to me is gold,” she said. “Without water, you don’t have business.”

Congresswoman Napolitano expressed concern that the Bush Administration is continuing to propose cuts in the Interior Department’s Title 16 funding for water recycling and desalinization. “The \$11.5 million currently proposed is a drop in the bucket,” she said. “The program is obviously being phased out. We’re now saying it’s no longer an effective program.” Desalinization, she said, “is not even included in the 2025 proposal. That for me is aggravating.” Noting that aquifers are “not being replenished,” she suggested “we’re not going to get new resources in the future.” Why, she demanded, “are we killing this program? I still have yet to get an answer. It has minimal environmental impact. We cannot turn our backs on Title 16. I’m asking you to understand how important water is.”

Reviewing his agency’s programs in Mexico, Ed Fox said USAID is working with Mexican authorities to address a number of environmental issues. These collaborative efforts, he said, include dealing with natural disasters, fighting forest fires, and preserving rainforests and other natural resources in what is, he noted, the “fourth most biologically diverse country in the world.” Mexico has, he said, unfortunately suffered greatly from fires and his agency is trying to help deal with this concern. In addition, he said, “we have a major tuberculosis program working on border areas.” This fiscal year, Mr. Fox said, USAID has “its highest funding levels ever” and his agency is deeply involved in establishing new financial mechanisms.

Noting past criticisms of his organization, the North American Development Bank, Jorge Garcés said NADBANK was basically a grants agency during the first years of its existence. It offered no guarantees and just a limited range of financial instruments. Along with political concerns, the Bank had to deal with “technical issues” relating to bids and contracts, timing, planning and coordination. Mr. Garcés said this situation has been changing and during the past three years, NADBANK has participated in 76 projects – 21 loans and 55 grants - together worth \$659 million. Unfortunately, Mr. Garcés said, the Bank may now be facing a “financial crisis” due to reductions in available funding.

PANEL: HOMELAND SECURITY AND IMMIGRATION

Co-Conveners: Congressman Jim Kolbe, 8th Congressional District of Arizona
Congressman Rick Renzi, 1st Congressional District of Arizona
Congressman Bob Filner, 51st Congressional District of California
Congressman Jim Turner, 2nd Congressional District of Texas

Moderator: Charles Cervantes, USMCOC

Speaker: Ambassador Cris Arcos, Department of Homeland Security

Overview of Key Points:

Undocumented aliens entering his District in Cochise County, Arizona now average 42,000 per month and account for some 38 percent of all apprehensions in the United States said Congressman Jim Kolbe. “We’ve got a huge problem,” he said. “We’ve raised the cost of getting into the United States and this has brought crime in. It’s made people smuggling more lucrative. There are a lot of kidnappings and it’s raised the level of violence. It’s the Law of Unintended Consequences.”

He noted legislation proposed by the Bush Administration would create a new three year visa allowing the legal entry of workers to take jobs that are not currently being taken by Americans. The visa is renewable for an additional three years. “There are a thousand questions,” Congressman Kolbe acknowledged, “but the bottom line is we’ve got to do something.” Unfortunately, he added, “it’s been very disappointing that we’ve found so little support from the Hispanic and business communities.”

Congressman Renzi stressed “if we’re going to be able to save lives,” the U.S. needs to “gain some control over the border region.” He suggested the U.S. needs to work more closely with the Mexican government and improve pay and benefits for its Border Patrol agents. One positive development, he said, is that recent new technology should help the Border Patrol more easily “catch and apprehend people in the desert.”

Unfortunately, said Congressman Filner, neither Washington nor Mexico City “understand the border region.” His California district has “a vibrant binational community,” but some members of Congress “tend to use the border for demagogic purposes.” Current Homeland Security policy is wreaking havoc on cross-border traffic in his district, but the Department “seems to feel that if it sees long lines, we’re more secure.”

Congressman Filner said the arbitrariness of the process can be “detrimental to our way of life.” Right now, he noted, traffic in his District averages 250,000 crossings each day and waiting times at the border already can last for “one, two or three hours.” However, it can get worse. “If we stop people for ten seconds each, the line from San Diego would stretch for four miles.” This, Congressman Filner predicted, “is portending disaster.”

One solution may lie in the fact that a high proportion of daily crossings are regular crossings. Congressman Filner suggested “we’ve got the technology that would allow us to wave these people through.” The Department of Homeland Security “has all the resources it needs” to provide for “both efficiency and security” on the U.S.-Mexico border.

As Ranking Minority Member of the House Select Committee on Homeland Security, Congressman Turner encouraged conference attendees to “be vocal” in expressing concerns of the business community in this regard. “We’ll be preparing an authorization bill in a few weeks,” he said, “and I hope we’ll include some provisions that will make this transition successful for U.S. business.”

This country, Ambassador Arcos said, “is faced with an enormous challenge.” U.S. border officials process roughly 600 million entries each year and 60 percent of this country’s trade is with Mexico and Canada. How, he asked, does this country deal with the “tens of thousands of trucks and vehicles” coming into the U.S. each day? “How do we balance trade with national security?” His Department does not want to seal the border (otherwise, terrorists will have “won out”). However, it does want “knowledge of who is crossing and how” and in this regard, he warned, the Department of Homeland Security “is far from” having completed its mission. “When you think of 20,000 ship containers a day,” he said, “you realize it’s a huge undertaking.”

“We’re looking at European and Israeli technologies,” the Ambassador said, but in the case of airports, most U.S. facilities lack separate international terminals and most European countries “have only have one {international} airport.” At some point, he said, “it’s a resource issue.”

Congressman Filner objected. “It’s not a resource issue,” he said. “All you have to do is ask for the money. You don’t want it.” Ambassador Arcos acknowledged “it can be done” but added “how soon is another issue.” The Ambassador said the United States is “spending billions” on new capabilities in areas such as container security and passenger name recognition. He encouraged his audience to “tell us how to improve our technologies. How do we improve security?” He said the private sector has been helping in various ways such as how to deal with bioterrorism. As to Mexico, Ambassador Arcos noted “one of the problems the Mexicans have is it’s a poor country. They don’t have these types of resources.”

LUNCHEON ADDRESS

Keynote Speakers: Paul McHale, Assistant Secretary of Defense for Homeland Defense
Diputado José Alberto Aguilar (PRI), Baja California Sur
Diputado Ivan Cortes (PAN), Baja California

Overview of Key Points:

The United States is “extremely fortunate to have neighbors north and south who are close allies,” said Assistant Secretary of Defense for Homeland Defense Paul McHale, so there is “no need to militarize our land borders.” However, he added, every civilized nation must be prepared for terrorists possibly armed with weapons of mass destruction.

Mr. McHale’s responsibility calls for overseeing DoD homeland defense efforts and coordinating military support with civil authorities. He works closely with the U.S. Northern Command, whose mission is to plan, organize and execute homeland defense and civil support missions. Their respective responsibilities encompass the continental United States, Alaska, Canada, Mexico and the surrounding water out to approximately 500 nautical miles and as such, call for coordinating security with Canada and Mexico.

He said the Defense Department has units prepared to respond to terrorist threats and given the circumstances, “we’re working to support a culture that rewards unconventional thinking.” Among steps taken, Mr. McHale said Unmanned Aerial Vehicles (UAVs) are currently patrolling the Texas-Mexico

border. Such aircraft are designed to carry cameras, sensors, communications equipment or other payloads used for reconnaissance purposes to identify illegal aliens who may be casualties in the desert.

Meanwhile, the DoD's JTF-6 unit operates out of El Paso, Texas, providing training, operations, and intelligence support for domestic counter-drug and counter-terrorism activities. JTF-6 is a multi-service unit comprising some 160 soldiers, sailors, Marines, airmen, and Department of Defense civilian employees. Since its inception in 1989, a succession of National Defense Authorization Acts have expanded the unit's mission so that its area of responsibility now encompasses the entire continental United States. In this regard, Mr. McHale credited Congressman Reyes who, he said, has been an "incredible advocate" for JTF-6.

Mexican Congressman Ivan Cortes, a PAN Deputy from the State of Mexico, agreed the times require every leader to address the security of his fellow citizens but suggested it is still in the U.S. interest to allow Mexicans to participate in the American job market. In the meantime, he indicated the high rate of Mexican immigration into the United States should stabilize due to recent demographic trends in his country.

His PRI colleague, Diputado Laura Martinez, State of Coahuila, noted the U.S. population now incorporates some 21 million inhabitants – 7.5 percent of the total - who are of Mexican origin. Diputado Martinez suggested the recent lack of growth in Mexico's economy has been due in part to companies moving to Central America and Asia, "where salaries are lower and working conditions are worse." The greatest job losses, she said, have been in the construction and maquiladora industries and the biggest impact of these developments has been on young people who have often then found it necessary to emigrate. "I would like," she said, "to see an immediate amnesty for Mexican illegals who have been in the United States for one year and not broken the law."

PANEL: WORKFORCE DEVELOPMENT

Co-Conveners: Congressman Ruben Hinojosa, 15th Congressional District of Texas

Moderator: Charles Cervantes, USMCOC

Speakers: Cynthia Marcotte, EBG Law

Kay Bulow, Director, Department of Labor Grant

Rod Rodrigue, (MEP)

Overview of Key Points:

During the past 15 years, said Congressman Hinojosa (D-TX), the McAllen region in his district has been among the top growth areas of the United States. However, on the opposite side of the border, he noted many maquiladora plants are beginning to shut down and move on. In these circumstances, the Congressman argued, President Bush's proposal to allow Mexican workers into the United States on a temporary basis, without permanent residency "is not satisfactory."

Ms. Marcotte demurred, suggesting Mexican nationals residing in the United States should be encouraged to re-migrate back to Mexico. "I know Mexicans agree too," she said. Meanwhile, she added, there is a need in this country for a better educated workforce - one that is "cost effective."

Kay Bulow indicated her firm has been contracted by the U.S. Department of Labor to assess means of enhancing workforce qualifications in the border region. The project, entitled "Language, Literacy and

Workforce Development,” aims to identify ten categories of work in demand in the region, outlining what employers need and strategies for helping workers meet those requirements.

Unfortunately, said Rod Rodrigue, the overall manufacturing sector in the U.S. economy is “in real trouble.” It has, he said, lost three million jobs and experienced little growth during the current economic recovery. Part of the problem, he suggested, derives from the sector’s loss of inventiveness. This “loss of mental capacity or innovation,” he suggested, “has been going on for the past ten years.” It is an important concern because manufacturing is a major contributor to wealth creation, accounting for \$1.3 trillion or 29 percent of the U.S. economy and the country’s highest average wages and worker benefits.

Mr. Rodrigue said there is a need to better train heads of U.S. companies as well as workers and the Manufacturing Extension Partnership (MEP) addresses this concern. MEP MSI is a management consulting firm that helps manufacturers – small and medium manufacturing enterprises (SMEs), larger prime contractors, and original equipment manufacturers (OEMs) – make products better, faster and cheaper. His firm now encompasses 400 offices in 50 states and in FY2002 is estimated to have accounted for \$953M in new client revenue, \$1.8 billion in retained sales, \$941M in new capital investment, \$681M in cost savings, and 35,000 jobs created and retained.

PANEL: BORDER HEALTH

Co-Conveners: Congressman Ciro Rodriguez, 28th Congressional District of Texas
Congresswoman Hilda Solis, 32nd Congressional District of California

Moderator: Charles Cervantes, USMCOC

Panelists: Eva Moyer, Border Health Commission
David Libenson, Hospital Santa Engracia
Dr. Mirta Roses, Pan-American Health Organization

Overview of Key Points:

Border communities are medically underserved areas that lack healthcare infrastructure and resources, said Congressman Rodriguez. He suggested it is “in everyone’s best interest – local governments, health districts, schools, hospitals, and the business community – to invest in improving our healthcare system.” Otherwise, disease reduces productivity and diminishes the border region’s economic potential.”

Congresswoman Solis agreed. She described the area’s Latino community as facing “a healthcare crisis,” with more than 1 in 4 Latino children and more than 1 in 3 Latinos in general lacking health insurance. At the same time, she said the community is prone to many health problems including “high levels of asthma, tuberculosis and diabetes.”

Congressman Rodriguez urged a need for federal, state and local dollars to deal with the situation. He said he and Congresswoman Solis have helped introduce the Healthcare Equality and Accountability Act which, among other features, would authorize \$200 million in grants to improve health conditions at the border. “By addressing the border’s health needs,” he said, “we help unleash the region’s future economic prosperity.”

Eva Moyer noted the region encompasses 13 million persons and, if it were a separate U.S. state, would rank:

- Last in access to health care;

- Second in death rates due to hepatitis;
- Third in deaths related to diabetes;
- First in number of cases of TB;
- First in school children living in poverty; and
- Last in per capita income.

She said people's access to health care in the area is hampered by a number of factors including limited awareness of available services; language and cultural barriers; cost; and denial of access to illegal aliens.

For these reasons, the United States and Mexico signed an accord in 2000 establishing the Border Health Commission. The Commission, which encompasses two Executive Secretaries, as well as standing and ad hoc committees, works through its Healthy Border 2010 program to identify problems, foster health education and conduct related activities in the area.

Meanwhile, said David Libenson, Mexico can offer a lower cost, high quality alternative to expensive medical care in the United States. Speaking for the Hospital Santa Engracia, he said his is one of four very good private hospitals in the region of Monterrey, Mexico providing care for one-third the cost of what is generally found in U.S. cities such as Dallas or New York. Each month, he said, Santa Engracia averages some 30 patients coming from the United States due to its lower cost, excellent quality and beautiful facilities. As another alternative, Mr. Libenson said government hospitals in Mexico also offer good quality care but acknowledged their physical facilities can be "terrible."

As head of the world's oldest public health agency, Pan American Health Organization (PAHO) Director Dr. Mirta Roses reviewed PAHO's role in dealing with health problems as they relate to UN Millennium Development Goals (MDGs). PAHO was established in 1902; works with all the countries of the Americas; and also serves as the World Health Organization (WHO)'s Regional Office for the Americas.

Dr. Roses indicated MDGs are an ambitious agenda for reducing poverty and improving lives that world leaders agreed on at the Millennium Summit in September 2000. For each goal one or more targets have been set, most for 2015, using 1990 as a benchmark. The targets are:

- Halve the proportion of people living on less than a dollar a day and suffer from hunger;
- Ensure that all children complete primary school;
- Eliminate gender disparities in primary and secondary education preferably by 2005, and at all levels by 2015;
- Reduce the mortality rate among children under five by two thirds;
- Reduce by three-quarters the ratio of women dying in childbirth;
- Halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases;
- Integrate the principles of sustainable development into country programs and reverse the loss of environmental resources;
- Reduce by half the proportion of people without access to safe drinking water; and
- Achieve significant improvement by 2020 in the lives of at least 100 million slum dwellers.

The targets represent a partnership between the developed countries and the developing countries determined, as the Millennium Declaration states, "to create an environment-at the national and global levels alike-which is conducive to development and the elimination of poverty." The UN Department of Economic and Social Affairs is coordinating reporting on progress towards the goals at the global level.