

Zones of Hope

Challenges and Opportunities in Improving U.S.-Mexico Border Economic Micro-Zones



Project Preview

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Overview

The heavily traversed urban areas adjacent to U.S.-Mexico land ports of entry are showing their wear. More often than not, they are no-man's lands of restricted mobility, chronic pedestrian and vehicle congestion and ongoing tension between federal law enforcement and the surrounding community.

Does it have to be this way? A grim on-the-ground reality at the border does not make sense in the context of the U.S.-Mexico High-Level Economic Dialogue. Nor does an uninviting border make sense for a region that is striving to attract firms with high-paying, globally oriented jobs.

How can border communities more effectively capitalize on the enormous two-way flow of people, culture and ideas across the U.S.-Mexico border? Can well-planned and implemented U.S.-Mexico border economic “micro-zones” even become destinations in and of themselves by capturing and creating greater economic opportunity?

The Border Fusion Group recently asked the North American Research Partnership to conduct a research initiative that looks at both qualitative and quantitative aspects of these areas, including:

- New U.S.-Mexico bilateral initiatives such as the High-Level Economic Dialogue (HLED) and what they mean for border communities.
- Ongoing challenges in coordination among federal, state and local border planning efforts.
- The potential application of “smart growth” urban design in complex binational settings.
- Opportunities in pedestrian environment design in San Ysidro/Tijuana area as a border test case.
- Findings from new San Diego/Tijuana stakeholder survey and interview data.

Crossing borders in North America for legitimate trade and travel does not have to be the daunting and at times unsafe experience that it is today. Preliminary research findings spelled out in this document strongly suggest that transforming these neglected areas into “zones of hope” will require recognizing their potential, undertaking effective advocacy and then implementing effective policy to build prosperous binational Border Economic Micro-Zones.

What is a Border Economic Micro-Zone?

The pedestrian areas near U.S.-Mexico ports of entry are intensely traversed (see table on page 5) and as such have enormous commercial, historical and cultural importance to local border communities.

While these areas have a basic function as transit points, they can and do serve other functions as well, though they face numerous challenges. It is difficult to conceive of a true High-Level Economic Dialogue—with its emphasis on the development of transborder industry clusters based on the exchange of ideas and human capital—without addressing the immensely congested, infrastructure-deficient, slow-moving and even unsafe pedestrian areas that we have at our borders today.

While each border commercial area is unique, it is possible to “re-brand” them as Border Economic Micro-Zones, which would be defined within national legislation and bilateral agreements as the commercial areas within comfortable walking distance of certain U.S.-Mexico ports of entry. This designation could potentially recognize these pedestrian areas as unique, binational mixed-use zones with commercial, historical and cultural significance and thus warranting special attention from the two nations.

Formally recognized Border Economic Micro-Zones would thus allow public- and private- sector stakeholders to demarcate these important areas for comprehensive and strategic planning, public input and investment.

Project Rationale

By addressing issues with border commercial areas, this initiative in turn addresses two major binational challenges: how the U.S. and Mexico manage their shared border and how the two nations aspire to build a next-generation North American economy. In terms of border management, a significant amount of bilateral attention since 9/11 has been focused on making the *commercial* crossings at ports of entry more efficient. The long delays in crossing commercial merchandise makes the United States, Mexico and Canada less competitive in the global economy. In the *passenger vehicle* environment, the emphasis has been on moving more crossers into the trusted traveler programs such as the SENTRI program.

The *pedestrian* environment is arguably the least visible and attended yet most impacted of the three major types of crossings at ports of entry. And it is the most important for local commercial districts, neighborhoods and communities.

In addition, while the U.S.-Mexico High-Level Economic Dialogue (launched in 2013) has successfully refocused attention on the enormous, half-trillion dollar annual cross-border commercial relationship, chronic issues on the ground in border commercial areas clearly speak to an enormous gap between binational aspirations and local border realities. **By taking a renewed and strategic approach with border commercial areas, the United States and Mexico can address both border management and build more robust, high-value added local economies, thereby helping to make North America more competitive as a whole.**

Project Scope

Phase I of the initiative looks at public and private sector challenges in the border commercial area adjacent to the San Ysidro-Tijuana ports of entry which are currently undergoing a multi-phase expansion and renovation. The inauguration of the new Pedestrian West Port of Entry and the demolition and reconstruction of the largest U.S.-Mexico pedestrian port of entry, PED EAST, also mark the beginning of a new phase for this border commercial area. **Phase II** of the initiative will look at other potential Border Economic Micro-Zones along the U.S.-Mexico border in California, Arizona and Texas. **Phase III** will examine how issues in these zones link to broader issues facing the North American economy. **The fourth and final phase** will monitor progress on practical steps for addressing issues related to Border Economic Micro-Zones.

Approach

For the first phase of this research initiative, the North American Research Partnership undertook a literature review; conducted numerous interviews with key public and private sector stakeholders; conducted a brief survey on key issues related to the San Ysidro/Tijuana border commercial area; and began preliminary field work at pedestrian crossings in California, Arizona and Texas. This particular mix of methodologies was utilized in order to build a full picture of the issues involved and identify key opportunities, obstacles, champions and detractors in this complex border commercial area.

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The Role of the Private Sector

Border commercial areas need to become more economic. While on the U.S. side they overlap with what are often historically impoverished communities, on the Mexican side the relatively wealthier communities often face a number of urban planning issues that act as a brake on the development of these areas. In addition, they can be immensely difficult spaces in which to own and operate businesses precisely because of the overlapping jurisdictions of federal, state and local governments. In particular, the federal security footprint in these areas is significant and impacts the zones' economic development potential. It manifests itself not only in the physical infrastructure owned and operated by the federal governments themselves but also in the resulting congestion that plays out in the (*locally* managed) streets and sidewalks of the surrounding municipalities.

Recent developments with private investment in these areas holds some hope of cutting through the multi-jurisdictional difficulties in developing these complex areas. Despite the ongoing political deadlock on taxation and revenue in Washington, recently there has been an effort by Congress to promote private investment in border infrastructure and processes by granting U.S. Customs and Border Protection the ability to accept donations from public and private entities. In addition, the new Cross Border Xpress binational air terminal in Otay Mesa—which can alleviate Tijuana traffic and Otay Mesa Port of Entry border waits for users of Tijuana's Rodríguez International Airport—is an example of high-end pedestrian infrastructure and what can happen when the two governments allow private investment to play a role in building cross-border infrastructure. While even many private sector stakeholders might express reservations in rethinking these spaces, the chaos and congestion of these complex areas can also be thought of as a sign of the economic potential that exists with border commercial areas.

“The pedestrian zone is a no man’s land... People arrive at the ports with less of a sense of an enjoyable journey ahead than an experience to be endured.”

—Roberto Schroeder, CEO, Desarrolladora Zona Libre

Top 10 Pedestrian Crossings, 2015

Port Name	Pedestrians
CA: San Ysidro	7,056,022
TX: El Paso	6,847,689
CA: Calexico	4,498,322
TX: Laredo	3,542,190
CA: Otay Mesa	3,411,485
AZ: Nogales	3,131,978
TX: Hidalgo	2,474,962
AZ: San Luis	2,351,506
TX: Brownsville	2,325,301
AZ: Douglas	1,069,031

SOURCE: U.S. Department of Transportation, Research and Innovative Technology Administration, Bureau of Transportation Statistics, based on data from the Department of Homeland Security, U.S. Customs and Border Protection, Office of Field Operations.

To gain an initial understanding of the challenges and opportunities facing the formal recognition and implementation of Border Economic Micro-Zones, the North American Research Partnership surveyed and interviewed several dozen key stakeholders in the private and public sectors. All respondents saw potential in Border Economic Micro-Zones and either indicated that they agreed or strongly agreed with the statement, “Border economic micro-zones (BEMZ) have significant economic potential.”

However, only 53% agreed or strongly agreed with the statement, “Border economic development stakeholders (government agencies, planning agencies, economic development corporations, etc.) see the areas comprising the border economic micro-zones (BEMZ) in a positive way.” And the vast majority, 85%, disagreed or strongly disagreed with the statement, “Investment in trade infrastructure, staffing and technology and associated urban development has kept pace with investment in security infrastructure in border economic micro-zones (BEMZ).”

Yet despite these misgivings, an overwhelming majority (85%) agreed with the statement that “Border economic micro-zones (BEMZ) could become destinations in and of themselves.” In Phase II of this research initiative, NARP will revise and expand the surveys and interviews in communities along the U.S.-Mexico border.

“The primary challenge is creating a sense of place.”

**—David Mayagoitia,
former Chairman of
the Board, CaliBaja
MegaRegion**

Preliminary Findings

- A large majority of stakeholders surveyed agree that there is significant potential for greater economic development in border commercial areas.
- While there have been advances in community relations, current conditions on the ground indicate that the federal border security apparatus on both sides of the border remains dug-in and largely under-responsive to the needs of pedestrians and their cross-border communities.
- We find a lack of clear focus on the overall pedestrian experience in border commercial areas from the myriad federal, state and local agencies in charge of transportation planning and mobility.
- In our stakeholder interviews and survey, we find dismay with the current state of border commercial areas and some initial evidence for an emerging consensus in the private and public sectors on the nature of the opportunity.
- We find exasperated pedestrian border crossers overwhelmed with the experience of crossing at places not constructed at human scale or with mobility in mind.

Recommendations for Key Stakeholders

Changing the *image* of the U.S.-Mexico border will require a broad-based effort to create an improved *reality* at our shared border. An advanced North American economy requires a strategic border that can play the part by attracting prosperity and not simply providing security. And in an era when the new urbanism privileges—sustainable, walkable urban areas with high-end services for residents and visitors alike—border commercial areas need much greater focus from the numerous groups involved in their planning, development and use.

At this early stage of the research, we can clearly articulate four major recommendations for key stakeholders in border commercial areas:

1. These leaders need to unite and show a clear and achievable bridge from the current state of affairs to one which is achievable, while engaging key sectors of society and levels of government.
2. Stakeholders need to clearly identify both attractions for new visitors as well as conveniences and amenities to keep the current crossing flow for a longer period.
3. Leaders need to engage new champions on both sides of the border who can afford a sustained level of outreach effort with the various actors at the federal, state and local levels who hold the keys to building better border commercial areas.
4. Advocating for a formal designation of these commercial areas as Border Economic Micro-Zones in national legislation and bilateral agreements would create avenues for more strategic planning and investment.

North American Research Partnership

The North American Research Partnership (NARP) is an independent, 501(c)(3) non-profit think-tank that conducts high-end applied research on how the United States, Mexico and Canada can better position themselves for success in the 21st century.



NARP specifically focuses on trade and how communities and regions—particularly those in the relatively poor U.S.-Mexico border region—can effectively utilize the forces of globalization to their greatest advantage. NARP works on a broad range of interrelated international policy topics that intersect with trade including energy, sustainability, security, and education.

Current and past research projects include *Competitive Border Communities: Mapping and Developing U.S.-Mexico Transborder Industries* (2015); *The U.S.-Mexico Border Economy in Transition* (2015); and *The State of the Border Report: A Comprehensive Analysis of the U.S.-Mexico Border Region* (2013).

Project Sponsor

The Border Fusion Group is a dynamic alliance of private, public and academic sector professionals with extensive experience and “insider” perspectives operating in the San Diego-Tijuana Mega- Region. We advocate for systematic and strategic public-private sector planning near our Land Ports of Entry which incorporates local stakeholder expertise, includes innovation and research and supports bold sustainable solutions and projects, border-wide.

Border Fusion is joined by the following Founding Sponsors of this research initiative:

