

**Lea Márquez Peterson
President/CEO
Tucson Hispanic Chamber of Commerce
House Committee on Foreign Affairs**

Monday, December 9th, 2013

"Improving Security and Facilitating Commerce with Mexico at America's Southern Border"

Mr. Chairman, Ranking Member, and Members of the Committee: Thank you for the invitation to testify today. I am grateful for the Committee's interest in the small business experience along the Arizona –Sonora Border.

In my role as the President/CEO of the Tucson Hispanic Chamber, I represent over 1000 member businesses in which over 70% have less than 25 employees. Our chamber works with businesses in Arizona on reaching the fast growing Hispanic market and assisting businesses in Arizona and Mexico interested in international trade.

We have built a reputation in our geographic region for being a resource for businesses interested in exploring international trade in Mexico. We work closely with referral partners for Arizona businesses such as the U.S. Department of Commerce and the U.S. Small Business Administration. In addition, we assist Mexican businesses who are interested in investing or expanding into Arizona.

As this esteemed committee is aware, there are ten border states between U.S. and Mexico. In the U.S., they are: California, Arizona, New Mexico and Texas. In Mexico, they include: Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas. These border states have a population of 14 million people. I believe that there are many best practices that we can learn from different states and regions. The more information we can share between business organizations, the better we can collaborate, learn of resources and advocate for changes in our respective state administrative code. Ultimately, this will lead to a positive impact on our economy.

The United States and Mexico are critical economic partners. In May 2013, President Obama and President Peña Nieto announced the formation of the High Level Economic Dialogue. We share not only a 2,000 mile border but a dynamic commercial relationship that generates more than \$500 billion in trade in goods and services and supports millions of jobs in both countries. The global competitiveness of both of our countries requires continued and deepened economic integration, commercial exchange, and policy alignment.

At a local level, our chamber has focused on building relationships cross border between businesses. Our member businesses are from diverse industries and approximately 65% are Hispanic owned or managed firms. The key to the economic recovery of our nation and bolstering economic development within our Border States is the support of entrepreneurship and the promotion of the value of our bilingual workforce. A key to the continued economic recovery of our nation is the support of entrepreneurship and the promotion of a bilingual workforce. Arizona, like many of our border states, has a fast-growing Hispanic population and experts estimate that by 2035 the majority of the state's population will be Hispanic. These dynamic attributes are an asset to our nation and the Hispanic market represents \$50 billion in purchasing power in our state alone.

The Tucson Hispanic Chamber hosts "Trade Mission Trips" two to three times a year to Sonora, Mexico. On our most recent trip in September, we had 21 attendees who represented our local businesses, our university, our community college and our county. During the trip, we toured the manufacturing facilities of the Offshore Group, an Arizona business operating in Guaymas. We also toured the Port of Guaymas and discussed the impact on the Arizona economy, met with the Mayor of Guaymas, and signed an economic development agreement with the Chamber of Commerce in Guaymas. The two day trip provided our attendees with key contacts and the ability to follow up to develop resources within their respective industries. Our Chamber is currently planning our next trade mission trip to Cananea, Sonora, Mexico to study the expanding mining industry and explore opportunities. Mining continues to be a key industry for Arizona. We plan to invite Arizona suppliers who specialize in the mining industry, logistics businesses, and other service-related companies.

Over the last four years, our chamber has developed a regional business presence in Mexico. Four years ago, our Arizona businesses were subject to the boycott as a result of Arizona's SB1070 law. We worked closely with our fellow Chambers of Commerce in Sonora to advocate for the 65,000 Hispanic-owned businesses and our greater business community in Arizona during the time of their boycott. We focused on the economic interdependence of our Southern Arizona – Sonora region and the importance of a federal response to immigration reform.

Mexico is the main destination for exports in Arizona, California and Texas. Additional business incentives, the removal of impediments, and identification of resources and tools are necessary to build export opportunities for our business community.

Cooperation in transportation and freight systems between the U.S and Mexico is important. Several programs have been valuable in assisting retailers on both sides of the border, such as FAST, SENTRI, Ready Land and Global Entry, to name a few. Easing transportation challenges for consumers and businesses can assist our Arizona businesses in building cross border relationships. The extension of the proposed I-11 corridor from Las Vegas to Phoenix through Tucson and Nogales will provide a more efficient method for goods to travel from Latin America throughout the United States.

The U.S. government estimates that each additional billion dollars in new exports supports more than 6,000 new jobs. Exports to Mexico increased \$18 billion dollars in 2012 alone, thus potentially helping create over 107,000 new U.S. jobs. Almost six million U.S. Jobs rely on trade with Mexico, according to the U.S. Chamber of Commerce. In Arizona, businesses export \$6.29 billion worth of goods to Mexico and over 111,000 jobs in Arizona rely on trade.

In closing, I'd like to address specific needs of small businesses in our Border States related to trade with Mexico. At the Tucson Hispanic Chamber, we have learned that making the business decision to export can have a transformational effect on sales and growth. But exporting can seem complicated, especially for smaller firms. We heard about a lot of challenges which include: difficulty accessing financing, trouble finding skilled workers, lack of information about foreign markets, and the high cost of establishing a physical presence in foreign countries.

The Mexican government is paying close attention and is a ready partner in collaborating with business organizations such as the Tucson Hispanic Chamber. As part of President Enrique Peña Nieto's economic policy, on January 11, 2013, the decree creating the National Institute of the Entrepreneur (Instituto Nacional del Emprendedor – INADEM) was signed.

The INADEM's goal is to implement, execute and coordinate the national policy on supporting entrepreneurs, as well as micro, small and medium enterprises, bolstering their innovation and competitiveness in order to increase their contribution to economic development and social welfare. Furthermore, it seeks to provide help towards the development of policies which foster entrepreneurial culture and productivity

According to the OECD (Organisation for Economic Co-operation and Development), small and medium sized businesses in Mexico represent the vast majority of businesses. They account for 41% of GDP and generate 64% of total employment.

Mr. Chairman, coordination between the U.S and Mexico on an effort to bolster micro and small business activity in international trade would greatly enhance the economic recovery of our region and ultimately our nation. Small business is such a vital part of both countries, especially in our mutual border states. I ask that the committee make efforts to understand the financial impact of an improved small business trade environment to our country.

Thank you. I look forward to answering any questions.