

IMPROVING SECURITY AND FACILITATING COMMERCE WITH MEXICO
AT AMERICA'S SOUTHERN BORDER

TESTIMONY BY GLENN HAMER
PRESIDENT AND CEO
ARIZONA CHAMBER OF COMMERCE AND INDUSTRY
BEFORE THE HOUSE COMMITTEE ON FOREIGN AFFAIRS, SUBCOMMITTEE ON THE WESTERN
HEMISPHERE
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Chairman Royce, Chairman Salmon, members of the committee, my name is Glenn Hamer and I am the president and CEO of the Arizona Chamber of Commerce and Industry. On behalf of Arizona's job creators, I thank you for the opportunity to provide testimony at this important field hearing examining best practices in U.S.-Mexico trade. I believe you have come to Arizona at a critical time in our state's relationship with our neighbor to the south, a relationship that continues to improve and strengthen thanks to outstanding leaders like the Tucson Hispanic Chamber of Commerce's president and CEO, Lea Marquez Peterson, who you will hear from later in this panel.

We are less than a month away from the 20th anniversary of the implementation of the North American Free Trade Agreement, a trilateral trade pact that created incredible market access for manufacturers, increased consumer choice and was integral to the creation of over 2 million jobs here in the U.S. in the agreement's first six years from 1994-2000, a time of unprecedented U.S. economic growth.¹

With 20 years of positive experience under our collective belts, the U.S., Mexico and Canada are now part of the Trans-Pacific Partnership trade talks, an agreement poised to link the markets of Asia and the Americas, accounting for 792 million people and a combined GDP of \$27.5 trillion.² The NAFTA nations together are stepping strongly into the next generation of international trade.

The importance of trade with Mexico is not lost on the Arizona Chamber of Commerce and Industry or the larger business community. We are fully cognizant of the six million U.S. jobs that depend on trade with Mexico and the \$12 billion in trade between Mexico and Arizona in 2012 alone.³ A productive, meaningful relationship with Mexico is critical to our country and our state's economic health.

¹ http://www.piie.com/publications/chapters_preview/332/02iie3349.pdf

² <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/tpp-ptp/index.aspx>

³ <https://www.azpm.org/p/home-featured/2013/11/29/28795-az-week-state-strategizes-to-improve-trade-with-mexico/>

To that end, the Chamber in 2012 formed a Trade and Tourism Committee, which serves as our one-stop public policy shop for trade and international travel promotion. Under the auspices of this committee, our Chamber has advocated for improved transportation links between our state and Sonora, increased international flights from Mexico and better resources and infrastructure to process the trade flowing between our two countries. Earlier this year, Sonora Gov. Guillermo Padrés Elías was a featured speaker at our Arizona Manufacturers Council Manufacturer of the Year Awards. The governor reminded everyone in attendance of the unique and special relationship between our two states and why our two states' economic futures are so intertwined.

In 2013 alone, I have had the distinct pleasure of traveling to Mexico City with our Speaker of the House Andy Tobin as part of a bipartisan delegation of lawmakers and business leaders to visit with members of Mexico's Congress, and I have traveled to Guadalajara with Phoenix Mayor Greg Stanton to kick-off new air service between those two cities by Volaris Airlines, a Mexican low-cost carrier, adding to the already robust offerings to and from Mexico by U.S. Airways from their Phoenix hub.

Our professional sports teams have also recognized the importance of the Mexican market and the positive role sports can play in forging new relationships. I can tell you from my experience on the Guadalajara trade mission that having the Diamondbacks' World Series hero Luis Gonzalez as part of your delegation makes an incredibly positive impression. Our NFL Arizona Cardinals have played a regular season game in Mexico City and have a huge broadcast presence in Mexico, where their games are broadcast to 18 cities throughout the country, including Mexico City and Guadalajara. The NBA's Phoenix Suns have not only participated in trade missions to Mexico, but they are the first NBA team to conduct their own youth basketball clinics in that country.

That Arizona is actively courting new business opportunities in Mexico might come as a surprise to some, but not to longtime Arizonans, who can point to a rich legacy of cross-border leadership.

Former Southern Arizona Congressman Jim Kolbe from right here in Tucson is a nationally recognized expert in the importance of trade between the U.S. and Mexico. His contribution to the U.S.-Mexico relationship is so consequential that it is not hyperbole to say that without Jim Kolbe, there might not be a NAFTA.

Congressman Kolbe was also critical in the expansion of the border travel zone, which governs how far Mexican nationals in possession of a valid Border Crossing Card may travel before requiring additional documentation. Because of Rep. Kolbe's work in 1999, Mexicans crossing the border into Arizona may travel as far north as Tucson, where they can enjoy world-class resorts and shopping destinations. Along most of the U.S.-Mexico border, Mexican visitors may travel only 25 miles north before requiring an additional form⁴, though earlier this year, the

⁴ <http://www.cbp.gov/xp/cgov/travel/id visa/i-94 instructions/>

Department of Homeland Security expanded the border zone in New Mexico, where business leaders there cited Arizona's positive experience as a case study for increased travel access.⁵ The Maricopa Association of Governments, the council of governments for the greater Phoenix area, is now leading an effort for the entire state to be considered as part of the border travel zone as a means to further grow the tourism opportunities between Arizona and Mexico.⁶

Rep. Kolbe's work for the border and Arizona continues. He is now co-chairing the Transportation and Trade Corridor Alliance, which is charged with linking Arizona to the global economy by improving our state's trade and logistics offerings by identifying ways to increase the value of our trade corridors.

Arizona is also home to the Arizona Mexico Commission. The AMC, chaired by Gov. Jan Brewer, has since 1959 sought to promote a better relationship between Arizona and Sonora through twice yearly plenary sessions and cultural and educational exchanges. The AMC has been at the forefront of travel visa policy, trade promotion and transportation. It is because of the AMC that the governors of Arizona and Sonora have had a direct line of communication for over 50 years.

In just the last few years, Arizona has dramatically stepped up its efforts to promote our state's outstanding business environment to the rest of the world. Mexico figures prominently in that strategy. Arizona in 2010 formed the Arizona Commerce Authority, a public-private entity to lead the state's job-attraction efforts.⁷ The ACA, in partnership with the AMC, has re-opened the once shuttered Arizona state office in Hermosillo, Sonora, ensuring that once again Arizona has a presence in our neighboring state's largest city.

The push is on to open additional trade offices in Mexico. Speaker Tobin has touted the value of the state once again having a permanent office in Mexico City, and Mayor Stanton and the City of Phoenix are poised to open an office in Mexico's capital city next year. Arizona leaders know that so much more can be done to grow the \$6.3 billion in goods Arizona exports to Mexico, \$1.8 billion of which comes from the metro Phoenix area.⁸

There are so many positive things happening between Mexico and Arizona and our state leaders are redoubling their efforts to forge closer ties with our southern neighbor. Mexico finds itself in a unique period in its history that creates new opportunities for Arizona. Mexican President Enrique Peña Nieto is a reformer who understands that Mexico must embrace change if it is to assume its rightful place as an economic power. The president has already taken on his country's entrenched educational bureaucracy and is now moving to liberalize his country's petroleum market.

⁵ http://www.cbp.gov/xp/cgov/newsroom/news_releases/national/06072013_3.xml

⁶ http://www.nogalesinternational.com/news/rest-of-state-wants-in-on-border-zone/article_af679486-512e-11e3-84eb-0019bb2963f4.html

⁷ Legislation was passed in 2011 making permanent Gov. Brewer's 2010 executive order forming the ACA.

⁸ <http://www.azcentral.com/community/phoenix/articles/20131120phoenix-to-open-trade-office-in-mexico.html>

I want to commend Chairman Salmon for his sponsorship of the Outer Continental Shelf Transboundary Hydrocarbon Agreements Authorization Act. If the bill becomes law, it would implement the Transboundary Hydrocarbons Agreement signed by the U.S. and Mexico last year, which establishes the framework for developing the oil and gas reserves that cross the maritime boundary between the two countries. It's a critical component for the further modernization of Mexico's energy sector and it gives U.S. energy firms a chance to explore further the Gulf of Mexico. We are fortunate, Chairman Salmon, to have you at the helm of this subcommittee so you can bring your border state insight to these important issues.

There are also a handful of exciting public-private partnerships ready to launch that would knock down non-tariff barriers to trade between our two countries, including allowing U.S. Customs and Border Protection officers to clear freight and produce in Mexico rather than at the border port of entry. I believe that once thorny issues, such as whether CBP officers can be armed while working on Mexican soil, can be overcome and that our two countries can implement creative solutions for processing trade and reducing border congestion.

This is not to say that challenges do not remain. While Arizona's business community is excited about the progress being made to overhaul the country's major port for Mexican produce, the Mariposa Port of Entry in Nogales, by improving its layout and capacity, we are concerned about the staffing resources that will be deployed to the port. As we near ever closer to the passage of a package of immigration reform bills, I would urge you and your colleagues to look for opportunities to improve the human resources devoted to our ports of entry, not just the areas between our ports that are the responsibility of the Border Patrol. Adequate staffing is so vitally important to reducing the miles-long backups of legitimate trade into Mexico. Southern Arizona is known for the beauty of the San Xavier del Bac Mission, otherwise known as the White Dove of the Desert. We don't want the Mariposa Port to be known as the White Elephant of the Desert.

We also must greatly improve our transportation links in the border region. Congress took a positive first step by designating the highway between Las Vegas and Phoenix as Interstate 11, an integral link in the so-called Canamex trade corridor linking all three NAFTA nations, which will also connect the country's two largest metro areas not connected by an interstate. But we must also reduce the bottlenecks that prevent freight from reaching the interstates in the first place. Mariposa Rd., also known as Arizona 189, needs to be expanded or reconfigured in such a way that trucks leaving the port of entry can bypass the congestion of Nogales and head north on Interstate 19.

In a time of austere federal and state budgets, we understand that there are no easy solutions to the challenges of port staffing and transportation infrastructure, but please know that you have a willing partner in Arizona's business community in addressing these challenges.

Once again, on behalf of the Arizona Chamber of Commerce and Industry, I very much appreciate the opportunity to be here today and I would be happy to take any questions you might have.