Thursday, May 2, 2019

Slowdowns at the Texas-Mexico border, or worse a border closure, can devastate our state and national economy. A new study by The Perryman Group, commissioned by IBC Bank in support of the Texas Association of Business, Texas Border Coalition, Texas Business Leadership Council and the Border Trade Alliance, analyzes the economic losses caused by the border slowdown.

The Perryman Group found that if the recent border slowdown causes a one-third reduction in trade over a three-month period, it would cost the US economy $69 billion in gross product and 620,236 job-years. In the same period, Texas stands to lose over $32 billion in gross product and 292,566 job-years, and the Texas border region would lose $2 billion in gross product and 24,311 job-years.

Year after year, the Government Accounting Office (GAO) states that the US ports of entry are underfunded by nearly $5 billion dollars. They have consistently been underfunded, understaffed and overwhelmed with increasing levels of trade.

With resources stretched thin, even a threat of a border shutdown is enough to cause major disruption to the flow of commerce through our ports of entry especially along our southern border where the vast majority of cargo enters the United States. Although the administration chose not to shut down the border, the constant threat of a shutdown will slow and reduce foreign investment in the United States.

In an attempt to process migrants seeking asylum, the federal government reallocated Customs and Border Protection staffing. However, in doing so, many of our southern ports on the Texas/Mexico border had to shut down cargo lanes, reduce hours, or both, thereby causing a massive backlog of trucks and major delays throughout our interconnected supply chains across both countries.

In a 2013 economic analysis conducted by Bloomberg, U.S./Mexico truck trade constrained by border crossing delays cost the United States economy $7.8 billion in 2011[i]. The report went on to say that if U.S./Mexico truck trade were to continue growing at the current pace, truck trade would be valued at $463 billion by 2020 and that would put the annual border crossing delay cost at $14.7 billion. The U.S. Department of Transportation states that U.S./Mexico truck trade was valued at $424 billion dollars and if truck trade increases 10% from 2018 to 2019 as it did from 2017 to 2018, then we will reach and surpass both the $463 billion dollar valuation in 2019 as well as the $14.7 billion delay cost in 2019, one year earlier than predicted. All of this is without any major investments in our ports of entry.

Considering this growth and what is at stake, we commissioned a study by renowned economist Dr. Ray Perryman on the economic impact of the slowdowns at our ports of entry. This study captures in data, what the impact is to our state and national economies. It is the first such study in 2019, of which we are aware, measuring the actual slowdowns and delays at the border. While it accurately captures the cost to our state and national GDP, what it does not capture is the disruption to everyday lives. From the truck drivers stuck in line for up to 24 hours, to the delay of everyday crossings including the lack of restroom facilities, availability of water, food, and so much more. Many cargo trucks are in line so long they end up running out of fuel before they can cross the bridge.

Additionally, there is a toll on Americans who become ensnared in these long lines when attempting to re-enter the United States. Texas border communities truly serve as one city in two countries, divided by a river. Texans cross the Rio Grande like members of Congress cross the Potomac River to get to the Capitol. From American school children who choose to live across the river with their families, to employees who are making their daily commutes, these long lines at our bridges are making daily life miserable. With the summer heat rapidly approaching, the long lines will become even more unbearable.

One fact remains clear. These backlogs at the bridges are hurting the Texas and U.S. economies through increased delays and increased costs. Our goal is to keep Texas open for business, and we need a robust bridge crossing system that is fully staffed to achieve that goal. Therefore, we are calling on Congress to fully fund our ports of entry and return CBP staffing to full levels.

The April 2019 study, "**The Economic Costs of the US-Mexico Border Slowdown,**" was commissioned by **IBC Bank** in support of the Texas Association of Business, Texas Border Coalition, Texas Business Leadership Council and the Border Trade Alliance.

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[i] ***"A BALANCED BORDER: With $322 billion in U.S. – Mexico truck trade on the line, economics must be considered with security."*** By Mathew Hummer, Bloomberg Government Analyst. May 14, 2013