



Bulletin

September 30, 2021

This week **Montserrat Caballero Ramírez** starts her term as the first elected woman to head Baja California's most populous city. She succeeds **Karla Ruiz McFarland**, who as Interim Mayor for the past eight months made history of her own, as first woman mayor of the city.

With a new administration come many hopes and expectations. The city is a melting pot of migrants from all over Mexico and beyond. It is one of the most resilient places on earth, a beacon of new beginnings for so many, and a gateway to the great state of California. It also faces a host of challenges, from petty crime to high homicide rates, unnecessary migrant concentrations at the El Chaparral port of entry, festering environmental issues such as untreated water flows to San Diego, obsolete and aging mobility infrastructure, and many more.

Most new municipal administrations in Mexico lack enough funding when they get started. Payroll and other indispensable needs like refuse pick-up, policing, and street cleaning suffer. However, I am see reasons to hope that the state and the federal government will come through with enough resources in the very short term to keep Baja's metropolis moving.

Similarly, the **State of Baja California** will have a new **governor** in one month. **Marina del Pilar Avila** will start her six-year term on November 1st. Based on my close observations as a member of her delegation to **Sacramento**, the **Bay Area** and **Napa Valley** earlier this month, I have concluded that the first woman governor will be a welcome change from the outgoing **Bonilla** administration.

I came away feeling good about the historic visit for two main reasons. First, the Governor-Elect presented herself as someone whose government will uphold the rule of law. She was very intentional about communicating this to **Lieutenant Governor Kounalakis, California Assemblymembers and Senators, state agencies, high-tech companies, winery owners, and others.** This is a critical first step toward establishing a relationship of trust.

Second, she is direct and down-to-earth. She was quite frank with California officials and business people in expressing her state's clear need to explore integration in critical areas such as water, energy, border crossings, agroindustry, environment, innovation, talent, and tourism. She expressed opinions when she knew the issues well and asked her advisors to fill in when she believed they had a better grasp of a topic. Whether she spoke with an agency secretary, consular officer, company employee, or corporate officer, I saw no pretense.

An unexpected yet pleasantly surprising appearance at the recent **North American Development Bank Environmental Forum** in San Antonio was **Google**, now a player in greening cities and countries. I see an historic opportunity to pique Google's interest in border mobility, and in this vein, our coalition started an outreach effort with **Waze** and **Maps** high-level staff and engineers to outline how the Silicon Valley titan can become a much greater force for good for all border crossers.

All of us are familiar with the recent news about so many manufacturing and agriculture businesses in the U.S. unable to find the workforce they need to increase outputs and serve customers. The pandemic has changed the way we work and has changed how people feel about work. Many in manufacturing and agriculture have decided not to continue in their pre-pandemic role, electing to change careers.

Agriculture, particularly in California, has required the assistance of foreign workers –primarily Mexicans—with H-2A Visas to work temporarily in fields in the Imperial Valley, the San Joaquin Valley, and other large, fertile regions.

On my recent visit to northern California with **Governor-Elect Avila**, one of the greatest concerns was the lack of labor to address the exploding post-pandemic demand for food and manufactured goods. This circumstance, however, brings great opportunity for new employment policies that could benefit places like Baja and California. Indeed, immigration programs are on the agendas of both federal governments, but there is no reason why Baja and California could not lobby Mexico City and Washington, D.C on running a pilot program to start an orderly, disciplined, and strategic hiring process for meeting consumer demand in our contiguous regions. Done right, the effort would pay close attention to human rights, provide stable and good paying jobs, workforce training, financial stability for families, and, ultimately, more integrated economies.

Our coalition expects progress in rail for cargo in the coming years. For one, the saturation at **Los Angeles and Long Beach** ports we addressed in this bulletin several months ago caught attention and resulted in more than a dozen calls to me. If Baja plays its cards right, **Ensenada** could become an outlet for an important part of the many container ships that cannot dock efficiently in southern California.

Well, this has sparked renewed interest in jump starting the **Desert Line** project as one of several joints in a staged grand plan for Baja to become a much more significant player in shipping, rail and nearshoring. This Desert Line is the rail line connecting Tijuana/Tecate to Plaster City in the Imperial Valley. Once there, the line would connect with Union Pacific Railroad to destinations in the Midwest and East Coast of the U.S. I believe there is political will to develop this project but private enterprise on both sides of the border must work together, unselfishly, transparently, and hand-in-hand with the new Baja California state government. Our region needs a win in creating effective public-private partnerships.

As I listened to economist **Ray Major** from the **San Diego Association of Governments (SANDAG)** at the early September **South County EDC** board meeting, I became convinced that our binational region can do so much more to accommodate its workforce. Major stated that San Diego county has a

63,000-unit home shortage and that it is hard to see when we will begin to turn the corner in building enough dwellings.

A binational view of this indicates that many of these homes could be built in Tijuana, Tecate, and Rosarito. There has already been a clear response to these pressures as evidenced in the many condo and apartment high-rises appearing on the Tijuana skyline. And keep in mind that this has happened in the absence of government policy instituted to attract U.S. potential homeowners to Baja! So imagine what might occur with a supportive policy.

Exorbitant border wait times for Tijuana coming northward continue to limit the feasibility of this solution to the San Diego housing shortage and the resulting dramatic impact on the cost of living.

Our coalition is working on the next iteration of the **Border Innovation Challenge**, where entrepreneurs and students propose new ways to improve cross-border mobility. Our 2022 event promises a North America-wide audience and participants. The **Rady School of Management** and the **Jacobs School of Engineering** at the University of California, San Diego will organize the event with us, but we will be adding new players to the mix. Please stay tuned.

I will be moderating a panel on connectivity at the Tijuana EDC's "**Borderless Business Congress**" on October 5th (tijuanaedc.org/bbc/2021). Keep in mind that the entire hybrid congress will run the week of October 4th and that it is the EDC's signature event. I want to thank **EDC President Carlos Jaramillo** and **Executive Director Paty Hernandez** for for tirelessly working to create informative, inspiring events.

Our **Stakeholders Working Committee** meeting this month produced discussions on some of the most relevant topics for our border. Our main presenter was **California State Senator Ben Hueso**, leader of the **Select Committee on Binational Affairs**. Part of his job is to dialogue with Mexico to learn about things we can do better and then transforming them into legislation.

He has had conversations with **Mexican Secretary of State Marcelo Ebrard**, **Economy Secretary Tatiana Clouthier**, and **U.S. Vice President Kamala Harris** about Mexicans' access to vaccination, border reopening, combatting wildfires together, and **Tijuana River Valley** and **New River** (Mexicali-Calexico) water treatment.

Senator Hueso stated that one of the biggest problems in the Central Valley is insufficient work force. Thus he is working on a resolution for immigration reform. Fellow Senator Eloise Reyes has a companion measure.

Carlos Carranza, North American Development Bank Infrastructure Financing and Financial Services Director, also addressed the coalition Stakeholders, elaborating on the bank's new project types based on environmental impact: energy storage and climate change adaptation and climate resilience; urban development; mobility; sustainable buildings and industrial plants; green manufacturing and manufacturing of green products.

Francisco Rubio Rangel, the Tijuana Business Council President, is interested in working with our coalition to implement the council's binational agenda. Significant issues are water treatment—they want to make sure they get back two seats on the board of directors for the Baja California state water commission—border crossing security for tourists (elimination of line “cutting”); and decreasing wait times for cargo and people, thus reducing air pollution.

Carlos Jaramillo, Tijuana EDC President, also joined us and rightly pointed out that Tijuana and San Diego have been neighbors but need to shift from neighbors to “family,” implying more and closer teamwork. He added that “We are always polite, but that's where it stops.” He is committed to developing a Binational Committee on Economic Development with partners in San Diego (San Diego EDC, San Diego Regional Chamber of Commerce, and Smart Border Coalition). He wants to focus on four items: binational promotional effort; updating regional data (already working on it); unifying the binational agenda by aligning perspectives; and creating an open channel of communication, going beyond neighborliness.

The **Otay Mesa East Port of Entry**, scheduled for start of operations in late 2024, has come a long way on the U.S. side of the border. **Mario Orso, Caltrans**

Project Corridor Director and perhaps the most knowledgeable and experienced Caltrans executive on port infrastructure, stated in a recent conversation with binational stakeholders that there has already been \$565 million invested on the U.S. side in Otay for highway connections to what will be the new port. Two southbound connectors will open by the end of October and the second section of State Route 11 will be completed toward the end of this year.

The new port has an area of 100 acres, double the acreage of the Otay Mesa and San Ysidro ports combined. Initially, there will be five lanes each for cars and trucks, but this capacity will be expandable to 20 lanes, 10 each for passenger vehicles and trucks. As far as inspections go, U.S. Customs and Border Protection (CBP) is reviewing technology to scan 100% of northbound passenger vehicles.

CBP let us know last week that their **300 temporary staff members** (TDYs or “Temporary Duty Assignments”) called on to support the growing crossing demand, will end their stay at the California-Baja California border. We will see new officers “shortly,” so expect longer lines starting on October 1st.

Representative Scott Peters has been spearheading discussions with the White House about personnel supply shortages at California ports.

There is some very positive news about the Otay Mesa Port of Entry. The new pedestrian ramp opened earlier this month. The new commercial annex will open before the end of March 2022, and new cargo lanes will come on line sometime in the spring, increasing cargo lanes from 10 today to 16!

Vincent Annunziato, head of CBP’s innovation priorities on trade, led a discussion about “**The Future of Trade Facilitation US-MX**”. The event was organized by the **United States-Mexico Foundation** (usmexicofound.org). Annunziato stated that the wave of the future in cross-border cargo screening will be verifiable digital credentials whereby it will be evident who is coming to the border and what they are bringing, well before arriving at the port. The software used for verification purposes will have to be interoperable, meaning that none of it should be proprietary.

The **U.S. Department of Homeland Security** reopened travel and trade at **Del Rio, Texas**, where massive migrant crossings had been overwhelming authorities. The **Border Trade Alliance** (BTA), an organization to which the Smart Border Coalition belongs, has always been in favor of keeping the port open, even though the U.S. Government decided to close it temporarily.

In its letter addressed to Homeland Security **Secretary Alejandro Mayorkas**, the BTA stated that it “acknowledges the tremendous strain DHS resources are under as the department confronts a spike in asylum seekers at the United States-Mexico border. But closing international bridges is an extreme measure that we believe should be immediately reversed. Just-in-time manufacturing operations require predictable access to the ports of entry along the U.S.-Mexico border to meet customer needs and to maintain consistent supply chains. The decision to reroute commercial traffic away from Del Rio is an expensive disruption in U.S.-Mexico trade flows.”

It was good to reconnect with **Ambassador Marcela Celorio**, former Consul General of Mexico in San Diego, at the **Los Angeles Consulate General**. Her work in San Diego was invaluable, and she is now leading the largest Mexican consulate in the world. One of her activities is strategically introducing delegations from Mexican states to movers and shakers in Los Angeles and coordinating high-level tourism fairs. She had just met with the states of **Jalisco, Puebla** and **Mexico**. In addition, she is vigorously promoting Mexican gastronomy, arts and culture, and emerging talent, particularly in creative industries. She will also welcome Latin American consuls this fall.

The San Diego Foundation just announced the launch of the new **Regional Policy and Innovation Center** in collaboration with the famed **Brookings Institution**, one of the world’s most important non-profit think tanks. In reading the press release (sdfoundation.org/programs/programs-and-funds/san-diego-regional-policy-and-innovation-center) I especially liked that this new 501(c)3 nonprofit organization will “engage government, corporations and philanthropy to conduct world-class research, support

coordinated governmental and agency relationships and address regional issues such as improving critical infrastructure, creating stable high-paying jobs and generating other measurable long-term socio-economic and environmental benefits.”

Congratulations are in order for the foundation’s **CEO Mark Stuart. General John Allen, Brookings Institution president**, has a rich family association with San Diego and is quite excited to launch this unprecedented project that includes Tijuana. He sees this initiative as a deep place-based engagement with the region. It will put San Diego in a much better position to tackle cross-sector multi-jurisdictional challenges. **Shalini Vajjhala** will be the **CEO**. She has committed to creating major long-term socio-economic benefits for the binational region.

Our next online **Stakeholders Working Committee** meeting will convene on **November 4th from 9:00AM to 11:00AM in Tijuana**. Please stay tuned for more information.

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