



COVID-19 Bulletin

May 26, 2020

We hope that you and your families are safe and healthy and look forward to emerging from quarantine in the very near future.

Stakeholders Working Committee Highlights: Thank you to those who joined our May 7 videoconference. We have uploaded the presentations on our website, www.smartbordercoalition.com/meetings/stakeholders-working-committee-meeting-6

Board Meeting: Our bi-monthly meeting featured information about a couple of humanitarian responses to the crisis:

- **SIMNSA (Frank Carrillo's team, Carolina Chavez leading the foundation):** www.gofundme.com/f/simnsa-fundacion
- **Apoyemos a Tijuana (Christian Carrillo's work along with many Tijuana companies):** Website: www.apoyemosatijuana.com. For donations: www.bit.ly/LetshelpTijuana or www.bit.ly/HelpTijuanaMatchingGrant. Contact phone: (619) 941-3198 in San Diego and (52 664) 423-2299 in Tijuana. Contact email: info@Apoyemosatijuana.com, info@LetshelpTijuana.com.
- We also heard from our members **Kyocera, Solar Turbines,** and **Cubic** about their challenges in keeping their Tijuana operations open or restarting them. Our coalition was involved in several conversations with

them as well as with business associations such as the Tijuana EDC and Index to make sense of a nerve-racking situation that showed the vulnerability of our cross-border supply chains.

Aduanas Meetings: We have been participating in SAT-led conferences to gauge the volume of trade and traveler movement through our ports. For the May 4-17 period when compared with last year, imports decreased by 23% and exports by 18%. However, there is an upward tendency now.

For southbound passenger vehicles through El Chaparral, SAT has seen an average of 10,000 versus 22,000 to 25,000 in “normal” times. Otay normally sees 15,000 vehicles per day, but in the pandemic the numbers have ranged between 7,000 and 8,000, a 50% reduction. So travel restrictions have had a very strong impact. Tecate has seen a 50% reduction in both pedestrians and vehicles.

CBP and Wait Times: With schedule changes in Otay, San Diego’s reopening, and crossers more confident about leaving their homes, northbound travel has grown significantly. From the week of April 6 to the week of April 27 the increases were 43% for pedestrians and 24% for passenger vehicles at our ports.

Wait times for weekend and early-morning crossers have stretched to many hours, to the point where people have been sleeping in their vehicles. We urged CBP to accommodate this growth by opening additional lanes during peak hours.

Our Letter to the U.S. Department of Homeland Security: Our coalition addressed a letter to DHS Acting Secretary Chad Wolf urging him to lift restrictions at our ports due to the economic devastation we are seeing. We also recommended that DHS take into account that 91-94% of all crossers are either U.S. citizens or have U.S. legal residence status. Crossers’ desire for medical treatment in the U.S. cannot be denied at proposed makeshift health inspection facilities in the ports’ vicinity.

Tijuana Innovadora (TI) and the International Community Foundation (ICF) in RedXTijuana: We applaud Tijuana Innovadora's and ICF's efforts to pair donors with potential grantees through an unprecedented effort in our region. TI's Jose Galicot, ICF's Anne McEnany, and their teams have been quite active in getting this underway. I participated as an ICF board member, describing ICF's importance in the effort to guide donors through its Border Health Fund, Border Fund, and various other channels and also stating some of the challenges grantees face in obtaining in-kind donations from the U.S. side of the border.

U.S. Representatives Will Hurd and Henry Cuellar, and Efforts to Align with Mexico: In a forum with the Border Trade Alliance and five Mexican state governors, both congressmen expressed concern about the misalignment in "essential services" definitions between our countries and the urgent need to include supplier networks with the essential-service companies. Congressman Hurd was keen on post-COVID 19 recovery and advancement through more effective procedures at our ports and having the manpower and the infrastructure in place to handle traffic increases.

San Diego Science and the Global Pandemic – Webex Conference: San Diego's Thermo Fisher, the Sanford Burnham Prebys Institute (SBP), and Arcturus are at the cutting edge of efforts to stop the virus. I had no idea of Thermo Fisher's degree of involvement in Wuhan, characterizing the pathogen's path and showing the first 3-D structure of the virus. I knew about their testing prowess but not about their four-hour diagnosis. SBP is teaming with Scripps to test hundreds of known drugs against COVID-19, and Arcturus is working with the Duke Medical School in Singapore to find a single-shot vaccine using self-replicating RNA.

Taylor Made Golf Clubs voluntarily shut down Tijuana operations at the beginning of April, furloughing some 300 employees. It has since got the go-ahead to reopen and has been preparing its facility. However, it will not be

returning to full operation anytime soon. I wonder how many companies with cross-border operations are at this decision point and whether they will continue to place confidence in the opportunities south of the border.

Viasat has been providing internet services in rural areas in Mexico. Their sales office in Mexico services some 250,000 subscribers. Some in the company believe that many San Diego companies should have an “extension” in Tijuana, e.g., not just a manufacturing facility but a formal office with accountants, managers, and technology and operations experts to complement U.S. side operations. A good example is Thermo Fisher’s software and cloud development group which has become a model to follow.

Tecate Rail Crossing: With Paul Jablonski’s sudden passing at San Diego Metropolitan Transit System (MTS) and the appointment of a successor, Sharon Cooney, now is the moment to reset Baja Rail’s and MTS’s relationship to give the region a much-needed rail crossing in Tecate. Over the last year, political transitions and COVID-19 have stalled the project.

Summary of UCSD’s Center for U.S.-Mexican Studies Videoconference on Supply Chains and the Private Sector Response in Mexico: Mexico has lost 700,000 jobs so far. Convenience store sales were 26% lower in April; the informal economy now accounts for 25% of Mexico’s GDP. Investment is only 20% of GDP versus 50% or more in Asian countries.

The country’s business development council (CCE) does not want bailouts; it wants the federal government to prioritize COVID-19 testing and employee transportation logistics.

The CCE has proposed 60 lines of action to the federal government to help the neediest Mexicans. Private enterprise has injected cash into the economy through private foundations; banks have refinanced 4.5 million loans for small business; large companies are offering liquidity to suppliers, yet the government is not refunding value added tax credits fast enough.

Although Mexico is the 7th most important manufacturing economy in the world, its degree of integration is low: #28 in the world. Of all manufacturing exports from Mexico, only 8% contain domestic content.

Mexico needs to attract new investment after the China-U.S. geopolitical shift, but it must have a federally-led promotion office, improve logistics with better infrastructure (ports, airports, border crossings, and roads), assure stable energy prices, and reduce crime.

I encourage anyone with any topic that pertains to the coalition's mission to make travel and trade easier and more secure through our ports to reach out to me.

With best wishes,

Gustavo De La Fuente

Executive Director

(619) 814-1386