



**Office of the Secretary of State
Border Commerce Coordinator Report 2020**

**Ruth R. Hughs
Secretary of State**

Introduction

In August 2019, Governor Greg Abbott appointed Secretary of State Ruth Hughs as Border Commerce Coordinator (BCC) pursuant to Section 772.010 of the Texas Government Code.

The BCC's role is to facilitate communication and coordination of border initiatives among state agencies, local officials, and the federal governments of the United States, Mexico, and Canada. The Secretary of State also serves as Chief International Protocol Officer for the State of Texas and the Governor's Chief Liaison to Mexico and the Border Region of Texas.

This report covers the activities of Secretary Hughs during her tenure as Border Commerce Coordinator in 2020.

I. Overview of Border Commerce Coordinator's Role and Responsibilities

Section 772.010 of the Texas Government Code outlines the duties and responsibilities of the State's Border Commerce Coordinator.

Pursuant to Section 772.010(a):

The [border commerce] coordinator shall:

- (1) examine trade issues between the United States, Mexico, and Canada;
- (2) act as an ombudsman for government agencies within the Texas and Mexico border region to help reduce regulations by improving communication and cooperation between federal, state, and local governments;
- (3) work with federal officials to resolve transportation issues involving infrastructure, including roads and bridges, to allow for the efficient movement of goods and people across the border between Texas and Mexico;
- (4) work with federal officials to create a unified federal agency process to streamline border crossing needs;
- (5) work to increase funding for the North American Development Bank to assist in the financing of water and wastewater facilities;
- (6) explore the sale of excess electric power from Texas to Mexico;
- (7) study the flow of commerce at ports of entry between this state and Mexico, including the movement of commercial vehicles across the border, and establish a plan to aid that commerce and improve the movement of those vehicles;
- (8) work to identify problems associated with border truck inspections and related trade and transportation infrastructure and develop recommendations for addressing those problems;
- (9) work with the appropriate state and federal agencies to develop initiatives to mitigate congestion at ports of entry; and
- (10) develop recommendations designed to:

- (A) increase trade by attracting new business ventures;
- (B) support expansion of existing and new industries; and
- (C) address workforce training needs.

Section 772.010(c) reflects that the BCC will coordinate with other state agencies, local governments, metropolitan planning organizations, other “appropriate community organizations” along the Texas-Mexico border, and “comparable entities in Mexican states” along the Texas-Mexico border, to “address the unique planning and capacity needs of those areas.” Under this provision, “the coordinator shall assist those governments, organizations, and entities to identify and develop initiatives to address those needs.”

Section 772.010(d) directs the BCC to work with (1) “private industry and appropriate entities of Texas and the United States to require that low-sulfur fuel be sold along highways in Texas carrying increased traffic related to activities under the North American Free Trade Agreement”; and (2) “representatives of the government of Mexico and the governments of Mexican states bordering Texas to increase the use of low-sulfur fuel.” In addition, Section 772.010(e) provides for the creation of the “Texas Good Neighbor Committee,” consisting of the mayors of “every municipality located in this state along the border between Texas and Mexico that has an adjoining sister city in Mexico.” The Good Neighbor Committee is tasked with advising the BCC on “key trade, security, and transportation-related issues important to the municipalities appointed to the task force”; meeting with mayors of Mexican cities to identify problems and recommend solutions; seeking assistance and input from private-sector stakeholders; and providing recommendations to the BCC in carrying out the BCC’s statutory duties.

This report is being submitted pursuant to Section 772.010(c) of the Texas Government Code, which requires that before January 1 of each year, the BCC “shall submit to the presiding officer of each house of the legislature a report of the coordinator’s activities under this subsection during the preceding year.” Due to the coronavirus (COVID-19) pandemic, many of these activities occurred via telephone conferences and virtual platforms in 2020.

II. Communications with Mexican Officials and Others Relating to Texas-Mexico Trade

In 2020, the Border Commerce Coordinator and Secretary of State representatives frequently interacted with Mexican government officials and other border-affairs stakeholders regarding Texas-Mexico trade activities. These interactions have helped Texas and Mexico maintain a strong relationship that continues to help foster economic development, promote robust cross-border commerce, and enhance the collaborative efforts of their respective communities.

Secretary Hughs coordinated with border-region stakeholders on a host of issues involving the COVID-19 pandemic. For example, in April 2020, Secretary Hughs and Aaron Demerson (Commissioner Representing Employers, Texas Workforce Commission) participated in a virtual conference with leaders from the Texas border region hosted by the Laredo Economic Development Corporation. The conference addressed the implementation of Governor Abbott’s COVID-19 response plan.

Beginning in April 2020, the United States, Mexico, and Canada mutually agreed to restrict non-essential cross-border travel to help combat the spread of COVID-19. Each country adopted its own definition of an “essential” business, and only those businesses designated as essential were allowed to cross the border. As a result, some businesses were prevented from conducting their regular operations. At the April 16, 2020 meeting of the Border Trade Advisory Committee (BTAC), Secretary Hughs, BTAC members, and key stakeholders discussed the impact of these restrictions on cross-border trade and commerce.

In response to the pandemic, the United States, Mexico, and Canada also imposed restrictions on the operation of non-essential businesses in their respective countries. The United States and Canada aligned their travel restriction guidelines and definitions of essential businesses, while Mexico adopted its own restrictions. These varying standards created significant challenges for cross-border trade and commerce, particularly for supply chain operations that rely on binational coordination. Secretary Hughs emphasized the significance of these challenges in meetings with key Mexican officials and sought to find workable solutions. For example, Secretary Hughs met with Pablo Marentes (Consul General of Mexico in Austin) and other Mexican federal and state leaders regarding critical supply chain issues facing American companies. Likewise, Governor Abbott sent a letter to Mexican President Andres Manuel Lopez Obrador requesting that Mexico consider aligning its protocols with those of the United States and Canada.

This year, Secretary Hughs collaborated with Mexican officials on the implementation of the United States-Mexico-Canada Agreement (USMCA). The agreement took effect on July 1, 2020. USMCA’s predecessor, the North American Free Trade Agreement (NAFTA), played a significant role in increasing the volume of commercial traffic traveling northbound into the United States from 1996 to 2019. The USMCA is expected to have a similar economic impact, including a continued steady growth in cross-border trade and northbound crossings of commercial vehicles across the Texas-Mexico border.

Secretary Hughs took part in several panels discussing the importance of the USMCA and highlighting key details of its implementation. For example, at the 2020 Mexico-U.S. Sister Cities Mayors’ Summit in El Paso, Secretary Hughs participated in a panel on the legacy of NAFTA. The Secretary—who also provided welcome remarks to the broad array of mayors, municipal officials, business leaders, and other attendees—highlighted NAFTA’s positive impact on the Texas economy and the expectation that the USMCA will further enhance the commercial relationship between Texas and Mexico. In May 2020, Secretary Hughs presented at a similar panel discussion for an event hosted by the World Affairs Council of San Antonio. And Secretary Hughs participated in a panel conversation with Duncan Wood (Director, Wilson Center’s Mexico Institute) regarding the importance of the Texas-Mexico economic relationship and potential opportunities created by USMCA, particularly in the areas of infrastructure development and energy.

Secretary Hughs joined diplomatic representatives of Canada and Mexico for several USMCA panels after the historic agreement entered into force. In July, Secretary Hughs, Rachel McCormick (Consul General of Canada), and Roberto Velasco (Director General for North America at Mexico’s Ministry of Foreign Affairs) led a discussion hosted by the Borderplex Alliance regarding the importance of the USMCA in maintaining stability in cross-border

commerce. In August, Secretary Hughs participated in a panel with Ruben Minutti (Consul General of Mexico in San Antonio) and Consul General Rachel McCormick, hosted by the Corpus Christi Regional Economic Development Corporation, addressing the USMCA's impact on the region and highlighting details of the agreement involving the energy industry. In September, at an event hosted by the Greater Houston Partnership, Secretary Hughs presented on how the USMCA would help modernize trade and create a positive impact for cross-border trade stakeholders. In October, Secretary Hughs joined Leila Afas (Director of International Public Policy, Toyota) and Flavio Volpe (President, Automotive Parts Manufacturers' Association) at an event hosted by Rice University's Baker Institute for Public Policy, focusing on the USMCA's impact on the automotive industry. In December, Secretary Hughs, Francisco de la Torre (Consul General of Mexico in Dallas), and Consul General Rachel McCormick led a discussion on the USMCA, particularly its importance in the Dallas-Fort Worth area as a trade facilitator connecting the Texas border region to the rest of the United States and Canada.

Throughout 2020, Secretary Hughs remained in frequent communication with Mexican representatives as Texas and Mexico navigated the difficult circumstances caused by the COVID-19 pandemic and other issues. This outreach included communication with the Mexican states along the Texas border. In May 2020, Secretary Hughs joined the governors of Tamaulipas, Nuevo Leon, Coahuila, and Durango, and their respective secretaries of economic development and health, on a virtual conference. Each state shared an update on the impact of COVID-19 in their state and economic strategies they were implementing to address the challenges caused by the pandemic. Secretary Hughs outlined Governor Abbott's plan to reopen the Texas economy and the State's actions to combat the spread of COVID-19. The participating states agreed to continue fostering increased communication and collaboration.

In February 2020, Secretary Hughs met with Consul General Ruben Minutti, Alicia Kerber (Consul General of Mexico in Houston), and Mauricio Ibarra (Consul General of Mexico in El Paso), in an effort to welcome them to Texas and establish a collaborative relationship with their offices. In July 2020, Secretary Hughs met with Roberto Velasco, who had been recently named Director General for North America at Mexico's Ministry of Foreign Affairs, and Consul General Alicia Kerber. The parties discussed the critical economic and cultural relationship between Texas and Mexico, improvements to border infrastructure, the COVID-19 pandemic, and the implementation of the USMCA. In September 2020, Secretary Hughs sent a welcome letter to Paloma Villasenor after she was named Consul General of Mexico in Del Rio. In October 2020, Secretary Hughs spoke with Martha Bárcena (Mexican Ambassador to the United States) regarding the need for infrastructure improvements at the border, increased USMCA coordination, and the possibility of collaborating on cultural events in 2021.

Additionally, Secretary Hughs coordinated individual state-to-state meetings with the Mexican border states. In September, Secretary Hughs met with Tamaulipas representatives, including Carlos Garcia (Secretary of Economic Development), Eduardo Gomez (Undersecretary for Infrastructure Planning), and Ernesto Gonzalez (Director of Foreign Commerce). Secretary Hughs was accompanied by her staff, Caroline Mays (Director of Freight and International Trade, TxDOT), and TxDOT officials. The parties discussed infrastructure priorities and opportunities to foster economic development along the Texas-Tamaulipas border area. Tamaulipas officials emphasized their support for the construction of the proposed new international bridge in Laredo.

Secretary Hughs convened a meeting with Coahuila representatives in September. Secretary Hughs spoke with Jose Maria Fraustro (Secretary of Government), Jaime Guerra (Secretary of Economic Development), and Gerardo Berlanga (Secretary of Infrastructure), alongside Secretary of State staff, Caroline Mays, and TxDOT officials regarding infrastructure projects and economic development in the Texas-Mexico border region. Coahuila officials expressed an interest in working with Texas to support the development of the Ports-to-Plains trade corridor.

In October, Secretary Hughs met with representatives of Chihuahua, including Alejandra de la Vega (Secretary of Economic Development), Anna Alvarez (Binational Affairs Coordinator), and Gustavo Elizondo (Secretary of Communications and Public Works). Secretary Hughs was joined by her staff, Caroline Mays, and TxDOT officials for a discussion about infrastructure priorities and opportunities for collaboration between Texas and Chihuahua. Chihuahua officials indicated their support for the development of the Topolobampo trade corridor.

Lastly, in late October, Secretary Hughs connected with Nuevo Leon officials—Roberto Russildi (Secretary of Economic Development), Roy Lavcevic (Undersecretary for Economic Development and Labor), and Lorenzo Aguilar (Undersecretary for Investment and Industrial Development). Along with Secretary of State staff, Caroline Mays, and TxDOT officials, the parties discussed ongoing transportation projects and economic development opportunities along the border area between Texas and Nuevo Leon. Nuevo Leon officials shared their state’s plans to develop a border city around Port Colombia to support the anticipated increase in commercial traffic in that area.

In her role as Border Commerce Coordinator, Secretary Hughs also focused on the energy sector in 2020. Secretary Hughs participated in the 6th Mexico Gas Summit, an annual gathering of government and private-sector energy industry leaders representing Mexico and the United States. The summit explored, among other things, the existing energy sector relationships between the United States, Texas, and Mexico, as well as recommendations for strengthening these relationships. As a keynote speaker at the summit, Secretary Hughs noted the opportunities that the USMCA created for Texas to expand its energy collaboration with Mexico.

Secretary Hughs worked to enhance the cultural relationship between Texas and Mexico in 2020 as well. In February, Secretary Hughs traveled to Laredo to take part in the historic Washington’s Birthday Celebration festivities and the annual Abrazo ceremony where Texas and American officials walk to the middle of the World Trade Bridge to share a symbolic hug with their Mexican counterparts. While in Laredo, Secretary Hughs also participated in the annual Mr. South Texas Luncheon where a notable person—this year Ambassador Martha Bárcena—receives an award for his or her contributions to strengthening the United States-Mexico relationship.

In addition, Secretary Hughs facilitated a discussion between Texas and Mexico involving the La Paz Water Agreement of 1944 (Agreement). Under the Agreement, the United States must deliver to Mexico a determined amount of water every year from the Colorado River; in turn, Mexico must deliver to the United States a set amount of water from the Rio Grande, pursuant to certain benchmarks, but with a dateline of delivery ending every five years. In 2020, as it neared the end of the latest five-year cycle, Mexico faced challenges with paying its water debt to Texas.

Governor Abbott assigned Emily Lindley (Commissioner, Texas Commission on Environmental Quality) as the Texas representative for negotiations with the United States International Boundary and Water Commission and Mexican officials to consider options for Mexico to repay its water debt to Texas in accordance with the Agreement. Secretary Hughs helped facilitate communications between Commissioner Lindley and Mexican officials, who confirmed that Mexico was committed to fulfilling its part of the Agreement before the end of the five-year cycle. In October 2020, the United States, Texas, and Mexico reached an agreement under which Mexico would be able to fulfill its water delivery obligations before the end of the cycle.

III. Border Trade Advisory Committee (BTAC)

The Border Trade Advisory Committee was created in 2001 to develop strategies, and make recommendations to the Texas Transportation Commission and the Governor, to address critical border trade and transportation challenges. The Border Commerce Coordinator serves as BTAC's presiding officer. BTAC members are recognized leaders of the Texas border region, including mayors of border cities, representatives of every metropolitan planning organization in the border area, directors of border crossings, and several representatives of the private sector and cross border commerce-related trade associations.

In 2020, BTAC continued to develop the Texas-Mexico Border Transportation Master Plan (BTMP) with the intended goal of presenting a draft of the plan to the Texas Transportation Commission in December 2020. To that end, Secretary Hughs convened an in-person meeting in Austin on January 22; a virtual meeting on April 16; and monthly virtual meetings from June through December in an effort to complete the BTMP by the end of 2020.

As a supplement to BTAC discussions regarding the BTMP, Binational Regional Steering Committee (BNRSC) meetings were held monthly beginning in July 2020. The BNRSC meetings took place by regions, encompassing the Rio Grande Valley, Laredo and El Paso areas. Through this process, residents and stakeholders provided feedback on the BTMP.

The Border Transportation Master Plan is the result of joint efforts between TxDOT and BTAC, reflecting years of hard work by stakeholders from across the United States, Texas, and Mexico. The plan highlights the importance of the border region to the Texas economy; recognizes the challenges of current and needed infrastructure; describes the economic impact to Texas if those challenges and needs are not adequately addressed; and offers a comprehensive set of recommended policies, programs, and projects. The input offered by BTAC members and stakeholders was critical to the development of the BTMP.

Secretary Hughs and Caroline Mays (TxDOT) presented an overview of the final draft of the BTMP to the Texas Transportation Commission at its December 10 meeting. Secretary Hughs and Ms. Mays provided a detailed summary of the BTMP's findings and responded to questions from the Commissioners. Secretary Hughs emphasized the importance of the BTMP to communities along the Texas-Mexico border and the rest of Texas, the United States, Mexico, and Canada. It is anticipated that the BTMP will be considered by the Texas Transportation Commission for final approval in February 2021.

The Mexican states along the Texas-Mexico border were invited to attend BTAC meetings and collaborate in the committee's discussions. Representatives from Coahuila, Tamaulipas, and Nuevo Leon—Guillermo Gonzalez, Claudia Lagos, and Noe Garza Flores, respectively—attended the January 2020 meeting. Representatives from the four Mexican states attended the monthly BTAC meetings from June to December, including Anna Alvarez for Chihuahua, Guillermo Gonzalez for Coahuila, Carlos Garcia for Tamaulipas, and Noe Garza Flores for Nuevo Leon. Secretary Hughs met separately with each state's representative to further discuss infrastructure projects and the implementation of the USMCA. The infrastructure priorities shared by the Mexican state officials were added to the BTMP.

Pablo Marentes (Consul General of Mexico in Austin), Jorge Salcido (Deputy Consul General of Mexico in Austin), and Erika Garcia (Director of Intermodal Projects at Mexico's Ministry of Transportation) attended BTAC meetings in 2020 on behalf of the Mexican federal government. In November, Secretary Hughs and Caroline Mays met with Consul Marentes and Deputy Consul Salcido to provide an update on the Border Transportation Master Plan and seek their assistance in presenting the BTMP, once finished, to other federal government leaders in Mexico. BTAC will continue to engage with the Mexican federal government and the four Mexican states along the Texas-Mexico border in 2021 as the BTMP is finalized and implemented.

In addition, the State of Texas hosted a meeting in Pharr of the Regional Binational Bridges and Border Crossings Group, a binational entity that oversees infrastructure development plans for border crossings. Assistant Secretary David Zapata represented Secretary Hughs at this event, where representatives from Texas and Mexico border crossings presented their priority projects to United States and Mexican federal government officials.

BTAC will continue to meet in 2021 and coordinate the implementation phase of the BTMP. Dates for future meetings will be determined in early 2021.

IV. Communications with Canadian Officials and Others Relating to Texas-Canada Trade

The Border Commerce Coordinator also interacted with Canadian officials and other stakeholders regarding Texas-Canada trade activities in 2020.

In January, Secretary Hughs traveled to Washington, D.C. to meet with Marvin Hildebrand (Economic Minister at the Canadian Embassy). They discussed the USMCA's expected positive impact on trade relations between Texas and Canada; improved coordination in the implementation and understanding of the new rules of origin, particularly as they apply to the auto industry; and manufacturing.

Additionally, Secretary Hughs communicated with representatives of several Canadian provinces. In May, Secretary Hughs participated in a conference call with Sonya Savage (Alberta's Minister of Energy) regarding shared goals for North American energy security and ways to improve supply chain operations. In July, Secretary Hughs met with Victor Fedeli (Ontario's Minister of Economic Development) and Christina Critelli (Ontario's Director of International Representation) about potential new opportunities for collaboration on trade issues following passage of the USMCA.

As described above, Secretary Hughs also participated with Canadian officials in several panels regarding the implementation of the USMCA. Through these discussions, Secretary Hughs offered examples of successful cooperation with Canadian and Mexican commercial partners.

In February, Secretary Hughs attended a play hosted by the Consulate of Canada in Texas, titled “Come From Away,” to celebrate the friendship and collaborative spirit between the United States and Canada.

V. The North American Development Bank

The North American Development Bank (NADB) has planned, implemented, and completed infrastructure projects along the Texas-Mexico border. Section 772.010(a)(5) of the Texas Government Code directs the BCC to “work to increase funding for [NADB] to assist in the financing of water and wastewater facilities.” In February 2020, NADB officials briefed Secretary Hughs on NADB’s current projects and needs. In May 2020, Secretary Hughs participated in the Quarterly Public Meeting of the NADB Board of Directors, which provided participants an opportunity to learn about the work of NADB and to share their views on environmental projects, issues affecting their region, and suggested improvements to NADB’s programs and services. Secretary Hughs offered welcome remarks at the meeting, highlighting NADB’s critical work in the border area.

VI. Continued Work with Federal, State, and Local Officials and Stakeholders

In addition to the BTAC efforts and other functions described in this report, the Border Commerce Coordinator looks forward to continuing to work with public officials and other stakeholders on border issues, consistent with Section 772.010 of the Texas Government Code. To that end, the BCC hopes that the border interagency workgroup can meet in 2021. The BCC also will continue engaging with mayors and other local officials to address trade, security, and transportation-related issues impacting the Texas-Mexico border.