

Advocacy Group Seeks To Raise Profile of Cross-Border Issues

Trade: 10 Years Later, NAFTA Still a Hot Topic

BY JULIE POUCHER HARBIN

A new political action committee concerned with promoting pro-border legislation and policies, BorderPac, became official following its registration last week with the Federal Election Commission.

Ten years after the controversial North American Free Trade Agreement went into effect, the San Diego-based group was launched “to promote a more pro-border Congress” by raising awareness about border issues and contributing money to politicians who support its views. That’s according to Ken Morris, BorderPac’s manager and director of border research and analysis firm Crossborder Business Associates.

Although the group, made up of just a handful of border advocates from the southwestern United States, labels itself non-partisan, according to an April 19 press release, BorderPac was launched “in anticipation of possible federal budget cuts and decreased policy efforts for border programs, as well as election-year attacks on NAFTA and smart guest worker agreements.”

Morris, in remarks as part of a business and economic development panel at a recent NAFTA retrospective conference hosted by the University of San Diego, argued that if the U.S. didn’t have NAFTA, American companies would lose their competitiveness.

He was critical of presidential candidates “that believe that NAFTA is the source of all evil in our economy, that it’s anti-labor.”

NAFTA, which went into affect on Jan. 1, 1994, was created to remove most trade and investment barriers between the U.S., Canada, and Mexico, over a period of 15 years.

Rep. Bob Filner (photo), D-Chula Vista, who represents constituents in the South County, said after perusing the group’s Web site for the first time, that if the PAC turns out to have a pro-NAFTA bias, then its founders “are defining border politics in a way that’s going to hurt the border.”

“I’m a pro-border candidate, but I’m not for NAFTA. I’m going to ask them to support me and give them all the dozens of things I have done on the border and we’ll see if they’re pro-border or not,” Filner said.

Filner said when NAFTA passed, no provisions were made for San Diego’s major trade routes and border infrastructure. He said he’s made getting federal, state and local funds to build and complete State Route 905, from the Otay Mesa border crossing to Interstate 805, his main priority for the past 12 years. More than 3,000 trucks a day pass northbound through the Otay Mesa border, he said.

“It’s good for big companies who invest and for the ancillary trade spinoffs that occur,” Filner added. “But if it’s killing the environment and killing jobs and killing businesses and draining our infrastructure, I don’t think it’s a good policy.”

Stephen Gross, the PAC’s first major contributor and advisory board member, accused Filner of “doing a horrible job” with border issues, but conceded the congressman “is lately coming around and showing some interest in infrastructure improvements.”

Gross, who’s also president and owner of Otay Mesa-based Border Trade Services, LLC, a cross-border warehousing and logistics firm, would like all area politicians to pay more attention to the importance of border trade in the local economy.

“There seems to be this interest in the glitz, the high-tech, biotech economy, but that is just a portion of the economy in San Diego and it gets all the attention. ... It needs to be a political priority to get the infrastructure here and support what the companies want to do,” he said.

So far the PAC has raised a few thousand dollars, he said, but its goal is to raise a couple hundred thousand dollars a year.



And it appears the PAC has its work cut out for it. Erik Bruvold, vice president and director of infrastructure issues at the San Diego Regional Economic Development Corp., said San Diego and northern Baja California are “two dynamic economies that benefit from close relationships with one another ... but are by no means dependent on the economic performance of each other for their long-term sustainability and progress and growth.”

Bruvold, who made the comments at USD’s NAFTA conference, said that in 1994, economists predicted the two regions’ manufacturing economies would bring them closer together.

“We really saw this model of being one of manufacturing and higher value activities on this side, more mass produced or commodity kinds of manufacturing processes on the other side,” he said.

Instead, San Diego’s main economic drivers turned out to be biotech and pharmaceuticals; telecommunications; and defense integrated electronics and IT, he said. Meanwhile, local manufacturing experienced a nearly decade-long decline due to the high cost of manufacturing here, while offshoring to China “maybe kicked the tires of Mexico.”

Bruvold added that the county did not plan well for financing border trade infrastructure, and underestimated the volume of trade, people and money that would be flowing through the region to other areas of the state and the country.

Mexico is the top destination for California’s exports. Cross-border economic activity between the border cities of Mexicali, San Diego, Tecate and Tijuana generates billions of dollars each year in the tourism, commerce and manufacturing sectors, according to a USD fact sheet handed out at the conference.

According to a Baja university study, Mexican citizens spend \$1.6 billion in the San Diego area each year, said Morris.

James Clark, director of the Mexico Business Center, a nonprofit business resource of the San Diego Regional Chamber of Commerce, said there are more people with money to spend in Mexico than there are total people in Canada.

Clark, who was also speaking at the NAFTA conference, said that 2003 exports from California reached almost \$15 billion — up \$8 billion compared to pre-NAFTA days, and California exports to Mexico grew at an average annual rate of nine percent during the first 10 years of NAFTA.

“I think NAFTA has had a tremendously positive effect on American business,” said Wendy Gillespie, president of Frontier Trading, Inc., a company that exports an Irvine-made grocery product with Spanish labeling called Maruchan Instant Lunch to Mexico and other Central and South American countries.

Frontier Trading, in business since 1986, has seen its business grow an average of 40 percent each year since NAFTA came into effect.

“When we sold our product in 1989, the duty on that product was 20 percent going into Mexico. When NAFTA passed it went to 10 percent. Today that duty is zero,” Gillespie said.

Although the company has only five employees, it spends money on the services of bankers, accountants, transportation agents, and customs brokers, which Gillespie said has a ripple effect throughout the San Diego economy.

Gillespie, who’s served on the San Diego World Trade Center board for 10 years, and is also active on other local trade-related boards, said she knows several other local exporters as well as manufacturers who are positive on NAFTA.

John Riley, CEO of Tijuana-based BC Manufacturing, a maquiladora shelter company, and its marketing arm, San Diego-based Vertek International, on the other hand said NAFTA was a limiting factor that added a 15-20 percent cost to his Mexico operations.

Next month, according to local trade circles, Gov. Arnold Schwarzenegger is expected to meet with Baja California Gov. Eugenio Elorduy. Schwarzenegger’s office, however, wouldn’t confirm the meeting.

“Given the amount of tourism that crosses the California-Baja California borders both ways, and given some of the clear areas of potential collaboration in border security, infrastructure, economic development and water, among many others, it’s a meeting past due,” Morris said.
