

Geography Theme 3

Chapter Two: Question Spécifique - The differential dynamics of cross-border territories of the United States and of France in the EU

Key Questions

1. Analyze the impact of USMCA policies on cross-border flows and the organization of territories, using the examples of your choice.
2. How have national policies affected cross-border migration flows in North America?
3. To what extent has trade between the United States and its neighbours been affected by national policies?

Learning Objectives

- ❖ **Identify** cross border regions (transborder regions) in North America and in France and their key characteristics.
- ❖ **Evaluate** the role of borders in the US and in France
- ❖ **Analyze** the impact of transborder flows on territories
- ❖ **Analyze** how policies on different levels of governance have impacted the dynamics and the spatial organization of cross border regions. (transborder regions)
- ❖ **Evaluate** national and international border policies on cross-border regions.

Case Studies

France in the EU

Franco-Spanish transborder territories

Franco-German / Belgian transborder territories

US in the USMCA

San Diego-Tijuana

El Paso-Ciudad Juárez (The Paso del Norte Region)

Flows across French border regions

French territory incorporates 4 176 km of land borders with 11 other countries both in Europe and South America, where French Guiana borders Brazil and Suriname, and there are also additional maritime frontiers for the numerous smaller overseas French territories.

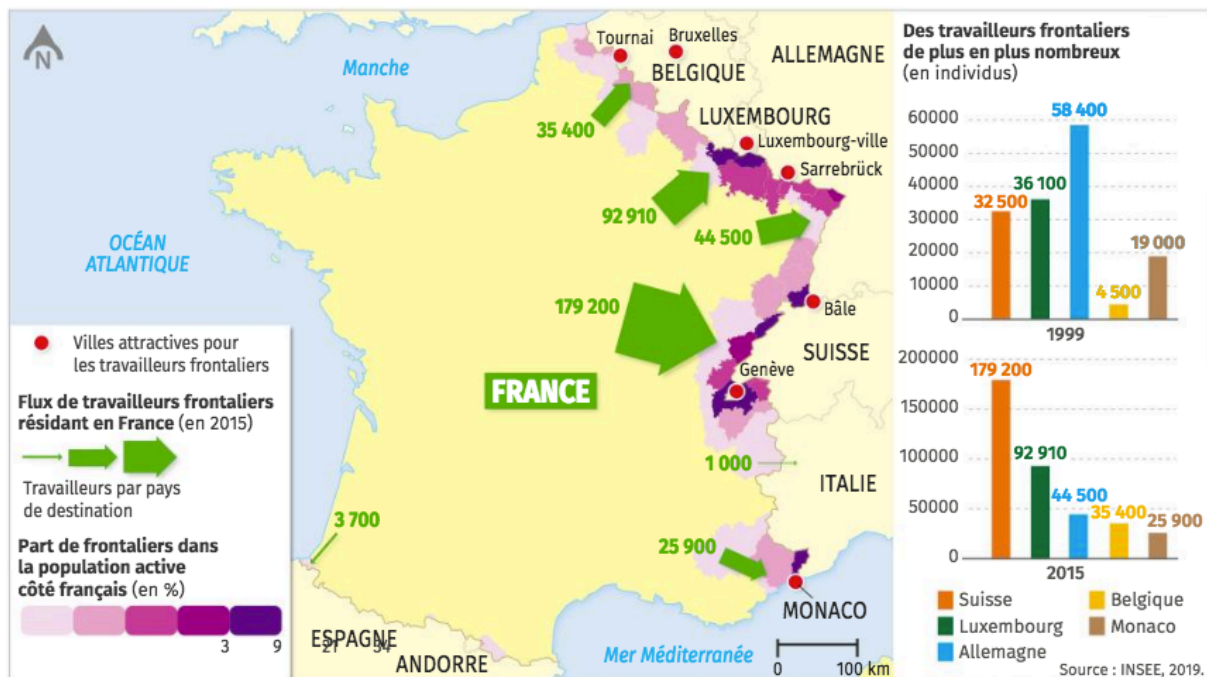
The intra-European borders, for centuries a space of conflict between European powers and considered to be peripheral regions have today become open frontiers at the heart of Europe which are traversed by a multitude of flows of both people and merchandise.

400 000 cross border workers live in France and work in another country. Switzerland is the most attractive with 179 000 workers, followed by Luxembourg with 93 000 workers, Germany with 45 000 and Belgium and Monaco with 35 000 and 29 000 respectively. There are also asymmetric flows in the other direction.

Border regions with marked differentials experience significant higher levels of activity. These can stem from differences in the cost of living or taxation, housing costs, salaries or social protection and the availability of employment. People cross the border because it is

advantageous to do so. Particularly dynamic urban cross border regions include Lille, Strasbourg, Luxembourg, Basel and Geneva. Certain intensely used points act as interfaces, for example international airports, Alpine passes and tunnels, the Channel Tunnel, the A-8 (France-Italy) and the A9 (France-Spain). However, other cross-border regions are clearly peripheral in character with low population densities and fewer flows. These include the central Pyrenees, the Ardennes and the Amazonian forest around French Guiana.

Cross border worker flows



Cross border projects

Large flows of people and goods necessitate the creation of cross border infrastructure, such as the tunnel under Mount Blanc and the Channel Tunnel. Such projects continue to be encouraged by the EU. Examples range from the hospital of Cerdagne, which is situated in Spain and opened in 2014 as a joint project between Catalan and French health services and welcomes both Spanish and French patients without distinction.



These and other projects such as the tram-train at Saarbahn between France and Germany are financed by member states and the EU under the INTERREG project.

Euroregions and Eurodistricts

The Euroregions are at the heart of the European political project of cohesion. They enable local actors to develop cross border projects and cooperation. This has led to the creation of genuinely cross border regions where French inhabitants frequently, often on a daily basis, cross the border – the most obvious example being the Grand Region. Eurodistricts have also been created in France to facilitate cross-border cooperation in specific domains such as in Strasbourg-Ortenau and Basel-Saint-Louis.

Tensions

French border territories can be places of tension. Border controls were re-established in France following the 2015 terrorist attacks and controls were also put in place during 2020-21 due to the Covid-19 pandemic. Tensions can also arise with neighbouring States, which is the case notably with the UK over the issue of Brexit. The combat against illegal immigration also leads to tensions. The ultra-peripheral regions, such as French Guiana, do not have open border and even the Franco-Italian border has been closed on occasion due to economic migrants from North Africa trying to cross from Italy into France.



Tension between the Hautes-Alpes (France) and Vintimille (Italy) regions concerning illegal immigration led to an agreement in 2019 on a mechanism to spread out refugees.

French Cross border co-operations



France in the EU Case Studies

#1: Nouvelle-Aquitaine, Euskadi, Navarra Euroregion

Nouvelle-Aquitaine, Euskadi, Navarra, three regions, two countries, one territory: a space for mutual cooperation to promote projects that will contribute to the economic, social and cultural development of the Euroregion at a cross-border, interregional and European level. Nouvelle-Aquitaine, Euskadi, Navarra, the Euroregion*:

- a 101,678 km² territory
- 8,744,648 inhabitants
- 3,541,000 jobs,
- 486,176 companies,
- 1,781,141 students

* 2017 data

Map of Nouvelle-Aquitaine, Euskadi, Navarra Euroregion



Source: <https://www.euroregion-naen.eu/en/the-euroregion/what-is-the-euroregion/>

Overview of the Euroregion

The New Aquitaine-Euskadi-Navarra Euroregion is located in the Western Pyrenees, is the result of a longstanding CBC between the Basque Government and the former French Region of Aquitaine, which presented the AE Common Fund (1992) to stimulate local and regional cooperation as well as the EEIG Aquitaine-Euskadi Logistic Platform (2004-2012) to promote intermodal transport (especially railways). In 2017 the Chartered Community of Navarre became the third official partner. The Euroregion participates in the POCTEFA Programme and supports local and regional CBC projects, according to the current 2014-2020 Strategy, which addressed several actions toward the joint R&D improvement, territorial sustainability, integration of mobility, environmental sustainability and improving the Euroregional governance system.

Durà A., Camonita F., Berzi M. and Noferini A. (2018). Euroregions, Excellence and Innovation across EU borders. A Catalogue of Good Practices. Barcelona, Department of Geography, UAB, 254 p.

How the Euroregion promotes territorial cohesion

The Euroregion Nouvelle-Aquitaine Euskadi Navarra is a European Grouping for Territorial Cooperation (EGTC). The main objective of the ECTC is to develop cross-cutting projects and global territorial cooperation from a European perspective. These groupings may receive and administer European funds for the projects whose management they assume or delegate. These projects include starting up economic, social and cultural activities, in pursuit of sustainable territorial development in fields such as innovation, education, the environment, accessibility, mobility, employment, etc.

Multilingualism

Language is one of the main obstacles for cohesion and for the construction of the Euroregional citizenship. The Euroregion promotes the study of the four languages that exist in the territory: Basque, Spanish, French and Occitan. The use and learning of the Euroregion languages are crosscutting challenges that we address through different tools.

Within the framework of multilingualism, the Euroregion has developed, in collaboration with the Public Office of the Basque Language, a programme financed by POCTEFA to train French- and Basque-speaking bilingual primary teachers ([Eskola Futura](#)).

Culture

The cultural action of the Euroregion focuses on the development of projects, strategic collaborations and extensive revitalization resources. Its objective is to respond to the expectations of the agents of the Euroregional space. The updating of the 2014-2020 Euroregion Strategic Plan confirms the priority of developing culture and cultural mobility within the Euroregion.

Reinforcing culture in the cross-border area is achieved through strategic collaborations such as Aquitaine.eus for the mobility and dissemination of Basque cultural creators and the creation of cross-border artistic relations within the Euroregion, and Zubiak: Cross-border broadcasting.

Youth

Young people represent the present and future of Euroregional citizenship. Mobility and exchanges among young people are still essential issues in the Euroregion. The “Euroregional grant” was created to foster university mobility in the territory.

Le sport

Cross-border and Euroregional sport is carried out in different fields. A strategic collaboration in terms of cross-border rugby will permit the creation of a new cross-border action framework for Basque rugby. These 4 lines of actions are developed, among other channels, through the [call for “Euroregional Citizenship” projects](#).

Adapted from: <https://www.euroregion-naen.eu/en/the-euroregion/european-framework/>
Accessed 30th April 2021

Example of a cross border transport project: Transfermuga



Source: Vimeo video frames from TransfeMuga Project
<https://vimeo.com/204392000>

TRANSFERMUGA!

PERIOD: 2012-2013

MAIN THEME: Accessibility and Transportation

WEB: <http://www.transfermuga.eu>

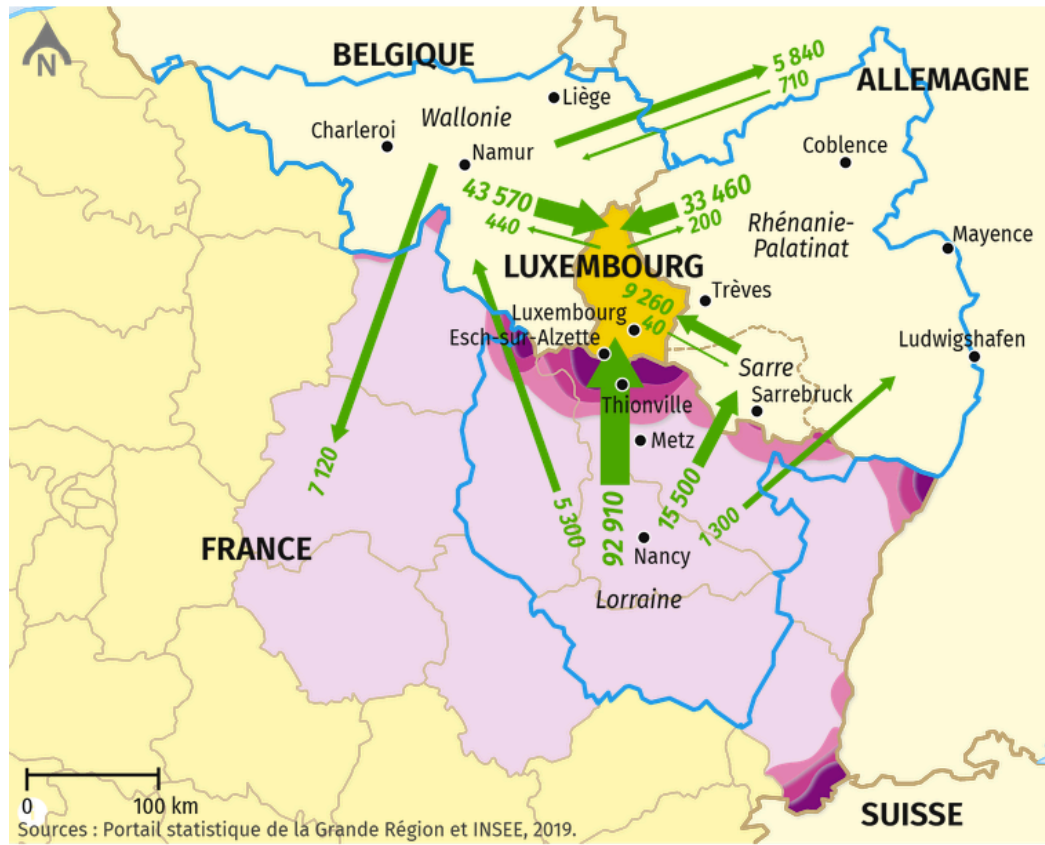
PROJECT DESCRIPTION

Starting from the premise that mobility is a key issue for the Euroregional territory and that the citizens are not fully aware of the numerous possibilities of cross-border commuting, the project aims to study the integration of different means of transport, providing a shared multimodal web platform (railway, highway, cycleway, ports, airports, etc.). The project started with a pilot area in 2015 (the coastal Bayonne-San Sebastián axis), and will progressively include the remaining Euroregional cross-border services. The web portal provides comprehensive and updated information on the possible cross-border commuting opportunities including car sharing and bike sharing.

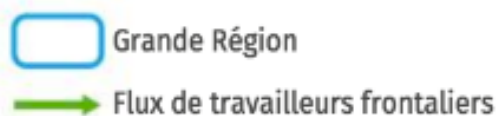
Adapted from: <https://www.euroregion-naen.eu/en/the-euroregion/european-framework/>
Accessed 30th April 2021

#2: The Grand Region (mainly in French)

Created in 2010 the Grand region incorporates five regions spread across four neighbouring European States and contains 11.4 million inhabitants speaking three different languages. Numerous flows have developed across the region which is the oldest cross-border area in Europe containing 215 000 cross-border workers and accounting for 2.5% of the EU's GNP.



Legend



Part des travailleurs transfrontaliers dans la population active (en %)



Pronounced regional disparities

	Sarre	Lorraine	Luxembourg	Rhénanie-Palatinat	Wallonie
Revenu annuel moyen des ménages	20 536 €	19 236 €	34 318 €	22 240 €	17 064 €
Salaire annuel moyen dans l'industrie tertiaire	43 594 €	31 941 €	58 181 €	47 982 €	n.d.
Salaire annuel moyen dans le secteur financier	55 900 €	46 222 €	92 477 €	63 263 €	n.d.
Taux de chômage	4,5 %	9,5 %	5,5 %	3,3 %	9,7 %

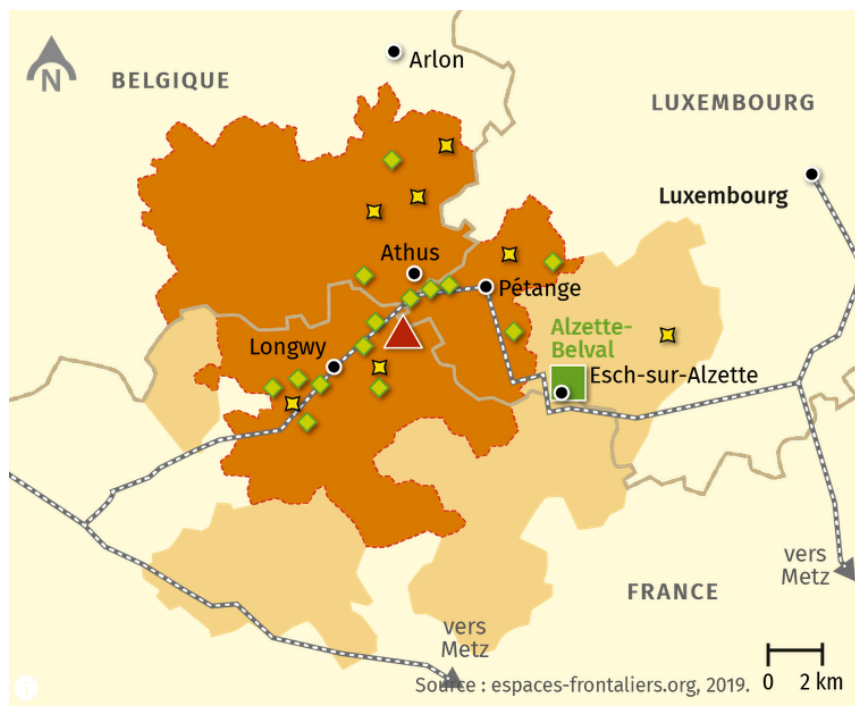
Moselle - Allemagne, profiter de la frontière

Un trottoir en France, un trottoir en Allemagne. À Cocheren, la frontière n'est qu'une question de rue. Une longue ligne droite, bordée, côté allemand, de bureaux de tabac et de vendeurs de « *currywurst* », ou saucisse au curry, l'une des grandes spécialités charcutières outre-Rhin. [...] Ici, le paquet [de cigarettes] coûte 5,60 euros, contre 7 euros en France. [...] Les échanges entre les populations ne se limitent pas au commerce. À Morsbach, [...] le maire Gilbert Schuh ne compte plus les exemples. « Les pompiers de ma commune et ceux d'Emmersweiler, nos voisins allemands, se voient souvent et organisent des manœuvres ensemble. Les anciens combattants également travaillent en commun sur le devoir de mémoire. » [...]

En matière de coopération franco-allemande, [...] l'Eurodistrict Sarre-Moselle, qui regroupe les intercommunalités de Sarrebruck et de sept villes de Moselle-Est [...], a soutenu la création du tram-train Sarreguemines-Sarrebruck, l'aménagement des berges de la Sarre, la création d'une Route du feu, un circuit d'une dizaine de musées consacrés au passé industriel du bassin. Cécile, habitante de Forbach, aime aussi se promener dans les rues de Sarrebruck [...]. Comme beaucoup, elle est parfaitement bilingue : « C'est une chance et une richesse. Et c'est plus facile quand on parle la langue pour échanger ou chercher un emploi. Car il y a du travail en Sarre. » Plus de 20 000 Lorrains passent la frontière chaque jour pour travailler en Allemagne.

Reportage de la radio publique locale France Bleu sur les villages frontaliers de l'est de la Moselle, avril 2016.

Agglomération transfrontalière en Europe.



1. Une région transfrontalière

- Frontières internationales
- Aire urbaine transfrontalière
- Agglomération transfrontalière du Pôle européen de développement (PED)
- Pôles d'emplois
- Pôles commerciaux
- Principales villes

2. Des projets pour redynamiser la région

- Parc international d'activités des Trois-Frontières
- Projet d'Alzette-Belval d'éco-agglomération transfrontalière
- Métrorlor : un train qui relie les pôles de la région de part et d'autre de la frontière

Source : espaces-frontaliers.org, 2019.

Les défis face à la saturation des axes de transports

« En trente ans, nous sommes passés de 20 000 à 110 000 frontaliers français », font savoir les deux élus en évoquant la situation de la Lorraine-Nord.

« Peu de choses ont cependant été réalisées en ce qui concerne la mobilité sur le territoire. Les réseaux routiers sont complètement saturés. L'A31 est l'un des pires points noirs du réseau autoroutier de France et se rendre au Luxembourg depuis Metz se transforme souvent en un enfer pour les frontaliers. L'utilisation des trains est également un véritable calvaire entre retards, annulations, pannes, matériels mal entretenus, rames bondées et usagers obligés de voyager debout », recensent les deux conseillers. Les 110 000 frontaliers apportent un pouvoir d'achat estimé à 5,5 milliards d'euros en France. Sans parler de la perspective, pour les personnes empruntant le train, de changer de rame à Thionville car certains trains français ne sont pas équipés du système de sécurité européen.

Stéphane Malnory, « La mobilité transfrontalière en état d'urgence », *Le Républicain lorrain*, 8 janvier 2020

Le projet « mobilités douces Trois-Frontières »

Pour promouvoir la mobilité douce dans la région des Trois-Frontières – entre le Luxembourg, la Belgique et la France – les communes de Pétange, Aubange, Messancy et Longwy viennent d'entamer la réalisation d'un projet développé en commun depuis de nombreux mois.

Une des problématiques récurrentes de l'agglomération des Trois-Frontières est l'engorgement systématique du réseau routier aux heures de pointe. [...]

Mobilités douces Trois-Frontières propose une alternative efficace et écologique à la voiture individuelle : un itinéraire (27 km) doux majoritairement en site propre reliant les noyaux d'habitation et les principales gares du territoire, à savoir Messancy, Athus, Longwy, Pétange et Rodange. Il offre aux habitants une voie verte sécurisée pour rejoindre à pied ou à vélo en maximum 20 minutes la gare la plus proche. Il favorise ainsi l'intermodalité entre les lieux de résidence, les nœuds de transport en commun et les pôles d'emploi.

Granderegion.net, 2017

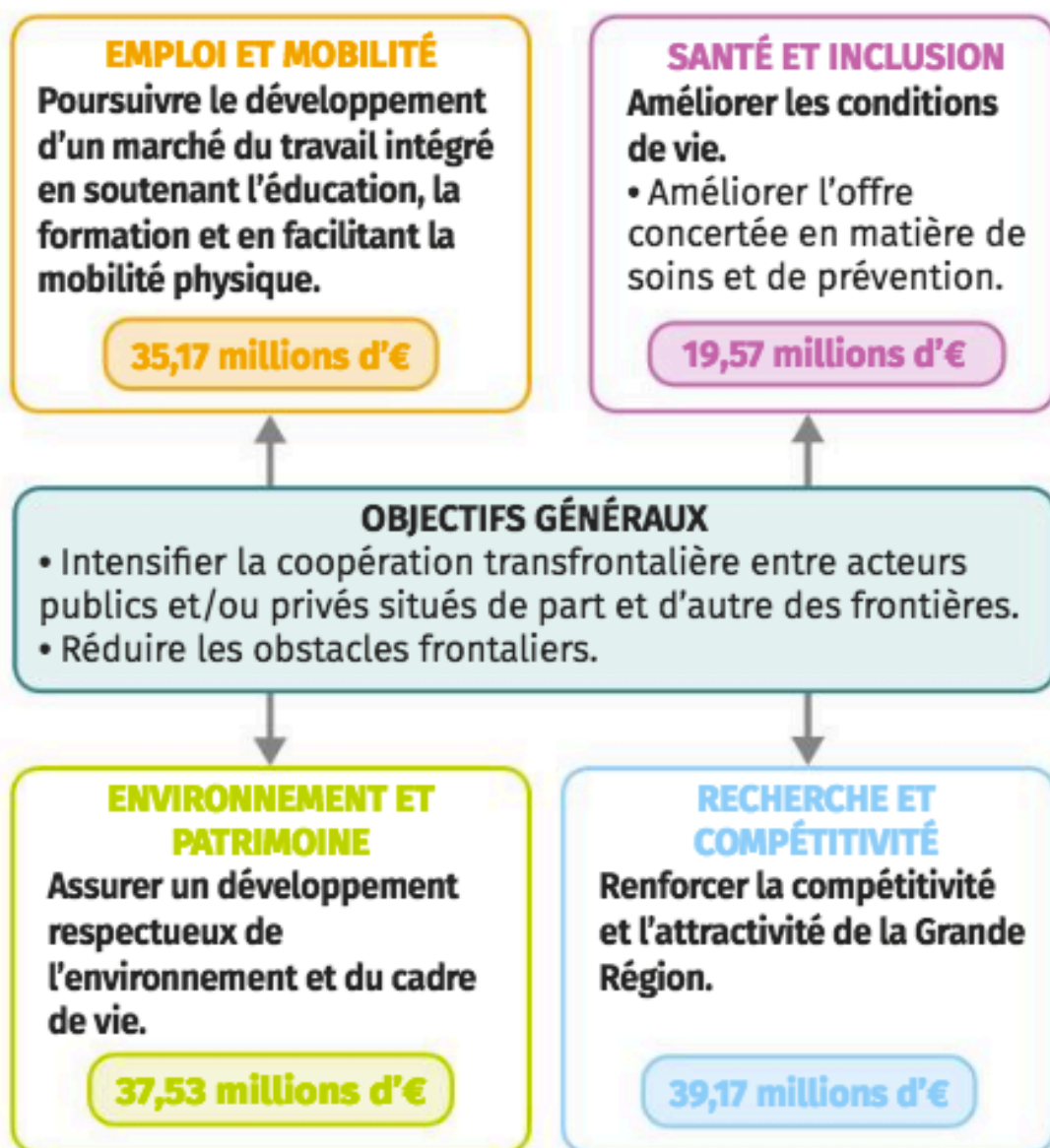
La reconversion du site d'Alzette-Belval, à la frontière franco-luxembourgeoise

La jeune université du Luxembourg vient d'emménager à Belval, sur un ancien site sidérurgique. Un campus futuriste et « à l'américaine » qui vise l'excellence universitaire. [Le campus] a été construit sur une immense friche industrielle de 120 hectares, dont la mémoire est restée vive. Des cheminées de plusieurs mètres, des hauts-fourneaux aux allures de cathédrales, des rails, des entrepôts couverts de verdure ont été intégrés dans l'aménagement du campus. Ces vestiges de l'ancienne usine d'ArcelorMittal côtoient les bâtiments ultramodernes de l'université, aux noms futuristes : Maison du Nombre, Maison du Livre, Maison de l'Innovation... [...] Belval, le nom donné à cette cité des sciences située à moins d'un kilomètre de la frontière française, a de grandes ambitions. Elle incarne la volonté du pays de ne plus s'appuyer uniquement sur sa puissance financière, mais

également sur le savoir et l'innovation. Le site doit aussi permettre de revitaliser cette région dévastée par la fin de la sidérurgie (steel industry), et désengorger la capitale, à 20 kilomètres au nord. Pour cela, le Luxembourg a mis les moyens : le pays a investi 950 millions d'euros pour aménager Belval, qui accueille aussi des centres de recherche, des start-up et des entreprises. « L'idée est de faire de Belval une sorte de Silicon Valley au cœur de l'Europe, se vante le recteur. C'est un peu audacieux, mais le Luxembourg est un petit pays qui a de grandes ambitions. »

Jessica Gourdon, « Au Luxembourg, une friche (wasteland) reconvertie en temple du savoir », *Le Monde*, 3 avril 2018

Objectives of INTERREG Grand Region



INTERREG, Grande Région.

INTERREG est un programme européen promouvant la coopération transfrontalière. Il est financé par le FEDER à hauteur de 775 milliards d'euros

Summary of the Grand Region Cross Border Case Study

Au nord-est du territoire français, aux confins de la Belgique, de l'Allemagne et du Luxembourg, se développe l'une des coopérations transfrontalières les plus abouties en Europe. La Grande Région regroupe des territoires très différenciés : une région à très haut niveau de vie, où les salaires sont élevés et les emplois nombreux (le Luxembourg), deux régions à haut niveau de vie (la Rhénanie-Palatinat et la Sarre, en Allemagne), ainsi que deux régions plus en difficulté (la Wallonie en Belgique et la Lorraine en France).

Confrontés au défi commun de la crise industrielle, ces espaces se sont rassemblés au sein d'une structure de coopération interrégionale, la Grande Région, dans le cadre du programme européen INTERREG. Elle bénéficie, à ce titre, de nombreux financements européens venant de Bruxelles. Les acteurs locaux et régionaux ont aussi développé des projets locaux de reconversion à dimension transfrontalière, associant des acteurs de part et d'autre des frontières nationales, comme à Alzette-Belval. Il a également été nécessaire d'aménager des moyens de transport transfrontaliers, à l'image du train qui relie Nancy, Metz et Luxembourg

Grâce à ces multiples dynamiques qui les rapprochent, les espaces de la Grande Région forment un territoire de vie transfrontalier en voie d'affirmation. Les frontières nationales sont franchies chaque jour par des milliers de travailleurs frontaliers, des mobilités pendulaires essentiellement polarisées par la métropole luxembourgeoise, qui structurent véritablement l'ensemble de la Grande Région. Dès lors, on assiste, dans ce laboratoire de la construction européenne, à un quasi-effacement des frontières nationales

USA in the USMCA Case Studies

#1: El Paso- Ciudad Juárez (The Paso del Norte Region)



The Paso del Norte region is located at the virtual midpoint of the 1,500 mile border shared by the United States and Mexico.

The bi-national metropolitan area is located 1,700 miles southwest of Washington, DC and 970 miles northwest of Mexico City. Almost 100 million US residents (33% of the US population) and 91 million Mexican residents (79.3% of Mexico's population) is accessible within a 1,000 mile radius (1,600km).

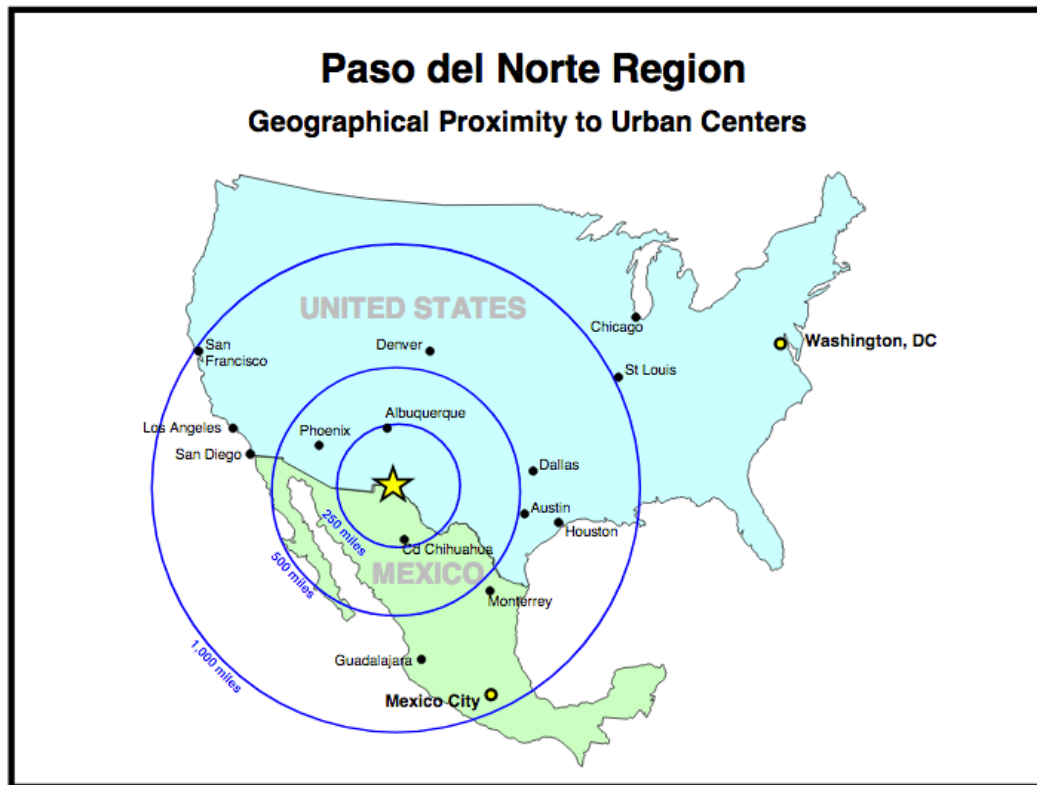
Historical Context

The Paso del Norte region, which translated means Pass of the North was christened by Spanish explorers who arrived in the mid 1500s. These earliest Spanish explorers quickly discovered that this valley was the only all weather pass through the Rocky Mountains. Already inhabited by various Indian groups, the Paso del Norte became an important stop along the Camino Real, or Royal Road, which connected Mexico City and present day Santa Fe, New Mexico.

For 300 years it was the only road into the Southwest, bringing thousands of settlers from Spain and Mexico into the region. The Camino Real served as the principal corridor for trade between the Pueblo Indians, the Spanish and Mexican merchants. The Paso del Norte region was under Spanish rule until Mexico gained its independence in 1821. In 1846 hostilities erupted between the United States and Mexico resulting in war between the two countries. A victory in the battle of Brazito, fought just outside of the Paso del Norte resulted in the signing of the Treaty of Guadalupe Hidalgo on February 2, 1848 and changed the boundary between the two nations, bringing El Paso and New Mexico territory under the United States.

Ciudad Juárez was renamed in 1888 in honour of Mexican President Benito Juárez. Centuries later the Paso del Norte region remains an important gateway for the movement of people, goods and services. Despite the significance of the area in matters of trade and migration, the region's geographic distance from both national capitols has historically led to lack of

influence from local levels and conversely a lack of understanding among national policy makers.



Population

The economic region consists primarily of El Paso, Texas and Ciudad Juárez, Chihuahua; and two counties in Southern New Mexico (Doña Ana and Otero).

The region has a combined estimated population in excess of 2.61 million as of December 2008, and covers a massive land area which encompasses an estimated 13,352 square miles (34,581.5 km²). This land area is slightly larger than the combined land areas of Belgium and Luxembourg.

The bi-national urban core is formed by the central business districts of El Paso and Ciudad Juárez, which are separated only by the international border formed by the Rio Grande. While the population density in the region is 195.8 citizens per square mile (87.2 per km²), it is important to note that approximately 95% of the region's population resides within a 45 minute commute of the bi-national urban core. The population density of the urban core, consisting of the cities of El Paso and Ciudad Juárez, is an estimated 6,391 persons per square mile (2,468 persons per km²).

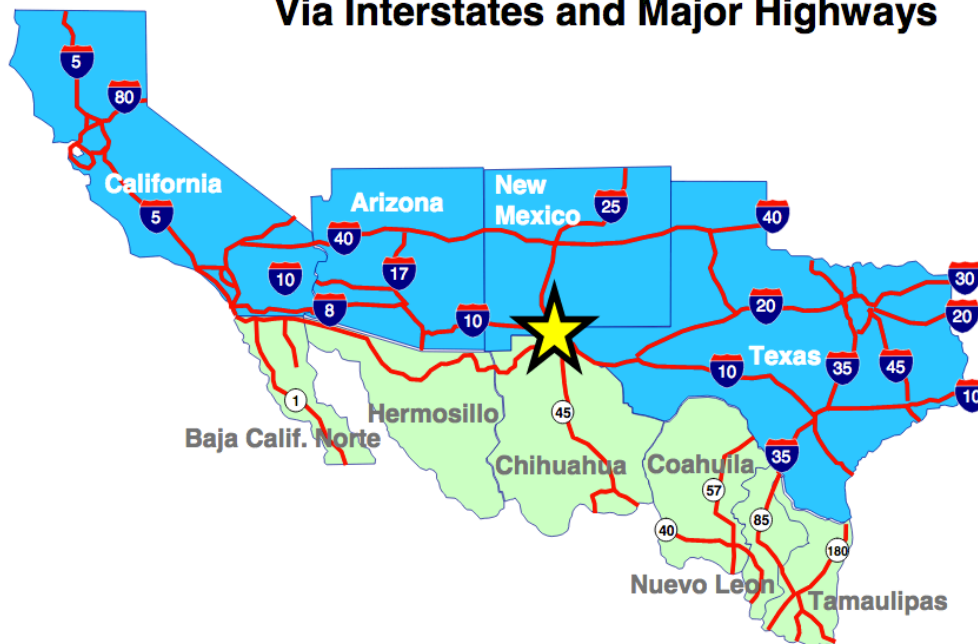
Accessibility

The transportation systems of El Paso and Ciudad Juárez are connected by five (5) international ports of entry, three of which can accommodate commercial shipments. These ports of entry have accommodated a combined total of more than 35,000 daily northbound

vehicular (private passenger vehicles and commercial trucks) through the first six months of 2009. Daily northbound pedestrian crossings have averaged more than 22,000 through the same period. Due to the impact of the US/Global economic downturn and a 22.6% devaluation of the peso versus the US dollar over the past 12 month period, daily vehicular and pedestrian crossings are significantly lower than historical norms. Compared to daily averages experienced from 2000 to 2008--pedestrian, private passenger vehicles and commercial truck crossings are down in the first 6 months of 2009 by 1.0%, 27.5%, and 15.6% respectively.

On the US side of the border, the three commercial ports of entry (Bridge of the Americas, Zaragosa, located in El Paso, Texas and Santa Teresa, New Mexico) are linked to controlled access highways (minimum of 4 lanes), each with direct interchange access to Interstate 10. All major industrial/commercial areas within El Paso and Doña Ana County are easily accessible to Interstate 10 or one of several 4-lane controlled access highways.

Paso del Norte Region Accessibility Via Interstates and Major Highways



<https://www.oecd.org/mexico/44210876.pdf>

Accessed 20th April 2021

On the Mexican side of the border, improvements are being made to the arterial network which provides linkages to the international ports of entry, but they are not constructed to the same standard of controlled access highways on the US side of the border. Still, all major industrial/ commercial areas of Ciudad Juárez are accessible by truck within a 45 minute commute from any one of the international ports of entry.

Construction of Spaceport America is also underway in southern New Mexico, and scheduled to be completed in the 2010/2011. It is located approximately 45miles (72km) north of Las Cruces, to create America's first commercial —spaceport. Known as —Spaceport America,

the facility envisions that it will house commercial space-oriented businesses and commercial space payload providers

Regional Stakeholders Committee (2009), "The Paso del Norte Region, US-Mexico: Self-Evaluation Report", OECD Reviews of Higher Education in Regional and City Development, IMHE, <http://www.oecd.org/edu/imhe/regionaldevelopment>.

Maquiladoras and Globalization

The local and global configurations of identity in Ciudad Juarez, in the Northern frontier state of Chihuahua, Mexico, are increasingly determined by the economic processes of globalisation whose main manifestation is the maquiladora or assembly and packaging plant for export.

The maquiladora program of assembling and packing for export began in Ciudad Juarez, the first place in Mexico, in the mid 1960s, although its historical roots go back to the 1930s, as cornerstone of the National Border Program (PRONAF) and of the Program of Border Industrialization (PIF) to develop an isolated region and boost the national economy.

Since 1970 the program has grown spectacularly in Ciudad Juarez, above all in the 1980s, reaching its apex in 2000, with 308 (or 9.7 per cent) of the 3,166 maquiladora plants in Mexico, employing 249,380 people out of a total of 1,291,232 (one in five) in the sector nationally. In recent years these numbers have decreased due to the impact of global competition in the labour market, particularly in China where a factory worker earns approximately a third of one in Ciudad Juarez.

However, since the third quarter of 2004 the Mexican maquiladora sector has recovered, with the opening of several new maquiladoras, mainly at the expense of El Paso, where most transnational "twin plants" have closed and moved to Juarez in recent years. In 2003, the last year with statistics verified by INEGI⁴¹, there were 271 maquiladora assembly plants, employing 194,642 workers. Nevertheless, we can affirm with certainty that this sector completely dominates the economies of Ciudad Juarez, the transnational space of El Paso del Norte, and the state of Chihuahua, continuing to be of vital strategic importance for the Mexican economy.

As for the composition of the Juarez maquiladora industry in manufacturing terms, the electronics sector dominates, producing US\$26,082.7 million (50.2 per cent) of a total of US\$51,947.3 million in September 2000, employing 433,289 (34.1 per cent) out of a total of 1,271,268 maquiladora workers. Other significant sectors in order of importance were transport equipment, textiles, wood products and services. Regarding labour composition in terms of gender for the year 2000 (although the figures are preliminary),

Globalisation, Maquiladoras and Transnational Identities at the Us-Mexico Border: The Case of Ciudad Juarez-El Paso

Based on a paper presented at the XVI World Congress of Sociology, RC30 Sociology of Work, Session 6, Durban, South Africa, 26th July 2006.
Patrick Gun Cuninghame

NAFTA and the USMCA: Weighing the Impact of North American Trade

Written By Andrew Chatzky, James McBride, and Mohammed Aly Sergie

Last updated July 1, 2020



Mexican commercial trucks cross the border into the United States at Laredo, Texas. Josue Gonzalez/Reuters

Economists largely agree that NAFTA benefited North America's economies. Regional trade increased sharply over the treaty's first two decades, from roughly \$290 billion in 1993 to more than \$1.1 trillion in 2016. Cross-border investment also surged, with U.S. foreign direct investment (FDI) stock in Mexico increasing in that period from \$15 billion to more than \$100 billion. But experts also say that it has proven difficult to tease out the deal's direct effects from other factors, including rapid technological change and expanded trade with countries such as China. Meanwhile, debate persists regarding NAFTA's effect on employment and wages. Some workers and industries faced painful disruptions as they lost market share due to increased competition, while others gained from the new market opportunities that were created.

In the years since NAFTA, trade between the United States and its North American neighbors more than tripled, growing more rapidly than U.S. trade with the rest of the world. Canada and Mexico are the two largest destinations for U.S. exports, accounting for more than one-third of the total. Most estimates conclude that the deal increased U.S. gross domestic product (GDP) by less than 0.5 percent, an addition of up to \$80 billion to the U.S. economy upon full implementation, or several billion dollars of added growth per year.

Such upsides of trade often escape notice, because although the costs are highly concentrated in specific industries such as auto manufacturing, the benefits of a deal such as NAFTA are distributed widely across society. NAFTA supporters estimate that some fourteen million U.S. jobs rely on trade with Canada or Mexico, and that the nearly two hundred

thousand export-related jobs created annually by the pact pay 15 to 20 percent more on average than the jobs that were lost.

On the other hand, critics of the deal argue that it was to blame for job losses and wage stagnation in the United States, driven by low-wage competition, companies moving production to Mexico to lower costs, and a widening trade deficit. The Center for Economic and Policy Research's (CEPR) Dean Baker and the Economic Policy Institute's Robert Scott argue that the surge of imports after NAFTA caused a loss of up to six hundred thousand U.S. jobs over two decades, though they admit that some of this import growth would likely have happened even without NAFTA.

Many workers and labor leaders blame trade agreements such as NAFTA for the decline in U.S. manufacturing jobs. The U.S. auto sector lost some 350,000 jobs since 1994—a third of the industry—while Mexican auto sector employment spiked from 120,000 to 550,000 workers.

But other economists, including Gary Clyde Hufbauer and Cathleen Cimino-Isaacs of the Peterson Institute for International Economics (PIIE), have emphasized that increased trade produces overall gains for the U.S. economy. Some jobs are lost due to imports, but others are created, and consumers benefit significantly from falling prices and often improved quality of goods. Their 2014 PIIE study of NAFTA's effects found a net loss of about fifteen thousand jobs per year due to the pact—but gains of roughly \$450,000 for each job lost, in the form of higher productivity and lower consumer prices.

Additionally, many economists assert that the recent troubles of U.S. manufacturing have little to do with NAFTA, arguing that domestic manufacturing was under stress decades before the treaty. Research by David Autor, David Dorn, and Gordon Hanson published in 2016 found that competition with China has had a much bigger negative impact on U.S. jobs since 2001, when China joined the WTO. Hanson, an economist and trade expert at the University of California, San Diego (UCSD), says that the steepest decline in manufacturing jobs—seventeen million to eleven million between 2000 and 2010—is mostly attributable to trade with China and underlying technological changes. "China is at the top of the list in terms of the employment impacts that we found since 2000, with technology second, and NAFTA far less important," he says.

In fact, NAFTA helped the U.S. auto sector compete with China, says Hanson. By contributing to the development of cross-border supply chains, NAFTA lowered costs, increased productivity, and improved U.S. competitiveness. This meant shedding some jobs in the United States as positions moved to Mexico, he says, but without the pact, even more could have been lost. "Because Mexico is so close, you can have a regional industry cluster where goods can go back and forth. The manufacturing industries in the three countries can be very integrated," Hanson says. These linkages, which have given U.S. automakers an advantage over China, would be much more difficult to achieve without NAFTA's tariff reductions and protections for intellectual property.

CFR's Edward Alden says that anxiety over trade deals has grown because wages haven't kept pace with labor productivity while income inequality has risen. To some extent, he says,

trade deals have hastened the pace of these changes in that they have “reinforced the globalization of the American economy.”

NAFTA boosted Mexican farm exports to the United States, which have tripled since the pact’s implementation. Hundreds of thousands of auto manufacturing jobs have also been created in the country, and most studies have found that the agreement increased productivity and lowered consumer prices in Mexico.

The pact catalyzed Mexico’s transition from one of the world’s most protectionist economies to one of the most open to trade. Mexico had reduced many of its trade barriers upon joining the General Agreement on Tariffs and Trade (GATT) the precursor to the WTO, in 1986, but still had a pre-NAFTA average tariff level of 10 percent.

Mexican policymakers saw NAFTA as an opportunity to both accelerate and lock in these hard-won reforms of the Mexican economy. In addition to liberalizing trade, Mexico’s leaders reduced public debt, introduced a balanced-budget rule, stabilized inflation, and built up the country’s foreign reserves. So although Mexico was hard hit by the 2008 financial crisis due to its dependence on exports to the U.S. market—the next year, Mexican exports to the United States fell 17 percent and its economy contracted by over 6 percent—its economy bounced back relatively quickly, returning to growth in 2010.

But Mexico’s NAFTA experience suffered from disparities between the promises of some of its supporters—that the pact would deliver rapid growth, raise wages, and reduce emigration—and the deal’s outcomes. Between 1993 and 2013, a period when Latin America was undergoing a major economic expansion Mexico’s economy grew at an average rate of just 1.3 percent yearly. Poverty remains at the same levels as in 1994. And the expected convergence of U.S. and Mexican wages didn’t happen, with Mexico’s per capita income rising at an average of just 1.2 percent annually in that period—far slower than Latin American countries such as Brazil, Chile, and Peru.

Unemployment also rose, which some economists have blamed on NAFTA for exposing Mexican farmers, especially corn producers, to competition from heavily subsidized U.S. agriculture. A study led by CEPR economist Mark Weisbrot estimated that NAFTA put almost two million small-scale Mexican farmers out of work, in turn driving illegal migration to the United States. (Migration to the United States, both legal and illegal, more than doubled after 1994, peaking in 2007. The flow reversed after 2008, as more Mexican-born immigrants began leaving the United States than arriving.)

Many analysts explain these divergent outcomes by pointing to the “two-speed” nature of Mexico’s economy, in which NAFTA drove the growth of foreign investment, high-tech manufacturing, and rising wages in the industrial north, while the largely agrarian south remained detached from this new economy. University of Pennsylvania economist Mauro Guillen has argued that Mexico’s rising inequality stemmed from NAFTA-oriented workers in the north gaining much higher wages from trade-related activity.

Ultimately, many experts say, Mexico’s recent economic performance has been affected by non-NAFTA factors. The 1994 devaluation of the peso drove Mexican exports, while

competition with China's low-cost manufacturing sector likely depressed growth. Unrelated public policies, such as land reform, made it easier for farmers to sell their land and emigrate. UCSD's Hanson has argued that Mexico's struggles have largely domestic causes: poorly developed credit markets, a large and low-productivity informal sector, and dysfunctional regulation.

In late 2019, the Trump administration won support from congressional Democrats for the USMCA after agreeing to incorporate stronger labor enforcement. In the updated pact, the parties settled on a number of changes: Rules of origin for the auto industry were tightened, requiring 75 percent of each vehicle to originate in the member countries, up from 62.5 percent; and new labor stipulations were added, requiring 40 percent of each vehicle to come from factories paying at least \$16 per hour. A proposed expansion of intellectual property protections for U.S. pharmaceuticals—long a red line for U.S. trade negotiators—was sacrificed. The USMCA also significantly scales back the controversial investor-state dispute settlement mechanism, eliminating it entirely with Canada and limiting it to certain sectors with Mexico, including oil and gas and telecommunications.

As part of the deal, Canada agreed to allow more access to its dairy market and won several concessions in return. The USMCA will keep the Chapter 19 dispute panel, which Canada relies on to shield it from U.S. trade remedies. It also avoided a proposed five-year sunset clause, instead using a sixteen-year time frame with a review after six years.

In early 2020, the U.S. Congress approved the USMCA with large bipartisan majorities in both chambers, and the deal entered into force on July 1. Yet some critics have complained that the new rules of origin and minimum wage requirements are onerous and amount to government-managed trade. CFR's Alden was more sanguine, saying the administration can take credit for restoring bipartisanship to U.S. trade policy. He warns, however, that "if this new hybrid of Trumpian nationalism and Democratic progressivism is what it now takes to do trade deals with the United States, there may be very few takers."

<https://www.cfr.org/background/naftas-economic-impact>

Accessed 28th April 2021

#2: San Diego-Tijuana

San Diego–Tijuana is an international transborder agglomeration, straddling the border of the adjacent North American coastal cities of San Diego, California, United States and Tijuana, Baja California, Mexico. The 2012 population of the region was 4,922,723, making it the largest bi-national conurbation shared between the United States and Mexico, the second-largest shared between the US and another country

https://en.wikipedia.org/wiki/San_Diego%E2%80%93Tijuana

Accessed 30th April 2021



In San Diego, there are some 1,100 companies specialised in life sciences, and they employ 34,000 persons. In Tijuana, firms specialised in making medical equipment employ some 42,000 people and they have made the city the main centre for medical equipment manufacture in the whole country. This development has evoked great interest on both sides of the border, and has sparked ever-closer collaboration between the authorities of the two cities... The Tijuana-San Diego corridor could become an engine of shared prosperity for Mexico and the United States.

Excerpts from Remarks by Angel Gurría,
Secretary-General, OECD
Tijuana, Mexico, 10 November 2016

It's time to make the San Diego-Tijuana border more efficient

By STEVE WILLIAMS, ALAN BERSIN, JOSE LARROQUE & GUSTAVO DE LA FUENTE

The San Diego Union-Tribune, May 5, 2017



Vehicles traveling southbound towards the El Chaparral border crossing into Tijuana, Mexico.

San Diego-Tijuana is a \$230 billion economic engine with over 5 million residents and nearly 2 million employees. We are 40 percent of the entire U.S. and Mexico border population and the busiest land border crossing in the Western Hemisphere, with approximately 120,000 passenger vehicles, 63,000 pedestrians and 6,000 trucks crossing back and forth every single day.

We are a constellation of powerful industries in a productive cross-border partnership. In Tijuana, we showcase the world's largest medical device cluster and Mexico's top aerospace, electronics and defense clusters, many of which have administration and operations facilities on the U.S. side of the border. There are nearly 600 export manufacturing plants and 50 contract manufacturing options meeting world-class quality standards within a 15-mile radius south of the San Ysidro port of entry; \$42 billion worth of goods are imported and exported at Otay Mesa each year.

San Diego's biotechnology and pharmaceutical, biomedical, software and communications clusters are significant contributors to a \$52 billion innovation economy that accounts for over 400,000 jobs — 30 percent of the city's employment.

Tijuana adds close to \$20 billion to San Diego's production each year. The value of trade between San Diego and Mexico consistently exceeds \$4 billion per year. Commercial exchange between Tijuana and San Diego is valued at \$2.1 million daily.

Our relationship transcends financial transactions. There are numerous examples of collaboration and exchange involving medicine, medical tourism, the arts, the environment, epidemiology and security.

Our communities understand the competitive advantage we have when we act as one region, and critical to this advantage is a smooth flow of people, vehicles and cargo across our shared border. Although we know our prosperity is significantly tied to our border flows, border wait times have not improved. They can be upward of three hours for general and Ready Lane travelers and more than two hours for cargo. Lines from the U.S. to Mexico at peak afternoon times can be one hour long.

Our border's traffic congestion and delays cost the San Diego County and the Baja California economies an estimated \$6 billion annually in gross output, according to the San Diego Association of Governments' "Economic Impacts of Wait Times at the San Diego-Baja California Border." Over 51,000 jobs are lost because of the reduction in output. Wait times cost our region close to 3 percent of our GDP or \$1,200 per person per year!

From a purely commercial perspective, our borders are America's cash registers. All exports and imports must pass through them. No place else in the U.S., however, could make their customers wait in line every day for two hours and stay in business.

To many in this corner of Mexico's Northwest and the U.S. Southwest who understand the power of our binational trade and commerce, this lost productivity is just unacceptable. Our hemisphere's busiest border crossing is "dumb" and slow when what is needed is a "smart" border. As a result, San Diego and Tijuana business and academic leaders formed an organization to focus on this problem. We call it our Smart Border Coalition.

The first principle in a Smart Border is that security and commerce are not mutually exclusive. A Smart Border should be able to increase both of these, not offset one at the expense of the other. Malin Burnham, our founder and one of the area's staunchest promoters of the binational region, believes Homeland Security's objectives are heavily oriented toward safeguarding the nation, not trade or expedited crossings. There is a "structural flaw" in how the border is managed. He argues that the Department of State and the Department of Commerce should be a part of the policy conversation.

The second principle is innovation — the practical use of technology and re-engineered procedures — to create, improve and complement our ports of entry. Our region has been an innovation hub for more than 30 years with world class companies such as Qualcomm, Cubic, SAIC, Illumina, Sempra Energy, Medtronic, ScaleMatrix, and CareFusion leading the way. Our innovation economy is almost one quarter of our county's GDP and provided close to 150,000 jobs in 2015, a historic high. UC San Diego has been the common thread for a great deal of the breakthrough research and applications that have made their way to millions of businesses and consumers. We must imagine what the border would look like if we made better use of locally generated technologies to create a "frictionless," more efficient border infrastructure.

Border infrastructure

Our region has a track record of Smart Border solutions. These have been the result of our binational stakeholders' dynamism and persistence. SENTRI, the trusted traveler fast pass for pedestrians and vehicles crossing the border, was invented here in the 1990s by San Diego Dialogue, a diverse group of binational professionals and UCSD academics. This program now represents almost 37 percent of all northbound crossings at our two ports. In addition, Customs and Border Protection and Aduanas have started programs for joint screening of agricultural goods at the Otay Mesa port of entry to avoid cargo having to stop at customs in both countries when crossing the border.

Otay Mesa East II Port of Entry, the "Model Port of the 21st Century," will soon combine modern and practical facilities on both sides of the border with innovations such as reversible lanes and segmented tolling. The San Ysidro port of entry is nearing the end of a \$750 million reconstruction effort that will boast 62 northbound vehicle primary inspection booths. For its part last year, Mexican customs opened its most modern trade facility in the entire country at the Otay Mesa port of entry in Tijuana.

CBX, the recently built cross-border pedestrian terminal and bridge that takes air travelers from the United States to the Tijuana airport in literally 10 minutes over an 800-foot walkway, had nearly 2 million passengers last year. Baja Rail, a Baja California company, recently rehabilitated the Mexican portion of the old Spreckels railway and will soon do the same with the U.S. segment, giving our export manufacturing industry a new alternative for freight movement to the East Coast of the United States.

Border innovation

Though building more of a wall in our region would not change much — for decades, we have lived with a "wall" that is up to two successive fences along a good portion of the San Diego-Tijuana border — reductions in wait times would spur commerce and trade, adding billions to our economies.

It is critical that we continue to leverage our thriving binational ties to go beyond what we have accomplished so far. Better processes, smarter systems, and more advanced technologies are required to make our border region more efficient. We must lead the way for improved traveler processing times by increasing the numbers of Customs and Border Protection and Mexican Aduana and immigration officers and by re-engineering processes once pedestrians and vehicles arrive at the booths. We must launch effective marketing and education campaigns so that crossers bring proper documentation and choose correct lanes upon arrival at the border. We must provide reliable online mapping that can suggest the most efficient border routes and appropriate lanes.

We must also collaborate to unclutter vehicle and truck access points to the border, expand joint inspections, increase membership in trusted traveler programs such as SENTRI and C-TPAT, formally launch pre-clearance initiatives for shipments long before they reach the border, and share importer and exporter load data through a "single window."

There is no one better to work on creating a "frictionless" border than the people who live here. Border landers' knowledge and experiences of what actually works for states, cities

and communities on the border should drive the national debate about what secure and smart borders ought to look like in national policy terms.

In the 2014 Smart Border Coalition-sponsored paper “From Border Barriers to Bi-National Promise,” The Creative Class Group and thought leaders Richard Florida and Mary Walshok wrote, “Whether the topic is trade and manufacturing, medicine, the arts, the environment, epidemiology or even national security, a less paranoid, more collaborative, and more technologically sophisticated system of border management would pay enormous dividends, advancing new models of cross-border socio-economic equity.”

Notwithstanding our challenges, San Diego-Tijuana is a prime example of how the competitiveness brought on by NAFTA 23 years ago can be put into action and enhanced. Now that the spotlight is on U.S.-Mexico relations, the Smart Border Coalition calls on the San Diego-Tijuana region to seize the moment to define what the Smart Border must look like. Doing so will not only help us become safer and more prosperous, but it will also set an example of collaboration for dozens of other communities along the U.S.-Mexico border.

<https://www.sandiegouniontribune.com/opinion/commentary/sd-utbg-border-economy-tijuana-sandiego-20170501-story.html>

Accessed 25th April 2021

