

NAFTA and the SPP:
An Unfinished System

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The North American Free Trade Agreement (NAFTA) of 1994 has been the subject of much debate on its effectiveness in bringing about economic progress. Despite the arguments for or against NAFTA, one thing has become extremely clear almost ten years later. It did not thoroughly fulfill its promise of greater prosperity for all Americans. The reason why NAFTA was not able to trickle down tremendous prosperity to the average American is not because the agreement itself was flawed, but because of the abandonment of the Security and Prosperity Partnership of North America (SPP). The SPP was the vital addition to NAFTA that would have laid the foundation for the necessary transportation and information networks connecting Mexico with the United States of America. Without networks with enough lanes (ACKLESON: 339) such as the Trans-Texas Corridor, NAFTA has been unable to logistically pump the massive amount of freight traffic necessary to transition the US/Mexican economy from substantial growth to an economic boom.

Discussing NAFTA without analyzing the SPP is like talking about the Monroe Doctrine without evaluating the Roosevelt Corollary. The SPP was a cooperative framework established in 2005 by the Prime Minister of Canada, President of the USA and the President of Mexico. This framework was created to increase external and internal security measures and to, “...reduce the costs of trade by more efficiently moving goods and people across borders.” (KASTNER: 207)

The way that the SPP proposed to more efficiently move goods and people across borders was through the creation of a transportation corridor that spanned from Mexico, through the USA and all the way up to Canada. But this corridor was proposed to consist of several parts, some of which were augmentations of already established trucking routes and highways. One

such corridor that was proposed but not created was the Trans-Texas Corridor. The Trans-Texas Corridor was envisioned, “to have 6,400 centerline km of new tolled roadways, it is to be accompanied by freight railways and pipelines.” (JURI: 531) Now, to elaborate on this, 6,400 km of tolled roadways is equivalent to roughly 4,000 miles. So this would have been a huge network of roads within Texas.

Why would a transportation corridor connecting Texas to Mexico be important to the success of NAFTA? To better answer this question, we need to analyze what NAFTA is in actuality. NAFTA is an economic agreement that attempted to eliminate the tariffs and trade restrictions between the USA, Mexico and Canada. (HYMSON: 219) This means that NAFTA is a subtractive mechanism. It is taking away barriers to trade, rather than creating some kind of physical apparatus to promote trade, like a sea-port or canal system. This is where the SPP and Trans-Texas Corridor come into the picture.

The SPP was a partnership intended to assist NAFTA. It attempted to do so, with a tangible physical system for moving goods. It is common knowledge that trade can take the form of virtual things, like currency, finance, information and music. But the trade between Mexico and the USA includes many things from oil to goods that were assembled in Mexico like automobiles. And the primary way that these things get to the USA is by pipelines for the oil and trucking and freight trains for larger items. The Trans-Texas Corridor was intended to do just that, by providing, “...a faster, safer and more reliable means of transport for people and freight, while supporting economic growth in rural areas.” (JURI: 531)

The reason why the Trans-Texas Corridor was necessary was not because of some lofty goal for international idealistic trade, there was and still is a serious issue with the trucking

between Mexico and the USA. That issue is that in events that escalated to a climax in 2009 was centered on how a huge number Mexican tractor trailer trucks, with the exception of ones with special permissions were denied entry to the USA beyond already delineated commercial zones. (MACDONALD: 1631) This denial of entry was based on realistic and understandable United States concerns over security.

After the wake of 9-11 there was heightened fear of terrorism and overall border security. Since 9-11 happened in 2001, NAFTA had already been in effect for seven years. So the increased concerns over border security threw a serious wrench into the Bush Administration's goals of strengthening economic ties with Mexico and the rest of Latin America. These concerns specifically included the threat of drug influx into the USA, and illegal firearm trade into Mexico. (MEYER: 1) These concerns persisted even into the Obama Administration. And with the growing power of drug cartels and the greater militarization on the War on Drugs, the fear of Narco-Terrorism is potentially well founded.

But the problem is that limiting trade is the exact opposite way to handle these security threats. The logic behind this is that by limiting trade, not only can there be retaliatory measures brought on against the USA by Mexico, for reneging on a free trade agreement. But by reducing the amount of trucks carrying goods, there is less profit being generated by both respective countries. And this reduction in profit directly affects the available resources to combat security threats. Therefore, the USA should actually increase trade via trucking routes at the US/Mexican Border in order to both stimulate the economy, and create a more streamlined system for monitoring incoming border traffic. This coupled with the findings that Mexican trucks rarely

venture beyond their commercial destination zones (HERR: 2), made the Trans-Texas Corridor an excellent solution for such a problem.

In the previous paragraph, retaliatory measures for reneging on aspects of an agreement such as NAFTA were mentioned. One of these measures could include tariffs. And in 2009, that is exactly what happened. Mexico slapped the USA across the face with a whopping \$2.4 billion in tariffs for how the USA handled the border trucking issue. (MACDONALD: 1632) These tariffs were attached to US imports into Mexico. It may seem counterintuitive, but Mexico imports a tremendous amount of agricultural products from the USA, including corn and other products. (HYMSON: 230) So what happened was that the tariffs on US foodstuffs negated the comparative advantage on these products. This in turn caused a serious crisis for poor Mexican people who needed access to inexpensive food. The US food products became no longer affordable because of the tariffs.

If the SPP and connected infrastructure upgrades such as the Trans-Texas Corridor would have been good for the US economy then why were they abandoned? In terms of the Trans-Texas corridor, there were two factors that weighed heavily, the previously mentioned trucking issue, and the gigantic financial undertaking that such a corridor would commit. The proposed estimated cost of the Trans-Texas Corridor would be between “\$145.2 billion to \$183.5 billion.” (DILLARD: 8)

Although the Trans-Texas Corridor was supposed to be a toll based system that would eventually pay for itself, \$183.5 is a serious number. So concerns on the undertaking make perfect sense. But big projects like these take resources and the amount of jobs that would be

created in just the construction of such a corridor alone would have been a huge boon to the Texas economy.

Yet there is one intriguing piece of information that sticks out from the research into the SPP and Trans-Texas Corridor. And that information is timing. The SPP was officially announced on March 23rd, 2005. (KASTNER: 207) But the proposal for the Trans-Texas Corridor was written in 2002. This forces the proverbial, “chicken or the egg” scenario for what came first in terms of policy regarding this issue. Since the document on the Trans-Texas Corridor was written three years before the announcement of the SPP and since the corridor was a lynch-pin to the partnership’s success, then it may not take a huge leap in logic to connect that the Trans-Texas Corridor was one of the many motivating factors for the SPP itself. That being said, could the Trans-Texas Corridor been handled differently and garnered more support?

The biggest problem with how the SPP and the Trans-Texas Corridor was handled was the closed door mentality on the process. Although the SPP official website had summaries of the goals for the different yearly meetings, there was no video coverage of the actual meetings on the website to be available to US citizens. This helps to explain some of the misgivings that people had regarding the SPP. If an important infrastructural and security partnership is designed in secrecy, then that partnership can become the subject of wild debate and conjecture. And indeed that is what happened. From paranoid blogs to CNN anchorman Lou Dobbs, reports were given about how the SPP would lead to a system that would disregard the sovereignty of the USA. This miscommunication could have been easily avoided if the meetings for the SPP were publicized and communicated with the involvement of local business owners in Texas. In a

world where the internet makes ideas transfer with the click of a mouse, information travels fast, but misinformation travels even faster.

There has been a huge development backward from the original desire to increase the movement of goods and people across the borders. And that was the creation of the Mexico/US fence. (ACKLESON: 344) The fence was intended to stop illegal immigration from Mexico into the USA. Its logistical roots were based more on politics than any proscription from the SPP or NAFTA. By even attempting to create such a fence, a damaging message was sent to Mexico, that Canada didn't need a fence, but Mexico did. Not only was the fence a logistical failure and stopped receiving funding, but it has made any further attempts to create a Trans-Texas Corridor seem contrary to the current sentiment of border states.

Some technological innovations have occurred from the transition from a physical fence to a virtual one. One of these innovations was the Secure Border Initiative network (SBINet). SBINet was a multi-million dollar project developed by Boeing that was intended to engage in tower surveillance of people across the borders. (ACKLESON: 346) The SBINet proposed using a combination of multiple technologies in concert to protect the borders from illegal entries. Although this technology never got off the ground for the purpose of border patrol, it is less offensive than an obtrusive fence across the Southern US border to Mexico.

The Mexican perspective toward the USA has been aggravated by this backsliding from NAFTA, because Mexico perceived itself to be a willing participant in NAFTA. As willing participants in NAFTA, Mexicans felt that they would receive the extended benefits of such an agreement. These include not only economic benefits, but recognition as well. That is why in regards to the trucking issue previously mentioned; it was stated in arbitration on the issue that,

"...even if the U.S. government actually were motivated by concerns over safety and security, it had not proceeded in the appropriate manner..." (MACDONALD: 1653) The subtlety of the previous statement shows that Mexico wanted to be treated as equals as Canada and the USA. And the manner which the USA chose to go about its security concerns, ended up creating a makeshift embargo on Mexican products.

To add further insult to injury in current politics, according to the Canadian Government website "www.BorderActionPlan.gc.ca" there is a new, shared vision for perimeter security and economic competitiveness. This shared vision called, "Beyond the Border" which took place in Washington, DC in February of 2011, had very familiar overtones to the SPP, yet it was between the USA and Canada. It did not in any way include Mexico. Some of the discussed issues were job creation, economic growth, and security concerns. By leaving Mexico out of the conversation, the USA will be leaning more toward Bilateral Agreements in the future as opposed to trilateral ones.

It is not completely alien to see the USA engage in Bilateral Agreements with Latin American Countries. Even dating as far back as Dollar Diplomacy in the FDR years, we could see how the USA liked to single out a Latin American country and make a deal for trade that directly benefitted the USA. So perhaps there is hope for a future Bilateral Agreement with Mexico in order to move forward with a Trans-Texas Corridor system. But it seems unlikely at this time by how the American Press has decided to vilify the corridor.

From a strictly statistical viewpoint, NAFTA has helped to create a greater balance of trade between Mexico and the USA, and more trade in general between the two countries. Before NAFTA, US imports and exports to and from Mexico were at a rough parity of approximately

\$40 billion. But by, "...2007, U.S. imports of goods and services from Mexico had soared to \$229 billion while U.S. exports to Mexico had increased to \$160 billion." (HYMSON: 225) These numbers say a great deal because it shows that not only has the USA benefitted from NAFTA, but Mexico has enjoyed a tremendous boon to its exports as well. Even though there looks like a big gap in numbers here, but about \$40 billion of the exports from Mexico in the USA was oil. (HYMSON: 225) So the USA would have gotten that oil from someone else if it wasn't Mexico. This makes it so there is only a trade imbalance of roughly \$29 billion.

Although this may not directly translate to increased standards of living and purchasing power to everyone in Mexico, it is a start.

The one elephant in the room that no one is talking about when it comes to the idea of a Trans-Texas Corridor is the question: Is Mexico going continue to be an exporter, or will it eventually become a massive importer of goods? Even though much of the Foreign Direct Investment into Mexico has been for manufacturing and assembly purposes as opposed to increasing the technological base acuity of the local populations. There still has been some trickle down of skill; otherwise Mexican residents would not have been able to make the transition from basic products to automobile assembly. Since Mexico is not only trade partners with the USA but also with other nation-states in Latin America, there is greater probability that Mexico will either develop as the Sub-Hegemon of Latin America, than stay in permanent developing status. The proponents of the Trans-Texas Corridor knew this because the pipelines for natural gas, oil and water went two-ways. They had the potential to send fresh water, gas and oil to the USA or from the USA and into Mexico.

Now when most people think of the USA, they tend to envision the country as a huge importer of everything from oil to manufactured products. And although that is true, the USA exports a tremendous amount of products each year. But what has become more apparent, especially in California, is that Water Desalinization is becoming much more advanced. There are programs such as the Poseidon Project in San Diego that push water desalinization to its current limits in technology. California's unique situation as requiring a tremendous amount of water to support its naturally arid climate, has forced businesses to innovate in order to cope with these growing needs. But if technology keeps developing at its current rate, and if legislature allows for the construction of new desalinization plants, then there could be a potential for the USA to eventually not only quench its own potable water needs, but to become an exporter of drinking water as well. And there could be no better customers than our neighbors with a growing population base in Mexico. Having two-way pipelines facilitated by a system such as the Trans-Texas Corridor that easily transports water from the USA to Mexico could become a liquid blue gold export that potentially could offset any trade imbalances.

After evaluating the information a policy recommendation to the current administration of the government of the United States of America, would be two fold. First, the USA should reevaluate and investigate the potential for trade with Mexico especially in the realms of water and trucking over the course of the next 20 years. Then the USA should disclose and discuss these findings with the general American populace and especially the citizens and business owners in Texas who would be affected by any corridor system. This discussion should be handled in an interactive town-hall setting as well as a video campaign. When the general population understands that there is much more to be gained by allowing easy access and trade with Mexican trucking networks, and that the potential for profits will fuel the funding for

greater security measures, the populace will be more conducive to taking a less alarmist perspective on a international transportation corridor.

It needs to be made abundantly clear that the USA in no way intends on trading its sovereignty or security, for economic gain. And that in fact American sovereignty and security will strengthen, as economic conditions improve. If the administration needs to sign extra documents in order to safeguard the Constitution and the Bill of Rights, and/or create a new and improved SPP with perhaps a different title, then so be it. But the end result of allowing trade between our two neighbors of Mexico and Canada and our extended family of Latin America makes regional economic ease of a trade a priority. And it is through our friendship and cooperation that our prosperity will flow...from a finally finished system.

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