

Lessons from the pandemic for a U.S.-Mexico Smart Border

The **C26+ Smart Borders working group** met in November 2021 to assess the most relevant changes after its first meeting in July in the context of the reopening of the U.S.-Mexico border to non-essential travel that halted, for over 20 months, daily flows of trade and people between the two countries. This meeting took place in the margins of the North American Leaders' Summit (NALS) where President Andrés Manuel López Obrador had his first in-person meeting with both President Joe Biden and Prime Minister Justin Trudeau.

Uncertainty showed additional burdens for a Smart Border:

- +** **The border is not only about migration and trade**, but there are also surrounding issues such as mobility, pollution, energy, and environment. Notably, health became one of the most relevant and showed its importance as an inherent factor of security. Likewise, after Texas shutdown the natural gas supply to Mexico, it became clear the need to find ways to address energy matters with a cross-border approach.
- +** **The border plays a key role** on supply chain resiliency. Any disturbance, whether made by red tape or external factors, has immediate effects in both sides and disrupts the whole supply chain network.
- +** **The border infrastructure** faces ambivalent problems. On one hand, some Ports of Entry (POEs) are collapsed, while; on the other, the lack of coordination and staff in the Mexican and the U.S. customs agencies leads some POEs to be underused.
- +** **The spotlight on the border was not fully seized** since most of the public-discussion focused on health issues. This was a missed opportunity to talk about other border-related issues such as 4.0 technologies, trade, transport, energy, water and even a comprehensive immigration reform.
- +** **The legal statutes around data transmission are archaic**, curbing the ability of customs agencies, companies, and users to seize the potential of implementing cutting-edge technology currently available at the border. Interoperable data is urgently needed.
- +** **Public perception regarding the border** needs to change to have a policy shift that embraces the recommendations and expertise of the private sector and society. The common thread should be the flow of products and people.
- +** **There is need** to implement technologic solutions to improve current environmental conditions, which will also lead to comply with the Race to Zero commitments made in COP26.

After this initial evaluation, the C26+ Smart Borders Working Group proposes:

- + **Constant education** to Mexican and U.S. officials is needed. From Washington D.C. and Mexico City to the local and county level leadership, it is instrumental to explain what a Smart Border entails and show its benefits for the entire North American region.
- + **A continued discussion** about having a stronger binational infrastructure plan. President Biden's infrastructure plan includes the digitalization of trade which will allow to manage ships, containers, and transit times, ultimately facilitating cross border flows. A regional plan to attract investment, facilitate cross border flows, and achieve a Smart Border can be created with multistakeholder participation in the 21st Century Border Management Process Executive Steering Committee (ESC).
- + **Increase the funding for pilot programs** for technology implementation between the private sector and customs agencies. Making more efficient the current infrastructure will attract more investments and attention to the border. Additionally, encourage the TSA to apply the same technologies used in pilot programs with CBP regarding trade to help with resident cards.
- + **A trade-oriented approach is needed** within the agencies and officials operating at the border (DHS, CBP, SAT and ANAM). Security is relevant and can be improved by implementing tech solutions currently used in commerce. Interoperable & verifiable data will increase competitiveness and accelerate facilitation and enforcement activities.
- + **Amid the global supply chain restructuring**, there is no better time than now to continue amplifying the relevance of ally-shoring. Moreover, companies need to hold discussions with both governments to find disruptors that can facilitate the trade flow.
- + **Technology is the driver of a true Smart Border.** A standard electronic file that allows to clear customs in both countries is urgently needed to speed customs processes. These fast-track authorization files can easily spark real-time collaboration and one-click transactions that connect customs brokers with carriers, factories and other key actors.
- + **Apply for Trusted Shipper programs and push for joint inspections** can help speeding up current customs processes and to making safer exchanges. Mexican stakeholders, specially IMMEX/Maquiladoras, ought to apply for certifications such as, but not limited to, U.S.' C-TPAT (Customs Trade Partnership Against Terrorism) or Mexico's OEA (Authorized Economic Operator). Both comply with the World Customs Organization's security standards and have been mutually recognized by both countries.
- + **Change the model of how customs work** in both countries by leaving security to States and promote trade facilitation with the help of the private sector. CBP pilot

programs implemented by tech companies have proven to be useful and should be multiplied.

+ **This is the time of a technology-infrastructure movement** driven by private companies in the 4.0 era. Moreover, this is the time to build ITC border infrastructure where strong cybersecurity protocols can ease and accelerate the flow of goods and people. The border can greatly benefit from public-private partnerships, as stakeholders with expertise are eager to assist governments advance their goals in this field.

+ **A civil society Corps Service**, with people volunteering with specific activities at the border, learning and working hand on hand with the government could create long-term solutions.

**The region has waited for infrastructure to be built,
but in the 21st century, the driver for competitiveness is technology.**

This paper is presented with the insights and recommendations of the **C26+ Smart Borders Working Group**, a community of Mexican and American stakeholders with expertise and knowledge on border-related issues, eager to support and help further the U.S.-Mexico collaboration.

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The work of **C26+ Group** is a multi-stakeholder forum where ideas, initiatives and interests converge to 1) make policy recommendations and proposals that contribute to the implementation of USMCA by the U.S, Mexico, and Canada governments through the next five years, after which the first review of the agreement is set to occur; 2) advance binational and trilateral initiatives that foster competitiveness in the region and; 3) create a trilateral community on innovation, entrepreneurship & technology.

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