



Atlantic Council

ADRIENNE ARSHT
LATIN AMERICA CENTER

US-Mexico Commerce:

Tracking the Final Destination and Mexico's Fiscal Benefit with Greater Border Efficiency

by Edgar David Gaytán Alfaro, John Gibson,
Mayra Maldonado, Jason Marczak,
Roberto Ransom, and Ignacia Ulloa-Peters





Atlantic Council

ADRIENNE ARSHT LATIN AMERICA CENTER

The Atlantic Council's nonpartisan **Adrienne Arsht Latin America Center (AALAC)** broadens understanding of regional transformations while demonstrating why Latin America and the Caribbean matter for the world. The center focuses on pressing political, economic, and social issues that will define the region's trajectory, proposing constructive, results-oriented solutions to inform public sector, business, and multilateral action based on a shared vision for a more prosperous, inclusive, and sustainable future.

AALAC – home to the premier Caribbean Initiative – builds consensus for action in advancing innovative policy perspectives within select lines of programing: US policy in the Western Hemisphere; Colombia's future; Venezuela's multidimensional crisis; Central American prosperity; US-Mexico ties; China in the Americas; Brazil's trajectory; Caribbean development; regional economic development and commerce; and energy transitions. Jason Marczak serves as the center's senior director.

This report is written and published in accordance with the Atlantic Council Policy on Intellectual Independence. The authors are solely responsible for its analysis and recommendations. The Atlantic Council and its donors do not determine, nor do they necessarily endorse or advocate for, any of this report's conclusions.

Atlantic Council
1030 15th Street NW, 12th Floor
Washington, DC 20005

For more information, please visit
www.AtlanticCouncil.org.

ISBN-13: 978-1-61977-268-7

February 2023

Design: Donald Partyka and Anais Gonzalez

Cover photo: Trucks are seen on a bridge intersection near the World Trade Bridge border, in Laredo, Texas U.S. June 3, 2019. REUTERS/Carlos Jasso

US-Mexico Commerce:

Tracking the Final Destination and Mexico's Fiscal Benefit with Greater Border Efficiency

**by Edgar David Gaytán Alfaro, John Gibson,
Mayra Maldonado, Jason Marczak,
Roberto Ransom, and Ignacia Ulloa-Peters**

Table of Contents

US-MEXICO COMMERCE: TRACKING THE FINAL DESTINATION AND MEXICO'S FISCAL BENEFIT WITH GREATER BORDER EFFICIENCY	5
FINAL DESTINATIONS	6
ECONOMIC IMPACT	9
ADDITIONAL TAX REVENUE FOR MEXICAN BORDER STATES	13
CONCLUSION	14
APPENDICES	15
APPENDIX A – ESTIMATIONS	15
APPENDIX B – DATA SOURCES AND LIMITATIONS	15
APPENDIX C – REGION BREAKDOWN	15
APPENDIX D – COMMODITY TYPES	16
APPENDIX E – FINAL DESTINATION AREA DELIMITATIONS	17

US-Mexico Commerce: Tracking the Final Destination and Mexico's Fiscal Benefit with Greater Border Efficiency

Between 2022 and 2023, the Atlantic Council collaborated with the University of Texas at El Paso's Hunt Institute for Global Competitiveness and El Colegio de la Frontera Norte to publish a two-part study analyzing the economic impact of a 10-minute reduction in wait times at the US-Mexico border. Findings presented new data on the economic benefits of shorter wait times alongside job creation potential. The first report, *The economic impact of a more efficient US-Mexico border: How reducing wait times at land ports of entry would promote commerce, resilience, and job creation*, looks at the impact on a national level, while the second report, *The transformative power of reduced wait times at the US-Mexico border: Economic benefits for border states takes a more granular approach*, looking at the economic impact of reduced wait times at a border-state level.

This new report determines the value of commercial trade flows that remain in border states compared to non-border states and the economic impact (by commodity type) for the US Northeast, Midwest, South, and West. It finds that 45 percent of trade passing through three main US-Mexico border ports of entry remains in border states, while 55 percent is distributed to other regions of the United States. After the border state region, the Midwest receives the greatest amount of commercialized goods. The top five states

receiving imports entering Texas are Texas, Michigan, California, Ohio, and Illinois, while the top five states receiving commerce entering California are California, Massachusetts, Illinois, Georgia, and Texas. The report also shows that a 10-minute reduction in wait times results in \$3.8 million additional cargo value entering the United States via El Paso, \$11.1 million entering via Laredo, and \$2.6 million entering via San Diego each month. This equals \$17.5 additional cargo value entering the United States monthly.

The report also estimates the additional tax revenue that would be generated for Mexican border states due to shorter border wait times and the resulting increase in commercial activity. It finds that a 10-minute reduction in wait times could have a monthly tax revenue impact of \$583,600 on payroll taxes, \$8.3 million on income taxes, and \$1.5 million on value-added taxes, totaling \$10.5 million in tax revenue across Mexico's six border states yearly.

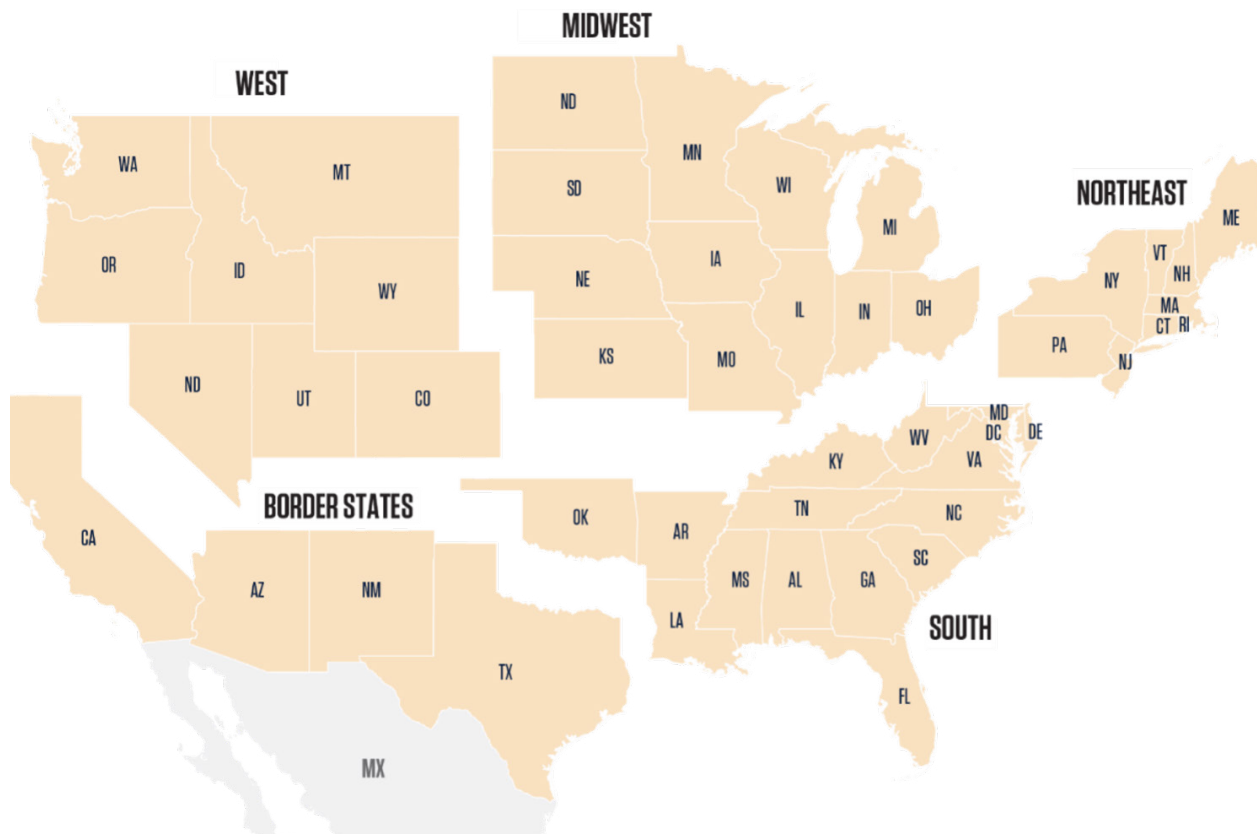
By providing a clearer picture of traded goods' final destinations and identifying the US communities benefitting most from greater efficiency at the US-Mexico border, this report offers a new perspective on the importance of facilitating greater border efficiency between the United States and Mexico.

Final Destinations

The findings analyze cargo entering the United States from Mexico via three major ports of entry: El Paso, Laredo, and San Diego.¹ This section indicates the portion of commercial traffic that crosses the US-Mexico border by truck to distinct border and non-border domestic destinations by any mode of transportation. Final destinations are divided into five groups: goods remaining in the crossing county, goods remaining in

the crossing state (excluding crossing county), goods remaining in the crossing state (including crossing county), goods transported to other border states,² and goods transported to non-border states.³ The final category – goods transported to non-border states – is divided into four subcategories; **Northeast**,⁴ **Midwest**,⁵ **South**,⁶ and **West**.⁷ Figure 1 depicts the regional subdivision.⁸

Figure 1. Border State and Non-Border State Regions



SOURCE: Hunt Institute map based on US Census Bureau regions. The map includes another region, “Border States”.

1 See Appendix B for additional information on why El Paso, Laredo, and San Diego were selected as the ports of entry for analysis in this report.

2 Goods transported to other border states that include California, Arizona, New Mexico, and Texas.

3 See Appendix E for additional information on the areas covered in each category.

3 Goods transported to other border states that include California, Arizona, New Mexico, and Texas.

3 See Appendix E for additional information on the areas covered in each category.

4 The Northeast includes Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Philadelphia, Rhode Island, and Vermont.

5 The Midwest includes Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

6 The South includes Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Virginia, and West Virginia. .

7 The West includes Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

8 These regions were designed according to the US Census Bureau regions found in Appendix C.

Table 1 depicts the share of trade passing through El Paso, Laredo, and San Diego that remains in the crossing county, the crossing state (Texas for El Paso and Laredo, and California for San Diego), or is transported to another border state or one of the four US subregions.⁹

Of the goods entering El Paso, 49.4 percent remain in Texas. Similarly, 29.3 percent of goods crossing Laredo stay in Texas. California is an exception to the Texas trend since approximately 64.8 percent of goods entering via San Diego remain in the state.¹⁰

The results show that the majority of goods entering the United States through the three ports of entry are eventually distributed to other states. For instance, 50.5 percent of goods entering the United States via El Paso and 70.7 percent of goods entering via Laredo are distributed to a different state. For California, only 35.1 percent of goods entering via San Diego are transported out-of-state.

Except for Laredo, the results show that the majority of commerce crossing the US-Mexico border remains within the broader border

region. Table 1 shows that 59 percent of cargo entering El Paso stays in the border region, while 34.5 percent entering Laredo and 69.1 percent arriving via San Diego have a final destination in Arizona, California, New Mexico, or Texas.

Commodities entering through the San Diego port of entry by truck from Mexico are distributed more evenly to non-border regions, with 10.8 percent of trade flows going to the Northeast, 10 percent to the Midwest, 7.9 percent to the South, and 2.2 percent to the West. Most trade flows in Laredo and El Paso go to the Midwest (29.5 percent and 27.3 percent, respectively).

Forty-one percent of cargo entering the United States via El Paso is delivered to non-border regions. That number reaches 65.5 percent for cargo entering Laredo and 30.9 percent for cargo entering San Diego.

Table 1 also shows an overview of the total impact across the three ports of entry. Most of the cargo value (55 percent) that crosses the US-Mexico border goes to non-border states, whereas only 45 percent remains in border states.

Table 1. Final Destination of Cargo Value through El Paso, Laredo, and San Diego, and the Total Across Three Ports of Entry (%)

Final Destination Areas	El Paso	Laredo	San Diego	Total Across Three Ports of Entry
Goods Remaining in the Crossing County	0.7%	0.1%	5.2%	1.0%
Goods Remaining in the Crossing State (excluding crossing county)	48.7%	29.2%	59.6%	38.0%
Goods Remaining in the Crossing State (including crossing county)	49.9%	29.3%	64.8%	39.0%
Goods Transported to Other Border States	9.5%	5.2%	4.2%	6.0%
Total Goods Remaining in Border States	59.0%	34.5%	69.1%	45.0%
Non-Border Regions				
Region 1: Northeast	5.0%	9.4%	10.8%	8.6%
Region 2: Midwest	27.3%	29.5%	10.0%	26.1%
Region 3: South	7.6%	23.1%	7.9%	17.5%
Region 4: West	1.1%	3.5%	2.3%	2.8%
Total Goods Transported to Non-Border States	41.0%	65.5%	30.9%	55.0%

NOTE: Estimated percentages based on 2017 data. Regions refer to statistical areas.

SOURCE: Hunt Institute estimations with Freight Analysis Framework data.

⁹ This study analyzes trade entering the United States via any mode of transportation through land ports of entry. Final destination shares were extracted from the Freight Analysis Framework 2017 from the US Department of Transportation's Bureau of Transportation Statistics. Additional information is in Appendix B.

¹⁰ The percentage is shown in Table 1 under "Goods Remaining in the Crossing State (including crossing county)."

Table 2 shows the top five final destination states for each port of entry. It shows that across each port of entry analyzed in this study, over half of northbound commerce is directed to the top five final destination states (77.5 percent for El Paso, 55.4 percent for Laredo, and 81.4 percent for San Diego). El Paso and Laredo share the same

five states as their top commercial destinations, albeit in a slightly different order. The San Diego port of entry varies somewhat, with California, Massachusetts, Illinois, Georgia, and Texas among the top five.

Table 2. Top 5 Final Destination States for Cargo Value through El Paso, Laredo, and San Diego (%)

El Paso		Laredo		San Diego	
Texas	49.5%	Texas	29.3%	California	64.9%
Michigan	12.0%	Michigan	12.1%	Massachusetts	5.1%
California	8.9%	Ohio	4.7%	Illinois	4.8%
Ohio	3.9%	Illinois	4.7%	Georgia	3.9%
Illinois	3.2%	California	4.6%	Texas	2.7%
Total	77.5%	Total	55.4%	Total	81.4%

NOTE: Estimated percentages based on 2017 data.

SOURCE: Hunt Institute estimations with Freight Analysis Framework data.

Economic Impact

Next, it is important to analyze the impact of the ten most ubiquitous commodity types entering the United States from Mexico. Tables 3, 4, and 5 depict the monthly estimated additional cargo value following a 10-minute reduction in wait times at the El Paso, Laredo, and San Diego ports of entry. Results show that the reduction would facilitate the entrance of \$3.8 million additional cargo value at the El Paso port of entry, \$11.1 million at the Laredo port of entry, and \$2.6 million at the San Diego port of entry.¹¹ The tables highlight the additional

cargo value by commodity for each port of entry. According to the US International Trade Commission, a large portion of these commodities are intermediate goods used to produce final goods.¹²

Table 3 shows that a 10-minute reduction in wait times could result in \$3.8 million worth of additional cargo value entering the United States via El Paso each month. Approximately \$2.2 million would remain in border states, while non-border states stand to benefit \$1.6 million, with the Midwest experiencing the greatest impact.

Table 3. El Paso: Estimated additional cargo value (monthly) based on a 10-minute reduction in average wait times in El Paso

Commodity Type	Stays in El Paso	Goes to Rest of Texas	Goes to Other Border States	Total to Border State Region	Census Bureau Regions				Total Non-Border State Regions
					Region 1: Northeast	Region 2: Midwest	Region 3: South	Region 4: West	
Farm products	\$821.7	\$55,320.9	\$5,785.3	\$61,927.9	\$485.2	\$2,241.8	\$4,099.0	\$38.0	\$6,864.0
Food or kindred products	\$517.0	\$34,807.6	\$373.7	\$35,698.3	\$137.2	\$4,106.5	\$845.9	\$614.7	\$5,704.3
Non-metallic minerals	\$94.2	\$6,341.4	\$2,762.0	\$9,197.6	\$542.8	\$1,520.1	\$5,129.3	\$76.9	\$7,269.2
Chemicals, coal, petroleum or natural gas	\$640.5	\$43,123.1	\$5,689.8	\$49,453.4	\$25,190.4	\$27,742.3	\$8,264.7	\$1,830.5	\$63,027.9
Lumber or wood products	\$18.3	\$1,234.3	\$547.4	\$1,800.0	\$1,598.6	\$9,777.6	\$2,567.9	\$1,713.1	\$15,657.2
Pulp, paper or allied products, and printed matter	\$141.4	\$9,517.0	\$2,232.5	\$11,890.8	\$133.4	\$1,680.2	\$336.2	\$140.4	\$2,290.3
Textile mill products	\$798.4	\$53,750.9	\$16,834.4	\$71,383.7	\$6,047.6	\$2,203.2	\$22,266.5	\$4,323.8	\$34,841.0
Metal products	\$378.1	\$25,458.4	\$8,334.9	\$34,171.4	\$19,486.3	\$19,178.3	\$965.6	\$906.0	\$40,536.3
Electronics, machinery, and equipment	\$23,334.6	\$1,571,003.5	\$313,394.8	\$1,907,733.0	\$108,005.5	\$834,522.0	\$175,358.5	\$30,736.0	\$1,148,622.0
Furniture	\$656.0	\$44,163.1	\$4,895.0	\$49,714.1	\$19,685.9	\$132,610.7	\$68,869.6	\$1,349.5	\$222,515.7
Others	\$202.9	\$13,662.8	\$2,541.2	\$16,406.9	\$9,780.3	\$5,122.3	\$1,383.2	\$259.2	\$16,545.0
Total	\$27,603.1	\$1,858,383.1	\$363,391.0	\$2,249,377.2	\$191,093.4	\$1,040,705.0	\$290,086.4	\$41,988.0	\$1,563,872.8

NOTE: Details about estimations are in Appendix A. Details about Commodity Type are in Appendix D.

SOURCE: Hunt Institute estimations.

¹¹ These numbers are calculated by adding the "Goes to Border States Total" and "Goes to Non-Border States Total" columns.

¹² Mihir Torsekar, "Intermediate Goods Imports in Key US Manufacturing Sectors," United States International Trade Commission, accessed February 17, 2023, https://usitc.gov/research_and_analysis/trade_shifts_2017/specialtopic.htm.

Both border and non-border states would benefit most from additional electronics, machinery, and equipment, estimated at \$1.9 million and \$1.1 million, respectively.

Table 4 shows that a 10-minute reduction in wait times could result in \$11.1 million worth of additional cargo value entering the United

States via Laredo each month. Approximately \$3.8 million of additional cargo would remain in border states, while non-border states stand to benefit \$7.2 million, with the Midwest experiencing the greatest impact. Both border and non-border states would benefit most from additional electronics, machinery, and equipment, estimated at \$2.5 million and \$5.3 million, respectively.

Table 4. Laredo: Estimated additional cargo value (monthly) based on a 10-minute reduction in average wait times

Commodity Type	Stays in Laredo	Goes to Rest of Texas	Goes to Other Border States	Total to Border State Region	Census Bureau Regions				Total Non-Border State Regions
					Region 1: Northeast	Region 2: Midwest	Region 3: South	Region 4: West	
Farm products	\$514.7	\$116,411.5	\$163,479.2	\$280,405.4	\$16,521.3	\$67,920.4	\$37,533.9	\$2,610.6	\$124,586.2
Food or kindred products	\$775.2	\$175,336.3	\$45,126.6	\$221,238.2	\$103,280.7	\$77,573.5	\$62,077.6	\$34,421.0	\$277,352.8
Non-metallic minerals	\$376.7	\$85,182.1	\$16,413.6	\$101,972.5	\$39,152.1	\$50,277.0	\$28,947.0	\$2,159.4	\$120,535.5
Chemicals, coal, petroleum or natural gas	\$814.5	\$184,218.1	\$34,141.0	\$219,173.6	\$89,326.8	\$171,968.5	\$179,293.2	\$31,973.1	\$472,561.7
Lumber or wood products	\$14.9	\$3,380.4	\$593.5	\$3,988.9	\$121.8	\$1,801.9	\$1,988.3	\$26.1	\$3,938.1
Pulp, paper or allied products, and printed matter	\$134.0	\$30,310.9	\$3,734.3	\$34,179.2	\$7,453.2	\$34,173.7	\$19,116.2	\$951.9	\$61,695.0
Textile mill products	\$252.6	\$57,136.7	\$34,784.2	\$92,173.5	\$28,073.5	\$45,172.3	\$71,652.5	\$6,813.2	\$151,711.4
Metal products	\$893.4	\$202,063.3	\$24,181.0	\$227,137.8	\$23,998.0	\$114,122.9	\$104,709.9	\$12,871.1	\$255,701.8
Electronics, machinery, and equipment	\$9,927.3	\$2,245,252.0	\$219,374.4	\$2,474,553.7	\$697,446.4	\$2,533,673.9	\$1,820,172.2	\$289,167.4	\$5,340,459.9
Furniture	\$558.6	\$126,327.9	\$30,315.6	\$157,202.1	\$29,327.6	\$161,737.0	\$220,874.9	\$7,056.3	\$418,995.8
Others	\$73.8	\$16,684.2	\$2,141.4	\$18,899.4	\$4,084.2	\$15,161.4	\$20,962.8	\$669.2	\$40,877.6
Total	\$14,335.8	\$3,242,303.4	\$574,284.9	\$3,830,924.2	\$1,038,785.7	\$3,273,582.5	\$2,567,328.3	\$388,719.2	\$7,268,415.8

NOTE: Details about estimations are in Appendix A. Details about Commodity Type are in Appendix D.

SOURCE: Hunt Institute estimations.

Table 5 shows that a 10-minute reduction in wait times could result in \$2.6 million worth of additional cargo value entering the United States via San Diego monthly. Approximately \$1.8 million of additional cargo would remain in border states, while non-border states stand to benefit \$803,185, with the Northeast experiencing the greatest impact. Both border and non-border states would benefit most from additional electronics, machinery, and equipment estimated at \$1.3 million and \$655,029, respectively.

Overall, a 10-minute reduction in wait times could result in \$17.5 million of additional cargo value entering the US per month.¹³ Table 6 shows that these import flows would mainly go to non-border states (\$9.6 million, or 55 percent) compared to border states (\$7.8

million, or 45 percent). The top two final non-border destinations for these import flows would be the Midwest (\$4.6 million) and the South (\$3.1 million). The leading additional commodity types in cargo value into the United States would be electronics, machinery, and equipment (\$12.8 million), with 73.1 percent of the total cargo value of import flows into the United States.

These figures symbolize a minimum baseline for the potential impact. The analysis was implemented using limited available data. Increased efforts from the United States and Mexico to collect commercial data would allow studies like this to depict far more accurate values.

Table 5. San Diego: Estimated additional cargo value (monthly) based on a 10-minute reduction in average wait times

Commodity Type	Stays in San Diego	Goes to Rest of California	Goes to Other Border States	Total to Border State Region	Census Bureau Regions				Total to Non-Border State Regions
					Region 1: North East	Region 2: Mid West	Region 3: South	Region 4: West	
Farm products	\$12,886.4	\$147,305.2	\$12,674.2	\$172,865.8	\$438.5	\$607.9	\$1,656.0	\$764.6	\$3,467.1
Food or kindred products	\$2,720.8	\$31,101.0	\$11,833.1	\$45,654.9	\$7,758.1	\$4,657.0	\$4,804.3	\$3,653.5	\$20,873.0
Non-metallic minerals	\$1,292.7	\$14,776.2	\$4,434.0	\$20,502.9	\$142.4	\$5,120.5	\$438.6	\$247.4	\$5,948.9
Chemicals, coal, petroleum or natural gas	\$5,590.2	\$63,901.2	\$3,053.1	\$72,544.5	\$5,139.4	\$5,809.1	\$2,848.2	\$2,042.0	\$15,838.6
Lumber or wood products	\$362.1	\$4,138.8	\$32.5	\$4,533.4	\$7.4	\$525.2	\$23.6	\$1.2	\$557.4
Pulp, paper or allied products, and printed matter	\$845.7	\$9,666.7	\$475.8	\$10,988.1	\$1,271.7	\$257.6	\$13,795.3	\$80.6	\$15,405.2
Textile mill products	\$6,312.7	\$72,160.8	\$113.5	\$78,587.0	\$2,488.7	\$6,633.1	\$4,317.0	\$179.7	\$13,618.5
Metal products	\$3,376.2	\$38,593.3	\$2,595.4	\$44,565.0	\$2,308.6	\$28,610.8	\$2,896.4	\$4,540.6	\$38,356.3
Electronics, machinery, and equipment	\$96,679.2	\$1,105,141.3	\$73,746.8	\$1,275,567.2	\$257,118.1	\$194,423.1	\$157,449.6	\$46,038.3	\$655,029.1
Furniture	\$3,640.3	\$41,611.9	\$667.9	\$45,920.0	\$3,843.6	\$10,510.8	\$15,879.1	\$781.2	\$31,014.7
Others	\$1,806.5	\$20,650.5	\$56.5	\$22,513.5	\$193.3	\$1,759.3	\$1,056.3	\$68.0	\$3,076.9
Total	\$135,512.8	\$1,549,046.7	\$109,682.8	\$1,794,242.2	\$280,709.9	\$258,914.4	\$205,164.4	\$58,397.0	\$803,185.8

NOTE: Details about estimations are in Appendix A. Details about Commodity Type are in Appendix D.

SOURCE: Hunt Institute estimations.

13 This value was identified by adding the "Goes to Border State Total" and "Goes to Non-Border States Total" for each port of entry studied in this report. The results are in Table 6.

**Table 6. United States: Estimated additional cargo value (monthly) based
on a 10-minute reduction in average wait times**

Commodity Type	Stays in Crossing County	Goes to Rest of Border State	Goes to Other Border States	Total to Border State Region	Census Bureau Regions				Total to Non-Border State Regions
					Region 1: North East	Region 2: Mid West	Region 3: South	Region 4: West	
Farm products	\$14,222.90	\$319,037.50	\$181,938.70	\$515,199.06	\$17,445.00	\$70,770.20	\$43,288.80	\$3,413.20	\$134,917.25
Food or kindred products	\$4,013.00	\$241,244.90	\$57,333.40	\$302,591.39	\$111,176.10	\$86,337.00	\$67,727.80	\$38,689.30	\$303,930.06
Non-metallic minerals	\$1,763.60	\$106,299.80	\$23,609.60	\$131,673.01	\$39,837.30	\$56,917.60	\$34,515.00	\$2,483.80	\$133,753.64
Chemicals, coal, petroleum or natural gas	\$7,045.20	\$291,242.40	\$42,883.90	\$341,171.49	\$119,656.60	\$205,519.90	\$190,406.10	\$35,845.60	\$551,428.16
Lumber or wood products	\$395.30	\$8,753.50	\$1,173.40	\$10,322.28	\$1,727.90	\$12,104.60	\$4,579.80	\$1,740.40	\$20,152.68
Pulp, paper or allied products, and printed matter	\$1,121.00	\$49,494.50	\$6,442.50	\$57,058.12	\$8,858.30	\$36,111.60	\$33,247.70	\$1,173.00	\$79,390.58
Textile mill products	\$7,363.70	\$183,048.40	\$51,732.10	\$242,144.20	\$36,609.80	\$54,008.60	\$98,236.00	\$11,316.60	\$200,170.94
Metal products	\$4,647.80	\$266,115.00	\$35,111.40	\$305,874.16	\$45,792.90	\$161,912.00	\$108,571.90	\$18,317.60	\$334,594.42
Electronics, machinery, and equipment	\$129,941.10	\$4,921,396.90	\$606,516.00	\$5,657,853.94	\$1,062,570.00	\$3,562,619.00	\$2,152,980.30	\$365,941.70	\$7,144,110.94
Furniture	\$4,854.80	\$212,103.00	\$35,878.50	\$252,836.24	\$52,857.10	\$304,858.50	\$305,623.60	\$9,186.90	\$672,526.15
Others	\$2,083.20	\$50,997.40	\$4,739.10	\$57,819.76	\$14,057.80	\$22,043.00	\$23,402.30	\$996.30	\$60,499.52
Total	\$177,451.70	\$6,649,733.30	\$1,047,358.70	\$7,874,543.65	\$1,510,589.00	\$4,573,201.90	\$3,062,579.20	\$489,104.30	\$9,635,474.35

NOTE: The estimations details are in Appendix A. The Commodity Type details are in Appendix D. The US includes information on the El Paso, Laredo, and San Diego ports of entry only.

SOURCE: Hunt Institute estimations.

Additional Tax Revenue For Mexican Border States

The United States-Mexico-Canada Agreement (USMCA) is designed to stimulate free markets, fair trade, and economic development across North America. Among the characteristics of USMCA is a reduction in tariffs on traded goods. While this decreases the participating nation's fiscal benefits, it enhances trade between the three countries. However, greater commerce between the United States and Mexico has a slightly positive fiscal effect for the United States and Mexico. What is the additional tax revenue created for Mexican border states following a 10-minute reduction in wait times at the US-Mexico border?

The tax revenue is divided into three main categories:

1. Payroll tax: This tax is levied on the payroll of formally employed workers. These rates are federally determined and vary across states;

2. Income tax: This tax is levied by the federal government on any form of income. For this study, a rate of 30 percent income tax was used to estimate the aggregated gross income per Mexican border state; and

3. Value-added tax: This tax is levied on the consumption of goods and services. Mexico's border states have a relatively low value-added tax of 8 percent, while the rate across most Mexican states is around 16 percent. Differences in value-added tax between border and non-border states seek to make the border more competitive

Table 7 estimates the additional revenue for each Mexican border state (Baja California, Chihuahua, Coahuila, Nuevo León, Sonora, and Tamaulipas) by type of tax due to an increase in commercial activity following a 10-minute reduction in border wait times.

Table 7. Mexican Border States: Estimated annual tax revenue (thousands of USD), 2023 projection

State	Payroll Tax	Income Tax	Value Added Tax	Total
Baja California	\$135.0	\$1,360.9	\$254.0	\$1,749.9
Chihuahua	\$91.5	\$1,306.7	\$243.9	\$1,642.1
Coahuila	\$77.7	\$1,665.1	\$310.8	\$2,053.6
Nuevo León	\$196.7	\$2,809.2	\$524.4	\$3,530.3
Sonora	\$44.2	\$630.8	\$117.8	\$792.7
Tamaulipas	\$38.7	\$552.5	\$103.1	\$694.3
Border States	\$583.6	\$8,325.2	\$1,554.0	\$10,462.8

SOURCE: COLEF estimations.

Conclusion

The impact of a reduction of ten minutes in border wait times would increase cargo value into the United States by at least \$17.5 million per month, with most commodities coming in as intermediate goods used in the production of US final goods. Of these trade flows, the majority of cargo value would remain in non-border states (\$9.6 million or 55 percent) rather than in border states (\$7.8 million or 45 percent). The top non-border destination of commodity trade flows is the Midwest (except for those crossing via San Diego, which is the Northeast). The leading additional commodity types coming into

the United States include electronics, machinery, and equipment, estimated at \$12.8 million (73.1%) per month. Limited data availability constrained this analysis to three ports of entry only. Although this report analyzed the El Paso, Laredo, and San Diego ports of entry, additional data for other ports of entry along the border would help refine these estimates and increase understanding of the real and larger impact that commerce through ports of entry has across the United States.

Appendices

APPENDIX A – ESTIMATIONS

Estimates on additional cargo value are based on the share of loaded containers (2019), the average value of loaded containers (2019), the final destination of commodities (2017), and the regression model from the first of these series reports (which includes information from 2016 to 2019 and are [here](#)).

Analysis Framework only includes data from 2017 for the El Paso-Las Cruces, Texas-New Mexico combined statistical area, the Laredo, Texas metropolitan statistical area, and the San Diego, California metropolitan statistical area. More data availability across other ports of entry for the final destination of cargo crossing the US-Mexico border would improve the estimations of this study and exhibit the actual and larger impact commerce has in the United States.

APPENDIX B – DATA SOURCES AND LIMITATIONS

Data sources are the US Department of Transportation's Bureau of Transportation Statistics (2019 data) and the Freight Analysis Framework (2017 data). Unfortunately, for this study, the Freight

APPENDIX C – REGION BREAKDOWN

Regions were selected using the US Census Bureau Regions divisions; border states were extracted to create a separate region. Details of these regions are shown in Table 8.

Table 8. US States by US Census Region

Acronym	Name State	Region	Acronym	Name State	Region	Acronym	Name State	Region
CA	California	Border State	MN	Minnesota	Midwest	DE	Delaware	South
AZ	Arizona	Border State	IA	Iowa	Midwest	MD	Maryland	South
NM	New Mexico	Border State	MO	Missouri	Midwest	DC	District of Columbia	South
TX	Texas	Border State	WI	Wisconsin	Midwest	VA	Virginia	South
WA	Washington	West	IL	Illinois	Midwest	WV	West Virginia	South
OR	Oregon	West	MI	Michigan	Midwest	NC	North Carolina	South
NV	Nevada	West	IN	Indiana	Midwest	SC	South Carolina	South
UT	Utah	West	OH	Ohio	Midwest	KY	Kentucky	South
CO	Colorado	West	PA	Pennsylvania	Northeast	TN	Tennessee	South
WY	Wyoming	West	NY	New York	Northeast	GA	Georgia	South
ID	Idaho	West	NJ	New Jersey	Northeast	FL	Florida	South
HI	Hawaii	West	RI	Rhode Island	Northeast	AL	Alabama	South
MT	Montana	West	CT	Connecticut	Northeast	MS	Mississippi	South
ND	North Dakota	Midwest	MA	Massachusetts	Northeast	LA	Louisiana	South
SD	South Dakota	Midwest	NH	New Hampshire	Northeast	AR	Arkansas	South
NE	Nebraska	Midwest	VT	Vermont	Northeast	OK	Oklahoma	South
KS	Kansas	Midwest	ME	Maine	Northeast			

APPENDIX D – COMMODITY TYPES

A breakdown of commodities by type from the freight analysis framework is in the standard classification of transported goods. A

crosswalk of this classification to a broader system of the standard transportation commodity codes was developed and is in Table 9.

Table 9. Commodities by Type Grouping

SCTG Codes	Commodity Type	SCTG Codes	Commodity Type
02-Cereal grains	Farm products	25-Logs	Lumber or wood products
03-Other ag prods.	Farm products	26-Wood prods.	Lumber or wood products
04-Animal feed	Farm products	27-Newsprint/paper	Pulp, paper or allied products, and printed matter
05-Meat/seafood	Farm products	28-Paper articles	Pulp, paper or allied products, and printed matter
06-Milled grain prods.	Food or kindred products	29-Printed prods.	Pulp, paper or allied products, and printed matter
07-Other foodstuffs	Food or kindred products	30-Textiles/leather	Textile mill products
08-Alcoholic beverages	Food or kindred products	34-Machinery	Electronics, machinery, and equipment
10-Building stone	Non-metallic minerals	35-Electronics	Electronics, machinery, and equipment
12-Gravel	Non-metallic minerals	36-Motorized vehicles	Electronics, machinery, and equipment
13-Nonmetallic minerals	Non-metallic minerals	37-Transport equip.	Electronics, machinery, and equipment
22-Fertilizers	Non-metallic minerals	38-Precision instruments	Electronics, machinery, and equipment
31-Nonmetal min. prods.	Non-metallic minerals	40-Misc. mfg. prods.	Electronics, machinery, and equipment
14-Metallic ores	Metal products	39-Furniture	Furniture
32-Base metals	Metal products	41-Waste/scrap	Others
33-Articles-base metal	Metal products	43-Mixed freight	Others
18-Fuel oils	Chemicals, coal, petroleum, or natural gas		
19-Coal-n.e.c.	Chemicals, coal, petroleum, or natural gas		
20-Basic chemicals	Chemicals, coal, petroleum, or natural gas		
21-Pharmaceuticals	Chemicals, coal, petroleum, or natural gas		
23-Chemical prods.	Chemicals, coal, petroleum, or natural gas		
24-Plastics/rubber	Chemicals, coal, petroleum, or natural gas		

SOURCE: Hunt Institute commodities by type grouping based on the Standard Classification of Transported Goods.

APPENDIX E – FINAL DESTINATION AREA DELIMITATIONS

This appendix provides additional information regarding the definition and area covered by each final destination area.

- **Goods Remaining in the Crossing County:** Trade flows that remain in the statistical area of that port of entry (0.7 percent for El Paso; 0.1 percent for Laredo; 5.2 percent for San Diego).
- **Goods Remaining in the Crossing State (excluding crossing county):** Trade flows that go beyond the statistical area of that port of entry but remain within the crossing state (48.7 percent for El Paso; 29.2 percent for Laredo; 59.6 percent for San Diego).
- **Goods Transported to Other Border States:** Trade flows that go beyond the home state into other border states.
 - For El Paso and Laredo, this refers to Arizona, California and New Mexico.
 - For San Diego, this refers to Arizona, New Mexico, and Texas.
- **Goods Remaining in Border States:** Trade flows that remain in border states region.
- **Goods Transported to Non-Border States:** Trade flows with final destination areas that are not within border states. These regions were created using the US Census Bureau regions (See Appendix C).



CHAIRMAN

*John F.W. Rogers

EXECUTIVE CHAIRMAN EMERITUS

*James L. Jones

PRESIDENT AND CEO

*Frederick Kempe

EXECUTIVE VICE CHAIRS

*Adrienne Arsht

*Stephen J. Hadley

VICE CHAIRS

*Robert J. Abernethy

*C. Boyden Gray

*Alexander V. Mirtchev

TREASURER

*George Lund

DIRECTORS

Todd Achilles

Timothy D. Adams

*Michael Andersson

David D. Aufhauser

Barbara Barrett

Colleen Bell

Stephen Biegun

Linden P. Blue

Adam Boehler

John Bonsell

Philip M. Breedlove

Myron Brilliant

*Esther Brimmer

Richard R. Burt

*Teresa Carlson

*James E. Cartwright

John E. Chapoton

Ahmed Charai

Melanie Chen

Michael Chertoff

*George Chopivsky

Wesley K. Clark

*Helima Croft

*Ankit N. Desai

Dario Deste

*Paula J. Dobriansky

Joseph F. Dunford, Jr.

Richard Edelman

Thomas J. Egan, Jr.

Stuart E. Eizenstat

Mark T. Esper

*Michael Fisch

Alan H. Fleischmann

Jendayi E. Frazer

Meg Gentle

Thomas H. Glocer

John B. Goodman

*Sherri W. Goodman

Jarosław Grzesiak

Murathan Günal

Frank Haun

Michael V. Hayden

Tim Holt

*Karl V. Hopkins

Kay Bailey Hutchison

Ian Ihnatowycz

Mark Isakowitz

Wolfgang F. Ischinger

Deborah Lee James

*Joia M. Johnson

*Safi Kalo

Andre Kelleners

Brian L. Kelly

Henry A. Kissinger

John E. Klein

*C. Jeffrey Knittel

Joseph Konzelmann

Franklin D. Kramer

Laura Lane

Almar Latour

Yann Le Pallec

Jan M. Lodai

Douglas Lute

Jane Holl Lute

William J. Lynn

Mark Machin

Marco Margheri

Michael Margolis

Chris Marlin

William Marron

Christian Marrone

Gerardo Mato

Erin McGrain

John M. McHugh

*Judith A. Miller

Dariusz Mioduski

Michael J. Morell

*Richard Morningstar

Georgette Mosbacher

Majida Mourad

Virginia A. Mulberger

Mary Claire Murphy

Edward J. Newberry

Franco Nuschese

Joseph S. Nye

Ahmet M. Ören

Sally A. Painter

Ana I. Palacio

*Kostas Pantazopoulos

Alan Pellegrini

David H. Petraeus

*Lisa Pollina

Daniel B. Poneman

*Dina H. Powell

McCormick

Michael Punke

Ashraf Qazi

Thomas J. Ridge

Gary Rieschel

Lawrence Di Rita

Michael J. Rogers

Charles O. Rossotti

Harry Sachinis

C. Michael Scaparrotti

Ivan A. Schlager

Rajiv Shah

Gregg Sherrill

Jeff Shockey

Ali Jehangir Siddiqui

Kris Singh

Walter Slocombe

Christopher Smith

Clifford M. Sobel

James G. Stavridis

Michael S. Steele

Richard J.A. Steele

Mary Streett

*Gil Tenzer

*Frances M. Townsend

Clyde C. Tuggle

Melanne Verveer

Charles F. Wald

Michael F. Walsh

Ronald Weiser

*Al Williams

Maciej Witucki

Neal S. Wolin

*Jenny Wood

Guang Yang

Mary C. Yates

Dov S. Zakheim

HONORARY DIRECTORS

James A. Baker, III

Robert M. Gates

James N. Mattis

Michael G. Mullen

Leon E. Panetta

William J. Perry

Condoleezza Rice

Horst Teltschik

William H. Webster

**Executive Committee Members*

List as of November 18, 2022



Atlantic Council

The Atlantic Council is a nonpartisan organization that promotes constructive US leadership and engagement in international affairs based on the central role of the Atlantic community in meeting today's global challenges.

© 2023 The Atlantic Council of the United States. All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means without permission in writing from the Atlantic Council, except in the case of brief quotations in news articles, critical articles, or reviews. Please direct inquiries to:

Atlantic Council
1030 15th Street, NW, 12th Floor,
Washington, DC 20005
(202) 463-7226,
www.AtlanticCouncil.org