THE TEXAS TRIBUNE

REPORT: SLOWDOWNS AT BORDER PORTS OF ENTRY COULD COST TEXAS BILLIONS

The Texas Tribune
May 3, 2019
By Julian Aguilar

The state stands to lose more than $32 billion in gross domestic product in just over three months as the federal government shifts personnel away from international bridges to deal with a surge of migrants, according to a newly-released study.

Increased wait times at Texas' ports of entry could cost the state more than $32 billion in gross domestic product in just over three months, according to a report released Thursday.

The report, conducted by the Waco-based Perryman Group, says that the border region alone could take a hit of nearly $2 billion, while the state could lose about 292,000 jobs over the next year as a result of the federal government's decision to divert customs officers from the state's international bridges to help the U.S. Border Patrol handle a surge of migrants.

"As a major exporting and importing state with an extended southern border, Texas is particularly hard hit by the border slowdown. In fact, the state is responsible for about 35% of all trade with Mexico," the report states. The study was commissioned by IBC Bank in conjunction with the Texas Association of Business, Texas Border Coalition, Texas Business Leadership Council and the Border Trade Alliance.

The the economic losses laid out in the study would represent the loss of one-third of the country's total trade trade with Mexico over a three-month period.

The slowdown in the international bridges began in late March after former Customs and Border Protection commissioner and current interim Department of Homeland Secretary Kevin McAleenan said the agency was diverting 750 customs officials from Tucson, Laredo, El Paso and San Diego to help U.S. Border Patrol agents process the record numbers of immigrant families who are crossing the border to seek asylum.

Ray Perryman, the president and CEO of the Perryman Group, said the study assumed an average increased wait time of 30 percent at Texas ports of entry — a figure that came a survey of industry professionals.

Nationwide, the study predicts about $69 billion in gross domestic product could be lost, with manufacturing, transportation and utilities and the wholesale trade industries taking the biggest hits. Perryman said any delays at the border can affect businesses in every corner of the country.

"For example, Michigan is a long way away [from the border] but they make a lot of things in Michigan with goods that flow back and forth on the border."

Many industries also use "just-in-time" practices, ordering goods as needed to avoid storage or inventory costs Perryman said. Companies that use that model are also going to be affected if they don't have the necessary inventory already on hand.

The study was released just after reports that Mexico surpassed Canada and China to become the United State's biggest trade partner during the first two months of 2019.

Two-way trade with Mexico was about $97.4 billion through February, according to WorldCity, a Florida-based company that tracks trade data using U.S. Census information. Trade with Canada and China stood at $92.4 billion and $90.4 billion, respectively.

Growing trade with Mexico means the slowdowns at border bridges could have an even larger impact than the study projects, said Eddie Aldrete, IBC's senior vice president.