

**México into the globalization: Nuevo León, the safe border for international trade program**  
**(México en la globalización: Nuevo León, programa de frontera segura para el comercio exterior)**

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**Key words:** Border issues, globalization, international trade

**Abstract.** The presentation of this research paper in the 10<sup>th</sup>. annual Conference of the Western Hemispheric Development in the University of Texas A&M in Laredo Texas, (April 23-25, 2005) brought a great opportunity to reflect the efforts of a region in the north of Mexico for the world's peace and security inside the International trade with the growth factors important for any and all nations. In this investigation the combined efforts of USA and Mexico are shown to protect the International Trade against the acts of terrorism and smuggling of illegal drugs which constantly try to infiltrate their illicit activities, delivering a great damage to companies that carry out activities of international trade. Relevant conclusions are presented at the end of the paper.

**Palabras clave:** Asuntos fronteras, comercio internacional, globalización

**Resumen.** La oportunidad de presentar esta ponencia dentro de la 10<sup>a</sup> anual Conferencia del Western Hemispheric Development, en la Universidad de Texas A&M en Laredo Texas, (Abril 23-25, 2005) fue una gran oportunidad para mostrar los esfuerzos de una región del norte de México por la paz y seguridad dentro del Comercio Internacional, que es en sí uno de los factores de desarrollo más importante para cualquier nación. En esta investigación se muestran los esfuerzos conjuntos de EEUU y México para proteger el Comercio Internacional de los actos de terrorismo y contrabando de drogas ilegales, que desgraciadamente utilizan este medio, para infiltrar sus actividades ilícitas, y por ende, es una gran perjuicio para compañías que honestamente realizan actividades de comercio internacional. Así mismo, se presentan las conclusiones sobre estas discusiones al final de artículo.

## **Introduction**

Governments are struggling to co-ordinate export / import controls for several reasons. First, the members of the foreign regimes are finding it more and more difficult to agree on which countries should be targeted for stringent controls. The export / imports control regimes originated with groups of like-minded supplier states, notably the United States and its allies in Western Europe and Japan that agreed on the nature of the threat and appropriate responses (Garcia Sordo, 2003)

Since the end of the Cold War, the number of states participating in the regimes has grown, but at the cost of diluting the original membership criteria. This expansion was driven primarily by the euphoric belief in the nonproliferation community that the end of the Cold War had inaugurated an era in which former Warsaw Pact states would make common cause with the West to squelch WMD proliferation. Another factor was the consolidation of the European Union (EU) (Daniels, 2003) into a common economic market with few barriers to the movement of goods and services. The extension of the export control regimes to include the EU thus became almost automatic. The MTCR, for example, has grown in membership from seven members (the Group of Seven) in 1987 to 33 in 2002. That means that the regimes now include non suppliers as well as states that differ significantly in their definition of threats and their understanding of the letter and spirit of the requirements imposed by the regimes.

## **Methodology**

In addition to dealing with the internal strains caused by their growing membership, the regimes must also cope with external pressures from increasing globalization and the rapid advancement of technology. In the high-technology sector, for example, industry standards and practices change rapidly, and these innovations spread quickly around the world. At the same time, the growth of global trade and financial markets has encouraged consolidation and integration across national borders through mergers, acquisitions, joint ventures, and strategic partnerships. In addition, the leveling effect of the skill revolution and technology diffusion has induced industry to reorganize its functions in global networks rather than nationally based hierarchies. Intra-firm and intra-industry intelligence gathering and information-sharing have become the prime requisites for rapid innovation.

At the same time, global defense and high-technology firms are engaged in an increasingly competitive struggle for markets. Export controls that place uneven or significant hurdles in the

Way of efficient sharing of information, ideas, and personnel across national boundaries is viewed by many global companies as a threat to their ability to innovate and to capture new markets.

The multilateral control regimes include provisions for revision and updating of the necessary lists and rules. In theory, then, they should be able to adapt swiftly to changes in technology and industry. In practice, they operate in a bureaucratic environment that allows only glacial change—meaning that reform measures inevitably fall behind technological innovation (Daniels, 2003). Government regulations on the export of goods, technologies, and skilled personnel, whether national or multilateral, have lagged far behind business. Even at the national level, officials have to struggle to build a consensus around new regulatory needs and, in some cases, even struggle to comprehend how emerging technologies are related to security requirements. As a result, timely international coordination is even more problematic.

Controlling exports of emerging dual-use technologies today requires particular foresight and the ability to juggle competing demands. Officials in supplier states have to keep pace not only with technologies that pose a threat today but also with technological innovations that might be militarily relevant tomorrow. At the same time, they have to stay abreast of whether foreign competitors are moving forward with similar sales, for fear that by clamping down too hard they could threaten the competitiveness of domestic firms—harming their own constituents.

### **Proposed solutions**

How can the multilateral export control regimes be reformed to address the growing list of challenges before them? Knowledgeable observers have proposed a variety of options for strengthening them. We can broadly categorize these into policy- and process-level solutions. Policy-level solutions recommend a frank re-examination of the purpose of the regimes, the role of the United States in them, the demands issued by the new members, and their policies toward nonmembers. Process-level solutions recommend ways to improve the export control regimes by making them more robust, by improving information sharing, and by socializing new members into the norms of nonproliferation. Strengthening the regimes will require solutions at both the policy and process levels.

As a first step, export control regime member states should institute a permanent secretariat in Vienna for the four existing regimes and arrange for them to hold their plenary meetings in that city. A meeting of all countries that are party to one or more of the export control regimes would be held prior to the individual plenaries. This grand plenary meeting might be called “The Multilateral Export

Control Coordination Forum.” This forum would facilitate discussions of how best to address many of the cross-cutting export control issues currently facing the regimes while serving as a platform for negotiating a newly restructured export control regime that would encompass the controls embodied in the existing four regimes. Bringing together the work of the existing regimes would help minimize their inefficiencies while putting their limited political and technical resources to best use.

Holding the plenary meetings of existing export control regimes jointly would yield manifold benefits. First, it would promote inter-regime dialogue on cross-cutting export control issues such as transshipment, controls on transfers of intangible technologies, information sharing on end-users of concern, best practices, and harmonized export documentation. Second, it would help avoid duplication of effort, because the strategies to deal with complex control issues and problematic end-users vis-à-vis different types of technologies are similar, if not the same.

Third, it would save money. Too much of what occurs at regime meetings is “diplomatic tourism.” For example, in 2003 the regime plenaries will be held in Seoul (NSG), Buenos Aires (MTCR), and Vienna (Wassenaar Arrangement). The presence of the International Atomic Energy Agency (IAEA) and other security and economic institutions such as the Organization for Security and Cooperation in Europe and the Comprehensive Test Ban Treaty Preparatory Commission in Vienna would also facilitate cost savings because regime members could post their technical experts on nuclear and other security issues in the city for managing related nonproliferation work.

Fourth, co-locating the activities of all the regimes would allow them to build some institutional memory and semi-permanent expertise—counteracting the high rate of personnel turnover in national export control agencies and helping new entrants negotiate the sharp learning curve. A single location would also streamline the current, scattershot efforts of the regimes’ staffs to keep records of what transpired at various meetings.

Finally, if multilateral export control efforts were centralized, higher-level policymakers would be more likely to attend the plenary sessions and see the importance of coordinating international controls on all dangerous items. Their participation, in turn, could mobilize the resources and the political capital needed to pursue a more significant restructuring of the existing four export control regimes.

## Discussions

Officials commonly offer several different objections to the notion of fundamentally revamping the export control regimes. Some experts and officials argue that even a sweeping process of centralizing and restructuring would not yield control regimes that are substantially more effective than the current ones. Others claim that any attempt to restructure or merge the regimes would risk moving export control efforts toward the least common denominator, thereby weakening multilateral efforts. Some point to problems that could arise from the fact the four regimes has differing memberships. From this, they conclude that establishing one control regime would be nearly impossible. Finally, some argue that renegotiating the regimes would be too politically difficult, and thus muddling through under the status quo is preferable (Czinkota, 2004).

These concerns are worth considering. Yet, on closer examination, none of them provides grounds for failing to move quickly to strengthen multilateral proliferation controls given the growing challenges posed by global trade and the spread of dangerous weapons technology. First, crafting an overarching multilateral control regime would result not in a weaker regime, but in a stronger one. The point of restructuring a new regime is to raise the bar, not lower it. If the potential members of a new regime failed to negotiate a significantly improved arrangement, they would simply stick with the status quo and continue to make incremental improvements.

Second, the reality is that the existing hodgepodge of regimes already represents the least common denominator. Almost any change would be an improvement. At present, all decisions are taken on the basis of consensus, allowing even one member to stall efforts at reform. By contrast, our idea is to begin by informally coordinating multilateral export controls across regimes and to use this collaborative work as a springboard to a new, overarching institution. The member governments would not agree to abandon the existing export control regimes until they were convinced that the new regime would be a meaningful improvement over the old. The existence of a new regime would also not obviate the possibility of, or need for, micro-regimes that might allow two or three countries to coordinate additional controls on selected technologies.

The fact that the existing regimes have different memberships is also not an insurmountable obstacle to reform. The most politically significant membership issue is Russia's absence from the Australia Group. Some officials in the United States and Europe are quick to note that the Australia Group is the most effective of the control regimes precisely because Russia is not a member. However, a restructured regime could deal with problem countries such as Russia, as well as concerns that members will not uphold the decisions laid down by the regime, in

at least three ways. First, under the aegis of a single regime, sub-arrangements might be devised that excluded Russia and thus side stepped the difficulties entailed in dealings with Moscow. Second, if consensus rules were replaced with more democratic voting rules, Russian attempts to stall reform would be thwarted. Third, if incorporated into the new regime, as we have proposed, a dispute-resolution mechanism would allow other members collectively to censure, or even expel, problem countries.

## **Results**

At the beginning of this year (actually the first year of the current administration of our state government), a planning process has been initiated, and it is oriented to improve the infrastructure of international trade, also aimed to include the state citizen in the process of decision-making.

According to the context of the State Master Development Plan, the aspects of the economy and international trade play an important role for the importance of the state of Nuevo León in these areas.

The state of Nuevo León has an international port of entry in the municipality of Colombia, which has a customs facility and “Centro de Facilidades del Comercio Internacional” (International Trade Facilitation Center) administered by FIDENOR (Fidecomiso para el Desarrollo del Norte “Northern Development Trust” in English).

They represent a genuine facilitation center for world trade, capable of responding clearly as a solution to the needs generated by the large volume of foreign trade which passes through the northeastern part of the country.

Mexico’s great opening to trade has made our country one of the nations involved in the greatest number of free trade agreements, in addition to the fact that it neighbors with the most economically powerful nation to the north.

The U.S. border with Nuevo León is a little over three kilometers wide, which allows us to predict notable increases in trade that will potentially culminate in the imminence of a free trade agreement of the Americas, which eventually will be decided upon consensus.

From that point specifically in the State Development Plan, strategic investment in the highway, railroad and service infrastructure is contemplated as a priority for efficient customs operation, which will generate development, and, of course, job creation.

It is necessary to take into consideration, however, that new and unforeseen circumstances such as the following are present in the world trade environment:

- a. The fight against terrorism has become the primary agenda of many countries in the western world, and without a doubt, the central axis of U.S. foreign policy.
- b. The job of verifying containers of merchandise in U.S. customs to decrease the entry of drug smuggling.
- c. The concepts of free trade, just-in-time, and deficiencies in international trade continue in vogue. However, the elements of security in the transportation of merchandise have surpassed them in importance.

### **The safe international border corridor program**

This has prompted the Nuevo León State Government to formulate the concept of the safe international border corridor program within this international context.

This is basically an operative concept comprised of five components:

- I. The first one consists of new installations to strengthen the International Trade Facilitation Center.
- II. The second ingredient consists of a railroad line which will connect the Colombia international port of entry, with the existing railroad line, and of course, the construction of the international railroad bridge crossing into the United States.
- III. The third component consists of an alternative highway between Monterrey and Colombia.
- IV. A fourth element of this corridor constitutes the possibility of transporting natural gas, LP gas and other forms of energy and telecommunications by taking advantage of rights of way already obtained by the State.
- V. The fifth element is basically the proposal that the safe international border corridor become a fiscal route connecting Nuevo Leon's only two, but more than sufficient, customs houses: one in Colombia border crossing, and the other, at the interior facility at Monterrey Metro Area.

### **Response to impact of security measures imposed by the U.S. on foreign trade**

Given the need to comply with the security measures imposed by the U.S., FIDENOR's new services are oriented to offer grounds for safe exportation for Mexican companies in response to the actions from the United States.

U.S. Customs has established a public-private cooperation initiative called CITIPAC, which is nothing more than an alliance between Customs and the private sector in order to confront terrorism.

The intention is to reduce the risk of international trade's supply chains being affected or contaminated by illicit drugs, arms, chemical materials and/or biological materials destined for terrorist use.

In effect, not only to comply with the new customs requirements of our trade partners, but also to satisfy international security needs, Mexican firms, and especially those in Nuevo León, have adhered to this program in order to support the flow of Mexican exports into the U.S. and become integrated into the border security plans.

Through FIDENOR, the state of Nuevo León offers what is called "patios de exportación segura" (safe exportation grounds) through the installations at the Colombia Customs Checkpoint, where maximum security standards are in force in order to prevent the contamination of cargo by drugs, while at the same time serving also to coordinate supply chains.

Within the plans for the Colombia Customs Checkpoint is the goal of being prepared to offer the services of a laboratory for the analysis of meat and other agricultural food products, which will also comply the sanitary regulations according to Mexican law, within a year.

The state of Nuevo León is being aided by cooperation by Webb County authorities, who will be guided by U.S. advances with respect to this project, which has been the object of anticipated desire, for the improvement of communication and economic integration between the states of Nuevo León and Texas.

The alternate highway is a necessity, as has been expressed over a period of many years by Nuevo León-based transportation workers, who pass through the area encompassed by the counties of Lampazos, Anáhuac and Sabinas via highway before arriving at Colombia. Its importance is indisputable because this span of highway is the central axis with respect to the idea of the Safe International Border Corridor.

The final topic to be addressed is the line of services, which is nothing other than the utilization of the rights of way which the State of Nuevo León already possesses within this Safe International Border.

One of the most important points of operation relates to optimal customs coordination; Nuevo León has a benefit which it shares only with the states of Coahuila and Chihuahua along the entire United States border.

The state has 2 customs checkpoints for international trade. One of them is the most modern and efficient checkpoint, which is in Colombia. In addition, it has the interior customs checkpoint precisely in its industrial center at the Metro Area, providing excellence, as well as the most important services in the country.

As a statistic, there are over 1,300 enterprises involved in foreign trade in Nuevo León, which have the opportunity to have their offices and cargo spaces



where they consider as most convenient, whether in Monterrey or on the border at Colombia.

An interesting plan is that the customs authorities maintain the guarantees necessities with respect to import/export tax credits through the fiscal route between Monterrey, as a customs office, and Colombia, as its counterpart as an entry and exit customs checkpoint. This is the objective intended for a fiscal route between customs facilities with respect to international trade.

### **Final remarks**

Free trade of goods and services contributes to higher economic growth in every country and around the world, leading to greater prosperity and economic opportunity.

More than ever before, protecting every country national security depends on dynamic and innovative trade legislation and its controls. An effective export/import control policy would recognize the reality that the national security is improved by enabling industries to thrive. U.S. national security and should be based on maintaining technological edge through innovation, not on a doomed effort to hoard as much technology as possible.

One final topic to remember is that export / import controls can severely disrupt the business models that sustain competitive advantage. For a large number of companies advantage is based, to a large extent, on speed-to-market and mass-marketing through electronic commerce and the World Wide Web. But the administrative costs of trying to determine what products may go to what end user for what purpose can easily wreak havoc with these models. The system in place encourages regulatory complexity. It emphasises bureaucratic processes and paperwork over co-ordination with allies countries to prevent the bad end-users from acquiring truly sensitive technologies. An effective export / import control policy would be based on multilateral cooperation and facilitating effective corporate compliance.

So, the objective of this presentation on the topic of international peace and security is to present in a representative manner the collaboration necessary among Border States in order to fight against drug traffic and terrorism, while at the same time providing a structure for the flow of international trade.

There is no doubt that universities provide a good platform for these interesting topics, as they permit that students and participants be given an idea as to what it means to be in the midst of international trade, whether as a government, or as an enterprise, and to be within the parameters required for international peace and security in our days.

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