

Good morning. It is my pleasure to speak before you here at the Center for Strategic and International Studies

Baja California is a land of opportunities. Strategically located in the northwest part of Mexico, along the border with California, (the fifth largest economy in the world), with a population of 3.2 million inhabitants, an annual growth rate of 4.15% (higher than the national average) and 66% of the population under 34 years of age, Baja California is one of the youngest and most developed Mexican states.

Important International Investment Analysis Agencies such as Standard & Pours and Moodies gave to Baja California the Best Investment Grade in Mexico in 2005: MXAA. This is due to the fact that:

- We are one of the leading Mexican States in job creation. Last year, we contributed with the 11% of the new jobs created nationwide.
- At the beginning of my administration back in 2001, we where in the 14th place in tax revenues. Today we are in the 6th position.
- Our Public Debt last year was less than 5% of the annual budget.
- With more than two thousand million US dls on private investment last year, Baja California has the leadership in attraction of Foreign Direct Investment in the whole country.
- Baja California has the third place in level of education in our country. The State government is strongly committed to invest in education. As a matter of fact, the State Government invests more than 60% of its economical resources on the education system.

Baja California is a State that has many social, cultural and historical ties with United States.

As we talk about our border relationship, I think I would like to start by paraphrasing the great American poet, Robert Frost, and ask the question, do “good fences make good neighbors”?

Like Frost, I struggle to understand what it is that many policymakers and some of the citizens in this great country are trying to wall in or wall out – given the profound and positive nature of the US-Mexico relationship, and the deep, daily inter-relationship that States like Baja California, California, and Arizona have with each other.

Let me point out a few facts about this crossborder relationship:

- In 2005, more than \$12 billion dollars of goods were exported from US States into my State (Baja California) using trucks. This is only one part of the \$180 billion dollars of all products that crossed the US-Mexico border in trucks in 2005, let alone the economic flows of the crossborder tourists and shoppers in border communities.
- In 2004, nearly 86 million individuals from the US, Mexico, and other areas of the world crossed for tourism, to visit family, to go shopping, to access medical services, to go to school, and to do business just between my State alone and the United States.
- Another 156 million legal border crossings occurred at other border crossings in Arizona, New Mexico, and Texas. This means more than 240 million legal crossings from Mexico into the US in 2004 – almost entirely by good, law abiding Mexican and US citizens, most of whom live in the border regions.
- Keep in mind that for every northbound crossing, there is a corresponding southbound crossing of these individuals – so we are truly talking about nearly a half-billion legal border crossings total each year along the US-Mexico border.
- And, just my State alone shares a broad range of infrastructure with California and Arizona: major freeways that transport goods and people, electricity that lights our homes and businesses, digital fiber that transmits phone calls and the internet, and water from the Colorado River for people and farms on both sides of the border.

These are important facts, are beginning to put many issues that we share – the economy, security, immigration, the environment, and the quality of life for our citizens – in a more rational context. This is particularly true given the globalizing nature of our world – this “flat world”, as Thomas

Friedman would call it. In fact, it is this evolution of global connections that requires us to rethink the US-Mexico relationship, and the opportunities that we have to become a more secure, integrated, and competitive region.

Understanding the potential for this collaborative relationship requires us to know each other better, and to respect the needs of each other more; we need to know how to communicate better and make good use of our talents in order to work together to find the best solutions and opportunities to benefit all the citizens of our region.

This is both a rational and a respectful way of finding solutions to the major issues in our communities and along our border. The so-called “solution” of building one, two or three walls to further divide us will limit our potential, and will not result in bettering the opportunities and quality of life for those on either side of our border.

Rather, solutions will be found in the hard work of education, in listening to each other, in making efforts to understand different opinions, and recognizing each other as teammates in community development, not as antagonist forces.

Let us take the issue of migration – something that is painful and complex, and promises a shared benefit if we collaborate and solve it together.

Yet, too often, public discourse – whether from television, the Minutemen, and others – distracts us from the reality of our border relationship, and focuses anger and blame almost entirely on the border and Mexico. This despite the fact that according to the US own Census Bureau statistics, there are over 6 million foreign born non US citizens living in this country, that are from Europe and Asia. Will the efforts of those speaking to build bigger walls address these migrants as well?

Illegal migration is perhaps one of the most complex and delicate challenges that both our nations face. But this doesn't mean that we can't find a common ground of understanding for both countries. We talk on this

issue with open mentality in order to find solutions with respect of the law and protection of the human rights of the illegal migrants.

While it is true that the majority of non-naturalized migrants residing in this country are from Latin America and Mexico, it is also true that three-quarters of them came to this great country before the year 2000. If the US does not create a rational visa worker program with Mexico; what will be the real impacts on millions of families, on children, on those dependent on those that work hard in this country?

Lets just think on what is going on in Europe at this very moment. On February 8th the European Commission published a report on the experience of restrictions on labor migration from the western European countries to citizens of the East European countries that joined the EU in May 2004. Far from stealing jobs from locals, most newcomers have taken jobs that locals don't want. Migrants from the group of 10 new countries have been an important element for creation of jobs, even for local workers. The evidence argues in favor of lifting all restrictions on labor migration form the new members of the European Union.

Coming back to our region, building great walls between our two great countries neither increases security for our border regions, nor does it address larger threats to the communities of both our countries. Threats from abroad do not need to cross a border fence to cause harm to both sides of the border.

Our shared border is not a threat – it is an opportunity for mutual development – for the trucks that move our products, for our people shopping and visiting family, and for tourists that come to border States to specifically cross into Mexico. A recent study by the San Diego Association of Governments (SANDAG) gives us some important microeconomic data, estimating that border waits between San Diego and Tijuana alone cause at least a \$2 billion economic loss annually. Collaboration between both sides of the border means economic benefits for our border communities.

New proposals for border crossing cards, border infrastructure, and border security technologies must take into consideration such microeconomic effects – since combined they make up an important, much larger border economy. We need to take advantage of technology in order to address some other challenges in a smart way.

We recognize that the border region also represents opportunities for the organized crime.

But we are looking at solutions to eradicate those society cancers that affect us, with a positive attitude and without going around the bush.

Both President Fox administration and the Government that I represent have done a tremendous effort in fighting drug dealers and criminals. And we are not fighting alone. We are working together with United States authorities, to the point in which we even have been recognized by institutions such as FBI, San Diego Police Department, Highway Patrol, etc. for our results.

In such coordinated effort, we have caught more than 400 criminals that have being put in high security prisons during the last 4 years in Mexico. This is a permanent effort of 24 hours a day, because we need to take care of our next generations.

Cooperation is also important in environmental issues. Due to our shared geography, our decisions and actions related to the environment affect citizens on both sides of our border. That is why it is critical to analyze in detail, the effects of projects such as the planned lining of the All American Canal.

The All American Canal is an earthen canal built in the 1930's to deliver Colorado River Water to users in California. Currently the Bureau of Reclamation is coordinating efforts to concrete line 23 miles of this canal to annually recover 80 million cubic meters of water lost to seepage as the canal traverses an area of sandy soil just north of the Mexican border.

The environmental consequences of the All American Canal lining project have been assessed for the U.S. side of the border, however, the potential loss of 4,600 acres of wetlands on the Mexican side of the border, that are currently fed by the seepage of the All American Canal, has not been properly addressed by the United States.

This Mexican wetland area, in danger of being devastated by the All American Canal lining project, is inhabited by at least 100 species of birds,

12 of which are species considered threatened or endangered in the US or Mexico.

This particular wetland habitat in the northern reaches of the Mexicali Valley has recently been identified as a Conservation Priority Area within the Colorado River Delta region, by respected environmental and academic organizations such as World Wildlife Fund, Environmental Defense, Sonoran Institute, and the University of Arizona. In a regional ecological setting, without political boundaries, these wetlands are linked to other environmentally critical areas, such as the Salton Sea National Wildlife Refuge in California, and the Colorado River Delta Biosphere Reserve in Mexico.

In light of this, we hope that the United States government takes a harder look at the transboundary environmental problem that the All American Canal lining project represents, and consequently adopts a different stand on this issue, so that we could work collaboratively to preserve our shared environment for future generations.

Developing collaborative relations starts with personal relationships, and I want to specifically mention our excellent personal and working relationship we have with Governor Schwarzenegger and his cabinet; since summer 2005, when we met in the Border Governors Conference. Ever since, we have had increased our encounters in both sides of the border, and even created joint working groups in different issues such as economic development, education, culture and sports, environment, border security etc. Those encounters have generated the first results:

- On the Border Security Issue, we are created and a virtual information network in order to exchange information of stolen cars, lost people as well as fugitive criminals in both sides of the border. Together we are working on updating the database.
- On education, we have already created a sister school program on elementary and junior high schools; where children on both side of the border can practice their language skills by taking advantage of information technology and computers. Also we are increasing and deepen the linkage agreements of universities, on areas of knowledge where we didn't have those programs before, such as biology, marine science and nursing schools.

- On Economic Development, we have already started an active and ongoing discussion between our States on a project called Silicon Border – a multiyear effort to develop semiconductor manufacturing capabilities in Baja California at a major technology industrial park near Mexicali. While the semiconductor industry in the United States is still strong, having near-shore production capabilities can make sense both cost-wise, as well as strategically, given the concentration of such facilities in Asia. I would like to present a video of presentation of the Silicon Border.

5 minutes for the video.

But there's more to this than just helping one industry. UCSD-based San Diego Dialogue – a regional think tank that has been watching the California-Baja California border for over a decade – has recently issued a report called *Borderless Innovation* that takes the concept of Silicon Border further: by providing a regional crossborder example, the report outlines how we can leverage technology clusters, technology research and technology manufacturing along the California-Baja California border in a way that provides a new way of competing globally for our States – and create new high-tech jobs for skilled workers on both sides of the border.

Such new visions allow us to look at our border region, and the opportunities that are truly present there, in a whole different way. It allows us to envision borderless opportunities for the people of our countries, while still respecting the sovereignty between our nations; it allows us to take a new path away from antagonistic border policy options to ones that address the real issues facing the US and Mexico in the 21st century.

Baja California and Mexico must be part of creating solutions to our shared border challenges, and our shared border future. Such a dream requires discipline, a specific work agenda, trust between our communities, and recognition that we are already part of the same North American family.

I invite each of you to visit us in Baja California to see this potential, and to join us in working toward a new vision of neighbors, and how we can move beyond simple phrases of “good fences make good neighbors”, to “good relationships benefit good neighbors”.