



NAFTA has helped America compete for Manufacturing Jobs in Border Regions

Across America, strong cross-border trade linkages under NAFTA have served to buffer the effects of the recent recession, while strengthening domestic economic activity. Recently, National Public Radio presented a story on the current state of the Mexican auto industry—which has shown strong growth under NAFTA. They also described the benefits for America, illustrating the importance of economic integration—facilitated by high-quality transportation links—in realizing the full promise of NAFTA:

“Economist Luis de la Calle, who helped negotiate the free trade agreement 20 years ago, says without Mexico’s auto industry and growing supply chain of auto parts factories, the U.S. auto industry would have shrunk even more. He says Mexico and its lower wages gives the U.S. its competitive advantage over Asian imports.”



Twenty years after the enactment of the North America Free Trade Agreement, advanced manufacturing sectors extend their supply chains across the United States, Mexico, and Canada, anchored by metropolitan hubs in all three countries.

Source: Brookings, November 7, 2013

The Role of Transportation Corridors in Catalyzing Regional Economic Growth

High quality transportation corridors play a key role in stimulating economic activity throughout North America—especially in proximity to international trade flows. For instance, all along the corridors that link booming West Coast ports (Los Angeles, Long Beach, Oakland, and Seattle) to cargo destinations, development has sprung up to support the resultant goods movement. Domestic trade has subsequently located on these established trade corridors to take advantage of the critical mass of low-cost facilities. Texas land ports of entry with Mexico provide another strong example. Significant infrastructure investment to enhance capacity and reduce delays has resulted in trade flows to and from Mexico approximately 10 times greater than those between Arizona and Mexico. The I-11 corridor has the potential to attract similar trade and economic activity to Arizona and Nevada.

A Visionary Transportation Corridor

To explore the role of a potential I-11 corridor, the Arizona and Nevada Departments of Transportation are working together on the 2-year I-11 and Intermountain West Corridor Study. It will include detailed corridor planning of a possible Interstate link between Phoenix and Las Vegas (the I-11 portion), as well as high-level visioning for potential future extensions of the Corridor north to Canada and south to Mexico. Through the recent transportation authorization bill, (MAP-21) Congress recognized the importance of the portion of the Corridor between Phoenix and Las Vegas and designated it as future I-11, intended to be a new high-capacity, multimodal transportation facility connecting the two cities. Extended, it has the potential to become a major multimodal north-south transcontinental Corridor through the Intermountain West, connecting cities, trade hubs, ports, intersecting highways, and railroads. The Corridor is proposed to include an upgraded highway, but could be paired with rail and other major infrastructure components—such as energy and telecommunications—to serve the nation’s needs in the West.



CORRIDOR JUSTIFICATION SUMMARY



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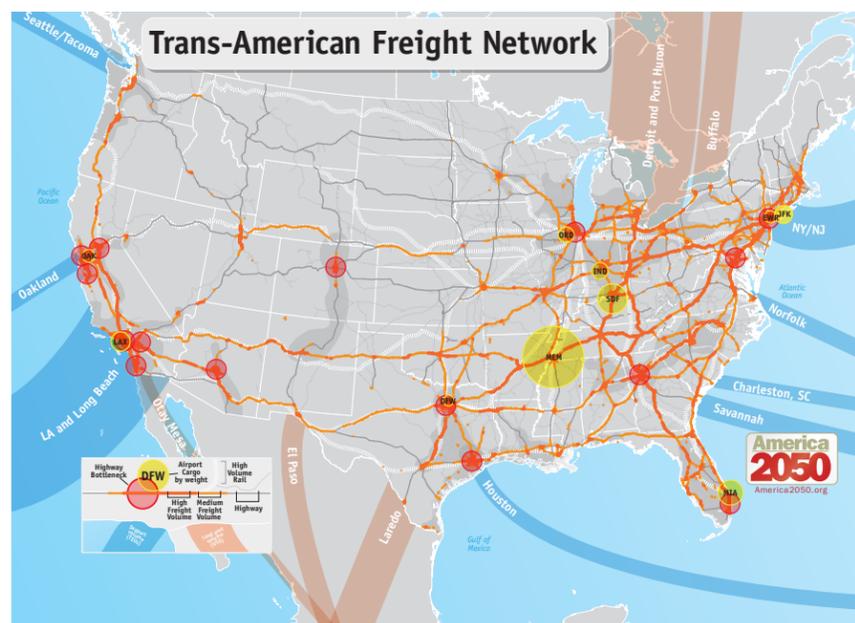


Why the Corridor Is Needed

Utilizing the new opportunities provided by NAFTA, border regions across America have experienced strong economic benefits over the past two decades. In the Intermountain West region, lacking strong cross-border surface transportation connectivity, this activity has been notably muted. The I-11 corridor offers the opportunity to realize the full promise of cross-border economic integration for Arizona and Nevada. Congress has designated I-11 as a future Interstate between Phoenix and Las Vegas. Recent studies indicate that sustained transportation investment in the region, particularly for north-south corridors, will be required. The I-11 and Intermountain West Corridor ably address this need as summarized below.

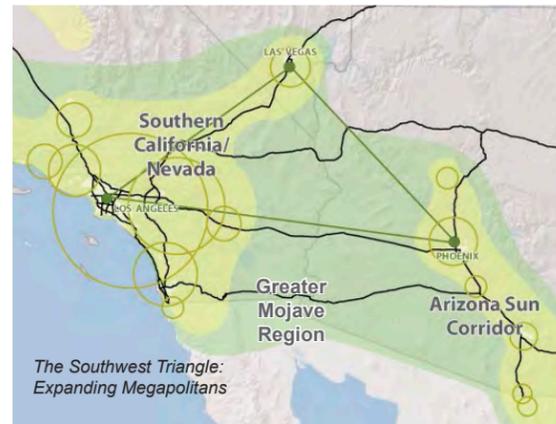
Enable Economic Development

Transportation is a key enabler of economic development. As an example, in recent years, major infrastructure investments were made to increase capacity and reduce delays at Texas land ports of entry with Mexico. As a result, Mexican trade flows with Texas are approximately 10 times those with Arizona and Mexico.



Integrate the Economies of the Southwest Triangle Megaregion

Economic integration within the Southwest Triangle megaregion (Southern California, Sun Corridor, and Las Vegas) will require continuing investment in transportation. This megaregion, (particularly Phoenix and Las Vegas) is poorly served by surface transportation relative to comparable U.S. cities.



Capitalize on Mexico's Growing Role in North American Manufacturing and Trade

The increasing role of Mexico in North American manufacturing and trade has the potential to add substantial economic growth and transportation demand to north-south transportation corridors in the region. This activity will be attracted to regions with availability of high-quality transportation facilities.

Support Economic Development Initiatives of Arizona and Nevada

The states of Nevada and Arizona both have economic development initiatives, focused on aerospace, life sciences, and other high-value manufacturing, which rely on high quality transportation corridors for movement of products and people. Their success will depend on continuing transportation investment to maintain competitiveness.

Prevent Congestion from Crippling Economic Competitiveness

Present growth trends suggest a significant increase in the region's highways reaching unacceptable levels of congestion, threatening economic competitiveness.

Future Economic Scenarios: Transportation Needs and Opportunities

In order to better understand the implications of the I-11 corridor for the Intermountain West, the project team developed and analyzed four scenarios, each of which reflected likely components of the economic future of the region:

Baseline Scenario: reflects a continuation of recent background growth and current trends in the region without major structural changes

Growth in Asia-Pacific Trade: based on continued growth of trade with Asia that has characterized West Coast U.S. trade in recent decades

Trade with Mexico Expands (Nearshoring): continued strong growth in current movement of manufactured goods production (much of which was previously in Asia) to Mexico

State Economic Development Plans are Fully Realized: assumes that Arizona and Nevada are able to realize their major economic development goals.

Key Indicators Corresponding to Each Scenario

Under all future scenarios, the Intermountain West will experience significant sustained economic growth if additional infrastructure is implemented, and an increase in congestion without additional infrastructure.

Key Observations and Next Steps

Under the entire range of study scenarios, the Intermountain West will experience significant economic growth accompanied by growth in travel demand. The I-11 and Intermountain West Corridor will be needed to accommodate this increased demand, in order to prevent gridlock (which has the potential to thwart projected growth). Analysis also suggests that the region may also have the opportunity to enjoy significant incremental economic growth related to important trends in regional and national trade through strategic enabling investments in regional transportation infrastructure.

In recent years, the trend to “nearshoring” of manufacturing—and the corresponding increase in trade with Mexico--has emerged as a strong and growing structural feature of U.S. commerce. In the Intermountain West, this is being facilitated through a variety of binational initiatives to improve the Arizona/Sonora border-crossing efficiency and capacity. The balance of the work of this study will explore the nature and scale of these effects, the potential role of the Intermountain West corridor, and the scope of the infrastructure investment needed to realize this opportunity.