





# Sun Corridor Trade in North America



North American Center  
for Transborder Studies

ARIZONA STATE UNIVERSITY



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for Transborder Studies

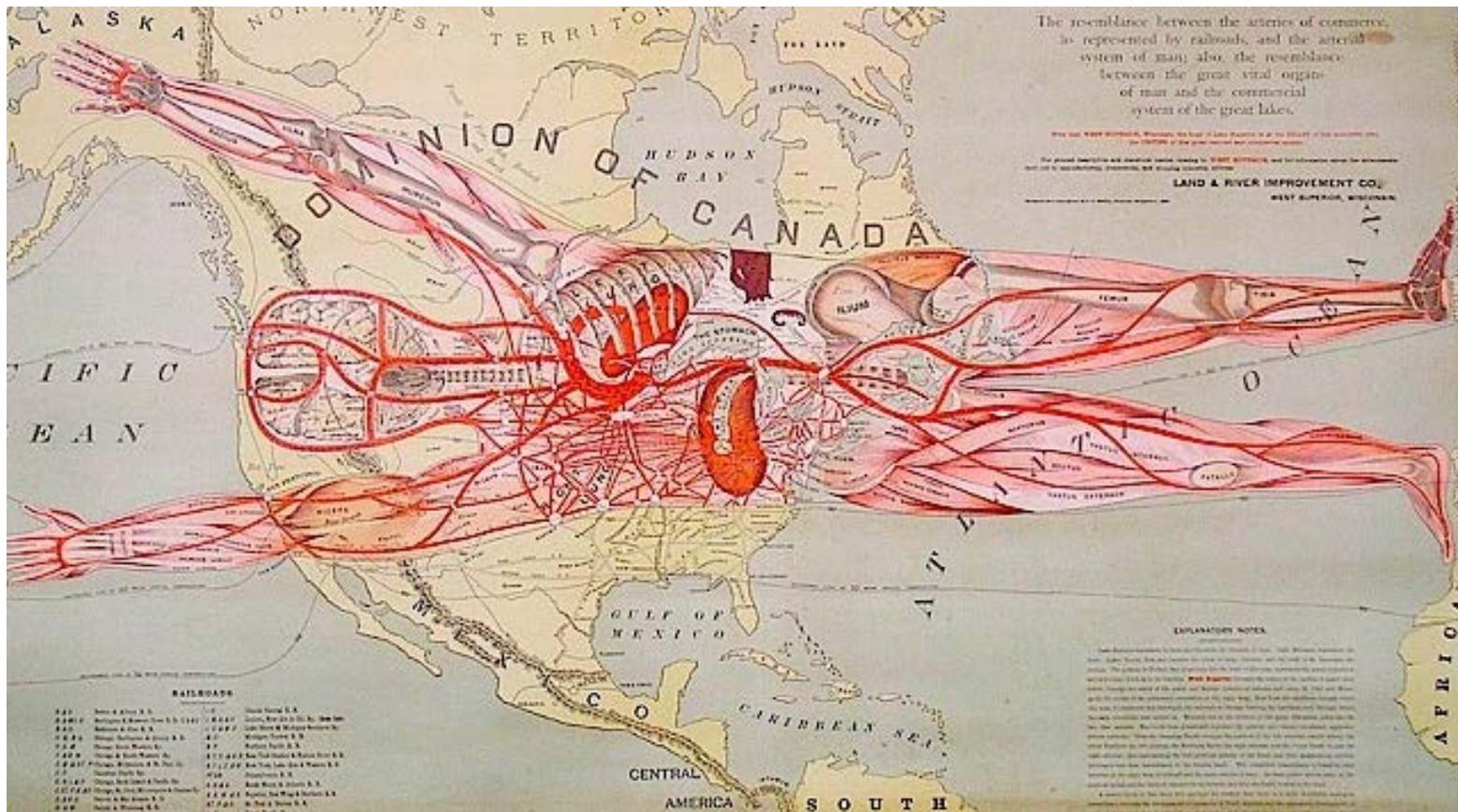
ARIZONA STATE UNIVERSITY

# Realizing the Economic Strength of 21<sup>st</sup> Century Borders

September 23<sup>rd</sup> - 25<sup>th</sup> 2012

Fiesta Inn

Rick Van Schoik  
Director, NACTS





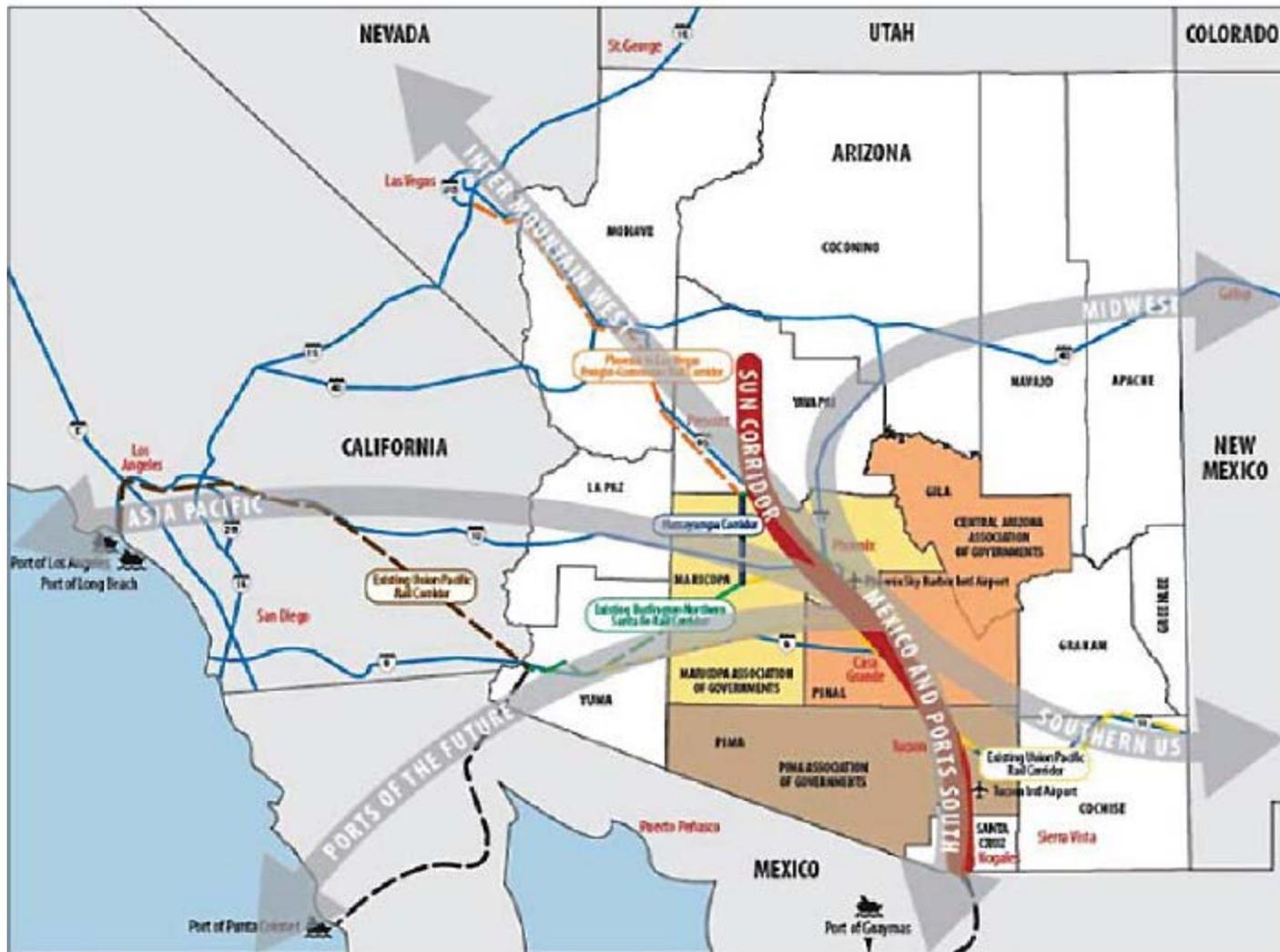
# NACTS

ASU hosts the only trans-disciplinary North American center at an U.S. university

As such NACTS partners with U.S., Canadian, and Mexican schools:

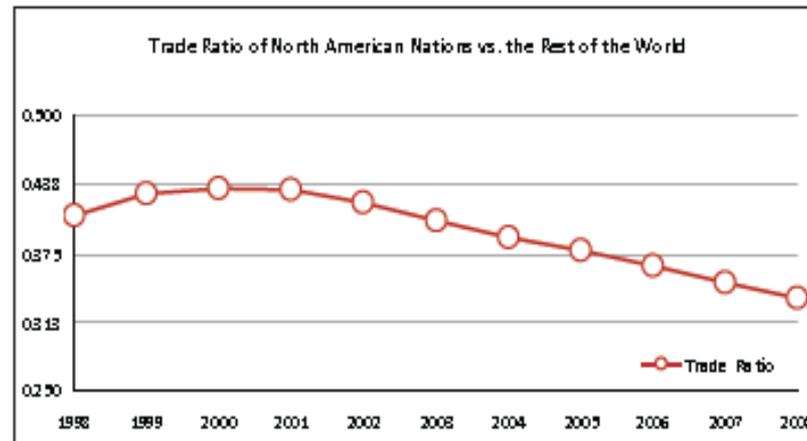
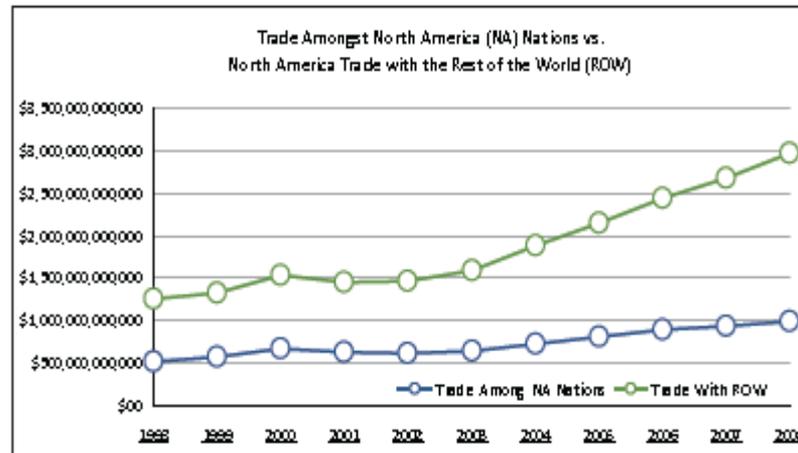
Security, Sustainability, Prosperity

We DO public and private policy





# PROXIMITY LOST



# CLAIM

North American competitiveness in the world market place depends in large part on the productivity and efficacy of NA production, transborder operations  
And thus North American prosperity





# A MOMENT IN TIME

“A rising tide raises all boats”

Old history: IBWC, CBP cow disease

Modern history NAFTA quintupled \$.5T

But securitization reaction to 9-11

Two new presidential administrations

Next history: TPP

If...

# SPILL OVER?

Narco violence is focus of press/media  
and a fear of the interior

No longer “threat” from migration

Weapons and bulk cash smuggling out  
is latest twist on substance trade

CBP created to prevent zoonotic  
disease spill-over

Trade, FDI, FPI, Real Estate (16%) etc.





# WHAT DO WE TRADE?

Raw products including agriculture

Manufactured/assembled components

Finished world market commodities

Services especially education, financial

Energy fuels and products

Investment including stocks, real estate

Tourists (2<sup>nd</sup> most visited, 1<sup>st</sup> admired)

Labor less so



# RELATIVITY

“Expansion of trade would do hundreds or thousands of times as much good and more cheaply, quickly and efficiently for the very people who are most vulnerable.”

Bjorn Lomborg

comparing Doha and Kyoto in Foreign Affairs July/Aug 2012



# NEARSHORING SPECS

- S** Stability: IPR enforcement in MX versus reverse engineering in China
- P** Proximity: Just in Time guaranteed
- E** Education: Higher education success
- C** Certainty: No anti-WTO dumping
- S** Sustainability: Short efficient transit means lower energy and GHG costs, Specs in MX



# JOINT MANUFACTURING

To cite old statistics of the number of times an automobile component crosses the border is to miss the point that mining/minerals, energy, services, investment, education/training, design & assemble co-production, and even agriculture are now fully integrated North American endeavors



# CO-PRODUCTION

Joint or co-production is the current phenomena for NA

The sweat shop of perception of maquiladoras is grossly outdated

Advanced manufacturing is creating 21<sup>st</sup> Century jobs and producing better products for NA and world markets

NOT!



# JOINT MANUFACTURING

Boomerang effect: Proximity!

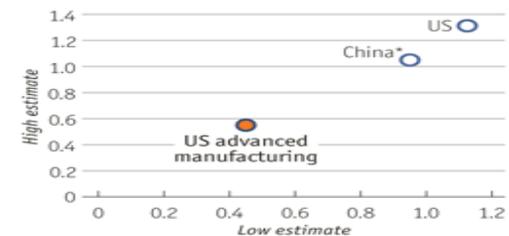
Labor costs no longer matter

Productivity driven by software

“Manufacturing advances already in pipeline...cost of North America-made solar panel will fall by more than half to 50 cents per watt

## Sunny prospects

Cost of making solar panels  
2012 estimates, \$ per watt



Sources: MIT; US Department of energy;  
Spine Solar; company reports

\*Includes costs of  
shipping to the US

# INTERNATIONAL MARKET



# EXAMPLES

Cow fetuses are sent south, young calves are sent north, and fattened beef is sent south

One fifth of major high-tech and large item manufacturing industries is “back-” or “on-shoring” including autos, aerospace due to wage convergence, education, supply chain durability, and cost including energy and GHGs





# JOINT ENERGY

PEMEX crude

Reversing flow of natural gas

Refined products

Gulf of Mexico “donut hole”

Renewable energy

Carbon, greenhouse gases



# CONFERENCE

September 23<sup>rd</sup>–25<sup>th</sup> Tempe Fiesta Inn

Ends in Scenario Planning exercise in  
ASU Decision Theater to:

Design a Roadmap

Inaugurate a Border Economic  
Advancement Council

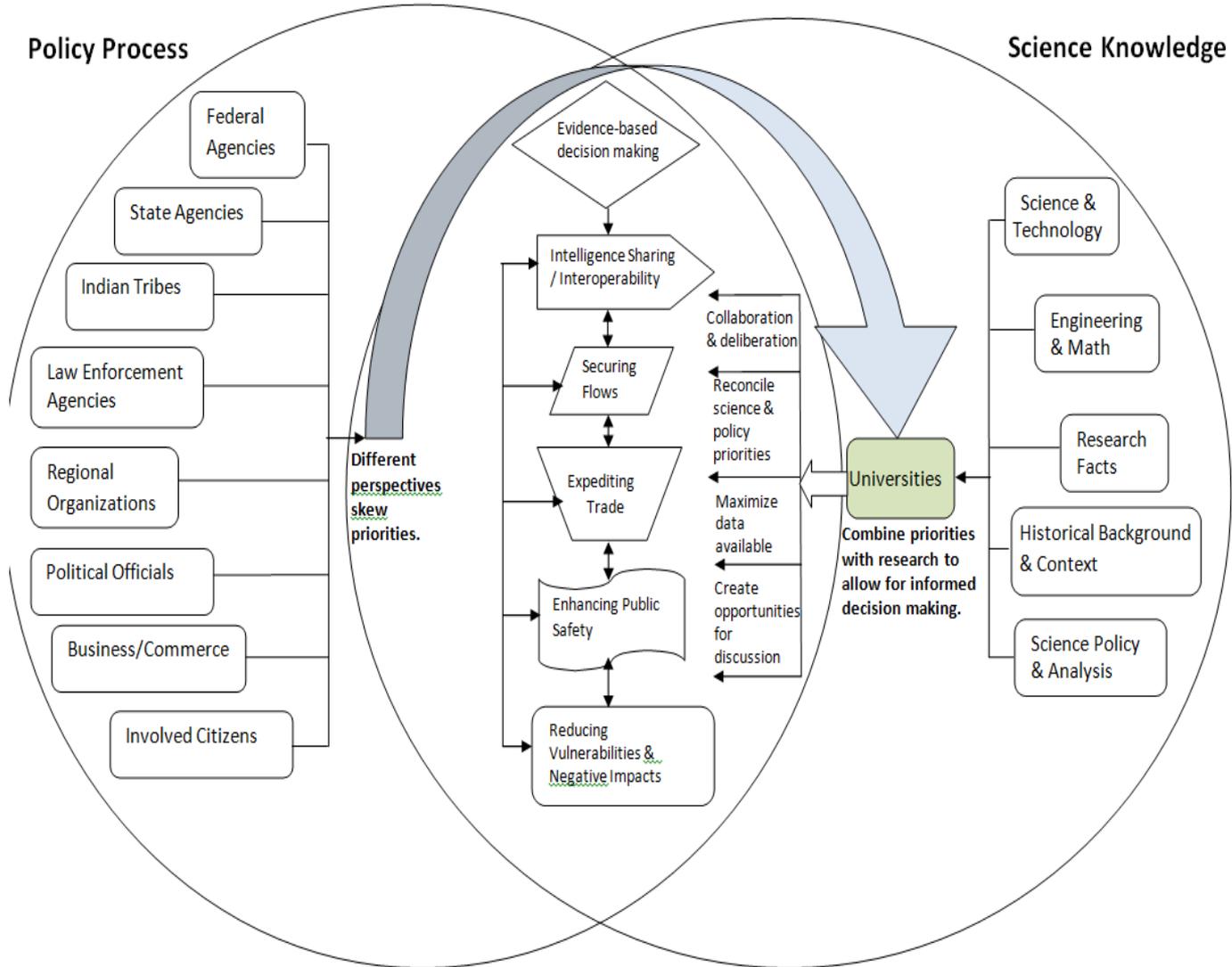
Focus on Findings



# Organizations

## Policy Process

## Science Knowledge





# SCENARIO PLANNING

A story...

A process for imagining and then intervening now by designing the implementation to an envisioned future

Options...



# SCENARIOS

- 1 Business As Usual
- 2 Technology as Enabler
- 3 Harness Market Forces
- 4 True Policy Alignment
- 5 Destination Sustainability
- 6 Combination

# Decision Process

Dilemma and Drivers



Evidence Based, Decision Science Driven  
Scenario Planning Process to Determine



Actors Engaged in Key Activities  
Aimed at Impacting Assets



Impacts Consists of both Output & Outcome



Pre-Determined Metrics  
Determine Progress towards Success



# IMPACT

Output:

Roadmap

Economic Advancement Council

Reports (BLC/GC/MA/CC, etc.)

Outcome:

Promote more efficient trade  
which creates jobs and revenues

# CONTACT INFO

<http://nacts.asu.edu/news/events/2012/09/23/realizing-the-economic-strength-of-our-21st-century-border>

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