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Texas, Mexico officials wary of Trump's trade plans

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By James Barragán - American-Statesman Staff



Carlos González Gutiérrez is consul general of Mexico in Austin. He calls the economic relationship between Texas and Mexico a “high-stakes game” for both sides. (Stephen Spillman / for American-Statesman)

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As the eyes of the country turned toward Washington on Friday morning to watch Donald Trump become the 45th president of the United States, the eyes of some in Texas now turn south to Mexico as business leaders wonder how a Trump administration could affect trade with the state's foremost trading partner.

Trump has said he would change or withdraw from North American Free Trade Agreement calling it the “worst trade deal in history” and has called for a “border tax” on some items manufactured in other countries but sold in the U.S. Trump could withdraw the country from the agreement without congressional approval but would need to give the other members six months written notice.

The agreement, commonly known as NAFTA, went into effect in 1994 and eliminated most tariffs on trade between the United States, Mexico and Canada. That has allowed for easier flow

of goods between the countries, and made it easier for U.S. companies to locate some or all of their operations in Mexico.

Some business leaders and lawmakers say the trade agreement has contributed to growth in the Texas economy, largely due to increased trade with Mexico, and are working to prevent anything from deterring the economic relationship with the state's neighbor to the south.

"Everybody's concerned from constituents to business leaders about the potential for damage to the bilateral relationship between Texas and Mexico," said Texas state Rep. Rafael Anchia, D-Dallas, who heads the Texas House Committee on International Trade and Intergovernmental Affairs.

In 2015, Texas companies exported \$92 billion in goods to Mexico and imported \$84 billion in goods from Mexico, according to the U.S. Census Bureau.

Anchia said many businesses choose to do work in Texas because its proximity to Mexico facilitates cross-border delivery and manufacturing logistics.

"So when Donald Trump talks about ripping up NAFTA or imposing a 35 percent tariff on automobiles that have been assembled in Mexico that sounds the alarm for Texas businesses," he said.

It also has raised concerns from Mexican business leaders and politicians who have transformed their economy over the past three decades around the economic policies laid out in the trade agreement.

"That's a big concern," said Jorge Euran, president of the Austin chapter of the Association of Mexican Entrepreneurs. "There's a lot of business going on between Mexico and the U.S. and... this is something that gives uncertainty to business people."

Texas is the top exporting state in the country and its top market for exports is Mexico, which receives about a third of the state's exports. About 1.6 million jobs in Texas revolve around exported goods and services, according to the Texas comptroller's office. Mexico is also Texas' top import market.

Carlos González Gutiérrez, consul general of Mexico in Austin, said the economic relationship between Texas and Mexico is a "high-stakes game" for both sides.

"We trust that the state's decision makers will protect the strong economic connection with Mexico," he said. "In the end, Texas prosperity literally depends on keeping open the flows of trade and investments with its neighbor to the South."

Texas Secretary of State Rolando Pablos, who has extensive trans-border experience, said his discussions with Mexican counterparts had mostly been positive and had focused on the potential for growth.

“The trade relationship between Texas and Mexico has a long tradition of resilience,” he said. “We are confident that it will remain on solid footing and look forward to its continued success.”

Eduardo Bravo, a board member on the American-Mexico Public Affairs Committee who is based in San Antonio, said he hopes that after a few months Trump will see that good relations with Mexico will benefit Texas.

“I think there will be uncertainty over the next 90 days but after that I think we are going to build a better relationship,” Bravo said. “Trump is a businessman.”

Tony Bennett, president of the Texas Association of Manufacturers, agreed.

“I think the president will see sooner rather than later that ... all (U.S. manufacturing) wants is the same thing he wants: To grow jobs, grow the economy. And we don’t think that includes being anti-trade and anti-export,” said Bennett, who added that some of his members are concerned about possible changes to NAFTA. “The proof is in the pudding. ... We can’t be the No. 1 exporting state (in the country) if NAFTA was an abject failure.”

For its part, the Mexican government is also making moves toward maintaining good relations with the Trump administration. In a shakeup at the top of its foreign service that saw the appointment of a new Mexican foreign minister and undersecretary to North America, Mexican President Enrique Peña Nieto also appointed Gerónimo Gutiérrez as his new ambassador to the United States.

Gutiérrez, who has previously worked as an undersecretary to North America, has close ties to Texas, where he has led the North American Development Bank in San Antonio.

“He understands the deep and dynamic relationship with Mexico,” said Luisa del Rosal, executive director of the Texas-Mexico Center at Southern Methodist University. “You’re talking about somebody who’s on the ground in Texas who understands how deeply intertwined our economies are. For us, we are so excited because we consider him a friend and an ally.”

Tony Garza, a former Texas Secretary of State who served as U.S. ambassador to Mexico and is now a lawyer in Mexico City, said policymakers should look at the convergence of economies that NAFTA has brought about when considering what to do next.

“If you try to uproot that then it’s very hard to say it’s a U.S. or Mexico interest,” he said. “It affects both.”