House Committee on International Trade & Intergovernmental Affairs Hearing
Austin, April 1, 2013

Honorable Chair and Committee Members:

My name is Rafael Aldrete, and I am the Director of the Texas A&M Transportation Institute’s Center for International Intelligent Transportation Research in El Paso. The Center was established in 2005 by the Texas Legislature with the express mission of conducting research for the development of policy and technology solutions to improve traffic mobility to enhance cross-border efficiency while maintaining security and to address air quality concerns.

It is an honor for me to testify today on the topic of the economic effects of border wait times.

The interdependence between economic development and transportation has never been more profound. Consequently, economic competitiveness has become more reliant on safe and efficient transportation — especially for international urban regions such as El Paso. TTI researchers have been conducting research on the economic impacts of commercial border wait times over the last four years. Although significant advances have been achieved, to understand congestion’s economic impact at specific border locations, the impact on other locations and on the broader state economy still need to be investigated. I will summarize here the findings of our research, and describe the research needs that still remain:

• Beginning in FY 2009, we focused on developing a consistent methodology for quantification of first order or direct economic impacts of freight delays on shippers and carriers. The direct economic impacts related to shippers included: inventory carrying costs; damage costs; schedule delay costs for just-in-time cargo; and time. The impacts related to carriers included operating costs (fuel and maintenance, wear and tear), and operator time, and we worked with shippers and carriers in determining the components of direct cost.

• Subsequent work conducted between FY 2010 and FY 2012 focused on implementing the methodology developed at a Port of Entry in El Paso where reliable data was available. The first implementation study developed estimates for the direct economic impact of commercial crossing time delays at the Bridge of the Americas (BOTA). This project used 2009 automated border crossing time data measured using a RFID system implemented by TTI with funding from TxDOT and FHWA. This study found that the direct economic impact of freight delays at BOTA in 2009, a recession year with the lowest volume of truck flows, reached $34 million to shippers and carriers.

• The second implementation study developed a dashboard or reporting mechanism with economic metrics, to aid policy and decision makers. The dashboard is a communication
mechanism to allow interested users to develop static reports of wait time direct economic impacts at annual and monthly frequencies. The web-based dashboard was developed with input from carriers, shippers, and public sector stakeholders, and tested using data from BOTA in El Paso. Combining crossing time delays information with economic factors (such as fuel costs and driver wages) allows users, including shippers, to determine departure time and port-of-entry selection to aid in reducing direct delay costs. This information would also be beneficial to agencies and policy makers because it provides a way to track and analyze trends associated with delay costs at ports of entry.

However, there's still work to be done to understand the broader economic effects of border wait times on international trade and the state's economy.

- First, the direct economic costs for other ports of entry outside El Paso still need to be measured to get a better picture of the overall impact of border wait times on the State's economy. There's also a need to document how each port differs in terms of the cargo it moves and its wait time patterns. There are data challenges, but automated RFID border wait and crossing time data is increasingly available at other border locations throughout the state, providing a good starting point.

- Finally, there's work to be done to understand the indirect or higher order economic costs to the regional, state and national economy. Our research at this point has been limited to reviewing and documenting different methodologies that could potentially be used, but data needs and implementation challenges still need to be overcome.

I will be happy to take questions the committee may have at this point. Thank you.