

Kansas City, Missouri



NAITCP 2004 SUMMIT

North American International Trade Corridor Partnership

A Summit Report



Representatives from Canada, the United States and Mexico unite in Kansas City to plan a concentrated strategy as NAITCP moves forward.
- Photo by Thomas Photographic Enterprises

North American Convergence: The Path Forward

More than 400 business men and women, government officials and university professors attended the NAITCP 2004 Summit in Kansas City, Missouri, May 19-22, 2004. Focusing on an integrated North America, they reviewed successes experienced over the past 10 years, learned from lost opportunities and capitalized on positive visions of the future.

The North American International Trade Corridor Partnership (NAITCP) serves as a bridge between municipal authorities from Canada, the United States and Mexico who share the common goal of promoting sustainable economic growth and building trade. The Summit was led by co-chairs George Blackwood, Chairman, NAITCP International, and Bonnie Sue Cooper, Chairman, Kansas City, Missouri - Mexico Business & Trade Initiatives Corporation, with David Eaton, CEO of NAITCP. Kansas City and the NAITCP brought together more than 40 speakers from the three countries.

“The role of integration in North America centers around organizations such as NAITCP,” Eaton said. “Ten years ago, Canada, the United States and Mexico started an economic, diplomatic and service oriented venture toward free trade and convergence. We’re here now to celebrate the successes of that agreement and to take the next steps to promote market development and improve productivity.”

With Bayer as the major presenting sponsor, 19 additional sponsors, 18 contributors, 36 partners, and 33 exhibitors comprised the Summit supporters.





NAITCP 2004 SUMMIT

North American International Trade Corridor Partnership

- The Kansas City Declaration -

As personal stakeholders from communities throughout North America, we share common goals of economic prosperity, social development, environmental integrity, regional security and trilateral cooperation. We are convinced that by working together at the local level, we can more effectively address common concerns and achieve mutual objectives.

Ten years ago, the North American Free Trade Agreement (NAFTA) came into effect. NAFTA has contributed to a significant increase in trilateral trade, and today, a remarkable volume of goods, services and capital flows freely throughout North America.

We have come to realize that our communities in Mexico, Canada and the United States are closely linked to each other, and that we share profoundly in this emerging North American economic system. Our citizens and our communities benefit from free trade.

Yet, despite the fact that much has been accomplished, much remains to be done. Our communities have not always dealt effectively with the complexities of economic integration. We have not taken advantage of all the opportunities that exist to create a more productive, more efficient and more inclusive North America.

We must take decisive action together to ensure that the benefits of economic liberalization reach all of our citizens, our environment is protected and our communities are secure from any threat.

The answer is to move forward together. We will deepen the ties among us, not weaken them. We will improve cooperation among our communities. The economic vitality and social integration of our communities demand open, dynamic and secure borders. We encourage our respective governments to dedicate sufficient resources to create "smart" and efficient borders. Likewise, we urge our governments to assist us in forming a "North American Transportation and Infrastructure Committee" that will formulate a strategic vision for an integrated regional logistics system.

We hereby pledge to work together to create greater prosperity and security in our communities and throughout North America.

An outcome of the Mayors' Summit, this document contains 90-plus signatures of North American leaders.

Among those are:

Blake Hastings
Free Trade Alliance,
San Antonio, Texas, USA

David L. Edgell, Sr., Ph.D.
East Carolina University, USA

James D. McNiven, Ph.D.
Dalhousie University, Canada

Hector Marquez
Secretario de Economia, Mexico

Stephen Blank, Ph.D.
The American Partnership
for Business Education,
Pace University, USA

Guy Stanley, Ph.D.
Pan American University
Partnership for Business
Education, Canada

Chris Gutierrez
Kansas City SmartPort, USA

Mick Cornett
Mayor, City of Oklahoma City,
USA

Francisco Gil Diaz
Secretary of Finance and Public
Credit, Mexico

Francisco Cuevas
Vice Mayor of Ecatepec, Mexico

Jose Guzman Montalo
Administration General de
Advance, Mexico

Felipe de Jesus Cantu
Director General, National
Institute for Federalism and
Municipal Development, Mexico

Robert Pastor, Ph.D.
Vice President of International
Affairs and Professor of
International Relations,
American University, USA

James Jones
Former Ambassador of the
United States to Mexico, USA

Robert P. Gregory
Mayor, Belton, Missouri, USA

Michael Haverty
CEO, Kansas City Southern
Industries, USA

Geronimo Gutierrez
Secretario de Republica,
Ecatepec, Mexico

Alejandro Páez Aragón
Mayor, San Pedro Garza
Garcia, Mexico

Kay Barnes
Mayor, Kansas City, Missouri,
USA

Opening Session, Thursday, May 20, 2004

The Honorable Randal Quarles

Assistant Secretary for International Affairs

United States Department of Treasury, Washington, D.C.

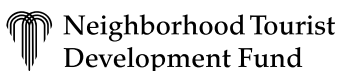
“NAFTA has become the model for trade growth globally. Trade has more than doubled among the three countries (Canada, United States and Mexico) over the past ten years.”

- Trade between Mexico and the United States has grown 189 percent.
- United States exports to Mexico have grown 134 percent.
- United States Exports to Canada have grown 69 percent.
- Missouri’s exports to Mexico have grown 101 percent.
- Exports from Mexico to the United States have grown 234 percent.
- One in five jobs in Mexico is tied to exports.
- Without NAFTA Mexico would export 25 percent less and Mexico’s per capita income would decrease 4 to 5 percent.
- All three countries have grown faster, experienced greater productivity and have improved in terms of international competitiveness in the global marketplace.

“Since NAFTA, each country has demonstrated net increases in the banking industries. International best practices are under development due to the influx of foreign managed banks. Mexico’s service industry is learning from these banks and copying the good practices from them,” Quarles added.

- Transparency is a critical component.
- Product safety is gaining importance.
- More regulatory measures are being put into place.
- Sanitary regulations now must be supported by science
- There is a liberalization of world free trade—Mexico has negotiated trade agreements with more than 20 countries post NAFTA.

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Recognition and thanks are extended to:

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Keynote Speakers

Plenary Session, North American Convergence:
The Path Forward - Part I Thursday, May 20, 2004 Four-Member Panel

Dr. Stephen Blank

Dr. Blank, a professor at Pace University's Lubin School of Business in New York City, is the Director of an alliance of four North American business schools – in Montreal, Halifax, Monterrey and New York City. Dr Blank has been awarded the Fulbright Chair of American Political and Economic Studies at the University of Montreal for the coming academic year.

“Tenth anniversary reviews of NAFTA were often negative. The fact is, however, beyond these criticisms lies a North American reality that is much misunderstood.” (Dr. Stephen Blank provided an overview to the mission and objectives of the Summit.)



Dr. Stephen Blank

- Economic integration in North America did not start with NAFTA. It was a response to changes already underway. NAFTA's achievement was to secure and intensify this movement toward continental economic integration.
- North American cross border flows are primarily about joint production, not trade. For example, more than a billion dollars of goods cross the US-Canada borders daily, a quarter which is automotive. But we don't buy cars from each other. We build them together.
- The U.S. is profoundly affected by North American integration. This was definitely clear immediately after 9/11. Close the borders for a few hours, and the U.S. firms shut down. Integration with Mexico has different parameters, but is no less profound. Agreements with Mexico have governed the supply of water for the American Southwest for much of the past century. Energy interdependence runs both ways.
- Economic integration strengthens the region as a whole, but generates pain as well as gain in each country.
- North American economic integration has been driven primarily by markets. Now, however, there are clear limits to this bottom-up process. Some limitations are policy issues—for example, acrimonious trade disputes, visas and passports underline the need for better cooperation on a whole range of security and intelligence issues.
- The way forward demands a more concentrated strategy—how to eliminate roadblocks, how to reach out to groups that have not been involved, how to build continental systems.
- Despite the current level of integration, few resources are devoted to managing the North American system and studying what might be expected of it in the foreseeable future. Those who live in this economy typically understand how their part functions. But we have not developed a detailed understanding of how the parts fit together, how the North American economy operates and what its problems are. We have not created a vision of what North America might be.
- It is vital to identify key leadership constituencies that drive efforts to maintain open borders and to increase the efficient operation of the North American economy. Trade corridor movement is one of these key constituencies. Groups of business, metropolitan and state leaders join together across borders to collaborate in a broad array of ventures. NAITCP is perhaps one of 25 groups like this.

Keynote Speakers

Plenary Session, North American Convergence:
The Path Forward - Part I Four-Member Panel

Dr. Guy Stanley

Research Director, Pan-American Partnership for Business Education, Ottawa

“NAFTA is not arms length trading of finished products, but rather a way to use the resources of the treaty partners to produce end products. With that in mind, the trading block faces infrastructure problems. To address these problems, integrated cross-border exchanges are necessary.”

- NAFTA is an investment agent.
- Cities and states need to work together to resolve systemic problems.
- Structural changes are needed to realize deep integration of services and supplies to produce finished products.
- It is necessary to improve roads to move more products.
- The conflict between United States and Mexican truckers affects product movement.

Dr. Jim McNiven

Professor of Public Administration, Dalhousie University, Halifax

“In North America there is a goods surplus and a services shortage. When age differences are factored into the regional economy, Mexico will be a major contributor of labor for many years to come. The aging populations of Canada and the United States will have to depend upon the young labor force of Mexico.”

- Border crossing congestion is not just a technological problem, but often a reflection of trade protectionism.
- Security, infrastructure and regulatory problems must be addressed.
 - United States rules regarding security currently dominate since 9/11, so Mexico and Canada must comply.
 - Infrastructure is affected when foreign airlines and ships cannot go from Point A to Point B within a country.
 - Regulatory problems affect each country—recently Canada and the United States experienced an airline crisis, so Mexico also was affected.

Dr. Hector Marquez

Director of the Mexican Trade and NAFTA Office, Embassy of Mexico, Washington, D.C.

“One can liken the NAFTA agreement to water in a waterway. When the water level drops, one can see the rocks. With the case of NAFTA, when the economies of the three countries started to weaken, issues within the NAFTA agreement became more obvious. This is not a bad problem, since the weakness has helped us look at the areas requiring improvement and solve their related issues”

- Mexico now has two advantages – goods are still cheaper to produce and it is close to the United States.
- Mexico does not want to stay as a poor neighbor in the relationship with low wages for their workers.
- To capitalize on opportunities and advantages, Mexico must invest in transportation infrastructure. Without this, Mexico will quickly reach a bottleneck in traffic, which will result in slower shipping and delivery times.
- Competition within Mexico has forced companies to retool and improve their processes.
- Each treaty nation has to ask itself the hard question—“how deep and how fast do we want changes to occur?”
- The biggest problem Mexico and NAFTA are facing is the import of cheaper goods from overseas.

Keynote Speakers

Plenary Session, North American Convergence:
The Path Forward - Part I Four-Member Panel

Felipe Cantu

Former Mayor of Monterrey, Mexico, and current Director General of the
National Institute for Federalism and Municipal Development (INAFED) Mexico City

“A great socioeconomic, demographic and cultural diversity exists in Mexico. More than 66 percent of the people live in medium or very high levels of poverty. Thirty percent of the country’s inhabitants are concentrated in the six biggest metropolitan zones of the country—Mexico City, Guadalajara, Monterrey, the Puebla-Tlaxcala corridor, Tijuana and Toluca.”

- Metropolitan and urban municipalities are dynamic at generating income, building institutions and managing their own resources, while many small and rural municipalities are incapable of carrying out these tasks.
- The National Institute for Federalism and Municipal Development (INAFED), a division of the Ministry of the Interior, formulates, leads and assesses federal public policies and actions related to federalism, decentralization and local government development.
- INAFED’s mandate is to provide institutional support to Mexican municipalities.
- Basic services for local governments offered by INAFED include: (a) specific programs for local development (b) advisory services (c) information services.
- This year, through the Ministry of Transportation and Communication, the federal government will direct 50 percent of its budget to road infrastructure, 15 percent to air infrastructure, and almost 10 percent to port infrastructure.
- 16 percent of the annual budget will be spent on communications.
- Modernization, conservation, amplification and diversification of the infrastructure of transportation and communications are pillars of the country’s economic and social growth.

Opening Remarks:
Building Opportunities Luncheon, Thursday, May 20, 2004

Raul Rodriguez

Managing Director and CEO
North American Development Bank, San Antonio

“After 10 years of NAFTA, have we achieved integration and convergence? Regardless of our assessment of NAFTA – trade integration may be a necessary condition for development and convergence, but it is clearly not a sufficient condition. The key challenge has to do with development gaps. That entails a domestic as well as a North American regional dimension.”

- Mexico and the region have not fully capitalized on ten years of NAFTA.
- Mexico is fractured between those who have benefited from market-oriented policies over 20 years and those who have not—those who crave for entrenchment and those who suggest deeper reforms.
- Demographic trends—migration and aging are important factors.

AGING

- * **WORLD POPULATION > AGE 60:**
 - * 2000: 10%
 - * 2025: 21%
- * **POPULATION > AGE 60 IN 2000:**
 - * EUROPE: 10% NORTH AMERICA: 16%
 - * AFRICA: 5% LATIN AMERICA: 8%
 - * ASIA: 9%

Keynote Speakers

Opening Remarks: _____
 Building Opportunities Luncheon

- In 1970 there were 9.6 million foreign-born residents in the United States; in 2000 there were 31.1 million foreign-born residents.
- Over the next 50 years, the population of the world's 48 least developed countries will triple.
- Educational trends
 - When 15-year-olds among the 27 countries were tested in reading literacy, Finland ranked as number one, Canada, number 2, the United States, number 15 and Mexico, number 27, at the bottom of the list.
 - In a global, geographic and world-issues literacy test administered to 18-24 year olds, only 25 percent of the United States students knew the correct population of the country.
 - Of the 18-24 year-olds tested, 20 percent could not locate Mexico on a map; 83 percent could not locate Afghanistan.
- How do we create a world with benefits for all the people?
 - Good laws to protect the people and the environment.
 - Good governments that are open and transparent and allow capitalism to flow.
 - Training and education that will improve job skills and create new products.
 - Basic infrastructures—roads, housing, health care, education, checks and balances.

15 YEAR OLDS MATH & SCIENCE LITERACY (27 OECD COUNTRIES)

1	Japan	100 (Reference)	22%
6	Canada	96	14%
18	U.S.	88	9%
27	Mexico	69	0%

OECD - Organization for Economic Cooperation and Development

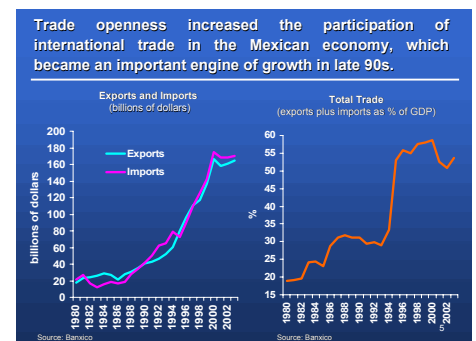
Opening Session, Friday, May 21, 2004 _____

Francisco Gil Diaz

Secretary of Finance and Public Credit, Mexico

“Global recovery has been favorably reflected in Mexican exports. In 1980 Mexico exported US\$20 billion in goods. In 2002, this number grew to US\$160 billion. In 1980 Mexico's imports totaled US\$20 billion. By 2002 Mexico's imports were at US\$170 billion. Investment also shows incipient signs of recovery, and sales indicate that consumption will continue to grow.”

- Trade openness increased the participation of international trade in the Mexican economy, which became an important engine of growth in the late 90s.
- Among the most tangible results, non-oil exports boomed, mainly through the expansion of manufacturing exports, and Foreign Direct Investment (FDI) rallied.
- Enhanced commercial ties between Mexico and the United States increased the correlation of the industrial cycle.
- Credit to the private sector by banks and non banks is growing.
- A growing amount of resources are available to the private sector due to the development of new financial instruments and the increasing funds under the management of the pension accounts.

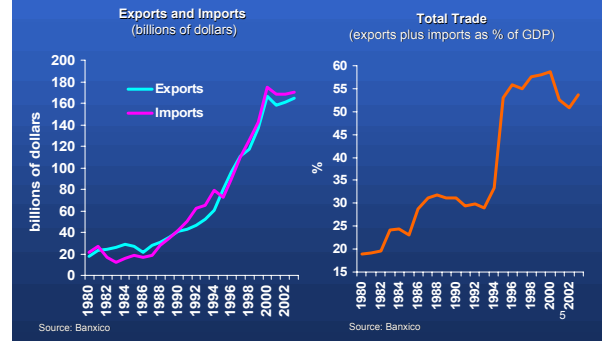


Keynote Speakers

Opening Session, Friday, May 21, 2004

- Since August 2003, formal employment has been growing.
- Investment also shows incipient signs of recovery
- The positive effects of NAFTA on the Mexican economy have been large.
 - Exports became an important engine of growth and placed Mexico as the world's eighth largest exporter.
 - Increased employment and real wages, especially in the manufacturing sector.
 - Significantly increased Foreign Direct Investment (FDI).
 - Promoted a more efficient allocation of resources.
 - Provided a legal framework to settle disputes among agents and institutions in the three countries.
- However, a series of reforms are necessary to enhance the competitiveness of the Mexican economy and strengthen the market-friendly institutions and policies adopted in the last decade. The most urgent reforms include: **(a)** Judiciary system **(b)** Structural reforms **(c)** Fiscal reform **(d)** Energy reform.

Trade openness increased the participation of international trade in the Mexican economy, which became an important engine of growth in late 90s.



Edward Garza

Mayor of San Antonio, Texas

“Trade is a factor of economics—supply and demand play a key role in economics. We must look closely at the political, social and cultural barriers—these are not economics. If our vision is to create a seamless trade corridor, how are we going to achieve that vision?”

- The continually increasing role of Hispanics in Mexico, Canada and the United States must be considered.
- Hispanics are the largest and fastest growing minority in the United States.
- It is important for cities to be strong advocates of NAFTA and the NAITCP to ensure the continued success of these organizations.
- The role of partnerships and collaborations with cities and the private sector is increasingly important.
- Cities must use their resources to ensure that the programs are properly funded.
- Cities must engage and develop local support and cultivate partnerships with other cities—with partnerships and communication about experiences, many pitfalls can be avoided.
- It is important to illustrate to other cities, even those not along the I-35 Corridor, how direct trade positively affects every corner of the nation.
- Lobbying efforts must improve and increase to ensure that elected officials support and understand the benefits of NAFTA.

Keynote Speakers

Opening Session, Friday, May 21, 2004

Dr. Robert Pastor

Vice President of International Affairs and Professor of International Relations, American University, Washington, D.C.

“Three strategic deficits exist within NAFTA. Number one is infrastructure. Number two is institutional. Number three is security. But there are solutions.”

- Mexico has a US\$200 billion deficit in roads and rail.
- Mexico has a US\$100 billion deficit in energy, specifically oil and gas.
- NAFTA is currently not trilateral; it is dual bilateral. Meaning it is an agreement of trade between Mexico and Canada; Mexico and the United States; United States and Canada. It must be an agreement among Mexico, Canada and the United States.

Dr. Pastor suggested the following solutions:

- Establish a North American Investment Fund.
 - The United States and Canada would donate US\$10 billion a year to this fund for investment and infrastructure improvements. The United States would invest 90 percent; Canada 10 percent. Mexico also must invest the same amount of money to assist in building its own infrastructure.
- Establish a North American Commission that is designed to take all of North America into account when discussing the environment, border controls, infrastructure and customs.
- Eventually establish a North American Passport to ease trade and business across the borders.

Anniversary Luncheon, Friday, May 21, 2004

Luncheon Sponsor - Kansas City Southern

Mike Haverty

Chairman, President and CEO, Kansas City Southern

“The idea of North American convergence is alive and well. Exports are the engine of growth for all of us. NAFTA took three economies, broke down the trade barriers and helped us compete as a single economy in a global economy. The most important thing to do is to improve the infrastructure and build efficient transportation systems.”

- The NAFTA rail headquarters is in Kansas City, the strategic location and the heartland of the corridors.
- The heavy manufacturing regions in Mexico need infrastructure improvements.
- The efficiency of the rail system is superior—one train can carry 300 trucks rather than to have 300 trucks and 300 drivers crossing the borders.
- Railway is cheaper than transporting by trucks, air or waterways
- The United States industrial movement was built on railways—it is a proven system.
- In June 2004 Kansas City Southern, the Texas-Mexico Railroad and TFM will go to the table to renew negotiations started in 2003. We will reach an agreement to assist in improving the infrastructure for Mexico, the United States and Canada.



Mike Haverty

Keynote Speakers

Anniversary Luncheon, Friday, May 21, 2004
Luncheon Sponsor - Kansas City Southern

James (Jim) Jones

Former Ambassador of the United States to Mexico

“One of the biggest hurdles is Mexico’s inability to fund its own reforms. Mexico has one of the lowest tax rates in the hemisphere, collecting just 11 percent of the gross domestic product (GDP) in taxes. Hopes are to raise the rate to 16 percent.”

- One recent study found 50 percent of Mexicans do not perceive any tangible benefits from the North American Free Trade Agreement (NAFTA). A democracy will not remain a democracy when half of its people feel left out.
- A shift in United States border policy has shoved more migrants toward the dangerous desert regions as they cross the border. Many die of dehydration. Last year a record number of 154 persons died in just the Tucson and Yuma regions of Arizona.
- The only thing that will be a true deterrent to illegal migration is for Mexico to more fully answer to its own people, to be a true democracy. Until that time, the possibility of a paycheck in the United States will be more important than the risk of death in the desert.
- Business ethics in the NAFTA region is 180 degrees different from 10 years ago.
- Pre-NAFTA Mexico had the most closed economic system—today it is one of the most open.
- The news generally is of the bad things that happened because of NAFTA. However, trade tripled, jobs increased and wages are 15 percent higher.
- During the next 10 years of NAFTA, the United States will be the driver.
- It is important that the businesses that benefited from trade organizations go to their legislators, and get them to open up trade after this upcoming election.



The Honorable Jim Jones

Geronimo Gutierrez

Deputy Secretary for North American Affairs, Mexican Ministry of Foreign Affairs, Mexico

“Why are we here (at this Summit)? Serious people are thinking seriously about what to do next in the convergence of these nations. In these ten years, we have reached a milestone. We have reduced and in many ways eliminated trade and investment barriers. Most important is that 96 percent of all trade and investment goes on without disputes. And when there are disputes, they are channeled through the correct authorities immediately and are handled right away.”

- There are three important general objectives: (1) Job creation (2) Security—the event of 9-11 altered many things. Border security is tighter now, but we must rethink the borders and achieve a balance between security and trade facilitation (3) The human dimension—establish migration flows that are legal, secure and respectful of human rights.
- Within the next 10-20 years, the US will need 10 million people to work in jobs. Mexico has the people.
- The business sector is moving faster than the governments.
- The convergence process is economically determined but politically driven.

Concurrent Panel Sessions

Travel and Tourism: _____

Thursday, May 20, 2004 and Friday, May 21, 2004

The Challenges:

- Tourism is entirely market driven. The more successful a country's economy, the more people travel.
- Canada, the United States and Mexico depend heavily upon tourism industry dollars.
 - Tourism accounts for approximately 4 percent of Canada's Gross Domestic Product (GDP) or US\$52 billion - 34 cents of every dollar spent on tourism goes to taxes.
 - Tourism is 8.2 percent of Mexico's GDP. This represents US\$8.9 billion a year. Mexico hosts approximately 19.7 million visitors a year and is considered the eight largest tourist destination in the world.
 - About 51 million people visited the United States in 2000, spending US\$100 billion. Domestic tourism is a US\$585 billion industry.
- With the terrorist attacks of September 11, 2001, tourism has taken a huge hit. The last six months, however, show an overall recovery in the tourism industry.
- Ten tourism issues dominate the scene in 2004
 1. Safety and security, especially the impact of terrorism on tourism.
 2. World economic growth including unemployment rate, currency impacts and domestic tourism.
 3. Marketing and communicating with e-commerce tools in tourism.
 4. Managing sustainable tourism i.e. tourists being attracted to an area because of its natural environment or built environment including historic, heritage, and culture discovery.
 5. Education and training in tourism, travel and hospitality.
 6. New infrastructure in the tourism industry.
 7. The impact of health issues such as Severe Acute Respiratory Syndrome (SARS).
 8. New tourism products.
 9. A quality tourism experience including good value for the money, variety and flexibility in travel.
 10. Partnerships and strategic alliances in travel, tourism and hospitality.

The Top 10 Tourism Generating Countries to the U.S. (2002)

CANADA	12,968,000
MEXICO	9,807,000
UNITED KINGDOM	3,816,736
JAPAN	3,627,264
GERMANY	1,189,856
FRANCE	734,260
SOUTH KOREA	638,697
AUSTRALIA	407,130
ITALY	406,160
BRAZIL	405,094

Source: OTTI, Global Insight

Proposed Solutions:

- Development and marketing of the I-35 and I-69 corridors will contribute to the North American international transportation network by intersecting existing interstate highways and serving air and seaports. Critical factors in the successful development and marketing of these corridors include:
 - The need for a tourism corridor partnership (champions for the cause)
 - Strong marketing/financial support provided by state/provincial tourism offices and key metropolitan centers. (a corridor/destination team)
 - Key visitor-generating attractions and events identified with requisite itineraries. (corridor/destination pull)

Concurrent Panel Sessions

Construction & Infrastructure:

Thursday, May 20, 2004 and Friday, May 21, 2004

The Challenges:

- The economy is only as good as the transportation system.
- 65 percent of I-35 needs upgrading.
- Trade along the corridor has greatly benefited Kansas (USA). Wheat, beef and feed lead the state in its US\$7.9 billion of exports, making it fifth in the nation. This trade must continue.
- Mexico's problems are generated by a lack of infrastructure. Thus, transportation delays greatly increase the final cost of many goods in Mexico.
- Infrastructure problems in Mexico also contribute to illegal immigration by aggravating social problems such as the inability to allow efficient commerce in rural areas.
- Problems in Mexico's infrastructure include the lack of municipal reforms; the revolving door of staff; management politics; and a lack of a direct source of municipal funds.
- Canada is a trading country—80 percent of its products are for export. Delivery costs can result in 10-50 percent of a product's cost. The transportation system affects all industries in Canada.
- The I-35 corridor transports 33 percent of all NAFTA truck traffic, and this will increase by 80 percent in the next 20 years. The current system is nearly overwhelmed.

Infrastructure investment exercised by Mexico regions in 2002

Region		Investment exercised in infrastructure of communications and transports	
Name	Estates	Millions of pesos	Percentage
SOUTH-SOUTHEAST	Campeche Guerrero Oaxaca Puebla Quintana Roo Veracruz Yucatán	4,909.7	31.75%
CENTER-WEST	Aguascalientes Colima Guanajuato Jalisco Michoacán Querétaro Zacatecas	3,487.7	22.55%
CENTER-COUNTRY	Mexico City Hidalgo Mexico Morelos Tlaxcala Coahuila	3,585.3	23.18%
NORTHEAST	Chihuahua Durango Nuevo León Tamaulipas	1,516.2	9.80%
NORTHWEST	Baja California Baja California Sur Sinaloa Sonora	1,965.3	12.71%

Source: Ministry of Transport and Communications (www.cobocob.com)

www.inafed.gob.mx
www.e-local.gob.mx

Proposed Solutions:

- SmartPorts, which will enhance trade and attract investment, should be improved with Intelligent Transportation Systems (ITS).
- Financing proposals for Mexico must include toll roads and taxation increases.
- Congestion is a significant problem at the borders of the United States, Canada and Mexico. Inland ports are a credible solution to this issue.
- Widen I-35 and create special provisions necessary for trucks.
- Create relief routes in some urban areas.
- Cities and governments must address public transit and land acquisition issues.
- The level of harmonization needs to increase among the three countries without the level of security impeding that increase.

Concurrent Panel Sessions

Doing Business in the NAFTA Economy:
Thursday, May 20, 2004 and Friday, May 21, 2004

The Challenges:

- As the three economies (Canada, United States, Mexico) strengthen their ties, it has become very important to coordinate trade policies. If one country is considering a policy change, it must now consider how the new policy affects other member countries.
- Free trade means prices are lower and companies have more choices.
- Trade is not just exporting. It is about relationships and building a better North America for everyone and for our children.
- NAFTA is a trade agreement at its basic level and is not meant to solve all problems.
- NAFTA gives the consumer more choices.
- US\$11.4 trillion is realized from NAFTA, which is one-third of the world's Gross Domestic Product (GDP).
- 48 percent of Canada's Gross National Product (GNP) relies on NAFTA.
- United States exports have seen a significant benefit from NAFTA.
- Agricultural investment has increased in all three countries.
- As the United States investment in Canada continues and its investment in Mexico dramatically increases, everyone will enjoy lower food costs.
- Continued improvement in Mexico's income means improved direct opportunities for United States food costs.



*Tim Colon, Development Officer
Economic Development Corporation*

The Proposed Solutions:

- Canada, Mexico and the United States all calculate trade numbers by different means. Currently there is no single organization doing this. One should be created to eliminate or greatly reduce the chance for skewed data.
- Support and grow the NAITCP. Involve members of Congress to make them more aware and help them better understand how Canada, the United States and Mexico are so interdependent.
- Involve universities in all three countries to promote research and develop skills.
- Promote small and medium business—create incentives to improve technology, computers and software.
- Harmonize regulations so trucks can go from Canada to Mexico without loading and unloading.
- Customs must share the same database in all countries; that is how NAFTA addresses the competition from Europe.
- Simplify Mexican Customs—custom brokers for land transportation and export/import documentation should be in one document.
- Focus on infrastructure—build better highways.

Concurrent Panel Sessions

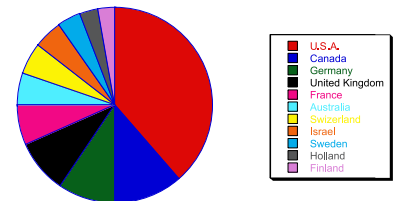
Life Sciences & Technology Collaboration:
Thursday, May 20, 2004 and Friday, May 21, 2004

The Challenges:

- Mexico is trying to increase the number of small and medium size businesses by increasing its technology assistance overall and especially in the Life Sciences division.
- Over the last two decades, the use of bio-products has decreased and thus research and development (R & D) also decreased. Recently, however, bio-product use has been increasing and therefore R & D has increased.
- The quality of and variability in the raw materials is deterring research.
- The current powers in biotechnology are the United States, the United Kingdom, the European Union, Canada, Germany and France.
- There are 1,457 biotechnology companies in the United States, which employ 191,000 people.
- In the United States, it takes a long time for products to go to market—the FDA (Federal Drug Administration) has approved only 155 biotech drugs in the US.
- Biotechnology just started in Mexico and is currently being used in wine, antibiotics, pesticides, and fertilizers.
- Plants can be broken down into several different polymers, which can be used to produce different products.
- Furniture can be made from fiberboard instead of wood.
- Many new automotive parts are being fabricated from bio-products.
- Functional foods such as beta-carotene enhanced rice (Golden Rice) have been genetically modified to produce additional vitamins and minerals.
- The Donald Danforth Plant Science Center in the United States is focusing on studying topics such as:
(a) increasing drought tolerance and plant nutrition (b) increasing the amount of nutrients that food crops contain (c) increasing production of bio-based products (d) increasing crop resistance to fungi and disease.
- Mexico has two great universities El Tecnológico de Monterrey (ITESM), a private university, and Universidad Autonoma de Nuevo Leon (UNAL), a public university that spotlight how plants are beneficial to research.
 - Jamaica flowers have great health properties.
 - One type of bean inhibits the spread of cancer.
 - The focus of the new Centro de Biotecnologia at ITESM is:
 - Cancer
 - Vascular Diseases
 - High Cholesterol
 - Diabetes

Global Tendencies

- 75% of the high biotechnology companies are concentrated within 5 countries
- 50% of these companies are in US and Canada



Concurrent Panel Sessions

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- At the Centro de Biotecnología, researchers are exploring the properties of natural enzymes, metabolic enhancements and pigments from plants. One example of the experimentation is on sorghum, which is 60 percent cheaper than corn in Mexico. Thus sorghum is an alternative to corn for cattle feed. If researchers can develop enhancements to sorghum, then it may improve the diets of all Mexicans as healthier beef is produced at a cheaper price.
- In Mexico several small companies are producing bio-pesticides and bio-fertilizers, but only a few companies are dedicated to R & D of high, added-value products.
- In the United States, Bayer Crop Science is the 100 percent owner of the world's largest crop seed provider with more than 9,000 varieties of seed. Bayer can provide the farmer with a complete set of products from seed to fertilizer.

The Proposed Solutions:

- Turn the research spotlight on malnutrition among children since 50 percent of childhood deaths are related to nutritional deficiencies. Focus on foods that contain edible vaccine.
- Invest in infrastructure for Research Centers by attracting “angel” investors and providing commercialization strategies.
- Increase community awareness and education.
- Strengthen graduate programs. Since education is key, get more people into the science fields.
- Life science companies face a competitive and expensive market place in which there is a need to expedite approval, establish strategic alliances, and open new markets.
- A collaboration using both Mexican and U.S. research facilities could help speed up the regulation and import approval process.
- The Ewing Marion Kauffman Foundation (USA) is working on creating open access to “Technical Transfer Offices” via the Internet. Still in its pilot stage, the “Technical Transfer Offices” would increase sharing of technology and science within the academic world via a research virtual hub.
- Knowledge needs to be shared to help all of society. Collaboration and cooperation of research is a first step.
- An alternative to doing biotechnology in the United States is to do it in Mexico where it can speed up clinical trials and export revenue income streams while waiting for FDA approval.



Bonnie Sue Cooper
Councilwoman, City of
Kansas City, Missouri,
Chairman of the Kansas
City, Missouri-Mexico
Business & Trade Initiatives
Corporation

“Three countries, three separate governments, three cultures—Canada, the United States and Mexico—working as one. Kansas City lies at the geographical heart of the three countries and offers the ideal location to exchange information and set the vision for tomorrow.”



George D. Blackwood, Jr.
Chairman, NAITCP
International
Former Kansas City, Missouri,
Mayor Pro Tem

“Building opportunities. That focus encompasses this entire Summit. Social and commercial linkages of business, government entities and education along the I-35 and I-69 corridors makes the Summit theme, “North American Convergence: The Path Forward” extremely relevant.”



NAITCP 2004 SUMMIT

North American International Trade Corridor Partnership

A Summary: NAITCP Summit Major Results

1. **The Declaration of North American Integration:** More than 90 North American leaders signed an important document entitled "The Kansas City Declaration" (see Page 2) to officially record their shared vision of future cooperation for communities along the NAFTA Trade Corridor in Canada, the United States and Mexico.
2. **Mexican Customs in Kansas City:** Positive meetings with Secretary Gil Diaz, Mexican Minister of Finance and Public Credit, resulted in the formation of a Task Force to discuss establishing a Mexican Customs Office and Customs Broker in Kansas City.
3. **Bancomext Desk in Kansas City's "Mexiplex":** Jose Basagoiti, Board member of Bancomext, united with a working group in Kansas City, Missouri, to discuss incorporating Bancomext services with Kansas City's unique "Mexiplex," the only office of its kind in North America.
4. **2005 Mexico Diplomatic Conference in Kansas City:** Geronimo Gutierrez, Undersecretary for North American Mexican Ministry of Foreign Affairs, selected Kansas City as the site of Mexico's 2005 Diplomatic Conference.
5. **Technological Corporation Agreement between Mexico and Kansas City, Missouri:** The Kansas City Area Life Sciences Institute and the State of Nuevo Leon's (Mexico) Office of Science and Technology (COCYTE) signed an agreement outlining specific areas of collaboration and cooperation.
6. **Agreement with RxCCI of the USA and TAG of Monterrey, Mexico:** RxCCI, which manages the regulatory approved process for United States companies, has entered into an agreement with the TransAm Group (TAG) in Monterrey, Mexico, to pursue expedient and cost-efficient drug and medical device development in Mexico and the United States.
7. **Initiation of a Police Pilot Program:** The police departments of Guadalajara, Mexico and Kansas City, Missouri, are uniting in a training program, the first of several between Kansas City and other cities in Mexico.

See www.kcmo.org/international for (a) an in-depth report concerning the North American Inland Port Network (NAIPN) working group conference (b) a complete list of all presenters including those involved in break-out panel sessions and off-site seminars (c) a complete list of sponsors and partners. For more information contact: mexico_trade@kcmo.org.

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