

MR. MIRAMONTES: Thank you.

Honorable Chairman Hills and Commissioners, thank you for the opportunity to testify today on issues surrounding the North American Free Trade Agreement, specifically trade policies and solutions. NADBank leans to U.S. and Mexican trade and the growth of cross-border activities.

Given the length of time for all presentations, I respectfully submit additional information, including a status report of the NADBank's environmental activities, a summary of the community adjustment and investment program, and a very recent NADBank publication, "U.S.-Mexico Border Ten Year Outlook Environmental Infrastructure Funding Projections."

If I may digress from my formal comments a bit, this has a listing of a minimum \$2.1 billion of projects based upon existing projects we can define today. It's a comprehensive analysis. I only have five. We've run out of copies. We have to reprint this. But it has a picture of the border, which a lot of folks that don't live on the border don't understand how big it is, and it also has very specific information, so I would encourage you and your staff to look at that.

COMMISSIONER HILLS: We thank you for the materials.

MR. MIRAMONTES: And just for fun, I've included a chart that compares the growth rates that happen in your own communities.

First, I am certain that the Commission has received recent and complete data on the U.S.-Mexico border. However, as a native of the region, I am compelled to highlight certain facts.

Briefly, the 2,000 mile long, 200 kilometer wide U.S.-Mexico border region is the fastest growing region in both countries and possibly North America. It is one of the poorest regions in the United States. It perpetually experiences the highest U.S. unemployment even in times of plenty, is home to water and ecosystems that are vulnerable to permanent damage and must live every day with the direct effects of trade.

In order to bring these facts more vividly to light, imagine what these simple facts would mean in your own communities. What would downtown Washington's air quality be if it had a daily queue of idling diesel trucks stretching from Georgetown to the White House? The city of Portland, Oregon, will have grown from

490,000 to almost 700,000 people in just the past ten years, and my alma mater, Stanford, could no longer be called the farm.

Second, the simplest way to describe the current status of the NADBank's work is to say it's working. The bank's long-term resources, both human and financial, combined with the EPA's experience of grant resources for project affordability, the BECC's public process, and our focus on human capital development has resulted in real progress.

In summary, more water and wastewater projects are being built at one time than ever before.

This is occurring throughout the region in all types of communities. The NADBank is currently participating in overseeing the design and construction of 22 projects.

5.5 million border residents will directly benefit from these projects. This represents almost half the region's entire population.

The Community Adjustment and Investment Program, an affiliated independent U.S. federal program, is providing loans, guarantees, and grants for worker training, small business working capital, and financing of capital expenditures. Counties throughout the U.S.

adversely affected by changing trade patterns as a result of NAFTA are eligible. To date, 320 loans and loan guarantees valued at \$320 million have been made in 26 states, helping to create and sustain 6,942 jobs.

The NADBank has made human capital development of the border region its highest priority. Proper management is the keystone to all future action. Financial capital cannot be put to work, especially under the socioeconomic demographic conditions previously described without well-run communities, utilities and sister cities. Only local leadership can determine what is fundamental to a community's needs.

The bank's institutional development cooperation program is providing needed technical assistance in 80 projects in 59 communities. The bank's Utility Management Institute is helping train approximately 20 border utility managers every month in the art of financial and business management, a small but very effective effort.

The NADBank's non-financial value added role has proven to be as important as the hundreds of millions of dollars we manage. Our objective and responsibility is projects on time and on budget.

Short-term political efforts must not undermine long-term solutions. The complex nature of modern economies makes it impossible to determine where the cause of a single problem begins or ends. For example, high unemployment and urban growth directly impact the ability of border utilities to maintain proper rate structures.

Though the bank is not responsible for employment or urban planning, we must advocate appropriate action from responsible institutions for the NADBank to meet its mission. A common vision and cooperation is critical.

Finally, a status report on the lessons learned by the NADBank is in our relatively short history. First, mutual bilateral respect and cooperation is an indispensable foundation. Second, the combination of all available resources is a model that works. A relatively small amount of U.S. funds added to existing Mexican funds goes a very long way.

Third, fundamental reforms on both side of the border must occur. I also referred to our submitted ten-year outlook document to understand the bank's strategic plan for border water and wastewater needs.

The need for an aggressive vision -- U.S.-Mexico trade is booming. The bang of this boom is showing up in the profits and the growth rate of companies throughout the U.S. and Mexico. Border communities, however, are living with the smoke of the bang. Trade externalities that directly degrade the border region's quality of life, environment, and future economic potential must be accounted for and paid for by all beneficiaries of the trade.

Historically, governments and institutions have reacted to the unfounded realities of this dynamic region. Given the exponential growth driven by one of the largest trading relationships in the world, such a continued reactive structure will result in failure for all involved. A totally new vision must be adopted by the national governments, but the author of this positive vision must be the border region itself.

It must be a proactive strategy that prepares for the inevitable social, economic, and environmental issues that we will face in the next 20 years. Full partnership between key national production centers, the border region, and global markets is essential. The poorest and fastest growing region in the

U.S. simply cannot fund the infrastructure that serves its basic needs along with what is needed for our bilateral trading partnership.

There is a need to bring the full muscle of our nation's institutions to address the many needs of this wonderful and productive region. Both nations are clearly benefiting from our trade relationship, which is especially obvious since NAFTA was adopted. National transportation, health, labor infrastructure and environmental supports need to be strongest now.

We're at a clear crossroads in the U.S.-Mexico border's history. Trade and the border are inextricably linked together. Positive growth in the U.S.-Mexico trade, a good thing, must not be allowed to overwhelm the border's physical and human resources. Trade will continue to be the region's future and a big part of the solution to its needs.

Thank you for this opportunity to speak to you. I'll reserve some personal ideas on how to address these complex issues for later. I hope that my comments are useful in your preparation for the document to the Congress and to the President.

Thank you.