

Progress Highlights

- Streamlined Arizona Governor's Taskforce, new organizational structure and supporting Executive Order
- Taskforce meeting and identification of key priorities
- Recommitted Multi-state Coalition and new incoming Coalition Chair
- Multi-state Coalition meeting, Multi-State tourism meeting and identification of next step projects in Branding and 511 deployment
- New CANAMEX Corridor Coalition logo
- Sonora, Mexico CANAMEX reorganization and engagement
- Sinaloa, Mexico engagement
- Mexico's Secretary of Foreign Relations leadership in organizing Mexican states
- CyberPort \$2.1 allocation for Mariposa Port of Entry FAST Lanes and \$300,000 allocation for GSA Mariposa Port of Entry Redesign Study
- C-TPAT Certification Seminar for Produce Growers
- Guaymas-Tucson Corridor Study
- Arizona, Sonora and Mexico's Secretariat of Transportation Memorandum of Understanding for development of Guaymas Multi-modal Corridor

Activities

Arizona Taskforce, Multi-State Coalition and International Partnerships

Organizational

The Executive Order for the Arizona's Governor CANAMEX Taskforce expired in December 2004. After securing the Governor's endorsement in April 2005 a vigorous effort was undertaken to revise the EO and appoint a leaner Taskforce.

Designated members convened in June 2005 during the Arizona Mexico Commission Plenary. The meeting served to outline three priority areas: 1) Positioning Arizona to capitalize on deep sea port development in Mexico and increasing Asian trade; 2) Supplement border infrastructure enhancements with the implementation of CyberPort recommendations; and 3) Deliver broadband to communities with a population of 500 and above as well as cellular service along every mile of the major state highways and interstate systems. Additionally the Taskforce agreed to craft a focused strategy relative to Canada and Mexico.

Taskforce members are preparing for committee discussions in the areas of 1) operations; 2) cyberport; 3) market development; 4) political outreach and 5) evaluation in anticipation of the next full Taskforce meeting being scheduled for January 2006.

Priorities

Deep Sea Port Development in Mexico and Canada

The Taskforce is advancing a two prong strategy to competitively position Arizona as a gateway for increased Asian and Western Hemispheric trade. The first prong focuses on the Guaymas Sonora Marine Port and the second, marine port developments in Mexico and Canada.

The Port in Guaymas handles primarily bulk commodities, such as grains and cement. Container shipments are rare and only delivered on demand. ADOT commissioned a capacity analysis of this port to determine a realistic strategy for niche market development. CANAMEX has been instrumental in advancing the study, currently being conducted by a team of researchers at ASU. Results are expected in January 2006.

Mexico's Secretariat of Transportation and Communication (SCT) completed an extensive master planning effort to prioritize marine port development activities. Guaymas, Sonora's primary commercial marine port was identified during this process as a strategic opportunity. Complimenting this focus on Marine Ports, the Toll way and Tariff section of SCT obtained U.S. Trade and Development (TDA) funding for multi-modal corridors. Mexico's President Fox has made the establishment of "land bridges" in Mexico, a priority of his administration. The land bridge concept seeks to develop infrastructure and process improvements to expedite cargo destined for U.S. markets.

SCT contacted the CANAMEX Office to explore a partnership with Arizona to advance a multi-dimensional Guaymas initiative. The project, approved through an MOU signed by the Governors of Arizona and Sonora with SCT, would compliment the data expected in the ADOT study with additional information on market development and legal issues. Subsequent phases to be conducted by SCT would utilize USTDA funds to expedite cargo processing through Mexican Customs and secure private funding to develop multi-modal facilities.

CyberPort: Infrastructure & Beyond

Working with local, state and federal representatives, CANAMEX is advocating for capacity improvements at Arizona's Ports of Entry. The CyberPort study completed in 2003, raised concerns about stemming the loss of market share and trade leakage, emphasizing the need to expand infrastructure and introduce novel technologies and process modifications. CANAMEX is aggressively moving forward with implementing CyberPort principles in two key areas:

FAST Lanes.

- An additional \$700,000 in CyberPort resources were allocated toward the construction of two FAST lanes at the Mariposa Port of Entry. The total contribution from CyberPort to this effort has been \$2.1 million. An additional \$300,000 in CyberPort funding was provided to conduct the General Service Administration (GSA) Mariposa redesign feasibility study.
- The groundbreaking for the FAST lane is expected in winter 2005 and construction completed in late spring 2006. FAST lanes will be dedicated to certified commercial cargo.
- Under the leadership of CANAMEX and in cooperation with the Fresh Produce Association and the U.S. Customs and Border Protection-Tucson Sector, \$4,500 was secured from Arizona's Office of Homeland Security to organize a "teach to the test" seminar in Nogales, Arizona for produce growers. Participants were walked through the C-TPAT (Custom's Trade Partnership Against Terrorism) certification process during a two-day seminar to stimulate utilization of the FAST lanes.

Ag Seal and Secure.

- A leading recommendation from the CyberPort study, CANAMEX is actively pursuing an initiative to expedite the safe, smart and secure movement of agricultural commodities through the Mariposa Port of Entry. Distinguished for handling the majority of Mexican winter produce, Arizona and its border economies must retain their competitiveness in this market. Meetings have been held with officials in Sonora, Sinaloa and Mexico City to identify opportunities to minimize the number of inspections conducted in Mexico. The proposed project seeks to gain a commitment by Mexico Federal Army Officials to honor C-TPAT electronic seals by low risk agricultural shipments in route to the border. Through infrastructure enhancements (construction of additional lanes) and technology (VACIS machine) at the federal check point at Benjamin Hill, Army officials will be able to conduct non-intrusive inspections of the cargo preventing a break in the cold chain and reducing the likelihood of commodity damage.
- The Fresh Produce Association, an organization located in Nogales, Arizona representing the growers in Sonora and Sinaloa, submitted a proposal to secure the packing warehouses in Nogales, AZ from a bioagent contamination. A previously commissioned study by the Association pinpointed the warehouses as one of the most vulnerable nodes in the supply chain. Securing North America's food supply is a high priority for the NAFTA nations and a critical component of the recently released Security and Prosperity Plan (SPP). CANAMEX is

pursuing federal and state funding sources to support this effort. Arizona Department of Agriculture supports the inclusion of a domestic producer from Yuma in the initial pilot.

- Committed to establishing the Corridor as a safe and secure conduit for legal conveyances, the Project office is part of a multi-state & -institutional team organized by the University of Arizona to prepare a successful proposal for a Department of Homeland Security (DHS) Center for Border Security.

Telecommunication

Working with the Arizona Governor's Information Technology Agency, CANAMEX has reviewed and commented on the Governor's Council on Innovation and Technology Planning Committee document "Moving Education & Telecommunication Infrastructure Forward" to ensure that it contributes to the goal of providing broadband to communities with a population of 500 and above and cellular service along every mile of the major state highway and interstate system.

The Arizona mobile Wi-Fi pilot for first responders is underway in Santa Cruz County. Wireless infrastructure is being installed along a 32 mile segment of I-19 between Rio Rico and Green Valley. Approximately 12 Mobile Access Points and Mobile Service Accounts are being provided at no charge to Arizona's Office of Homeland Security and the Governor's Information Technology Agency to enable first responders' access to the Internet and broadband at high speed as they move into and through the designated area. The Project will be completed in March 2006 and a sustainability shift toward expanding access to other sectors will begin in July 2006. Strategic discussions are underway to outline next steps for implementing this proof of concept along the Arizona CANAMEX, eventually with the intention to incorporate throughout the Corridor.

Multi-state Corridor Coalition

In March 2005, meetings in Montana, Idaho and Utah were held with the policy advisors and agency directors for the respective Governors. This outreach proved critical for revitalizing the multi-state effort, since both Montana and Utah experienced a change in administrations.

Following these discussions the directors of Transportation attempted to secure \$43 million for ITS equipment and deployment along the Corridor. Although unsuccessful, the Coalition is committed to position the Corridor for federal funding in both the short term and long term with a targeted congressional campaign being planned for 2006.

The DOTs reconvened in August to outline several next steps. These include:

- preparing a report of Corridor improvements since 2001 and earmarks for future projects,
- reviewing SAFETEA-LU for funding opportunities and
- implementing in a vigorous outreach to the other sectors (tourism, economic development and telecommunications) to identify projects that could be pursued over the next 12 months.

The DOTs are meeting with their Governors to underscore the value of the CANAMEX initiative and reviewing language for a renewed MOU. At the next Coalition meeting in December, Jim Lynch, director of the Montana Department of Transportation will assume the position of Coalition Chair.

The multi-state Tourism directors agreed during a meeting in August to partner with the DOTs on a 511 deployment initiative to establish a tourism link and address interoperability between the states. The practical outcome of this collaboration will be to allow travelers to access information as they approach and move into an adjoining state. From a safety perspective it will enable seamless communication in efforts, such as Amber Alerts. The Tourism directors believe these technology enhancements will provide a foundation for future marketing efforts.

Discussions are on going with researchers at the University of Arizona to identify the potential for agricultural biotechnology collaboration within the Corridor. Renowned plant geneticist and UA regent's professor, Vicki Chandler, has been assisting CANAMEX to identify the complementarities between the states. Meetings with university representatives will be organized to expand on this initial effort.

Canada

Although Alberta has been a steady and committed partner in the CANAMEX Project, the relationship has been confined exclusively to transportation. CANAMEX is now moving forward to develop an economic development strategy by working closely with the Canada Arizona Business Council, the Canadian Consul located in Phoenix and the Calgary Economic Development Office. As recent as last week, the Premier of Alberta emphasized CANAMEX as a critical international initiative for his state. The CANAMEX Project office is exploring an opportunity to travel to Calgary and Edmonton to advance these discussions.

Mexico

On April 1 2005, the CANAMEX Project Office organized a binational CyberPort strategic planning session. The session resulted in key recommendations for the reorganization of the CANAMEX initiative in both Arizona and Sonora. An initial review of Sonora CANAMEX priorities were presented during the AMC Plenary in June 2005. More substantive discussions resulting in a binational workplan were the focus of a meeting in San Carlos, Sonora in December 2005. The binational taskforce participants outlined several key initiatives as part of its 2006 work plan. These include: 1) Develop software to enable small to medium sized importers to submit electronic manifests to U.S. Customs; 2) Work with Motorola and Mexico Telecommunication companies to establish 911 and 511 service via cell phones; 3) Partner with the Maquiladora Association to quantify demand for expanded port hours of operation and to solicit data on Asian imports for market development strategy.

In addition to the FAST lanes and the redesign of the Mariposa Port of Entry, noted above, CANAMEX is involved in efforts to secure resources for the San Luis II port project (e.g., presenting at a meeting with the potential concessionaires for the Sonoran facilities). CANAMEX has also assisted the Yuma region by endorsing the Yuma Cattle Crossing which would allow ticky cattle originating in Baja California and Sinaloa to enter at this site. The CANAMEX office is also engaged in the Motorola Case Study Project.

In April 2005 an invitation was extended to the CANAMEX Project Office to meet the new Governor of Sinaloa. The Arizona delegation included the Director of Commerce and the Governor's Policy Advisor for Mexico and Latin America. The discussions emphasized the Sinaloa government's strong interest in participating in CANAMEX. In July a delegation led by the Governor of Sinaloa traveled to Arizona to meet with Governor Napalitano and her cabinet. Following these visits, Sinaloa has aggressively pursued an initiative to expeditiously transport produce via rail to Arizona. Efforts are underway to potentially establish an intermodal facility in Rio Rico to receive these shipments.

During the Arizona Mexico Commission Plenary meetings in June 2005 CANAMEX organized a high level discussion with key U.S. and Mexico federal officials to introduce its priorities; the Project office has continued to maintain a consistent dialogue with these individuals. An important objective of the CANAMEX in moving forward is to actively inform and cultivate a strong working relationship with federal, state and local representatives.

Presentations:

- Arizona Delegation Mission to Sinaloa, April 2005
- Meeting with SCT Marine Port Officials, April 2005
- Bridges and Borders Conference, May 2005
- ADOC International Outreach, May 2005
- Meeting with Peru Consulate, June 2005
- Border Youth Conference, June 2005
- Multi-State Highway Agreement Conference, July 2005
- Sinaloa Delegation Mission to Arizona, July 2005
- Representative Grijalva Debrief, August 2005
- U.S. Mexico Chamber of Commerce Transporte Internacional Conference, September 2005