

CrossborderINFORMA | Research • Analysis • Insights

Regional Border Crossing Trends & Economic Impacts



Unbiased business, industry and policy market research, strategies and market-entry services for Mexico and the NAFTA/CAFTA marketplace



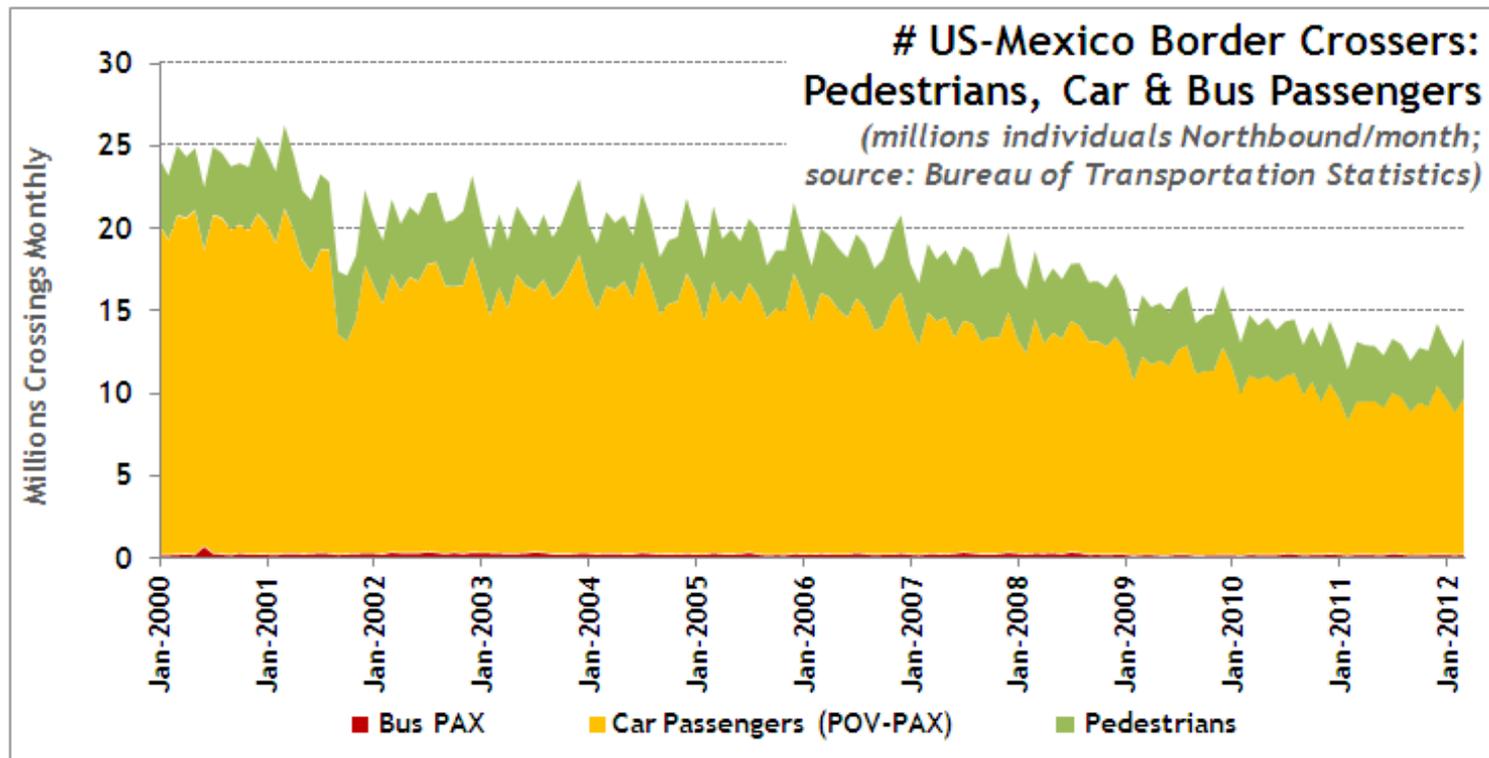
September 24, 2012

Crossborder Group is pleased to provide this *CrossborderINFORMA* briefing of key indicators and survey results - one of the many ways our firm offers data and insights about business and policy issues along the US-Mexico border region and throughout Mexico.

*This CrossborderINFORMA briefing is focused on **Regional Border Crossing Trends and Economic Impacts.***

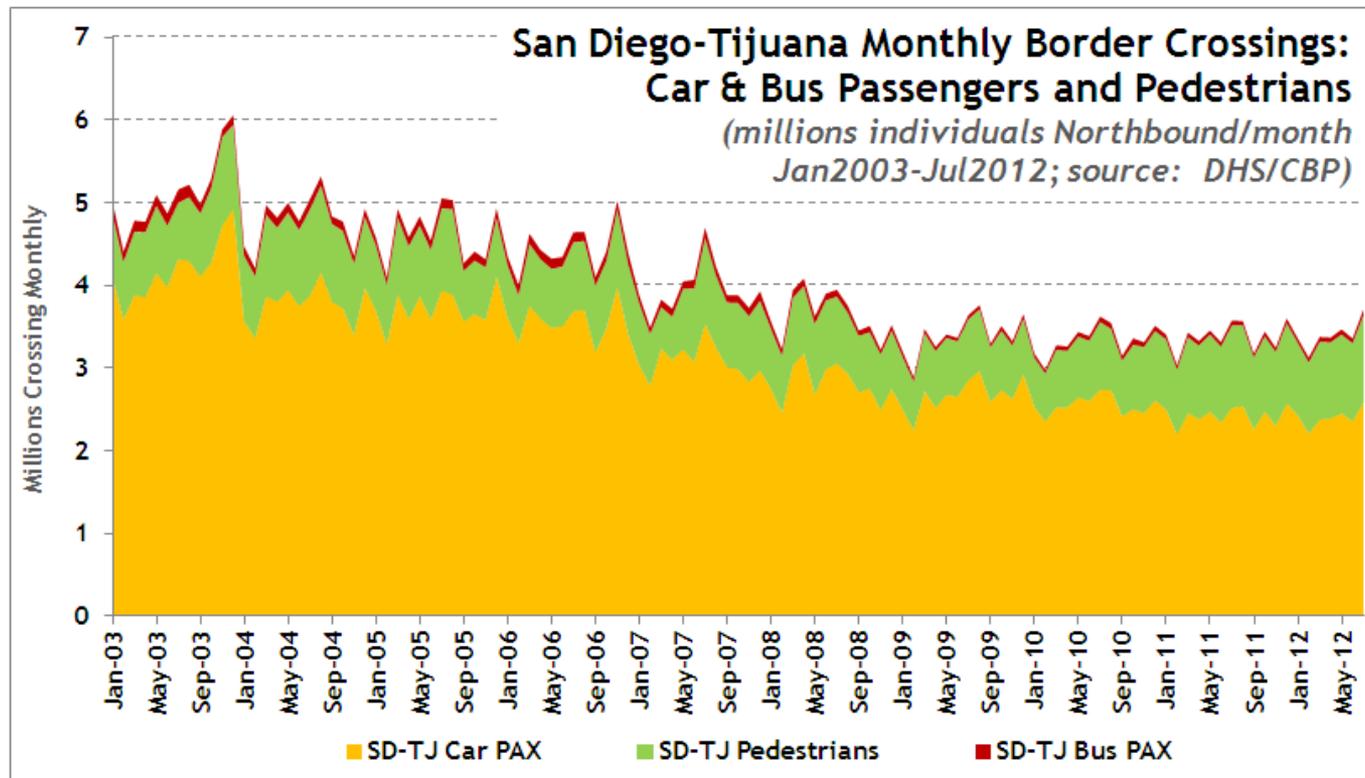
TREND: DECREASED LEGAL SOUTHERN BORDER CROSSINGS

- For a variety of reasons - from long border waits, to security concerns by US-based visitors, to a multi-year economic slowdown - the fact is that the number of individuals crossing legally at US-Mexico border crossings is dramatically lower: **from an average of 24.2 million/mo. in 2000 to an average of only 12.9 million/mo. in Q1-2012...**
- This is a **-46.7%** reduction in monthly US-Mexico border crossers.



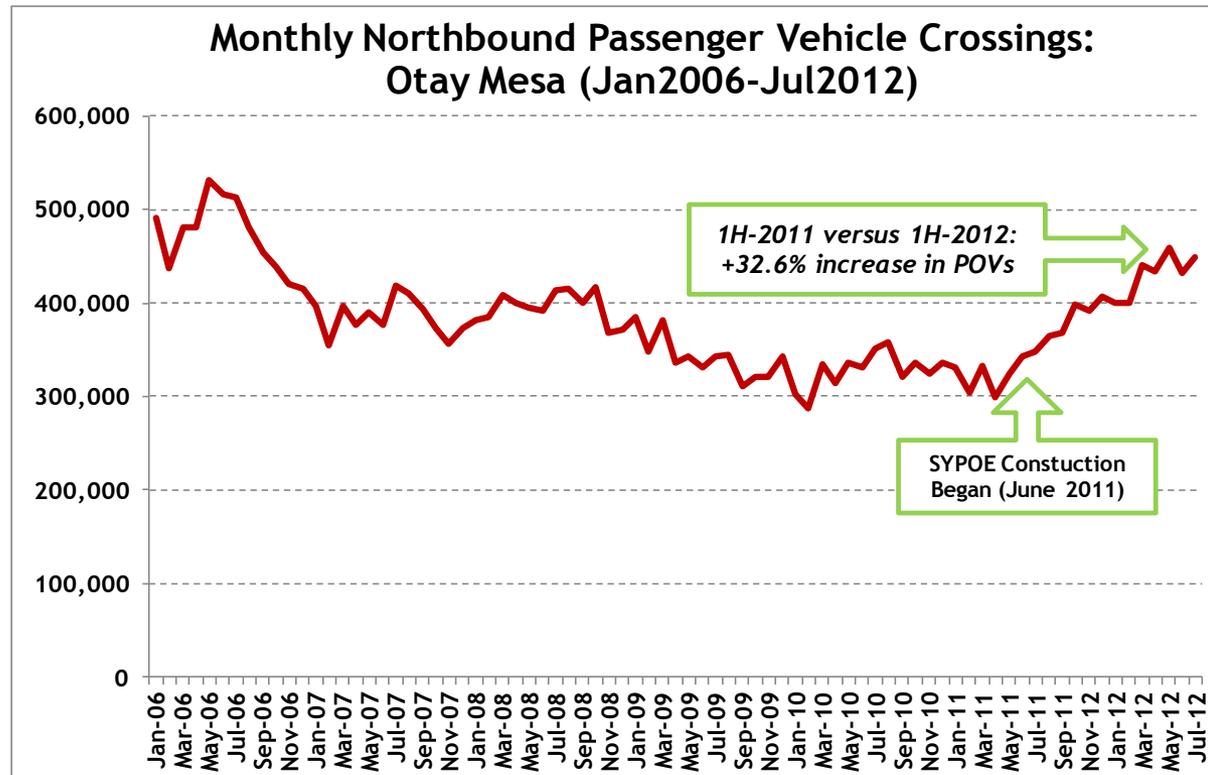
CROSSINGS DOWN AT SAN DIEGO-TIJUANA BORDER TOO

- From a peak year of 2003 - in which 61.5 million individuals (car passengers, bus passengers and pedestrians) crossed from Tijuana into San Diego - the trend has also been largely down...
- While in 2003, an average of 5.1 million individuals crossed Northbound at San Ysidro and Otay Mesa POEs each month, this has dropped -33.7% to an average of only 3.4 million individuals monthly in 2012.



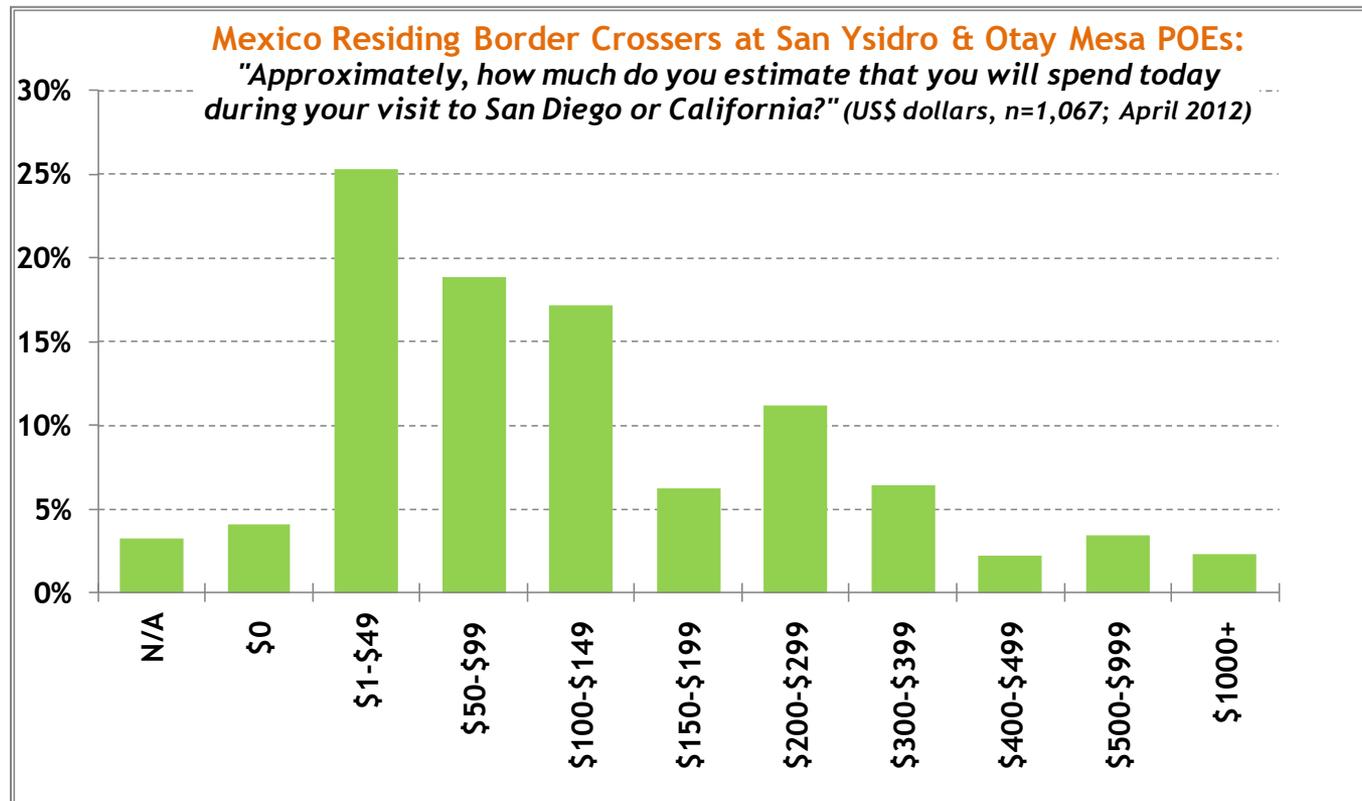
EXCEPTION: INCREASED CAR CROSSINGS AT OTAY MESA

- One standout from this downward trend: **passenger vehicle (POV) traffic at Otay Mesa POE has increased significantly since mid-2011**, likely related to construction at San Ysidro POE, as well as the expansion of Ready Lanes at Otay Mesa...
- During 1H-2012 (Jan-Jun2012), more than 2.5 million POVs crossed at Otay Mesa POE (**+32.6% higher than 1H-2011**)



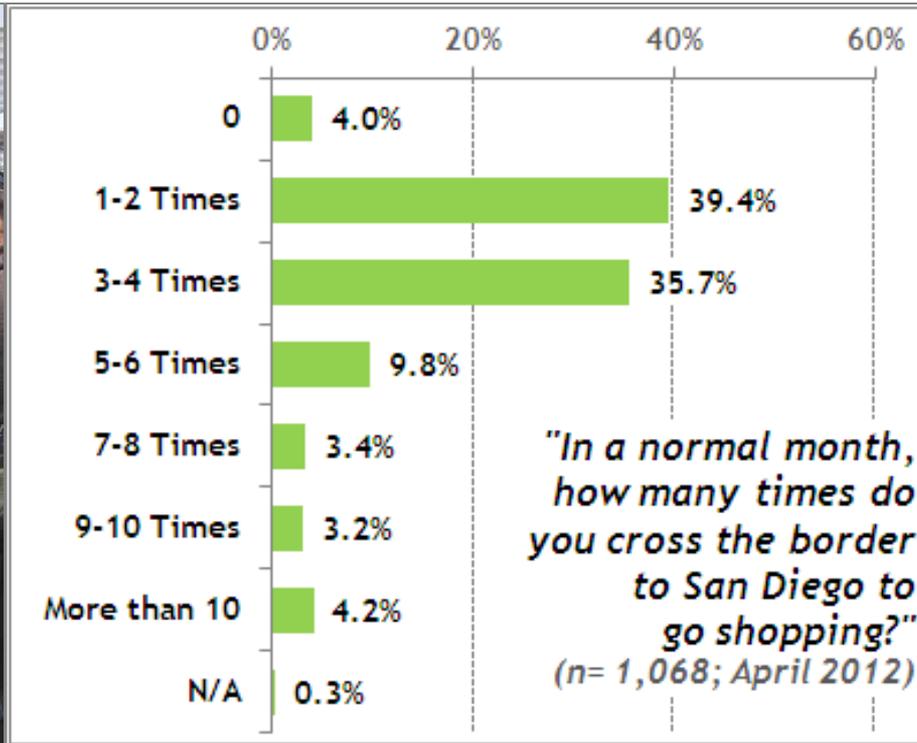
BORDER CROSSINGS = CROSSBORDER SHOPPING

- However, border crossings are more than a transportation or security issue, as a large portion of Mexico-residing visitors spend a significant amount of money while in the United States...
- Baja California-residing border crossers surveyed by Crossborder Group between 2003-2012 reported **estimated daily expenditures averaging between \$140-170** (in fact, over 25% stated they would spend \$200+).



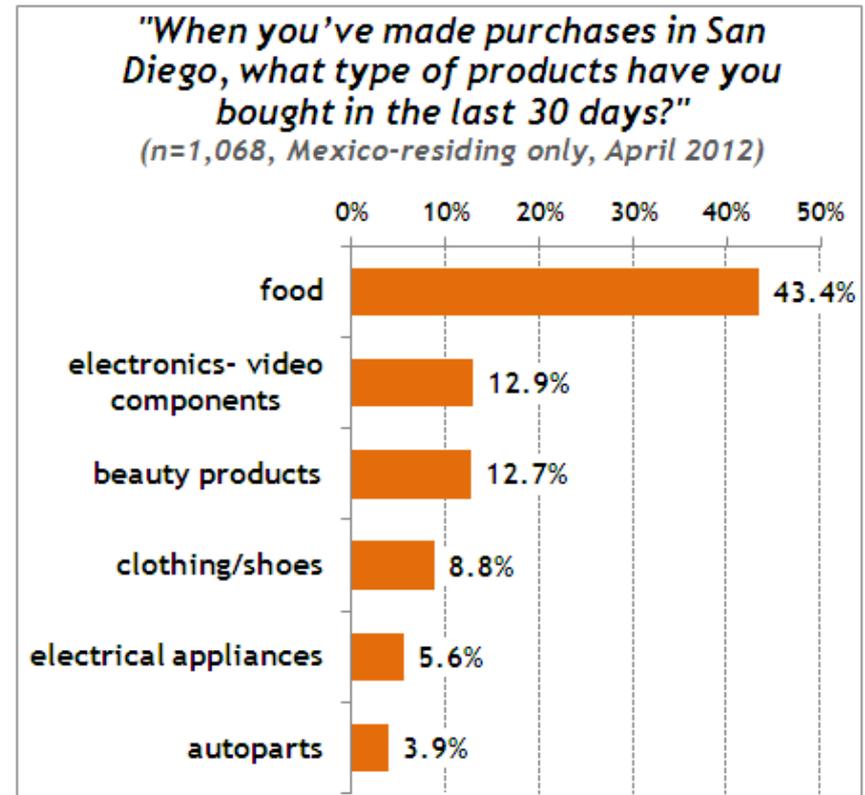
CROSSBORDER SHOPPERS: FREQUENCY

- At-border surveys also show that **Mexico-residing visitors to San Diego County are relatively frequent shoppers...**
- In Crossborder's April 2012 at-border survey, 75% of Baja California respondents stated they shopped 1-4 times/month in San Diego; **in addition, over 7% shopped in San Diego more than twice/week.**



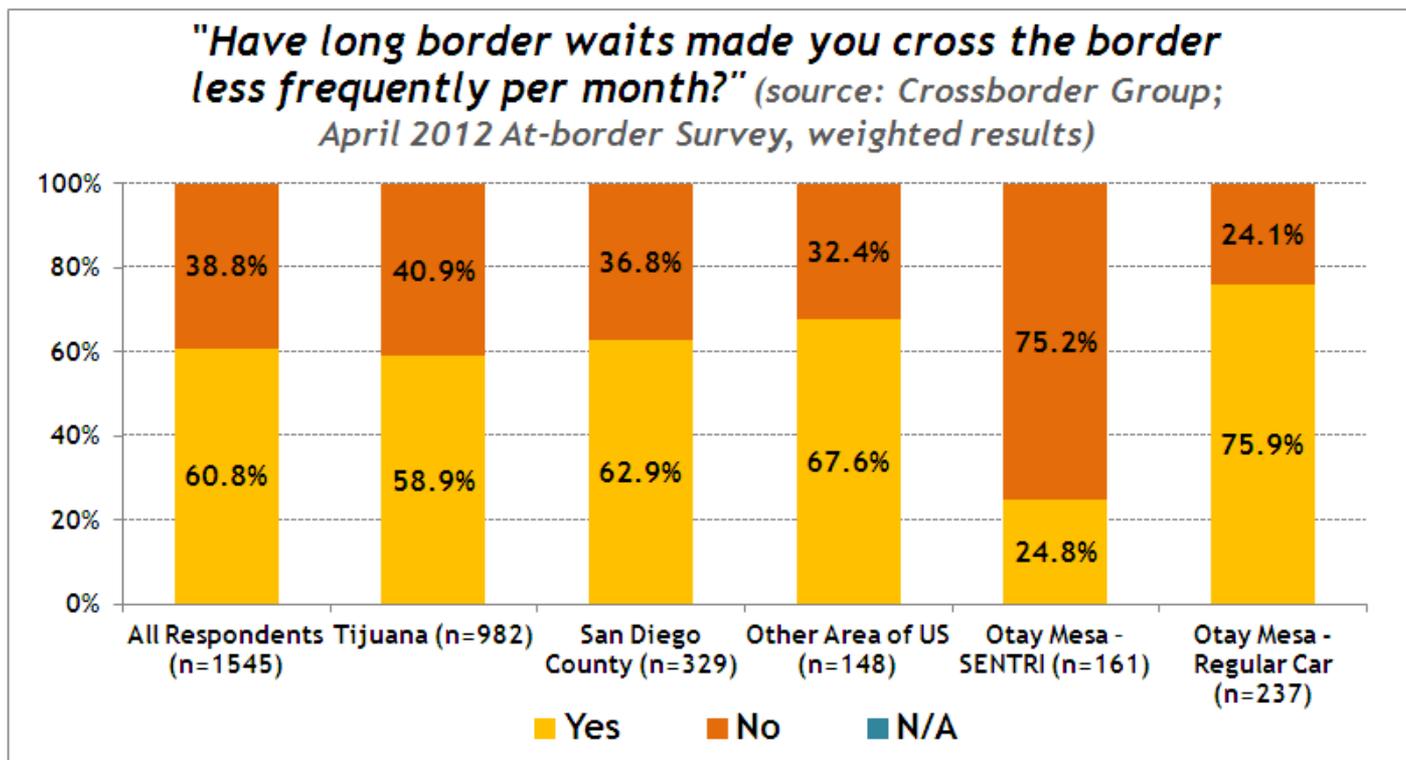
CROSSBORDER SHOPPERS: SIGNIFICANT ECONOMIC IMPACTS

- Some of the most common products purchased: food, electronics, beauty-related, clothing, electrical and autoparts...
- Top stores include Walmart, Costco, Target, Ross, and Macy's, among many...
- **What's the economic impact:** Crossborder estimates **at least \$10-14 million in crossborder shopping expenditures daily** from Baja California into San Diego County...
- ...or **a minimum of \$3.5-5.0 billion annually.**



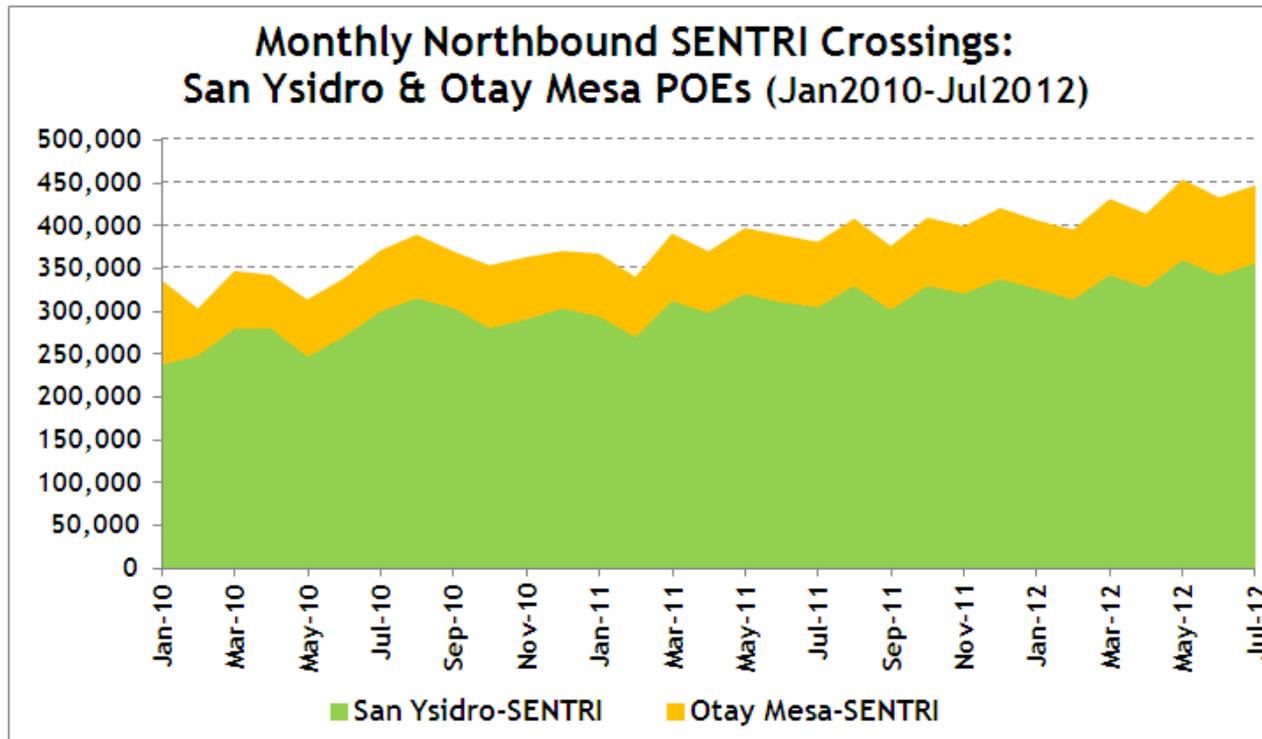
BORDER WAITS REDUCING CROSSINGS (AND SPENDING)?

- However, regional border surveys show a key factor in the declining number of border crossers is long border waits (despite fewer actual crossers) - undermining the economic benefits of crossborder shoppers.
- Border crossers from Tijuana, San Diego, and other areas of the US consistently cite “long border waits” as a major reason for fewer crossborder trips - with SENTRI users as the only exception...



SOME REGIONAL HOPE: SENTRI USAGE INCREASING

- SENTRI, in fact, may be providing some of the best news for the crossborder economy, as the number of (higher-spending) SENTRI participants using San Ysidro and Otay Mesa POEs has been on the upswing over the last 2+ years...
- From an average of 350K SENTRI crossings/mo. at San Diego-Tijuana Ports of Entry in 2010, average usage increased +21.6% in 2012 to over **426K northbound crossings/mo.** - now, nearly one-third of all cars.





For more insights on crossborder shoppers, border retail strategies, tourism, and economic impacts; border crossing trends; Mexico consumer markets and/or manufacturing strategies; or other issues along and across the Mexico-US border, contact the team at Crossborder Group...

Mexico or border questions? Hire us.



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