



# Border Business Briefs

Vol. I, No. 2

Winter 2005

A Publication of the Center For Border Economic Studies

The University of Texas–Pan American

## Welcome To *Border Business Briefs*

Welcome to the second issue of *Border Business Briefs*. In this issue, the Center for Border Economic Studies (CBEST) at The University of Texas–Pan American continues to monitor the major indicators of economic activity throughout Cameron and Hidalgo counties, the respective metropolitan statistical areas (MSAs), and some other Texas–Mexico border communities.

Overall, the economy of Cameron and Hidalgo counties expanded during the third quarter of 2004. All major economic indicators were generally on the rise relative to the third quarter of 2003. Gross sales continued to grow, unemployment maintained its downward trend, exports and imports through the counties' ports increased and the educational attainment of area residents significantly improved.

In February, CBEST will release its *Economic Analysis & Forecast for the South Texas Border Region*. The report is the first annual forecast of economic indicators that impact the South Texas area. Its objective is to foster a better understanding of the area's economy through analysis of historical trends, and to improve the decision-making process of local business leaders by providing them with economic forecasts that utilize advanced economic modeling techniques.

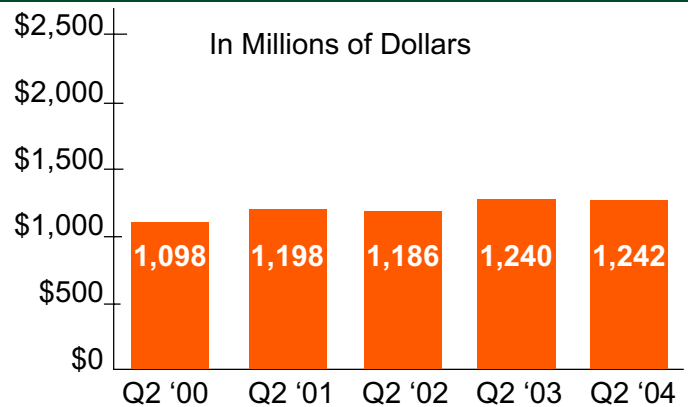
## inside

Gross Sales .....	1
Employment.....	2
Banking Indicators .....	4
Building Permits .....	4
Import/Export Activity .....	5
Population .....	5
Transportation .....	6
Education .....	7
The Other Side of the Border .....	7

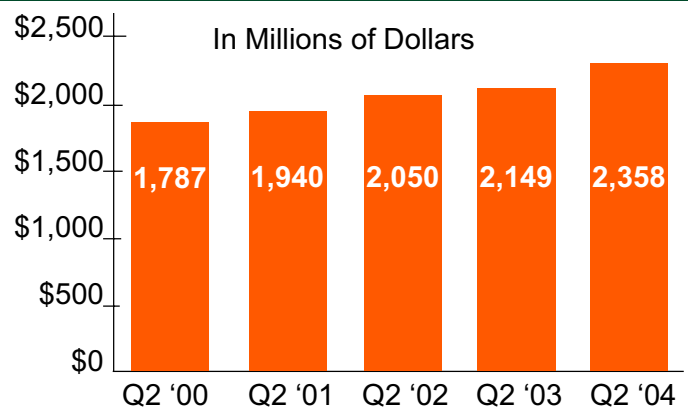
## SALES CONTINUE INCREASE

Overall, gross sales have consistently increased between the second quarter of 2000 and the second quarter of 2004. The increase has been most pronounced for the McAllen-Edinburg-Mission MSA where sales increased by more than 30 percent over that time period. In the Brownsville-Harlingen-San Benito MSA, the corresponding increase amounted to 13 percent.

### Brownsville-Harlingen-San Benito MSA Gross Sales - Second Quarter (2000-2004)



### McAllen-Edinburg-Mission MSA Gross Sales - Second Quarter (2000-2004)



Source: Texas Comptroller of Public Accounts

Sales figures for the Brownsville-Harlingen-San Benito and McAllen-Edinburg-Mission MSAs reveal a heavy dependence of the cities' economies on retail trade which accounts for 60 percent of total sales. Gross sales for the Brownsville area remained more or less the same between the third quarters of 2003 and 2004. On the other hand, the McAllen area boasted an increase of almost ten percent over the same time period.

### Gross Sales by Industry and MSA

Gross Sales Q2 04 (in millions of dollars)		
Industry	Brownsville-Harlingen-San Benito MSA	McAllen-Edinburg-Mission MSA
Manufacturing	137	157
Wholesale Trade	157	277
Retail Trade	746	1,488
Services	103	175
Other*	99	261
All Industries	1,242	2,358

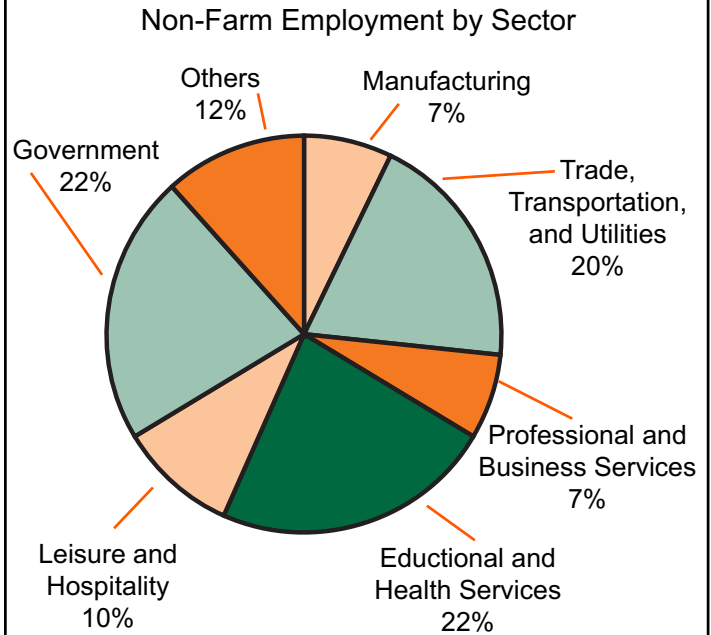
Gross Sales Q2 03 (in millions of dollars)		
Industry	Brownsville-Harlingen-San Benito MSA	McAllen-Edinburg-Mission MSA
Manufacturing	154	132
Wholesale Trade	150	226
Retail Trade	739	1,409
Services	101	151
Other*	96	231
All Industries	1,240	2,149
<b>Change</b>	<b>0.2%</b>	<b>9.7%</b>

\* The "Other" category includes the following sectors, each of which accounts for less than five percent of gross sales: Agriculture, Construction, Transportation, Finance and Mining.  
Source: Texas Comptroller of Public Accounts.

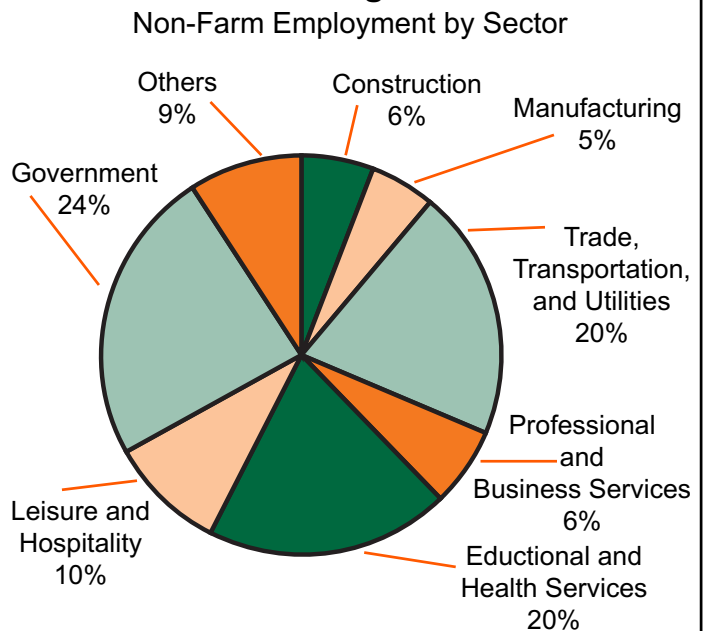
### EMPLOYMENT

In September of 2004, total employment stood at 130,632 for Cameron County and 205,280 for Hidalgo County. For the third quarter of 2004, the government sector (mainly local government) accounted for nearly a quarter of non-farm employment in both counties. Trade, transportation and utilities (primarily retail trade) and educational and health services represented around a fifth of non-farm employment each.

#### Brownsville-Harlingen-San Benito MSA



#### McAllen-Edinburg-Mission MSA



Source: Texas Workforce Commission



## Border Business Briefs

Border Business Briefs is published quarterly by the Center for Border Economic Studies in the Division of External Affairs at The University of Texas-Pan American. If you would like to add your name to our mailing list, please contact [cjbrown@utpa.edu](mailto:cjbrown@utpa.edu).

**Roland S. Arriola**, Vice President, Division of External Affairs  
**Dr. Cynthia J. Brown**, Director, CBEST  
**Dr. Suad Ghaddar**, Research Associate, CBEST  
**Jayshree Bhat**, Research Assistant, CBEST  
**Jorge Manzano**, Associate Director, CoSERVE  
**Raymundo Valdés**, Coordinator, Mexican Business Information Center  
**Arnoldo Mata**, Graphics/layout

Center for Border Economic Studies, The University of Texas-Pan American, 1201 W. University Dr., Edinburg, TX 78541, 956/318-5371, Web site: [www.c-best.org](http://www.c-best.org).

Unemployment continued its downward trend over the third quarter of 2004. In September of 2004, unemployment hovered at 8.6 and 10.7 percent for Cameron and Hidalgo counties, respectively, compared to rates of 10.7 and 13.3 percent in September of 2003. While such rates are higher than those reported for the state of Texas (5.5 percent in September of 2004), the downward movement in the unemployment rate over the 15-month period, July

03 through September 04, for the two counties mirrors that of the state. This is also evident by examining employment growth rates over the same period. Cameron County employment growth rates follow the same pattern as those of Texas. However, employment growth and declines for Hidalgo County seem to be more exaggerated than those of the state.

### Top 10 Private and Public Employers\*

(2nd quarter 2004)

#### Cameron County

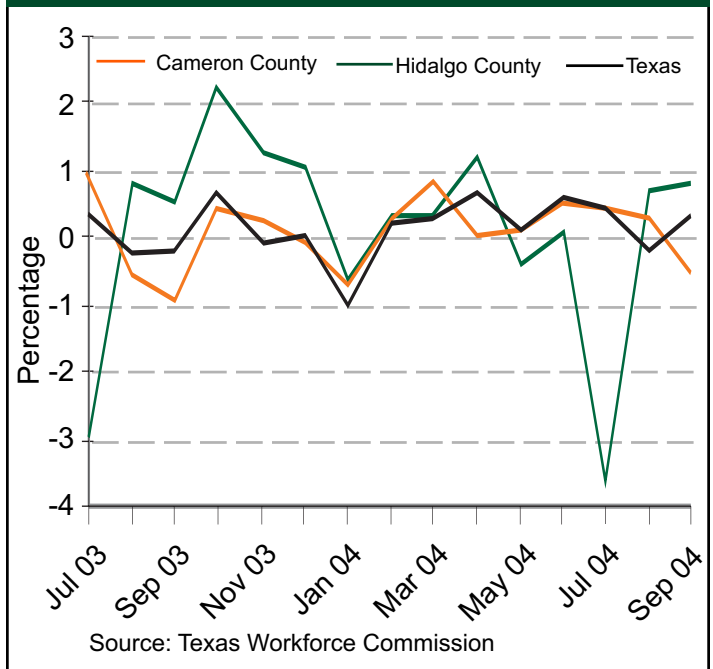
Brownsville ISD	Public
Dept. of Homeland Security	Public
Harlingen CISD	Public
H-E-B Grocery Company	Private
San Benito ISD	Public
Cameron County Government	Public
Texas Visiting Nurse Service	Private
University of Texas at Brownsville and Texas Southmost College	Public
Valley Baptist Medical Center	Private
Wal-Mart	Private

#### Hidalgo County

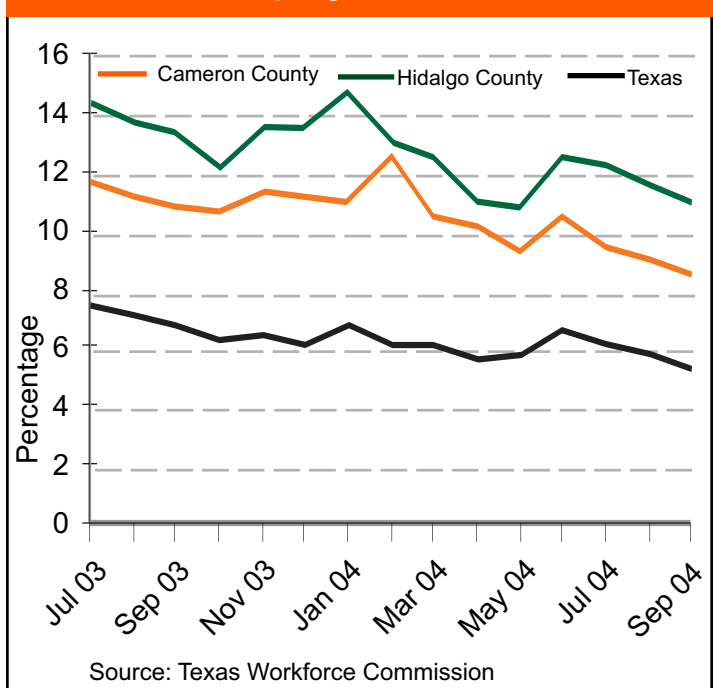
Donna ISD	Public
Edinburg CISD	Public
H-E-B Grocery Company	Private
La Joya ISD	Public
McAllen Hospitals	Private
McAllen ISD	Public
Pharr-San Juan-Alamo ISD	Public
Hidalgo County Government	Public
University of Texas-Pan American	Public
Wal-Mart	Private

\* Employers are listed alphabetically, with no ranking intended.  
Source: Texas Workforce Commission.

### Employment Growth Rates Monthly Percentage Change



### Unemployment Rates



## BANKING INDICATORS

The banking sector generally showed signs of growth in both counties between the third quarter of 2003 and that of 2004. Bank deposits within the Brownsville-Harlingen-San Benito MSA grew by more than seven percent, with the largest increases in dollar and percentage terms taking place in Brownsville and San Benito, respectively. Within the McAllen-Edinburg-Mission MSA, the city of Edinburg led the growth in bank deposits both in dollar and percentage terms, while McAllen and Mission had minor decreases in the amount of their deposits.

### Bank Deposits Brownsville-Harlingen-San Benito MSA

(in millions of dollars)

	Brownsville	Harlingen	San Benito	MSA Total
Jul-04	\$2,172	\$828	\$163	\$3,163
Aug-04	\$2,180	\$801	\$166	\$3,147
Sep-04	\$2,139	\$805	\$167	\$3,111
Q3 04	\$2,164	\$811	\$165	\$3,140
Jul-03	\$1,969	\$826	\$139	\$2,934
Aug-03	\$1,965	\$826	\$137	\$2,928
Sep-03	\$1,960	\$828	\$136	\$2,924
Q3 03	\$1,965	\$827	\$137	\$2,929
<b>Change</b>	<b>10.1%</b>	<b>-1.9%</b>	<b>20.4%</b>	<b>7.2%</b>

### Bank Deposits McAllen-Edinburg-Mission MSA

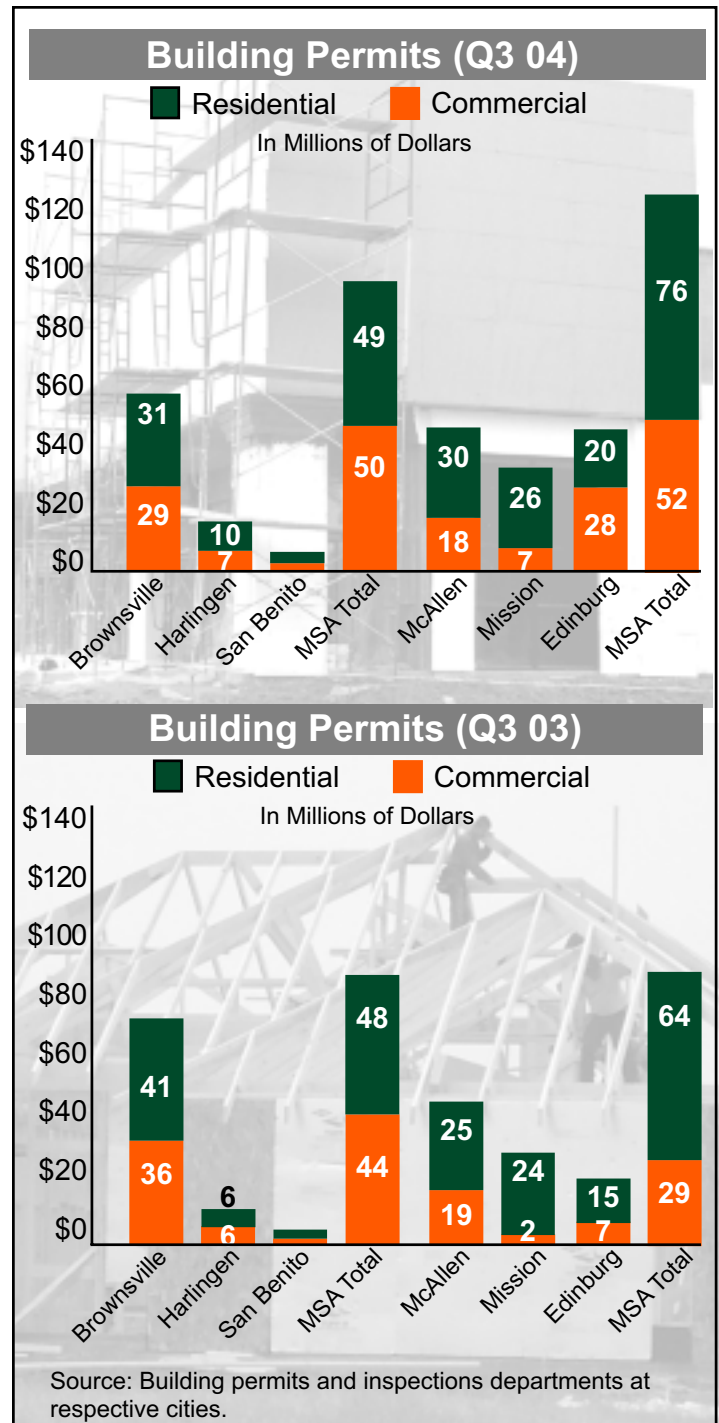
(in millions of dollars)

	McAllen	Edinburg	Mission	MSA Total
Jul-04	\$3,511	\$575	\$681	\$4,767
Aug-04	\$3,473	\$553	\$671	\$4,697
Sep-04	\$3,496	\$580	\$686	\$4,762
Q3 04	\$3,493	\$569	\$679	\$4,742
Jul-03	\$3,615	\$525	\$670	\$4,810
Aug-03	\$3,552	\$528	\$690	\$4,770
Sep-03	\$3,531	\$532	\$695	\$4,758
Q3 03	\$3,566	\$528	\$685	\$4,779
<b>Change</b>	<b>-2.0%</b>	<b>7.8%</b>	<b>-0.8%</b>	<b>-0.8%</b>

Source: Rio Grande Valley Partnership

## BUILDING PERMITS

Overall, construction activity was on the rise in the third quarter of 2004 relative to that of 2003 as evidenced by the number of building permits issued by the respective cities. For the Brownsville-Harlingen-San Benito MSA, commercial and residential permits increased by 14 percent and two percent, respectively. The increase in the McAllen-Edinburg-Mission MSA was by almost 80 percent for commercial permits and close to 20 percent for residential permits.



## EXPORT/IMPORT ACTIVITY

Around a fifth of Texas trade activity, whether exports or imports, passes through the ports of Cameron and Hidalgo counties. The third quarter of 2004 shows an increase of six percent in the level of exports through Cameron and Hidalgo county ports relative to the same quarter in 2003.

Texas ports, however, exhibited double that increase over the same time period. Import activity, on the other hand, increased by 15.6 percent through the two-county ports as compared to an 11.7 percent increase at the state level.

### Total U.S. Export Trade Activity Through Cameron and Hidalgo County Ports<sup>1</sup>

(in millions of dollars)

	Q3 04	% of TX Export Trade Activity	Q3 03	% of TX Export Trade Activity	Change
Brownsville	1,452	10.5%	1,362	11.0%	6.6%
Hidalgo	1,670	12.0%	1,578	12.8%	5.8%
Progreso	40	0.3%	32	0.3%	23.9%
2-County Total	3,161	22.8%	2,972	24.1%	6.4%
Texas Total	13,895	100%	12,356	100%	12.5%

### Total U.S. Import Trade Activity Through Cameron and Hidalgo County Ports<sup>2</sup>

(in millions of dollars)

	Q3 04	% of TX Import Trade Activity	Q3 03	% of TX Import Trade Activity	Change
Brownsville	1,310	7.0%	1,239	7.4%	5.8%
Hidalgo	2,757	14.7%	2,279	13.6%	21.0%
Progreso	2	0.0%	2	0.0%	26.3%
2-County Total	4,069	21.7%	3,520	21.0%	15.6%
Texas Total	18,733	100%	16,776	100%	11.7%

Source: Texas Centers for Border Economic and Enterprise Development, Texas A&M International University, The University of Texas-Pan American, and The University of Texas-El Paso.

<sup>1</sup> Total export trade activity through the Texas-Mexico border has two components: exports to Mexico and exports whose final destination is a country other than Mexico (transshipment). The total export trade activity figure, however, can be used interchangeably with exports to Mexico, since the latter figure constitutes more than 99 percent of the total.

<sup>2</sup> Total import trade activity through the Texas-Mexico border has two components: imports from Mexico and imports whose country of origin is other than Mexico (transshipment). The total import trade activity figure, however, can be used interchangeably with imports from Mexico, since the latter figure constitutes more than 95 percent of the total.

## POPULATION

### Population by Age and Sex

Age	Cameron County 2003			Hidalgo County 2003		
	Male	Female	Total	Male	Female	Total
Under 20	69,160	66,459	135,619	125,872	120,816	246,688
20-49	69,263	75,026	144,289	120,533	133,673	254,206
50-64	17,332	23,707	41,039	31,393	36,690	68,083
65 +	16,431	21,516	37,947	26,807	33,692	60,499
Total	172,186	186,708	358,894	304,605	324,871	629,476

	Cameron County 2000			Hidalgo County 2000		
	Male	Female	Total	Male	Female	Total
Total	160,509	174,718	335,227	276,523	292,940	569,463
<b>Change</b>	<b>7.3%</b>	<b>6.9%</b>	<b>7.1%</b>	<b>10.2%</b>	<b>10.9%</b>	<b>10.5%</b>

Source: U.S. Census Bureau, 2003 American Community Survey estimates and Census 2000.



## TRANSPORTATION

### Air Ports of Entry – Passenger Statistics

	Q3 04	Q3 03	Change
Brownsville	34,107	31,148	9.5%
Harlingen	217,147	195,795	10.9%
McAllen	158,805	140,076	13.4%
Laredo	40,705	38,731	5.1%
El Paso	856,096	785,649	9.0%

Source: Respective Airports.

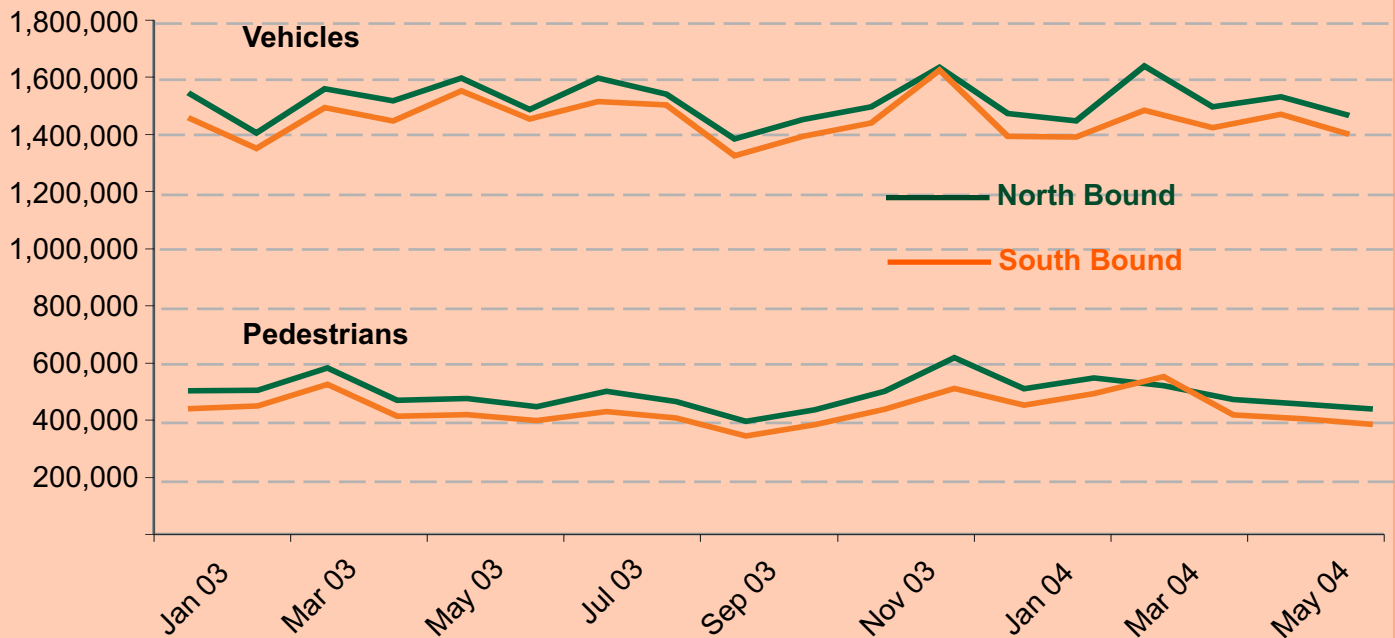
### Land Ports of Entry Border Crossings – Southbound Traffic

	Q3 04	Q3 03	Change
Trucks			
Rio Grande Valley *	174,667	156,294	11.8%
El Paso	73,26	71,023	3.2%
Laredo	NA	347,223	-

### Land Ports of Entry Border Crossings – Northbound Traffic

	Q3 04	Q3 03	Change
Trucks			
Rio Grande Valley *	186,446	174,089	7.1%
El Paso	181,425	165,725	9.5%
Laredo	293,543	335,086	-12.4%

### Rio Grande Valley Bridge Crossings



Source: Texas Centers for Border Economic and Enterprise Development, Texas A&M International University, The University of Texas-Pan American and The University of Texas-El Paso.

\* Rio Grande Valley includes land ports of entry in Cameron, Hidalgo and Starr counties.  
NA: Not available.

## EDUCATION

The educational attainment of Valley residents has tremendously improved between 2000 and 2003. Based on Census 2000 and the 2003 American Community Survey estimates, the percentage of the population 25 years and over with no high school degree decreased by 10 percent in Cameron County and by 20 percent in Hidalgo County. Corresponding to this decrease was an increase in the number of high school graduates, as well as holders of associate, bachelor's and graduate degrees in Cameron County. In Hidalgo County the increase was primarily among high school graduates, those with some college, and associate and bachelor's degree holders. These numbers are consistent with the increase in enrollment at institutions of higher education throughout the two counties.

### Educational Attainment

(Percentage of the population 25 years and over)

#### Cameron County

	2003*	2000**	Change
No high school degree	40.0	44.8	-10.6%
High School graduate	22.5	20.1	11.9%
Some college, no degree	15.2	17.5	-13.1%
Associate degree	4.6	4.3	7.5%
Bachelor's degree	10.9	8.4	29.1%
Graduate or professional degree	6.8	4.9	38.2%

#### Hidalgo County

	2003*	2000**	Change
No high school degree	39.7	49.6	-19.9%
High School graduate	27.7	20.2	37.0%
Some college, no degree	16.0	14.5	10.7%
Associate degree	3.1	2.9	8.4%
Bachelor's degree	8.9	8.4	6.3%
Graduate or professional degree	4.6	4.5	1.3%

\* Based on 2003 American Community Survey estimates.

\*\* Based on Census 2000.

Source: U.S. Census Bureau.

### Student Enrollment at Institutions of Higher Education In South Texas Region

	Fall 2004	Fall 2000	Change
UTB-TSC	11,560	9,075	27%
TSTC	4,457	3,266	36%
UTPA	17,030	12,760	33%
STC	17,138	11,338	51%
<b>Total</b>	<b>50,185</b>	<b>36,439</b>	<b>38%</b>

Source: Institutional Effectiveness Offices at respective institutions.

UTB-TSC: University of Texas-Brownsville and Texas Southmost College

TSTC: Texas State Technical College

UTPA: The University of Texas-Pan American

STC: South Texas College

## THE OTHER SIDE OF THE BORDER

Cameron and Hidalgo counties are adjacent to the State of Tamaulipas on the Mexican side. Within 30 miles of the two counties' border lives more than one million of Tamaulipas' population. Mexican nationals from Tamaulipas as well as other neighboring states, mainly Nuevo Leon, contribute tremendously to the Rio Grande Valley's retail, real estate and banking sectors.

A key component of Tamaulipas' economy is the maquiladora industry. Over the period extending from the third quarter of 2003 to the third quarter of 2004, the number of maquiladoras in Mexico has slightly increased from 2,778 plants in the third quarter of 2003 to 2,804 in the third quarter of 2004. Other Mexican border states generally exhibited a similar trend, with the number of plants increasing by 2.6 percent over the same time period. In the state of Tamaulipas, however, the number of maquiladoras decreased by four percent. On the other hand, employment at maquiladoras did not reflect this trend. Employment generally increased, with the state of Tamaulipas showing a 9.6 percent increase in the number of employees between the third quarters of 2003 and 2004.

## Maquiladora Industry

### Number of Established Plants

### Number of Employees

Period	Number of Established Plants			Number of Employees		
	Mexico	Border States	Tamaulipas	Mexico	Border States	Tamaulipas
Q3 03	2,778	2,009	370	1,052,075	812,589	161,009
Q4 03	2,791	2,024	369	1,062,625	825,270	162,822
Q1 04	2,809	2,046	372	1,067,171	829,992	165,473
Q2 04	2,815	2,055	367	1,111,833	863,613	171,274
Q3 04	2,804	2,062	355	1,133,492	878,837	176,493
<b>Q3 change</b>	<b>1.0%</b>	<b>2.6%</b>	<b>-4.0%</b>	<b>7.7%</b>	<b>8.2%</b>	<b>9.6%</b>

Source: INEGI. Estadística de la Industria Maquiladora de Exportación.