

3-2022

Paso del Norte Economic Indicator Review, March

Hunt Institute for Global Competitiveness

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Key Takeaways

Trade

- Each of the top ten ports of entry (PoE) registered an increase in total trade for the January 2022 period on a year-over-year basis.
- On a month-over-month basis, seven out of the top ten PoE exhibited an increase in trade for the January 2022 period.

Sales Tax Collections ¹

- Houston, San Antonio, Dallas, Austin, Fort Worth, El Paso, McAllen, and Laredo registered an increase in sales and use tax collections in 2021 when compared to 2020. Sales tax collections in 2021 even surpassed the pre-pandemic levels of 2019.

- El Paso collected \$118,601,000 in sales and use tax allocations in the year 2021. In comparison, in 2019 and 2020, El Paso collected \$97,596,000 and \$98,311,000, respectively.

- Of the selected cities, El Paso exhibited the largest relative increase (21.5%) in 2021 compared to the sales tax allocations in 2019, while McAllen exhibited the largest relative increase (25.9%) in the year 2021 compared to those in 2020.

Remittances

- Mexico recorded receipts of \$51,586 million in remittances in 2021, its largest annual absolute value of remittances ever.
- In 2021, Ciudad Juárez accounted for just over a fifth of the total remittances received in the top ten border cities. Remittances to Ciudad Juárez in 2021 increased by \$122 million (30.7%) compared to 2020.

Trade

Trade Keeps Rising

Trade between the U.S. and Mexico continues to climb. Total trade through the top ten U.S.-Mexico ports of entry (PoE) in January 2022 exceeded January 2021 on a year-over-year basis, although total trade growth through these same PoE has slowed on a month-over-month basis.²

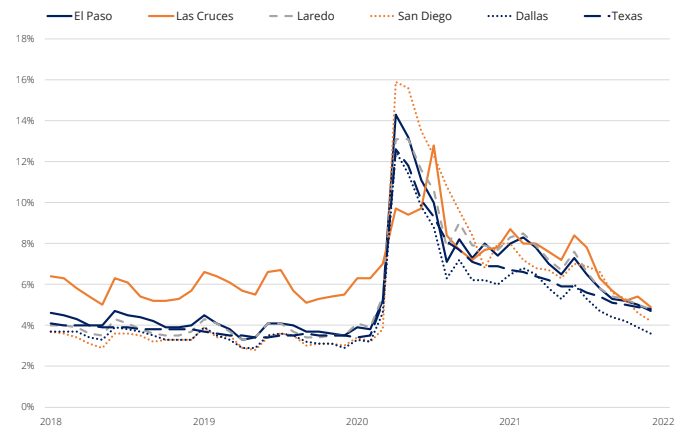
Total merchandise trade registered gains across the top ten U.S.-Mexico border PoE for the January 2022 period on a year-over-year basis. During this month, the top ten ports processed nearly \$48.6 billion in trade, an increase of more than \$6.3 billion (15.0%) compared to the same month in January 2021. Once again, the top four ports of Laredo, El Paso, Otay Mesa, and Hidalgo led the way with the largest trade value increases in January 2022 compared to 2021.

¹ Selected cities for sales tax collections are Houston, San Antonio, Dallas, Austin, Fort Worth, El Paso, McAllen, and Laredo.

² The top ten PoE on the U.S.-Mexico border ranked in order of their total trade volume in 2020 are: Laredo, El Paso, Otay Mesa, Hidalgo, Eagle Pass, Santa Teresa, Nogales, Brownsville, Calexico-East, and Del Rio.

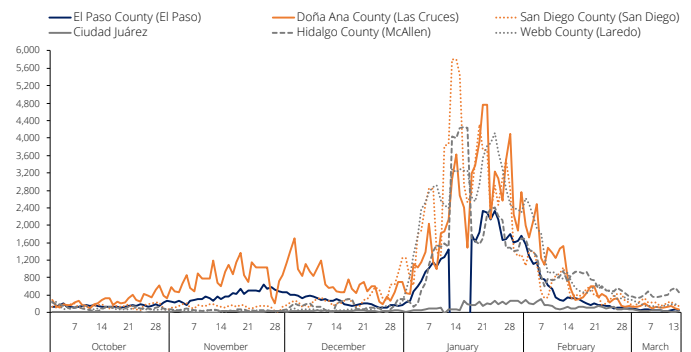
Quick-Glance Indicators

Unemployment Rate in Selected Metropolitan Statistical Areas



Note: Data as of December 2021. Preliminary data for December 2021. Not seasonally adjusted.
Source: U.S. Bureau of Labor Statistics.

New Coronavirus Cases per 1 Million Inhabitants, 5-Day Moving Average



Note: Data as of March 13, 2022.
Source: Hunt Institute calculations using Texas Health and Human Services, New Mexico Department of Health, Secretaría de Salud de Chihuahua, Center for Systems Science and Engineering at Johns Hopkins University, U.S. Census Bureau, and Consejo Nacional de Población data.

Top Ten U.S.-Mexico Border Ports of Entry for Total Trade with World, Million USD

Port of Entry	Jan-21		A Jan-21	B Jan-22	B-A	B-A (Δ%)
	MoM Δ	MoM Δ%				
Laredo, TX	-\$137	-0.6%	\$18,907	\$21,312	\$2,405	12.7%
El Paso, TX	\$42	0.6%	\$6,411	\$7,608	\$1,197	18.7%
Otay Mesa, CA	\$262	5.9%	\$3,745	\$4,668	\$923	24.6%
Hidalgo, TX	\$225	6.5%	\$3,109	\$3,701	\$592	19.0%
Eagle Pass, TX	-\$121	-4.3%	\$2,578	\$2,729	\$151	5.9%
Santa Teresa, NM	\$69	2.8%	\$2,270	\$2,525	\$254	11.2%
Nogales, AZ	\$112	5.2%	\$1,919	\$2,281	\$362	18.8%
Brownsville, TX	\$1	0.1%	\$1,536	\$1,801	\$265	17.3%
Calexico-East, CA	-\$102	-6.2%	\$1,387	\$1,542	\$155	11.2%
Del Rio, TX	\$33	9.0%	\$379	\$400	\$22	5.7%

Note: Top ten in 2020. El Paso PoE includes Ysleta PoE. YoY denotes year-over-year; MoM denotes month-over-month.

Source: Hunt Institute calculations using data from the U.S. Census Bureau.

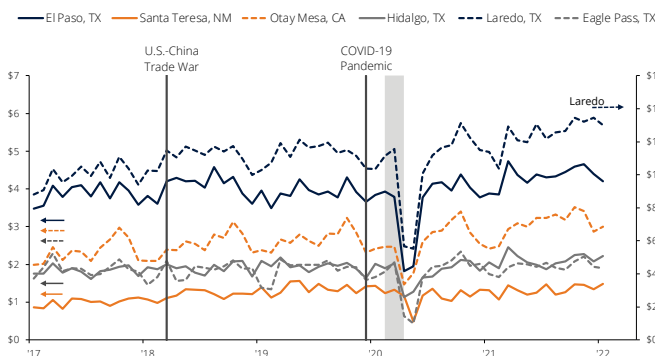
Trade through the top ten U.S.-Mexico border PoE in January 2022 also exceeded pre-pandemic trade in January 2019. In total, the top ten ports recorded an increase in trade of about \$5.9 billion (14.1%) in this comparison. Seven of the top ports recorded increases during January 2022 compared to January 2019. Laredo, El Paso, Otay Mesa, and Hidalgo ports of entry exhibited the largest trade gains with increases of approximately \$2.97 billion (16.2%), \$0.88 billion (13.1%), \$0.80 billion (20.9%), and \$0.51 billion (16.2%), respectively. Total trade through Santa Teresa PoE decreased in January 2022 by \$0.11 billion (-4.3%), in Nogales PoE by \$0.46 billion (-2.0%), and in Del Rio PoE by \$0.56 billion (-12.3%) when compared to the January 2019 period.

On a month-over-month basis, seven of the top ports exhibited increased trade in January 2022 compared to December 2021 with Otay Mesa PoE (\$262 million or 5.9%) and Hidalgo PoE (\$225 million or 6.5%) recording the largest increases. On a year-over-year basis, all of the top ports increased in trade with the largest gains taking place at Laredo PoE (\$2.41 billion or 12.7%) and El Paso PoE (\$1.19 billion or 18.7%).

On a year-over-year basis, the top six U.S.-Mexico border ports of entry for total trade recorded the largest relative increases in imports gains in January 2022. The two leading ports are Otay Mesa PoE (\$0.58 billion or 24.1%) and Laredo PoE (\$1.64 billion or 14.4%)

Compared to January 2019, each of the top six ports also increased with the largest relative gains in imports recorded at Laredo PoE (\$2.69 billion or 26.0%) and Otay Mesa PoE (\$0.58 billion or 23.8%).

Top U.S.-Mexico Border PoE for Imports from the World, Billion USD



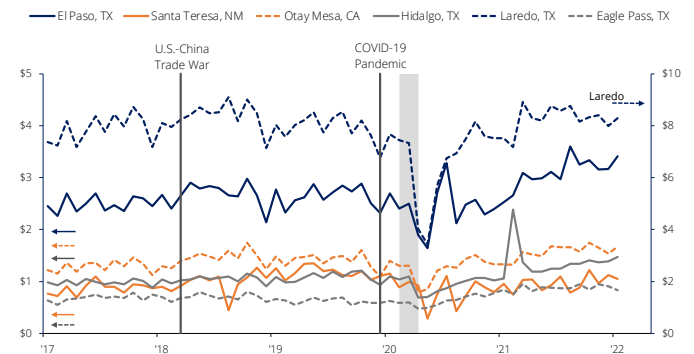
Note: Data as of January 2022. Top six ports in total trade. El Paso PoE includes Ysleta PoE. Shaded area indicates recession as defined by the National Bureau of Economic Research (2020 recession began in February and ended in April).

Source: Hunt Institute calculations using data from the U.S. Census Bureau.

Each of the top six ports exhibited an increase in exports processed on a year-over-year basis in January. Hidalgo PoE, El Paso PoE, and Otay Mesa PoE registered the largest relative increases in exports with gains of about \$419 million (39.8%), \$883 million (35.0%), and \$341 million (25.7%), respectively.

Five out of the six largest ports also increased in exports compared to January 2019 with Hidalgo PoE (\$376 million or 34.3%) exhibiting the largest relative increase, followed by Eagle Pass PoE (\$202 million or 32.4%). On the other hand, Santa Teresa PoE exhibited a decrease compared to pre-pandemic levels (-\$102 million or -9.0%).

Top U.S.-Mexico Border PoE for Exports to the World, Billion USD



Note: Data as of January 2022. Top six ports in total trade. El Paso PoE includes Ysleta PoE. Shaded area indicates recession as defined by the National Bureau of Economic Research (2020 recession began in February and ended in April).

Source: Hunt Institute calculations using data from the U.S. Census Bureau.

Sales Tax Collections

Sales Tax Collections in 2021 Surpass 2019 and 2020 Levels

In a comparison of selected Texas cities, sales tax collections for the year 2021 exceed not only 2020, but also collections in the pre-pandemic 2019.³

The sales tax collections for the year 2021 show an increase in sales on a year-over-year basis for the cities of Houston, San Antonio, Dallas, Austin, Fort Worth, El Paso, McAllen, and Laredo. For all cities in the comparison, the 2021 sales and use tax collection surpassed the pre-pandemic sales tax collections of 2019.

For the year 2021, El Paso had a sales and use tax allocation of \$118,601 thousand. Houston, for the third consecutive year, had the highest sales tax collection with \$771,295 thousand, followed by San Antonio with \$429,836 thousand. Laredo had the lowest sales and use tax allocation for third year in a row, with \$51,342 thousand.

El Paso exhibited the largest relative increase (21.5%) in sales tax collections in 2021 compared to the pre-pandemic levels of 2019, a slightly higher increase compared to 2020 (20.6%). Houston registered the smallest relative increase (9.3%) in the same period. In comparison to the sales tax allocated in 2020, McAllen exhibited the largest relative increase of 25.9% in 2021, followed by Austin with an increase of 23.1%. Houston recorded

³ The Hunt Institute sales tax comparison includes the cities of Houston, San Antonio, Dallas, Austin, Fort Worth, El Paso, McAllen, and Laredo.

the smallest relative increase of sales and use tax allocation in 2021 over 2020 with an increase of 16.5%.

Sales and Use Tax Allocations for Selected Texas Cities, Thousand USD

City	A 2019	B 2020	C 2021	C-A (Δ%)	C-B (Δ%)
Houston, TX	\$705,603	\$661,875	\$771,295	9.3%	16.5%
San Antonio, TX	\$373,895	\$363,458	\$429,836	15.0%	18.3%
Dallas, TX	\$320,356	\$306,207	\$367,467	14.7%	20.0%
Austin, TX	\$245,345	\$235,754	\$290,262	18.3%	23.1%
Fort Worth, TX	\$166,810	\$166,504	\$195,811	17.4%	17.6%
El Paso, TX	\$97,596	\$98,311	\$118,601	21.5%	20.6%
McAllen, TX	\$70,271	\$66,889	\$84,185	19.8%	25.9%
Laredo, TX	\$44,354	\$41,906	\$51,342	15.8%	22.5%

Note: The given months and years represent the collection dates. Calendar year for 2019, 2020, and 2021. Selected cities have sales and use tax rates of 1%, except for Laredo and McAllen who have rates of 1.25% and 2.0%, respectively. The maximum rate in Texas is 8.25%: a fixed 6.25% by the state and a 2.0% rate that combined local entities may charge.

Source: Hunt Institute calculations using data from the Texas Comptroller of Public Accounts.

Remittances

Remittances to Mexico Continue to Surge

Growth in total remittances to Mexico in 2021 continued an upward trend that began in 2013.

Mexico recorded \$51,586 million of remittances in 2021, its largest annual absolute value of remittances ever. This is an increase of \$10,981 million (27.0%) from its previous high in 2020.

Remittances to Mexican States, Million USD

Region	A 2019	B 2020	C 2021	C-B	C-B (Δ%)
Border States	\$5,150	\$5,902	\$7,200	\$1,298	22.0%
Baja California	\$949	\$1,235	\$1,398	\$163	13.2%
Coahuila	\$640	\$711	\$904	\$193	27.1%
Chihuahua	\$1,135	\$1,279	\$1,588	\$309	24.2%
Sonora	\$593	\$708	\$866	\$158	22.3%
Nuevo León	\$960	\$1,024	\$1,315	\$290	28.3%
Tamaulipas	\$873	\$945	\$1,129	\$184	19.5%
Non-Border States	\$30,783	\$34,163	\$43,689	\$9,526	27.9%
Mexico	\$36,439	\$40,605	\$51,586	\$10,981	27.0%

Note: Border states refer to the Mexican states along its northern border.

Source: Hunt Institute calculations using data from Banco de México.

Non-border states were the primary recipients of the increased remittances. Remittances in these states increased by \$9,526 million (27.9%) in 2021 when compared to 2020. Mexico's northern border states received \$1,298 million more in remittances in 2021 than in 2020 but the percentage increase was only 22.0%. Nuevo León recorded \$290 million (28.3%) more remittances in 2021, the largest year-over-year percentage

increase of the border states. Coahuila and Chihuahua registered remittance increases of \$193 million (27.1%) and \$309 million (24.2%), respectively, for the second and third largest year-over-year percentage increases.

Remittances to Mexico in 2021 increased by \$15,147 million (41.6%) when compared to 2019. As in the 2021-2020 comparison, the bulk of remittances arrived in Mexico's non-border states.

Top Ten Mexican Border Cities in Remittances, Million USD

Municipality	A 2019	B 2020	C 2021	C-B	C-B (Δ%)
Tijuana	\$481	\$626	\$732	\$106	16.9%
Ciudad Juárez	\$327	\$396	\$518	\$122	30.7%
Mexicali	\$206	\$292	\$291	-\$1	-0.3%
Matamoros	\$135	\$168	\$197	\$29	17.3%
Reynosa	\$129	\$116	\$140	\$24	20.8%
Nuevo Laredo	\$99	\$107	\$136	\$28	26.3%
San Luis Río Colorado	\$66	\$96	\$121	\$25	26.6%
Nogales	\$72	\$79	\$99	\$20	25.9%
Ciudad Acuña	\$56	\$68	\$88	\$20	28.8%
Piedras Negras	\$52	\$66	\$99	\$33	50.4%
Total	\$1,624	\$2,013	\$2,420	\$406	20.2%

Note: Top ten in 2021 on Mexico's northern border.

Source: Hunt Institute calculations using data from Banco de México.

In 2021, Tijuana and Ciudad Juárez accounted for just over half of the total remittances received in the top ten border cities. Remittances to Ciudad Juárez in 2021 increased by \$122 million (30.7%) compared to 2020, more than Tijuana's increase of \$106 million (16.9%). Remittance receipts decreased by \$1 million (-0.3%) in Mexicali, the only city in the top ten whose remittance receipts decreased. Taken together, the top ten Mexican border municipalities in remittance receipts received \$406 million (20.2%) more in 2021 than in 2020.

The top ten remittance grossing Mexican border municipalities received \$796 million (49.0%) more in 2021 than in 2019.

Travel restrictions enacted by the U.S. during the COVID-19 pandemic may have put upward pressure on remittances while they were in place. The U.S. largely ended these restrictions in November 2021. It remains to be seen how this loosening of travel restrictions will impact remittances to Mexico.

About Hunt Institute for Global Competitiveness

Since 2014, the Hunt Institute for Global Competitiveness at The University of Texas at El Paso has provided economic analysis of the Paso del Norte Region that includes the binational communities of El Paso, Texas; Las Cruces, N.M.; and Ciudad Juárez, Mexico. The mission of the Hunt Institute is to produce high-quality market analysis tools that can strengthen regional and binational cross-border economic and social development.

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