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Dallas Mayor Tom Leppert pitches city's business potential in Monterrey

By Lawrence Iliff

MONTERREY, Mexico – Dallas Mayor Tom Leppert was all business Wednesday on the last day of his trade mission to Mexico, promoting North Texas as a health-care destination and as a potential trade hub for goods moving through northern Mexico.

"There's clearly an opportunity," he said. "The challenge is to seize it."

Mr. Leppert started the day by pitching Dallas to Monterrey hospital officials as a world-class destination for specialized medical treatment and as an alternative to Houston, where affluent Mexicans have traditionally sought upscale care. And he toured the Monterrey facilities of Addison-based Mary Kay cosmetics, which is growing quickly and creating jobs in both countries.

But one of the more promising projects he discussed with Mexican officials was the creation of a transportation corridor that would allow both North Texas and northern Mexico to benefit from growing U.S.-Mexico trade and booming Asian imports.

Mr. Leppert acknowledged that the project would be complex and difficult but said that it was worth making the effort.

"All good things are going to take hard work, and nothing's easy in life," he said Wednesday after viewing a presentation on possible ways to link the inland port in southern Dallas with a similar one being planned for northern Monterrey.

Both cities are natural transit points, not just for growing trade between Mexico and the U.S., but also potentially for Chinese goods that need alternatives to the crowded California ports of Los Angeles and Long Beach. Some Asian traffic arrives at Mexico's West Coast ports.

Already, nearly two-thirds of the more than \$300 billion in U.S.-Mexico trade moves through the state of Nuevo León, where Monterrey is the capital, and Texas, according to the presentation Wednesday.

The excitement over the inland port concept is that booming global trade will create good-paying jobs in the cities that can best partner with private enterprise and move imports and exports as quickly and cheaply as possible, officials in both Dallas and Monterrey said.

An inland port transfers goods from trains to trucks to planes in any combination, warehouses them, and can even provide manufacturing or final assembly facilities – all job creators.

It can also serve as a port of entry for customs and safety inspections. For example, trucks bound to the U.S. could be cleared in Monterrey and those going to Mexico inspected and sealed in Dallas.

Dallas City Council member Ron Natinsky said there is potential for a powerful new North Texas economic growth machine if the current International Inland Port of Dallas, or "double ipod," can grow into a major site for transshipment of goods, warehousing and other services.

Dallas' sister city

Monterrey, already Dallas' "sister city," is a critical piece of the puzzle as it plans to soon break ground on its Interpuerto Monterrey, which will be run by private companies with help from the government – just like the Dallas facility.

The bottom line for both regions: jobs and a growing tax base.

"The number we use here in Dallas is the number we got from the port of L.A.-Long Beach," said Mr. Natinsky on the potential economic boost from a port facility. "Every time a container passes through, there's a local economic benefit in excess of \$400 to the local economy.

"When you start taking a million containers here and a million containers there and start passing them through, there's a huge economic benefit obviously for the Dallas area, but also a huge economic benefit for the Monterrey area," Mr. Natinsky said.

Monterrey officials are just as keen on the Dallas inland port, which opened in 2005, and see it as a natural partner once the Mexican project takes off. The land north of Monterrey has been purchased and is set to open before the end of 2009.

"There are a lot of opportunities with Dallas because it is like a mirror image," said Francisco Javier Alejo, the executive coordinator of Nuevo León's center for linking northern Mexico to Texas. "We are at opposite ends of a direct transportation corridor. The cities, which are both economic centers, both have great economic power. That's why it's so important."

Both Dallas and Monterrey want to link with all the big players – the port of Houston, the Panama Canal, Mexican ports like Lázaro Cárdenas and Veracruz. But one of the potentially most lucrative deals is with each other, officials said.

"We have a good relationship," said Mr. Alejo, a former ambassador in Europe and Asia and the Austin consul general from 2002 to 2005. "What has

been a little bit dormant in recent years is our sister-city relationship. Part of the reason for this trip is to get it going again. But there's a very strong business relationship."

Rail service

That relationship could get a lot stronger if the Dallas and Monterrey ports are able to link up more directly through a rail line that would move goods more cheaply and more efficiently than the semi-tractor trucks now clogging up highways in northern Mexico and North Texas.

Mr. Natinsky said that rail service from Mexico is problematic because it relies on railroad companies that have other priorities. Building a new railroad line may be the only alternative, although it would cost hundreds of millions of dollars.

"We've been in discussions with a lot of people. Everybody sees the need for it. Everybody wants to do it. Nobody has pulled the trigger on it yet," he said. "When they do, in my mind, that will be the silver bullet that solves the transportation problems between the two inland ports, which also opens up the ability to get connections from the West Coast of Mexico on up to Dallas."

Karl Zavitkovsky, economic development director for the city of Dallas, said moving special "intermodal" containers on rail from both Monterrey and Houston would give a big boost to the Dallas inland port, which also faces complications with rail service from Houston.

"We can have all the best aspirations in the world, and the inland port of Monterrey can have the same desires, but if we aren't able to work together with the major railroads then it won't happen," Mr. Zavitkovsky said.

On the Mexican side, Mr. Alejo said the government plans to build its own rail line to the Texas border that would be open to any railroad company, just like a toll road.

The Monterrey inland port has train terminals on either side – Kansas City Southern and Ferromex (which is about 25 percent owned by Union Pacific) – but neither has made a commitment to the project, Mr. Alejo said.

"The opportunity is there," Mr. Alejo said. "We are going to see who takes advantage of it, and to what extent."

Strong potential

Right now, the Dallas port serves train traffic from Los Angeles and Long Beach through a Union Pacific railway terminal, which is at its maximum of 400,000 "container lifts" per year, Mr. Natinsky said. The port project could create 7,000 jobs in three years, he said, and the ultimate goal for its future buildout is 50,000 jobs.

In contrast, the 10-year-old Alliance inland port in northern Fort Worth has a terminal run by the Burlington Northern Santa Fe Railway, with a capacity of 750,000 container lifts per year.

With or without a rail connection to Monterrey, Mr. Natinsky said, the southern Dallas facility will grow and thrive. But he'd rather have that link.

One of the biggest landowners in the Dallas inland port is also looking to Monterrey for synergy.

The San Diego-based Allen Group is working with the city and the state of Nuevo León to link its future inland port with the southern Dallas hub.

"With more and more companies deciding as a matter of policy to direct movement of some of their goods from the L.A.-Long Beach area to the deepwater ports in Mexico as a result of congestion, the movement between Mexico and Texas becomes very, very important just as the movement through the Panama Canal to Houston becomes very important," said Leslie Jutzi, the Dallas-based director of governmental and community relations for the Allen Group.

Mr. Alejo said that Nuevo León and Dallas are not the only players, and the game is on.