Thank you Ambassador Garza.

I have known Tony Garza for a number of years. He was a fabulous public servant for the people of Brownsville and Cameron county, a trusted advisor to then-Governor Bush as Secretary of State and an outstanding statewide leader as Railroad Commissioner. Texas’ loss is Mexico’s gain and truly all of America’s gain, as he represents our nation in this great city.

It was a tough duty filling Tony Garza’s shoes, but I was proud to appoint another visionary Texan to replace him at the Railroad Commission, a man with experience in both the petroleum industry and the public sector, Victor Carrillo. As chairman of that elected regulatory body, Victor is deeply involved in promoting Texas energy and expanding our energy ties with the people of Mexico.

He has been kind enough to join us today. Victor, will you please stand to be recognized?

I want to thank our hosts today for rolling out the welcome mat to me, Jack Sweeney, Miles Bryant and all the men and women associated with this vital organization, the American Chamber of Commerce, which represents 85 percent of U.S. investments in Mexico. Your investments in Mexico provide work and wages as well as a brighter future for families on both sides of our shared border.

I bring with me today both the greetings and best wishes of 22 million Texans, including millions who share a common heritage with the Mexican people.

Texas and Mexico are bound together by a shared history, a blended culture and a singular future. We are not separated but joined together by our 1,200 mile border. We live and work each day in a borderless marketplace. Our hopes, aspirations and dreams are borderless as well.

The desire to prosper, live in safe and vibrant communities, and see our children succeed is not a uniquely American desire, but the wish of both our peoples. And so we must continue working together to create new opportunities, new wealth and a better future here, and north of the Rio Bravo. When we allow for the free flow of commerce, energy and ideas, jobs and opportunity are created on both sides of our shared border. And the data shows it.

Mexico is Texas’ greatest trading partner, and Texas is America’s highest exporting state. There are now 12 separate industries in Texas that export more than $1 billion in goods and products to Mexico each year. Computers and electronic products, transportation equipment, food and agriculture products, fabricated metals, machinery, plastics and petroleum, they all cross our border into Mexico in great quantities, and compose a $42 billion export industry.

Of course, we know commerce flows both ways. For every dollar in goods shipped south
Since the implementation of NAFTA, cross-border trade between Mexico and the United States has flourished, growing from a $100 billion industry to a $248 billion industry. Nearly 90 percent of Mexican exports reach the American marketplace. NAFTA is responsible for around 20 percent of Mexico’s GDP and more than half of the new jobs created in Mexico are tied to the export industry. North of the border, NAFTA has created nearly one million jobs, jobs that pay a higher wage than the average job in America. And about 70 percent of all direct foreign investment in Mexico is made by American and Canadian companies.

The success of NAFTA reminds us that the best government jobs program is one where private sector does the work. By reducing trade barriers, we have expanded opportunities. The free flow of trade and commerce is also the best solution to immigration concerns. Instead of building structural barriers intended to keep people out, we must remove economic barriers so people want to stay.

In this era of renewed economic optimism, we must plan for prosperity, not simply hope it shows up at our door. That means we must expand our energy ties.

I applaud President Fox’s initiative to allow private investment in the energy economy. And I am impressed by his new Energy Secretary, Fernando Elizondo Barragan. President Fox and I visited yesterday about the vast potential that exists if Mexico moves toward a policy of liberalization, where foreign companies can do more to help Mexico develop its energy resources, a subject I know is politically sensitive, but economically necessary.

Mexico needs major investments in electricity, is facing growing deficits in gas and dwindling oil reserves. Pemex has estimated that it will need to spend more than $45 billion on exploration and production over the next five years plus another $16 billion on refinery improvements over the next ten years in order to meet international demand as well as domestic growth needs.

Mexico’s demand for natural gas has greatly outpaced production. Pemex’s Strategic Gas Plan includes a greater partnership with the private sector through Multiple Service Contracts which will allow for greater private sector assistance in natural gas production. Texas companies want to partner with the Mexican people to meet these vast energy needs and create thousands of jobs in the process.

I have proposed the most sweeping project in the nation to move cargo and commodities efficiently. The Trans Texas Corridor a 4,000 mile network of roads and rail lines, oil and gas pipelines and electric transmission lines can better connect Texas and Mexico to the opportunities of the new economy.

I know this project has generated great interest among my counterparts on the other side of the border, such as Governor Yarrington of Tamaulipas and Governor Gonzalez of Nuevo Leon.

Instead of relying on the current pay-as-you-go funding system that has gotten us so far behind in building infrastructure, we are asking private companies to bid on the design and construction of large corridors connecting the border areas to our largest cities and beyond. With innovative financing tools, we will build these corridors much quicker and ultimately at a lower cost. We will leverage private dollars up front that will be recuperated once a project is completed.

But as I mentioned, it involves much more than new lanes for trucks. We will be able to
move oil and gas, electricity, telecommunications, water, and high-tech resources to the border and back. Mexico has made strong investments near the border in their transmission capabilities. Ten electricity interconnections exist between our two nations. And of the 11 active natural gas cross-border pipelines, seven are along the Texas border.

But there is so much more that can be done if we work together.

I want you to know that I am doing everything I can to ensure that tighter security does not unnecessarily hamper cross-border commerce. I have asked the Bush Administration to grant the same courtesy to Mexicans traveling to the United States that they offer to Canadians who cross our international borders. We want Mexicans to be able to enter our country for trade and tourism activities. And we want businesses near the border to be able to succeed and grow.

We also welcome foreign investment by Mexico and other nations in the Texas economy. With a new $800 million truck plant being built by Toyota in San Antonio, there are tremendous opportunities for suppliers and other affiliated industries to invest in Texas. The possibilities for foreign investment are limitless, telecommunications, computers and electronics, manufacturing, financial services, construction, they are just some of the prospects for greater prosperity.

I also believe in this interdependent world that we live in we must promote greater cultural and educational exchange programs.

Three years ago I proudly signed legislation to provide in-state tuition to Mexican nationals who graduate from and receive a minimum of three years of education in a Texas high school. If we really mean what we say, that we want to expand opportunity for children that come from homes on the lower rung of the economic ladder, then we must make a college education available to them.

Earlier this month, the University of Texas teamed up with the Autonomous University of Nuevo Leon to host a symposium on the technology economy. The goal is to create an information technology economic boom that will employ the large numbers of recent engineering and business graduates of Monterrey schools.

We must also partner to address regional concerns. Disease and poverty recognize no international boundaries. Collaborative health efforts that address common diseases on the Mexican side of the border are nothing less than preventive medicine for border Texans. That is why we are working to link doctors as far away as Dallas to clinics and physicians along the border through telemedicine so that border citizens can get the kind of specialty care that is all too rare in that area.

Let me close by saying how honored I am by the hospitality of our Mexican friends, and how grateful I am to U.S. employers creating opportunities here in Mexico that create jobs in America.

The United States and Mexico can build a brighter future if our relationship is based on two things, amistad y confianza, friendship and trust.

Let us proceed on that basis. Thank you.