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## FISCAL IMPACT REPORT

ORIGINAL DATE 01/28/13

SPONSOR Candelaria LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE NM-Latin America Trade Working Group SJM 9

ANALYST Clark

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Department of Agriculture (NMDA)  
Economic Development Department (EDD)

#### Other Responses

Jerry Pacheco, Global Perspectives Integrated, Inc. (GPI)

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 9 requires that the New Mexico legislative council create a working group to develop and make recommendations on ways to increase trade between New Mexico and Latin America. The Legislative Council must invite to be members of the working group representatives from the governor's office of policy and planning, the Economic Development Department, the University of New Mexico, and New Mexico State University.

### FISCAL IMPLICATIONS

Each agency participating in the working group might need to make per diem and mileage payments to agency representatives attending meetings. It is unknown how many meetings will take place and what the total cost will be, but agencies anticipate minimal operating budget impacts.

**SIGNIFICANT ISSUES**

New Mexico ranks lower than all but five states in exporting based on the value of goods that the state exported through October 2012. According to data from the U.S. Chamber of Commerce, just 1,899 jobs in New Mexico were supported by exports out of the country in 2011, with 42.9 percent of those jobs attributable to exports to Canada and Latin America. However, the trade industry in the United States has steadily grown during the last decade, primarily due to an increase in free trade agreements and trade liberalization, and New Mexico's economy would benefit by following this trend. New Mexico's trade activity in general and, specifically, its trade with Mexico and other Latin American countries would significantly benefit the state.

**PERFORMANCE IMPLICATIONS**

Any increase in trade and trade-supported jobs would enhance the performance results for the Economic Development Department and the New Mexico Border Authority.

**OTHER SUBSTANTIVE ISSUES**

The Economic Development Department reports exports of New Mexico goods and services to Latin America have increased substantially, nearly doubling to Brazil, Colombia, Peru, and Chile and registering an increase of approximately 63 percent in exports to Mexico. Growth in Latin American countries has increased the demand for New Mexico exports. The free trade agreements that the United States has approved with Mexico, Colombia, Chile, and Peru have facilitated the process of exporting goods to those countries with lower duties, thereby making New Mexico exports more competitive in terms of price.

Currently the NMDA is a member of the border governors' working group. The secretary of agriculture works with states along the border of the United States and Mexico to examine trade issues to improve trade relationships and resolve barriers to trade.

NMDA's marketing and economic development division works with New Mexico agricultural producers and processors who are interested in exporting their products into Mexico and Latin America. The NMDA is a member of the Western United States Agricultural Trade Association (WUSATA). Funding from the WUSATA is used to support both inbound and outbound trade missions with Mexico and Latin America.

JC/bm