

OPINION

Crossing borders, connecting economies: Port Laredo's rise as America's top trade Gateway

Port Laredo, strategically nestled at the heart of the U.S.-Mexico border, is the most important U.S. port of entry and a key hub facilitating North American trade.



Daniel Covarrubias

GUEST
COLUMNIST

Port Laredo's infrastructure to process its impressive volume of cross-border exchanges includes expansive truck lots and

rail yards, state-of-the-art technological equipment for inspecting rail and truck cargo, and U.S. and Mexican customs facilities, including the Colombia Solidarity Bridge, a railway international bridge, and the World Trade Bridge, which alone handles nearly 40% of all U.S.-Mexico cross-border trade.

In 2023, this booming land port of entry overtook Chicago O'Hare airport and the seaport of Los Angeles to become the United States' number one port of entry by total trade, underscoring its critical importance to U.S.-Mexico trade relations and the broader North American economy.

Port Laredo's geographical advantage, state-of-the-art facilities, and thriving logistics cluster uniquely accommodate the ever-growing demands of cross-border trade. Its organic logistics cluster, formed in a 40-mile cross-border radius, includes over 500 custom broker firms, more than 500 transportation companies, and at least 300 logistics warehouses and storage facilities. It collectively employs more than 30,000 people on both sides of the border. This cluster's critical mass of knowledge, experience, and human capital contributes immeasur-

ably to the region's success and cements Port Laredo's status as a vital asset in the logistics and supply chain sectors.

The numbers behind Port Laredo's rise to the top U.S. port of entry are staggering. In 2023, it processed 2,936,130 inbound truck crossings — almost double that of the next busiest truck crossing in Detroit, MI. On average, Port Laredo handles over 18,500 truck crossings daily between north and southbound traffic, with close to 15,000 crossing through the World Trade Bridge and more than 3,500 via the Colombia Solidarity Bridge.

Port Laredo is also the top U.S. port by number of inbound trains, with 4,415 trains entering in 2023 — 16% more than the next closest port at International Falls, MN. Each day, an average of 12 trains cross into Port Laredo, transporting approximately 1,456 loaded containers. While second to International Falls in the total inbound loaded rail containers at roughly 531,566, Laredo still far outpaces most other ports, which typically process under 200,000 loaded rail containers annually.

These massive cargo volumes, moved by both truck and train, underscore Port Laredo's dominance as the leader of U.S.-Mexico cross-border trade. Its ability to efficiently process thousands of trucks and rail containers daily is a testament to its workforce's skill, service providers, and the capacity of its expansive customs infrastructure. Port Laredo's truck and rail cargo throughput is remarkable not just in the context of other U.S. ports of entry but also internationally. The nearly 5.84 million truck crossings it handled in 2023 would rank it 10th globally in Twenty-Foot

Equivalent Units (TEUs) between the seaports of Hong Kong and Rotterdam, according to Lloyds List of One Hundred Ports Ranking.

Its truck volumes are notably higher than those at the busiest European border crossings like Dover-Calais between the U.K. and France, Brenner Pass connecting Italy and Austria, and the Öresund Bridge from Denmark to Sweden — with Laredo processing millions more trucks annually than each of these.

While Laredo handles fewer loaded rail containers than International Falls, MN, its more than 300,000 inbound shipments in 2023 were still higher than all other U.S. rail ports of entry. It processed around 20% more loaded containers by rail than third-place Port Huron, MI, over 50% more than fourth-place Eagle Pass, TX, and double that of the fifth-ranking port of Portal, ND. This robust rail infrastructure provides shippers with a viable alternative to trucking and helps disperse traffic that might otherwise move by road.

Laredo's capacity to process such large volumes of truck and rail cargo distinguishes it as likely the most important land port of entry not just nationally but globally. With over \$320 billion in goods passing through in 2023, its pivotal role in international trade cannot be overstated.

2023 marked a historic milestone for Port Laredo, as it surpassed longtime leaders Chicago O'Hare and the Port of Los Angeles to become the top U.S. port of entry by total trade value. Laredo facilitated an astounding \$321 billion in import and export cargo, a 7.4% increase over 2022. This increase in Laredo's trade value can be

attributed to significant gains in key sectors such as vehicles, which saw an increase of \$11.5 billion, and electric machinery, with a \$6.3 billion rise, underscoring the growing importance of automotive and tech industries in the region.

In contrast, the next four largest ports saw declines, with Chicago O'Hare down 5.8% to \$31 billion, partly due to substantial decreases in machinery and electric machinery trade sectors. The Port of Los Angeles fell 6.1% to \$293 billion, impacted by significant drops in footwear and furniture/bedding, which may indicate shifting consumer preferences and supply chain diversifications. JFK International Airport dipped 3.9% to \$248 billion, and Newark dropped 7.7% to \$239 billion, highlighting broader trade fluctuations affecting diverse sectors.

Several factors propelled Port Laredo's rise to number one, chief among them the trend toward nearshoring. Amidst global supply chain disruptions, many U.S. companies have shifted production from Asia to México to shorten transit times and reduce logistics costs. This has driven a surge in imports from México, with the country now ranking as the United States' top trading partner. Most of this growing trade crosses the U.S.-México border by truck or train, funneling it straight through Port Laredo.

Port Laredo has capitalized on its strategic location, offering direct connectivity to México's highway and rail networks. This proximity and ability to rapidly move goods across the border has attracted significant new business to Laredo.

Major companies have established distribution centers near

Port Laredo to optimize shipping from their Mexican factories to U.S. markets and from U.S. suppliers to Mexican consumers. Prominent national and local industrial real estate developers are expanding the area's warehouse capacity to accommodate this bi-directional growth in trade. Port Laredo's ascent to the nation's top port of entry looks to be just the beginning of a long growth trajectory. As more companies nearshore production to México and embrace the Port as a speedy conduit to U.S. markets, trade volumes seem poised to expand further. This will necessitate significant investments to scale Laredo's infrastructure and keep up with demand.

Plans are underway to add more truck lanes and inspection booths at Laredo's bridges, build a new commercial international bridge, expand its rail capacity, and modernize customs processes through new technology. Beyond the Port, the region needs new roads, highways, and transportation links to accommodate the growing logistics activity.

If it can continue building its trade infrastructure, Port Laredo is positioned to remain the nation's predominant port for years to come. Few locations can match its unique proximity to major Mexican manufacturing centers, multimodal transportation connectivity, organic logistics cluster, and long history as a hub of binational commerce. These assets will sustain Port Laredo's lead as the prime gateway for U.S.-México trade.

Dr. Daniel Covarrubias is the Director of Texas A&M International University's A.R. Sanchez, Jr. School of Business' Texas Center for Economic and Enterprise Development.



CROSSING PATHS: INSIGHTS INTO U.S. INTERNATIONAL TRADE

In this edition, we explore the ascent of **Port Laredo as the number one port of entry (POE)** for U.S. international trade in 2023.

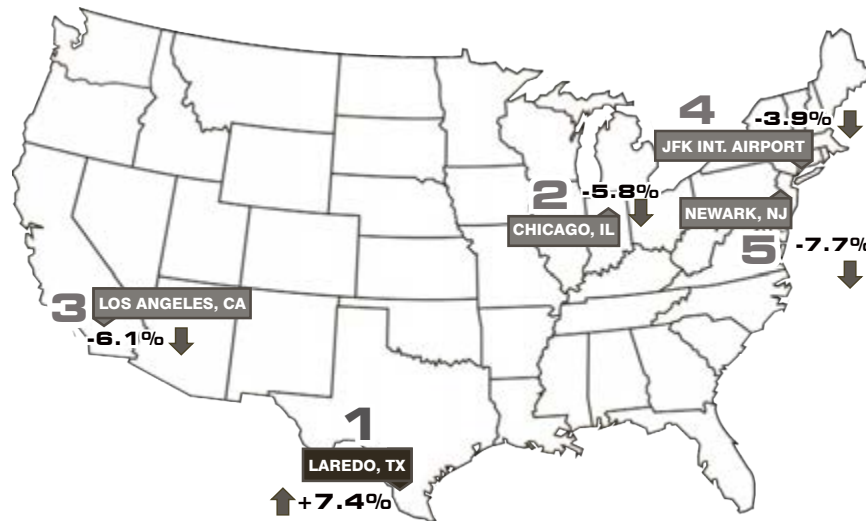
1 \$321 billion
Laredo, TX

2 \$311 billion
Chicago, IL

3 \$293 billion
Los Angeles, CA

4 \$248 billion
JFK Int'l Airport

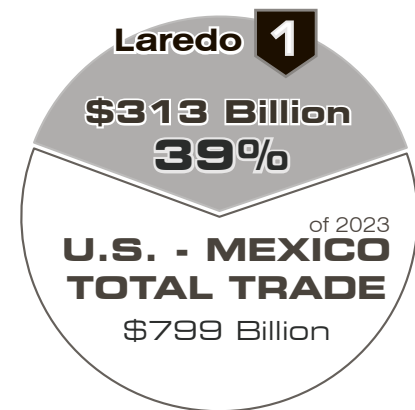
5 \$239 billion
Newark, NJ



↕ 2023 % GROWTH VS 2022

Top 5 U.S. POE account for **28%** of Total U.S. Trade of **\$5.1 Trillion** in 2023

We showcase **Port Laredo's** prominence across key metrics from **total trade value** to its strategic importance in **U.S.-Mexico trade** relations



We also highlight **Port Laredo's leadership** in facilitating the movement of goods, with its top rankings in **truck, train, and container crossings**.

