Controversial Agreement: Mexican Trucks to Haul Goods Throughout U.S.

Under the pilot program, announced last month by the U.S. Department of Transportation, about 900 Mexican trucks will be hauling goods throughout the United States within the next three years. *USA Today* reported Wednesday that the pact continues to draw fire in the United States from the nation's largest transportation union, a national association of independent truckers, and some members of Congress.

"We think it's unsafe, unfair and wrong for America," Jim Hoffa, president of the Teamsters union, told the nationwide daily. "It's a danger to highway safety. ... It will cost thousands of trucking and warehouse jobs." Representatives Peter DeFazio (D-Ore.) and Duncan Hunter (R-Calif.) have sponsored legislation to limit Mexican trucking in the United States, and the Missouri-based Owner Operated Independent Drivers Association has filed a petition in the U.S. Court of Appeals requesting a review of the program.

"This program will jeopardize the livelihoods of tens of thousands of U.S.-based small-business truckers and professional truck drivers and undermine the standard of living for the rest of the driver community," declared Todd Spencer, the organization's executive vice president. Some business groups, meanwhile, have praised the agreement as one that will increase trade between the two countries and be a boon to U.S. exports.

"If we're going to boost U.S. exports and create jobs here at home, we must hold on to our major export markets, such as Mexico, where American companies are already doing well," commented U.S. Chamber Of Commerce President Thomas Donohue. The deal will bring an end to tariffs Mexico has placed on a variety of U.S goods in retaliation for the restrictions placed on Mexican trucking in the United States. Under the 1994 North American Free Trade Agreement (NAFTA) among the United States, Mexico, and Canada, Mexico was to have full access to highways in the border states by 1995 and to all U.S. highways by 2000, with U.S. truckers having similar access to Mexico's highways. But in December of 1995, the Clinton administration, citing safety concerns, limited Mexican trucking to a commercial zone extending 25 miles from the Mexican border, a limitation that has remained in effect ever since. No such restriction applies to Canadian trucks. Mexico won a ruling from NAFTA court in 2001 allowing it to impose retaliatory tariffs, but chose to continue negotiating with the United States.

In 2007, President George W. Bush began a pilot program allowing the certification of 100 Mexican trucks for commercial travel in the United States. When Congress cut off funding for the program in 2009, Mexico imposed tariffs of 5 to 25 percent on nearly 100 agricultural and other products, including pork, fruit, nuts, Christmas trees, and pet food. The tariffs have cost U.S. businesses an estimated $2 billion over the last two years, while the U.S. Chamber claims failure to implement NAFTA'S trucking provisions has cost 25,600 U.S. jobs dependent on exports to Mexico. Trade between the two countries has grown to $384 billion annually, a four-fold increase since NAFTA was enacted, according to Mexico's statistics agency.

The agreement signed in Mexico City on July 6 by U.S. Transportation Secretary Ray LaHood and Mexican Communications and Transportation Minister Dionisio Pérez Jácome, required Mexico to suspend half the tariffs within the next 10 days and the other half when the first of the Mexican trucks begin bringing goods to the United States.

"The agreements signed today are a win for roadway safety and they are a win for trade," LaHood observed. But Teamsters president Hoffa condemned the pact as a sellout of worker and public safety issues:

> This agreement caves in to business interests at the expense of the traveling public and American workers. Mexican trucks simply don't meet the same standards as U.S. trucks. Medical and physical standards for Mexican trucking firms are lower than for U.S. companies.

Mexican carriers wishing to participate in the program must apply to the Federal Motor Carrier Safety Administration, which will approve each driver and vehicle used, according to the agreement. The trucking companies may obtain an 18-month provisional permit to operate in the United States that will become permanent if they pass two inspections to ensure they meet safety requirements. Trucks must also meet post-1998 Environmental Protection Agency standards. Drivers must demonstrate knowledge of English and U.S. road rules and submit to alcohol and drug testing.

In addition, the Mexican trucks will be required to have electronic on-board recorders that track compliance with hours of service and related laws. The recorders — similar to "black boxes" on commercial airline flights — will also track truckers' movements within the United States to ensure they are not hauling goods from one U.S. city to another. The fact that the recorders are being purchased by the U.S. Department of Transportation has heightened opposition to the program.

"It is outrageous that U.S.. truckers, through the federal fuel tax, will subsidize the cost of doing business for these Mexican carriers," Rep. DeFazio wrote in a letter to LaHood. Under NAFTA rules federal authorities may not require Mexican carriers to buy the recorders because they are not required for U.S. trucks. They cost about $2,500 each and the DOT has budgeted $750,000 for each of the next three years to buy them. These numbers indicate that 300 Mexican carriers will be authorized to transport goods in the United States over each of the next three years, or a total of 900 by 2014.

According to Mexican Secretary of the Economy Bruno Ferrari, the agreement will save 15 percent in transportation costs by eliminating the need for three haulers to ship goods from Mexico to the United States: one in each country and a third to move the trailer across the border. The cumbersome process adds millions of dollars to the cost of U.S. imports from Mexico, according to the U.S. Chamber of Commerce.

American Trucking Association President and CEO Bill Graves welcomed the program as "a step in improving the efficiency of trucking and trade at our southern border." U.S. Secretary of Agriculture Tom Vilsack hailed the agreement as one that would provide opportunities to increase U.S. exports to

Mexico, putting the U.S. and Mexico on an equal footing with regard to obligations under NAFTA. But U.S. truckers may be less than eager to take advantage of the opportunity to carry goods into Mexico. Hoffa declared:

> This pilot program doesn't even meet NAFTA's requirement that the Mexican government grant comparable authority to U.S. trucks. No trucking company or driver in his right mind would travel in Mexico under the State Department's current travel warning.

Photo: AP Images