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U.S., Mexico Reach Accord on Trucking

Deal Would Allow Truck Deliveries, End Tariffs

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The U.S. and Mexico agreed last week on a deal that would allow Mexican trucks to deliver to destinations in the United States and lead Mexico to drop $2.4 billion a year in retaliatory tariffs it has imposed on U.S. products.

The agreement, announced March 3 by U.S. President Barack Obama and Mexican President Felipe Calderon during a White House meeting, could end the long dispute over the cross-border trucking provision in the North American Free Trade Agreement, which went into effect in 1994.

Except for an 18-month pilot program, most trucks from each country have not been allowed to deliver beyond a 20-mile-wide border zone.

Although the details of the agreement are still being completed, Obama administration officials said last week the deal was “a clear path to resolving the cross-board longhaul trucking dispute.”

“This path will allow for the establishment of a reciprocal, phased-in program built on the highest safety standards that will authorize both Mexican and United States longhaul carriers to engage in cross-border operations under NAFTA,” according to the White House statement.

It was not immediately clear how soon the agreement would take effect. Officials said the agreement could be presented to Congress as soon as this spring.

Calderon was in Washington for wide-ranging talks with Obama on issues affecting the relationship between the two nations.

U.S. officials said that, after a final agreement is reached, Mexico would suspend its retaliatory tariffs in stages, initially cutting them in half when the agreement is signed. The remaining tariffs would be suspended when the first Mexican carrier is granted operating authority under the program, they said.

Negotiators are continuing to work through the remaining issues and expect to have a draft final agreement in place very soon, according to the White House statement.

“As soon as all of the details are in place, the U.S. Department of Transportation and U.S. Trade Representative will confer with interested members of Congress and publicly share the proposed agreement and seek comment,” the statement said.

Immediate reaction from the trucking industry was mixed.

American Trucking Associations President Bill Graves said he was “pleased” that the nations’ leaders “have worked through their differences and have put our two countries on the path to resolving this issue after nearly 16 years."

"We hope this agreement will be a first step to increasing trade between our two countries, more than 70% of which crosses the border by truck," Graves said.

However, Todd Spencer, executive vice president of the Owner-Operator Independent Drivers Association, said he was "outraged".

"Simply unbelievable," Spencer said in a statement. "For all the president's talk of helping small businesses survive, his administration is sure doing their best to destroy small trucking companies and the drivers they employ."

James Hoffa, Teamsters union president, questioned the rationale behind the decision "at a time of persistent high U.S. unemployment, budget deficits and unrelenting drug violence

in Mexico."

Hoffa said the proposed program would threaten the traveling public in the United States and open the nation's southern border to increased drug trafficking.

A spokesman for the Mexican Embassy in Washington declined to comment.

Rep. Peter DeFazio (D-Ore.), a past vocal opponent of the Mexican tariffs, said he was glad a deal had been reached to reduce "the extortionate Mexican tariffs unfairly slapped on American goods."

"Lifting these tariffs will bring needed relief to businesses and farmers in my district," DeFazio said. "However, I continue to have serious concerns about the safety of Mexican trucks on our roads and the potential loss of American jobs."

DeFazio, ranking member of the House Subcommittee on Highways and Transit, said that issues concerning safety, security and job loss need to be closely examined "before we take any action."

Last year, DeFazio and other members of Congress whose districts were affected by the tariffs, wrote the Obama administration asking that it take action against them. In April 2010, DeFazio also was one of the original sponsors of the bill to eliminate funding for the cross-border pilot project.

The original NAFTA agreement required each country to allow trucks to deliver across the border. However, a moratorium and lawsuits blocked cross-border trucking until 2007, when President George W. Bush's administration launched a pilot program allowing a limited number of fleets to deliver across the border to destinations in the United States and in Mexico.

The U.S. Congress forced the pilot program to end in April 2009. Mexico soon retaliated with tariffs on a long list of U.S exports, including goods including frozen potatoes and other agricultural products.

Last year, Mexico changed some of the goods on the list in a maneuver known as a "carousel," designed to broaden the effects of the tariffs — for example, it added tariffs on pork products and dropped them on frozen potatoes.

In January, DOT sent Congress a two-page outline that it called "an initial concept document" for a longhaul cross-border trucking program that "prioritized safety while satisfying the United States international treaty obligations."

After the concept document was announced, Mexico government officials said they were suspending the practice of rotating goods subject to punitive tariffs.