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U.S., Mexico Reach Apparent Solution to Bitter Truck Dispute

by *Carlos Navarro*

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After several failed attempts, the US and Mexico might have finally reached a lasting solution to their ongoing and sometimes bitter dispute regarding truck access. In early July, US Transportation Secretary Ray LaHood and Mexican Communications and Transportation Minister Dionisio Pérez Jácome formalized an agreement in Mexico City that allows Mexican truck drivers to haul cargo deep into the interior of the US as long as the vehicles and the drivers pass stringent safety measures. The agreement ends a 15-year dispute that erupted after former US President Bill Clinton decided not to implement a clause in the North American Free Trade Agreement (NAFTA) that called for opening US highways to Mexican trucks by 2000. Clinton cited concerns about the wide differences in requirements in each country regarding weight, size, and insurance coverage ([SourceMex, Jan. 17, 1996](#)) and ([Jan. 19, 2000](#)).

After the US failed to comply with transportation clauses in the trade agreement, Mexico brought the issue to a NAFTA dispute-resolution panel. The panel sided with Mexico ([SourceMex, Dec. 6, 2000](#)), but this did not end the dispute since the US did not comply with the decision because of opposition in Congress and lawsuits by environmental organizations ([SourceMex, Dec. 11, 2002](#)) and ([June 9, 2004](#)).

In 2007, ex-President George W. Bush announced a plan to comply with the NAFTA truck provisions ([SourceMex, Feb. 28, 2007](#)). The plan included strict conditions for drivers and trucks to be able to transit on US roads. The US Congress twice blocked the plan by removing funding for a pilot program implemented under the Bush administration ([SourceMex, Sept. 12, 2007](#)) and ([Aug. 23, 2008](#)).

Eliminating the pilot project put the program on hiatus, leaving Mexicans with little hope that the restrictions would be lifted. Mexico responded by taking retaliatory trade measures, including imposing tariffs on dozens of US products ([SourceMex, Sept. 1, 2010](#)).

In 2011, US President Barack Obama promised that he would work hard to resolve the dispute and scheduled a new round of talks with President Felipe Calderón's administration ([SourceMex, Jan. 19, 2011](#)). The intense negotiations bore fruit, as the two countries announced in March of this year that they had completed the framework of an agreement.

Accord contains stringent safety requirements

The accord, signed in Mexico City in July, contains some of the same conditions established in the pilot program created by former President Bush. Some safeguards have been expanded and updated with new technology, and the measures will be implemented directly rather than within a pilot program, bypassing the need for US congressional funding.

The US Department of Transportation (DOT) said the new plan requires Mexican trucks to comply with the Federal Motor Vehicle Safety Standards and to install electronic systems that monitor hours

of service and routes. Drivers will be required to submit to drug tests that will be analyzed in the US. Additionally, they must produce complete driving records and prove their English-language skills.

"The agreements signed today are a win for roadway safety, and they are a win for trade," LaHood said.

SCT officials offered reassurances that this agreement closes the book on the trucking dispute with the US. "This is not a temporary agreement," Miguel Elizalde, a deputy secretary at the Secretaría de Comunicaciones y Transportes (SCT), told participants at a transportation conference in Cancún a few days after the signing ceremony.

The SCT agreed to set up a complex three-step process for Mexican truck drivers before they receive a full permit.

First, authorities will review the permits of the trucking companies and their vehicles and drivers to verify compliance with safety and environmental norms and ensure they have arranged for at least two types of insurance: cargo and civil responsibility.

As a second step, trucking firms must submit to two audits over an 18-month period to ensure their operations conform to "the established road safety regimen." During this period, truckers will be operating under a provisional permit.

In the third stage, trucking companies will receive "definitive and irrevocable authorization to circulate freely in both nations' territories...in accordance with the same rules that apply to US trucking firms," said the SCT.

Trucking-industry sources were skeptical about the agreement, saying the changes would benefit a fraction of Mexican trucking companies. The Cámara Nacional de Autotransporte de Carga (CANACAR) estimates that only about 115 of the 400,000 trucking firms in Mexico would have the financial and technical means to meet the requirement.

Additionally, the plan makes it unprofitable for participating truckers. Rigs would be allowed to carry cargo to a US destination and bring cargo back to Mexico under certain conditions but would not be able to deliver goods between US cities. And, in some instances, Mexican trucks would have to return empty to Mexico. "I see no future with this program," said CANACAR president José Refugio Muñoz López.

Mexico rescinds tariffs on US products

CANACAR said the Calderón government should have taken a tougher negotiating stance to allow more truckers access to US highways instead of simply taking the opportunity to repair trade relations with the US. Following the signing of the truck accord, Mexico agreed to gradually remove punitive tariffs on US\$2.4 billion of products imported from the US, which were imposed in 2010. "The only thing this accord does is give Mexico an excuse to remove tariffs," said Muñoz López.

Mexico will suspend half the tariffs within 10 days. The rest will be eliminated when the first Mexican trucking company is allowed to deliver goods into the US. The tariffs range between 5% and 25%.

But Pérez Jácome said the tariffs would not have been implemented in the first place if the US had not reneged on its NAFTA commitments. "We had to exert pressure on them because the North

American Free Trade Agreement allows it," said the communications and transportation secretary. "In the end, our neighbor to the north gave in, but everything was done according to legality and with transparency. We talked and reached a consensus to solve the problem."

As expected, US business leaders were pleased with the agreement. The US Chamber of Commerce cited a study that suggested that 25,000 jobs along the US-Mexico border were at risk if the dispute was allowed to continue. "This is a vital step toward a more efficient US-Mexico border," said Thomas J. Donohue, president and chief executive officer of the chamber. "We urge Congress to support this agreement and let this dispute be brought to an end."

But unions representing US truck drivers were not pleased with the accord. "This deal puts Americans at risk," said James P. Hoffa, president of the International Brotherhood of Teamsters. "This agreement caves in to business interests at the expense of the traveling public and American workers."

Hoffa also accused the Obama administration of not taking into account important factors when negotiating the agreement, including "the rampant corruption among Mexican law enforcement" and "rampant drug violence."

Similar concerns came from organizations representing small trucking companies. One group, the Missouri-based Owner-Operator Independent Drivers Association (OOIDA), filed a petition in the US Court of Appeals for the District of Columbia requesting a review of the program. "This program will jeopardize the livelihoods of tens of thousands of US-based small-business truckers and professional truck drivers and undermine the standard of living for the rest of the driver community," OOIDA executive vice president Todd Spencer told Bloomberg news service.

The Mexican trucking industry, which has its own problems, will now have to face competition from US truckers hauling cargo into Mexico. Conversely, US trucking companies might be reluctant to haul cargo south of the border because of the extreme insecurity on Mexican highways, particularly in the northern states. The Mexican trucking industry reported a 50% increase in cargo theft between 2009 and 2010, with many incidents attributed to drug-trafficking organizations. In many instances, the cargo is stolen after a truck is hijacked. Drug traffickers not only take the cargo from the trucks but also often use the vehicles to move narcotics inside Mexico. Sometimes the drugs are hidden in cargo headed for the US.

The drug-trafficking organizations have also become involved in smuggling undocumented Central American migrants into the US, picking up some of their passengers near Mexico's southern border. Authorities recently stopped several tractor-trailers carrying dozens of Central Americans in southern Mexico. One truck carried the insignia of the Red Cross and was supposedly bringing supplies to refugees of recent floods.

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