

WebMemo



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Expanding Cross-Border Trucking with Mexico Benefits American Consumers

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One of President Obama's campaign promises was to "upgrade" and "retool"¹ the North American Free Trade Agreement (NAFTA). An excellent way to start would be for him to make the Bush Administration's pilot truck program with Mexico permanent.

Union Pressure. As *The Wall Street Journal's* Mary Anastasia O'Grady reported, "Mexican trucking companies [had] a long history of operating in the U.S. and with no notably inferior safety record" until 1995, "when Bill Clinton issued an executive order—in violation of NAFTA, which he had signed into law—to stop Mexican long-haul trucks from crossing the border. Mr. Clinton was responding to pressure from Teamsters, who didn't want any new competition. He cited safety concerns—things like substandard drivers and vehicles—which to this day have never been supported by evidence."² Since then, trucks from Mexico have largely been confined to U.S. border areas.³

Notwithstanding fierce opposition by the Teamsters and other U.S. organized labor groups, in 2007 the U.S. Department of Transportation (USDOT) approved a NAFTA-consistent "Cross Border Demonstration Project"⁴ that gave "27 Mexican carriers with 107 trucks"⁵ full access to the U.S. road network. Until then, USDOT regulations had required all Mexican trucks to unload their cargoes at warehouses close to the border where they were reloaded into U.S. trucks for onward shipment throughout the country.

According to USDOT, the superfluous warehousing and loading/unloading added \$400 million per year to the price of Mexican imports, which has been passed on to American consumers.⁶ Under the USDOT pilot program, an equal number of American-owned trucks are also permitted to operate freely in Mexico,⁷ thereby increasing the profits of both U.S. companies shipping products to Mexico and the American trucking companies hauling them there, as well as creating U.S. jobs.

The Bush Administration extended the program twice, resisting efforts of pro-Teamster Members of Congress who inserted language into the Fiscal Year 2008 omnibus spending bill that would have killed the pilot project.⁸ Although protectionist critics have alleged safety problems with Mexican trucks, the Federal Motor Carrier Safety Administration—the relevant oversight agency in the Department of Transportation—"recently issued a report showing there had been no accidents involving trucks participating in the program."⁹ The Mexican trucks are constantly monitored while in the U.S. and must meet rigorous USDOT safety requirements.¹⁰ In fact, "Mexican trucks in the program have a better safety record than their American counterparts."¹¹

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As Daniel Griswold of the Cato Institute has noted:

Although the Teamsters talk about safety, their real agenda is not to promote safer roads but to protect themselves from increased competition. The real agenda of their congressional allies is to thwart full implementation of a successful trade agreement with Mexico, our third-largest trading partner. The real objection they have to Mexican trucks making deliveries to U.S. cities is not that they are unsafe but that those trucks are driven by Mexicans. In the eyes of congressional leaders, “driving while Mexican” remains an unacceptable public hazard.¹²

Resist Protectionism. The U.S. and Mexican economies are deeply intertwined, and both are

facing problems. Increasing efficiency in trade between the two countries will benefit both sides and strengthen the pro-market-based democratic approach of Mexican President Felipe Calderon. Improved safety of both the U.S. and Mexican long-haul truck fleet will also contribute to improved national security in both countries.

Congress, President Obama, and his new transportation secretary, Ray LaHood, should reject calls by protectionists to end the cross-border trucking program and, instead, take immediate steps to expand it and make it permanent.

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