

CalChamber Backs Pilot Program to Settle Cross-Border Trucking Dispute with Mexico



The California Chamber of Commerce is supporting a federal proposal to reinstitute a pilot program to help resolve the cross-border trucking dispute with Mexico.

The dispute arose from the United States' failure to adhere to provisions in the North American Free Trade Agreement (NAFTA) granting Mexican trucks access to U.S. highways.

The U.S. Department of Transportation (DOT) proposed initiating a "Pilot Program on NAFTA Long-Haul Trucking Provisions" in a *Federal Register* notice on April 13. The department is accepting comments for a month from that date.

The CalChamber commends the effort of the U.S. DOT to end this long-standing dispute with Mexico and empower U.S. workers and farmers to become more globally competitive, including in the critical Mexico market.

Background

The United States began a pilot program to grant Mexican trucks access to U.S. highways in 2007. The program operated successfully until Congress ended it in the 2009 Omnibus Appropriations Bill.

In response, starting in March 2009, the Mexican government imposed retaliatory tariffs on U.S. exports to Mexico, California's largest export market, resulting in lost jobs.

Mexico's retaliation imposes tariffs on products from 40 states, ranging from dental floss to Christmas trees. The targeted California agricultural products include fresh and processed products from grapes and almonds to wine, as well as printed matter and mechanical equipment.

A dispute-settlement panel unanimously ruled that the blanket exclusion of Mexican trucking firms violates U.S. obligations.

Pilot Program

The latest proposed pilot program permits Mexican-domiciled carriers to operate in the United States for up to

three years. It is an important step toward ending retaliation against U.S. products.

Mexico and the United States have agreed that when an agreement on the U.S. DOT proposal is signed, 50 percent of the retaliatory tariffs currently in place will be suspended.

The remaining 50 percent of the added tariffs are to be suspended when the first Mexican carrier is authorized to operate under the pilot program. The tariffs will be terminated, following the pilot program, when Mexican carriers are eligible to receive permanent standard authority to operate within the United States.

Road safety is the single most important issue raised by the current proposal. The proposed pilot program requires participating Mexican-domiciled carriers to meet every regulatory and safety requirement imposed on U.S. carriers, plus additional measures imposed only on Mexican carriers.

The previous pilot program demonstrated the high levels of safety maintained by the types of carriers that are likely to participate in the current program.

The new pilot program, for up to three years, represents a critical step toward meeting the long-standing U.S.

commitment to allow cross-border delivery of international cargo by Mexican-domiciled carriers from Mexico into the United States, access already provided to Canadian carriers.

In a recent meeting with Mexico President Felipe Calderón, President Barack Obama pledged that the United States would start taking the necessary steps to begin fulfilling its commitment to grant access to U.S. highways for Mexican trucks.

On March 3, the White House announced agreement on a "path forward" on the cross-border trucking dispute with Mexico, with reports citing a long-term resolution as soon as late summer.

Action Needed

Joining the CalChamber in supporting the pilot program is the California Coalition for Free Trade, a broad-based group of companies and business organizations working to secure a national free trade agenda

The CalChamber is urging businesses to submit comments in support of the pilot program by May 13 at www.regulations.gov.

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Hungarian Ambassador Stops by CalChamber



A visit from Hungarian Ambassador to the United States Gyorgy Szapary (left) provides an opportunity to discuss Hungary's role as president of the European Union for the first half of 2011. With the ambassador are (from left) CalChamber President and CEO Allan Zaremborg; Susanne Stirling, CalChamber vice president, international affairs; Nicholas Bartsch, honorable consul, Hungarian Consulate in Sacramento; and Dr. Gabor Kaleta, consul, Hungarian Consulate in Los Angeles.