

CALIFORNIA CHAMBER of COMMERCE

ALLAN ZAREMBERG
President and Chief Executive Officer



May 3, 2011

The Honorable Ray LaHood
Secretary
U.S. Department of Transportation
Washington, DC

Re **Docket Number FMCSA-2011-0097**
published in the Federal Register (76 FR 20807-19; April 13, 2011)
by the Department of Transportation's Federal Motor Carrier Safety Administration.

Dear Secretary LaHood,

The California Chamber of Commerce urges resolving the North American Free Trade Agreement (NAFTA) Cross-Border Trucking Dispute with Mexico. In response to the United States' failure to adhere to the provisions of the NAFTA agreement, the Mexican government has imposed retaliatory tariffs which have hurt California's exports to Mexico and caused lost jobs in our state.

We are pleased to submit the following statement in response to the request for comments. The CalChamber strongly supports the proposal by the Department of Transportation to initiate a "Pilot Program on NAFTA Long-Haul Trucking Provisions."

We are supportive of "NAFTA" - Public Law 103-182, and understand that a dispute-settlement panel unanimously ruled that the blanket exclusion of Mexican trucking firms violates US obligations.

In NAFTA, the United States has agreed to grant Mexican trucks access to U.S. highways and began a pilot program in 2007 to do so. This program operated successfully, until it was terminated by Congress in the FY2009 Omnibus Appropriations Bill.

Beginning in March 2009, the Mexican government imposed retaliatory tariffs on U.S. exports to Mexico. Since that time, U.S. exports into Mexico have faced additional tariffs. These tariffs hurt our exports to Mexico, California's largest export market, which in turn cost us jobs in our state.

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.

In the recent meeting between President Obama and Mexican President Felipe Calderón, President Obama pledged that the United States would begin taking the necessary steps to begin fulfilling our commitment to grant access to U.S. highways for Mexican trucks. Fulfilling this commitment is not only vital to our relationship with Mexico and our credibility in asking other nations to make good on their trade agreements, it is vital that the United States follows through on this commitment to Mexico for job creation here in America. On March 3rd, 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.

With a global recession, California stands to lose more than most states with moves toward protectionism. The California Chamber of Commerce opposes unnecessary and trade-restrictive measures. California maintains its perennial position as a top exporting state and we lead the nation in export-related jobs. California exports amount to over \$143 billion annually. A move to protectionism, such as barring trucks from Mexico, only invites retaliation from our trade partners which negatively affects trade-related jobs in our state.

California is one of the 10 largest economies in the world with a gross state product of over \$1.8 trillion. International related commerce (including exports and imports of goods and services) accounts for approximately one-quarter of the state's economy. Although trade is a nationally determined policy issue, its impact on California is immense. California exports to over 220 foreign markets. Trade offers the opportunity to expand the role of California's exports. In its broadest terms, trade can literally feed the world and raise the living standards of those around us.

The CalChamber supports free trade worldwide, expansion of international trade and investment, fair and equitable market access for California products abroad, and elimination of disincentives that impede the international competitiveness of California business. Further, the CalChamber opposes protectionism that results in higher prices to the consumer for the specific product protected and in limited choices of products for consumers. Protectionism causes a net loss of jobs in related industries, retaliation by our trading partners, and violates Trade Agreements.

America's standing as a world leader depends directly upon our competitive success in the global economy. For over half a century, the United States has led the world in breaking down barriers to trade and in creating a fairer and freer international trading system based on market economics and the rule of law. Increased market access achieved through trade agreements has played a major role in our nation's success as the world's leading exporter.

The CalChamber supports allowing California companies to compete more effectively in foreign markets, as well as to attract foreign business to California. Increased protectionism has not helped our economy in the past and it won't in today's increasingly global economy.

The pilot program, for up to 3 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.

The proposed pilot program is an important step toward a solution that will put an end to the retaliation against our products. Mexico and the United States have agreed that upon the signing of an agreement on the U.S. Department of Transportation's proposal, 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.

Moreover, 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 findings of the Independent Evaluation Panel commissioned by the Secretary of Transportation in 2007 with respect to the previously authorized pilot program are important to note.

The California Chamber of Commerce commends the effort of the US Department of Transportation 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.

Thank you for your consideration of these views.

Sincerely,

A handwritten signature in black ink, appearing to read 'Allan Zaremberg', with a long horizontal flourish extending to the right.

Allan Zaremberg

AZ:sts

CC: California Congressional Delegation