NAFTA: Mexican Trucking Program

Thursday, February 23, 2017

President Trump’s plans to renegotiate the North American Free Trade Agreement (NAFTA) may also impact a controversial program that allows Mexican carriers to make long-haul deliveries in the U.S.

As part of the NAFTA agreement, the U.S. and Mexico agreed to allow trucks from each country to carry goods across the border for deliveries anywhere inside each of their respective countries, but the program faced challenges from the get-go. In 2007, the George W. Bush Administration launched a trial program to expand Mexico’s trucking operations beyond the border. However, the program ended in 2009 after Congress defunded the program following pressure from labor unions.

Following retaliatory tariffs imposed by Mexico, the Obama Administration established a new pilot program in 2011 that would allow long-haul operations in the United States by Mexican drivers, beyond the 25-mile “buffer zone” that allows U.S. truckers to transfer and begin transport of merchandise further into U.S. territory. U.S. labor unions objected but failed in their legal challenges against the program, and it was made permanent in January 2015. The International Brotherhood of Teamsters, together with other groups, sued the Department of Transportation in 2015 over a report that they argued was not based on sufficient data to allow for these long-haul deliveries. The program remains in effect while that case is still pending.

Safety has been one of the biggest concerns raised by critics of the program. However, a 2014 Congressional Research Service report suggests safety likely has less to do with whether the truck originates in the U.S. or Mexico, and more to do with the type of truck being used:

Drayage carriers, whose trucks make short-haul movements and spend much time idling while awaiting customs processing, tend to use older equipment. Long-haul trucks tend to carry relatively high-value goods or temperature-controlled cargo, because lower-value goods and less time-sensitive goods can be carried over long distances much more economically by rail or water. If shippers are willing to pay a substantial premium over rail or water transport to truck their product long distances, it seems plausible that they would choose a reliable trucker with modern equipment to avoid risk of delay or spoilage.

Opponents of the program are almost certain to call for its repeal as part of any new NAFTA negotiations. Representative Peter DeFazio (D-Oregon), Ranking Member of the House Transportation Committee, opposes the long-haul program and has already said he plans to raise the issue with Trump Administration officials.

© Copyright 2019 Squire Patton Boggs (US) LLP

Source URL: https://www.natlawreview.com/article/nafta-mexican-trucking-program