

Mexican Trucker Dispute Spills Over into Broader Trade Issues with Mexico

Mexico Announces Tariffs on US Imports after Congress Fails to Extend Cross Border Trucking Program

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With all the turmoil last year over the NAFTA-driven program to allow Mexican truckers to operate in the US and vice-versa (see [Mexican Trucking Program Promised by NAFTA Defies Efforts to Kill It, Though Pulse is Far from Strong](#)), few foresaw it might spill over into a broader trade dispute.

But that is exactly what happened this week, as Mexico retaliated by raising tariffs on a wide variety of imports from the US in retaliation for the US failure to move forward on the trucking arrangement originally guaranteed by the North American Free Trade Agreement of the mid-1990s.

The Bush administration supported the trucking program, but was unable to move it beyond a small pilot initiative due to resistance in Congress. Current President Obama had indicated he would not support the program during the election cycle.

According to the researchers at Global Insight, the Mexican decision "forces the U.S. administration to seriously consider its position on NAFTA and wider commitments to free trade. President Barack Obama has previously advocated a renegotiation of NAFTA, but to date it seems pragmatism and other more pressing concerns have shifted this off his agenda."

Global Insight adds that the Mexican move is more designed – for now – to send a message than to really impact trade. But that could change.

"Details of the tariffs remain vague and it seems they will not affect many of the key traded commodities," Global Insights says. "However, the move is a powerful diplomatic statement that will require

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Obama to adopt a clearer stance on trade."

The "omnibus" spending bill approved last week did not provide for continuing the pilot program. That move shattered faint hopes for the expansion of such rights to a larger number of trucks, and terminated a measure that had provided some respite for on-going bilateral trade tensions.

Killing the trucking pilot in the bill triggered the Mexican response this week. Mexico's Economy Secretary Gerardo Ruíz Mateos stated that the tariffs sanction will be applied to up to 90 US agricultural and manufactured goods originating from a total of 40 states. Some agricultural products that are staples of the Mexican diet are unlikely to be included. The exact level of tariff hikes is unclear as yet.

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should have been implemented many years ago, as a symbol of the overall state of free trade between Mexico and the US.

That may up the stakes over an issue that really is not generally on the radar of most Americans

– and may result in the US ultimately starting the program up again at some level to appease Mexico even as the Democratic Congress strongly opposes the idea. At the same time, many Democrats in Congress are strongly against the program, as is the powerful Teamsters union.
