

**Statement by Mr. Manuel Armendáriz¹ on a New Cross-Border Trucking Program
between Mexico and the U.S. (Wednesday, May 20th, 2009)**

I thank the authorities of the Federal Motor Carrier Safety Administration and the Motor Carrier Safety Advisory Committee for inviting me to participate in this meeting. I also wish to thank the authorities of SCT –represented here by my friend Dr. Salvador Monroy-, for allowing me to make the following comments on a New Cross-Border Program between Mexico and the U.S.:

1. **The Pending Issue:** On May 11, 2009, the U.S. Secretary of Transport, Mr. Ray LaHood, declared that the DOT was preparing a proposal to the U.S. Congress to implement a new Cross-Border Trucking Pilot Program between México and the U.S. and he indicated that *“the DOT is preparing, together with legal experts of the U.S. Congress, a series of principles to be incorporated under a new Pilot Program..., to take care of the concerns of the U.S. Congress and of the U.S. private sector on the security of Mexican transport operators”*. May I submit to you that in the light of the North American Free Trade Agreement (NAFTA), a joint approach is essential. The U.S. moratorium has not allowed Mexican owned trucking firms to operate in the U.S. because The U.S. did not lift the moratorium and failed to comply with the panel recommendations to take *“appropriate steps to bring its practices with respect to cross-border trucking services into compliance with its obligations”* under NAFTA.
2. **The Lessons from the Experience:** The announcement of the Pilot Program generated investment of Mexican firms, and commitments to provide services; it also has provided experience on cross-border services. The relative high standards Mexican operators register vis-à-vis U.S. operators on highway safety –in terms of accidents, rates of drivers out-of-service and trucks out-of-service - is a proof of Mexico’s efficient capabilities in this field. The March decision to cancel the Program, against the NAFTA principles, did not strengthen, but rather jeopardized, the State-of-Law and abruptly affected investment and the business operations of our sector. The retaliatory measures adopted by our Government did not include our industry proposal to act according to NAFTA Articles 2018 and 2019, 2 (a) –to *“firstly take specific measures in the sector or sectors directly affected”* by the U.S. decision.
3. **An Exercise in Consistency:** to solve the problem addressed it was suggested that we need to resort to principles to be developed. Reciprocity, national treatment and local presence are NAFTA principles -in line with international law- that we have mutually adopted under NAFTA. With respect to security, we believe that the best security is to respect the State of Law and to avoid non-tariff measures that interrupt businesses, impinge on trade and frighten investors. The Pilot Program must be transformed and revamped to exploit new areas, and profit from the areas that NAFTA envisages. One such area was postal services, through carriers other than the US Postal Service, for handling letters *“to be carried by accompanying cargo, by the sender, by others without compensation, and by special messengers”* (See Annex III, U.S. Reservations; SIC 4311 USPS Services), where USPS *“suspended its regulations with respect to private ‘express mail’ services”*. Under this provision, Mexican operators could improve competition and take advantage of their comparative advantages.
4. **Cooperation; the Challenges can be highly Profitable:** The U.S. has recognized Mexico’s geographical advantage -its only permanent comparative advantage in the U.S. vis-à-vis other countries, and a key element in developing NAFTA regional advantages with respect to other regions. I respectfully submit that the basic principles of NAFTA, and the recognition of our mutual strengths, will add to our respective comparative advantages. It will end up multiplying these advantages, with regional strengths, in a dynamic and expanding logistics global market.
5. **Greater linkages between our economies** need to exploit the competitive capacity of US, Canadian and Mexican carriers in all the NAFTA territory. The Pilot Program did not conform to our NAFTA obligations; to consider even more restrictive approaches is therefore not viable. We need to inject **TRUST** into our relationship to be able to revamp programs and to meet the challenges we face. In this exercise, we must balance Mexican firms’ presence in the US and US firms’ presence in Mexico, to expand our mutual regional presence in the global economy. This is a key feature in confronting the difficult -indeed critical- challenges of present times.

¹ Spokesman on Services, Coordinating body of Business Organizations on Foreign Trade of Mexico (COECE); Statement to a Combined Public Session of the MCSAC, before the Motor Carrier Safety Advisory Committee submits its recommendations to the US DOT.