

WASHINGTON, DC – Rep. Peter DeFazio (D-OR) today sent a letter to President Obama urging him to take action against Mexico’s illegal tariffs. Mexico has placed exorbitant tariffs on 90 U.S. export products. The tariffs, which are illegal under NAFTA, are in retaliation to the overwhelming votes by Congress to end the Mexican Cross Border Trucking Pilot Program. DeFazio led several bi-partisan efforts to end the program in the past two years. Objection to the program is predominantly due to Mexico’s less stringent regulations on hours-of-service, vehicle safety, and driver training and licensing. Several of the tariffs are aimed at products produced in DeFazio’s district and the products from the districts of other Members of Congress who have been actively opposed to the pilot program.

Letter is below:

March 20, 2009

The President of the United States

The White House

1600 Pennsylvania Ave, NW

Washington DC, 20500

Dear President Obama:

As you are aware, Mexico has announced \$2.4 billion in retaliatory tariffs against the United States because Congress terminated the Cross Border Truck Safety Inspection Program.

These tariffs are illegal and should be treated as nothing more than political gamesmanship. Mexico has no legal grounds to implement any of these tariffs. Even if there was a legal basis for the tariffs, the \$2.4 billion price tag is a disproportionate response, and the 90 U.S. products targeted for tariffs were illegally selected.

The United States must not cave in to these scare tactics and sacrifice the safety of the traveling public on our highways. As you will recall, when you served in the U.S. Senate you joined an overwhelming majority of Congress in repeatedly rejecting this notion. We must call Mexico's bluff.

In 2001, a NAFTA arbitration panel found that the U.S. refusal to permit entry to any Mexican truck carriers was NAFTA illegal, but the panel also made it clear that U.S. safety standards do not need to be waived to comply with NAFTA. In response to the ruling, the Bush Administration established the Cross Border Truck Safety Inspection Program. Under this program, the free trade ideologues within the Bush Administration falsely claimed Mexican and U.S. track safety laws were equivalent.

However, repeated studies by the U.S. Department of Transportation's own Inspector General showed that neither Mexico's carrier truck fleet nor its driver licensing and safety rules meet the requirements of U.S. law. In addition, federal studies have shown that Mexican trucks are three times more likely to have safety deficiencies than U.S. trucks. In defense of families who share the same highways with these trucks, Congress has firmly rejected the demonstration inspection program.

The path forward is clear. Your administration can be compliant with the 2001 NAFTA arbitration panel by allowing Mexican trucks access to the U.S. roadways if those carriers can prove they meet U.S. safety standards regarding hours of service, driver training, licensing, drug testing and vehicle safety. This is entirely reasonable. And your administration has clearly indicated this is the path it intends to take, making the Mexican tariff threat a political stunt. Any action to impose a tariff would be illegal.

Putting aside the lack of a legal basis, the \$2.4 billion value of the proposed tariffs is grossly distorted and not supported by the facts. Mexico has no legal basis to impose greater costs on the United States than the supposed costs on the Mexican economy.

Mexico has made it clear that it chose products for retaliatory tariffs that would harm the districts or states of Members of Congress who led the charge to rid this program. For example, Oregon exports were specifically targeted including Christmas trees, wine, potatoes, pears, onions, and cherries. In essence, the government of Mexico is targeting U.S. elected officials who stand up for the safety of Americans. As you well know, such arbitrary tariffs are prohibited under the terms of WTO and NAFTA.

Compare those tactics to how the U.S. government tries to help Mexico cope with a major crime problem. The United States and Mexico have initiated the Mérida Initiative, a multi-year proposal for \$1.4 billion in U.S. assistance to Mexico and Central America aimed at combating drug trafficking and organized crime. The FY 2009 Omnibus Appropriations bill provides \$405 million for this initiative.

If the Mexican government continues to threaten the United States and its elected officials, then I suggest you withhold the \$405 million in taxpayer dollars destined for the Mérida Initiative. We cannot allow the Mexican government to hold us hostage. I ask that your administration challenge the legality of the tariffs.

To be honest, this issue provides a clear example of why NAFTA should be renegotiated. Even if Mexican carriers meet all U.S. safety requirements, the low wages of Mexican drivers will still drive U.S. trucking companies out of business. This continues a disturbing trend of American job losses through outsourcing. The difference is that we are allowing foreign workers making foreign wages to enter our nation and unfairly compete for American jobs.

Sincerely,

Peter DeFazio

Member of Congress