

August 18, 2010

Hon. Ron Kirk  
United States Trade Representative  
600 17<sup>th</sup> St. NW  
Washington, DC 20508

Hon. Ray LaHood  
Secretary  
Department of Transportation  
1200 New Jersey Ave. NW  
Washington, DC 20590



**Border Trade Alliance**

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Dear Ambassador Kirk and Secretary LaHood:

The Mexican government's recent announcement to slap retaliatory tariffs on 99 U.S. products affecting approximately \$2.5 billion worth of trade is another unfortunate - though not totally unexpected- result of the U.S. government's failure to comply with the trucking articles of the North American Free Trade Agreement.

This dispute has gone on far too long. For 15 years, the U.S. government has failed to honor its commitment under NAFTA to allow Mexican long-haul trucks to enter U.S. commerce, despite being found in clear violation of the agreement by a NAFTA dispute panel and even the U.S. Supreme Court. Mexico is well within its rights under NAFTA to increase import duties, and in the face of continued U.S. foot-dragging, its actions are understandable.

In March of this year, Secretary LaHood said the administration was "very near a proposal," to resolve the issue. In May, Secretary LaHood said a proposal was "closer than soon."

This ban on cross-border trucking undermines the president's initiative to grow exports as a means to economic vitality and job creation, and it further compromises U.S. credibility in future trade agreement negotiations.

Exporters are hurting. The U.S. export community simply cannot afford the steep tariffs that Mexico has imposed on U.S. agricultural and industrial goods in retaliation for the U.S.' failure to live up to the terms of NAFTA.

A substantially higher percentage of Mexican trucks are already inspected at the ports of entry along the southern border. The hardworking border state departments of transportation inspectors work alongside U.S. Department of Transportation inspectors to make sure that all Mexican trucks that travel on the highways of border states are safe.

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As we wrote to both of you earlier this year, we recognize that other key constituencies do not share our organization's point of view. Because of our organization's unique access to stakeholders along the border in all three NAFTA countries, we would welcome the opportunity to participate with other key private sector organizations to facilitate any discussions between the administration and other interested parties in an effort to quickly find a solution to this issue.

A fix is needed now. We look forward to hearing from you about the administration's plan to rectify this cross-border dispute and not only live up to U.S. responsibility under NAFTA, but also to give U.S. exporters to Mexico a much needed helping hand.

Sincerely,



Kathy Neal  
Chair



Nelson Balido  
President