

March 10, 2008

Dear Member of Congress:

The undersigned companies and agricultural and business organizations urge the Congress to permit the full implementation of the U.S. Department of Transportation's (DOT) Cross Border Trucking Pilot Program with Mexico consistent with U.S. trade obligations under the North American Free Trade Agreement (NAFTA). We strongly oppose attempts to halt or impede this program, including attempts to restrict funding. Disruption of the program will come at a considerable cost to U.S. workers, farmers, businesses and consumers.

Prior to implementation of the pilot program, the United States restricted Mexican trucks entering the United States. In 2001, a NAFTA dispute-settlement panel unanimously ruled that the blanket exclusion of Mexican trucking firms violated U.S. obligations under the NAFTA. The ruling gave Mexico the right to retaliate against U.S. products entering Mexico. It is estimated Mexican retaliation against U.S. products could be as much as \$2 billion per year. Fortunately, Mexico refrained from retaliation. However, if the pilot trucking program is blocked, we expect Mexico to exercise its right to retaliate. Retaliation of this magnitude could wipe out a broad swath of U.S. exports to Mexico and related U.S. jobs.

U.S. food and agriculture are particularly vulnerable to retaliation given the growth of U.S. farm exports to Mexico and repeated calls from Mexico's agriculture sector for restrictions on U.S. food products. Under NAFTA, U.S. food and agriculture exports have more than tripled, climbing from \$3.6 billion in 1993 to over \$12 billion in 2007. Mexico is the top export destination for beef, dairy, poultry, rice, soybean meal and oil, corn sweeteners, apples and dry edible bean exports. It is also a major market for pork, corn, soybeans, eggs, vegetable oils, cotton, fresh U.S. potatoes, snack foods and other consumer-oriented agricultural goods.

U.S. agriculture is not the only industry vulnerable to Mexican retaliation. Mexico is an important export market for many U.S. businesses and manufacturers. For example, Mexico is one of the largest export markets for consumer electronics (CE) products produced in the United States. The CE industry is poised to be negatively affected by any retaliation. Additionally, Mexico is by far the largest market for U.S.-made yarn and fabric (textiles). Almost \$3 billion worth of U.S. textiles were exported to Mexico in 2007. Textile exports could be jeopardized by the Mexican retaliation as well as by lack of cross border trucking.

Based on a draft retaliation list obtained in Mexico from a reliable and confidential source, economist Dermot Hayes of Iowa State University has analyzed the potential impact of Mexican retaliation on the U.S. economy. Hayes found that up to 40,909 U.S. jobs in seventeen states could be lost as a result of the failure of the United States to honor its commitments on trucking. Hayes' study can be found at <http://www.bus.iastate.edu/dhayes/>.

Highway safety has been the main argument against cross border trucking with Mexico. However, Mexico has always assured that its trucks and drivers would comply with U.S. safety standards. The pilot program ensures trucks meet U.S. safety standards and it requires U.S. inspectors to examine and clear all Mexican trucks on-site in Mexico before they enter the United States.

We urge you to oppose all efforts to prevent the implementation of the Cross Border Trucking Pilot Program. We are extremely concerned that further actions to restrict the Mexican truck obligations under NAFTA will lead to Mexico's retaliation against U.S. exporters and workers.

Sincerely,

American Apparel & Footwear Association (AAFA)  
American Bakers Association  
American Cotton Shippers Association  
American Farm Bureau Federation  
American Feed Industry Association  
American Frozen Food Institute  
American Meat Institute  
American Seed Trade Association  
American Soybean Association  
American Trucking Associations  
Business Roundtable  
Cargill, Incorporated  
Caterpillar  
Cessna Aircraft Company  
Chicago Sweeteners, Inc.  
Coalition of Service Industries  
Commodity Markets Council  
ConAgra Foods, Inc.  
Consumer Electronics Association  
Corn Refiners Association  
Distilled Spirits Council of the United States  
Eastman Kodak Company  
Emergency Committee for American Trade (ECAT)  
Grocery Manufacturers Association  
Hormel Foods Corporation  
International Dairy Foods Association  
International Textile Group  
Mars Incorporated  
National Association of Manufacturers (NAM)  
National Association of Wheat Growers  
National Chicken Council  
National Cotton Council  
National Council of Farmer Cooperatives  
National Foreign Trade Council  
National Grain and Feed Association  
National Milk Producers Federation  
National Oilseed Processors Association  
National Pork Producers Council  
National Potato Council  
National Turkey Federation  
Nestle Purina PetCare Company  
Nestle USA

North American Equipment Dealers Association  
North American Export Grain Association  
North American Millers' Association  
Northwest Fruit Exporters  
Northwest Horticultural Council  
Pet Food Institute  
Phillip Jennings Turf Farms, LLC  
Smithfield Foods  
Sweetener Users Association  
The Fertilizer Institute  
Transportation, Elevator & Grain Merchants Association  
Travel Goods Association (TGA)  
Tyson Foods, Inc.  
U.S. Apple Association  
U.S. Chamber of Commerce  
U.S. Dairy Export Council  
U.S. Meat Export Federation  
U.S. Wheat Associates  
United Egg Association  
United Egg Producers  
United States - Mexico Chamber of Commerce  
United States Association of Importers of Textiles and Apparel  
United States Dry Bean Council  
US Hides, Skins and Leather Association  
USA Poultry & Egg Export Council  
USA Rice Federation  
Washington Apple Commission