

# The Motor Carrier Moratorium, Mexico, and NAFTA

## The Moratorium

- Congress, in 1982, imposed a moratorium on the granting of authority to Mexican and Canadian motor carriers seeking to operate in the United States beyond a limited zone along the U.S.-Mexico border. (Bus Regulatory Reform Act of 1982).
- With exceptions for a few carriers, before the President's action on Nov. 27, 2002, Mexican-domiciled trucks and regular route buses could cross the border to operate only in these border "commercial zones," generally extending 3 to 20 miles past a U.S.-municipality's corporate limits, depending on its population.
- The moratorium with respect to Canada was lifted immediately in 1982 on the basis of a bilateral agreement that gave U.S. carriers access to Canadian markets.

## The North American Free Trade Agreement

- In the NAFTA, which was signed in 1992, the United States and Mexico agreed to liberalize access for cross-border truck and bus services.
- Under the NAFTA, the United States agreed to modify the moratorium to allow Mexican trucking firms to receive authority to operate first throughout the border states (Dec. 18, 1995) and then throughout the entire United States (Jan. 1, 2000).
- In December 1995, the United States announced that it would delay implementation of the NAFTA's cross-border trucking liberalization provisions.
- Claiming the previous U.S. Administration's delay violated the NAFTA, the Mexican government contested the U.S. action before an international arbitration panel. In February 2001 this panel ruled that, while the United States might have legitimate safety concerns over Mexican trucking and could, for safety reasons, prevent particular Mexican carriers or trucks from operating beyond the commercial zones, it could not under the NAFTA impose a blanket ban on the operation of trucks beyond the commercial zones.
- The panel also found that the United States could treat Mexican motor carriers differently from domestic and Canadian carriers when processing applications for operating authority if legitimate safety reasons existed for treating them differently.

## The President's Initiative

- During the 2000 Presidential campaign, President Bush stated that the United States should honor its NAFTA commitments regarding cross-border trucking and passenger services.
- Since his election, President George W. Bush made a commitment to Mexico's President Vicente Fox that the United States would fulfill its commitments under NAFTA to fully open the border to international trucking and cross-border regular route bus services. The President is living up to this commitment.
- President Bush worked with the Congress to allow cross-border trucking. In the FY 02 Transportation Appropriations Act, the Congress imposed 22 separate safety conditions on opening the border. The United States has met or exceeded all those conditions.
- Modifying the moratorium implements the truck and bus provisions of NAFTA and opens the way to expanded Mexican bus and truck operations in the United States.