

NAFTA's Chapter 12 – The Dispute and Lessons

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EXECUTIVE SUMMARY

NAFTA's chapter 12 was intended to liberalize cross-border long haul transportation services. The agreement has never been fully implemented except for a brief pilot project in 2007. The US government has postponed implementation on the grounds that Mexican trucking carriers pose safety and security hazards. Organized labor and many members of Congress have been strong in opposing the agreement. In response, Mexico has imposed tariffs on US exports to Mexico and the tariffs seem to have had a strong impact on agriculture and other industries in many US states. In March 2011, Mexico and the US announced an outline for resolving the dispute. If successful, the agreement will allow Mexican carriers to operate on US highways and reduce and ultimately remove the tariffs.

Keywords: NAFTA, Mexico, Cross-border trucking, Tariffs, Congress.