

MEXICO RETALIATION: NAFTA TRUCKING DISPUTE

On October 21, 2011 Mexico removed all remaining retaliatory duties on the U.S. after the first Mexican trucking company was certified for operation under the Cross-Border Trucking Program.

On July 6, 2011 the U.S. and Mexico signed a formal agreement allowing Mexican trucks to operate in the U.S. as part of a pilot program. Mexico reduced the retaliatory duties by 50 percent effective July 8, 2011. The remaining duties were to be eliminated once the first Mexican trucking company is granted the authority to operate in the U.S. This became effective on October 21, 2011.

Previously on March 16, 2009 Mexico announced it would retaliate against the United States for the cancellation of the Cross-Border Trucking Demonstration Program. The list of 89 products was published on Wednesday, March 18, 2009 and effective the next day. On August 18, 2010 Mexico revised the list to include 99 products.

Background: Under the NAFTA, the United States and Mexico agreed to phase-out restrictions on cross-border passenger and cargo services. In 1995, however, the United States announced it would not lift restrictions on Mexican trucks. In 2001, a NAFTA dispute settlement panel found the U.S. restrictions to be in breach of its NAFTA obligations.

In 2007 Mexico agreed to cooperate in a joint demonstration program as a step towards full NAFTA implementation. It allowed up to 100 trucking firms from Mexico to transport international cargo beyond the commercial zones along the U.S.-Mexico border and up to 100 U.S. trucking firms to transport international cargo into Mexico. Bus companies and hazardous material carriers were excluded. The Trucking Pilot Program began on September 6, 2007, and was originally designed to run for one year. By an exchange of letters between the U.S. and Mexican Transportation Secretaries on August 4, 2008, the Trucking Pilot Program was extended up to an additional two years to ensure that it could produce sufficient data to evaluate its safety impact. However, the omnibus spending bill, which President Obama signed into law, ended funding for the program in 2009.

On March 18, 2009, Mexico took retaliatory measures, consistent with its NAFTA obligations, against the United States for the cancellation of the Department of Transportation's cross-border long-haul trucking program. The announcement raised tariffs on 89 different products ranging from agriculture goods to jewelry on U.S. exports valued at \$2.4 billion (2008 value). Mexico decided to revise the list of affected products on August 18, 2010. The list now totals 99 products up from 89 on the original list, with affected U.S. exports now valued at \$2.03 billion (2009 value) with tariffs ranging from 5-25 percent. 16 products were dropped from the original list and 26 products were added to the revised list. On July 6, 2011 the U.S. and Mexico signed a formal agreement allowing Mexican trucks to operate in the U.S. as part of a pilot program, which resulted in Mexican government phasing out the retaliatory tariffs.

Data caveats for the reader: the English description of the retaliation products is an unofficial translation; the three-year average Mexican import data is from Global Trade Atlas.

HS-8 (Mexico's Schedule)	HS Description	MX Imports from US 2009	MX Imports from US (Avg. 2007-2009)	MX Imports from World (Avg. 2007- 2009)	US Share of MX Imports (Avg. 2007- 2009)	Original Retaliatory Duties	Retaliatory Duties Reduced 50% (Effective July 2011)	Effective October 21, 2011
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02031201	Hams, Shoulders And Cuts Thereof, Of Swine Bone In, Fresh Or Chilled	424,635,073	355,856,757	384,256,873	93%	5%	2.5%	0%
08081001	Apples, Fresh	190,836,396	209,653,579	228,124,283	92%	20%	10%	0%
21041001	Soups And Broths And Preparations Thereof	155,941,941	170,668,265	185,802,498	92%	10%	5%	0%
21039099	Sauces and Preparations Nes And Mixed Condiments And Mixed Seasonings	96,285,195	105,936,157	119,155,719	89%	20%	10%	0%
84213999	Filtering Or Purifying Machinery And Apparatus for Gases Nesoi, Other	77,914,181	95,707,646	163,238,715	59%	5%	2.5%	0%
04069099	Cheese, NESOI, other	77,310,588	80,390,434	86,112,758	93%	25%	12.5%	0%
33049999	Beauty & Skin Care Preparation, Nesoi, Sunscreen Or Sun Tan Preparations, Other	74,291,998	86,014,560	208,414,009	41%	5%	2.5%	0%
23091001	Dog Or Cat Food, Put Up For Retail Sale	56,109,806	80,588,834	90,484,229	89%	10%	5%	0%
08082001	Pears And Quinces, Fresh	55,509,464	67,546,450	80,826,582	84%	20%	10%	0%
76129099	Container, Alum, Cap<300L, Lined/Heat Insul or Not, N/ftd W/Mech/Thermo Equip	50,882,818	63,171,807	69,001,675	92%	15%	7.5%	0%
04061001	Cheese, Fresh (Unripened Or Uncured) Incl Whey Cheese Unfermented, & Curd	46,009,220	54,276,521	54,369,750	100%	25%	12.5%	0%
20041001	Potatoes Prepared Or Preserved Other Than By Vinegar Or Acetic Acid, Frozen	44,118,636	69,349,194	119,150,920	58%	5%	2.5%	0%
20081999	Nuts & Seeds Nes Incl Mx; Only: Roasted Excluding Almonds, Pecan Nuts, Cocon	41,248,776	58,975,163	60,096,029	98%	20%	10%	0%
49019999	Printed Books, Brochures, Etc., Nesoi, other	40,567,646	52,717,994	63,213,079	83%	15%	7.5%	0%
35069103	Thermofusible Adhesives At 100% Concentration Of Solids Made of Artificial Materials, Waxes Or Other Components	36,165,569	43,297,754	44,937,299	96%	10%	5%	0%
95043099	Games Operated By Coins/Banknotes/BankCards/Sim Art, O/T Bowling Alley Equip	35,807,507	48,610,995	69,517,151	70%	15%	7.5%	0%
39241001	Tableware And Kitchenware Of Plastics	35,296,537	52,103,871	109,519,174	48%	15%	7.5%	0%
33072001	Personal Deodorants And Antiperspirants	31,492,228	28,919,059	72,807,963	40%	10%	5%	0%
33059099	Preparations for Use on the Hair, nesoi, other	29,902,327	38,480,428	65,194,638	59%	10%	5%	0%
39249099	Household and Toilet Articles Nesoi of Plastics, Other	22,541,600	28,460,207	59,208,145	48%	15%	7.5%	0%

08021201	Almonds, Fresh or Dried, Shelled or Peeled	21,832,190	26,617,647	29,511,232	90%	20%	10%	0%
08061001	Grapes, Fresh	18,964,055	52,692,592	94,180,128	56%	20%	10%	0%
33069099	Oral or Dental Hygiene Preparations, Nes, Other	17,044,987	13,753,631	29,862,300	46%	10%	5%	0%
96089999	Duplicating Stylos; Pen/Pencil Holder; Parts of Pens, Markers, pencils, Nes, Other	15,767,572	27,835,110	38,380,499	73%	15%	7.5%	0%
16024901	Swine Meat & Meat Offal Nes/Exc Livers/Incl Mixtures, Prepared or Preserved	15,205,508	15,518,849	15,761,174	98%	20%	10%	0%
21069008	Food Preparations NES, Containing Milk Solids Exceeding 10% By Weight	14,091,622	13,393,414	17,102,216	78%	15%	7.5%	0%
18063201	Choc & Food Prep Cntg Cocoa In Blocks, Slabs Or Bars, Not Filled, Not Over 2 kg	14,077,496	16,432,811	24,129,599	68%	20%	10%	0%
08101001	Strawberries, Fresh	13,940,468	23,794,546	23,794,546	100%	20%	10%	0%
20099099	Mixtures of Fruit Juices Unfermented And Not Spirited Whether or Not Sugared/Sweet	13,389,583	14,131,984	17,813,794	79%	20%	10%	0%
07031001	Onions And Shallots, Fresh or Chilled	13,157,774	27,957,805	28,292,328	99%	10%	5%	0%
08025001	Pistachios, Fresh or Dried, Whether or Not Shelled or Peeled	13,124,993	8,137,591	9,225,753	88%	20%	10%	0%
02032201	Hams, Shoulders And Cuts Thereof, With Bone In, Frozen	12,688,000	13,641,497	15,617,630	87%	5%	2.5%	0%
06049102	Christmas Trees	12,082,761	17,078,004	17,091,480	100%	20%	10%	0%
21032001	Tomato Ketchup And Other Tomato Sauces	11,122,022	13,100,452	13,218,078	99%	20%	10%	0%
18063101	Choc & Food Prep Cntg Cocoa In Blocks, Slabs Or Bars, Filled, Not Exceeding 2 Kg	10,975,715	22,902,338	37,223,891	62%	20%	10%	0%
40169101	Floor Coverings And Mats Of Rubber Exc Cellular and Hard Rubber	10,332,304	11,875,903	19,908,798	60%	10%	5%	0%
33051001	Hair Shampoos	8,371,935	10,964,912	23,099,473	47%	10%	5%	0%
07104001	Sweet Corn, Frozen	7,695,054	9,756,565	9,884,406	99%	15%	7.5%	0%
96082001	Felt-Tipped And Other Porous-Tipped Pens And Markers	7,517,914	11,315,110	28,644,971	40%	15%	7.5%	0%
33043001	Manicure And Pedicure Preparations	7,503,680	8,908,082	12,493,838	71%	10%	5%	0%
22060099	Fermented Beverages Nes; Only: Sparkling Beverages Made, In Part, From Malt	7,269,141	11,696,380	12,205,849	96%	20%	10%	0%

11041201	Oats, Rolled or Flaked Grains	6,511,476	4,530,160	6,816,649	66%	10%	5%	0%
20098001	Fruit & Veg Juice Nes (Exc Mx) Unferment Unspirited, Whether Or Not Sugared/Sweet	5,969,405	6,876,735	10,187,266	68%	20%	10%	0%
07051101	Cabbage Lettuce (Head Lettuce) Fresh or Chilled	5,824,021	17,451,389	17,451,389	100%	10%	5%	0%
84182101	Refrigerators, Household Type, Compression-Type	5,760,916	8,444,959	14,444,306	58%	20%	10%	0%
19021999	Uncooked Pasta, Not Stuffed Or Otherwise Prepared, Nesoi, Other	5,647,843	3,112,917	10,150,042	31%	10%	5%	0%
40151999	Gloves, Except Surgical Etc, Vulcan Rubber, Nesoi	5,401,612	5,527,113	36,238,340	15%	15%	7.5%	0%
21031001	Soya Sauce	5,330,526	5,369,716	6,418,197	84%	20%	10%	0%
22042102	Red, Pink, Claret Or White Wines, Of An Alcoholic Strength By Volume Higher Than 14 Percent Vol	5,063,901	5,604,463	101,636,270	6%	20%	10%	0%
84295901	Trench Diggers	4,943,815	11,885,001	12,025,135	99%	15%	7.5%	0%
49119905	Plastic Cards For Identification And For Credit	4,739,991	4,123,830	5,241,857	79%	15%	7.5%	0%
49119903	Printed With Blanks For Writing	4,472,310	6,761,025	7,835,322	86%	15%	7.5%	0%
33061001	Dentifrices	4,307,853	4,402,603	12,683,145	35%	10%	5%	0%
34053001	Polishes And Similar Preparations For Coachwork, Except Metal Pol	4,275,664	4,067,426	4,902,297	83%	15%	7.5%	0%
33071001	Pre-Shave, Shaving Or After-Shave Prep	4,255,227	4,405,382	8,353,277	53%	10%	5%	0%
08135001	Mixtures Of edible Nuts Or Dried Fruits	4,242,242	4,948,800	6,179,560	80%	20%	10%	0%
20086001	Cherries Nes, O/w Prep Or Presvd Whether Or Not Sugared, Sweetened Or Spirited	3,901,930	6,372,433	7,177,450	89%	20%	10%	0%
96091001	Pencils And Crayons, With Leads Encased In A Rigid Sheath, Nes	3,800,888	6,783,334	32,072,587	21%	15%	7.5%	0%
49119902	Tickets For Lottery, Shows, Train Or Other Transport	3,473,168	5,026,964	7,277,574	69%	15%	7.5%	0%
22011001	Mineral and Aerated Waters Not Cntg Sugar or Sweetening Matter Nor Flavoured	3,435,417	3,296,518	8,167,956	40%	20%	10%	0%
08051001	Oranges, Fresh or Dried	3,400,375	5,806,103	5,806,103	100%	20%	10%	0%
90200001	Gas Masks	3,313,207	3,381,404	4,156,256	81%	5%	2.5%	0%
84221101	Dish Washing Machines of the Hh type	3,034,222	3,760,190	7,418,721	51%	15%	7.5%	0%

20081901	Almonds	2,978,779	2,589,419	4,604,853	56%	20%	10%	0%
48181001	Toilet Paper	2,796,946	5,679,622	18,595,816	31%	5%	2.5%	0%
84198101	Coffee Makers	2,652,686	5,433,273	16,012,403	34%	15%	7.5%	0%
08092001	Cherries, Fresh	2,418,668	3,091,357	3,781,664	82%	20%	10%	0%
96081099	Ball Point Pens, Other	2,327,682	3,269,023	72,951,617	4%	15%	7.5%	0%
84181099	Combined Refrigerators-Freezers W Separate Doors, Other	2,306,403	3,071,961	3,113,364	99%	15%	7.5%	0%
90041001	Sunglasses	2,020,119	2,064,536	66,119,985	3%	10%	5%	0%
39264001	Statuettes And Other Ornamental Articles, Of Plastics	1,912,913	2,759,723	35,945,015	8%	15%	7.5%	0%
20081199	Peanuts, Prepared or Preserved, Nesoi, Other	1,891,729	2,287,102	2,463,532	93%	20%	10%	0%
04069004	Cheese, Hard or Semihard, With A Fat Content Of Not More Than 40%: Only Grana Or Parmegiano-Reggiano	1,526,900	1,165,413	125,645,255	1%	20%	10%	0%
17041001	Chewing Gum Containing Sugar, Except Medicinal	1,390,383	1,517,544	4,657,234	33%	20%	10%	0%
08133001	Apples, Dried	1,279,541	1,599,085	2,582,159	62%	20%	10%	0%
33053001	Hair Lacquers	1,278,938	1,741,967	2,587,336	67%	10%	5%	0%
04063099	Cheese Processed, Not Grated Or Powdered	1,270,661	1,201,366	2,849,363	42%	25%	12.5%	0%
08054001	Grapefruit Including Pomelos, Fresh or Dried	1,220,275	1,368,573	1,369,411	100%	20%	10%	0%
85167999	Electro-Thermic Appliances, Domestic, Nes, Other	1,190,684	1,529,736	32,887,148	5%	15%	7.5%	0%
08091001	Apricots, Fresh	1,060,641	2,816,522	2,921,991	96%	20%	10%	0%
70134903	Table/kitchenware,Excl Drinking Glasses, Other Than Glass-Ceramics, Nes	1,047,303	4,517,749	11,955,211	38%	15%	7.5%	0%
22041099	Grape Wines, Sparkling, Other	847,559	988,023	7,644,810	13%	20%	10%	0%
21069007	Food Preparations, NES, Mixtures Of Fruit, Legumes Or Vegetables	733,431	1,361,156	1,525,846	89%	15%	7.5%	0%
83024102	Curtain Rods	610,937	656,021	2,888,632	23%	15%	7.5%	0%
55111001	Yarn,>=85% Of Synthetic Staple Fibres, O/T Sewing Thread, Put Up	549,744	865,183	2,626,050	33%	15%	7.5%	0%
48202001	Exercise Books of Paper	427,529	878,024	23,385,214	4%	5%	2.5%	0%
08041001	Dates, Fresh	393,681	428,631	428,748	100%	20%	10%	0%
08025099	Pistachios, Fresh or Dried, Other	364,115	224,671	230,152	98%	20%	10%	0%
21069006	Food Preparations, NES, Single Fruit, Legumes or Vegetables	311,360	576,705	644,790	89%	15%	7.5%	0%
84501201	Washing Machines Of a Dry Linen Capacity <=10 kg, With	285,241	1,558,222	4,032,332	39%	20%	10%	0%

	Built-In Dryer, Nes							
20099001	Juice Mixtures Containing Only Vegetable Juices	269,761	235,713	244,185	97%	20%	10%	0%
20054001	Peas (Pisum Sativum)	255,837	386,464	400,769	96%	20%	10%	0%
08041099	Dates, Fresh	194,525	263,981	465,315	57%	20%	10%	0%
32131001	Artists' Students' Etc Colours In Sets	133,643	259,233	1,479,247	18%	10%	5%	0%
83040099	Office and Desk Equip A Prts, Of Base Metal, Other	81,922	117,393	1,634,179	7%	15%	7.5%	0%
84501299	Washing Machines Of a Dry Linen Capacity <=10 kg, With Built in Dryer, Nesoi, Other	66,064	83,279	96,974	86%	15%	7.5%	0%
96081001	Ball Point Pens, Of Base Metal	51,460	229,533	18,367,014	1%	15%	7.5%	0%
23064999	Rape/Colza Seed Oil-Cake, O/T low erucic aced & O solid Residue, W/N Ground/Pellet	31,246	106,870	123,423	87%	15%	7.5%	0%
23062001	Sunflower Seed Oil-Cake & Other Solid Residues, Whether Or Not Ground Or Pellet	-	52,426	52,453	100%	15%	7.5%	0%
Total		\$2,028,307,595	\$2,351,144,865	\$3,660,826,658	65%			

Additional Information on implementation of the cross-border trucking program can be found on USTR's website at the following link: <http://www.ustr.gov/about-us/press-office/press-releases/2011/july/ustr-kirk-friday-mexico-drop-retaliatory-tariffs-fift>