

Nafta and mexican trucking

Business



**ASSIGN
BUSTER**

NAFTA and Mexican Trucking

1. What are the potential economic benefits of the trucking provisions in the NAFTA treaty? Who benefits? The potential economic benefits of the trucking provisions in the NAFTA treat include greater efficiency and substantial cost savings in transportation costs for both nations. Actually, both the U. S. and Mexico are supposed to benefit from the trucking provisions of the NAFTA treaty.

2. What do you think motivated the Teamsters to object the trucking provisions in NAFTA? Are these objections fair? Why did Congress align itself with the Teamsters? The Teamsters alleged that Mexican trucks should be prohibited from entering the U. S. not only because of the relatively poorer conditions of these trucks, but also the alleged poor adherence to safety standards of the Mexican truck drivers. These objectives are actually not fair, since, after a reported pilot study that allowed an initial 100 Mexican trucks to cross the U. S. borders within the stipulated safety standards, the results actually indicated that the Mexican drivers exhibited greater and higher conformity to safety regulations and standards, as compared to the counterparts in the U. S.

3. Does it make economic sense for the United States to bear the costs of punitive tariffs as allowed for under NAFTA, as opposed to letting Mexican trucks enter the United States? In evaluating the scenario, it could actually be more beneficial for the U. S. to bear the costs of tariffs rather than completely allow unrestricted entry of Mexican trucks to enter the U. S. If this is allowed, it could be perceived that a barrage of cheaper goods could create an oversupply in the American market which would destabilize the demand and supply of various products, and likewise affect costs and pricing

structures. Imposition of the tariffs would at least ensure that American manufacturers and producers would still look for the local markets are a more sensible option to market their goods and to be consumed by the American citizens at significantly lower costs that consuming or purchasing these goods in Mexico.