

Speaking from Experience

Like many of you, I have been paying attention to the American government's stance on Mexican carriers entering American markets for a number of years. NAFTA of course, opened commerce between Canada, the U.S. and Mexico some 20 years ago. Many of us felt this first hand as we witnessed the exodus of jobs that went south. NAFTA devastated many friends and family of mine and yours too, I am sure, as their assumed security of working for a large corporation became a thing of the past as many of them saw their jobs slide south. It is hard to envision our world without it now. Was the Free Trade agreement a good or a bad thing? You need to decide that on your own. On the surface things look to be fine as governments suggest low unemployment but again, as many of you know, a job is not always a good job when it pays minimum wage compared to a livable wage.

For many of us in the transportation business, the Free Trade Agreement meant that many of our customers and the lanes they represented to us came into question as to their dependability and longevity. Where most of us were insulated somewhat was the financial policy of the then Mulroney Government which was to let the Canadian Dollar float on international markets which weakened our dollar to the point where it made foreign investors eager to put their money here and create new manufacturing jobs. This, along with the beginning of a driver shortage, insulated the transportation sector from some of the grief that our extended families and friends were experiencing.

Many carriers benefited by having lanes to the US/Mexican border that fed the plants that were built to accommodate the influx of new

manufacturing. Of course, most of those jobs once belonged to your neighbours, but what are you going to do? When the world changes you better change with it. Trucking to the Valley in Texas with freight destined for Mexico and then hopefully coming home with a good paying load of produce at 50% exchange was a good round for years.

What we're potentially looking at now is a one-year test of 100 Mexican carriers entering the U.S. market the same way Canadian carriers currently do. What effect that has on us will be seen shortly by the looks of it. A couple of things have brought this issue closer to me lately. First, was a recent trip to Washington, DC to chair the annual PTDI (Professional Truck Drivers Institute) Board meeting. I happened to be crossing at Buffalo and when my friendly U.S. immigration officer asked me the nature of my trip and found out it was trucking-related he went into a tirade about Mexican drivers who will soon be crossing the U.S./Canadian border. Obviously not a fan of this development, he had no concern for the traffic backing up behind us as we debated the impact of the change which will soon be upon us. His primary concern was the wage level paid for like work between Mexican drivers and Canadian/US drivers. How this will play out is a good question.

The second hint of this coming sooner rather than later came from a good friend of mine who is the president of an Ohio-based trucking company



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whose primary customer is one of the big three, representing 95 per cent of their business. From what he has told me they have been put on notice that as soon as Mexican carriers are granted access all of their US-Mexican border business will go back out for tender.

So is the game about to change again? I think so... I can envision that in a few short years we will see Mexican carriers in Canada, getting here on an Intransit Bond just as we have been getting to their border and back for years. The difference being that these trucks will eventually be delivering directly to Canadian inland destinations. We, of course, will have the same access Mexican markets. There are two significant obstacles though. One is the question of whether or not we will be able to compete with such a large wage disparity. The second obstacle is that the Mexican system is not de-regulated and is in fact heavily regulated. What do the rules to access to Mexican markets look like for small and medium sized Canadian carriers in the near future? Witness the fact that many large and medium sized trucking companies have been buying their way into Mexican trucking markets for years. Access to Mexican markets is coming but what does that look like from a regulatory perspective for us?

Any driver or owner operator who has ever trucked out of the Mexican/US border knows how inefficient a system it has been. It's currently a three-truck move and possibly a transfer of the freight twice after the initial load is on a wagon. I still recall my first experience and being shocked at the infrastructure that was built to move freight the short distance from the US across the Mexican border. The clock has been ticking on this

ever since the Free Trade Agreement was signed. Opposition has come from many interested parties... from the Teamsters to OOIDA to Public Citizen (a safety advocacy group) and on and on and they were successful until recently.

I will leave you with some interesting things to ponder... Canada is the US's largest trading partner, but Mexican freight numbers are growing at a pace that is second only to China. They will surely in the not-too-distant future, replace us in volumes and dollars as the US's relationship with Mexico expands. As many of us are aware, the largest and quickest growing minority group in North America is the Mexican community. The average age of a commercial vehicle in Mexico is 6.5 years. The average wage level of a Mexican driver is 30 percent of what American drivers make. Although the national trucking association of Mexico (CANACAR) officially opposes the opening of the border for the 100 available carrier spots, over 800 Mexican carriers applied for the opportunity.

I recently heard the following quote that I thought appropriate for this column... "Unless you try something beyond what you have already mastered, you'll never grow." Though all of this change and challenge, opportunity lurks... I hope!

What do you think?

Please feel free to drop me a line on this idea.

Safe driving,

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