

# SupplyChainDigest™

Your First Stop for Supply Chain Information

## As Mexican Trucker Stand-Off Continues, Arizona State Professor Gets Grant to Help Mexican Drivers Better Operate on US Highways

### Accrediting Drivers May Ultimately have Bigger Impact than Trucking Firms Themselves; Is Safety a Real Concern or Not?

SCDigest Editorial Staff

As an almost literal "Mexican Standoff" continues between the Bush administration and Democratic members of Congress over controversial plans allowing Mexican trucking companies to operate in the US (see [Mexican Trucking Program Promised by NAFTA Defies Efforts to Kill It, Though Pulse is Far from Strong](#)), **Arnold Maltz**, a well-known supply chain academic from Arizona State University, has secured a grant to help get Mexican drivers better trained to drive on American roads.

Right now, the pilot program (originally promised in 1994 under the NAFTA accord), lets a limited number of Mexican trucks operate on US highways without the usual restrictions (a short 25-mile "commercial zone"), and the same for a similar number of US carriers in Mexico. Participation, however, has been limited on both sides, in part because of political uncertainty as to whether even the pilot would continue, let alone develop into a permanent program.

Despite some Congressional objections and attempts to cut funding for the program, the US Department of Transportation recently extended the pilot for two more years, in part to ease carriers concerns on both sides about the initiative's longevity.

A permanent program would eliminate some significant logistics inefficiencies, as cross-border shipments require hand-offs to domestic trucking firms, and sometimes to an intermediate carrier to connect the two long-haul providers.

The opportunities for efficiency may really take off upon ultimate completion of the CANAMEX (Canada-American-Mexico Corridor) project, which links Pa-

*A permanent program would eliminate some significant logistics inefficiencies, as cross-border shipments require hand-offs to domestic trucking firms, and sometimes to an intermediate carrier to connect the two long-haul providers.*

---

cific ports in western Mexico to Canada through Arizona, Utah, Idaho, Nevada and Montana. About \$4 billion worth of highway and infrastructure improvements are planned, with a number of them already completed.

Another dynamic is the increased interest in "nearshoring" by US and Canadian companies to Mexico, as manufacturing costs and risks in Asia and China continue to climb. As more companies consider or make such a move, it will put even more focus on achieving logistics efficiency gains.

There certainly are a number of potential cost savings to shippers on both sides of the border. For example, forwarding agents on the Mexican border generally charge \$100-\$150 per load to facilitate the handoffs.

#### Training Drivers and Supervisors

The ability of trucking firms to cross the border without restrictions could have a big impact, but perhaps not as much as another possibility –that

## As Mexican Trucker Stand-Off Continues, Arizona State Professor Gets Grant to Help Mexican Drivers Better Operate on US Highways (Con't)

US trucking firms and private fleets could hire Mexican drivers directly. Many have said such a move would go a long way to reducing the current and predicted driver shortage that is plaguing many sectors of the trucking industry.

"American carriers cannot, technically, employ Mexican drivers right now," Maltz said in a recent interview. "They can work with Mexican carriers, but only on international traffic."

Maltz supports the idea of allowing both Mexican carriers and drivers into the US, noting that while it may have a negative effect on driver wages in the short run, driver demographics and the apparent lack of interest by younger Americans in jobs as truck drivers means it may be best for the economy and supply chain efficiency in the long term.

"The presence of another driver pool is likely to put pressure on salaries, but in the long run we are heading for a driver shortage," he said.

Maltz also said the concerns about safety seem to be overblown.

"At this point, based on the DOT measurements, on long-haul Mexican trucking, there's not any difference in safety records or any difference in equipment out-of-service rates," Maltz says. It is widely believed that illegal immigrants provide a high percentage of the local drayage drivers in many West coast ports currently.

Many forget that in addition to the current program, there were already about 1000 Mexican carriers grandfathered in under a 1982 moratorium and which still enjoy unlimited access to



the United States – with little apparent problems.

Maltz's grant focused on two primary issues, both related to language barriers:

- Getting a consistent, supportable test together for the Federal Motor Carrier Safety Administration (FMCSA) inspectors at the Border, so that if more Mexican carriers participate, they can reliably determine that drivers speak enough English to be effective in the US.
- Setting up a program of training to make sure Mexican and other "Limited English Proficiency" drivers can become fluent enough in English to be safe, effective drivers in the United States.

A committee that fleshed out details on transportation rules following passage of the main NAFTA agreement set a policy statement that drivers operating in each other's country need "to be able to communicate in the country in which the driver/carrier is operating so that safety is not compromised."