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## Trade Dispute Divides Workers

### *It's 'Union vs. Union' as Ban on Mexican Trucks Cheers Drivers, Triggers Cut in Hours at Paper Plant*

APPLETON, Wis.—Congress's vote last year to keep Mexican truck drivers south of the border was good news for DuWayne Marshall.

Mr. Marshall, 49 years old, owns a truck and hauls loads all over the U.S. from his home in Wisconsin. "Why should I have to compete against Third World drivers within my own borders?" Mr. Marshall asked during a break on a run to San Diego. "By closing down the borders, we are saving American jobs."

Elizabeth Villagomez, 38, isn't so sure. A single mother of two teens, she has worked at a paper plant in this community near Green Bay for 15 years. After the Mexican government retaliated against the trucking ban by slapping \$2 billion in tariffs on U.S. paper, produce and other goods, orders plunged and managers began slashing shifts and overtime for the unionized work force.

"The company has done all it can to cut costs," Ms. Villagomez said. "I'm at the bottom of the list if they have layoffs. It's kind of scary, not knowing if you're going to have a job."

Mr. Marshall's and Ms. Villagomez's opposing views of the Mexican trucking dispute point to a bigger challenge for the Obama administration's trade policy.

President Barack Obama has called for doubling U.S. exports within five years. At the same time, he has moved to curb trade in certain areas under pressure from Congress and unions. But the web of existing trade treaties and global trading relationships makes it hard for Mr. Obama to protect one group of American workers without hurting another.

Backers of the trucking restrictions, led by the Teamsters union and U.S. truckers who have long opposed opening the borders to Mexican truckers, say the decision keeps unsafe Mexican trucks off U.S. highways. Opponents, including a coalition of businesses affected by the tariffs and the U.S. Chamber of Commerce, say the dispute is putting 25,000 jobs at risk.

Mexican authorities are considering new tariffs on an expanded list of U.S. imports if Washington doesn't meet its obligations under the North American Free-Trade Agreement that Canada, Mexico and the U.S. signed in 1993. That treaty obligated the U.S. to open its borders to Mexican truckers, provided they met certain safety standards. The cancellation of a pilot program to allow Mexican truckers to work in the U.S. precipitated the Mexican retaliatory tariffs, which range up to 45% on \$2.4 billion worth of U.S. products.

"We've seen this movie for 15 years," said one official familiar with thinking in the Mexican embassy. "We've gone from Democrats to Republicans and back to Democrats. It's high time the U.S. abided by its international obligation on this issue," the official said.

The official said Mexico was considering expanding the list of products subject to tariffs. All this could come to a head in May, when Mexican President Felipe Calderón is to meet with Mr. Obama in Washington.

Transportation Secretary Ray LaHood told Congress last month that he was close to a solution. The administration hasn't indicated what it might do, although it could try to restart the pilot project.

Teamsters President James Hoffa, who pushed for the ban on Mexican trucks, said the tariffs and threat of new ones were "no more than blackmail. Basically, the Mexican government is trying to blackmail the U.S. into letting unsafe Mexican trucks onto U.S. highways."

He said the majority of Mexican trucks didn't meet the standards required of American vehicles, and he has urged the Obama administration to challenge Mexico's tariffs at the U.S. International Trade Commission, an independent federal agency that investigates trade matters.

Industries such as the potato industry have already lost substantial revenue from reduced sales to Mexico. Some other companies, like Mary Kay Inc. of Dallas, are paying the tariffs themselves without raising prices and risking losing customers in Mexico. The company's vice president, Anne Crews, said the cosmetics firm was paying an extra \$450,000 a month because of the tariffs.

At Appleton Papers Inc., the fight over who can drive a truck across a border 1,600 miles away has translated into falling wages and rising anxiety.

Rick Bahr, head of the United Steelworkers union local that represents more than 500 employees at the Appleton plant, said six shifts have already been cut, cutting down on overtime.

"The battle ends up union versus union, truckers versus the paper workers," Mr. Bahr said. The national steelworkers' union has been supporting the Teamsters on the issue of Mexican trucks in the U.S.

Nearly half the company's revenue, about \$420 million last year, comes from carbonless paper sales. Its largest foreign customer is Mexico. After Mexico put a 10% tariff on carbonless paper, revenue from Mexico fell to \$37 million in 2009 from \$46 million in 2008.

Now, more Mexican customers say they will look for alternative suppliers to avoid having to bear part of the tariff costs. Just last month a major customer told Appleton it was going to get its carbonless paper from a European producer.

Even before the tariffs were imposed, the company had seen business hit by the economic slowdown and had cut its work force in 2008 and stopped other benefits, such as reimbursing tuition and matching workers' contributions to their 401K retirement plans. Company officials said it was hard to quantify what part of the business downturn could be blamed directly on the tariffs, but they noted that Appleton sold 18% fewer tons of carbonless paper in the U.S. last year, compared with 2008. The number of tons sold to Mexican customers was down 24%.

Inside the plant, the machine that coats 4,000-pound rolls of paper to make it carbonless was idle one recent afternoon. Once run 24 hours a day, it is now used only half that time.

Kevin Bunnow, 50, a 33-year veteran of the plant, said the reduction in shifts had meant a wage cut of several thousand dollars last year.

"When elephants fight, the grass loses," he said. "It didn't take me long to realize, we're the grass."