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Subcommittee on Surface Transportation

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Field Hearing on NAFTA, Border Infrastructure, and Motor Carrier Safety  
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Mr. Chairman and Members of the Subcommittee, I welcome this opportunity to testify here in Laredo on the Department's implementation of the North American Free Trade Agreement, border infrastructure, and motor carrier safety.

*NAFTA and Motor Carrier Safety*

I would like to begin by emphasizing that the Department of Transportation is committed to the safe and effective implementation of the North American Free Trade Agreement (NAFTA). I know we share this sustained commitment with our partners at the Federal, State, and local level, both within the U.S. and in Canada and Mexico, to provide the highest possible level of highway safety to border communities and beyond.

NAFTA has created the largest free-trade bloc in world history. Over the coming years it is going to expand trade, produce jobs, and spur economic growth in all three of our Nations. Making the most of the many opportunities that NAFTA offers means being able to move people and goods safely, quickly, and inexpensively across our borders. NAFTA envisions a fully-integrated North American transportation system--one characterized by liberal market access, open investment opportunities, and compatible motor carrier safety and operating standards. We

are committed to reaching each of these goals.

NAFTA primarily addresses the economic trading relationship among the United States, Canada, and Mexico, and the transport of goods by truck is the principal means of commercial transportation among our three countries. Therefore, NAFTA implementation will greatly impact motor carrier operations along our Southern border in the near term and later throughout the continent as we phase in access throughout the countries

Historically, Mexican and U.S. motor carriers have been precluded from operating in the interior of each other's country. NAFTA created a timetable for the phased removal of barriers to the provision of motor carrier service among the NAFTA countries for the carriage of international cargo and passengers by January 1, 2000.

Last December, I accompanied Secretary Peña on his visit to the four southwest border States to assess preparations for NAFTA. The trip focused on the border States as NAFTA provides first for Mexican motor carrier operations in these States. There, we heard firsthand of the dramatic economic expectations arising from NAFTA, and also the concerns over highway and vehicle safety. It was during this visit that the Secretary resolved that we would proceed cautiously and deliberately to assure that drivers and vehicles entering the U.S. would meet U.S. or comparable safety standards, a principle from which we have never wavered.

During the Secretary's December border visit, we heard concerns about the safety and operating condition of commercial motor vehicles (CMVs) crossing the border into the U.S. commercial zones. Inspections of trucks crossing into the commercial zones support the view that safety problems currently exist. For example, from December 18, 1995, until June 28, 1996, 42 percent of the vehicles inspected had to be placed out-of-service because of significant violations of our Federal safety regulations. This rate is substantially higher than the U.S. national

average out-of-service rate of 23 percent for fiscal year 1995. The border State enforcement agencies have been cooperating with us in an effort to educate carriers, drivers, and brokers on how to reduce these rates and to ensure everyone knows of the high importance we place on compliance with U.S. safety standards.

On December 18, consistent with the liberalization schedule set forth in NAFTA, the U.S. government began accepting applications from Mexican motor carriers to operate in the U.S. border States of California, Arizona, New Mexico, and Texas. Disposition of these applications has been delayed until discussions with Mexico on safety concerns are completed. Our goal in these discussions is to develop a bilateral strategy to assure that all carriers are in compliance with safety and insurance obligations prior to beginning cross-border operations.

The Administration's implementation of NAFTA's surface transportation provisions includes four broad areas: (1) development of compatible safety and operating standards in all three NAFTA countries, leading to a safe, efficient, and productive transportation system; (2) cooperative Federal, State, and local enforcement of U.S. safety and operating standards on the anticipated increased level of traffic that will result from NAFTA; (3) information dissemination to assure that transportation companies in all three countries have the information necessary to operate in North American commerce; and (4) improvements in cross-border facilities and processes to reduce congestion and delays at the border. I will address each of these areas in turn.

### *Standards Compatibility*

NAFTA established a Land Transport Standards Subcommittee (LTSS) to develop work plans to achieve more compatible standards related to truck, bus, and rail operations and the transportation of hazardous materials among Canada, Mexico, and the United States. The LTSS

has established five working groups that meet as often as necessary to accomplish the goals established in NAFTA. The LTSS meets once a year in plenary session to hear progress reports from the working groups, to provide guidance and direction when necessary, and to consider recommendations.

We have already made considerable progress toward compatible motor carrier standards. The three NAFTA countries have agreed to adopt common inspection standards used by the Commercial Vehicle Safety Alliance (CVSA) as the minimum level of mechanical fitness for all commercial motor vehicles operating in international commerce. Implementation of the out-of-service requirements of the CVSA constitutes the first step in harmonization of vehicle inspection standards under the NAFTA timetable.

The United States has also negotiated reciprocity agreements with both Canada and Mexico on commercial driver's licenses, so that CDLs from any of the three countries are recognized in all three. The agreements assure that the CDL standards in all three countries are compatible. These standards include physical requirements, knowledge and skills testing, and classification endorsements. In addition, the agreements will result in a phased implementation of computerized exchange of driver license information, which will lead to a fully integrated and automated North American driver record system.

The LTSS held its third annual meeting in June in San Diego. At the meeting, the group agreed to a resolution on commercial motor vehicle driver medical qualifications and addressed the important issues of driver fatigue, loss of alertness, and general wellness. Also at that time, the Mexican delegation stated that its government will soon be publishing standards on driver hours-of-service. Additionally, the LTSS agreed to give high priority to activities relating to motor carrier supervision, which examines how to determine if a new carrier is safe and if an

existing carrier continues to be safe.

With respect to the very important issue of vehicle sizes and weights, there are *no proposals* for changing existing U.S. requirements or establishing special corridors for longer combination vehicles. There is *no provision* in NAFTA that exempts Mexican or Canadian commercial vehicles from our Federal or State safety or operating standards. To date, the NAFTA countries have exchanged information on existing Federal, State, and provincial size and weight restrictions; discussed safety and operating characteristics of the most frequently used truck configurations in each country; and reviewed applicable compliance, enforcement, and administrative procedures. The Department is also conducting a Comprehensive Truck Size and Weight Study to obtain information on the safety, environmental, infrastructure, economic, and competitive impacts of current statutory requirements for truck size and weight, in part to be prepared with sound information to analyze potential proposals for changes to truck size and weight standards. If at some point the Department were to consider amending the existing regulations, we would follow the standard regulatory process for the issuance of Federal regulations, including providing opportunity for public comment on any regulatory proposal. Any changes to statutory requirements, such as vehicle size and weight limits, would of course require legislation.

Although NAFTA does not require a set of continent-wide standards, we all share the principle of comparable safety standards based on the highest--not the lowest--common denominator.

### ***Enforcement***

NAFTA does not exempt Canadian or Mexican commercial vehicles and drivers from complying with our safety standards. In fact, NAFTA provides an opportunity for the *upward*

harmonization of safety standards, and each country retains the right to adopt and enforce safety standards that are more stringent than those in effect for the other NAFTA partners. We are strictly enforcing and will continue to enforce our current safety standards and requirements for Canadian and Mexican trucks, buses, and drivers operating in this country.

Foreign carriers *must* use drivers meeting qualifications comparable to those in the U.S. and vehicles meeting U.S. safety and size and weight specifications. Our Federal motor carrier safety regulations also include requirements for: (1) commercial driver's licenses, including knowledge and skills testing; (2) insurance; (3) driver qualifications; (4) vehicle safety, including front brakes and other equipment specifications; (5) operations, including hours-of-service; (6) vehicle maintenance and periodic inspections; and (7) transportation of hazardous materials.

Our enforcement efforts are comprehensive. We are working with Mexican officials from the Secretaria de Comunicaciones y Transportes (SCT) on inspection and pre-clearance of northbound trucks. The goal of these efforts is to ensure that Mexican trucks are safe and their drivers are qualified before they cross into the United States.

The United States, Mexico, and Canada have been working to develop hardware and software systems to allow electronic exchange of data related to commercial drivers. Mexico is working closely with us in the development of a database of current holders of its commercial driver's license, the *licencia federale de conductore*. We are providing \$300,000 in Federal funding to assist in implementing these systems. We are already using the electronic data sharing capabilities of these systems to give us the information that inspectors need at the roadside to ensure that all drivers operating in the U.S., regardless of nationality, are properly licensed.

We have developed a NAFTA implementation border plan to coordinate Federal and

State education, compliance, and enforcement. A key component involves the full-time enforcement presence of Federal, State, and local safety officials at major commercial border crossings.

In partnership with the U.S. border States and local communities, we have established a permanent and consistent enforcement presence along the border. The Texas Department of Public Safety (DPS) has added more than 100 new inspectors to its Motor Carrier Safety Assistance Program workforce; nearly 36 inspectors have been assigned to border localities. In addition, Texas DPS has trained almost 50 officers of local governments along the border to perform CMV inspections. California has built permanent inspection facilities at each of its two major commercial ports at Calexico and Otay Mesa. Arizona and New Mexico have also increased their enforcement presence along the border. To further enhance our State partnerships and ease the enforcement burden placed on the States, we have assigned Federal inspectors to work alongside State inspectors at all major border crossings. Deployment of these additional inspectors underlines the resolve of Federal, State, and local officials to ensure that vehicles and drivers entering the United States are safe.

The FHWA has, in the past six months, initiated programs designed to improve further compliance in the border area. The objectives of these activities are to ensure that all carriers, drivers, and brokers are aware of the safety, hazardous materials, weight, insurance, and other requirements while operating in the U.S.; to maintain a full-time enforcement presence at the major border crossings to ensure the safety of commercial vehicles and drivers operating in these areas; and to continually evaluate, with our partners, the results and impacts of our activities to ensure that they are effective, revising and redefining Federal, State, and local enforcement strategies when necessary.

In fiscal year 1997, the Department will provide at least \$1 million in Motor Carrier Safety Assistance Program funds to the border States for implementation of NAFTA and enforcement of the Mexican carrier access restrictions. These funds are in addition to \$1 million provided in each of the two previous fiscal years. These funds are needed to augment State and local border enforcement efforts resulting from increased cross-border traffic under NAFTA. Specifically, these funds will advance our goals of providing a more sustained enforcement presence along the border, improving the compliance level of Mexican operations with U.S. requirements, expanding our drug interdiction training and enforcement efforts, fostering the use of technology in the inspection process, and improving the quality of inspection data.

#### ***Training, Education, and Outreach***

The Federal Highway Administration (FHWA) has sponsored a series of NAFTA awareness seminars in various locations and has distributed information about its program and requirements in both Spanish and English to motor carriers and drivers operating at the U.S.-Mexico border. In addition, the FHWA is expanding its education and outreach efforts to include Spanish language versions of additional safety publications, including information on drug and alcohol testing and driver fatigue. The FHWA has also used radio and television announcements to spread the word about U.S. safety requirements. Together with our State partners, over the past three years we have been educating truck and bus companies and other transportation professionals about our safety program and requirements.

In November 1995, the Department hosted a NAFTA seminar for motor carriers, customs brokers, freight forwarders, and others whose business would be affected by the Agreement's liberalizations. Our objective was to ensure that the industry has adequate and timely information concerning the requirements for motor carrier operation in each of the NAFTA countries. To this

end, we assembled a large and varied group of U.S. and Mexican government experts responsible for the full range of motor carrier regulation at the Federal and State level in both countries. In addition, the Department, SCT, and Transport Canada prepared detailed information manuals that set out Federal, State, and provincial requirements and procedures for motor carrier operations in each country. These manuals were distributed at the seminar and will be made available through other channels as well, such as industry associations, Federal agencies' regional offices, and border State governments.

Underlying all of these initiatives is our continued effort to further foster the cooperative and supportive working relationships we have established with our partners. This Administration is committed to maintaining an ever-safer highway system. Together with our local, State, and international partners and in cooperation with industry officials, we will implement NAFTA efficiently and, most importantly, safely.

### ***Border Infrastructure***

Key to development of an integrated North American transportation system are the ports of entry at both our northern and southern borders. Congestion at these ports of entry costs shippers and carriers time and money, places heavy demands on border infrastructure, and may seriously degrade the quality of life in border communities. The Department is committed to reducing border congestion to the extent feasible. Working in cooperation with other Federal and State agencies, we are examining all of the factors that contribute to congestion and are developing options for addressing them.

We know that the Federal-aid highway program cannot be expected to satisfy all of our national transport demands, and we would be remiss if we did not place border concerns within a broader national context. All levels of government need to increase their rate of capital

investment in highways and bridges by about 40 percent annually, just to maintain current conditions and performance. Even with lower rates of growth expected in highway demand, the system must be prepared to accommodate over a 50 percent increase in highway travel demand by 2013. We are currently holding our own, nationally, in terms of physical condition of the roads and bridges, but we must make improvements to about 100,000 miles of highway and about 14,500 bridges each year just to address normal system deterioration, expected travel demand, and highway safety needs.

Here, in south Texas, we expect the growth to be even greater, since south Texas is the third-fastest growing area in the country. With the double digit growth rates of Mexican border communities, the growth in leisure and retirement communities, and the border location of business enterprises, this demand can be expected to exceed the national average. Early indications at major ports of entry suggest that near term growth in cross border traffic may be double the national average, with a higher share of that growth concentrated in a few major ports of entry, including Laredo. We intend to work closely with State and local officials to help further improve highway transport services to meet the growth that is expected.

Prior to passage of the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), it is fair to say that border issues were not fully considered in the implementation of Federal programs and, in some instances, not considered at all. That finding is clearly stated in our 1994 report to Congress on border concerns. Since passage of ISTEA, however, we have made great strides in redressing that situation. We have held numerous meetings at the border, engaging local and State officials, Mexican and Canadian officials, and private sector representatives to discuss border concerns, examine options, and develop alternative means of resolving some of these problems.

While the ISTEA did not provide specific programs or funding for border improvements, the Act provided several opportunities to better understand the requirements for border infrastructure improvements and to incorporate those requirements within the planning and programming of Federal-aid highway funds. ISTEA also provided opportunities to develop and deploy advanced technology to reduce border delays. It also allowed us to examine innovative methods to leverage additional resources for border transport infrastructure and to improve the consideration of border needs within State and local fund allocation programs.

The ISTEA directed the Secretary to conduct two studies on (1) the adequacy of international border crossings to support increasing tourism and free trade among the United States, Canada, and Mexico (Section 6015) and (2) the feasibility of a discretionary program to construct, replace, and rehabilitate highway infrastructure facilities at international borders (Section 1089). The Secretary submitted a single report in response to both of these requests in early 1994. In addition, in March 1996, the FHWA submitted a report entitled Highway Infrastructure Requirements at International Ports of Entry in response to a congressional request to assess the transportation needs at international border crossings with Canada and Mexico and to develop options for addressing these needs.

From these studies and the input received from our ongoing outreach effort, we now have a broad sense of the nature of border crossing issues and can target program activities in a more informed manner. This information is valuable as we consider ISTEA reauthorization options, as well as develop strategies to carry out current legislative requirements.

We have learned that States have programmed a significant increase in border projects through the year 2000 when compared to the previous five years. States expect to invest \$970 million in border approach projects by the end of the century, an increase of \$200 million over the

previous 5-year period.

Our studies have indicated that maintaining and selectively improving approaches to major ports of entry, consistent with State priorities for other transport projects, in most cases will provide sufficient support for the anticipated growth in trade traffic. Even with these new investments, however, additional needs will still exist, especially in major, highly congested border regions, which can be viewed as comprising international gateways. Current demand is highest in these gateways. Within these gateways, deficiencies are further defined as specific sections of highways or bridges where major bottlenecks occur. Transport infrastructure deficiencies along the borders are not widespread; they are localized.

With some exceptions, the major causes of border congestion are not infrastructure related; they are institutional in nature. Important operational and institutional barriers continue to exist. Continued improvement in the coordination of Federal Inspection Services on both sides of the border, which is currently underway, and improving local drayage practices, must accompany infrastructure improvements to achieve the greatest possible gains in cross border efficiency. It is very likely that these institutional improvements could mitigate some of the need for large scale infrastructure investment and, in some cases, eliminate perceived border inefficiencies altogether. The potential for operational and institutional improvements, including the use of advanced technology and data interchange, should be examined at all major ports of entry as a precondition for any capital investment in new or expanded facilities. The Federal Inspection Services are testing and implementing Electronic Data Interchanges along both the U.S.-Mexico and U.S.-Canada borders. These systems enable shippers to pre-file cargo documents and allow inspection officials to pre-clear them. The Department supports these efforts and is coordinating Intelligent Transportation System (ITS) implementation with Federal

Inspection Services' efforts.

The Department has initiated projects to demonstrate and test Intelligent Transportation Systems technology to electronically recognize commercial vehicles and check relevant safety, customs, and immigration data before they arrive at the border. Such technology is an effective and efficient means of expediting the processing of CMVs, thus saving drivers' time and reducing bottlenecks at border crossings. This, in turn, can potentially mitigate the need for costly infrastructure improvements. A total of \$2.2 million in Federal funding has been provided to support testing of ITS technologies to expedite the processing of commercial motor vehicles at Otay Mesa, California, and \$2.3 million has been provided to demonstrate an electronic trip clearance system designed to accelerate the processing of vehicles at the border crossing at Nogales, Arizona. Similar projects utilizing ITS technologies are being tested on our northern border at Detroit and Buffalo. We are also working cooperatively with the Treasury Department to support all of the North American Trade Automation Prototype (NATAP) test sites, including those in El Paso and Laredo. NATAP envisions a single set of trade data elements, documents, and processes developed by all three NAFTA countries to speed the processing of carriers across the U.S.-Mexico and U.S.-Canada borders.

The Department, in partnership with Federal, State, local and industry officials, is also exploring other means to use advanced transportation technologies to make the processing at commercial crossings more efficient through an International Border Clearance Planning and Deployment Committee, which includes representatives from transportation, immigration, and customs agencies in all three countries.

In order to address existing deficiencies and investment requirements, the Department believes that border transportation needs should be considered within a comprehensive

reauthorization framework for the surface transportation program, and not acted on independently. We are considering options, within the context of ISTEA reauthorization, that would enable us to target Federal investment; leverage additional State, local, and private resources; and provide more authority and flexibility to local areas to identify and address their own unique needs.

We encourage the use of innovative finance techniques. For example, innovative funding options enabled the Texas Department of Transportation to provide \$11.5 million in Interstate Maintenance funds for the Laredo IV bridge project. Arizona, California, and Texas have been designated as three of the ten States authorized to create State infrastructure banks (SIBs), using a capitalization grant of Federal-aid highway funds. This innovative means of financing infrastructure relies on a revenue stream to help finance projects. In areas of strong demand, such as some of the major ports of entry, the use of innovative finance techniques may provide the key to successfully addressing problems in a timely manner.

In advance of comprehensive reauthorization, the Department will use every means available to continue working with States to encourage attention to border issues, including: (1) providing support for border system planning; (2) technical assistance with innovative financing and the possible use of State infrastructure banks to accelerate border projects; (3) development of pilot projects using Intelligent Transportation Systems to promote efficient cross-border movement; and (4) coordination of commercial vehicle and driver inspection.

### ***Conclusion***

In conclusion, I want to emphasize that ensuring the safety of those who use our Nation's surface transportation system continues to be the guiding principle of our NAFTA implementation efforts. As we work with our NAFTA partners to develop compatible standards in such critical

areas as truck size and weight, be assured that the standards harmonization process will not be used to undermine this principle.

We believe that there has been significant progress in addressing border issues over the past several years, but we recognize that more needs to be done. In our NAFTA implementation efforts to date, cooperation has been the key to our success. No one Nation or level of government can accomplish alone all that must be done. We must work together to assure development of an integrated North American transportation system that provides equal access for all carriers and moves people and cargo as efficiently and safely as possible.

This hearing and the other outreach efforts we have undertaken are a valuable opportunity to learn more as we work, in partnership, to address these issues of national and international significance. This concludes my prepared remarks; I would be pleased to answer any questions you may have.

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