

would pay a 20 percent tariff. Pears, which primarily come from Washington state, faced a 20 percent tariff (4 out of 10 pears that the United States exports go to Mexico). Other products hit with the 20 percent tariff include exports of personal hygiene products and jewelry from New York, tableware from Illinois, and oil seeds from North Dakota. The U.S. Chamber of Commerce has estimated that the current situation costs some 25,600 U.S. jobs. The U.S. government said it would try to come up with a new program that both addressed the "legitimate concerns" of Congress and honored its commitment to the NAFTA treaty. What that agreement will be, however, remains to be seen, and as of 2010, there was no agreement in sight.⁵⁰

Case Discussion Questions

1. What are the potential economic benefits of the trucking provisions in the NAFTA treaty? Who benefits?
2. What do you think motivated the Teamsters to object to the trucking provisions in NAFTA? Are these objections fair? Why did Congress align itself with the Teamsters?
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?

Notes

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