Office of Inspector General
Audit Report

MOTOR CARRIER SAFETY PROGRAM FOR COMMERCIAL TRUCKS AT U.S. BORDERS

Office of the Secretary and
Federal Highway Administration

Report Number: TR-1999-034
Date Issued: December 28, 1998

Memorandum

U.S. Department of Transportation
Office of the Secretary
Of Transportation
Office of Inspector General

Subject: ACTION: Report on Motor Carrier Safety Program for Commercial Trucks at U.S. Borders (Report No. TR-1999-034)

Date: December 28, 1998

From: Lawrence H. Weintrob
Assistant Inspector General for Auditing

Reply to Attn of: JA-30

To: Assistant Secretary for Aviation and International Affairs
Federal Highway Administrator

We are providing this report for your information and use. Your informal comments to our September 10, 1998, draft report were considered in preparing this report. A synopsis of the report follows this memorandum.

The report concludes that with the exception of California, far too few trucks are being inspected at the U.S.-Mexico border, and that too few inspected trucks comply with U.S. standards. For example, the fiscal year (FY) 1997 truck out-of-service rate at border crossings in Texas was about 50 percent, compared to a U.S. truck out-of-service rate of about 25 percent, and a Canadian truck out-of-service rate of about 17 percent. Preliminary data for FY 1998 indicates the truck out-of-service rate for border crossings in Texas has not improved. At one crossing in El Paso, Texas, which receives an average of 1300 trucks daily, only one inspector is on duty and he can inspect only 10 to 14 trucks daily. At other crossings, there are times when there is no inspector at all. The report calls for a substantially increased Federal inspection presence at the border together with a concomitant strengthening of border state motor carrier programs.

On November 12, 1998, the results of the audit and our recommendations were discussed with the Secretary and senior staff members. The Secretary indicated that increasing the Federal inspection presence at the border along with a strengthening of state motor carrier safety programs would be in the best interest of motor carrier safety, would be good for the border States from both an economic and safety point of view, and be a plus for Mexico in that it

would reinforce the importance of Mexico's efforts to implement a motor carrier safety oversight program of its own. There is a strong correlation between an inspection presence, such as exists at California crossings, and the condition of trucks entering the United States. This is because there is significant economic consequence to carriers when their trucks are placed out-of-service in that they incur costs to repair the truck, and if the repairs needed are extensive, towing costs are incurred. In addition, the carrier may incur costs associated with the delay of the delivery or loss of revenue in picking up a shipment.

Although views differ about whether a 44 percent out-of-service rate in FY 1997 for Mexican trucks is statistically representative of the universe of Mexican trucks that are noncompliant, there currently is no other measure to use as a frame of reference; nearly all agree that the number of trucks currently crossing the border in a noncompliant condition is unacceptably high. We concluded our audit before FY 1998 data were available. However, as of the date of this report, preliminary FHWA data for FY 1998 indicates out-of-service rates for Mexican trucks entering the United States has remained about the same. Also, there is some speculation that once the border is open to long-haul traffic, the number and percentage of safety compliant Mexican trucks will dramatically increase because long-haul trucks will be different from and in a better condition than the shorter-haul trucks that currently comprise the commercial zone cross-border traffic (referred to as drayage). Should this occur and on a sustained basis, the additional Federal inspection presence can either be downsized or deployed elsewhere.

There was overall agreement on the need for corrective actions and the approach suggested in our recommendations. Therefore, we request that the Assistant Secretary for Aviation and International Affairs and the Federal Highway Administrator provide us a list of the specific actions taken or planned in response to our recommendations, and the estimated completion dates within 30 calendar days of the date of this final report.

We appreciate the cooperation and assistance provided by your staff during the audit. If I can answer any questions or be of any further assistance, please contact me on (202) 366-1992 or Patricia J. Thompson, Deputy Assistant Inspector General for Surface Transportation, on (202) 366-0687.

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Motor Carrier Safety Program for Commercial Trucks at U.S. Borders

Office of the Secretary of Transportation and
Federal Highway Administration

December 28, 1998 ***Report No. TR-1999-034***

Objective

This audit addresses the Federal Highway Administration's (FHWA) programs and responsibilities to ensure the safety of commercial trucks entering the United States from Canada and the Republic of Mexico. The audit objective was to determine if FHWA has plans to accomplish inspections or otherwise ensure that commercial trucks entering the United States are safe and drivers are qualified. We also addressed concerns expressed at congressional hearings about whether additional inspection resources are needed at the borders because of anticipated expansion of commercial traffic due to the North American Free Trade Agreement (NAFTA). We focused on FHWA's plans to implement NAFTA cross-border provisions and on actions needed in the near term to ensure the safety of Mexican trucks entering the interior United States as well as the commercial zones.

Background

Within the United States, FHWA and the States share responsibility for ensuring that commercial trucks comply with safety regulations. FHWA's Office of Motor Carriers is responsible for establishing and overseeing the motor carrier safety programs. As part of its enforcement program, FHWA provides grants to the States under the Motor Carrier Safety Assistance Program to perform inspections of commercial trucks and drivers, and to collect safety performance data. When NAFTA's cross-border trucking provisions are implemented, the States will be performing inspections and collecting safety data of commercial trucks and drivers of both U.S. and foreign carriers in the border States[1] and in the interior States.

The intent of NAFTA is to eliminate tariffs and other trade barriers within North America and to facilitate the movement of goods and services among Canada, Mexico, and the United States. Elimination of these barriers allows foreign motor carriers to cross national borders and enter the interior United States, thus raising concerns on whether foreign motor carriers would be operating safe vehicles on U.S. roads. NAFTA provided that each host country is responsible for ensuring that foreign motor carriers comply with the host country's safety regulations. The results

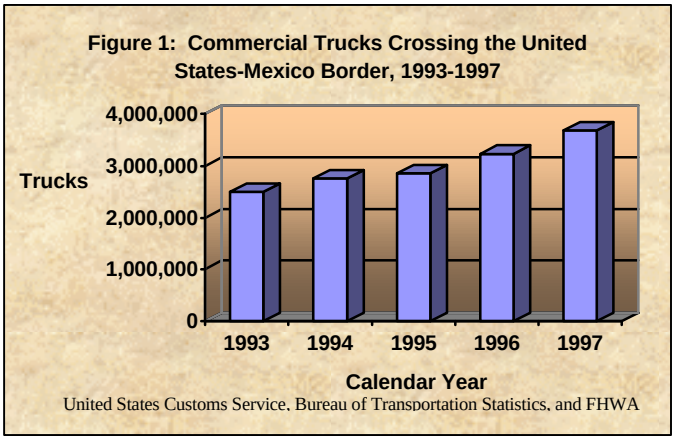
[1] The border States are Arizona, California, New Mexico and Texas.

and recommendations in this report are not intended to express or imply that a Federal or State motor carrier inspection presence at the U.S.-Mexico border relieves the Republic of Mexico of the responsibility to establish and implement a motor carrier safety oversight program, as required by the U.S. Department of Transportation, for those carriers seeking to conduct operations in the United States.

Ten years before NAFTA was approved, Canada and the United States opened their shared border to cross-border trucking. The countries have been working together to develop uniform inspection procedures and safety standards for trucks and drivers. As a result of these efforts, Canadian trucks now have unrestricted access throughout the United States. In Calendar Year 1997, 5.8 million commercial trucks entered the United States from Canada. Canadian trucks are not inspected at the border, but are routinely inspected by the States, as are U.S. commercial trucks, as the trucks travel U.S. roads.

In contrast, Mexican trucks are subject to inspection at 28 border crossings (4 in California, 6 in Arizona, 2 in New Mexico and 16 in Texas), and are limited to travel within designated U.S. commercial zones.[2] NAFTA provided that Mexico and the United States would permit cross-border trucking within both countries' border States starting no later than December 18, 1995; however, for safety reasons the U.S. Government indefinitely delayed implementation of this access. Since that time, the Office of the Secretary of Transportation and FHWA have worked extensively with Mexican officials to resolve these safety issues.

Under NAFTA's schedule, commercial trucks should be able to transit the interiors of the three countries by January 1, 2000. The extent of future growth of long-haul commercial trucking when NAFTA is implemented is difficult to assess because of the limited availability of consistent data. However, as an example of recent growth, the number of commercial trucks[3] entering the United States at



[2] Commercial zones at the U.S.-Mexico border generally extend from 3 to 20 miles north of U.S. border cities. Mexican commercial trucks may enter the United States to make deliveries or pick up cargo within these zones, but they may not travel beyond the commercial zone limits.

[3] The truck crossings represent the total number of trips through U.S. Customs made by commercial trucks and could include multiple trips by the same truck. The number of individual commercial trucks involved in the cross-border traffic is unknown.

the Mexico border increased from 2.5 million in Calendar Year 1993 to 3.7 million in Calendar Year 1997, an average growth of 10 percent per year (see Figure 1). If prior growth in commercial trade and trucking is any indication of future trends, we can expect an increase in international commercial truck traffic with concomitant safety concerns. The Transportation Equity Act for the 21st Century authorizes funds for the States to plan and develop trade corridors, make infrastructure improvements, and implement other safety enforcement program improvements including state inspection facilities.

Results

The actions in preparation for opening the U.S.-Mexico border to Mexican long-haul trucks did not provide reasonable assurance in the near term that trucks entering the United States will comply with U.S. safety regulations. With the exception of California, neither FHWA's nor the States' plans provide for an adequate presence of inspectors at border crossings for trucks currently operating in the commercial zones. *We concluded that far too few trucks are being inspected at the U.S.-Mexico border, and that too few inspected trucks comply with U.S. standards.*

A more robust border inspection presence is needed, at least in the near term, to both encourage and reinforce the importance of Mexican efforts to establish its own safety oversight program. This should provide an incentive to improve Mexican motor carriers' compliance because there is a strong economic consequence to motor carriers whose trucks are placed out of service. Maintaining the status quo -- a very limited inspection presence at the border (except for California) -- is not likely in the near term to result in significant improvement in the safety of trucks entering the United States.

FHWA was relying on the border States to provide the needed inspectors rather than planning for and providing Federal inspection resources. Conversely, the border States, except for California, did not provide sufficient numbers of inspectors at border crossings, but rather relied on the Federal Government to provide for inspections. The vast majority of California's inspectors were assigned full time (47 full-time and 5 part-time inspectors), compared to 8 full-time and 37 part-time inspectors for Arizona and Texas combined. Furthermore, inspections are a management control established by FHWA and the States to monitor and enforce compliance with safety requirements. Additional Federal inspectors should not be a substitute for a good oversight system in the Republic of Mexico or the U.S. border States, nor, of course, can it serve as a substitute for motor carriers' maintaining their trucks.

During FY 1997, 3.5 million commercial trucks entered the United States at the U. S. -Mexico border; 13 Federal, 55 full-time State and 42 part-time State inspectors inspected at least 17,332 trucks at the border. Of those Mexican trucks inspected, about 44 percent[4] were placed out of service (percentage of trucks removed from service because of serious safety violations). This contrasts with a 25-percent out-of-service rate for U.S. trucks and a 17-percent out-of-service rate for Canadian trucks. We concluded our audit before FY 1998 data were available. However, as of the date of this report, preliminary FHWA data for FY 1998 indicates out-of-service rates for Mexican trucks in Texas and Arizona have not improved. The preliminary data does indicate there has been some reduction in the out-of-service rates in California and in New Mexico. FHWA's preliminary FY 1998 data indicates an out-of-service rate for Mexican trucks of about 42-percent compared to U.S. trucks of about 26 percent.

A direct correlation exists between the condition of Mexican commercial trucks entering the U.S. commercial zones and the level of inspection resources at the border. California has the best inspection practices, and the condition of the Mexican commercial trucks entering at the Mexico-California border are much better than those entering all other border States. For example, during FY 1997, the out-of-service rate for Mexican trucks inspected in California was about 28 percent compared to out-of-service rates of at least 37, 42, and 50 percent in New Mexico, Arizona and Texas respectively. FHWA officials and Federal inspectors in Texas stated that, even with only limited inspectors at the border, they noticed some improvements.

We found that the application process for authorizing Mexican carriers to operate outside the commercial zone, which is currently under review by FHWA, could be improved by obtaining additional information from applicants. Under current procedures, there is no visible means of distinguishing long-haul trucks from those operating solely within the commercial zone to ensure they are appropriately targeted for safety inspections. Furthermore, enforcement of safety regulations was not consistent from State to State.

Mexican transportation officials reported that they are establishing safety requirements and a safety management oversight system for commercial carriers, and that some progress has been made with their planned compliance and enforcement program. However, in our opinion, this progress is not sufficient at this time to ensure compliance with U.S. safety regulations. Figure 2 shows the differences in safety measures that exist among the NAFTA countries.

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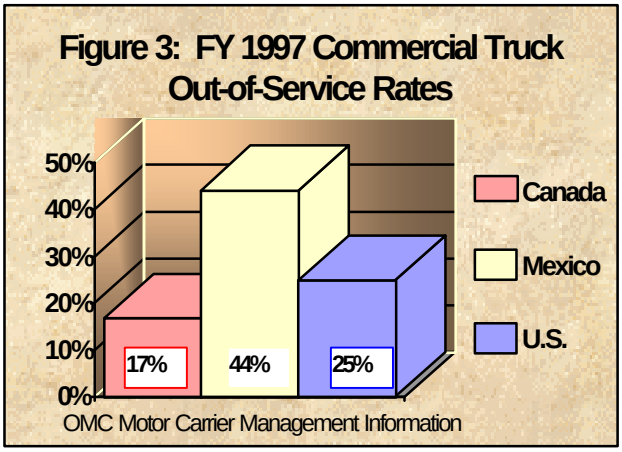
[4] FHWA has not established what is an acceptable out-of-service rate for motor carriers operating in the United States. Our reported results and recommendations are not intended to imply or express what constitutes an acceptable out-of-service rate, and we recognize the need for and difficulty in establishing such criteria.

Figure 2: Differences in Safety Oversight Systems			
Safety Measures	**Canada**	**Mexico**	**United States**
Drivers' Hours of Service Restricted	Yes 13 hours/day	No	Yes 10 hours/day
Logbooks Required	Yes	No	Yes
Vehicle Maintenance Standards	Yes	No	Yes
Roadside Inspections	Yes	No	Yes
Safety Rating System	Yes	No	Yes

Until Mexico implements its safety system, the United States must strengthen its controls to ensure that Mexican trucks and drivers entering the United States are safe. Therefore, additional controls are needed for trucks operating within the commercial zones as well as when long-haul operations are allowed. Under the Motor Carrier Safety Assistance Program, FHWA and the States have formed an important partnership to ensure that commercial trucks operating in the United States comply with U.S. safety standards. However, due to the potential risk of unsafe Mexican trucks entering the United States and transiting U.S. roads, the partnership needs to provide the additional controls necessary to ensure highway safety throughout the border States and the interior States. To achieve the Department's strategic goals on safety, economic growth and trade, and to facilitate implementation of NAFTA's cross-border trucking provisions, FHWA should, at least initially, provide the additional controls. This should be accomplished in tandem with States strengthening their statewide motor carrier oversight.

NAFTA Countries' Compliance with U.S. Safety Regulations



The oversight of Canadian trucks is and will continue to be planned and conducted as an integral part of FHWA's and the States' safety oversight programs. Based on this, as well as Canada's and the United States' uniform inspection procedures and safety standards, we concluded there is no need for procedural changes or additional resources at the U.S.-Canada border. However, we concluded that FHWA does not have a safety enforcement program in place that provides a reasonable level of assurance of the safety of Mexican trucks entering the United States, nor does it plan to establish such a program. The magnitude of the problem is

illustrated in Figure 3. The out-of-service rate[5] for Mexican trucks far exceeded that for Canadian and U.S. trucks. The Canadian and U. S. trucks inspected were long-haul trucks, and the Mexican trucks were those operating within the commercial zones of the border States. The condition of the Mexican trucks currently entering the U.S. commercial zones may not be typical of those that will be used as long-haul trucks when NAFTA provisions are implemented.

Mexico does not have a strong safety management oversight program in place, but intends to begin inspecting commercial vehicles and issuing inspection decals. Mexico agreed to use the uniform inspection standards used in Canada and the United States. Until such time as Mexico's safety management oversight program shows evidence that trucks are safe and drivers are qualified, FHWA and the border States must strengthen safeguards to ensure the safety of Mexican trucks and drivers entering the United States. We concluded that additional Federal inspectors are needed to monitor commercial trucks currently entering the commercial zone. Inspectors, State and/or Federal, will continue to be needed when the border is opened to long-haul trucks that can travel throughout the United States. However, the number of inspectors can be reduced when the out-of-service rate is significantly improved.

Current Strategy Could Be Strengthened to Provide Reasonable Assurance of the Safety of Mexican Trucks

In 1995, FHWA developed a strategy to prepare for the safe opening of the four southern U.S. border States to Mexican commercial truck traffic. Although the strategy provided a basic framework, it did not have specific implementation plans to ensure safe opening of the U.S.-Mexico border. For example, FHWA's strategy did not identify the number of personnel and inspection facilities needed to adequately monitor safety compliance of Mexican trucks, nor did it provide for the implementing procedures and responsibilities needed to carry out a comprehensive safety inspection program. We found no indication that FHWA was proceeding with actions that would increase the U.S. inspection presence at the U.S.-Mexico border. We concluded that placement of adequate inspection resources at the southern border is an essential control mechanism to better ensure that Mexican trucks comply with U.S. safety regulations. The additional Federal inspectors should not be a substitute for a good oversight system in the Republic of Mexico or the U.S. border States, nor, of course, can it serve as a substitute for a motor carrier's responsibility to maintain trucks or ensure qualified drivers.

Inspectors at the U.S. border serve as a control to take noncompliant trucks out of service, resulting in a significant economic consequence to the carrier. At a minimum,

[5] The out-of-service rate may not be representative of the overall compliance with safety regulations by Canadian, Mexican and United States trucks because the trucks inspected were not randomly selected.

the carrier incurs costs to repair the truck, and, if the repairs needed are extensive, towing costs are incurred. In addition, the carrier may incur costs associated with the delay of the delivery or loss of revenue in picking up a shipment. Therefore, the possibility of having trucks placed out of service is a significant incentive that both encourages long-term improvement in the condition of commercial trucks entering the United States and reinforces the importance of Mexico's efforts to implement a motor carrier safety oversight program.

We also found that FHWA was not taking full advantage of another means at its disposal to monitor and improve safety compliance of Mexican trucks. Under NAFTA, Mexican carriers can apply to FHWA for authority to operate in the United States beyond the commercial zones. However, the application process, which is currently under review by FHWA, could be improved by obtaining additional information on Mexican carriers' knowledge of U.S. safety requirements and their ability to comply. For example, the application did not request any information on the carriers' drivers or trucks (such as driver qualification information including commercial license number or a descriptive listing of trucks with date last inspected), proof of insurance, or procedures the carriers would use to ensure compliance with U.S. safety regulations. FHWA is currently developing proposals to change the application process contained in regulatory guidance. However, no time frame has been established for revising the governing regulations.

We also concluded that FHWA's strategy for the opening of the U.S.-Mexico border did not provide inspectors a means of distinguishing between Mexican trucks granted long-haul authority and trucks that would continue to operate solely in the commercial zone. The effect of implementation of NAFTA on Mexican commercial truck traffic within the commercial zones is uncertain. We found no research or data to estimate to what extent Mexican carriers may continue to operate solely within the commercial zone rather than expanding to long-haul authority. Once carriers are authorized to operate beyond the commercial zone, inspectors at the border will need a means of distinguishing between commercial-zone and long-haul trucks and ensuring that they inspect a representative number of long-haul trucks for compliance with Federal safety regulations before the trucks enter the United States. This could be accomplished by requiring trucks to display unique Department of Transportation operating authority numbers (identification numbers). The current numbering system on Mexican trucks does not provide a way to distinguish which carriers may operate outside the commercial zone.

Enforcement of Safety Regulations Differs from State to State

Although California accounts for about 22 percent of the cross-border traffic compared to about 77 percent for Arizona and Texas, California assigned more

inspectors to its border than Arizona and Texas assigned for the cross-border traffic in those two States combined. Furthermore, the vast majority of California's inspectors were assigned full time (47 full-time and 5 part-time inspectors), compared to 8 full-time and 37 part-time inspectors for Arizona and Texas combined. FHWA's 13 Federal inspectors for the southern border are currently assigned to Arizona and Texas. Mexican trucks entering the United States through Arizona, New Mexico[6] and Texas are unlikely to be inspected because those States' border crossings do not have sufficient inspectors on duty during all commercial operating hours, and some border crossings do not have any inspectors assigned.

Similar disparities are found in availability of inspection facilities. Texas and Arizona have no permanent truck inspection facilities at their border crossings. In contrast, California maintains an inspection presence at its two major border crossings during all commercial operating hours and has constructed two permanent inspection facilities to handle the increase in truck traffic anticipated with implementation of NAFTA. New Mexico was in the process of building a facility. However, neither FHWA nor the States had plans that would improve the inspection presence in Arizona and Texas. Based on current resources, we concluded the ability to monitor Mexican long-haul trucks as they enter the United States is inadequate. In addition, unless corrective action is taken, the ability to monitor trucks currently entering the commercial zones is, and will continue to be, inadequate.

Alternatives for Increasing the Number of Inspectors

We developed three alternatives for increasing the number of inspectors at the border crossings. These alternatives, when combined with the border States' inspection programs, could be implemented in partnership with the States involved.

- Alternative I provides two inspectors per work shift of inspectors for all 28 border crossings during the hours they are open to commercial traffic. While Alternative I does provide an inspection presence at each crossing, we do not believe that the number of inspectors would be sufficient at the busier crossings. We estimate the annual personnel costs for this alternative to be about $4 million.

- Alternative II offers the optimal level of coverage, including 2 inspectors for all commercial crossing hours for all 28 border crossings, and 2 additional inspectors per 100,000 commercial vehicle border crossings during FY 1997. We estimate the annual personnel costs for this alternative to be about $7 million.

[6] New Mexico did not have any Federal or State inspectors assigned to its border crossings.

- Alternative III provides a number of inspectors between those provided under Alternatives I and II. Alternative III provides for additional Federal resources now, when Mexican trucks are restricted to the commercial zone, while also providing for a phased opening of commercial border crossings. When the decision is made to allow Mexican trucks beyond the commercial zone, a minimum of 11 border crossings could be initially opened if this was agreeable to both the United States and the Republic of Mexico. This alternative allows Mexico and the United States to have at least one crossing open in each border State. Alternative III would provide FHWA and the States with basic data on compliance with safety regulations, experience in operating the border inspection program, and a basis for future decisions or actions needed to eliminate access limits as agreed to under NAFTA. We estimate the annual personnel costs for this alternative to be about $3 million.

Other Needed Improvements

In view of the present inconsistency in approaches among the four U.S. border States, FHWA needs to establish a NAFTA Program Director with responsibility to ensure an effective cross-border traffic management program. In view of the traffic volume uncertainties and a record that reflects poor truck safety, this leadership position would provide the ability to quickly realign resources as required. Also, having an individual with a good understanding of the complexity of transportation issues on both sides of the border and the authority to deal with those issues will enhance management of cross-border traffic.

Better coordination is also needed among the many Federal entities[7] responsible for monitoring activities at the U.S. borders. Visits to a border crossing clearly show considerable vehicle congestion. Multiple Federal and State agencies have jurisdiction over a variety of border-crossing issues and differing inspection responsibilities, which need to be balanced with the expeditious movement of traffic. Technological improvements such as computer verification of insurance will expedite the traffic flow, and improvements will provide current motor carrier safety data to Federal and State inspectors. A Federal interagency group to coordinate and address the interrelated border issues would also enhance the efficiency of operations at the border. The Transportation Equity Act for the 21st Century requires the Department of Transportation to consult with other agencies and make recommendations to facilitate cross-border traffic. An interagency group would fulfill this requirement.

[7] Federal agencies with monitoring responsibilities include the Department of Agriculture, the Department of Transportation, Immigration and Naturalization Service, U.S. Customs Service, and the Border Patrol.

Summary of Recommendations

Improvements are needed to ensure safety is not compromised and to facilitate the implementation of NAFTA's cross-border trucking provisions without relieving Mexico or the States of their safety-related responsibilities. We recommend the Assistant Secretary and the Federal Highway Administrator:

- Select and fund one of the alternatives proposed to supplement the border States with the requisite Federal inspectors at border crossings, and to provide inspection facilities including communication lines and computer equipment.

- Establish partnerships with the border States to ensure the requisite inspection presence is maintained at the border and throughout the States to ensure highway safety.

- Expedite procedural changes for Mexican carriers to obtain authority to operate within the United States to ensure carriers provide more information on drivers and trucks, as well as procedures the carriers will use to ensure compliance with U.S safety regulations.

- Develop Department of Transportation identification numbers that will distinguish between commercial-zone and long-haul Mexican trucks to serve as a control mechanism at the border for safety inspections, and to expedite registration and insurance verification as border entry points are equipped with electronic scanning devices.

- Establish a NAFTA Program Director for transportation-related issues that provides the capability and awareness to address a consistent enforcement program from State to State, to identify needed resources and infrastructure improvements, and to quickly realign resources as needed.

- Establish a Federal interagency group to coordinate border issues with the many Federal and State agencies with jurisdiction at the border.

Management Position and Office of Inspector General Comments

A draft of this report was provided to the Assistant Secretary for Aviation and International Affairs and the Federal Highway Administrator on September 10, 1998. Based on several meetings and informal comments, changes were made to this final report. On November 12, 1998, the results of the audit and our recommendations

were discussed with the Secretary of Transportation and other senior staff. There was overall agreement on the need for corrective actions and the approach suggested in our recommendations although there may still be reservations concerning the presentation of some statistical data used in the report.

Although views differ about whether a 44 percent out-of-service rate for Mexican trucks is statistically representative of the universe of Mexican trucks that are noncompliant, there currently is no other measure to use as a frame of reference; nearly all agree that the number of trucks currently crossing the border in a noncompliant condition is unacceptably high. Also, there is some speculation that once the border is open to long-haul traffic, the number and percentage of safety compliant Mexican trucks will dramatically increase because long-haul trucks will be different from and in a better condition than the shorter-haul trucks that currently comprise the commercial zone cross-border traffic (referred to as drayage). Should this occur and on a sustained basis, the additional Federal inspection presence can either be downsized or deployed elsewhere. We have requested that the Assistant Secretary for Aviation and International Affairs and the Federal Highway Administrator provide us a list of the specific actions taken or planned in response to our recommendations, and the estimated completion dates within 30 calendar days of the date of this final report.

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I. INTRODUCTION

Background

The Federal Highway Administration's (FHWA) Office of Motor Carriers is responsible for implementing a comprehensive motor carrier safety program, which includes ensuring that motor carriers comply with Federal safety regulations. The U.S. safety and operating regulations for commercial trucks[1] are contained in Title 49, Code of Federal Regulations, Parts 100 through 399. These regulations establish requirements for (1) commercial drivers' licenses, (2) financial responsibility of motor carriers, (3) driver qualifications, (4) vehicle safety specifications, (5) operations, including driver hours-of-service rules, (6) vehicle maintenance, and (7) hazardous materials transportation. To ensure motor carriers comply with these requirements, the regulations also provide for inspections of commercial trucks that operate on U.S. roads. FHWA delegates the majority of the responsibility for inspecting commercial trucks to the States, including inspection of drivers' records and the condition of the trucks for conformance with standards. When the North American Free Trade Agreement's (NAFTA) cross-border trucking provisions are implemented, the States will be performing inspections of both U.S. and foreign carriers in the border States and the interior States.

Canada, Mexico, and the United States signed NAFTA in December 1992. The agreement addressed the elimination of tariffs and other barriers to trade, and facilitation of the movement of goods and services. The agreement created a phased timetable for removal of barriers to shipment of international cargo and operation of motor carriers among the NAFTA countries. All access limits on commercial carriers to the three countries are scheduled to be phased out by January 1, 2000. NAFTA states that motor carriers entering a NAFTA country must comply with the safety and operating regulations of that country. Because each country had varying regulatory guidelines, the Land Transportation Standards Subcommittee was created under NAFTA and under the Committee on Standards-Related Measures to monitor the development of compatible truck safety and operating regulations among NAFTA countries. Federal transportation officials from all three NAFTA countries are members of the Subcommittee.

According to NAFTA, Mexico and the United States agreed to permit commercial trucks access within the U.S.-Mexico border States by December 18, 1995. However, the December 1995 implementation was delayed indefinitely by the

[1] Generally defined as those trucks operating over the highways in interstate commerce that have a gross weight of more than 10,000 pounds or that carry hazardous material.

U.S. Government for safety reasons. Mexican trucks continue to operate in restricted, designated commercial zones along the U.S.-Mexico border. These commercial zones generally encompass areas extending between 3 and 20 miles north of U.S. border cities. Mexican trucks may enter the United States to deliver or pick up cargo within these zones, but they may not travel beyond the commercial zone limits in the border States of Arizona, California, New Mexico and Texas.

Truck companies operating within the U.S. commercial zones are referred to as the drayage industry. This industry generally involves small trucking firms that haul goods across a border from one country to another as in the case of Mexico and the United States. Mexican goods exported to the United States are primarily agricultural products and electronic equipment, materials, and supplies. These goods are carried from a warehouse in Mexico to a warehouse in the U.S. commercial zone through a customs broker (an agent who arranges for transportation, negotiates rates, and ensures the proper paperwork to speed shipments through customs).

The extent of future growth of long-haul commercial trucking when the NAFTA cross-border trucking provisions are implemented is difficult to assess because of the lack of available and consistent data. However, if prior growth in commercial trade and trucking is any indication of future trends, we can expect an increase in the amount of international commercial truck traffic along the U.S. primary trade corridors.

The dotted lines on the map at Exhibit A identify potential international trade corridors that may serve as the major corridors for long-haul NAFTA truck trade. Corridors are defined as areas that are likely to experience high levels of long-haul truck traffic and do not represent Federal, National or State Highways. These corridors were identified by Office of the Inspector General staff with the aid of "Transportation Issues and the U.S. Mexico Free Trade Agreement" by Robert Harrison, Leight Bosk, Clyde E. Lee and John McCray; "Trade and Traffic Across the Eastern U.S.-Canada Border, Volumes I and II" from the Bureau of Transportation Statistics; and border crossing data from the Unites States Census Bureau. This map is not an endorsement from the Office of the Inspector General for specific routes or highways. Rather, it is a visual illustration of the possible paths the NAFTA long-haul traffic may travel in the future. At the commercial ports of entry on the U.S.-Mexico border, 3.5 million commercial trucks entered the United States during fiscal year (FY) 1997. Exhibit B shows the location of the commercial ports of entry between Mexico and the United States.

Office of the Secretary of Transportation officials reported that as of the end of December 1998, no specific timeframe had been established for resolving the transportation issues between Mexico and the United States, and no timetable had been agreed on for implementing the remaining NAFTA provisions.

Objective, Scope and Methodology

The objective of the audit was to determine if the FHWA has plans to accomplish inspections or otherwise ensure that commercial trucks entering the United States are safe and drivers are qualified. We also addressed concerns expressed at congressional hearings about whether additional inspection resources are needed at the borders because of anticipated expansion of commercial traffic there due to NAFTA.

The results and recommendations in this report are not intended to express or imply that a Federal or State motor carrier inspection presence at the U.S.-Mexico border relieves the Republic of Mexico of the responsibility to establish and implement a motor carrier safety oversight program, as required by the U.S. Department of Transportation, for those carriers seeking to conduct operations in the United States.

We interviewed Department of Transportation officials in the Office of International Transportation and Trade, and Office of Motor Carrier officials in FHWA to identify plans for inspecting Canadian and Mexican commercial trucks entering the United States. We discussed the operational aspects of these plans with FHWA managers and inspectors at the headquarters, regional, and field offices.

We visited 14 border crossings in Arizona, California, New Mexico, and Texas (shown in Figure 1) to observe inspections and inspection facilities, and discussed the inspection process with Federal and state inspectors.

Figure 1: FY 1997 Truck Traffic from Mexico for Border Crossings Visited			
Crossing Name	**Location**	**Truck Count**	**Percent of FY 1997 Truck Traffic**
Juarez-Lincoln (Bridge II) and Columbia Bridges	Laredo, TX	1,162,419	32.8%
Bridge of the Americas and Ysleta Bridge	El Paso, TX	596,538	16.8%
Otay Mesa Port of Entry	Otay Mesa, CA	558,383	15.7%
Nogales-Mariposa Port of Entry	Nogales, AZ	236,425	6.7%
Pharr-Reynosa International Bridge	Pharr, TX	225,337	6.4%
Gateway International Bridge	Brownsville, TX	126,269	3.6%
Tecate Port of Entry	Tecate, CA	41,783	1.2%
Free Trade Bridge	Los Indios, TX	40,518	1.1%
Santa Teresa-Juarez Port of Entry	Santa Teresa, NM	31,788	0.9%
Progresso International Bridge	Progresso, TX	17,963	0.5%
Rio Grande City-Camargo	Rio Grande City, TX	16,867	0.5%
Roma-Ciudad Miguel Aleman Bridge	Roma, TX	11,589	0.3%
Total - All Crossings Visited		**3,065,879**	**86.5%**
Source: U. S. Customs Service			

We also interviewed and obtained documents from State safety officials in Arizona, California, New Mexico, and Texas; and Federal officials with the General Services Administration and the U.S. Customs Service. We consulted with officials from the National Governors Association, the North American Transportation Alliance, and Citizens for Reliable and Safe Highways, representing government, industry, and citizen safety groups. Office of Inspector General auditors also participated in meetings and conferences sponsored by the Land Transportation Standards Subcommittee and the North American Transportation Alliance, where high-level officials from Canada, Mexico, and the United States discussed truck safety and inspection issues.

We obtained and reviewed commercial truck inspection data (primarily FY 1997) maintained in the Motor Carrier Management Information System, a database that is the authoritative source of safety information used in National Motor Carrier Safety programs. We did not verify the accuracy of FHWA's database, the inspections results reported by FHWA and the States, or the border-crossing data reported by the Customs Service. We concluded our audit before FY 1998 data were available. However, as of the date of this report, preliminary FHWA data for FY 1998 was available. For comparison purposes we cite the data in this report.

We reviewed applicable public laws and Federal regulations. The audit was conducted from November 1997, through September 1998, in accordance with

Government Auditing Standards prescribed by the Comptroller General of the United States. Exhibit C lists the activities we visited or contacted during the audit.

Prior Audit Coverage

On April 9, 1997, the General Accounting Office (GAO) issued Report No. GAO/RCED-97-68, "Commercial Trucking – Safety Concerns About Mexican Trucks Remain Even as Inspection Activity Increases." GAO reported that the Department of Transportation, Arizona, California, and Texas had increased inspection activities at the U.S.-Mexico border to foster increased compliance with U.S. safety regulations by Mexican trucks. However, Mexican trucks entering the United States continued to exhibit high out-of-service rates for serious safety violations. The report recommended that the Secretary of Transportation encourage the border States to develop and implement measurable, results-oriented goals for the inspection of commercial trucks entering the United States from Mexico; and work actively with the General Services Administration (GSA) to ensure that truck safety inspection facilities are included, where practicable, when border installations are planned, constructed, or refurbished. FHWA required the States to participate in GSA's facility planning efforts and to include performance-based measures in their FY 1998 inspection plans for the Motor Carrier Safety Assistance Program.

GAO issued Report No. GAO/R CED-96-61 dated February 29, 1996, "Safety and Infrastructure Issues Under the North American Free Trade Agreement." The report stated that Mexico and the United States had made some progress in developing compatible trucking regulations; however, compatibility for certain trucking regulations may never be reached. The report indicated that enforcement is the key to ensuring compliance, but the States' readiness for enforcement varied significantly (i.e., Texas had the greatest burden, with limited resources, and California appeared to be the most ready). The report contained no recommendations.

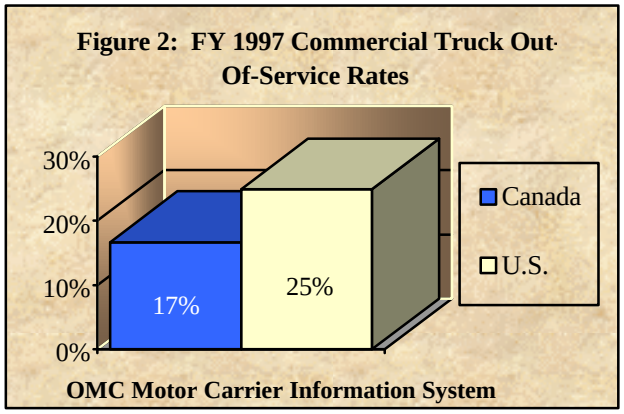
II. FINDINGS AND RECOMMENDATIONS

Finding A. Out-of-Service Rate for Canadian Trucks Entering the United States Compares Favorably with U.S. Rate

In 1982, 10 years before NAFTA was approved, Canada and the United States opened their shared border to cross-border trucking. The countries have been working together to develop uniform inspection procedures and safety standards for trucks and drivers. As a result of these efforts, Canadian trucks are not inspected as they enter the United States, instead they are subject to the safety oversight system that Canada has had in place since the early 1980's, as well as routine oversight inspections performed by States as the trucks travel throughout the United States. During FY 1997, the out-of-service rate for Canadian trucks was about 17 percent compared to about 25 percent for U.S. trucks for the same period. Oversight of Canadian trucks is and will continue to be planned and conducted as an integral part of FHWA's and the States' safety oversight programs. Therefore, we concluded there is no need for procedural changes or additional inspectors at the U.S.-Canada border.

Inspection Results

We compared the results of inspections performed on Canadian trucks operating in the United States to the results of inspections performed on U.S. trucks. In FY 1997, 32,328 inspections were performed on Canadian trucks operating in the United States, which resulted in 5,401 of the trucks (about 17 percent) being placed out of service for safety violations. In comparison, during FY 1997, approximately 1.75 million inspections of U.S. commercial trucks resulted in 437,880 trucks (about 25 percent) being placed out of service for safety violations.



We also contacted officials of Transport Canada (Canada's equivalent of the U.S. Department of Transportation) and the Commercial Vehicle Safety Alliance[2] to obtain statistics on Canadian truck inspections. However, Canada does not have a system in place that provides a national average of out-of-service rates. We were able to obtain data on the results of Canada's *Roadcheck 97*, a three-day nationwide "checkpoint campaign" of commercial truck inspections used by Canada to obtain a national rate of compliance with safety regulations. During *Roadcheck 97*, Canada conducted Level-1 (the most rigorous inspection of the truck) inspections on 9,469 trucks[3], and put 2,090 trucks (22 percent) out of service.

Canadian trucks can enter the United States through 76 port cities. We examined the recent trends in the volume of Canadian trucks entering the United States, as well as the projected trade growth between the two nations. Between 1991 and 1996, truck traffic increased by over 50 percent along the U.S.-Canada border. In Calendar Year 1997, 5.8 million commercial trucks entered the United States at the U.S.-Canada border. Canadian exports into the United States increased from $123.5 billion in Calendar Year 1994 to $156 billion in Calendar Year 1997, a 26-percent increase. Projected growth is expected to continue at a rate of about 4 to 7 percent per year.

Canadian provinces manage an inspection program for commercial vehicles that is based on National Safety Codes with inspections performed in accordance with Commercial Vehicle Safety Alliance standards. Unsafe vehicles are placed out of service in accordance with the standards. The program has been operational since the early 1980's. Based on the Canadian FY 97 out-of-service rate and the Canadian inspection program, we concluded that in the near term there is no need for procedural changes or additional inspectors at the U.S.-Canada border to ensure the safety of Canadian trucks entering the United States.

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[2] Commercial Vehicle Safety Alliance is a non-profit organization of federal, state, and provincial government agencies and representatives from private industry in the United States, Canada, and Mexico dedicated to improving commercial vehicle safety. The United States and Canada originally created the alliance after the 1982 border opening. Mexico joined the alliance because of NAFTA.

[3] During *Roadcheck 97*, Canada physically inspected 7,285 trucks. Another 2,184 trucks were included as "passed" without being inspected because they had decals indicating they recently passed a Level-1 inspection. The 9,469 trucks represented 100 percent of the trucks passing the checkpoints during the campaign.

Finding B. Further Actions Are Required to Ensure the Safety of Mexican Trucks

FHWA and the four States bordering Mexico took some steps to ensure the safety of Mexican carriers operating in the United States. FHWA designed an enforcement strategy in preparation for the December 1995 opening of the four border States to Mexican truck traffic, but did not determine, or put in place, the requisite resources and facilities to reasonably ensure the safety of Mexican trucks entering the United States. With the exception of California, neither FHWA's nor the States' plans provide for an adequate presence of inspectors at border crossings for trucks currently operating in the commercial zones. During FY 1997, about 44 percent of the Mexican trucks that were inspected upon entering the United States failed to meet U.S. safety requirements. FHWA relied primarily on the States to determine the appropriate level of oversight and to provide the needed resources and inspection facilities. Consequently, the FHWA does not have a consistent enforcement program that provides reasonable assurance of the safety of Mexican trucks entering the United States. Furthermore, should the moratorium on cross-border trucking be lifted in the near term, the FHWA is not ready to reasonably enforce U.S. safety regulations on Mexican carriers.

Cross-Border Trucking Under NAFTA

Status of U.S.-Mexico Cross-Border Trucking. On December 18, 1995, the U.S. Government delayed implementation of the initial phase of NAFTA cross-border trucking provisions until U.S. safety concerns were addressed. The Secretary of Transportation announced that Mexican trucks would continue to have access only to U.S. commercial zones along the border (generally, areas between 3 and 20 miles from U.S. border towns' northern limits) and that applications would be accepted from Mexican trucking companies desiring to do business beyond the commercial zones.

U.S. Actions to Ensure the Safety of Mexican Trucks. Since the December 1995 decision to postpone implementation of the NAFTA long-haul truck access provisions, both the Office of the Secretary of Transportation (OST) and the Federal Highway Administration have worked to improve the safety oversight systems on both sides of the U.S.-Mexico border. FHWA and the border States provided safety brochures to Mexican truck operators, provided public service announcements regarding U.S. safety requirements, and trained 100 instructors in Mexico to perform driver and vehicle inspections using internationally agreed to Commercial Vehicle Safety Alliance standards. Border inspectors continue to

disseminate safety brochures and information to Mexican drivers entering the United States.

In addition, FHWA and OST personnel have worked with Mexican officials to develop compatible safety and operating regulations for commercial carriers, and have provided additional financial assistance to States bordering Mexico. Exhibit D provides details on these efforts. In August 1996, FHWA assigned 13 Federal inspectors to major crossings on the southern border.

FHWA's 1995 Strategy for Implementing NAFTA. Prior to the December 1995 moratorium on cross-border trucking, FHWA developed a strategy for opening the four U.S. border States to Mexican truck traffic. The strategy included the following three objectives:

1. Ensure that all carriers, drivers, and brokers are aware of the U.S. safety requirements while operating in the United States.
2. Maintain a full-time enforcement presence at the major border crossings to ensure safety of the commercial vehicles and drivers operating in these areas.
3. Conduct ongoing evaluations of the data on the results and impacts of these activities and revise Federal, State, and local enforcement strategies accordingly.

The objectives were to be implemented in three phases: education, inspection/enforcement, and program monitoring/evaluation. The strategy specifically called for dividing the border States into three zones. Zone 1 was to have full-time teams at major ports of entry, and mobile teams comprising Federal, state and local inspection personnel within the commercial zones. State inspector personnel were to be deployed in Zone II, the immediate area outside the commercial zone, and in Zone III, the rest of the State. The strategy did not specify which border crossings would be staffed full time, the quantity and availability of resources and facilities required for implementing the strategy, or the implementing procedures and responsibilities.

State Inspection Plans for NAFTA Trucks. No special inspection plans have been developed for the Mexican trucks that will be authorized to operate beyond the commercial zones. Officials in the border States advised us that they generally plan to inspect Mexican trucks granted authority under NAFTA in the same manner they currently inspect Mexican trucks entering the U.S. commercial zones. Mexican trucks will be subject to inspections at the border as well as roadside inspections as they travel throughout the border States.

Truck Safety Inspection Process. Mexican trucks enter the U.S. commercial zones at 23 port cities (28 crossing points) in Arizona, California, New Mexico and Texas. Exhibit B shows the location of these crossings. Trucks are generally targeted for inspections on a selective basis: if a cursory auditory and visual examination of the truck reveals potential violations, it is inspected. According to inspectors we interviewed, trucks are also randomly selected for inspection. In addition, trucks crossing at California's two major border ports of entry are generally selected for inspection if they do not have an inspection decal or if they have an expired inspection decal (indicating that the truck had not been inspected within the last 3 months).

Inspectors use standards established by the Commercial Vehicle Safety Alliance. The inspection standards define how the regulations will be enforced. The Commercial Vehicle Safety Alliance standards define five inspection levels. Level-1, the most rigorous, is a full inspection of the truck and the driver. Level-2 is a "walk around" inspection that includes a check of the driver and a visual inspection of the truck. Level-3 inspections focus only on the driver. Level-4 and Level-5 inspections are conducted for special purposes, such as a one-time inspection of a particular item to support a special study. The standards also include criteria for placing trucks and drivers out of service if the inspections find the truck or driver do not meet prescribed minimum safety requirements.

Resources and Facilities Are Inconsistent and Insufficient

The objectives identified in FHWA's 1995 strategy are critical to ensuring Mexican carriers and drivers comply with U.S. safety requirements. However, the necessary resources, facilities and procedures are not in place or planned to effectively execute the strategy. FHWA and the four States bordering Mexico increased the level of oversight provided to Mexican carriers operating within the commercial zones, but the level of resources and inspection facilities vary significantly.

FHWA Inspectors Assigned to the Southern Border. As of November 1998, the 13 FHWA inspectors assigned to the southern border were assigned to five port cities. These port cities have 13 border crossings that account for about 71 percent of truck traffic entering at U.S.-Mexico border as shown in Figure 3.

Figure 3: FHWA Inspectors at the U.S.-Mexico Border Crossings				
Port City	**Number of Inspectors**	**Border Crossings**	**FY 1997 Truck Crossings**	**Percentage of Traffic**
Laredo, TX	4	2	1,162,419	32.8
El Paso, TX	2	2	596,538	16.8
Nogales, AZ	3	1	236,425	6.7
Brownsville, TX	2	3	238,175	6.7
Pharr, TX	2	5	272,186	7.7
Totals	**13**	**13**	**2,505,743**	**70.7**
Sources: FHWA (Inspectors, Crossings) and U.S. Customs Service (Truck Count)				

In November 1997, the two FHWA Regional Directors with jurisdiction over the southern border requested that the number of Federal inspectors assigned to the border be increased from 13 to 27 (20 inspectors for Texas, 4 for Arizona, and 3 for California). In January 1998, FHWA Headquarters converted the existing 13 Federal inspectors from temporary to permanent status. Also, after January 1998, two Federal inspector positions assigned to California were transferred to Texas. However, funding for the additional 14 positions was not pursued.

State Inspectors at the Southern Border. California, with 22 percent of the cross-border traffic, had 47 full-time and 5 part-time state inspectors assigned to the border. California maintains an inspection presence at its two major border crossings during all commercial crossing hours, while the other States do not. The remaining three States had 8 full-time (Arizona) and 37 part-time (Texas) inspectors to oversee the remaining 78 percent of the traffic. Figure 4 shows the number of state safety inspectors assigned to border crossings in Arizona, California, New Mexico, and Texas as of June 1998.

Figure 4: State Inspectors at the U.S.-Mexico Border					
State	**Number of Inspectors**	**Time Devoted to Inspections**	**FY 1997 Traffic**	**Ports of Entry**	**Percent of Traffic**
Arizona	8	100%	334.627	6	9.4
California	47	100%	793,403	4	22.4
(Part-time)	5	25%			
New Mexico	0	0%	33,785	2	1.0
Texas **(Part-time)**	37	25%	2,385,234	16	67.2
Total	**97**		**3,547,049**	**28**	**100.0**
Sources: State Safety Officials (Inspectors and Time); U.S. Customs Service (Truck Count)					

Texas was the only State that quantified a specific need for more inspectors at the border. Based on assigning inspectors to six major crossings during hours of operation, the Texas Department of Public Safety requested 127 inspectors. However, the State authorized only five additional inspectors, three during FY 1998 and two during FY 1999.

Lack of Enforcement Presence at the Border. During FY 1997, commercial trucks made 3.5 million crossings into the United States, and U.S. inspectors performed at least 17,332 inspections on those trucks. Of those inspected, 44 percent were found to have safety (mechanical) deficiencies serious enough to remove the truck from service. We concluded that far too few trucks are being inspected at the U.S.-Mexico border, and that too few inspected trucks comply with U.S. standards.

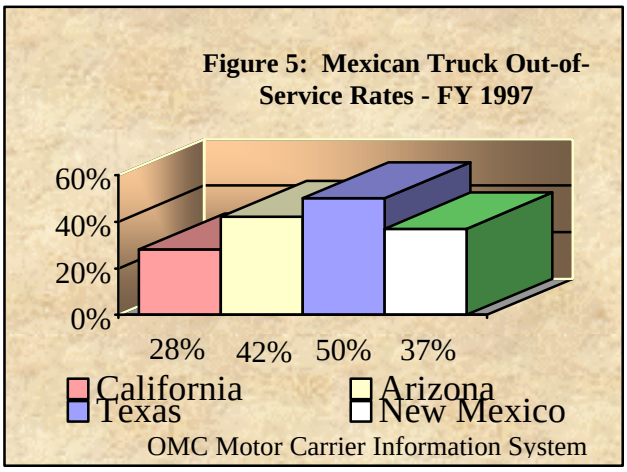
We visited 14 U.S.-Mexico border crossings in Arizona, California, New Mexico, and Texas that accounted for 86 percent of the FY 1997 truck traffic. We observed inspections and viewed inspection facilities. Because of the lack of sufficient number of full-time inspectors at border crossings, Mexican trucks entering the United States through Arizona, New Mexico, and Texas stood little chance of being inspected.

At the busiest crossings in Arizona, New Mexico and Texas, generally only one or two inspectors were present during weekdays, and no inspectors were regularly present during the evening and weekend times when the crossings were open to trucks. At other crossings, there were no inspectors present on most weekdays, and no coverage at all during evenings and weekends.

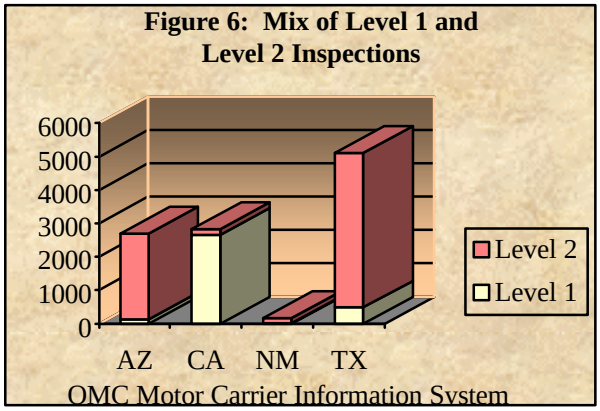
An example of the coverage provided at busier crossings is the port city of Laredo, Texas. In 1997, Laredo's two crossing points handled about 4,800 trucks on weekdays, 2,900 on Saturdays, and 2,100 on Sundays. Three FHWA inspectors and three State inspectors provided inspection coverage for Laredo. The FHWA inspectors spent 100 percent of their time at the border. The State inspectors were not assigned to the border full-time, and records were not kept to show exactly how much time they spent there. However, Texas officials estimated the inspectors spent about 25 percent of their time at the crossings. Both FHWA and State inspectors advised us that they do not routinely provide coverage on evenings or weekends. FHWA reports show that each inspector averages 8 to 10 inspections a day. This level of staffing provides only limited coverage of the Mexican trucks crossing the border, with virtually no coverage of the 5,000 trucks that cross into Laredo on weekends.

Inspection coverage at lower volume crossings in Arizona, New Mexico, and Texas varied from no scheduled inspection coverage to coverage one day per week. As a result, Mexican trucks enter the United States every day without being viewed by a safety inspector. For example, we visited Santa Teresa, New Mexico, where about 110 northbound trucks crossed per day in FY 1997. During a 2-hour period, two FHWA inspectors accompanying our audit team inspected four trucks and cited three of them for multiple out-of-service violations, including defective frames, brake lights, steering systems, and tires.

By comparison, a full-time inspection presence is maintained at California's two major ports of entry. The out-of-service rate for Mexican trucks in FY 1997 was 28 percent in California. This compares favorably with the 25 percent out–of-service rate for U.S. trucks inspected nationwide during the same period. New Mexico, Arizona and Texas had out-of-service rates of at least 37, 42 and 50 percent respectively. Preliminary FHWA data for FY 1998 indicates out-of-service rates for Mexican trucks in Texas and Arizona have not improved. The preliminary data does indicate there has been some reduction in the out-of-service rates in California and in New Mexico. FHWA's preliminary data also indicates an overall out-of-service rate for Mexican trucks of about 42 percent compared to a rate for U.S. trucks of about 26 percent.



Level of Inspections Performed. Because of staff limitations, inspectors in Arizona, New Mexico, and Texas primarily made less stringent, Level-2 inspections. For safety reasons, Texas inspectors working alone were prohibited from conducting Level-1 inspections. Inspection records for FY 1997 showed that in Arizona and New Mexico over 90 percent of the inspections of Mexican trucks were Level-2 inspections. In Texas, over 78 percent were Level-2 inspections. In contrast, 93 percent of the inspections of Mexican trucks



conducted in California were Level-1 inspections. For U.S. trucks inspected nationwide in FY 1997 about 53 percent were Level 1 inspections. The Commercial Vehicle Standards Alliance has set as a goal that at least 50 percent of inspections should be Level-1, which is the most reliable for assessing the overall condition and safety of a commercial motor vehicle.

Lack of Inspection Facilities. Texas, which accounts for 67 percent of the truck traffic from Mexico, and Arizona with 9 percent of the truck traffic, have no permanent truck inspection areas at their border crossings. The U.S. Customs Service allows Federal and State truck safety inspectors to work within Customs' ports of entry on a "space available" basis. However, the work and office space afforded the inspectors restricts the level of inspections and enforcement inspectors can provide.

For example, at major crossings in Brownsville and El Paso, Texas, the U.S. Customs Service allotted the inspectors only enough space to place three or four trucks out of service. As long as there is space, a truck placed out of service is held at the inspection pad and fixed on the spot. If it cannot be fixed on the spot, it may remain at the pad until it can be towed away. When the allotted space is full, inspectors must stop doing inspections or direct the trucks they place out of service to return to Mexico. Similar limitations in space were found at Roma, Rio Grande City, and Progresso, Texas.

The configuration of the Brownsville and El Paso crossings present another difficulty to enforcing safety regulations. When drivers of rejected trucks are instructed to return to Mexico, the inspectors cannot confirm that drivers do as directed because the trucks cannot turn back at that point due to the configuration of the road. The trucks must proceed into the United States until they reach a turn-around point. By that time, the trucks are beyond the inspectors' range of observation and could proceed to their intended destination with impunity.

California and New Mexico have both built facilities to increase their truck inspection capacity. California built permanent truck inspection facilities in 1996 at its two major border crossings in Otay Mesa and Calexico, which cost about $15 million each. Also during 1996, New Mexico opened an inspection facility at Anthony on Interstate 10, about 20 miles north of El Paso, Texas. The facility cost about $6.5 million, and was built in anticipation of increased commercial traffic traveling east and west through the State as a result of NAFTA. The New Mexico State legislature recently approved funding of $690,000 to build an inspection facility at the Santa Teresa border crossing, the State's most active crossing for commercial vehicles. This money will be used to pave and fence an inspection

area and set up a portable building. According to a State official, the facility is expected to be available before February 1999.

Actions Required to Ensure Safety Compliance of Mexican Carriers

The safety concerns that resulted in the 1995 suspension of the NAFTA access provision compel FHWA to work with the border States to execute a strategy for ensuring that Mexican carriers comply with U.S. safety standards. Major differences in the safety oversight of commercial trucks between the three NAFTA countries are shown in Figure 7.

Figure 7: Differences in Safety Oversight Systems

Safety Measures	Canada	Mexico	United States
Drivers' Hours of Service	Yes	No	Yes
Restricted	13 hours/day		10 hours/day
Logbooks Required	Yes	No	Yes
Vehicle Maintenance Standards	Yes	No	Yes
Roadside Inspections	Yes	No	Yes
Safety Rating System	Yes	No	Yes

The United States and Canada are working with Mexico within NAFTA's Transportation Standards Subcommittee to implement these safety measures, which cannot serve as a substitute for a motor carrier's responsibility to maintain trucks or ensure qualified drivers. However, due to the potential risks of unsafe Mexican trucks entering the United States and transiting U.S. roads, additional controls are necessary to ensure highway safety throughout the border States and the interior States.

Information Needed to Grant Operating Authority. Under NAFTA, Mexican carriers can apply to FHWA for authority to operate in the United States beyond the commercial zones. Between December 1995 and October 1997, 196 Mexican commercial carriers applied to FHWA for such authority. Inspection records for the 24 months preceding May 26, 1998, indicated that 132 of the 196 applicants were already operating in the commercial zones in Arizona (10), California (87) and Texas (35).

FHWA lacks information on these 196 Mexican carriers' knowledge of U.S. safety requirements and their ability to comply. The 196 Mexican carriers filed Form OP-1MX, "Application for Operating Authority by Mexican Carriers." The OP-1MX is a six-page document that contains information concerning (1) applicant information (name, address, etc.), (2) type of authority requested, (3) insurance information (requirements identified, but proof of insurance is not provided with the application), (4) safety certification that the carrier will comply with U.S. DOT

regulations, (5) disclosure of any affiliations, (6) household goods certifications, and (7) applicant's oath. The carrier is not required to provide any information on the company's drivers or trucks, or to identify the individuals employed and the procedures the carriers will use to ensure compliance with U.S. safety regulations.

To effectively assess the ability of a carrier to comply with U.S. safety regulations, FHWA should obtain and evaluate additional information. This information should, as a minimum, include:

1. Specific information on trucks to be operated in the United States, including a list of vehicles, descriptions, identification numbers, and date last inspected in accordance with FHWA regulatory requirements.
2. Driver qualification information, including commercial license number.
3. Proof of insurance.
4. Owner certifications, list of persons responsible, and written policies and procedures for complying with U.S. safety regulations (including hours of service, drug and alcohol testing, vehicle inspections, accident monitoring, production of records, and hazardous materials).

FHWA is developing proposed changes to the regulations governing the application process for Mexican carriers requesting operating authority under NAFTA, and the provisional granting and oversight of such authority. FHWA officials advise us that the above provisions would be included in the revised regulations. However, no time frame has been established for revising the regulations.

Distinguishing Between Operating Authority of Mexican Carriers. The Department of Transportation operating authority numbers assigned to the Mexican carriers, which must be displayed on the trucks, does not provide a means to identify which carriers have been given authority to operate beyond the commercial zones. Consequently, inspectors at the border will not be able to visually identify the trucks approved for long-haul operations and target them for inspection. The ability to distinguish the carriers authorized to operate outside the commercial zone would serve as a control mechanism for ensuring compliance with safety regulations before Mexican trucks enter the United States, because Arizona, New Mexico and Texas State inspectors do not enforce the operating authority regulation (registration).

In addition, the identification number could be used in the commercial motor vehicle data system to enhance enforcement. As border entry points become equipped with electronic scanning devices and other technological improvements,

the identification number could also expedite verification of registration and insurance information.

Full-Time Federal Enforcement Presence Is Needed. Mexico does not have a strong safety management oversight program in place, but Mexican officials reported at the June 1998 Land Transportation Standards Subcommittee meeting that they plan to begin inspecting commercial vehicles and issuing inspection decals. Until such time as Mexico's safety management oversight program shows evidence that trucks are safe and drivers are qualified, FHWA and the border States must take extra measures to ensure the safety compliance of Mexican carriers entering the United States. The combined FHWA and State inspection resources assigned to the southern border do not permit a full-time enforcement presence**.** Currently, except for California's two major border crossings, sufficient inspectors are not in place to provide an inspection presence at border crossings during all hours of commercial truck operations. Based on current resources, we concluded that additional Federal inspectors are needed to monitor commercial trucks currently entering the commercial zone. Inspectors, State and/or Federal, will continue to be needed when the border is opened to long-haul trucks that can travel throughout the United States. However, the number of inspectors can be reduced when the out-of-service rate is significantly improved.

A Federal presence is needed to ensure a consistent enforcement program and to provide additional oversight and monitoring, particularly in the early stages of NAFTA's implementation. Accordingly, we developed three alternatives for providing additional resources at the border crossings, Alternative I (minimum level), Alternative II (optimal level), and Alternative III (reasonable level). The level of additional inspectors we proposed for each alternative did not take into account the amount of time an inspector might be away from work for training or approved absences. Exhibit E shows the details of the alternatives by border crossing.

Alternative I (Minimum Level). To provide a minimum inspection presence at all border crossings during the hours they are open to commercial traffic will require about 73 additional inspectors at an estimated annual cost of $4 million. In computing this number, we used two inspectors for each work shift of the commercial crossing hours to provide the minimum number of inspectors required to safely conduct Level–1 inspections. Our estimate considered full-time State inspectors assigned to the border crossings in Arizona and California. We did not include New Mexico and Texas inspectors, who spend about 25 percent of their time conducting inspections at the border. Those resources should be used to supplement the minimum inspection coverage at crossings with the greatest traffic.

While Alternative I does provide an inspection presence at each crossing, we do not believe the number of inspectors is sufficient at the busier crossings.

Alternative II (Optimal Level). This level assigns an additional 126 inspectors at an estimated annual cost of $7 million to include two inspectors for all commercial crossing hours and two additional inspectors per 100,000 commercial vehicle border crossings during FY 1997. This is based on the assumption that any location with more than 100,000 commercial vehicles crossing is likely to experience higher volumes of long-haul commercial traffic. We used 100,000 truck crossings per year as the distinguishing factor between major ports of entry and regular ports of entry because (with the exception of two ports of entry that had 70,000 crossings) there appeared to be a division between ports with over 100,000 commercial crossings and under 100,000 crossings per year.

Alternative III (Reasonable Level). Alternative III provides for additional Federal resources now, when Mexican trucks are restricted to the commercial zone, while also providing for a phased opening of commercial border crossings when the decision is made to allow Mexican trucks beyond the commercial zone. Rather than staffing all 28 border crossings an alternative would be to phase in the opening of commercial border crossings and designate 11 border crossings for the initial implementation of long-haul trucking under NAFTA. Exhibit E highlights the proposed initial crossings. The 11 crossings proposed include 9 major crossing points, which accounted for over 87 percent of the cross-border commercial traffic during FY 1997, plus crossings in Santa Teresa, New Mexico, and Eagle Pass, Texas. With these two additional border crossings, each Mexico and U.S. State would have at least one crossing point open (see Exhibit F for a map showing the 11 proposed crossing points). With Alternative III, there is a need for 47 more inspectors and 8 administrative staff members, for 55 total personnel at an estimated annual cost of $3 million.

This approach provides a Federal presence at each major crossing and includes some flexibility for "roaming inspectors" to cover neighboring crossings. The administrative staff would enter the inspection information into the databases, analyze the inspection data for enforcement purposes, and relieve the inspectors of any other administrative tasks.

Fatal Crashes Involving Large Trucks. Texas and California led the nation in the number of fatal crashes involving large trucks for Calendar Years (CYs) 1992 through 1996. During CY 1996, Texas had 411 fatal crashes involving large trucks and California had 366. However, when viewed based on miles traveled, fatal crashes per 100 million vehicle miles of travel (VMT), Texas

had 3.0 fatal crashes per 100 million VMT and California had 1.7 per 100 million VMT. The national average for CY 1996 was 2.4 fatal crashes per 100 million VMT. The FY 1997 VMT by State is not available at this time, but during FY 1997 the fatal crashes involving large trucks shows Texas had 410 fatal crashes compared to California's 369 fatal crashes.

Texas has the heaviest volume of Mexican trucks entering the United States, which could further increase the number of crashes when NAFTA's cross-border trucking provisions are implemented. In the near term, ensuring compliance with U.S. safety regulations before the Mexican trucks enter the highway system would provide the greatest safety benefit to Texas and other States.

Inspection Facilities Are Needed. In order for inspectors to conduct inspections, facilities must be available. Facilities include areas to inspect the trucks; space for parking trucks placed out of service; office space and storage space for information, personnel and equipment; portable scales; computers; and communication lines for direct access to motor carrier databases. Presently, FHWA and state inspectors work within the U.S. Customs Service's port of entry lots. However, to adequately inspect the current and expanded cross-border traffic expected when NAFTA provisions are implemented, inspectors will require dedicated, properly equipped facilities.

Of the 28 border crossing points, dedicated inspection facilities are needed at 25 locations – all except for Otay Mesa and Calexico, California, and Santa Teresa, New Mexico. Of the 11 crossings proposed for initial use as NAFTA crossing points under our Alternative III above, 8 require facilities.

Information Systems Do Not Provide Timely Enforcement Data. The inspectors assigned to the border do not have online access to the Motor Carrier Management Information System. Instead, they receive a computer disk with safety inspection data on a quarterly basis. The information could be more than six months old when received; therefore, inspectors would not be able to readily identify carriers with recurring safety violations in a timely manner, and target those carriers' trucks for inspection before the trucks enter U. S. roads and highways. In addition to continuing to encourage States to improve the timeliness of their data input, FHWA should provide the inspection facilities established at the border with real-time access to the Motor Carrier Management Information System.

For example, Texas took 115 days on average during FY 1997 to enter inspection results into the FHWA Motor Carrier Management Information System. Texas and FHWA are aware of this problem and are working to improve it. During FY

1998, the delay was reduced to 62 days. For the remaining three border States, inspection results were loaded within the national average of 36 days.

In addition, FHWA is developing a proposal for issuing a provisional registration to Mexican carriers that becomes permanent based on maintaining specific safety performance measures. Real-time input and access to this data is the key to effectively monitoring enforcement data. Therefore, inspectors at the border and inspectors that conduct roadside inspections throughout the States should be able to directly load the inspection data.

Inconsistent Enforcement Program at the Southern Border. Enforcement of U.S. safety regulations on all carriers, domestic and foreign, operating within the United States is the responsibility of the United States. The enforcement programs performed by Federal and State inspectors in southern border States have widely, disparate approaches as evidenced by the number of inspectors, frequency of inspections, level of inspections and inspection facilities described above. Major differences also exist in enforcement practices and procedures.

In California for cost efficiency, the inspection facilities are staffed by law enforcement officers and civilian State inspectors. The remaining border States employ only law enforcement officers. California is also the only southern border State that enforces the Federal operating authority regulation (registration). Another example of inconsistency is the fines assessed by the FHWA regional offices as a result of enforcement against Mexican carriers operating in the commercial zones. The two FHWA regions' with jurisdiction over the southern border assess significantly different fines for the same violations.

A consistent enforcement program should make implementation of NAFTA cross-border trucking provisions a fluid process. FHWA should establish an Office for a NAFTA Program Director to ensure a consistent enforcement program, at least during the early years of NAFTA. Because of the complexities of cross-border traffic management, this office should decide what resources are required for enforcement, for implementation of technology improvements including the intelligent transportation systems, and for coordination and construction of infrastructure. Overall, this office would provide a central intelligence for all NAFTA transportation-related issues.

Uncertainties That Affect Truck Traffic

Research has not been conducted to estimate how much, and at what rate, the commercial zone traffic will change after NAFTA is implemented. However, as an example of recent growth, the number of Mexican trucks entering the United

States increased from 2.5 million in Calendar Year 1993 to 3.7 million in Calendar Year 1997, an average growth of 10 percent per year. Officials we interviewed, for example City Managers and Planners, in border cities said they believed that the commercial zone traffic would not go away, but that there might be a 10- to 20-percent drop in that traffic. On the other hand, one research project for estimating future NAFTA traffic made the assumption that only 15 percent of the commercial zone traffic would remain. Neither assumption was based on the review of empirical data.

External events affect the mode of transportation shippers use. These events occur without warning, such as labor strikes and railroad mergers. For example, Texas shippers complained that the service problems that resulted from the Union Pacific and Southern Pacific merger created an economic loss for Texas businesses. Early in 1998 Union Pacific announced that because of a backlog of rail cars it would not accept new rail customers. These actions may result in more truck traffic.

Interrelationship With Other Border Issues

The national priorities of free trade and narcotics control are competing priorities at the southern border. We observed many miles of vehicular congestion at the southern border crossings, which can be attributed to drug, safety and customs inspections. There are several Federal[4] and State agencies that have jurisdiction at the border. Based on our observations, we concluded that a joint interagency group, to coordinate the efficient use of infrastructure and resources regardless of the jurisdiction, could help to reduce the delays.

Technological improvements will expedite the movement of goods. For example, with the multiple agencies at the border, a central data system would be invaluable in expediting the flow of goods and people. However, technology alone will not resolve the conflicting priorities. The policies and procedures of each agency dictate processes that are institutional. Integrating processes where applicable and working with state and local authorities and industry should eliminate any duplication, identify processes to automate, identify cross-training opportunities, and foster cooperation. An interagency group could also facilitate any agreements needed between agencies to gather information that could be shared on a central data system, such as Customs Service's origin and destination survey information. In addition, the Transportation Equity Act for the 21st Century requires the

[4] Federal agencies with monitoring responsibilities include the Department of Agriculture, the Department of Transportation, Immigration and Naturalization Service, U.S. Customs Service, and the Border Patrol.

Department of Transportation to consult with other agencies and make recommendations to facilitate cross-border traffic.

Conclusion

Greater involvement and leadership from the Federal level is needed to implement cross-border provisions and to ensure that safety is not compromised. Mexican transportation officials reported that they are establishing safety requirements and a safety management oversight system for commercial carriers, and that some progress has been made with their planned compliance and enforcement program. However, in our opinion, this progress is not sufficient at this time to ensure compliance with U.S. safety regulations. Until Mexico establishes its safety management oversight system and implementation of its safety program shows trucks are safe and drivers are qualified, there will be a need for inspection coverage at the border. In the near term, additional inspectors and inspection facilities are needed at the border to establish sufficient safeguards for truck safety. These improvements do not relieve Mexico or the States of their safety-related responsibilities.

FHWA has suggested that the Mexican trucks coming over the border are predominantly older, less reliable vehicles that would not be used for long–haul operations. However, FHWA had no data to support the hypothesis that trucks used in future operations would be in better condition than those currently in use. California has the best inspection practices and the condition of the Mexican commercial trucks entering at the Mexico-California border are in much better condition than those entering all other States. FHWA officials and State inspectors stated that the overall condition of the Mexican trucks improved significantly since permanent inspectors were placed at the border. FHWA officials and Federal inspectors in Texas stated that even with only limited inspectors at the border they noticed some improvements, such as better condition of tires.

A more robust border inspection presence is needed, at least in the near term, to both encourage and reinforce the importance of Mexican efforts to establish its own safety oversight program. When a Mexican truck is removed from service for safety violations, there is an economic consequence to the carrier. Depending on the extent of the repairs required, the truck may be repaired at the inspection location or towed back to Mexico. In either case, there are repair costs, possible tow costs, and costs associated with the delay of the delivery or loss of revenue in picking up a shipment. Therefore, the possibility of having trucks placed out of service is a significant incentive that should result in long-term improvement in the condition of commercial trucks entering the United States.

The Transportation Equity Act for the 21st Century authorized programs for the coordinated planning, design, and construction of corridors of national significance, economic growth, and international or interregional trade to improve the safe and efficient movement of people and goods at or across the borders. Funds were also authorized for enforcement of safety requirements and transportation infrastructure. Exhibit G describes the key provisions of the Act related to cross-border trucking. If appropriated, these programs will provide funds for implementing NAFTA and ensuring safety in the near term.

Additional inspectors and inspection facilities will enhance safety in the near term. The addition of a NAFTA Program Director to orchestrate a consistent cross-border traffic management program will also serve as the catalyst for strategic improvements and efficiencies, particularly in conjunction with an interagency group that addresses interrelated border issues.

Recommendations

We recommend that the Federal Highway Administrator take the following steps in preparation for executing the NAFTA cross-border trucking provisions and to ensure safety is not compromised:

1. Expedite the process for issuing and finalizing the proposed rule changes for granting Mexican carriers operating authority under NAFTA, and oversight of such authority. As a minimum, ensure that the following additional information is included in the rule changes:

    a. Specific information on trucks to be used in the United States, including a list of vehicles, description, identification numbers, and date last inspected in accordance with FHWA regulatory requirements.
    b. Driver qualification information including commercial license number.
    c. Proof of insurance.
    d. Owner certifications, list of persons responsible, and written policies and procedures for complying with U.S. safety regulations (including hours of service, drug and alcohol testing, vehicle inspections, accident monitoring, production of records, and hazardous materials).

2. Develop Department of Transportation identification number that will distinguish between Mexican trucks granted authority to conduct long-haul operations and those restricted to commercial-zone operations.

3. Allocate the funds needed to adequately staff the border-crossing alternative (selected by the Secretary) during the hours crossings are open to commercial

trucks, and provide inspectors with needed inspection facilities, including communication lines and computer equipment that will enable inspectors to directly access FHWA safety data files.

4. Establish partnerships with the border States to ensure the requisite inspection presence is maintained at the border and throughout the States to ensure highway safety.

5. Establish a NAFTA Program Director position that includes decision-making authority and responsibility for managing a consistent cross-border traffic management program from State to State with the requisite resources to effectively carry out the responsibilities.

We recommend that the Assistant Secretary for Aviation and International Affairs, Office of the Secretary of Transportation, take the following actions to improve cross border operations:

6. Adopt Alternative II or III to supplement the border States with the requisite inspectors at border crossings.

7. Establish and lead a Federal interagency group to coordinate organizational policies, processes, and procedures that will enhance and expedite traffic flows at the southern border.

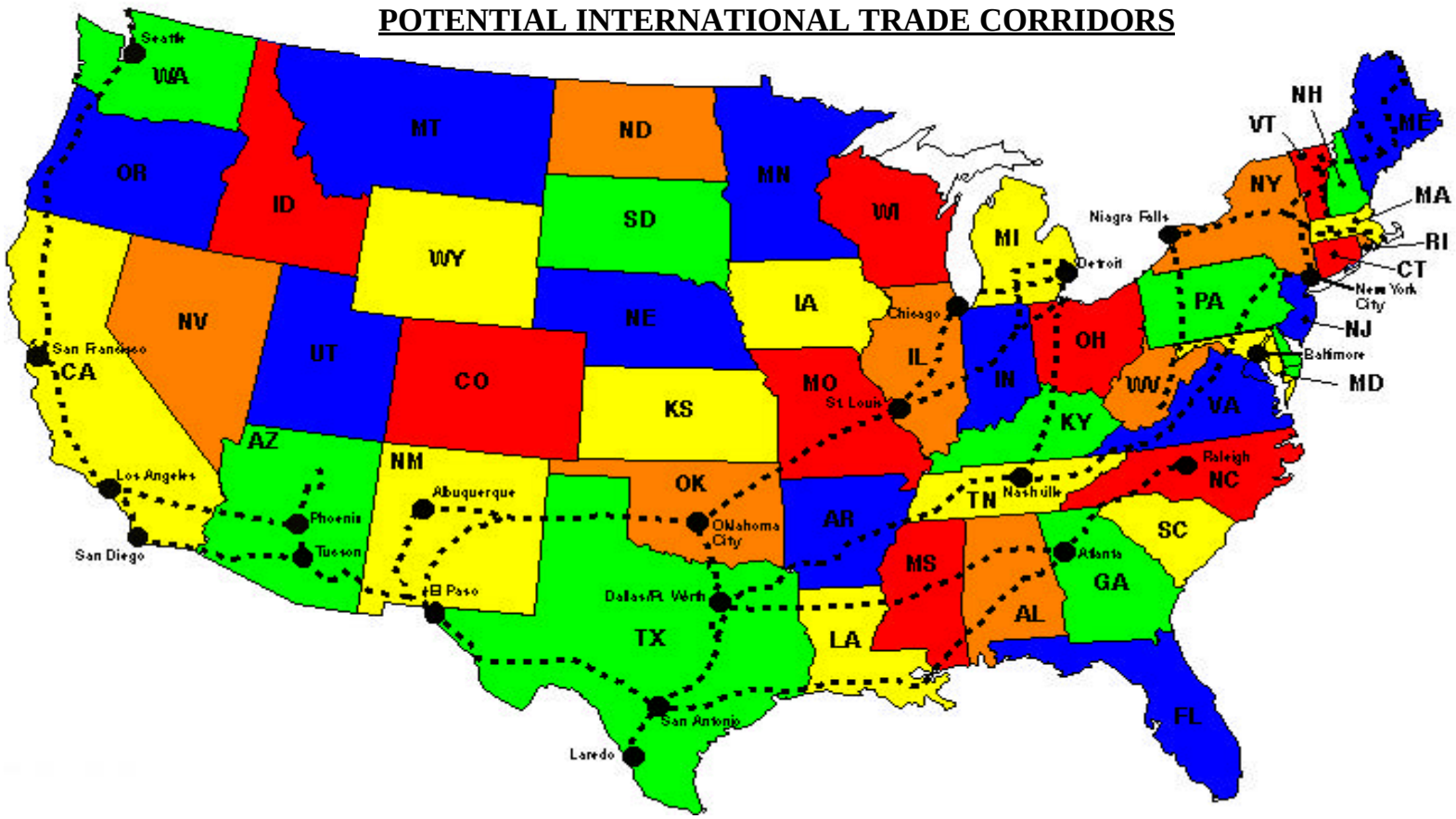
Management Position and Office of Inspector General Comments

A draft of this report was provided to the Assistant Secretary for Aviation and International Affairs and the Federal Highway Administrator on September 10, 1998. Based on several meetings and informal comments, changes were made to this final report. On November 12, 1998, the results of the audit and our recommendations were discussed with the Secretary of Transportation and other senior staff. There was overall agreement on the need for corrective actions and the approach suggested in our recommendations although there may still be reservations concerning the presentation of some statistical data used in the report.

Although views differ about whether a 44 percent out-of-service rate for Mexican trucks is statistically representative of the universe of Mexican trucks that are noncompliant, there currently is no other measure to use as a frame of reference; nearly all agree that the number of trucks currently crossing the border in a noncompliant condition is unacceptably high. Also, there is some speculation that once the border is open to long-haul traffic, the number and percentage of safety

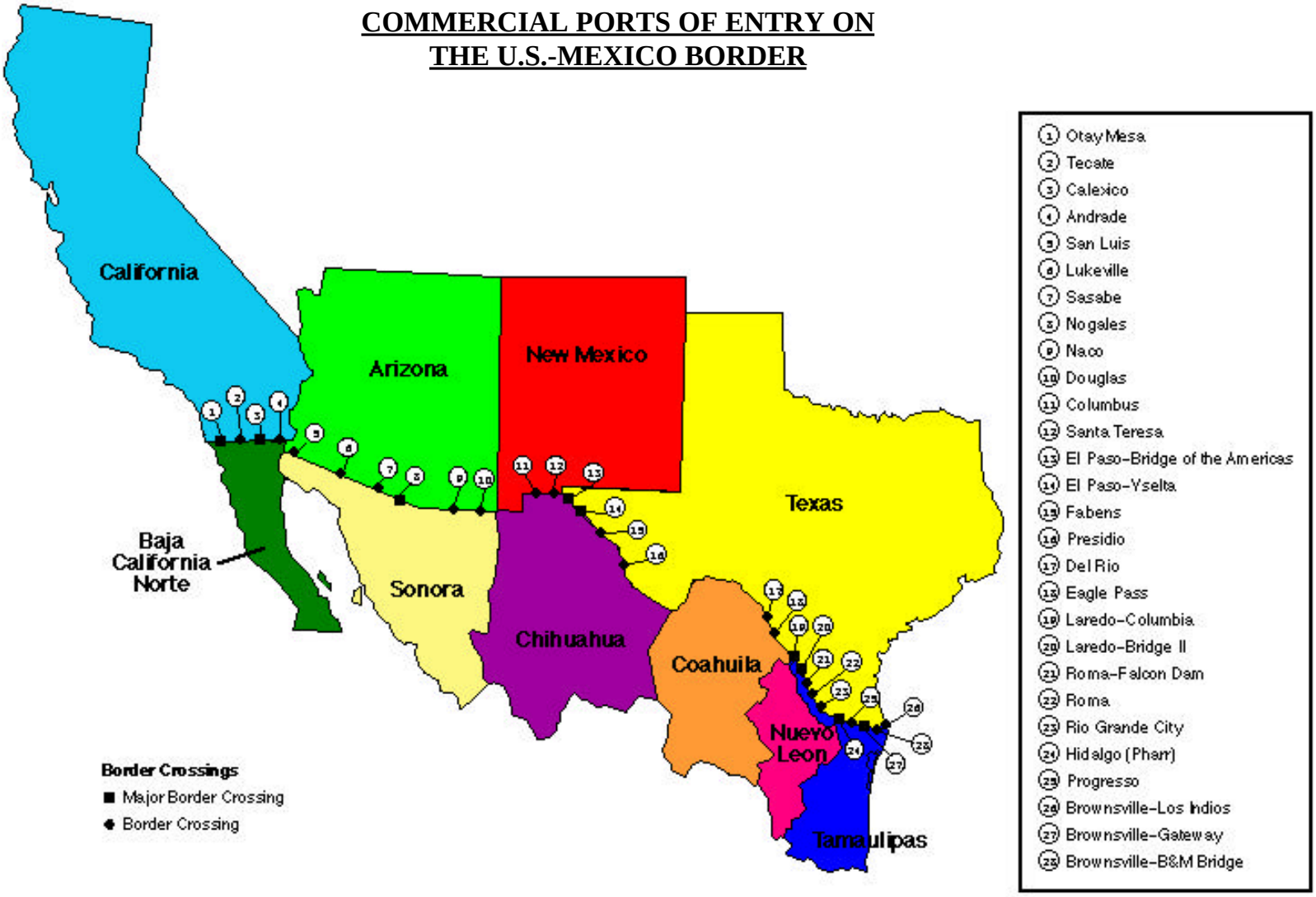
compliant Mexican trucks will dramatically increase because long-haul trucks will be different from and in a better condition than the shorter-haul trucks that currently comprise the commercial zone cross-border traffic. Should this occur and on a sustained basis, the additional Federal inspection presence can either be downsized or deployed elsewhere. We have requested that the Office of the Secretary and the Federal Highway Administrator provide us a list of the specific actions taken or planned in response to our recommendations, and the estimated completion dates within 30 calendar days of the date of this final report.

POTENTIAL INTERNATIONAL TRADE CORRIDORS



Sources: "Transportation Issues and the U.S. Mexico Free Trade Agreement" by Robert Harrison, Leight Bosk, Clyde E. Lee and John McCray, "Trade and Traffic Across the Eastern U.S.-Canada Border, Volumes I and II" from the Bureau of Transportation Statistics and border crossing data from the United States Census Bureau.

COMMERCIAL PORTS OF ENTRY ON THE U.S.-MEXICO BORDER



ACTIVITIES VISITED OR CONTACTED

United States Department of Transportation

Bureau of Transportation Statistics
Federal Highway Administration
- Office of Motor Carriers - Headquarters (Washington, D.C.) and Field Offices (Arizona, California, Illinois, Michigan, New Mexico, New York, Texas and Vermont)

National Highway Traffic Safety Administration
- National Center for Statistics and Analysis

Office of the Secretary - Washington, D.C.

Other Federal Agencies

General Accounting Office
General Services Administration
United States Customs Service

International Agencies

Statistics Canada
Transport Canada

State Officials

Arizona Department of Public Safety
California Highway Patrol
Michigan State Police - Motor Carrier Division
New Mexico Department of Public Safety
Texas Attorney General
Texas Department of Public Safety
Texas Lieutenant Governor's Staff

Border Crossings Visited

Brownsville, Texas
El Paso, Texas (two crossings)
Laredo, Texas (two crossings)
Los Indios, Texas
Nogales, Arizona

ACTIVITIES VISITED OR CONTACTED (cont'd)

Border Crossings Visited (continued)

Otay Mesa, California
Pharr, Texas
Progresso, Texas
Rio Grande City, Texas
Roma, Texas
Santa Teresa, New Mexico
Tecate, California

Associations and Alliances

Arizona Transport Motor Association
Association of Governors (also the Western, Northern and Southern Association of Governors)
Citizens for Reliable and Safe Highways
Commercial Vehicle Safety Alliance (CVSA)
International Office of American Trucking Association
Herman Miles Trucking Company
National Governors Association
North American Transportation Alliance

UNITED STATES EFFORTS TO IMPLEMENT CROSS-BORDER TRUCKING

NAFTA Requirements and Accomplishments for Compatibility of Standards. NAFTA created the Land Transportation Standards Subcommittee (LTSS) under the Committee on Standards-Related Measures to monitor the development of compatible standards of motor carrier operations throughout Canada, Mexico and the United States. The Subcommittee consists of federal transportation officials from each of the three countries. The United States is represented by officials from the Office of the Secretary of Transportation (OST) and the Federal Highway Administration (FHWA).

The Subcommittee began meeting in mid-1994 in accordance with the prescribed timeframes in NAFTA. The agreement established year 2000 as the completion date for compatible standards. Where standards are not agreed to, the host country's regulations will apply. NAFTA identified the following areas to be addressed by the Subcommittee to achieve compatible standards for commercial drivers and vehicles. Also, shown below are the Subcommittee's reported accomplishments as of June 1998.

1. Area: Non-medical standards for drivers, including age and language used, no later than one and one-half years from the date of entry into force of this agreement (due July 1, 1995).

   Accomplishments: The three countries have agreed that drivers engaged in cross-border transportation must be at least 21 years old and have a working knowledge of the language of the jurisdiction in which they are operating. Canada and the United States have hours of service requirements and Mexico has agreed to adopt similar standards. However, Mexico must develop governing regulations first.

2. Area: Medical standards for drivers (due July 1, 1996).

   Accomplishments: Medical requirements for drivers in the United States and Mexico are already compatible. The United States and Canada agreed on two final requirements regarding hearing-impaired individuals and insulin-dependent diabetics. Procedures for administering drug and alcohol tests were harmonized with the signing of a Memorandum of Understanding between Mexico and the United States on June 10, 1998.

3. Area: Standards for vehicles, not later than three years from the date of entry into force of this agreement (due January 1, 1997).

   Accomplishments: The countries have agreed to use the Commercial Vehicle Safety Alliance inspection criteria and standards for placing vehicles and drivers out-of-service. Canada and the United States currently use these standards, but Mexico does not currently conduct safety inspections for commercial vehicles.

4. Area: Standards for supervision of motor carriers' safety compliance (due January 1, 1997).

   Accomplishments: Since the January 1994 enactment of NAFTA, FHWA and OST have worked with Mexico regarding its Safety Assessment Process for motor carriers. The elements and status of this process follow.

   a. **Roadside Vehicle Inspection Program** (deploying commercial vehicle inspectors trained in accordance with Commercial Vehicle Safety Alliance standards in Mexico's northern states). FHWA and State inspectors provided training to 285 civilian and 100 federal police inspectors at various locations in Mexico. The 100 federal police inspectors are supposed to serve as instructors for other police officers. In April 1998, Mexico reported that 3,600 members of the Federal police force have received the 45-day course on inspection procedures. Mexico has not announced specific inspection plans.

   b. **Collection and Provision of Carrier/Driver Data** (gathering safety information from individual motor carriers and providing that information to the United States). A database is being developed in close consultation with FHWA consultants. The database will include three modules: (1) an authorization module (mostly economic data and vehicle licensing information), (2) a drivers licensing module, and (3) a safety module (to record accidents, infractions, and inspections). Mexican officials reported the first two modules are complete, with data to be captured over the next 2 years. The safety module was in the conceptual stage.

c. **Safety Management Oversight Program** (implementing a management oversight system for Mexican motor carriers with U.S. operating authority). Mexico has not announced a timeframe for implementation.

FHWA's Support of Border States. FHWA provided additional financial and staff support to the four southern border States to inspect Mexican trucks as they cross the border. Between FYs 1995 and 1997, FHWA augmented the four border States' Motor Carrier Safety Assistance Program (MCSAP) grants with $3.6 million in special supplemental funding, shown in Figure 1. This funding was intended to assist with short-term resource needs. The funds were used to acquire equipment, materials, and training, and to pay overtime and travel expenses of inspectors sent to perform inspections along the border.

Figure 1: MCSAP Funds – FYs 1995 –1997 Totals

State	MCSAP (Basic)	MCSAP (Border)
Arizona	$2,902,602	$971,320
California	$9,473,545	$820,619
New Mexico	$1,976,576	$794,940
Texas	$9,360,019	$993,513
Total	$23,712,742	$3,580,392

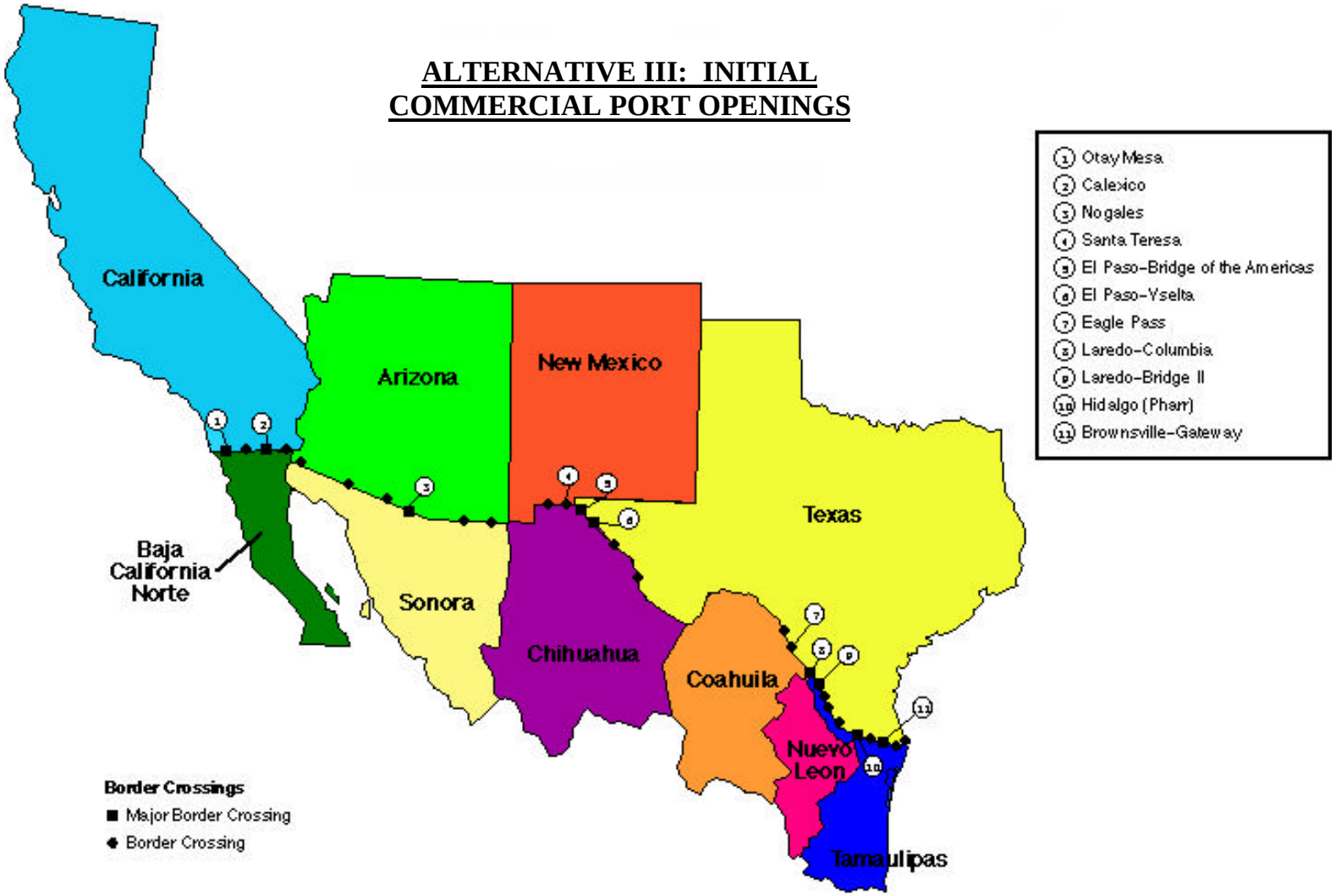
ADDITIONAL FEDERAL INSPECTORS NEEDED

	Ports of Entry	FY 1997 Commercial Traffic	Alternative I - Minimum Level (b)	Alternative II - Optimal Level (c)	Alternative III - Reasonable Level (d)	Inspection Facility Needed? (e)
	California					
1 (a)	Otay Mesa	558,383	0	10	2	No
2	Tecate	41,783	2	2		
3	Calexico	190,160	0	2	2	No
4	Andrade	3,077	2	2		
	Total California	**793,403**	**4**	**16**	**4**	
	Arizona					
5	San Luis	45,175	2	2		
6	Lukeville	3,254	2	2		
7	Sasabe	1,393	3	3		
8	Nogales	236,425	0	3	4	Yes
9	Naco	6,578	2	2		
10	Douglas	41,802	3	3		
	Total Arizona	**334,627**	**12**	**15**	**4**	
	New Mexico					
11	Columbus	1,997	3	3		
12	Santa Teresa	31,788	3	3	2	Yes
	Total New Mexico	**33,785**	**6**	**6**	**2**	
	Texas					
13	El Paso-Bota	596,538	3	8	6	Yes
14	El Paso-Ysleta	(f)	4	9	6	Yes
15	Fabens	178	2	2		
16	Presidio	3,823	3	3		
17	Del Rio	43,530	4	4		
18	Eagle Pass	68,385	5	5	5	Yes
19	Laredo-Columbia	460,383	3	11	7	Yes
20	Laredo Bridge II	702,036	3	17	8	Yes
21	Roma-Falcon Dam	430	2	2		
22	Roma	11,589	2	2		
23	Rio Grande City	16,867	6	6		
24	Pharr	225,337	2	6	7	No
25	Progresso	17,963	2	2		
26	Brownsville-Los Indios	40,518	4	4		
27	Brownsville-Gateway	126,269	2	4	6	Yes
28	Brownsville-B&M	71,388	4	4		
	Total Texas	**2,385,234**	**51**	**89**	**45**	
	Total all Crossings	***3,547,049***	***73***	***126***	***55***	*8 Needed*

Notes:

(a) Port numbers correspond with the numbers on the map titled "Commercial Ports of Entry on the U.S.-Mexico Border."
(b) Alternative I was determined by allowing for two inspectors available during all commercial port hours.
(c) Alternative II includes 2 inspectors available during operating hours, plus an additional 2 inspectors per 100,000 commercial vehicles that traveled through each port in FY 1997. This is based on the assumption that any port with more than 100,000 commercial vehicle crossings will experience higher volumes of long-haul commercial traffic.
(d) The 11 crossings proposed for initial implementation of the NAFTA cross-border trucking provision are highlighted. We projected a need for an additional 47 inspectors and 8 administrative staff members (one for each of the 7 Texas openings and 1 for Nogales, Arizona). This allows for a flexible inspections staff where staff members could "roam" to neighboring ports.
(e) New Mexico has proposed the construction of an inspection facility for Santa Teresa, and Pharr has a temporary facility.
(f) The United States Customs Service Management Center grouped Bridge of the Americas (BOTA) and Ysleta Bridges together when calculating total commercial vehicle crossings for FY 1997.

ALTERNATIVE III: INITIAL COMMERCIAL PORT OPENINGS



TRANSPORTATION EQUITY ACT FOR THE 21ST CENTURY

The following table represents key provisions of the Act as related to cross-border trucking.

National Corridor Planning and Development Program (Section 1118)	Provides allocations to States and Metropolitan Planning Organizations for coordinated planning, design, and construction of corridors of national significance, economic growth, and international or interregional trade. (Funded from the same source as Section 1119, authorization of $140 million per year for FYs 1999 through 2003.)
Coordinated Border Infrastructure Program (Section 1119)	Provides for improvement of the safe movement of people and goods at ports across the border between the United States and Canada and the border between the United States and Mexico. (Authorization, see Section 1118.) Also provides for up to $10 million for the costs of transportation infrastructure necessary for law enforcement in the border States. (Authorization, see Sections 1101 and 1118.)
Southwest Border Transportation Infrastructure (Sec. 1213[d])	DOT, in consultation with State Dept., Justice Dept., Treasury Dept., Coast Guard, GSA, Int'l Border Commission (U.S. & Mexico), border State DOTs and law enforcement agencies, border municipal governments and DOTs, is to comprehensively assess the state of southwest border infrastructure. Consider traffic flow, adequacy of transportation border infrastructure, adequacy of border law enforcement and narcotics abatement activities. Assess future border transportation infrastructure demands. Make legislative and administrative recommendations to facilitate legitimate cross-border traffic in the border area, while maintaining the integrity of the border.
Motor Carrier Safety Assistance Program (Section 4003)	Allows for set–aside of up to 5 percent for national priorities and up to 5 percent for border enforcement. Authorized: 1998 - $79 million; 1999 - $90 million; 2000 - $95 million; 2001 - $100 million; 2002 - $110 million and 2003 - $110 million.
Contracting Out (Section 4006)	Allows but does not require contracting out to support investigations and inspections.
Determination of Safety Fitness of Foreign Carriers (Section 4028)	Requires DOT to review the qualifications of foreign motor carriers who applied to operate as a motor carrier in the United States but whose application has not been processed due to the moratorium on granting authority to foreign carriers; and to review the carrier's likely ability to comply with applicable laws and regulations of the United States. The review shall not constitute a finding that the carrier is willing and able to comply with requirements. A report on the results of the review is due to Congress 120 days after enactment of the Act.
Maintain Inspectors at the Border (Section 4029)	Requires DOT to maintain the level of inspectors on the border in effect as of September 30, 1997.