

Dec. 15, 2017

Ports Across the U.S. Bracing For NAFTA Effect

NAFTA negotiators met in Washington, D.C., the week of Dec. 11 to discuss technical matters in an “intersessional” meeting, in between more formal negotiating rounds. Since the 2016 presidential campaign and throughout his time in office, President Donald Trump has threatened to withdraw the United States from NAFTA if negotiations do not yield measures he deems favorable enough for U.S. interests.

Regardless of how negotiations end, the U.S. will continue to trade with both Mexico and Canada. However, ports that facilitate U.S.-Mexican or U.S.-Canadian trade — and the communities those ports support — could stand to lose if renegotiations fall through and the U.S. returns to pre-NAFTA trading conditions with two of its most important trading partners.

50 U.S. Ports Account for 93 Percent of U.S. Trade with Canada, Mexico

U.S. exports to and imports from Canada and Mexico enter the country primarily through U.S. border or coastal ports, although four ports not on a coast or border ranked in the top 50 ports by balance of trade in 2016.

These ports supply the U.S. with imported goods. Trade in and of itself can have an outsize effect on port city economies. Thirty-one percent of workers in Laredo, Texas, work in the trade and transportation sector, compared with 19 percent

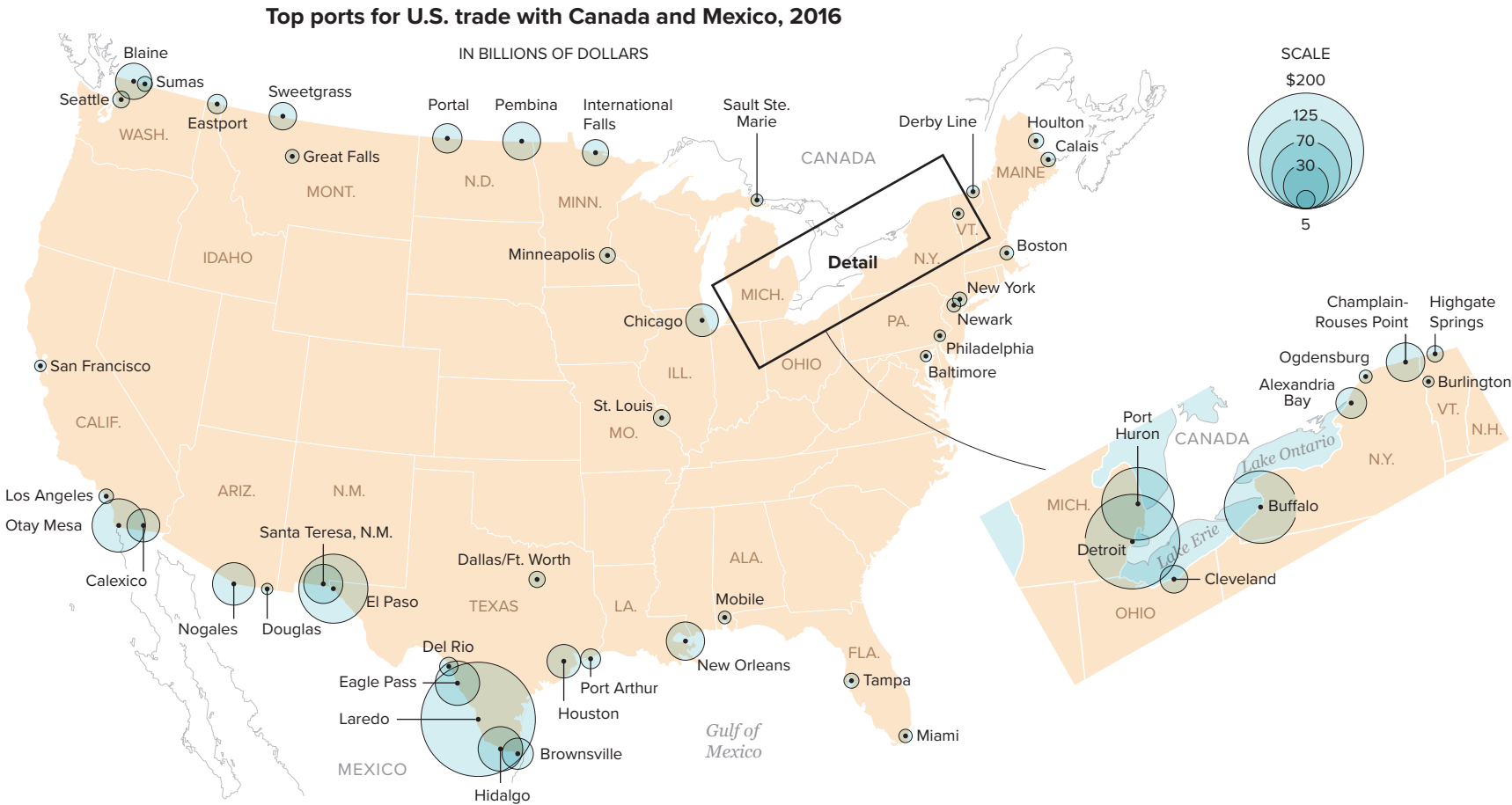
of workers nationwide.

Many ports are also home to international economic ecosystems, for which cross-border trade is built into the business model.

“We really share an economy with, in particular, southern Ontario,” said Grant Loomis, vice president of government affairs for the Buffalo Niagara Partnership. “We just happen to be divided by a river and a few international border crossings.”

Loomis explained that American businesses across the region are entwined with Canadian businesses. “There are people who travel across the border in both directions because of work and for work,” he said. NAFTA renegotiations could affect that balance.

“We wouldn’t want to see anything happen with the renegotiation process that would disrupt New York state companies,” he said.



In 2016, four of all U.S. ports had the highest dollar-value of goods transported by air, pipeline, rail, truck or vessel:

MOST TRADE BY RAIL AND TRUCK



BY TRUCK: **\$157B** BY RAIL: **\$36B**

PORT TYPE: Service Port

Laredo is the top port for U.S. trade with Canada and Mexico by rail and truck.

BY VESSEL



TRADE BY VESSEL: **\$16B**

PORT TYPE: Port of Entry

Mineral fuels and organic chemicals are the top goods to enter and leave Houston by vessel.

BY PIPELINE



TRADE BY PIPELINE: **\$14B**

PORT TYPE: Service Port

Chicago is the top destination for oil imports by pipeline.

BY AIR



TRADE BY AIR: **\$13B**

PORT TYPE: Service Port

Electric and computer machinery lead trade in goods via air transportation in New Orleans.

Trucking, Dominant Transport for Trade, May Be Affected By USTR Negotiating Priorities

In 2016, 65 percent of goods imported to or exported from the U.S. were delivered via truck; trucking is also the major mode of transportation for goods once they enter the country. Cargo crosses U.S. borders via a drayage system, in which cargo is dropped off on one side of the border, picked up and physically moved across the border by short-distance carriers.

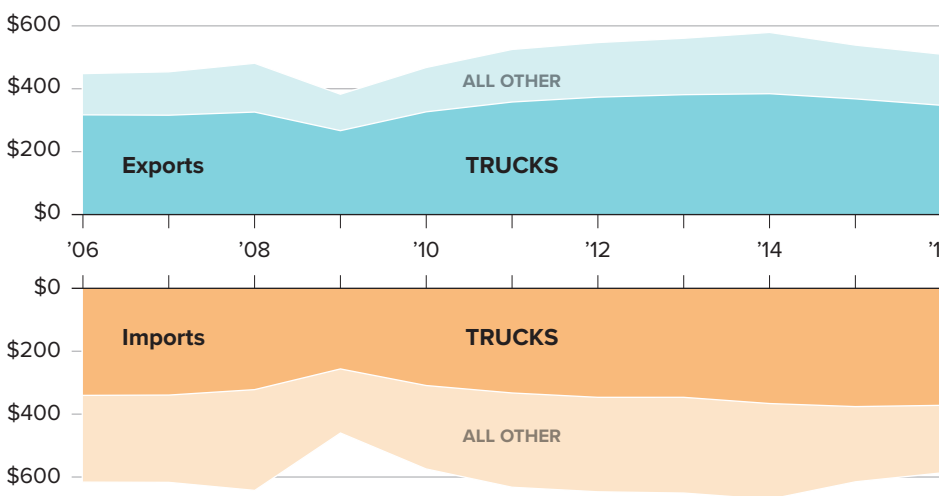
A pilot program, later made permanent, allows certain Mexican companies to bypass the drayage system, making long-haul deliveries into the U.S. via truck.

“Permitting Mexican carriers to haul freight beyond the border zones will help alleviate some of the congestion at the border, creating more efficiency through the system,” the American Trucking Association wrote in a letter to U.S. Trade Representative Lighthizer, with signatures from organizations across multiple industries.

However, USTR has maintained its call to eliminate the program, including in its updated renegotiating objectives released in November 2017. While trucking industry groups have opposed USTR, the International Brotherhood of Teamsters has supported USTR’s stated objective.

U.S. trade with Canada and Mexico by mode of transportation

BILLIONS OF NOV. 2017 ADJUSTED DOLLARS



Sources: U.S. Census Bureau, Bureau of Labor Statistics, Department of Transportation

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