ALABAMA TRUCKING ASSOCIATION

PO Box 242337
Montgomery, AL 36124-2337
(334) 834-3983
AlabamaTrucking.org

March 17, 2025

The Honorable Robert Aderholt
U.S. House of Representatives
1203 Longworth House Office Building
Washington, DC 20515

Subject: Concerns Regarding Proposed Tariffs on Mexico and Canada

Dear Representative Aderholt,

On behalf of the Alabama Trucking Association Board of Directors and the thousands of hardworking men and women in our industry, we want to express first our appreciation for your and the Administration's dedication to strengthening our nation's economy, enhancing border security, and prioritizing American workers. The administration's efforts to reduce burdensome regulations, cut taxes, and promote fair trade policies have been welcomed and appreciated by businesses we serve. We are especially grateful for the commitment to enforcing immigration laws and ensuring a level playing field for American workers, and we firmly support policies that will secure our borders and protect legitimate trade, as exemplified by our industry's active support for policies that combat illicit fentanyl and human trafficking.

We are, however, deeply concerned about the proposed tariffs on Mexico and Canada and the potential harm they could inflict on Alabama's economy, small businesses, and the trucking industry. In Alabama, the trucking industry represents 131,000 jobs; 86% of Alabama communities depend exclusively on trucking for their goods; and 81% of manufactured goods are moved by truckers. Tariffs come at a tough time for the trucking industry. Currently, the industry is recovering from a multiyear freight recession, marked by low volumes, depressed rates, and rising operational costs. Tariffs threaten to hit truckers on two fronts: by increasing the price of our equipment and by decreasing demand for freight transportation. For truckers, that means less business and at a higher cost.

As one of the nation's top manufacturing and agricultural states, Alabama depends on strong trade relationships with both of these key partners. Increased costs from tariffs would ripple across the supply chain, leading to higher prices for consumers, disruptions for small businesses, and job losses within industries that rely on efficient and cost-effective transportation. A 25% tariff on Mexico and Canada could add up to $2 billion in annual equipment costs for the trucking industry. These cost increases will be felt downstream through the supply chain, as virtually all consumer goods travel by truck at one point or another.

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Additionally, on all new truck and trailer purchases, the trucking industry pays a burdensome 12% Federal Excise Tax (FET) which was enacted in 1917 to fund the war effort during World War I. Anything that drives up the cost of equipment, including tariffs, will increase this FET burden on individuals and trucking companies that are purchasing new trucks and trailers.

Cross-border trade is a major source of business for the industry, with trucks moving 85% of surface-traded goods with Mexico and 67% of surface-traded goods with Canada. A significant number of tractors in the U.S. fleet are manufactured in Mexico, and parts are sourced from all three countries, per terms of the USMCA trade agreement. Alabama's Port of Mobile alone creates nearly $100 billion in economic value to the state.

We urge you to work with the administration to find a solution that strengthens the United States' trade position without imposing unnecessary costs on Alabama businesses and workers who fuel our economic success. We understand this is a process and that short term disruptions may be necessary for longer-term success; however, we are hopeful that, through collaboration, strategies can be implemented that mitigate the impact on Alabama small businesses.

Alabama is blessed to have a Congressional delegation that understands how vital trucking is to the supply chain and our U.S. economy. The trucking industry is rejuvenated and energized by your support of pro-business policies that foster growth and competition, and we are confident that a balanced approach to trade will further enhance our economic optimism.

Thank you for your leadership in Congress and your continued efforts to advocate for policies that support Alabama businesses and workers.

Sincerely,

Mark Colson
President and CEO
Alabama Trucking Association

CC: Alabama Trucking Association Board of Directors