

NAFTA: A Decade of Success

Office of the US Trade Representative

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NAFTA demonstrates the benefits trade can bring to all countries. When NAFTA was implemented 10 years ago, it created the world's largest free trade area, which now links 426 million people in an area which produces more than \$12 trillion worth of goods and services. During the past decade, NAFTA partners have been conducting business within a framework that is extremely open, governed by clear rules and accessible enforcement mechanisms, with the goal of greater economic integration and cooperation. Some examples of NAFTA's success:

INCREASED EXPORTS AND INVESTMENT FLOWS

- All member economies have grown significantly from 1993-2003:
 - United States: 38% economic growth
 - Canada: 30.9% growth
 - Mexico: 30% growth
- U.S. exports to Canada and Mexico grew from US\$134.3 billion (US\$46.5 billion to Mexico and US\$87.8 billion to Canada) to US\$250.6 billion (US\$105.4 and US\$145.3 billion respectively).
- Mexican exports to the United States reached over US\$138 billion, while Mexican exports to Canada grew from US\$2.7 billion to US\$8.7 billion, an increase of almost 227%.
- Canada's exports to its NAFTA partners increased by 104% in value.

INCREASED TOTAL TRADE AND BROADER ECONOMIC TRENDS

Representing a free trade area with about one-third of the world's total GDP, the NAFTA economies are significantly larger than that of the European Union. Even with the addition of ten new members, the EU's GDP will still be well behind that of the NAFTA region.

- The dismantling of trade barriers and opening of markets have led to economic growth and rising prosperity in the United States, Mexico and Canada.
- The total volume of trade among the three NAFTA partners expanded from \$289.3 billion in 1993 to \$623.1 billion in 2003.
- Each day NAFTA countries conduct nearly \$1.7 billion in trilateral trade.
- In the ten years since NAFTA, productivity rose 28% in the United States from 1993 to 2003, in Mexico up 55% and in Canada up 23%.

BENEFITS FOR ALL NAFTA PARTNERS

United States

- In the first decade of NAFTA, U.S. manufacturing output soared, U.S. employment grew, and U.S. manufacturing wages increased dramatically.
- Income gains and tax cuts from NAFTA were worth up to \$930 each year for the average US household of four.

Mexico

- Wages in export-related industries are 37% higher than the rest of its economy. Mexican wages and employment tend to be higher in states with higher foreign investment and trade, and migration from those states is lower. Wages are also higher in sectors with more exposure to imports or exports.
- Two-way agricultural trade between the United States and Mexico increased more than 125% since NAFTA went into effect, reaching \$14.2 billion in 2003 compared to \$6.2 billion in 1993.

Canada

- Merchandise exports to the United States expanded by 250% since 1989 and account for 87.2% of Canada's total merchandise exports.
- Foreign Direct Investment in the finance and insurance industry accounted for 36% of Canadian FDI in Mexico in 2001, while not even registering in 1989.

PROGRESS FOR ENVIRONMENT AND LABOR

Through the North American Agreement on Environmental Cooperation, NAFTA partners promote enforcement of environmental laws.

- Through the Commission for Environmental Cooperation (CEC), which was created from the NAFTA, all three countries have benefited from coordination which is increasing the effectiveness of North American conservation efforts by:
 - Developing common priorities for the protection of certain species
 - Developing North American Conservation Action Plans for three shared marine species
 - Providing tools such as a map of terrestrial ecoregions which management agencies are using in their programs
 - Setting out common mechanisms for planning and monitoring bird conservation programs
- The NAFTA also establishes institutions and creates a formal process through which the public may raise concerns about labor law enforcement directly with governments. NAFTA partners have undertaken a wide-range of cooperative programs and technical exchanges on industrial relations, occupational safety and health, child labor, gender equality, and protection of migrant workers.

Statistics based on import data from partner countries. For more information, please visit our websites:

United States: <http://www.ustr.gov>

Mexico: <http://www.economia.gob.mx>

Canada: <http://www.dfait-maeci.gc.ca>