

North American Free Trade Agreement: 20 Years Later, Near Quadrupling of Trade

On the anniversary of its signing, studies show the North American Free Trade Agreement (NAFTA) has led to increased trade among the United States, Canada and Mexico.

The historic agreement, after passing through both the U.S. House of Representatives and the U.S. Senate, was signed into law by President Bill Clinton on December 8, 1993, and took effect on January 1, 1994.

On December 17, 1992, the NAFTA was signed by President George H.W. Bush, Mexico President Carlos Salinas, and Canadian Prime Minister Brian Mulroney. The framework agreement proposed to eliminate restrictions on the flow of goods, services, and investment in North America.

Trade Growth

The California Chamber of Commerce actively supported the creation of the NAFTA among the United States, Canada and Mexico, comprising almost 470 million people. Today, combined

annual trade of these nations with the United States exceeds \$1.1 trillion.

In 2012, U.S. goods exports to Canada and Mexico topped \$508 billion, while goods imports totaled \$602 billion. Since 1993, trade among the three NAFTA countries has nearly quadrupled.

According to a study conducted by the U.S. Chamber of Commerce in November 2012, "Trade with Canada and Mexico supports nearly 14 million U.S. jobs, and nearly 5 million of these net jobs are supported by the increase in trade generated by NAFTA."

Mexico continues to be California's No. 1 export market with California exports to Mexico totaling \$26 billion. Mexico purchases 16% of all California exports. California's exports to Mexico are driven by computers and transportation equipment, which account for 43% of all California exports to Mexico.

In a report cited by the Public Policy Institute of California at the end of 2011, it was noted that the value of property,

plant and equipment owned by Mexican companies in California was estimated at \$1.2 billion.

CalChamber Position

CalChamber support for the NAFTA is based upon an assessment that it serves the employment, trading and environmental interests of California and the United States, as well as Canada and Mexico, and will be beneficial to the business community and society as a whole.

The objectives of the NAFTA are to eliminate barriers to trade, promote conditions of fair competition, increase investment opportunities, provide adequate protection of intellectual property rights, establish effective procedures for implementing and applying the agreement, and for resolving disputes, and to further trilateral, regional and multilateral cooperation.

For more information, please see www.calchamber.com/NAFTA, www.calchamber.com/canada, and www.calchamber.com/mexico.

Sources: U.S. Department of Commerce 2012 Data, World Bank



Federal, California Trade Policies Overview at International Breakfast



Scott Lane (left), partner at PACE Government Relations in Washington, D.C., presents an update on trade-related discussions in the nation's capital at the CalChamber International Trade Breakfast meeting on December 6. Brian Peck, deputy director of international affairs and business development in the California Governor's Office of Business and Economic Development (GO-Biz) follows with comments on Go-Biz support for small and medium-sized companies. The breakfast was hosted by the CalChamber Council for International Trade, chaired by Susan Corrales-Diaz (right) of Systems Integrated.