

A large, stylized number '8' is formed by two overlapping, rounded shapes. The top shape is a large, rounded '3' and the bottom shape is a large, rounded '6'. They are drawn with thin, gold-colored lines. The background is a solid, light beige color.

NAFTA
AT EIGHT

A FOUNDATION FOR
ECONOMIC GROWTH

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A Foundation for Economic Growth

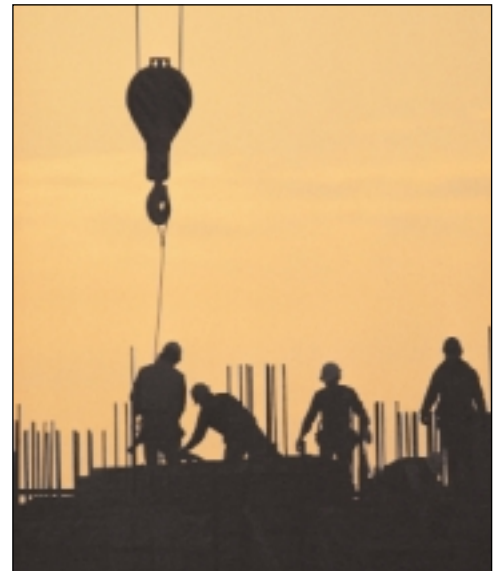
THE NAFTA COMMITMENT

Despite the slowdown of the world economy in 2001 and the terrible events of September 11, the North American Free Trade Agreement (NAFTA), in its eighth year, continues to provide benefits to consumers, farmers, workers and businesses in Canada, Mexico and the United States. The NAFTA partners are cooperating to advance trade liberalization within North America, in the negotiations for the Free Trade Area of the Americas, and the World Trade Organization. Inspired by the impressive gains made thus far by this catalyst of economic growth, we are committed to the full implementation of the Agreement.

AN ENGINE OF TRADE

NAFTA's record is clear: By lowering trade barriers, the agreement has expanded trade in all three countries. This has led to increased employment, more choices for consumers at competitive prices, and rising prosperity. From 1993 (the year preceding the start of NAFTA implementation) to 2001, trade among the NAFTA nations climbed 109 percent, from US\$297 billion to US\$622 billion. Each day the NAFTA parties conduct nearly US\$1.7 billion in trilateral trade. Thanks to NAFTA, North America is one of the most competitive, prosperous and economically integrated regions in the world.

- **Canada** – From 1993 to 2001, Canada's merchandise exports to its NAFTA partners climbed 95 percent, from US\$117 billion in 1993 to US\$229 billion in 2001. By contrast such exports to the rest of the world in the period increased only five percent.
- **Mexico** - Mexico exported US\$139 billion to its NAFTA partners in 2001, an increase of 225 percent from 1993. By comparison, exports to the rest of the world increased 93 percent over the same period. Growth in Mexican exports accounted for more than half of the increase in Mexico's real gross domestic product during the period from 1993 to 2001.



- **United States** - U.S. merchandise exports to NAFTA partners nearly doubled between 1993 and 2001, from US\$142 billion to US\$265 billion. This was significantly higher than the 44 percent growth in exports to the rest of the world.

INVESTMENT

Foreign Direct Investment (FDI) is becoming an important link between economies, as well as a catalyst for the growth of domestic investment and enterprise competitiveness. The intangible assets that FDI offers – knowledge, technology, skills, management know-how and market access – are becoming increasingly important for economic growth and development in host countries.

With a legal framework that provides certainty and transparency, North America has become a magnet for foreign direct investment (FDI) from around the world.



NAFTA fosters an environment of confidence and stability required to make long-term investments and partnering commitments. An increasingly integrated North American market has stimulated capital flows, promoted the spread of technology, and contributed to increasing productivity and higher wages.

- Between 1994 and 2000, FDI inflows in the NAFTA countries reached US\$1.3 trillion, or about 28 percent of the world total, spurring economic development and growth throughout North America.
- Between 1994 and 2000, the United States received large flows of foreign capital, approximately US\$110.2 billion per year.
- During the first seven years of NAFTA, annual FDI inflows in Canada averaged US\$21.4 billion, almost four times the average registered over the seven pre-NAFTA years.
- From 1994 to 2000, Mexico's annual average capital inflow reached US\$11.7 billion, three times the annual amount received in the seven years prior to the Agreement.

MORE AND BETTER PAYING JOBS

The dynamic performance of exports and investment in North America has boosted economic activity and production in the region. This has contributed to the creation of more and better paying jobs in all three countries.

- In Canada, the hourly wage rate in export-supported jobs is 35 percent higher than in the non-export sector.
- In Mexico, the export sector is the country's leading job creation engine, accounting for more than half of Mexican manufacturing jobs gained between 1994 and 2000. These jobs pay nearly 40 percent more than those in the rest of the manufacturing sector.
- In the United States, employment supported by merchandise exports to NAFTA countries grew to an estimated 2.9 million jobs up over 914,000 jobs since 1993 – with these jobs paying between 13 and 18 percent more than the average U.S. national wage.



BUILDING PROSPERITY FOR FAMILIES AND BUSINESSES

A principal effect of NAFTA has been the gradual shift of capital, technology and new job opportunities in all three countries toward more productive uses. The result has been a rise in productivity and increasing standards of living.

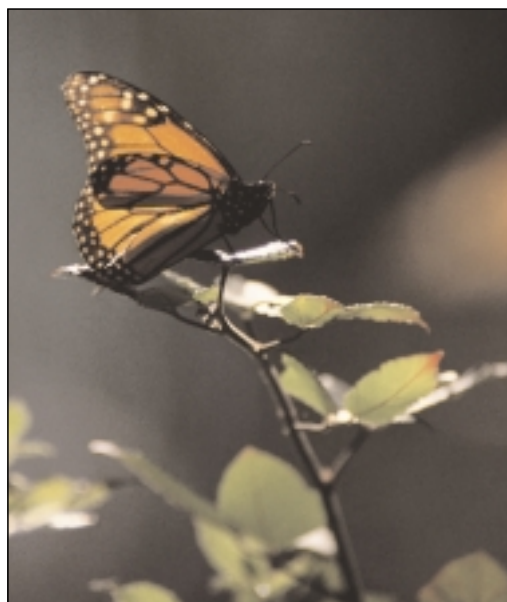
Both households and businesses have further benefitted as tariff cuts on NAFTA imports have helped moderate prices, a benefit that will grow further when nearly all NAFTA tariffs are eliminated in 2003.

NAFTA has provided consumers in all three countries with more choices at competitive prices. Lower tariffs mean that families pay less for the products that they buy and that they have a greater selection of goods and services. Similarly, liberalized trade provides an advantage to manufacturers, who benefit from a greater supply of inputs at lower prices, which enables them to be globally competitive.

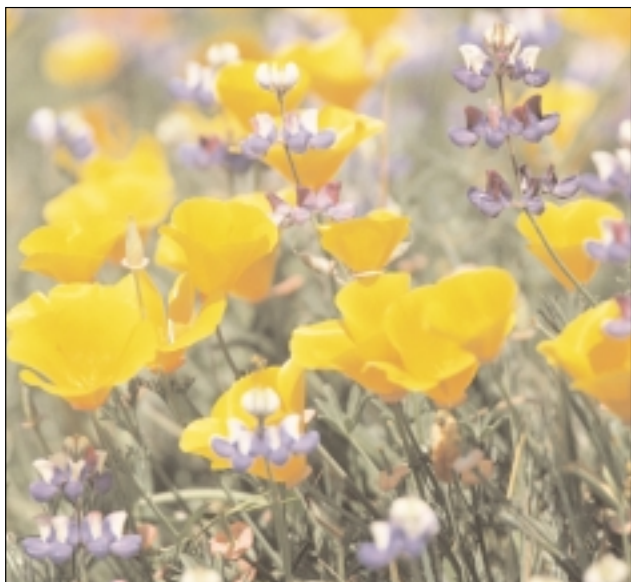
PROTECTING THE ENVIRONMENT

The NAFTA partners recognize the importance of protecting the environment for future generations. The economic integration of NAFTA has spurred better environmental performance across the region, as international competition promotes the adoption of more efficient technologies and good corporate citizenship.

Through the North American Agreement on Environmental Cooperation (NAAEC), the partners are promoting effective enforcement of environmental laws. The Commission for Environmental Cooperation (CEC), created by the NAAEC, has programs that foster the development of regional information, enhanced technical expertise, and policies that allow it to implement trilateral cooperative programs. The CEC has addressed issues related to trade in sustainable agricultural products, such as shade grown coffee; the banning of dangerous chemicals, such as DDT, in North America; development of environmental management system guidelines for businesses; and a strategy to conserve wildlife and natural ecosystems in North America.



In addition, the United States and Mexico cooperate through the Border Environment Cooperation Commission (BECC) and North American Development Bank (NADBank) to develop and finance environmental infrastructure in the U.S.-Mexico



border area. Since 1994, the institutions have been instrumental in the development of 41 projects, now complete or under construction, with an aggregate cost of approximately US\$1 billion. NADBank water and wastewater projects, for example, enhance environmental and public health in the communities they serve. When all existing projects are completed, they will serve about 9 million residents of the United States and Mexico. New projects are being developed regularly.

RESPECTING BASIC LABOR STANDARDS

Through the North American Agreement on Labor Cooperation (NAALC) the NAFTA partners seek to improve working conditions and living standards, and commit themselves to promoting principles that protect, enhance and enforce basic workers' rights. To accomplish these goals, the NAALC creates mechanisms for cooperative activities and intergovernmental consultations, as well as for independent evaluations and dispute settlement related to the enforcement of labor laws. Public submissions made under the NAALC have led to public hearings, ministerial consultations, and action plans to address concerns raised in the submissions. In addition, NAFTA partners have established cooperative programs and technical exchanges on industrial relations, health and safety, child labor, gender equity and migrant worker issues.



SAFER AND MORE EFFICIENT BORDERS IN NORTH AMERICA

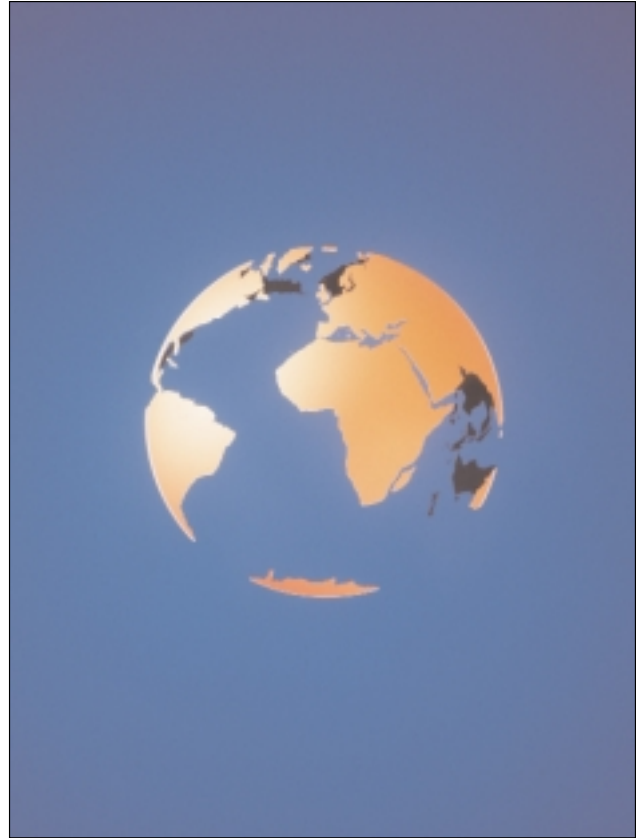
North America has one of the largest and most dynamic trading relationships in the world. Building on the strong ties of friendship and commerce, the NAFTA partners are working to make our borders more secure, yet maintaining the safe and efficient flow of goods and people.

The United States has signed two “Smart Border” accords, one with Canada and the other with Mexico. Each agreement addresses the unique circumstances of each border, but they both share three common goals: to develop secure border infrastructure, to ensure the secure flow of goods across borders, and to ensure the secure flow of people.

LEADERSHIP IN OTHER TRADE AREAS

Recognizing their shared interests, the NAFTA partners have worked together to advance trade liberalization in other trade areas.

- In 2001, Canada hosted the Summit of the Americas, a gathering of the 34 democratically elected leaders of the Western Hemisphere. As one of the key elements of the Summit Agenda, NAFTA partners have worked together to ensure that the Free Trade Area of the Americas (FTAA) negotiations continue to progress toward the goal of concluding by January 2005.
- In November 2002, the United States will assume co-chairmanship with Brazil of the FTAA negotiations. Mexico will host the FTAA negotiations beginning in 2003 until their conclusion.
- In 2001, the partners cooperated among themselves and with other countries to launch the Doha Development Agenda. Mexico will host the 2003 World Trade Organization (WTO) ministerial meeting.
- In March 2002, Mexico hosted the United Nations Financing for Development Conference in Monterrey, where world leaders agreed that free trade is a necessary condition to promote development among the poorest nations.
- Mexico will also serve as this year's chair for the Asia Pacific Economic Cooperation (APEC) organization.



NAFTA WORKS

Aside from a handful of tariffs, all NAFTA commitments are scheduled to be fully implemented by January 1, 2003, including trade rules on services, investment, procurement, and standards. The NAFTA partners are committed to completing the full implementation of the Agreement according to the established schedule. Eight years of expanded trade, increased employment and investment, and enhanced opportunity for the citizens of all three countries have demonstrated that NAFTA works, and will continue to work.

For more information about NAFTA, please visit our websites:

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

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

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



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