



NAFTA 20 YEARS LATER

OVERVIEW

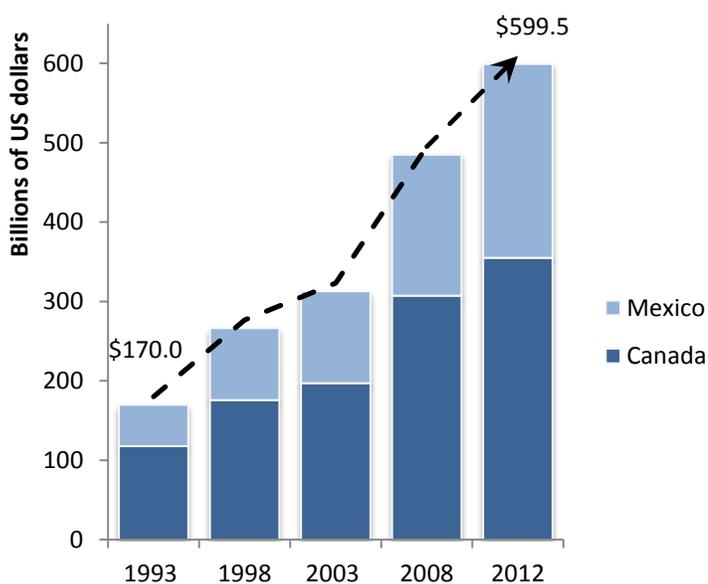
For the first time since NAFTA was implemented, the U.S. Department of Commerce has 20-year statistics on trade and other economic indicators. This provides the opportunity to consider how trade, investment, and employment have changed during the past two decades in light of the NAFTA provisions on trade and investment.

The Department of Commerce is finding overwhelming evidence across the United States that NAFTA-related trade and investment liberalization has allowed U.S. firms to maximize efficiencies, remain globally competitive, and increase sales and exports as a result. This is further evidence that increased market access through free trade agreements has direct and indirect benefits for U.S. firms and workers.

Export Highlights

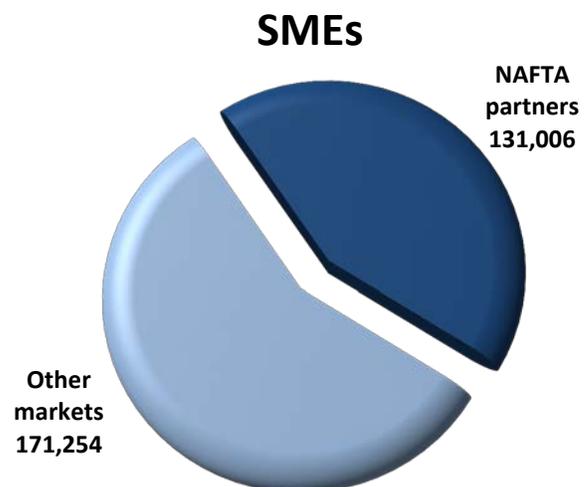
Between 1993 and 2012, U.S. export growth to NAFTA partners outpaced exports to the rest of the world. U.S. firms exported a total of \$2,211 billion in goods and services to the world in 2012, including \$244.1 billion to Mexico and \$355.4 billion to Canada. Combined, Mexico and Canada account for 27% of total U.S. goods and services exports to the world.

U.S. Exports to NAFTA



Source: Bureau of Economic Analysis, Table 12. U.S. International Transactions by Area

43% of U.S. exporters sold goods to NAFTA markets in 2011, of which 96% were SMEs



Source: U.S. Department of Commerce, Exporter Database

NAFTA Trade and Investment Highlights

- ▶ **NAFTA has clearly succeeded in stimulating trade and investment among the United States, Mexico, and Canada.** Total two-way goods trade between the United States and our NAFTA partners grew a remarkable 279% between 1993 and 2012, while total two-way trade between the United States and the rest of the world grew by 260%. As of 2012, U.S. firms had captured 50% of Mexico's total goods import market, and 51% of Canada's total goods import market.
- ▶ **NAFTA markets represent significant surplus markets for U.S. produced goods and services.** In our trade with Canada and Mexico in 2012, the United States registered a \$20.9 billion trade surplus in manufactured goods, a \$43.7 billion trade surplus in services, and a \$3.0 billion surplus in agricultural products.
- ▶ **NAFTA markets combined are the largest foreign suppliers of crude oil to the United States.** While the United States did register an overall combined trade deficit with Canada and Mexico in 2012, driving this deficit were U.S. imports of crude oil which reached \$72 billion and \$37 billion respectively, representing more than one-third of total U.S. crude oil imports.
- ▶ **NAFTA markets are significant for U.S. exporters, particularly small and medium-sized enterprises (SMEs).** More than 130,000 U.S. firms exported products to our NAFTA partners in 2011, of which 96 percent were SMEs.
- ▶ **NAFTA relaxed investment restrictions in Mexico,** including local content, trade balancing, market share, and market access requirements, which boosted total U.S. investment in Mexico by 495% from 1994 to 2012.
- ▶ **Mexico's investment in the United States increased 819%** from 1994 to 2012, while investment in the United States by non-NAFTA countries grew by 448%.
- ▶ **NAFTA's patent provisions support Mexico's world-class patent regime and strengthen U.S. competitiveness** across North America. U.S. firms, particularly those in pharmaceuticals, scientific equipment, and information communication technology, have benefited from strengthened NAFTA patent provisions.
- ▶ **NAFTA reduced or eliminated many barriers limiting market access for goods and hindering trade in services.** This means U.S. exporters have greater market access and a price advantage over other competitors including South Korea and China.
- ▶ **Without NAFTA, U.S. firms would be at a severe disadvantage to key European and other competitors in Mexico** that receive duty-free access on a wide range of goods and preferential market access in services sectors under the Mexico-European Free Trade Agreement and its other Free Trade Agreements.
- ▶ **NAFTA provisions in the auto sector** allow U.S. automotive producers to treat the three countries as a single market, maximize efficiencies, and remain internationally competitive.
- ▶ **NAFTA provisions in textiles and apparel,** such as "yarn forward" rules of origin, have helped preserve U.S. jobs and increased the sales opportunities and exports of U.S.-produced textiles and apparel products.

Data Sources

U.S. trade data came from the Bureau of the Census, U.S. Department of Commerce. Mexican trade data came from the Office of the Secretary, Mexican Department of the Economy. Canadian trade data came from Statistics Canada. Employment data were obtained from the Bureau of Labor Statistics, U.S. Department of Labor. Investment data is from the Bureau of Economic Analysis, U.S. Department of Commerce, and presented by country of ultimate beneficial owner. Industry data reflect the latest official statistics available as of the Fourth Quarter 2013.