

North american free trade agreement



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North American Free Trade Agreement (NAFTA) Established on 01 January 1994, the NAFTA is an agreement between the United s, Canada and Mexico to facilitate free trade among these nations. As such, the stipulations of the NAFTA are designed to eliminate the trade barriers between these countries by 2009. (" The Columbia Electronic Encyclopedia," n. d.)

With these in mind, there are various reasons that justify my full support for the implementation of the NAFTA. First, it entails the removal of as many tariffs and duties as possible (" Investopedia," 2005). Because of this, the products available in the market, particularly imported goods, would be offered at a comparatively lower price. In this regard, the consumers benefit since they can buy more goods at a cheaper price.

Second, the NAFTA provisions include the elimination of import quotas, especially on products such as motor vehicles, automotive parts, computers and textiles (" Wikipedia," n. d.). This results in the selling of more products in the market, thus, intensifying the competition among suppliers. As expected, competition brings about more efficient market conditions.

Producers compete not only in terms of pricing but also in the quality of goods. Similarly, consumers gain from this as they could have a wider range of high-quality products to choose from.

Lastly, the NAFTA enabled manufacturers in all three countries to maximize their full potential by operating in a bigger and more efficient North American economy. This translates to higher profits for competitive companies and allows for reinvestment of earnings. The net effect of this is that more jobs would be generated for the labor force. This, in a way, refutes argument asserted by many American labor unions that the NAFTA takes way jobs from American workers as manufacturers opt for the utilization of

cheaper labor available in Mexico. The advantage derived from the NAFTA is evidenced by the economic growth and improving standards of living in the three member countries (" Overview of the NAFTA," 2003).

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