

# [In parts have not been so good. though](https://assignbuster.com/in-parts-have-not-been-so-good-though/)

In conclusion, The North AmericanFree Trade Agreement has been like most trade deals in the world today; someparts have been good and other parts have not been so good.

Though out all myresearch of this topic All three countries has seen advantages anddisadvantages from this deal.  Thingslike Canada lumber industries to Mexican farmers losing in NAFTA. Also, theAmerican manufacturing companies leaving for Mexico and China. American workersindirectly have lost millions of dollars by suppressing wages and bring in lowpaying service jobs. It has kept the products we buy cheaper than it would ifwe didn’t have this agreement, so this trade agreement hasn’t been a big bustas I thought it was when I first went into my research. Although there are someparts that needs to be addressed, like the increasing pay of Mexican workers, lowering the trade deficit and keeping our jobs in the U. S. Eventhough the manufacturing jobs have boomed in Mexico under NAFTA; the Mexicanfarming sector has suffered greatly.

The United States has a big advantage inthe agricultural sector since NAFTA went into effect. Farming in the UnitedStates in done is on a much large scale by large corporations and they enjoylarger economies as well. The United States is also far more advanced intechnology and the agriculture sector.

In addition, the United States has had along-standing policy of supporting its farmers through subsidies. The 2002 FarmBill legislation in the United States authorized about 259 billion dollars infarm subsidies and federal subsidies. (GovTrack)Theagriculture has been big for Canada in the agreement of NAFTA. The biggesteffect of NAFTA has been on agricultural trade flows have included tariffreductions and the production comparative advantages. The agricultural tradeflow between Canada and the US has favored Canada since NAFTA went into effect. The lower trade tariffs have made goods and services, including agriculturalfood products, more accessible and people paid less for the products. Canadianagricultural trade flows with the US has generally experienced a steady growthafter the implementation of NAFTA.

It also contributed to the flow ofagricultural trade from a South-North direction to a North-Southdirection.   North American TradeAgreement has expanded market access for goods and services, lightened up onforeign direct investment rules and reduced tariff rates. North American freetrade has provided a lot for Canadian businesses to think beyond their ownborder, attracted new business into the country and promoted globallycompetitive value chains and industries. U. S.

and Mexican investments in Canadahave, for instance, tripled since NAFTA’s approval. North American free tradehas also introduced beneficial competitive pressures on Canadian businesses, providing incentives to achieve scale, innovate, and improve productivity. Canadahas benefited in trade and GDP with North American Free Trade Agreement. Since1993, U. S. and Mexican investments in Canada have tripled. It has accounted formore than half of Canada’s FDI stock, grew from $70 billion in 1993 to over$368 billion in 2016. Where the most impact has come from trading with the U.

SCanadian exports to the United in 2016, Canada-U. S. trade is worth a whopping$752 billion. (Foreign Trade Data). There are some bad things that can have dealt with during NAFTA. Itseems like both Canada and the U. S has some of the same problems.

Most of themanufacturing jobs are going to Mexico because of the cheaper labor.  Canadian employment in manufacturing droppedabout 400, 000 since 2001. The tradable service jobs have rose by 250, 000 overthat period and public services also increased by 420, 000 jobs over the period.(Foreign Trade Data). NAFTA has not deliver on it promises to Canada; nor didit bring about its opponents’ worst fears. Severalstudies I investigated through my research said that NAFTA had a significantimpact on labor markets in the United States. The lack of job growth has beenimportant for the United States and has lost millions of jobs to Mexico andother countries since NAFTA has been in place.

In January of 1994 the U. S hadover 16, 000 manufacturing jobs and in the beginning of 2017, the U. S just havea little over 12, 000 manufacturing jobs. (field)  Most of these losses came in California, Michigan, and other states where manufacturing is the main job creation. Countingjobs that left the United States plus those that would have been created if notfor rising imports, it is estimated that NAFTA caused a net loss of 440, 000U.

S. jobs. In fact, during the 1990s, the overall U. S.

trade deficitquadrupled, resulting in a net loss of over 3 million jobs. The lack of job growthhas no only hit the U. S workers but also in Mexico.

The effect of NAFTA on theMexican agricultural and small business sectors has relocated several millionMexican workers and their families. This is a major reason in the dramaticincrease in undocumented workers flowing into the U. S.

labor market. Thesuppression of wages since NAFTA has been in a decline. It’s not just not theamount of jobs the U.

S has but the quality of the jobs in the U. S. has gonedown dramatically. When manufacturing workers lost their job to othercountries; they returned to the work force at a lower wage. The U. S losthundreds of thousands of manufacturing jobs during the NAFTA era, but overallunemployment has been largely stable but as new low-paying service sector jobs havebeen created. It is difficult to determine the displacement of jobs is the factthat the United States has opened trade with countries in Asia and losses ofU.

S manufacturing jobs can be attributed to opening up of trade with Asiancountries like China as well. Thetrade defect between the United States and their two other partners; Mexico andCanada are staggering. The U.

S has lost out on the free trade with these twocountries creating a $181-billion-dollar trade defect between the two.  In 1994 the U. S had a trade surplus withMexico $1. 35 million dollars and now in 2017 a trade defect of $53. 1 milliondollars.

Compared to Canada in 2017 with a trade defect of $12, 447. 2 million isa big difference. If you go by the numbers Mexico has took advantage of NAFTA butin most places of Mexico are still in poverty.

U. S imports is $232, 577 millionand exports are $179, 487 million with Mexico in 2017. While the U. S importswith Canada is $222, 601 million and exports of $210, 154 million. (data worldbank) Since 1994, America’s trade deficit with its North American tradingpartners has ballooned from $16 billion to $82 billion annually. Increases inU.

S. exports create jobs in this country, but increases in imports destroy jobsbecause the imports displace goods that otherwise would have been made in theU. S. by domestic workers. (Frank). The good for the reginal trade has increasefrom roughly $290 billion in 1994 to more than $1.

1 trillion in 2016. SinceCanada and Mexico are the largest U. S exports accounting for a third export forthe U.

S. That adds up to billions of dollars added growth every year for theU. S. (Frank)TheGDP growth for each country has grown tremendously. Mexico GDP went from $527. 3billion in 1994 to $1 trillion in 2016.

That is a growth of $472. 7 billiondollars. Canada has a GDP growth of $951. 9 billion which started out in 1994 as$578. 1 billion to 2016 as $1. 53 trillion dollars. The United states have grownthe most during this time of GDP growth of $11. 26 trillion dollars.

In 1994their GDP was $7. 4 trillion and as of 2016 it is $18. 56 trillion dollars.

Theagreement that NAFTA has crippled the United States has not shown in their GDPgrowth in 24 years. (Data World Bank)The North American FreeTrade Agreement (NAFTA) went into effect on January 1, 1994. It created theworld’s largest free trade area of nearly 400 million people producing over 7trillion worth of goods and services. NAFTAeliminated rates for products flowing through the three nations and requiresthe importer to verify the origin of the goods. One of NAFTA’s main objectiveis to development and expansion of world trade and provide a widerinternational cooperation to ensure its role in improving world trade. NAFTAalso created a better pathway to allow North American businesses to trade, invest and position themselves for a better comparative advantage.

Theagreement between the United States, Canada and Mexico was a historic deal atthe time. The research using quantitative analysis will give you a betterunderstanding of the advantages and disadvantages of The North American FreeTrade Agreement has on the three countries that are in it.