

As you suggest



Regional Trade Agreement Affiliation: Explain how the regional trade agreement affected labor market in Mexico and in the US.

Regional trade agreements are agreements where the cost of exportation is reduced significantly to the different countries which share the same regional trade agreement. This is carried out in a bid to increase investors who can then be cheaply exporting their finished products to these nations. Mexico has numerous of these regional trade agreements to over 45 nations across the globe making it friendly to many motor investors across the globe (Althaus & Boston, 2015). The US on the other hand has very few of these trade agreements meaning that the investors are shifting their base of operation from US to Mexico where they incur less production costs and reap the maximum profits for the car once sold to dealers in the different nations of the world.

With more motor companies among other companies shifting their base of operation from US to Mexico in order to take advantage of the numerous trade agreements, US started losing in the labor department. People lost their jobs as they no longer had cars for example to sell as well as to export. Alternative employments in this economy had to be sort for survival purposes. Individuals who had held their secure jobs for years were left on the street jobless. Majority of the employees had to move to Mexico in order to seek employment in their growing labor market hit high with demand. On the other hand, the labor market in Mexico started flooding. With different motor companies opening operations in Mexico, there was high demand for labor. This is continuing to date as more and more companies continue to build their plants in the different locations across Mexico in a bid to fully take advantage of the trade agreements. Mexicans are getting more

offers for the different kinds of jobs available. There are other companies such as Audi which are taking it a notch higher to train their employees in Germany with the best (Althaus & Boston, 2015). What the increase in labor market in Mexico has done is encourage people to go back to school to become specialists in different parts of the motor cars in order to provide the best services to the dealership.

Competition in the labor market for the specialists is very high in Mexico with the opening of the different factories and plants for the motor cars. Young people leaving school are guarantee of getting employment as soon as they are through with their education. This is the opposite case in the US where the previous specialists in the field have had to seek employments that are beneath their pay grade and education for survival as their source of survival is no longer available. Young people clearing their education have to struggle twice as hard to seek employment in this present era something that is bound to be discouraging and stressful to the people.

As the labor market booms in Mexico and dwindles in the US, the US have a great challenge to emulate as many regional trade agreements if they are to offer competition to Mexico as well as ensure that their citizens have secure employment.

References

Althaus, D. & Boston, W. (2015, March 17th). Why Auto Makers Are Building New Factories in Mexico, not the U. S. The Wall Street Journal. Retrieved from <http://www.wsj.com/articles/why-auto-makers-are-building-new-factories-in-mexico-not-the-u-s-1426645802>