

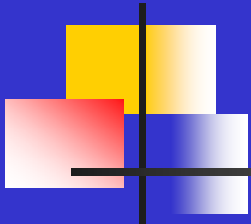
# **NAFTA: Ten Years & Beyond**

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**Office of NAFTA & Inter-American Affairs**

**International Trade Administration**

**U.S. DEPARTMENT OF COMMERCE**



# WHAT IS NAFTA?

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## **COMPREHENSIVE FREE TRADE AGREEMENT**

- **OVER \$650 BILLION IN TOTAL GOODS TRADE**
- **\$1.7 BILLION/DAY IN 2003**
- **NON-DISCRIMINATION / NATIONAL TREATMENT**
- **NOT A CUSTOMS UNION (EU/MERCOSUR)**

**IMPLEMENTED ON JANUARY 1, 1994**

**BUILT ON U.S.-CANADA FREE TRADE AGREEMENT (JAN 1989)**

**NAFTA TRADE HAS INCREASED BY OVER \$383 BILLION SINCE 1993;  
EXPORTS TO NAFTA OUTPACING REST OF WORLD**



# KEY NAFTA PROVISIONS

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- **MARKET ACCESS: TARIFFS AND NON-TARIFF MEASURES**
- **RULES OF ORIGIN (ANNEX 401)**
- **INTELLECTUAL PROPERTY RIGHTS**
- **GOVERNMENT PROCUREMENT**
- **DISPUTE RESOLUTION**
- **LABOR AND ENVIRONMENT**



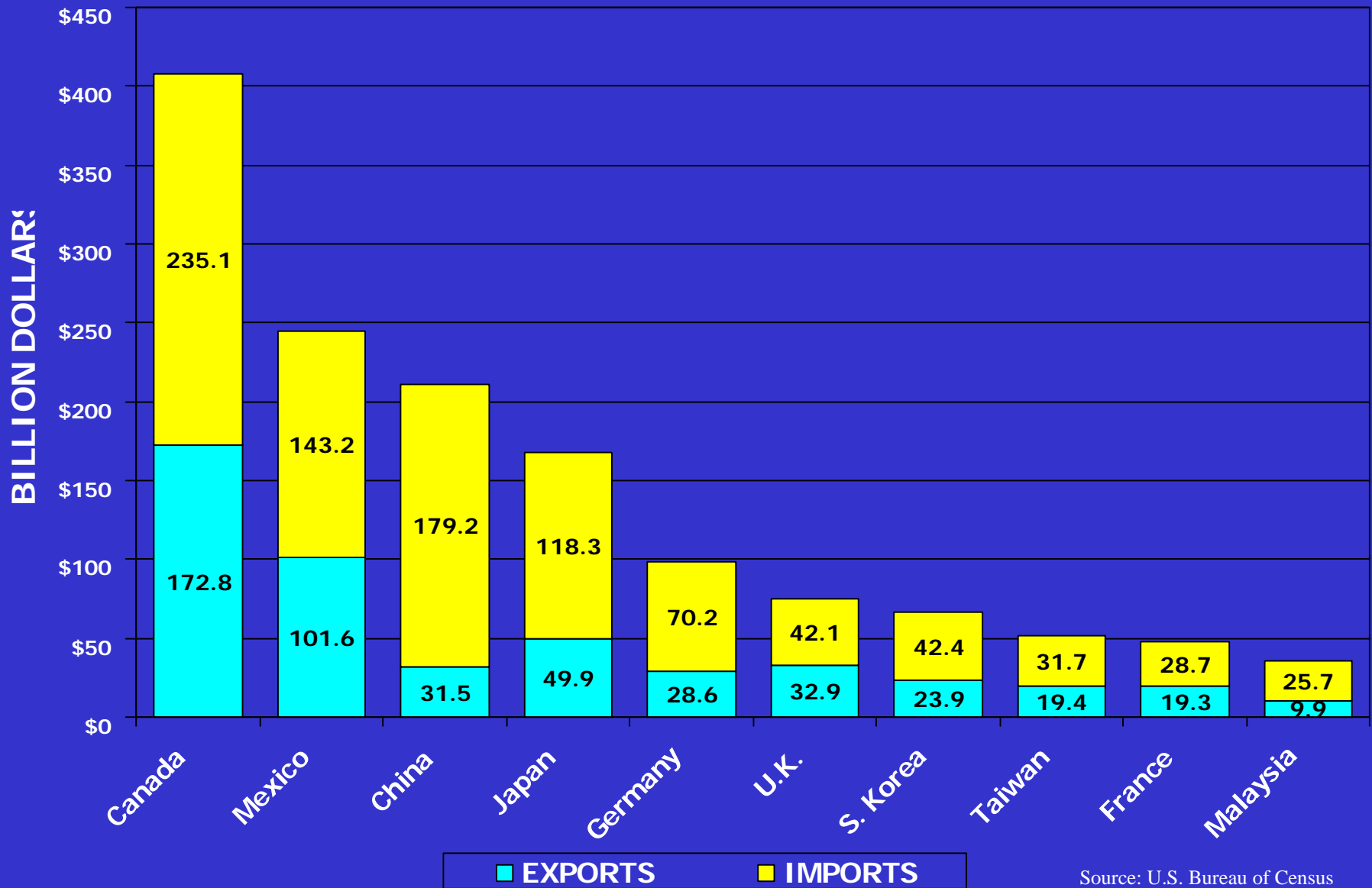
# NAFTA IN PERSPECTIVE

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- **U.S. two-way trade with Canada and Mexico exceeds U.S. trade with the European Union and Japan combined.**
- **In fact, we trade more in a month to Mexico than with all the Mercosur countries in a year. We export more to Mexico in a day than with Paraguay in a year.**
- **We export more in a week with Canada than with Central America in a year**

# TOP 10 U.S. TRADING PARTNERS

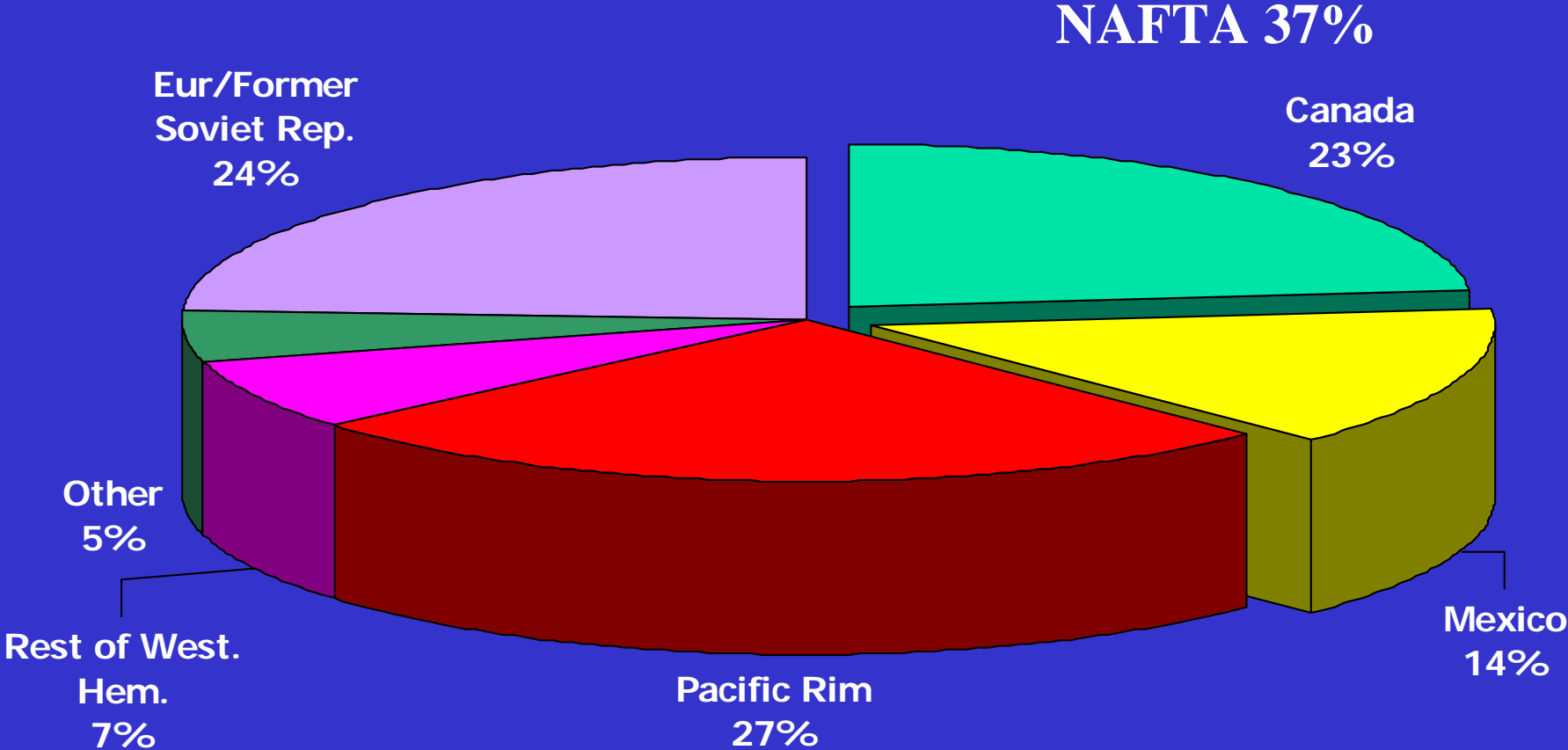
## 2004 (YTD November)



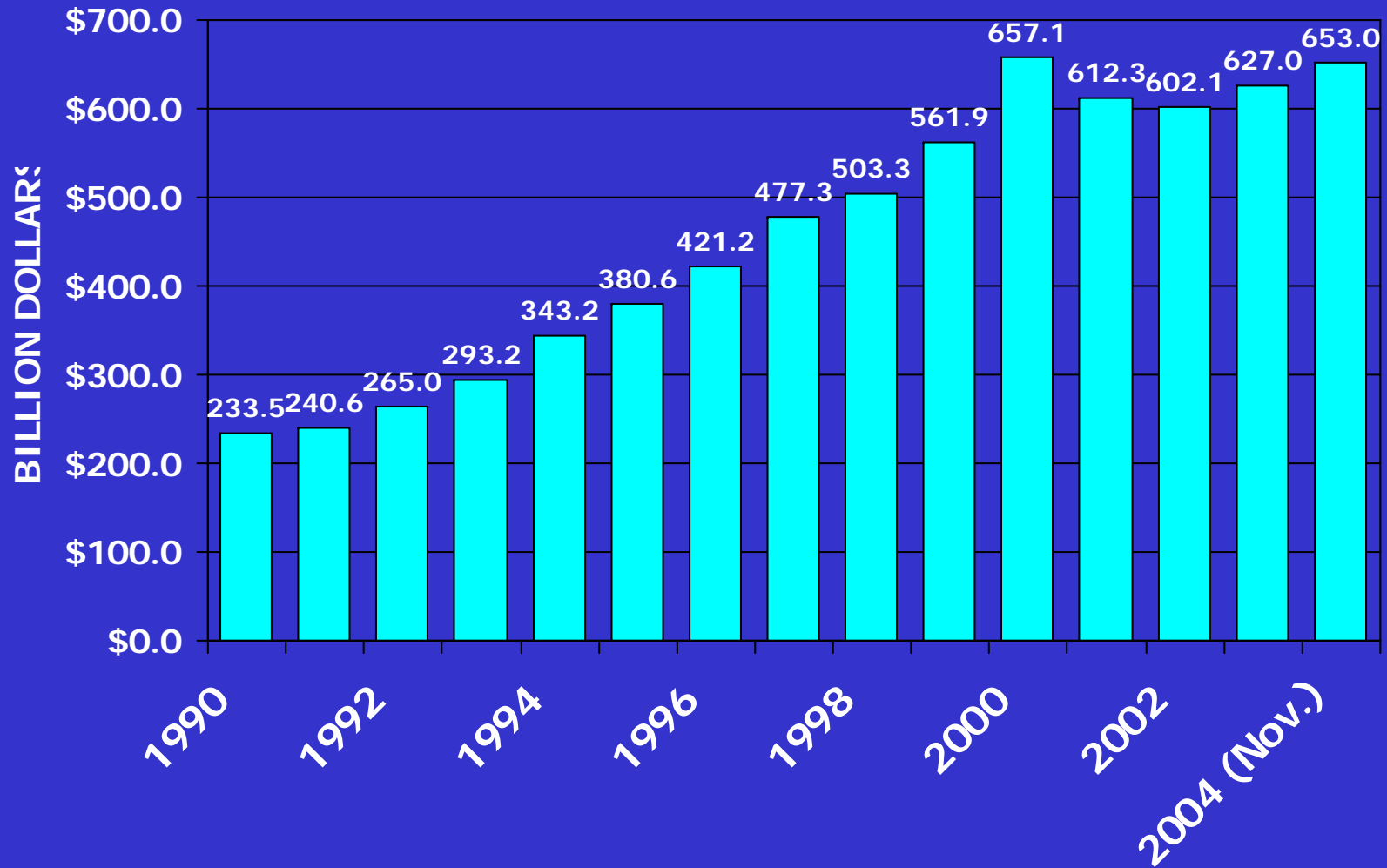
Source: U.S. Bureau of Census

# U.S. EXPORTS TO NORTH AMERICA EXCEEDING THOSE TO OTHER REGIONS

2004 (YTD November)



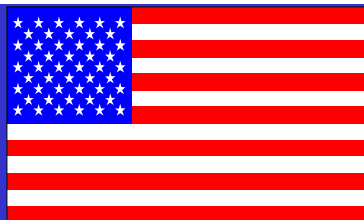
# U.S. – NAFTA TOTAL TRADE 1990-2004



Source: U.S. Census Bureau

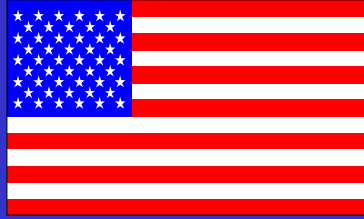
# **SOUTH CAROLINA AND NAFTA**





## NAFTA DELIVERS FOR SOUTH CAROLINA

- When Congress approved NAFTA in 1993, South Carolina's exports to Canada and Mexico totaled \$1.2 billion. In 2003, South Carolina exports hit \$3.3 billion - an increase of roughly 187 percent.
- In fact, over 28% of South Carolina's total merchandise exports in 2003 went to Canada and Mexico.
- Over one-fourth of all manufacturing workers in South Carolina depend on exports for their jobs. This is the fifth largest share among the states.



## **NAFTA'S BENEFITS FOR MEXICO**

**Mexico's exports to the United States have increased by 246% since the entry into force of the NAFTA and reached \$138.1 billion in 2003**

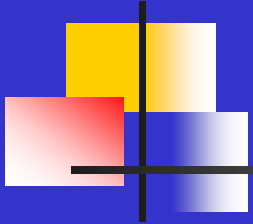
**More than half of the 3.5 million jobs created in Mexico since 1995 are connected to trade**



## **NAFTA'S BENEFITS FOR MEXICO**

**NAFTA also contributed to the political modernization of Mexico, as evidenced by the election of Vicente Fox, the first non-PRI president in modern Mexican history.**

**Rule of law, transparency in government regulations, broader participation by citizens and freedom from the State – all are values promoted and reinforced by the NAFTA.**



# NAFTA: What Next?

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- Sectoral, private-sector led integration  
autos, steel
- Public-Private Partnerships  
expansion of P4P?
- North America as an export platform  
enhancing competitiveness



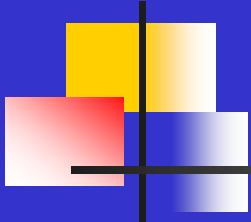
## **WHY IS MONITORING AND ENFORCING TRADE AGREEMENTS IMPORTANT?**

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- **TRADE AGREEMENTS INCREASE MARKET ACCESS FOR U.S. EXPORTERS**
- **IMPORTANT TO ALL STAKEHOLDERS THAT EXISTING TRADE AGREEMENTS ARE BEING ENFORCED**
- **CREATE CONFIDENCE AND SUPPORT FOR FUTURE TRADE OPENING AGREEMENTS.**

# WHAT KINDS OF BARRIERS DO FIRMS FACE?

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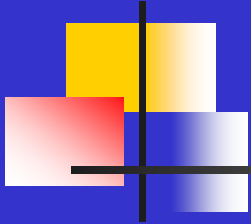


- **TARIFF AND CUSTOMS BARRIERS**
- **RULES OF ORIGIN, CERTIFICATES OF ORIGIN**
- **IMPORT LICENSING**
- **STANDARDS, TESTING, LABELING, OR CERTIFICATION**
- **LACK OF INTELLECTUAL PROPERTY RIGHTS PROTECTION**
- **GOVERNMENT PROCUREMENT CONTRACTS**

# ITA COMPLIANCE ACTION

## WHAT DO WE DO?

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- **IDENTIFY UNFAIR TREATMENT**
- **FORM COMPLIANCE TEAM**
  - **COUNTRY, INDUSTRY, AND AGREEMENT SPECIALISTS, GENERAL COUNSEL, FOREIGN POST, OTHER – NIST, PTO**
- **APPLY NAFTA/WTO ANALYSIS**
- **CRAFT ACTION PLAN TO RESOLVE ISSUE**



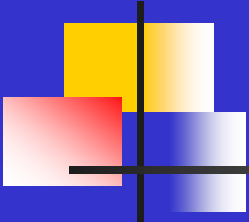
# NAFTA COMPLIANCE TEAM

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- THREE PERSON TEAM DEDICATED TO RESOLVING NAFTA MARKET ACCESS AND COMPLIANCE CASES.
- TEAM LEADER, MEXICO AND CANADA DESK OFFICERS
- THE TEAM COMBINES EXPERIENCE IN UNDERSTANDING NAFTA REGULATIONS WITH SPECIFIC COUNTRY EXPERTISE
- TRY TO RESOLVE PROBLEMS BY PERSUADING FOREIGN COUNTRY TO COME INTO COMPLIANCE VOLUNTARILY, AVOIDING TIME AND EFFORT INVOLVED IN FORMAL DISPUTE SETTLEMENT

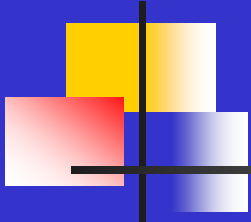
# NAFTA COMPLIANCE TEAM SUCCESS STORIES

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- Assisted U.S. companies resume exports that had been temporarily held up at the U.S.-Mx border. The Team determined that Mexican Customs was enforcing import permit requirements not previously enforced. After the companies submitted the correct documentation, they were told it would take an additional 30-45 to clear their shipments (perishable goods). The Team contacted Mexican Customs counterparts and the shipments were resumed within a week, saving the U.S. companies lost sales and revenues.
- A provincial Canada Customs representative informed a U.S. Company that a goods and services tax would be assessed on its U.S. trailers entering Canada temporarily to deliver food products. The Team contacted Canada Customs in Ottawa, who in turn contacted the provincial representative and the company was not charged the tax.

# USEFUL LINKS



- **COMMERCE NAFTA SITE – <http://www.mac.doc.gov/nafta/index.htm>**
- **TRADE STATISTICS BY STATE – <http://ita.doc.gov/tradestats>**
- **TRADE INFORMATION CENTER – <http://www.trade.gov/td/tic/>**
- **NORTH AMERICAN DEVELOPMENT BANK - <http://www.nadbank.org>**
- **NORTH AMERICAN COMMISSION FOR ENVIRONMENTAL COOPERATION – <http://www.cec.org>**
- **UNITED STATES TRADE REPRESENTATIVE –<http://www.ustr.gov>**
- **EXPORT INFORMATION - <http://www.export.gov>**



# Contact Information

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**[www.mac.doc.gov/nafta/compliance](http://www.mac.doc.gov/nafta/compliance)**