

the three countries that the integration process should be better managed in order to provide clearer “rules of the game” with respect to both international trade and investment flows. Still another factor was the desire—or, rather, the need—of both Mexico and Canada to gain guaranteed access to the large and prosperous U.S. market at a time when international trade conflicts, especially between the United States and Japan, were heating up.

To these must be added a number of external forces that played important roles. Why did these three countries, which by the mid-1980s had embraced a multilateral approach to trade negotiations through the GATT, decide to take a trilateral/regional approach to lowering trade barriers? After all, the GATT had been relatively successful: in a series of negotiating rounds over the last three decades; the GATT had reduced overt protectionism (e.g., tariffs and quotas) on manufactured products and introduced a system of rules and arbitration procedures which, although complex and cumbersome, had reduced trade conflicts in much of the world from their 1948 levels. Thus, why was this “global” approach pushed aside by a regional one in 1990?

Several factors influenced this decision. First, from the perspective of the United States and Canada, in the early 1990s the Uruguay Round of GATT negotiations did not appear particularly promising.⁸ Second, other transnational regions (e.g., Europe and Asia) were putting together trading blocs that could potentially reduce North America’s access to those markets.

Of final note, it was President Salinas of Mexico who initiated negotiations with the United States in 1990 after completing an extensive trip through Europe, during which he concluded that rebuilding Eastern Europe following the collapse of the Soviet bloc would likely absorb much of the financial capital that he had hoped to attract to Mexico. Thus he turned to the United States for both increased trade and investment. Canada, already in a free trade agreement with the United States, then decided to join the (trilateral) negotiations, primarily to protect its own interests by working with Mexico to

⁸ The agenda of the Uruguay Round (1986–94) focused on reducing tariff and nontariff barriers on a wider spectrum of products (including agricultural products and services) while increasing protection for “intellectual property” (i.e., patents and royalties). At the time that NAFTA negotiations opened in 1990, progress in these areas was particularly slow.