NAFTA Works

When NAFTA implementation began seven years ago, it created the world's largest free trade area, which now links 406 million people producing more than US$11 trillion worth of goods and services. The dismantling of trade barriers and the opening of markets have led to economic growth and rising prosperity in all three countries. We remain committed to completing the implementation of NAFTA in order to facilitate further trade and investment in North America. Furthermore, we will build upon our success with NAFTA to cooperate more broadly amongst ourselves, within the hemisphere, and in global fora.

Expanded Trade and Investment

By lowering trade barriers and developing clear rules of commerce, NAFTA has expanded trade and investment opportunities in the United States, Canada, and Mexico. Since 1994, the total volume of trade between the three NAFTA parties has expanded from US$297 billion to US$676 billion in 2000, an increase of 128 percent. Each day the NAFTA parties conduct nearly US$1.8 billion in trilateral trade.

- Canada's merchandise exports to its NAFTA partners have grown much faster than merchandise exports to the rest of the world. From 1993 to 2000, the U.S. dollar value of Canada's merchandise exports to the United States and Mexico rose by 109 percent, from US$112 billion in 1993 to US$235 billion in 2000. This 109 percent growth was substantially higher than that of 29 percent in exports to the rest of the world over the corresponding period.
- Likewise, Mexico exported US$154 billion to its NAFTA partners in 2000, 238 percent more than in 1993, the year prior to the start of NAFTA implementation. In fact, over the past seven years, export growth has contributed to more than half of real GDP growth in Mexico.
- U.S. goods exports to NAFTA partners more than doubled between 1993 and 2000, significantly higher than export growth of 52 percent for the rest of the world over the same period.

Since 1994, investment in the NAFTA countries has been dynamic and growing because of a legal framework that provides certainty and transparency. As the three economies have grown, North America has become a magnet for foreign direct investment from around the world. By 1999 the stock of foreign direct investment in NAFTA had reached US$1.3 trillion, or about 28 percent of the world total. Of this amount, US$1.1 trillion was located in the United States, US$166 billion in Canada and US$72 billion in Mexico. Such foreign direct investment has contributed to economic development and growth throughout North America.

- For the United States the stock of foreign direct investment increased by over US$500 billion between 1993 and 1999.
- Foreign direct investment in Canada has grown 57 percent from 1993 to 1999.
- Since 1994, Mexico's annual average capital inflow is three times the annual amount received in the seven years prior to the Agreement, and the total stock of investment in Mexico has grown by 72 percent.

Growth in Employment

This rise in trade has led to increased employment and prosperity in all three countries. Since NAFTA took effect, employment has risen in all three NAFTA countries: During NAFTA's first 7 years:

- Employment in Canada grew by 16 percent, generating 2.1 million new jobs
- Employment in Mexico grew by 28 percent, generating 2.7 million jobs
- Employment in the United States grew by 12 percent, generating 15 million jobs

In Mexico, the export sector is the leading generator of job creation: more than half of the new jobs created between 1994 and 2000 were related to export activity. In 2000, U.S. jobs supported by merchandise exports to NAFTA countries totaled an estimated 2.9 million jobs, up over 914,000 jobs since 1993, the year prior to the entry into force of the Agreement.