

feature

Afta da NAFTA

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THE US ACCEPTS

According to the economic hub and spoke theory, the US is the hub, and any free-trade agreements it makes are largely in its own interest. Accordingly, the US secured cheap access to Canada's energy and natural resources with the FTA, and now it is going after cheap labour and the ability to exploit workers and make a profit in Mexico under the NAFTA. In the future it hopes to create a free-trade zone "from Alaska to Argentina" in the words of George Bush. Colonialism is no longer fashionable

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or practical and, as the US economy sinks, it will try to hold on to its imperial power; the US will seek to maintain its high level of consumption by signing free-trade deals with poorer countries, and economic bullying. The Enterprise for the Americas Initiative (EAI), and the frequent charges of unfair trade the US has levied against Canada under the FTA provide a clear example.

According to the hub and spoke theory, it would not benefit the US to include Canada in the NAFTA. However, this concession by our superpower neighbour can be seen as a reward for supporting its foreign policy. Canada has supported US policy in Granada and Panama. NAFTA was allowed to join the NAFTA negotiations at a time when it supported the US effort during the first weeks of the Gulf War.

WHAT'S IN IT FOR CANADA

Over 90% of Canada's trade is with the US (*Statistics Canada*), the world's largest consumer market. The US does not have to worry as much about Canada- trade with Canada comprises only 20% of the US total. (*US Dept. of Commerce*)

Another attraction for Canada in the NAFTA is the opening of the Mexican market; however, because of that country's poverty, we cannot expect many Mexicans to buy our products. Trade between Canada and Mexico was a mere \$3 billion in 1991, compared to over \$200 billion in bilateral Canada/US trade that same year. (*The Globe and Mail*, Aug. 13, 1992, p.B6) With NAFTA, Canada also maintains its position as part of the North American market, and, according to the government, protects its ability to attract off-shore

investment. While Mexico has an advantage in cheap labour and production, Canada has an advantage in skills and infrastructure.

Disadvantages for Canada include the almost certain loss of unskilled manufacturing jobs to low-wage maquiladora plants in Mexico, and the threat to sovereignty implied by an increase in foreign investment. Other problems will be addressed next week.

SOME PRELIMINARY DETAILS

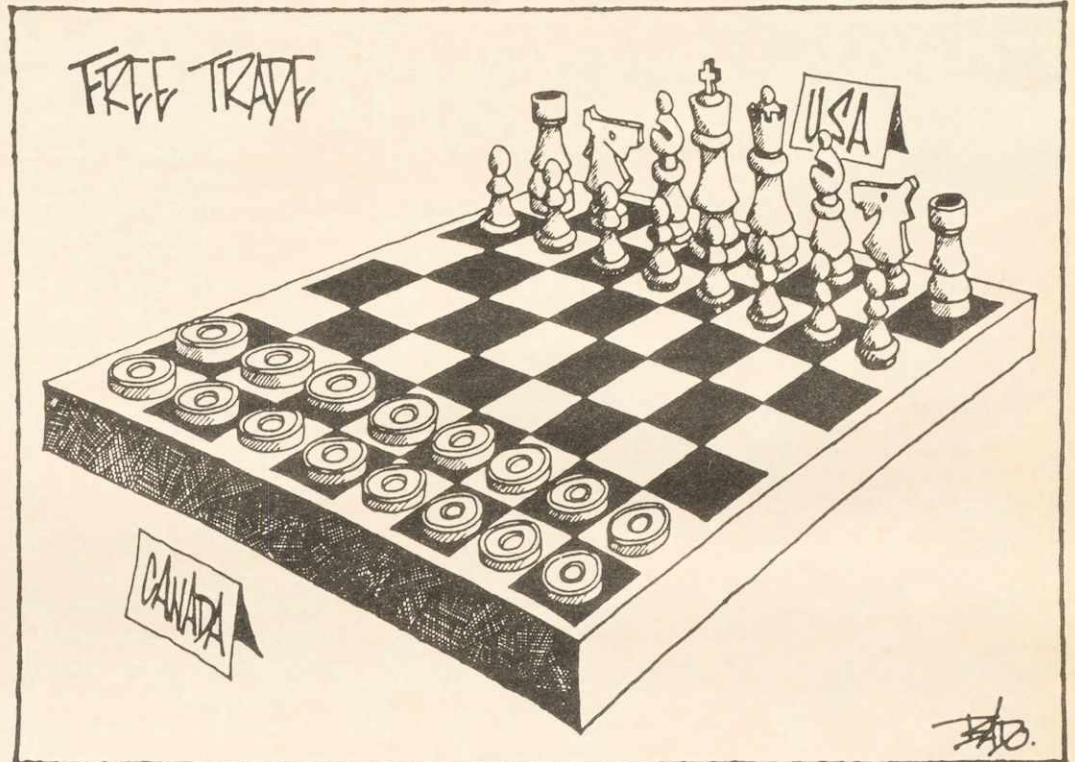
NAFTA allows for the gradual removal of an average 10% tariff on 20% of Mexican exports entering Canada over 15 years. It is therefore unreasonable to expect that we will be flooded by inexpensive Mexican products which could harm Canadian industries, although Mexican exports to Canada will increase.

Most Canadian goods and services entering Mexico face tariffs on

average twice as high as Canadian tariffs on Mexican goods. These will be phased out over the same time period; therefore, Canadian exports to Mexico will increase.

NAFTA will establish trilateral trade panels with the authority to challenge domestic policy. The Progressive Conservatives support NAFTA, the Liberals want to renegotiate, and the NDP are opposed.

Next week: report on the maquiladoras, and some problems with the deal



A day's worth of fun in one hour!



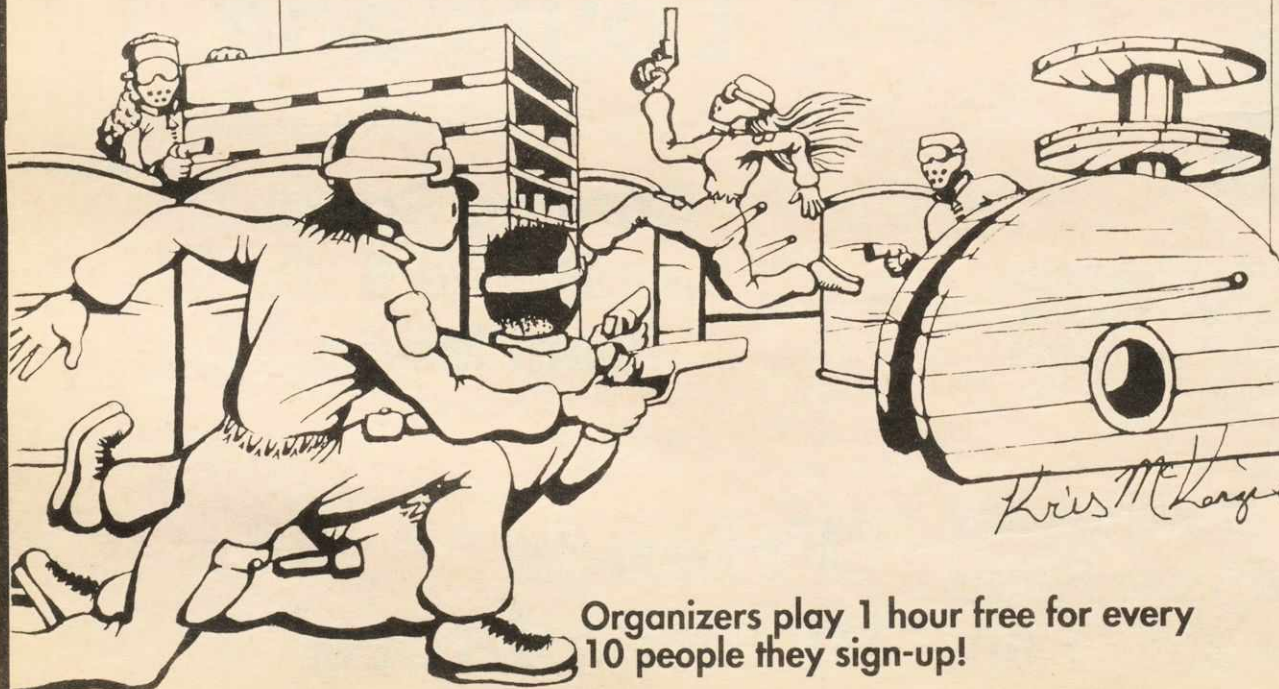
4 OR MORE PEOPLE AND ONLY \$12 EACH

Paintball involves teams that compete against each other, both trying to capture the other team's flag. However there is a twist; each player is armed with a paintball gun that shoots water soluble balls of paint. Because each gun holds only 6 balls at once, you have to make every shot count!

It's up to you how you spend your hour: fog or no fog, lights, music.

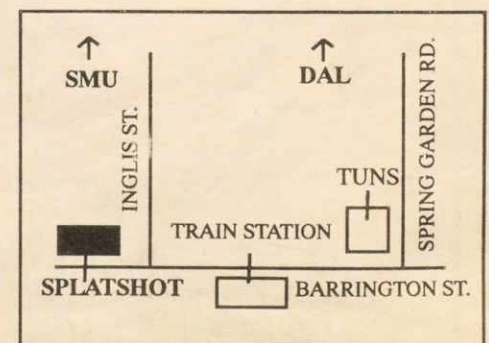
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