Yogi Berra:

“It’s tough to make predictions, especially about the future.”

“The future ain’t what it used to be!”
CHANGE?
What CHANGE?
Overview

• Jan/1994 (In Force), Jan/2008 (Final Implementation), 23 years
• Reshaped North American Economic Relations
• Bipartisan Political Support (Initially!)
North America: A Dynamic Economic Powerhouse

- NAFTA created a thriving regional market of 480 million people and a combined GDP of over $20 trillion.

Regional GDP (trillion $)

- Canada: 1.5
- United States: 17.9
- Mexico: 1.1

- North America exports $2.3 trillion in goods worldwide
- North America represents 18% of global exports

Source: SE with data from IMF and WTO.
Recognizing the Importance of NAFTA

Trilateral trade has more than tripled, reaching nearly $1 trillion in 2016.

Trilateral Trade between the NAFTA Partners

Source: SE with import data from Statistics Canada, Banxico, and USDOC, and World Bank.
The Good, The Bad & The Ugly

Positives:
• Increase(small) in U.S. GDP
• Consumers-Lower Prices/More Choice
• Increased Ag Exports
• Greater Economic Integration

Negatives:
• Perceptions
• Jobs???
NAFTA Trade in Agriculture

Figure 2. Agricultural Exports between NAFTA Partners

Billions of U.S. dollars

- U.S. exports to Canada
- U.S. exports to Mexico
- U.S. imports from Canada
- U.S. imports from Mexico
- Canadian exports to Mexico
- Canadian imports from Mexico

Calendar year

Source: Zahnister et al., 2015
What Hasn’t Changed

- Trade Negotiations/Agreements Complex
- National Sovereignty
- Principle of Comparative Advantage
- Consumers Demand for Lower Prices/Variety
What HAS Changed!

- Political Discourse
- Social Media/Blogosphere
- Economic Interdependency
- Logistics & Communications Technology
- Integrated supply chains
Case for Review & Improvement

• 23 Year Old Agreement (Renegotiation?)
• Agriculture Concerns
  o Non-Tariff Barriers (Including SPS)
  o Remaining Gaps in Export Access
  o Customs & Trade Facilitation
• Other Areas for Negotiation (Autos, Services, IPR, Dispute Settlement, Energy, etc.)
Three Scenarios

• Notify Withdrawal from NAFTA
• Impose Tariffs/Restrictions in Violation of NAFTA/WTO
• U.S., Canada, Mexico Review & Improve NAFTA
Questions/Discussion