

The image features a repeating chevron pattern in shades of yellow, green, red, and teal on a light grey background. In the center, there is a dark grey oval with a white border. Inside the oval, the word "NAFTA" is written in a bold, yellow, sans-serif font with a white outline and a slight drop shadow.

NAFTA

NAFTA

- On January 1, 1994, the governments of Canada, Mexico, and the United States entered into an agreement called the North American Free Trade Agreement.
- NAFTA was written to create a Free Trade Area in North America.
- “Free Trade” means that countries may freely trade goods with each other without having to pay a tariff (tax) on those goods.

NAFTA

- NAFTA lowered trade barriers between the three countries and became the world's largest free-trade zone.
- The agreement opened the door for free trade, ending tariffs on various goods and services, and implementing equality between Canada, USA, and Mexico.
- NAFTA greatly increased trade and economic integration in North America.



Functions

- NAFTA's key functions include:
 1. Eliminating tariffs
 2. Removing restrictions on investments
 3. Removing customs barriers at border crossings
 4. Establishing tough standards for environmental, health, and safety regulations
 5. Improving working conditions

Positives

- Free trade increases sales and profits for Mexico, Canada and the U.S., thus strengthening their economies.
- Lack of tariffs has allowed Mexico to sell its goods in the USA and Canada at lower prices.

Positives

- This makes Mexican products more competitive in these markets and increases Mexico's profits as it tries to develop its economy.
- Free trade is an opportunity for the U.S. to provide financial help to Mexico by making jobs available in factories located there.

Negatives

- Free trade has caused more U.S. job losses than gains, especially for higher-wage jobs.
- People work for lower wages and there are fewer labor regulations in Mexico, so American factories have moved across the border.
- Factories, called maquiladoras, are built on the Mexican border and workers are hired there to make goods at a much lower wage than workers would be paid in the U.S.

Negatives

- Mexico does not have as strict environmental regulations as Canada & U.S., so when factories move across the border, they are contributing to North America's pollution problem.
- Some argue that our borders should be open like the EU does in Europe, while others feel the borders should be closed.