

# Trans-Border Institute

## Fact Sheet: NAFTA in Mexico

### North American Free Trade Agreement

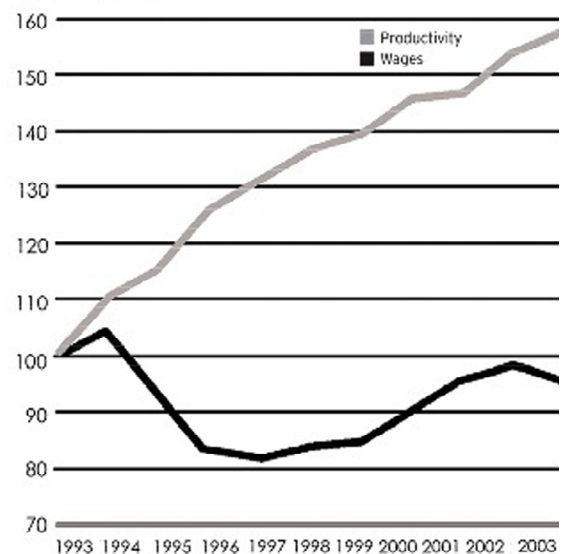


Tijuana, BC Mexico: Photo by Magda

On January 1, 1994, the North American Free Trade Agreement (NAFTA) entered into effect promising to strengthen friendship and cooperation among the United States, Mexico, and Canada, eliminate trade barriers, create new employment opportunities, improve working conditions and living standards, strengthen the development of environmental laws and regulations, and enforce basic workers' rights <sup>[1]</sup>. The agreement created the world's largest free trade area, which now links 444 million people producing \$17 trillion worth of goods

and services <sup>[2]</sup>. According to the Office of the United States Trade Representative, trade tripled among all three countries, from \$297 billion to \$930 billion between 1993 and 2007. GDP and per capita GDP also continued to grow following the implementation of NAFTA. However, after 15 years, it is unclear that these material gains have been distributed evenly among Mexico's citizens. For example, while the maquiladora industry created approximately 800,000 jobs in Mexico between January 1994 and 2002, the Mexican agricultural sector lost about 1.3 million jobs during the same period. Furthermore, employment growth in the agriculture, manufacturing, and service sectors decreased in the period following the implementation of NAFTA. Such trends have continued to contribute to the significant migration of Mexicans to the United States <sup>[3]</sup>.

Manufacturing Productivity and Real Wages in Mexico  
INDEX: 1993=100



[3]

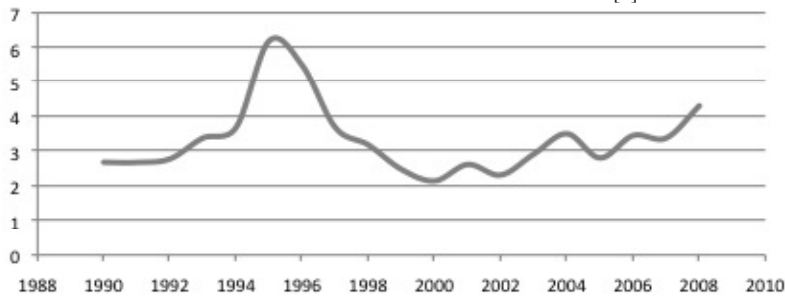


### Zapatistas and NAFTA

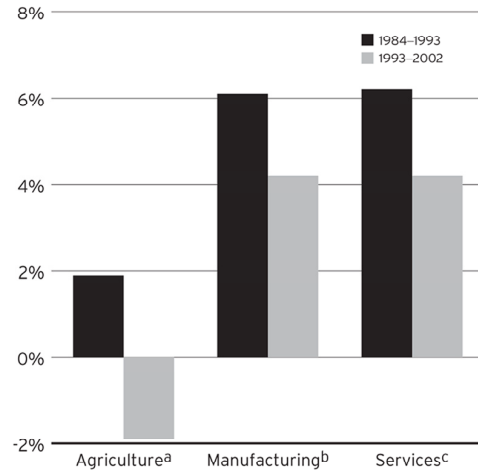
In response to the anticipated social injustices represented by NAFTA, the revolutionary Zapatista Army of National Liberation (EZLN) led an uprising against the Mexican government in 1994 in the state of Chiapas, a highly indigenous and marginalized state in the southern part of Mexico. NAFTA represented many threats to the people of Chiapas. The elimination of trade barriers and the corresponding availability of inexpensive agricultural products from the US served to reduce the income and living standards of many Mexican farmers who could not compete with the mechanically harvested crops and artificial fertilizers from the United States. Between 1993 and 2002, employment in the in the agricultural sector declined by 19.2% to 6.8 million. Furthermore, NAFTA led to the removal of Article 27 section VII within the Mexican constitution, which had protected the Lacandon Jungle in Chiapas from private ownership and exploitation and had also guaranteed land reparations to the indigenous people <sup>[4]</sup>.

# Employment and Unemployment

**Mexico's Unemployment Rate** [5]



**Average Annual Employment Growth by Sector, Before and After NAFTA** [3]

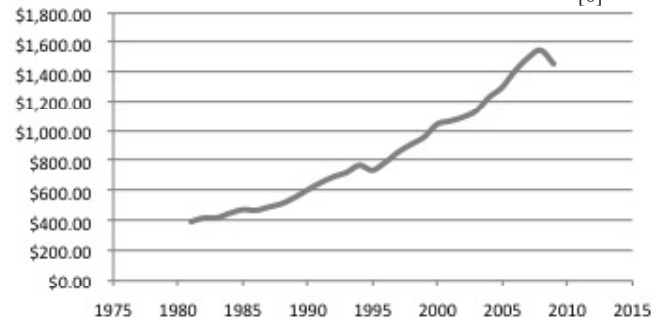


## Gross Domestic Product

**GDP-PerCapita (PPP)US\$** [6]

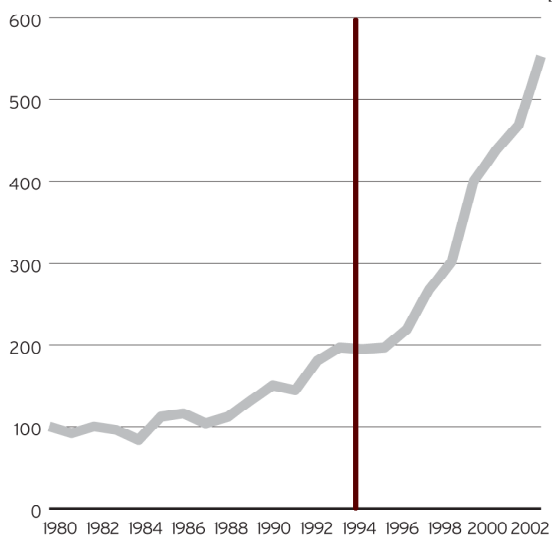


**GDP-valuation of country (PPP)US\$** [6]

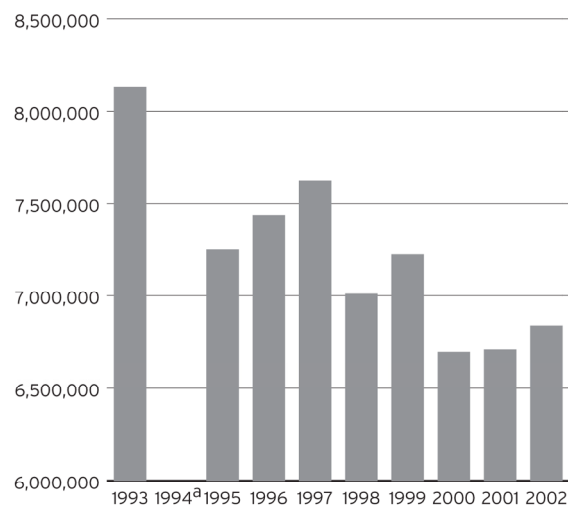


## Employment in Agriculture and Migration

**Migration from Rural Mexico to the United States, 1980-2002**  
HOUSEHOLD MEMBERS: 1980=100 [3]



**Mexican Employment in Agriculture**  
EMPLOYEES [3]



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[1] "North American Free Trade Agreement (NAFTA)." Office of the United States Trade Representative. Web. 27 Jan. 2010. <<http://www.ustr.gov/trade-agreements/free-trade-agreements/north-american-free-trade-agreement-nafta>>.

[2] "North American Free Trade Agreement." NAFTA. Web. 27 Jan. 2010. <<http://www.nafta-sec-alena.org/en/view.aspx?x=343&mtpID=120>>.

[3] Carnegie Endowment for International Peace. Web. 27 Jan. 2010. <<http://www.carnegieendowment.org/>>.

[4] "Fact Sheet." Web. 20 Jan. 2010. <<http://www.chiapas-support.org/factsheet.htm>>.

[5] "Banco de Informaci." Banco de Informaci. Web. 29 Jan. 2010. <<http://dgcnesyp.inegi.org.mx/cgi-win/bdieinti.exe/NIV100082#ARBOL>>.

[6] "Mexico GDP - per capita (PPP) - Economy." Index Mundi - Country Facts. Web. 29 Jan. 2010. <[http://www.indexmundi.com/mexico/gdp\\_per\\_capita\\_ppp.html](http://www.indexmundi.com/mexico/gdp_per_capita_ppp.html)>.