NAFTA 2002: A COST/BENEFIT ANALYSIS FOR THE UNITED STATES CANADA, AND MEXICO

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I. INTRODUCTION

With the establishment of the North American Free Trade Area (NAFTA) in 1994, the United States, Canada, and Mexico have created the world's largest free trade zone involving over 400 million people and 11 trillion dollars in annual production. In addition, three-way trade in goods and services reached 660 billion dollars in 2000, more than double the three-way trade of 300 billion dollars in 1993. January 1, 2002 marked the beginning of the ninth full year of the implementation of this historic continental agreement, an accord which will be fully in place in 2008. This monograph will assess some of the benefits and costs of NAFTA for its three member states, with the first part looking at macro- economic and political issues, and the latter part focusing on two controversial areas–labor and the environment.

*A list of acronyms used in this article is provided on page 27.

II. THE GLOBALIZATION PHENOMENA

Globalization may be defined as a growing interdependence and interconnectedness among nations and people, whether on a global or regional scale. In terms of the economic dimension of globalization, the international movement of goods, services, capital, technology, and people stands at record levels. World trade in goods and services now adds up to seven trillion dollars annually. The volume of world trade is up 16-fold since 1947 and, in recent years, international trade has been growing at a rate almost three times faster than the aggregate growth in national economies. In the year 2000, global trade flows grew by a robust 13 per cent, although recessionary conditions and the aftermath of the September 11th tragedy cut this growth rate to little more than one per cent in 2001.

Trans-border merger and acquisition activity approached a record 800 billion dollars in 1999, up almost 50 percent from the previous record levels of 1998, and both short-term and long-term investment flows doubled between 1995 and 1999. The half million affiliates of multinational corporations also produce sales of 11

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trillion dollars per year, far outpacing the total cross-border trade in goods and services. The international movement of people for business, tourism, and immigration purposes has never been higher, with almost three million people crossing national borders daily, triple the level of 1980.[1] Roughly 698 million tourists traveled internationally in 2000 and spent 476 billion dollars, up dramatically from the 457 million travelers and 264 billion dollars in expenditures recorded in 1990.[2] In the realm of currency transactions, foreign-exchange markets have literally exploded with daily activity topping 1.5 trillion dollars. In cyberspace, more than 250 million people now go on-line using the Internet, and this number is mushrooming. Telephonic communications are also at record levels with traffic on international switchboards topping 100 billion minutes for the first time in 2000.[3] As former Citicorp Chairman Walter Wriston has observed, the world is now "tied together in a single electronic market moving at the speed of light."[4]

A. The United States and Globalization

Over 18 million U.S. jobs are now directly linked to the international economy, with exports of goods and services by American-based companies exceeding one trillion dollars for the first time ever in 2000. More than 12 million jobs are tied to these exports, including 1 in 5 in the manufacturing sector.[5] In rural areas, crops grown on one of every three acres planted by U.S. farmers are also destined for overseas markets. Additionally, almost 7 million Americans work for foreign-owned companies on U.S. soil, and these corporations account for about 30 percent of U.S. merchandise imports and 22 percent of merchandise exports.[6]

Cumulative foreign direct investment (FDI) in the United States, a type of investment providing foreign investors with a controlling interest in U.S.-based firms, stood at one and one-quarter trillion dollars in 2000, with overseas investors holding over eight trillion dollars in total U.S. assets.[7] Foreign portfolio investment in the U.S. is also at record levels, with investors from abroad possessing 36 percent of the federal government's publicly held debt and hundreds of billions of dollars in corporate debt and equities. Even the U.S. dollar is more popular abroad than at home, with two-thirds of U.S. currency in circulation held overseas.

Another 1.1 million U.S. jobs are linked to international tourism, with 50 million foreigners visiting the United States in 2000 and spending 95 billion dollars when U.S. passenger fares are included.[8] Over one-half million foreign students also matriculate at U.S. institutions of higher learning every year, spending about 12 billion dollars annually. With 35 percent of all high-tech master's degrees and 50 percent of all high-tech doctorates in U.S. institutions of higher learning being awarded to foreign nationals, it is not surprising that many of the best and brightest of these students remain permanently in the United States and contribute to the build up of brainpower so critical in the new Information Age.[9] They are being joined by the 200,000 highly skilled foreign professionals who enter the U.S. annually under the H1-B visa program. These visas allow the workers to stay in the United States for up to six years and to apply for green

FIGURE 1
NORTH AMERICAN COMPARISONS

Dimension	United States	Canada	Mexico
Population	284,000,000	31,000,000	100,000,000
Population under 15	22.2%	19.8%	34.4%
Territorial size (sq. miles)	9,372,000	9,976,000	1,996,000
GDP ($U.S.)	9,900,000,000,000	695,000,000,000	574,000,000,000
GDP per capita ($U.S.)	33,928	22,419	5,740
Literacy	98%	99%	87%
Unemployment rate (Spr 2001)	4.0%	6.9%	2.3%
Youth unemployment rate (under 25)	9%	13%	5.0%
Value added in service sector	73%	64%	65%
governmental system	federal– 50 states, 1 federal district, several territories	federal– 10 provinces, 3 territories	federal– 31 states, 1 federal district
heritage	British Isles	Britain, France	Spain
official language(s)	English	English, French	Spanish

cards during their stay. In addition, the United States experienced the largest increase in population in its history during the 1990s, growing by almost 33 million people. Approximately one million immigrants entered the country each year during the past decade and contributed significantly to this unprecedented population rise. By 2005, about 15 percent of the total private-sector work force will consist of foreign-born employees, compared with 7 percent in 1979 and 10 percent in 1998.[10]

Indirectly, economic globalization is even more significant, because with import penetration at record levels and cyberspace signals permitting overseas businesses to communicate with potential customers in the United States in less than one second, most U.S.-based companies and jobs are now inextricably tied to the international economy. Many Americans also have a stake in the prosperity of other countries, with over 50 percent having stocks, mutual funds, or pension funds with some portion of their portfolios invested abroad. Indeed, the U.S. cross-border flow of bonds and equities was 54 times higher in 2000 than in 1970.[11]

It is quite possible that globalization is still in its infant stages. McKinsey & Company has estimated that only one-fifth of world output is currently open to global competition in products, services, and ownership. Within the next 30 years, however, McKinsey predicts that four-fifths of world output should be "globally contestable," a scenario which would result in a tremendous expansion in global economic integration.[12]

B. Regionalism in North America

Figure I illustrates the significant differences that exist among the three major North American nations, even though all three share the continent and maintain federal systems of government.[13] The United States has almost three times the population base of Mexico, and nine times more people than Canada. The GDP differential is even more extreme, with U.S. GDP 14 times larger than Canada's and 17 times larger than Mexico's. Indeed, California alone has a larger population base than does Canada, and almost the same annual production volume as Canada and Mexico combined.

In the year 2000, two-way flows in goods and services between Canada and the United States averaged 1.2 billion dollars per day, by far the largest bilateral trading relationship in the world. Similar flows between the United States and Mexico have grown dramatically over the past several years and now average about 720 million dollars daily. In the period since NAFTA began to be implemented, two-way trade between Canada and the United States has almost doubled, and U.S.-Mexican trade has tripled.[14] In comparison, U.S. trade with the rest of the world increased by a much more modest 78 percent between 1993 and 2000.[15]

U.S. dependence on access to the markets north and south of its borders has also deepened. Although Canada and Mexico represent only 2.2 percent of the global population outside the United States, 37.1 percent of all U.S. exports were destined for these two markets in 2000, up from 30.5 percent in 1993. U.S. exports to Canada and Mexico grew by 105 percent during the 1993-2000 period, double the 52 percent increase in export activity to the rest of the world. The United States also exports twice as much to Mexico as its combined exports to every other member of the proposed Free Trade Area of the Americas (FTAA) except Canada.

Few Americans are aware that Canada is also their nation's leading export partner and has been for each and every year since 1946.[16] In 2000, the U.S. exported almost three times as much to Canada as to Japan, and actually had more merchandise exports to one Canadian province, Ontario, than to Japan. Even more impressive was the fact that the United States exported more to Canada, with its 31 million people, than to the 15 nations comprising the European Union, a powerful regional entity with over 370 million people. Although Canada has a large merchandise trade surplus with the United States, Canadians purchased per capita 5,821 dollars of U.S. merchandise in 1999, versus 375 dollars of American purchases of Canadian merchandise.[17]

Mexico surpassed Japan in 1999 to become the second leading trading partner of the United States, and the gap between second-ranked Mexico and third-ranked Japan widened dramatically in 2000 and again in 2001. In proportional terms, U.S. export growth to Mexico has been higher than with any other major trading partner since NAFTA was implemented, and it is growing at about twice the rate of the U.S. export growth with Canada.

Canada and Mexico are even more heavily dependent on access to the huge U.S. marketplace. In the year 2000, almost 87 percent of Canada's merchandise exports went to the United States, up from 74 percent in 1993. Over 45 percent of Canada's GDP in 2000 was directly linked to global exports in 2000, and almost 40 percent was dependent on open access to the U.S. market. This is far different from the U.S. situation where global exports represented only 11 percent of U.S. GDP in 2000 and combined exports to Canada and Mexico 4 percent of GDP. Moreover, the value of Canadian exports to the United States is now equivalent to about one-half of total private sector business activity in Canada.[18] Of all Canadian exports destined for FTAA countries, an overwhelming 98 percent go to the United States.[19]

About 84 percent of all Mexican exports are destined for U.S. markets, and Mexico's total exports represent 29 percent of Mexico's GDP, with exports to the U.S. 24 percent of GDP. Mexico has entered into more free trade agreements than any other nation in the world, having signed 10 over the past eight years allowing preferential access to 32 countries on three continents. Through these agreements, Mexico hopes to experience a continued increase in its exports to the United States, while at the same time shipping a growing proportion of all exports to other nations around the world.

In the arena of foreign direct investment (FDI), North American linkages are also growing rapidly. Canadian FDI in the United States was just shy of 101 billion dollars at the end of 2000, more than double the figure of 41 billion dollars in 1994. U.S. FDI in Canada was over 126 billion dollars in 2000, up from 74 billion dollars in 1994.[20] Canada was the recipient of 10 percent of total U.S. FDI abroad in 2000, second only to U.S. investment in the United Kingdom, and this investment represented over 60 percent of the total stock of FDI in Canada. Canadians accounted for 8.1 percent of total FDI in the United States in 2000, ranking fifth behind the British, Japanese, Dutch, and Germans. In 1998, majority-owned U.S. affiliates in Canada provided 862,000 jobs for Canadian workers, and other companies with partial U.S. ownership furnished an additional 73,000 jobs. The majority-owned enterprises also accounted for 55 billion dollars in output, or about 9 percent of Canada's GDP, and all Canadian affiliates of U.S. companies controlled 314 billion dollars in total assets in Canada.[21] During the 1990s, about three-quarters of cumulative FDI inflows came from the United States, compared with only one-third during the 1980s.[22]

Canadian enterprises in the U.S. provided 665,000 jobs for American workers in the non-banking sector in 1999.[23] Canadian companies also controlled 410 billion dollars in U.S. assets, a sum greater than the 314 billion dollars controlled by U.S.-owned enterprises in Canada.[24] However, Canada has been diversifying its investment abroad, with two-fifths of outward FDI destined for the United States during the 1990s compared with two-thirds during the 1980s. For the first time in Canadian history, the stock of total outward FDI exceeded inward FDI in 1996, and this trend continued in the 1997-1999 period.[25]

One of the attributes of globalization is the growing linkage between trade and FDI activity, and this linkage is quite apparent in the Canada-U.S. bilateral relationship. About one in 10 jobs and 50 percent of total exports in Canada are derived from inward FDI, with the U.S. accounting for about two-thirds of this FDI.[26] This is especially apparent in the auto industry, which is responsible for 29 percent of Canada's merchandise exports to the U.S. and 27 percent of American exports north of the border.[27] American-owned companies dominate the auto sector in Canada.[28]

The upturn in FDI in Mexico during the NAFTA period has also been striking, especially over the past three years. In the year 2000, 13.2 billion dollars in FDI poured into Mexico, up 14 percent from 1999. Almost 70 percent of this investment came from the United States, with slightly less than two-thirds earmarked for manufacturing industries.[29] Total U.S. FDI in Mexico topped 35 billion dollars at the end of 2000, up from 17 billion dollars in 1994.[30]

The Canada-U.S. boundary has traditionally been referred to as the world's "longest undefended border," with 3,800 miles of common frontier along the 49th parallel and almost 1,500 miles separating Alaska from the Yukon and British Columbia. Approximately 200 million two-way crossings occur annually at this border which extends more than 3,100 miles over land and almost 2,400 miles over water. The United States derived 8.2 billion dollars in revenues from Canadian overnight visits to the United States in 1999, and Canadians 6.8 billion dollars from Canadian overnight visits in Canada.[31] Although rebounding somewhat in 2000, the actual number of Canadian visits to the United States decreased substantially during the 1990s, attributable to an almost 30 percent drop in the value of the Canadian dollar from the beginning of the decade to the end, tightened health-insurance rules that make it more difficult for Canadians who become ill to receive reimbursements for very expensive health care received in the United States, and a more competitive and consumer-friendly retail sector in Canada.[32] In total, about 8 percent of U.S. service-sector exports went to Canada in 1999, and 9 percent of its service imports came from Canada, far below the percentages found in the merchandise sector. The U.S. enjoyed a 5.0 billion dollar surplus in trade in services with Canada in 2000, in contrast to the huge U.S. deficit of 63 billion dollars in goods.[33]

The border between the United States and Mexico is 2,000 miles long. Although little more than a third of the length of the common border between the United States and Canada, it has been subject to much more controversy. First of all, the current border exists because the United States stripped Mexico of about one-half of its territory during the 1830s, 1840s, and 1850s, mostly through conquest. Secondly, more than 300 million border crossings are now occurring at the border each year, with a very small percentage involving the movement northward of undocumented immigrants or illicit contraband, especially drugs. Census 2000 data indicates that 7.3 percent of the U.S. population has its roots in Mexico, with 53 percent more people of Mexican heritage in the United States in 2000 than in 1990, up from 13.5 million to 20.6 million people.[34] More than 10 million Mexicans also visited the United States in 1999, and they spent over 5 billion dollars during their visits.[35] Mexico was also the most popular destination in the world for U.S. travelers, with 17.7 million crossing the border in 1999 and spending 7 billion dollars.[36]

C. The North American Economic Relationship

The twin challenges of globalization and the Information Technology (IT) revolution will have significant repercussions for the North American relationship over the next decade. Many Americans do not like globalization, equating it with the loss of jobs to low-wage countries and with financial instability reminiscent of the Asian crisis of 1997, the Russian crisis of 1998, the Brazilian crisis of 1999, and the Argentine crisis of 2002. They are also very apprehensive about the IT revolution, worried that they will not be able to keep pace with rapid technological change and unprecedented corporate restructuring. Perhaps one-third of all U.S. jobs are already in flux every year, meaning those that have been recently created, recently terminated, or dramatically restructured. Regions may also be affected quite differently, with Detroit losing about two-thirds of its manufacturing jobs since the peak years of the 1960s, but with the Silicon Valley enjoying a ten-fold increase over the past two decades. Manufacturing is also giving way to knowledge-based industries, and the number of people actually working with their hands on the shop floor and making "things" has dwindled rapidly.

Regardless of American, Canadian, or Mexican attitudes toward globalization and the IT revolution, both trends will hasten the entrenchment of the 24-hour business cycle, with roughly 8 hours in the Americas, 8 in Europe, and 8 in Asia and the Pacific. Global competition is now less than a second away in cyberspace, and telecommuting in the future is less likely to be an employee working from home in the suburbs of Toronto, San Francisco, or Monterrey, and more likely to be a worker situated in a developing nation and electronically transferring his or her work to the corporate affiliate located in a developed country.

In spite of the turbulence associated with the September 11th terrorist attacks and the subsequent vigorous debate over the ramifications of creating a North American "security perimeter," the next decade could eventually result in significant shifts in the amount and type of cross-border direct investment, with "space" being much more important in the IT world than "place." It could mean various steps toward entrenched regionalization. Such steps might include harmonizing transportation policies and, for the sake of efficiency, streamlining most customs and immigration checks along the borders. It could mean the freer movement of labor across the borders, far beyond what NAFTA now permits, and money in the direction proposed by Vicente Fox. It could mean that the adaptation of new technologies will render moot the argument over the protection of Canadian or Mexican culture, at least insofar as popular culture is concerned (trans-border transmission of music, movies, written material, etc.). It could mean Canada and Mexico entering into some form of a monetary arrangement with the United States, but probably only if and when "euroization" and "dollarization" intensify in other parts of the world. It could mean states, provinces, and metropolitan areas in North America working together across the borders to develop the world's most modern infrastructure on a region-by-region basis. Of course, these scenarios may never materialize if the United States succumbs to a post-September 11th malaise and suffers through an isolationist retrenchment. Yet chances remain very good that at least some of these predictions will come true to one degree or another, signaling a movement toward even greater North American regional integration.

III. FEDERALISM AND GOVERNANCE ISSUES IN NORTH AMERICA

All three NAFTA member states have federal systems, and this type of governing structure prompts a variety of questions concerning the linkage between globalization, the IT revolution, and governance at the subnational, national, and continental levels in North America.

First, how well equipped is each national government to cope with the growing vulnerability of its citizens in a world and a continent where borders have become much more porous and where decisions taken or events which transpire outside their national boundaries may have a significant impact on the lives of people at the municipal or even neighborhood levels? Secondly, how is federalism in the three North American nations being affected by globalization and unprecedented technological change? Are national governments adequately consulting with their state or provincial governments before making decisions related to the WTO, NAFTA, the proposed FTAA, or other international accords which might have a binding effect on these subnational governments, in spite of the fact that these decisions might encroach on the authority granted to these subnational governments constitutionally?

This has become a much higher-profile issue with the recent NAFTA panel decision against Mexico in the Metalclad case. Using NAFTA's controversial chapter 11, Metalclad, a California-based company, claimed that it had been denied the right of establishment and national treatment in Mexico because of actions taken by the state government of San Luis Potosi. Before that state's intervention declaring a disputed land claim to be an ecological preserve, Metalclad had received assurances from Mexico's national government that it could construct a hazardous-waste treatment plant and landfill in San Luis Potosi. The NAFTA panel awarded Metalclad 17 million dollars in damages. But the case was appealed by the Mexican government, which insisted that federalism permits local and state governments more discretionary authority than recognized by the NAFTA panelists. The appeal was heard by a court in British Columbia which upheld the original panel decision. In October, 2001, the Mexican government handed over a check to Metalclad officials for the full amount of the award, still protesting the unfairness of the decision but not wanting to scare away future foreign investors. Other cases are currently pending which would also encroach on the authority of subnational governments to act, especially on environmental issues.

Furthermore, little consultation occurred with subnational government representatives before federal-level officials and legislatures committed their nations to joining NAFTA and the WTO, and this trend has continued during the FTAA deliberations. This lack of consultation is premised on the national governments' preeminent roles in regulating foreign commerce, but it fails to take into account the host of intermestic issues that arise in an increasingly interdependent global economy, issues which at times clearly enter into domains reserved constitutionally for regional governments in federal systems.

On the other hand, more than 40 U.S. state governments operate over 250 offices abroad and spend about 100 million dollars per year on their international programs. Proportionally, Canadian provincial governments have more offices abroad and spend more money on their international pursuits than do the 50 U.S. states, with Quebec's government spending about as much on its international programs as all 50 U.S. states combined. The Mexican state governments are only beginning to engage themselves abroad, with Vicente Fox's home state of Guanajuato being among the most active. In addition, the Fox government has recently opened an office in Santa Ana, California, with an invitation to each of Mexico's 31 state governments plus the federal district to send its own representatives to use this facility. Are these activities beginning to encroach upon federal government responsibilities internationally, needlessly duplicating international programs, and making it more difficult for the national capital to speak with one voice in the foreign affairs arena?[37]

Subnational governments or important constituent groups at the subnational level may also take dramatically different stances on NAFTA and the issue of continental cooperation, and these differences must be reconciled by all levels of government. For example, the Parti Québécois (PQ) government in Quebec views NAFTA in the same way as the Scottish Nationalist Party views the European Union. They both support growing continental economic integration as a way of placating their local constituents' fears of losing out economically if they ever vote to support Quebec or Scottish political autonomy. Thus, it is fine for Quebec, according to PQ leaders, to be a full-fledged member of NAFTA as long as the province attains political sovereignty from Canada. As for the Zapatista movement, which is urging growing autonomy for Chiapas and the underdeveloped southern region of Mexico, the perspective is much more inward-looking and isolationist than the PQ's. The Chiapas uprising began the very day that NAFTA went into effect on January 1, 1994, in part as a reaction to the allegedly inhumane nature of capitalism and the unfair advantage given to developed nations over struggling developing countries. This group vehemently opposes NAFTA and any form of integration which would give added leverage to American capitalists. Other subnational governments or interest groups have a variety of opinions much less polarized than those of the PQ or Subcommandante Marcos in Chiapas, and these more moderate opinions deserve a fair airing and thoughtful consideration by authorities at the national level who will decide on the future course of NAFTA, the FTAA, and further continental integration in general.

Without any doubt, federalism continues to evolve within North America, and globalization and the IT revolution will accelerate this evolution. For the first time in over 70 years, Mexico under President Fox may actually be heading toward a true division of authority between the national and state governments, unlike the period of extreme centralization invoked by previous PRI regimes. However, Fox faces myriad challenges in restructuring Mexican federalism, not only because of the entrenched practices of the past, but also because he desires internal political reform at the same time that he wants to strengthen continental integration, a very difficult combination to balance.

Canada continues to face the specter of Quebec separatism under PQ leader Bernard Landry, as well as periodic alienation in some of the western provinces tied to the perception that Central Canada, namely Ontario and Quebec, receives a disproportionate share of the benefits in the Canadian confederation. Consequently, both Canada and Mexico must grapple with significant internal challenges linked to effective governance within their respective federal systems while having to contend at the same time with unprecedented integration forces continentally. This combination of centripetal and centrifugal pressures will certainly complicate future governance in these two nations which border the United States.

In comparison, challenges faced by the United States are less serious, even though its combined deficit in goods and services with its northern and southern neighbors surpassed 80 billion dollars in 2000. After all, the United States remains the 800-pound gorilla on the

North American continent, and integration on the continent will generally mean Canada and Mexico having to adapt to U.S. standards and practices more than the United States will have to adapt to its neighbors' standards and practices. Nonetheless, this era of entrenched globalization and unprecedented technological change requires continued adaptation by all nation-states, and the United States will have to assess very carefully how it can make its own federal system more efficient, while at the same time pondering what its future role should be continentally, hemispherically, and globally.

IV. LABOR AND ENVIRONMENTAL ISSUES

The NAFTA side agreements on labor and the environment were created in an attempt to mitigate the potentially harmful effects associated with free trade in North America. The North American Agreement on Labor Cooperation (NAALC) was established to "add a social dimension to the North American Free Trade Agreement. Through NAFTA's labor supplemental agreement, the continental trading partners seek to improve working conditions and living standards, and commit themselves to promoting...labor principles to protect, enhance and enforce basic workers' rights."[38] The Commission for Labor Cooperation (CLC), created by the NAALC, acts as the administrative body to carry out this mission. The North American Agreement on Environmental Cooperation (NAAEC or environmental side agreement) was created to "address regional environmental concerns, help prevent potential trade and environmental conflicts, and to promote the effective enforcement of environmental law."[39] The Commission for Environmental Cooperation (CEC) carries out the environmental side of the agreement. These organizations play important roles as they study and make recommendations to each member country in an effort to avoid degradation of both environmental and labor standards.

A. North American Agreement on Labor Cooperation

During the campaign to rally support and passage of NAFTA in the United States, the proudest proponents and the staunchest critics of the agreement focused on the creation or destruction of jobs. Ross Perot prophesied in 1992 that passage of NAFTA would create a "giant sucking sound" as Mexico's cheaper labor drew manufacturers from all over the United States southward. The concern about losing jobs was part of Canada's sovereignty debate in relation to the then proposed Canada-U.S. Free Trade Agreement (FTA), the forerunner to NAFTA. In heated discussions held in 1988, the leaders of Canada's major parties disagreed vehemently on whether or not continental economic interdependence would gravely jeopardize Canada's political and economic sovereignty.[40]

More than a dozen years later, it is still difficult to put a finger on exactly which countries have lost and which countries have gained jobs. Opponents of NAFTA and free trade in general wave data in the air "proving" that NAFTA has cost jobs. But not far behind are proponents of free trade with their data "proving" that NAFTA has created jobs. The confusion lies in the numbers.[41]

In an effort to show job losses sustained in the United States due to NAFTA, critics usually equate the increasing trade deficit of the United States with Canada and Mexico as demonstrating severe job losses for American workers. The Washington D.C.-based Economic Policy Institute (EPI) says that the growing U.S. merchandise trade deficit of 87 billion dollars in 2000 (compared with 9 billion dollars in 1993) with Canada and Mexico has resulted in at least 760,000 lost jobs.[42] Some proponents retort that the huge increase in U.S. exports to Mexico and Canada has resulted in the creation of hundreds of thousands of new jobs for American workers. The Office of the U.S. Trade Representative (USTR), in its pamphlet *NAFTA at Seven*, states that U.S. jobs supported by merchandise exports to NAFTA countries totaled an estimated 2.9 million jobs, up over 914,000 jobs since 1993.[43]

It is difficult, if not nearly impossible, to trace job creation or destruction to one single economic development such as NAFTA. The economies of Canada, Mexico, and the United States have experienced a number of significant events that contribute to the creation and termination of jobs.[44] These perturbing events began with the Mexico's peso crisis just 12 months after NAFTA's initiation and continue most recently with the onset of a U.S. recession, exacerbated by the September 11th attacks. Sidney Weintraub suggests that the idea of simply using NAFTA indicators to explain job creation and destruction is badly flawed: "The great engine of job creation in the United States is the booming U.S. economy. Jobs are constantly lost, and jobs are created. U.S. job turnover each year is estimated by the Department of Labor at eight million. Despite an overall U.S. trade deficit [...] the U.S. unemployment rate hovers around 4 percent (i.e., the U.S. economy is operating at full employment)."[45]

The NAFTA-Transitional Adjustment Assistance (TAA) Program was set up by the U.S. Department of Labor to assist workers whose jobs have relocated because of NAFTA. Those workers who qualify for TAA support represent definite U.S. job losses since the beginning of NAFTA in 1994. The U.S. Department of Labor had certified 238,051 workers for NAFTA-TAA relief through early July, 1999, an average of 3,662 workers per month. Almost 47,000 of those jobs were lost due to trade impacts from Mexico, or about 700 per month. Another 23,250 jobs were lost because of direct competition from Canada, or 350 per month. But this number does not accurately depict all the job losses sustained by the United States. The North American Integration and Development (NAID) Center says that these numbers reflect the job losses sustained in plant relocations associated with free trade, but they do not account for employment losses as a result of import penetration.[46]

To measure job impact, NAID uses a model that combines the TAA numbers in addition to variables such as the "complementarity" of imports and domestic goods.[47] This provides a more accurate count of jobs affected by NAFTA and considers deeper penetration, with even medium and small U.S. businesses being accounted for. In considering the variables discussed above, NAID's overall finding is that "the net employment impacts due to NAFTA tariff liberalization have been slightly positive, representing a very small share of new jobs being supported by exports to Mexico."[48] The International Trade Commission, (ITC), another quasi-independent researcher focusing on NAFTA's effect on jobs, conducted both quantitative and qualitative research to conclude that "NAFTA has had no significant aggregate impact on jobs."

Mexico has experienced notable job creation since the passage of NAFTA. During its first seven years, *maquiladora* employment alone created almost 800,000 jobs, and the export sector helped Mexican employment to grow by 12 percent.[49] 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."[50]

The growth of jobs in Mexico has also changed the face of jobs in the United States. As many manufacturing and other labor-intensive, low-skilled jobs have moved to Mexico to take advantage of cheaper costs, higher skilled jobs have taken their place in the United States. "In 1993, 20 percent of people in the U.S. over 25 years old had less than a high school education. By 2000, that fraction had fallen to 16 percent."[51] The United States is quickly becoming a place where higher education and training are necessary for any job. Industries that require higher skilled and better-trained workers will also pay increased wages and provide better benefits.

In many cases, increased jobs do not always translate into "[improvement of] working conditions and living standards, and [commitment] to … basic workers' rights," as stated in the NAALC mission. Even with all of Mexico's new jobs and a grossly underestimated official unemployment rate of 2.5 percent, the nation still struggles with massive underemployment and very low wages.[52] In a paper for a NAALC annual conference, Rogelio Ramirez de la O stated that "over the long run the decline in manufacturing employment wages in Mexico is one of the most dramatic in any country in the world and at first sight in contradiction with a spectacular increase in exports and productivity." Later in his paper, he explains, "the benefits of structural change and export growth have not reached average wages."[53] The NAALC study of the North American garment industry shows that while the Canadian and U.S. industry real minimum wages have slowly increased since the passage of NAFTA, the real minimum wages in the Mexican industry have decreased by nearly 25 percent.[54]

Mexico faces more difficulties than just pursuing better wages: significant attention has been drawn to repeated violations and abuses of labor rights. In a public report, the U.S. National Administration Office (NAO), part of the U.S. Department of Labor and provided for by NAALC, found "credible allegations that Mexican workers were threatened and attacked as they sought to pursue legitimate union activities at an export-processing plant in Ciudad de los Reyes, Mexico. In addition, the report determined that Mexican officials had failed to protect the labor interests of Mexican workers seeking to exercise their freedom of association."[55] The U.S. NAO has reviewed similar violations of workers' freedom of association by Honeywell Corporation in Chihuahua, General Electric in Ciudad Juarez, Sony Corporation in Nuevo Laredo, Maxi Switch Corporation in Cananea, Han Young plant in Tijuana, ITAPSA export-processing plant near Mexico City, and Auto-Trim and Custom-Trim Corporation in Tamaulipas. Each of these allegations dealt with restriction of workers rights to organize and bargain collectively.[56]

Under the NAALC, a total of 22 submissions regarding violations of labor laws have been filed against all three member countries. Two violations have been filed against Canada, seven against the United States, and 13 against Mexico. Also notable among Mexico's violations are cases of gender discrimination. U.S. NAO case 9701 alleges "mistreatment or discharging of pregnant employees at a *maquiladora* plant to avoid paying maternity fees."[57] In Mexico's *maquiladoras*, "several 'legally objectionable practices' occur based on pregnancy status: hiring based on pregnancy status, forced resignations, job altering or reassignment, and violations of health and safety laws."[58] Many argue that Mexico does not adequately enforce its labor laws because *maquiladoras* have become so powerful politically and so critical for Mexico's economic growth.[59]

The NAALC receives a significant amount of criticism from labor advocates and those looking for real resolutions in the labor side agreement's process. The key weakness of the NAALC is in its inability to enforce the principles it espouses. "The side accord on labor is careful to list guiding principles that the Parties are committed to promote, albeit subject to each Party's domestic law, but these are guiding principles only, not intended to establish common minimum standards of a Party's domestic law."[60] "Sanctions as an enforcement tool against countries that do not self-enforce are applicable to only three of the [NAALC's] 11 labor principles: minimum wages, child labor, and occupational safety and health....Sanctions in any case are not applicable to three [other] basic rights—the right to organize, bargain collectively, and strike."[61] Other critics say the NAALC "did little more than create an apparatus for holding public meetings, which are often ignored by employers since the law itself provides no means to punish abuses....When cases were 'won' by Mexican workers, that meant holding a piece of paper in their hand that says you were right, but with no resulting reinstatement of workers—not a single employer was sanctioned, no union ever recognized."[62]

The criticisms of NAALC are well founded, but the existence alone of a side agreement on labor is, nonetheless, a significant advancement. Many consider NAFTA, while facing notable challenges, to be the most labor friendly trade agreement ever enacted. So "while the NAALC process lacks traditional enforcement mechanisms, it can promote compliance by increasing the transparency of state behavior, monitoring state behavior, and ruling publicly on the lawfulness of state behavior."[63] Visibility is the greatest power held by the NAALC. "By publicizing ruling on compliance or non-compliance, the NAALC ensures that such behavior does not go unnoticed."[64] And, as happened in one Mexican case, repeated expositions of labor violations may eventually push governments to enforce their labor laws.

B. The North American Agreement on Environmental Cooperation

By incorporating environmental consideration into the text of the agreement, NAFTA has also been referred to as the "greenest" trade agreement negotiated. There has never been an attempt to spread environmental standards beyond national borders in an effort to create a sustainable environment for all parties. The ecological systems of Canada, Mexico, and the United States are inextricably tied together regardless of any trade agreements. The effects of environmental degradation know no boundaries. Air pollution and acid rain pay as much attention to the 49th parallel as they do to the Rio Grande. Waste and contaminated water follow the flow of rivers and not national flags. The environmental side agreement acknowledges the interdependence of the member states' environments as NAFTA seeks to strengthen the interdependence of their economies.

Mexican environmental standards have been strengthened as Mexico meshed its environmental standards with those of two of the most developed countries in the world. Mexico's environmental movement was almost moribund before NAFTA, but now it is a powerful and growing force in that nation. Before NAFTA was signed, and in an effort to avoid creating a "pollution haven" in Mexico, "the U.S. Environmental Protection Agency (EPA) carried out a comparison of the U.S. and Mexican environmental laws, regulations, and standards. This comparison covered water, air, hazardous waste, pesticides, and industrial chemicals."[65] In an effort to beef up its environmental standards, "Mexico restructured its federal environmental program and made it a major component of its Secretariat of Social Development. The creation of a new semi-independent office for environmental enforcement, the Federal Attorney General for Environmental Protection, marked a significant change in the development of Mexico's environmental enforcement program."[66]

In addition to raising continental environmental standards, the environmental side agreement created a system of involvement by including governments, non-governmental organizations (NGOs), and citizens in taking an active role in reporting violations of environmental regulations. NAFTA has not spurred the environmental "race to the bottom" as many critics originally thought, but neither is the North American environment being protected as throughly as possible.

Wastewater has been a concern among the communities that line the Mexico-U.S. border since the populations began to surge in the early 1980s. NAFTA's passage has resulted in much more attention being paid to these interdependent bi-national regions. A recent study examined the effect of NAFTA on the number and type of Clean Water Act violations at three wastewater treatment facilities along the Arizona-Mexico border.[67] The researcher hypothesized that the number of violations would increase following the implementation of NAFTA in 1994. She thought that population and job growth in this region would result in increased violations due to an infrastructure unable to meet the growing needs. Her data, however, "indicates that NAFTA has had no direct effect on the number of wastewater treatment plant violations—violations occurred before and after NAFTA at approximately the same rates."[68]

The Arizona test showed, at least, that NAFTA has not increased the violations that already occur in that area, but other border areas are not so lucky in maintaining at least the status quo. In California, near the San Diego-Tijuana border, "urban runoff and other nonpoint pollution, including chemicals and pesticides, have contaminated surface streams, aquifers, and coastal waters....Urban runoff from San Diego and Tijuana carries assorted hazardous materials into the near shore marine environment, where they enter the marine food web and present potential negative effects on human health. Most marine species in San Diego Bay, for example, are unsafe for human consumption."[69] The CEC is currently sponsoring a project for bi-national cooperation to clean up the shoreline that has long affected the millions of people that live nearby.

"Article 14 of the environmental side agreement creates a mechanism for citizens to file submissions in which they assert that a Party to the NAAEC is failing to effectively enforce its environmental law."[70] There have been thirty submissions since the beginning of the NAAEC, accusing the three countries of not upholding their environmental laws. Eight submissions are against the United States, nine against Canada, and 13 against Mexico. There have been some significant examples where this submission and review process has effectively identified non-enforcement by countries.

In November, 1999, a submission was filed against the United States asserting that the government was "failing to effectively enforce" the Migratory Bird Treaty Act (MBTA) which prohibits the killing or "taking" of migratory birds under certain circumstances. The submitters assert that loggers, logging companies, and logging contractors consistently engage in practices that violate the Act. "The number of young migratory birds killed, nests destroyed, and eggs crushed annually as a direct result of logging operations is enormous." The submitters also claim that the U.S. Fish and Wildlife Service (FWS) has an informal agreement with loggers not to enforce the Act.[71]

The CEC provided the United States with an opportunity to refute the allegations or state why the CEC should not move forward and develop a factual record. The U.S. FWS stated that those making the allegations relied on an unapproved memo, purporting that it reflected the policy of the United States, when, in fact, the FWS was taking steps to protect the migratory birds. The CEC reviewed both the submission and the response and decided that there was enough evidence to show that the FWS was not enforcing the MBTA in regards to the logging companies. The CEC decided to develop a factual record, currently in process, which will be an extensive independent study to determine whether the U.S. government has violated its own environmental laws.[72]

This submission shows the potential effectiveness of the CEC's process of reviewing legitimate arguments against governments which are not enforcing their environmental laws. Many critics feared that big companies would have complete control over the situations surrounding their business activities and that governments would turn a blind eye to environmental law violations. The CEC submission process is a means for providing transparency and public participation in North American environmental management.[73]

But like the NAALC, the environmental side agreement is criticized because it lacks the necessary means of enforcement. In the environmental side agreement text, the CEC is only endowed "with some regulatory teeth, empowering it to impose monetary and trade addition, over the past half-decade Mexico has been one of the fastest growing economies among the emerging markets.

Taking into account that over 80 percent of their exports are going to the U.S. market and exports represent such a significant and growing percentage of their overall GDP, it is clear that NAFTA has contributed substantially to the recent economic upsurge in Canada and Mexico. Moreover, with U.S. exports to its NAFTA partners increasing by almost 150 billion dollars between 1993-2000, compared with an increase of over 120 billion dollars for Canada and about 75 billion dollars for Mexico, all three member states experienced job gains linked directly to the creation of the free trade area, although U.S. gains have been more modest proportionally than Canada's or Mexico's. Other major benefits include: (1) growing rationalization in the North American economy which helps the region to compete more effectively against trans-Pacific and trans-Atlantic nations and blocs of nations, countries that represent 94 percent of the world's population and roughly 75 percent of its gross domestic product; (2) record levels of FDI entering North America from other parts of the world, a major vote of confidence in the future of the continental economy; (3) near-record levels of trans-border tourism; (4) greater cooperation among the three North American governments in solving continental problems, especially those linked to short-term financial difficulties, border and security challenges, and some environmental issues; (5) a slow but ongoing transition in Mexico from *maquiladora*-dominated trade, which tends to be intra-firm transfers dominated by large multinational corporations and concentrated in the northern tier of states, to more open trade linkages involving a wide variety of small and medium-sized Mexican enterprises scattered throughout the country; and (6) Mexico's political and economic "opening" to the continent and the world, helping to bring about the end of PRI dominance in Mexico's Congress and the coming to power of President Fox after over 70 years of continuous one-party rule.

Conversely, one cannot easily sweep under the carpet the challenges plaguing the NAFTA alliance. The September 11th terrorism crisis has resulted in much more cumbersome procedures related to border crossings at many of the 301 ports of entry between Canada and the United States and Mexico and the United States, impeding both the movement of people and goods in the world's largest free-trade zone.[87] This shows the downside of interdependence for all three nations, but especially for Canada and Mexico, which require relatively quick and unimpaired access for their products into the large U.S. market.[88] Efforts to bring about a continental security perimeter and to harmonize immigration and refugee policies may also require further erosion of national sovereignty in Canada and Mexico that will be resisted by many groups and citizens. Federalism is also being transformed in the face of globalization and regionalization, and all three nations will grapple with the changing nature of the division of governmental powers within their federal systems. As noted extensively in the previous section, various environmental and labor issues must also be confronted, although some activity in both sectors has been positive. More adjustment assistance will be needed for businesses and their workforce which have not been able to compete on a North American basis, let alone a global basis. NAFTA's Chapter 11 provisions remain controversial, and problems linger related to the preservation of cultural values, short-term and long-term immigration flows, protectionism in agriculture, forest products and other natural resource areas, as well as in steel and various industrial sectors. The U.S. government has also impeded Mexican trucks from circulating on most U.S. highways in spite of Washington's pledge several years ago as part of its NAFTA obligations to allow such trucking activity. Based on congressional action at the end of 2001 and persistent support from the Bush administration, this pledge may finally be honored in the very near future.

NAFTA remains an ongoing experiment in economic regionalization and will not be fully implemented for another half dozen years. As a manifestation of globalization, and in combination with the IT revolution, NAFTA exerts different impacts on businesses, groups, communities, and workers. Still, aggregate statistics are generally favorable, and it is hard to dispute that those emerging markets such as Mexico, which open themselves to global and regional competition, do much better that others that remain relatively closed. During the 1990s, for example, developing countries which were open to global competition, representing about one half of the world's population, grew more than twice as fast as the rich countries, whereas those that maintained major barriers to trade and investment grew only half as fast as the rich nations.[89]

Although aggregate figures may be favorable, on an individual basis there will continue to be both winners and losers. Mexican industries and workers have been asked to adjust quickly to competition from two of the world's foremost economic powers, and some individual companies and even industrial groups have not survived. On the other hand, Mexico has long been a member of GATT and its successor organization, the WTO, and would have been forced to make these adjustments anyway, albeit within a somewhat longer timetable. Canadians have also been asked to adjust to a neighboring economy, the United States, which is 14 times larger, but even here little has changed under NAFTA from what had existed back in 1988 when Canadian voters agreed to support a government willing to enter into a comprehensive free trade agreement with their southern neighbor, a bilateral treaty which went into effect five years before the implementation of NAFTA. The United States has also seen an exodus of some jobs to Mexico because of the latter's much lower wage structure, but the loss of U.S. jobs to mostly labor-intensive industries in developing countries has been occurring for decades, with Mexico actually representing one of the higher wage countries in the developing world. With 23 million net new U.S. jobs having been created in the period between 1993 and 2000, many of them in capital-intensive, high-tech, value-added sectors, the United States has more than held its own within NAFTA and the global economy in general. Regardless of tepid U.S. public support for this regional experiment, strenuous opposition from many environmental, labor, and economic-nationalist groups in all three countries, and growing U.S. uncertainties about open borders linked to September 11, NAFTA's benefits have clearly outweighed its costs for all three member states, and the implementation process should continue until fully in place in 2008.

ACRONYMS

CLC	Commission for Labor Cooperation
FDI	foreign direct investment
FTAA	Free Trade Area of the Americas
FWS	(U.S.) Fish & Wildlife Service
GDP	gross domestic product
IT	information technology
ITC	(U.S.) International Trade Commission
MBTA	(U.S.) Migratory Bird Treaty Act
NAAEC	North American Agreement on Environmental Cooperation
NAALC	North American Agreement on Labor Cooperation
NAFTA	North American Free Trade Agreement
NAID	North American Integration and Development Center
NAO	(U.S.) National Administration Office
NGOs	non-governmental organizations
PQ	Parti Québécois
TAA	transitional adjustment assistance
USTR	United States Trade Representative
WTO	World Trade Organization

NOTES

[1] "Measuring Globalization," *Foreign Policy*, January/February 2001, 57.

[2] Statistics compiled by the Madrid-based World Tourism Organization.

[3] "Measuring Globalization," 58.

[4] Ibid., 59.

[5] International Trade Administration, U.S. Department of Commerce, "U.S. Jobs from Exports: A 1997 Benchmark Study of Employment Generated by Exports of Manufactured Goods," 2001, and Office of the U.S. Trade Representative, "USTR 2001 Trade Policy Agenda and 2000 Annual Report," 6 March 2001.

[6] William J. Zeile, "U.S. Affiliates of Foreign Companies: Operations in 1999," *Survey of Current Business*, August 2001, 152-153. There is at least a one million job overlap between exporters and foreign-owned companies.

[7] Maria Borgia and Raymond J. Mataloni, Jr., "Direct Investment Positions for 2000," *Survey of Current Business*, July 2001, 16, and Harlan W. King, "The International Investment Position of the United States at Yearend 2000," *Survey of Current Business*, July 2001, 8. Assets are calculated using a current-cost basis for direct investment. At market value, these assets added up to 9.4 trillion dollars.

[8] Tourism Industries, International Trade Administration, U.S. Department of Commerce.

[9] U.S. government study based on 1998 data reported in the *New York Times*, 30 April 2001.

[10] *The Economist*, 31 March 2001, 26.

[11] "Measuring Globalization," 59.

[12] See the work of Jane Fraser and Jeremy Oppenheim at McKinsey & Company.

[13] The unemployment rates indicated in the figure are from official government statistics, with the Mexican statistics widely considered as far too low when compared with the measurement standards used by both the United States and Canada.

[14] Two-way trade between the United States and Canada was 212 billion dollars in 1993 and 408 billion dollars in 2000. Similar trade between the United States and Mexico was 81 billion dollars and 248 billion dollars respectively.

[15] International Trade Administration, U.S. Department of Commerce.

[16] Department of Foreign Affairs and International Trade, *United States-Canada: The World's Largest Trading Relationship*, July 1999.

[17] Canadian Embassy, Washington, D.C., "United States-Canada: The World's Largest Trading Relationship," August 2001.

[18] *Globe and Mail*, 30 December 1999.

[19] Department of Foreign Affairs and International Trade, *Trade 2001*, May 2001.

[20] Bureau of Economic Analysis, U.S. Department of Commerce. FDI is measured on an historical-cost basis by the Department of Commerce.

[21] Raymond J. Mataloni, Jr., "U.S. Multinational Companies: Operations in 1998," *Survey of Current Business*, July 2000, 38 and 41.

[22] Industry Canada, *Micro*, Spring 1999, 10. Cross-border FDI activity continued at a robust level in the January-November period of 1999, with Toronto investment bank Crosbie & Co. estimating that U.S. companies made 127 acquisitions in Canada for a total of 17.3 billion dollars, and Canadian enterprises acquiring 172 U.S. companies with a total value of about 10 billion dollars. See the *Wall Street Journal*, 21 December 1999, A2.

[23] William J. Zeile, "U.S. Affiliates of Foreign Companies: Operations in 1999," *Survey of Current Business*, August 2001, 158.

[4] Ibid., and Mataloni, "U.S. Multinational Companies," 39.

[25] Ibid., 11.

[26] Industry Canada, *Micro*, Spring 1999, 9.

[27] *Wall Street Journal*, 20 July 1999, A16 and A19.

[28] This dominance has diminished somewhat recently with the acquisition of Chrysler by Daimler-Benz.

[29] Embassy of Mexico at http://www.naftaworks.org/papers/2001/fdi.htm.

[30] Borgia and Mataloni, 27.

[31] "U.S. International Services," *Survey of Current Business*, October 2000.

[32] Canadians made 14.6 million visits to the United States in 2000, as estimated by Tourism Industries, International Trade Administration, U.S. Department of Commerce.

[33] Anthony DiLullo and Hugh Henderson, "Reconciliation of the U.S.-Canadian Current Account, 1999 and 2000," *Survey of Current Business*, November 2001, 34.

[34] Betsy Guzman, "The Hispanic Population," *Census 2000 Brief.*

[35] Tourism Industries, International Trade Administration, U.S. Department of Commerce.

[36] Ibid.

[37] Earl H. Fry, *The Expanding Role of State and Local Governments in U.S. Foreign Affairs* (New York: Council on Foreign Relations, 1998).

[38] NAALC website at http://www.naalc.org/english/infocentre/Whatis/Whatis2.htm.

[39] CEC website.

[40] Sidney Weintraub, "NAFTA Evaluation," *Issues in International Political Economy* 8 (August 2000).

[41] Victoria Hottenrott and Stephen Blank, "Assessing NAFTA–Part II." *Working Papers No. 178*, December 1998.

[42] Robert E. Scott, "Distorting the Record: NAFTA's Promoters Play Fast and Loose with Facts," (Washington, D.C.: Economic Policy Institute, July 2001).

[43] United States Trade Representative, "NAFTA at Seven," (Washington, D.C.: USTR, July 2001).

[44] For example, see Anthony DePalma's discussion of this issue in his book, *A Biography of the New American Continent* (New York: PublicAffairs, 2001).

[45] Weintraub, op.cit.

[46] Raul Hinojosa-Ojeda, David Runsten, Fernando Depaolis, and Nabil Kamel. "The U.S. Employment Impacts of North American Integration After NAFTA: A Partial Equilibrium Approach," (Los Angeles: The North American Integration and Development Center, University of California at Los Angeles, January 2000).

[47] Hottenrott and Blank.

[48] Ibid.

[49] Charles J. Whalen, Paul Magnusson, and Geri Smith. "NAFTA's Scorecard: So Far So Good," *Business Week*, 9 July 2001.

[50] United States Trade Representative.

[51] Whalen, Magnusson, and Smith.

[52] Instituto Nacional de Estadistica, Geografia, y Informatica.

http://www.inegi.gob.mx/estadistica/espanol/economia/feconomia.html.

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[54] CLC, "'Standard' and 'Advanced' Practices in the North American Garment Industry," NAALC, 2000.

[55] William J. Aceves, "Public Report of Review of NAO Submission No. 9703," *American Journal of International Law*, 93 (January 1999): 224-226.

[56] United States General Accounting Office, "U.S. Experience With Environment, Labor, and Investment Dispute Settlement Cases," July 2001. Available at: http://www.gao.gov/new.items/d01933.pdf.

[57] Ibid.

[58] Michelle Smith, "Potential Solutions to the Problem of Pregnancy Discrimination in Maquiladoras Operated by U.S. Employers in Mexico," *Berkeley Women's Law Journal* 13 (1998): 195 and 197.

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[60] Fasken Martineau, "The NAFTA Side Accords on Labour and the Environment," *NAFTA Special Bulletin*, December 1993, as cited in Hottenrott and Blank.

[61] Hottenrott and Blank.

[62] Ibid, and Richard Gephardt, "The Case Against Extending NAFTA Throughout Latin America," *The American Canada Watch*, August/September 1997.

[63] William J. Aceves.

[64] Ibid.

[65] U.S. Trade Representative, "The NAFTA: Report on Environmental Issues," Executive Summary available at: http://www.ustr.gov/environmental/nafta93report.pdf.

[66] Ibid.

[67] Vera S. Kornylak, Esq., "Improving Wastewater Infrastructure along the Arizona-Mexico Border: An Analysis of Trends and Ideas." Presented at the North American Symposium on Understanding the Linkages between Trade and Environment, Washington D.C., October 11, 2000.

[68] Ibid.

[69] Paul Ganster, "The Environmental Implications of Population Growth in the San Diego—Tijuana Region," *Sustainable Development in San Diego—Tijuana*, edited by Mark J. Spalding (San Diego: Center for U.S.-Mexican Studies, University of California, San Diego, 1999).

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[71] Ibid.

[72] Ibid.

[73] Stephen P. Mumme and Pamela Duncan, "The Commission for Environmental Cooperation and Environmental Management in the Americas," *Journal of Interamerican Studies and World Affairs* 39 (Winter 1997).

[74] Ibid.

[75] See CEC submission SEM-97-001 http://www.cec.org/citizen/index.cfm?varlan=english.

[76] See CEC submission SEM-96-001.

[77] Mumme and Duncan.

[78] NAAEC Canadian website: http://www.naaec.gc.ca/english/can/provinces.htm.

[79] Mumme and Duncan.

[80] NACEC, Office of Protected Resources. Information found at: http://www.nmfs.noaa.gov/prot_res/PR/CEC_msccc.htm.

[81] Richard Fischer, "NAFTA's Integration of Trade and Environment: A U.S. Perspective on the Relevance to the FTAA," Conference on Environment in the FTAA Process, Washington, D.C., April 26, 2000.

[82] Mumme and Duncan.

[83] Jan Galbreath, "Environment and Trade: Predicting a Course for the Western Hemisphere Using the North American Experience," June 2001.

[84] Ibid.

[85] Ibid.

[86] Ibid.

[87] *New York Times*, 21 October 2001, 12.

[88] As Stephen Flynn points out in his article, "America the Vulnerable," *Foreign Affairs* 81 (January/February 2002): 64-65, half of the million containers arriving by ship at the Port of Montreal each year are actually destined for U.S. locations. Moreover, with one-third of all trucks entering the U.S. annually traversing just four international bridges linking Ontario to Michigan and New York, and with five customs' inspectors needing three hours to conduct a thorough search of one 18-wheel truck, the potential for long delays at the border could boggle the imagination.

[89] David Dollar and Aart Kraag, "Spreading the Wealth," *Foreign Affairs* 81 (January/February 2002): 127.

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