Discussion Comments for

A Fair Assessment of NAFTA at 20

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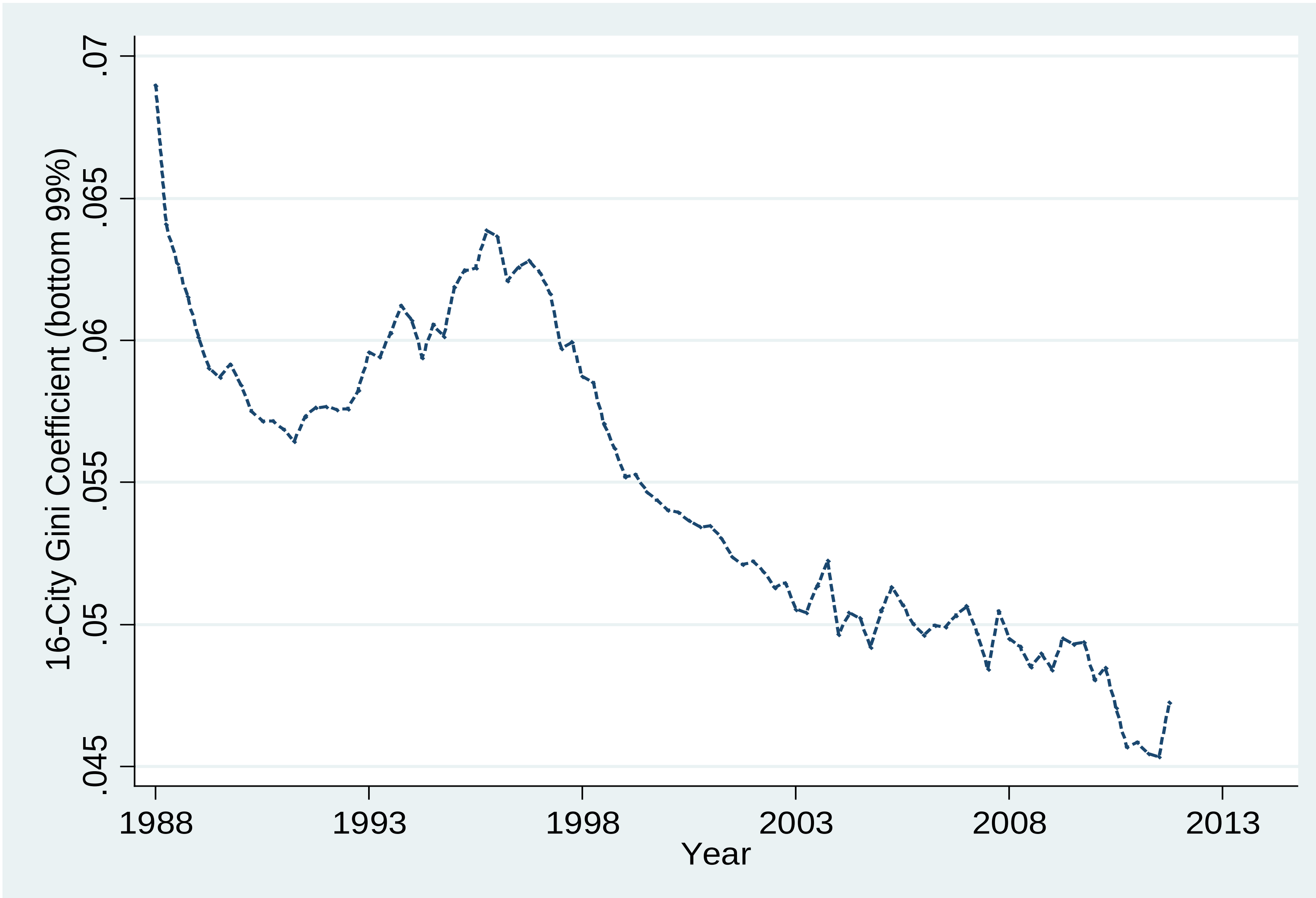
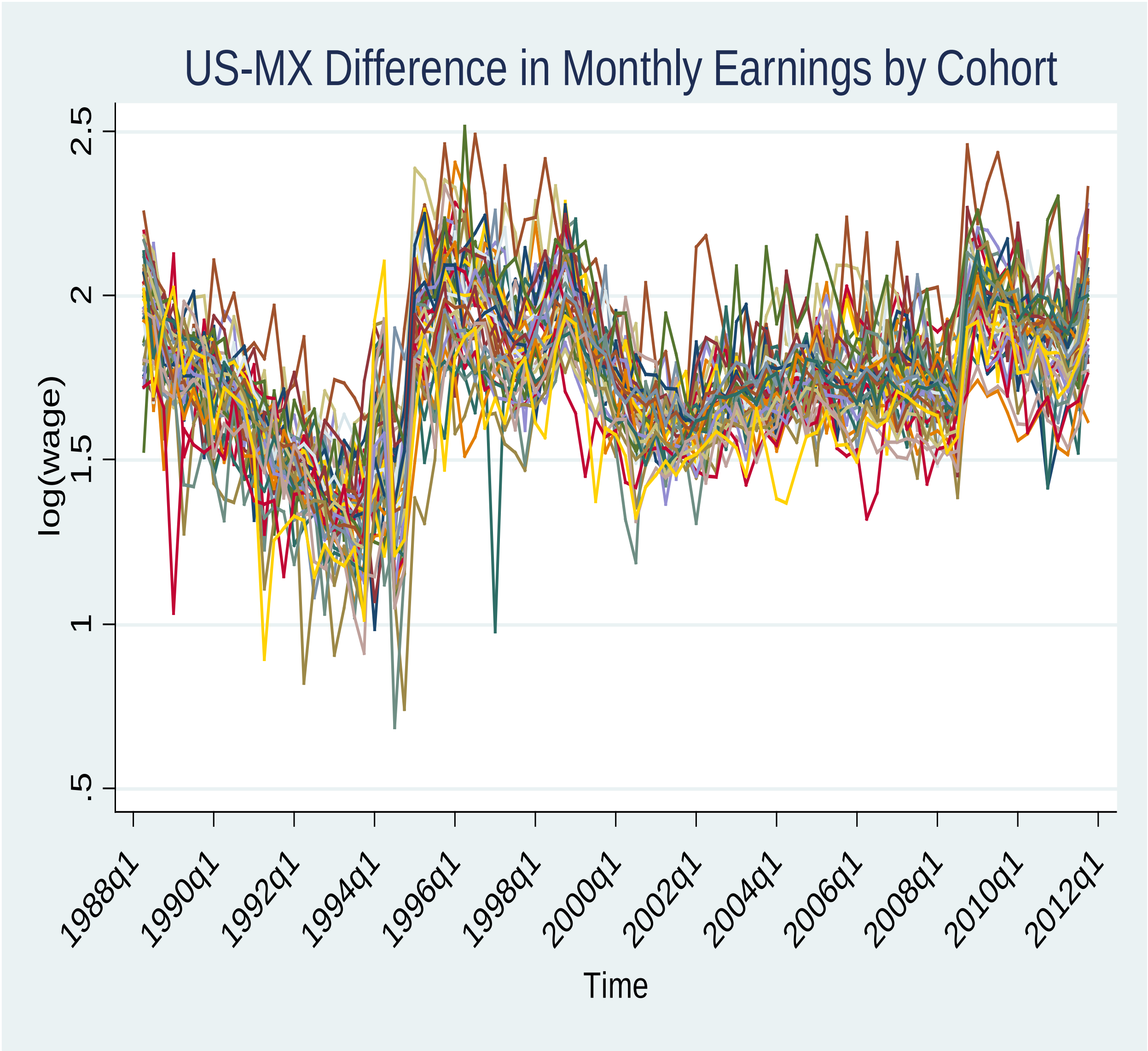
First, the good news…since 1994 (NAFTA):

- Between 1994 and 2011, trade in goods between the two countries quadrupled in value, increasing from $108.39 billion to $461.24 billion (U.S.Census Bureau).
  - The value of U.S. goods exported to Mexico increased from $50.84 to $198.39 billion
  - The value of Mexican goods exported to the United States increased from $49.49 billion to $262.86 billion.
  - In 2012, the total value of trade between Mexico and the U.S. closely approached half a trillion dollars. By 2013, total trade between all three NAFTA countries reached 1 trillion dollars.
- GDP per capita has also increased in both countries.
  - In constant 2005 U.S. dollars, U.S. GDP per capita increased from $32,015 to $43,063 between 1992 and 2012.
  - In constant 2005 U.S. dollars, Mexican GDP per capita increased from $6,628 to $8,215 over the same time period.

Falling Wage Inequality



Some Lingering Concerns



Reasons: Non-NAFTA

- Expansion of East Asian trade, especially from China, is associated with a drop in output prices
  - Falling prices of less-skill-intensive goods increase inequality in the Heckscher-Ohlin model
  - Falling output prices exert downward pressure on wages, possibly working against the otherwise positive effects of NAFTA-related trade.
- Restructuring of the North American Value Chain
- Long-run prognosis for Mexico is extremely positive