

Analysis: Where NAFTA succeeded and where it failed

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The NAFTA signing ceremony in October 1992. U.S. President George H.W. Bush stands between Mexican President Carlos Salinas de Gortari and Canadian Prime Minister Brian Mulroney. The three leaders look on as representatives from their countries sign NAFTA. Photo from Wikimedia.

The North American Free Trade Agreement (NAFTA) is a deal between three countries. The three countries are the United States, Canada, and Mexico. Some people like it. Other people hate it. It was signed in 1992. NAFTA made it easier for the three countries to sell things to each other. They would not have to pay extra money, like special taxes. Taxes are sometimes added to the price of things that are sold.

Getting rid of these taxes is called free trade. Buying and selling things is called trade. Free trade helps countries sell the things they make easily. It also lets countries buy things from other countries that they can't grow or make. For example, some countries can't grow oranges because it's too cold there.

NAFTA is similar to a deal in Europe. There is a group of countries called the European Union. They got rid of taxes so that European countries could sell more things to each other. This led to more trade in Europe.

NAFTA became a law in 1994.

Many people like NAFTA. They thought that free trade would bring wealth. They thought it would create millions of jobs. Other people did not agree. They thought it was just a way for big companies to make more money.

People who did not like NAFTA also worried about jobs. They thought that Canadian and American factories would move to Mexico. People were worried that if that happened they would lose their jobs. That is because it is cheaper to hire workers in Mexico.

People also worried that new factories would hurt the environment in Mexico. Some people worried that small farmers would lose their farms. Big farms might become too powerful for smaller ones to keep up.

NAFTA didn't deliver all it promised. NAFTA may have helped Mexico the most. Mexico traded much more. This meant that Mexicans could get more goods to buy. Meanwhile, the United States and Canada had less success with NAFTA.

But not many jobs were lost in America or Canada. Most companies did not move to Mexico. And NAFTA did not cause environmental problems like some people thought it would.

In 2004, NAFTA expanded to include five Central American countries. This was called the Central America Free Trade Agreement (CAFTA). Other South and Central American countries joined later. A new deal was signed in 2015. It is called the Trans-Pacific Partnership (TPP). It is like NAFTA, but in Asia.

Quiz

- 1 Read the introduction [paragraphs 1-4].
Which sentence explains WHY countries signed NAFTA?
 - (A) The North American Free Trade Agreement (NAFTA) is a deal between three countries.
 - (B) NAFTA made it easier for the three countries to sell things to each other.
 - (C) NAFTA is similar to a deal in Europe.
 - (D) NAFTA became a law in 1994.

- 2 Read the section "Critics said NAFTA would be bad for workers."
Select the paragraph that explains WHY some people thought NAFTA was a good idea.

- 3 WHY did some people dislike NAFTA?
 - (A) They thought it would be good for farmers but bad for other companies.
 - (B) They thought it would be good for Canada but bad for the environment.
 - (C) They thought it would be good for the environment but bad for Mexico.
 - (D) They thought it would be good for big companies but bad for other people.

- 4 HOW was NAFTA different than people expected it to be?
 - (A) It helped many small farmers in Mexico, but also hurt the environment.
 - (B) It helped the United States and Canada, but was not good for Mexico.
 - (C) It did not help the U.S. and Canada very much, but it did not hurt them either.
 - (D) It did not help the environment very much, but it did create more jobs.