

# NAFTA

The North American Free Trade (**NAFTA**), signed in 1994 by the government of **Canada**, the **United States**, and **Mexico**, established one of the world's largest **free-trade** zones.



**Standard:** SS6E5 – Give examples of how voluntary trade benefits buyers and sellers in Latin America.

**Element:** d. Explain the functions of the North American Free Trade Agreement (NAFTA).

# NAFTA

The goal of this was to increase multinational trade and **economic cooperation** across North America, as well as raise the collective standard of living.

**Standard of living** is the level of wealth and material comfort available to a people.

## Canada, Mexico, and United States

**NAFTA** eliminated import **tariffs**, which increased the level of trade among the three nations.

Canada, United States, and Mexico all trade free of taxes with each other. This helps lower cost for goods and services between each.



## Canada, Mexico, and United States

NAFTA helped reduce the overall **price** of consumer goods. NAFTA did this by not having **taxes** on its **goods** and **services** which dropped the overall price for the consumers.



NAFTA lowered the prices of fresh vegetables, chocolate, fruit and beef.



## Canada, Mexico, and United States

NAFTA helped increase **foreign investment** within the three nations because the cost was lowered creating **higher** profits.

Not having to  
pay taxes  
makes foreign  
investments  
more  
attractive.



# Canada and NAFTA

The U.S. has increased their investment in Canadian **automotive production** due to cheaper production cost. While this is detrimental to the U.S. economy, it benefits Canada's economy.

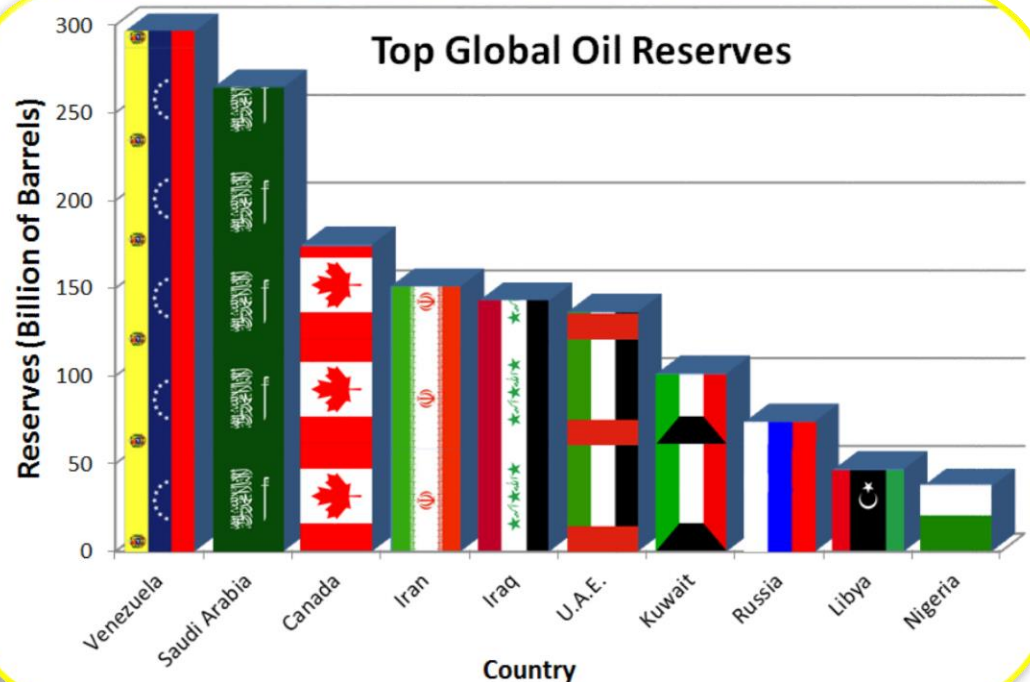
Some companies import parts from other countries because they cannot produce them as cheaply, so importing them brings more profit for the company.



# Canada and NAFTA

NAFTA has increased in **oil** exports from Canada to the U.S. in record numbers since its inception (beginning) in 1994. Current U.S. oil **embargoes** against Iran and other middle eastern countries have given Canada even further business in the **energy** sector.

Looking at this graph shows Canada has the 3<sup>rd</sup> largest oil reserve on Earth!

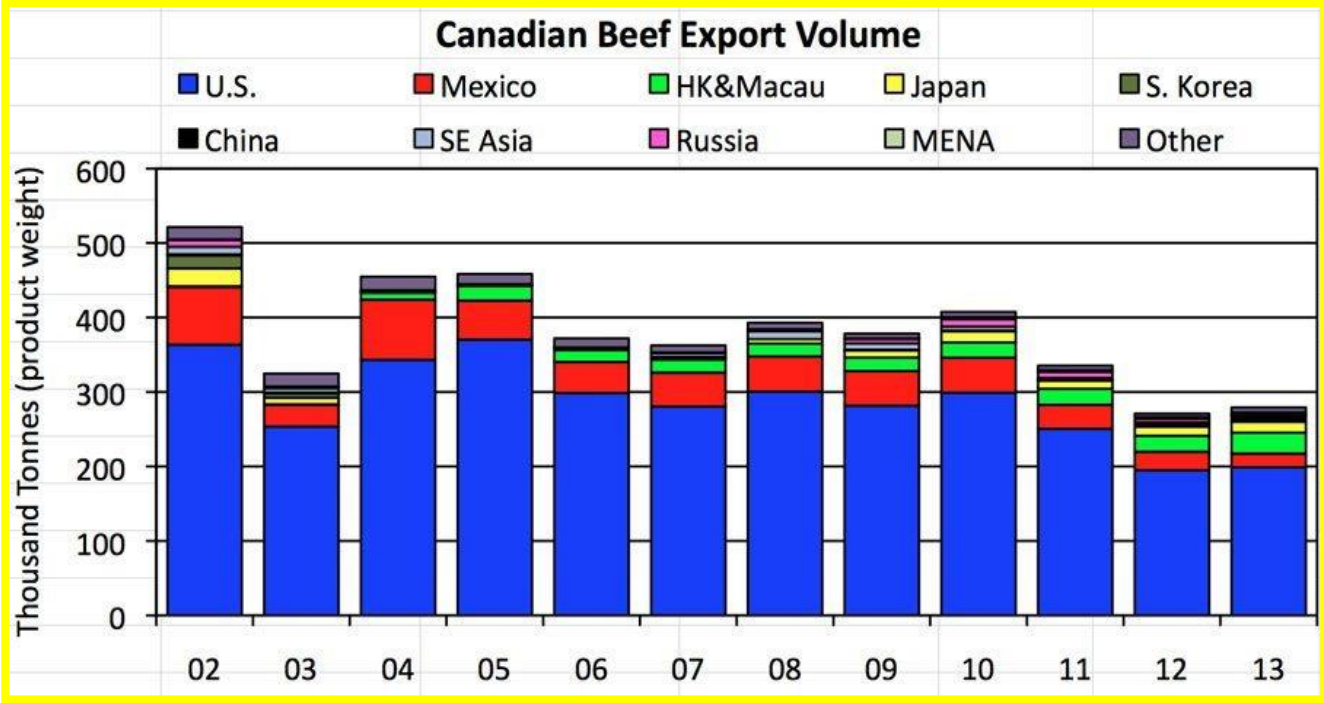




## Canada and NAFTA

NAFTA has helped Canada increase its shipments of **beef**, **agricultural**, **wood** and **paper** products to U.S. markets. U.S. consumers benefit from this by price reduction. However, this hurts U.S. businesses by having to compete with prices.

**This graph shows the U.S. is Canada's number one buyer of beef.**



# Canada and NAFTA

NAFTA has increased the export of **mineral** and **mining** products to U.S. markets.



Gold is Canada's top selling mineral.