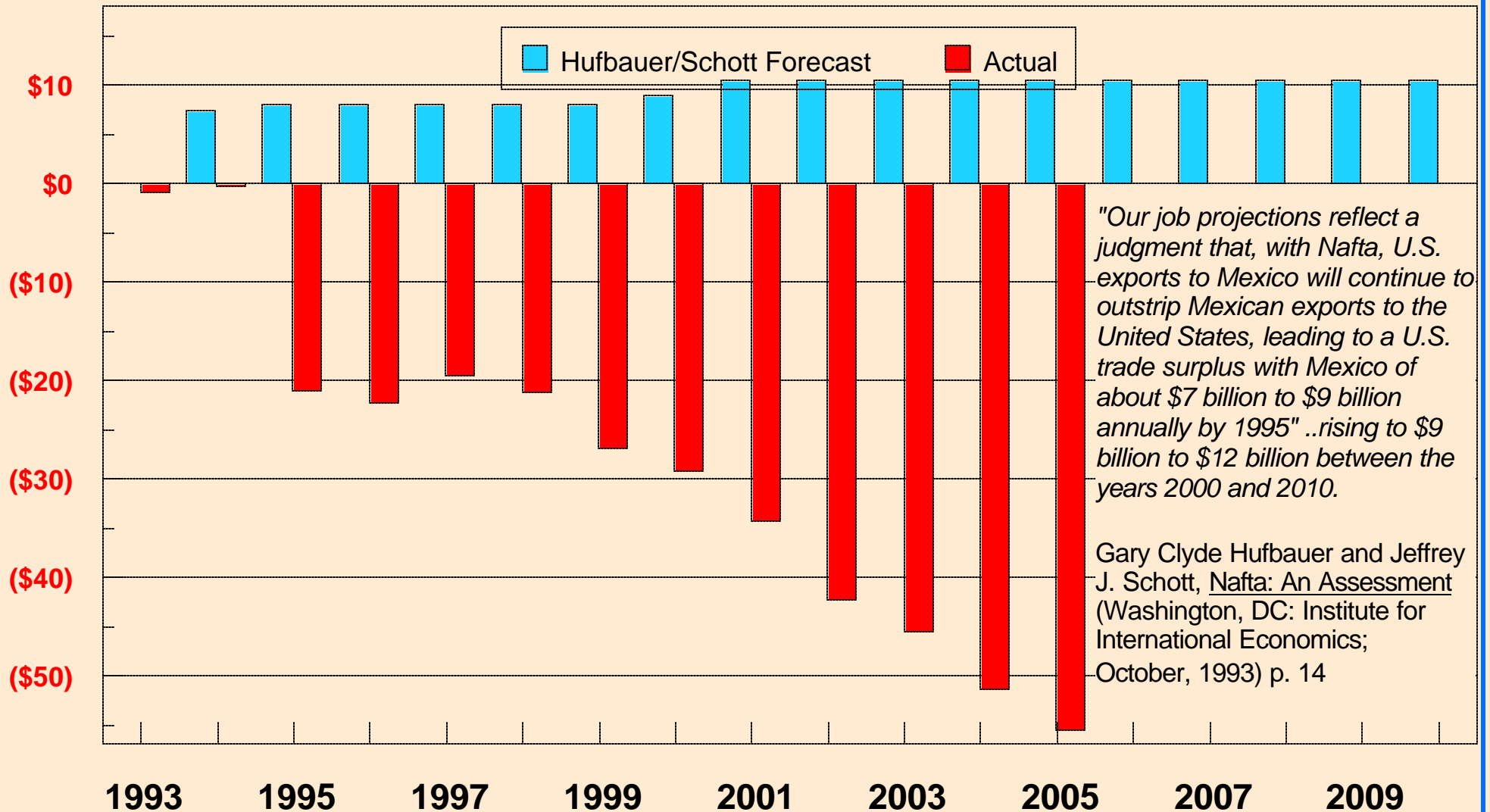


# Pro-Nafta Forecasts Have Failed Spectacularly

Promised Production and Job Creation Were Based on Obsolete Assumptions

**Billions of Dollars: U.S. Annual Current Accounts Balance With Mexico**



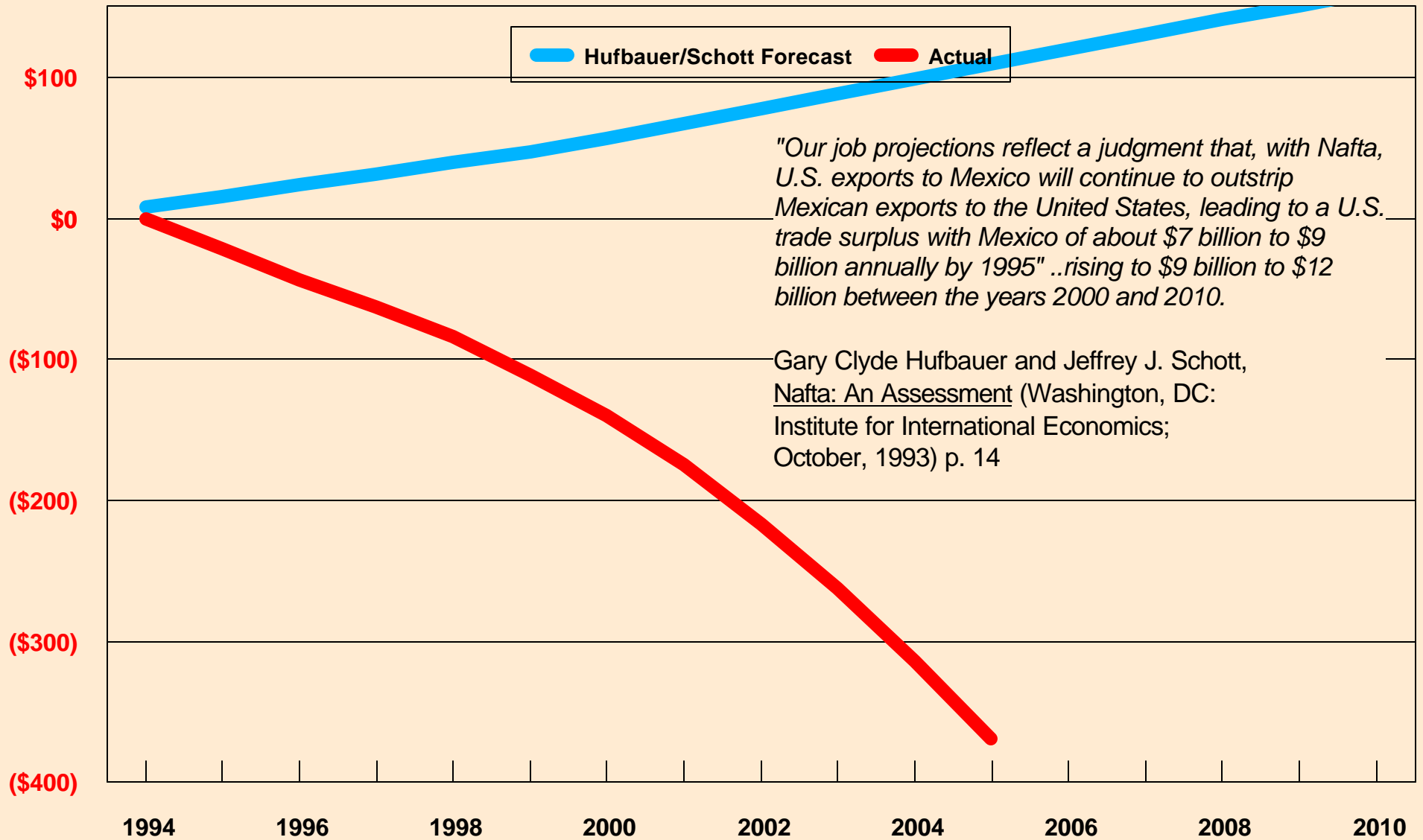
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Gary Clyde Hufbauer and Jeffrey J. Schott, Nafta: An Assessment (Washington, DC: Institute for International Economics; October, 1993) p. 14

# Pro-Nafta Forecasts Have Failed Spectacularly

## Obsolete Assumptions Wrong In Both Direction and Magnitude

\$ Billions: Cumulative U.S. Current Account Balance With Mexico Since Nafta

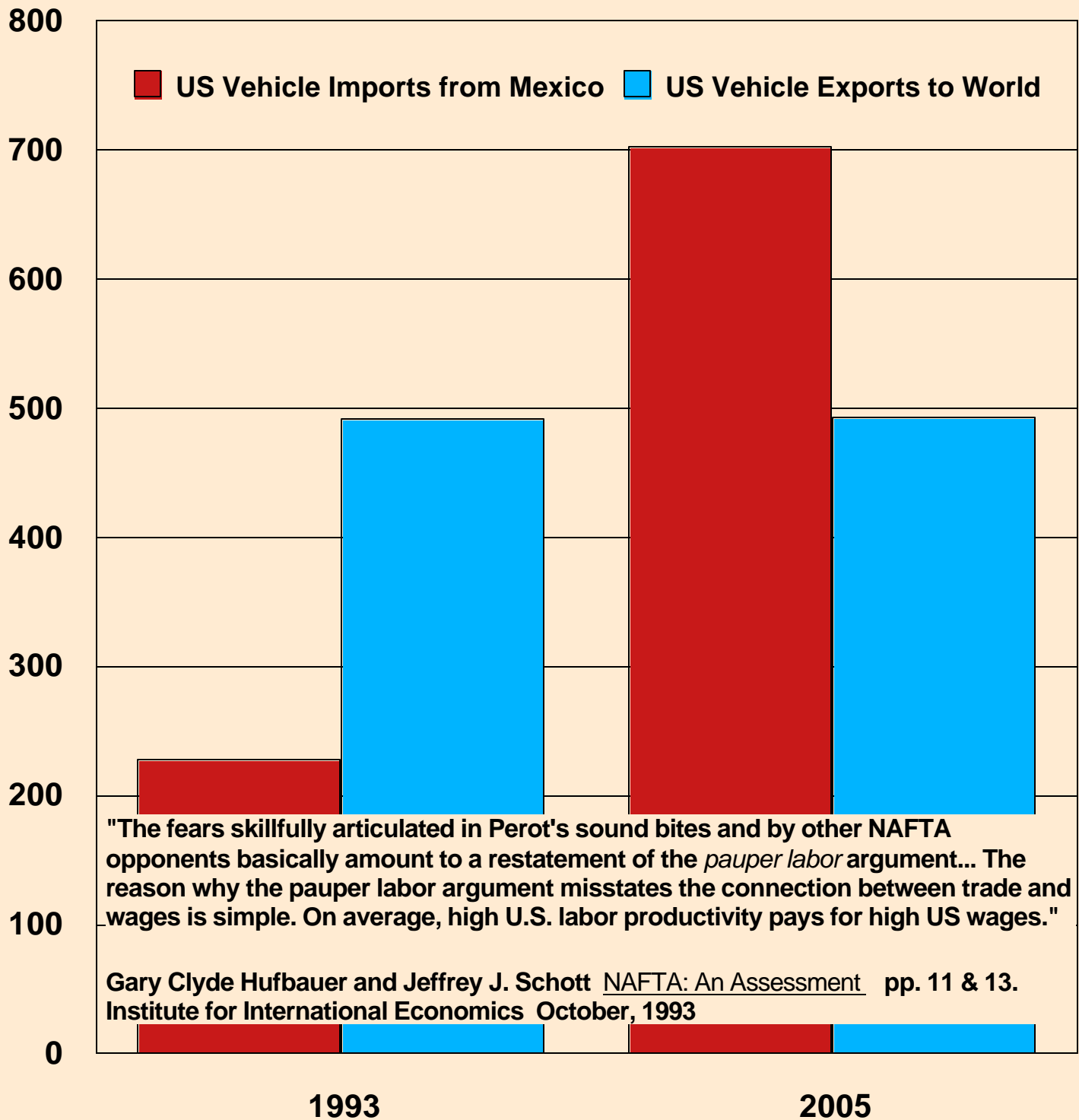


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Gary Clyde Hufbauer and Jeffrey J. Schott,  
Nafta: An Assessment (Washington, DC:  
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# Mexico Now Exports More Vehicles to the US Than the US Exports To the World

1,000s of Vehicles Each Year



"The fears skillfully articulated in Perot's sound bites and by other NAFTA opponents basically amount to a restatement of the *pauper labor* argument... The reason why the pauper labor argument misstates the connection between trade and wages is simple. On average, high U.S. labor productivity pays for high US wages."

Gary Clyde Hufbauer and Jeffrey J. Schott NAFTA: An Assessment pp. 11 & 13.  
Institute for International Economics October, 1993

## US-Mexico Trade Balances By Industry: 3 Yrs Before Nafta vs Most Recent 3 Yrs

### US Pre-Nafta Surpluses Became Large Deficits As Heavy Industry Suffers Most

HS Definitions of All Goods Producing Industries	Three-Year Balance Totals		Pre-Nafta vs Last 3 Yrs	
	1991-'93	2003-'05	\$Millions	% Change
Merchandise Totals.....	\$9,201	(\$135,864)	(\$145,064)	-1577%
87 Vehicles, Other Than Railway Or Tramway Rolling St	(2,529)	(46,657)	(44,128)	-1745%
27 Mineral Fuels, Mineral Oils And Products Of Their....	(11,098)	(49,482)	(38,384)	-346%
85 Electrical Machinery And Equipment And Parts There	(6,321)	(42,662)	(36,341)	-575%
94 Furniture; Bedding, Cushions Etc.; Lamps And Light..	(471)	(12,521)	(12,050)	-2557%
84 Mechanical/Computers.....	7,592	(3,764)	(11,356)	-150%
50-63 Textiles and Apparel less 5201 Raw Cotton.....	(177)	(10,521)	(10,343)	-5840%
62 Articles Of Apparel And Clothing Accessories, Not....	(1,193)	(10,448)	(9,255)	-776%
90 Optical, Photographic, Cinematographic, Measuring,..	1,517	(7,146)	(8,663)	-571%
61 Articles Of Apparel And Clothing Accessories, Knit....	(96)	(5,779)	(5,683)	-5926%
22 Beverages, Spirits And Vinegar.....	(482)	(5,165)	(4,683)	-973%
07 Edible Vegetables And Certain Roots And Tubers.....	(2,297)	(6,687)	(4,390)	-191%
O SPECL IMPR PROVISIONS	(980)	(5,279)	(4,299)	-438%
98 Special Classification Provisions, Nesoi.....	1,377	(2,158)	(3,535)	-257%
72 Iron And Steel.....	1,533	(989)	(2,522)	-165%
83 Miscellaneous Articles Of Base Metal.....	840	(905)	(1,745)	-208%
63 Made-Up Textile Articles Nesoi; Needlecraft Sets;....	(287)	(1,842)	(1,555)	-543%
71 Natural Or Cultured Pearls, Precious Or Semiprecio..	(74)	(1,614)	(1,540)	-2092%
08 Edible Fruit And Nuts; Peel Of Citrus Fruit Or Mel....	(1,028)	(2,565)	(1,537)	-150%
70 Glass And Glassware.....	(225)	(1,357)	(1,132)	-504%
69 Ceramic Products.....	(274)	(1,293)	(1,019)	-372%
17 Sugars And Sugar Confectionary.....	147	(628)	(775)	-527%
95 Toys, Games And Sports Equipment; Parts & Access	(174)	(919)	(745)	-428%
01 Live Animals.....	(643)	(1,330)	(687)	-107%
73 Articles Of Iron Or Steel.....	742	76	(666)	-90%
96 Miscellaneous Manufactured Articles.....	3	(614)	(617)	-22797%
68 Articles Of Stone, Plaster, Cement, Asbestos, Mica..	(86)	(632)	(546)	-635%
03 Fish And Crustaceans, Molluscs And Other Aquatic I	(595)	(1,054)	(458)	-77%
20 Preparations Of Vegetables, Fruit, Nuts, Or Other.....	(299)	(629)	(330)	-111%
79 Zinc And Articles Thereof.....	(186)	(503)	(318)	-171%
64 Footwear, Gaiters And The Like; Parts Of Such Arti...	(324)	(555)	(231)	-71%
91 Clocks And Watches And Parts Thereof.....	69	(161)	(230)	-335%
19 Preparations Of Cereals, Flour, Starch Or Milk; Ba...	35	(142)	(177)	-506%
18 Cocoa And Cocoa Preparations.....	101	49	(53)	-52%
13 Lac; Gums; Resins And Other Vegetable Saps.....	29	(20)	(48)	-168%
65 Headgear And Parts Thereof.....	(80)	(122)	(42)	-52%
93 Arms And Ammunition; Parts & Accessories Thereof.	10	(28)	(38)	-379%
34 Soap Etc.; Lubricating Products; Waxes, Polishing....	98	74	(24)	-24%
06 Live Trees And Other Plants; Bulbs, Roots And The...	(16)	(38)	(22)	-144%
51 Wool And Fine Or Coarse Animal Hair, Including Yar.	(5)	(21)	(16)	-320%
43 Furskins And Artificial Fur; Manufactures Thereof.....	14	5	(9)	-66%
66 Umbrellas, Sun Umbrellas, Walking-Sticks, Seat-Sti..	6	2	(4)	-73%
67 Prepared Feathers And Down And Articles Thereof....	14	12	(2)	-16%
25 Salt; Sulfur; Earths And Stone; Plastering Materia....	(305)	(305)	0	0%

## US-Mexico Trade Balances By Industry: 3 Yrs Before Nafta vs Most Recent 3 Yrs

### US Pre-Nafta Surpluses Became Large Deficits As Heavy Industry Suffers Most

HS Definitions of All Goods Producing Industries	Three-Year Balance Totals		Pre-Nafta vs Last 3 Yrs	
	1991-'93	2003-'05	\$Millions	% Change
92 Musical Instruments; Parts And Accessories Thereof.	(\$42)	(\$42)	\$0	1%
53 Vegetable Textile Fibers Nesoï; Yarns & Woven Fa...	1	2	0	28%
50 Silk, Including Yarns And Woven Fabrics Thereof.....	5	6	1	18%
45 Cork And Articles Of Cork.....	4	8	4	117%
46 Manufactures Of Straw, Esparto Or Other Plaiting M..	(8)	3	10	138%
49 Printed Books, Newspapers, Pictures And Other Prin	370	382	12	3%
44 Wood And Articles Of Wood; Wood Charcoal.....	517	537	20	4%
24 Tobacco And Manufactured Tobacco Substitutes.....	(30)	(7)	22	76%
14 Vegetable Plaiting Materials And Vegetable Product..	(90)	(54)	36	40%
80 Tin And Articles Thereof.....	21	71	50	242%
97 Works Of Art, Collectors' Pieces And Antiques.....	10	62	52	533%
89 Ships, Boats And Floating Structures.....	67	119	52	79%
26 Ores, Slag And Ash.....	(143)	(76)	68	47%
16 Edible Preparations Of Meat, Fish, Crustaceans, Mo.	73	162	89	122%
81 Base Metals Nesoï; Cermets; Articles Thereof.....	(2)	102	104	5731%
57 Carpets And Other Textile Floor Coverings.....	152	258	106	70%
78 Lead And Articles Thereof.....	(46)	76	121	266%
82 Tools, Implements, Cutlery, Spoons And Forks.....	219	354	134	61%
75 Nickel And Articles Thereof.....	29	214	184	627%
56 Wadding, Felt And Nonwovens; Special Yarns; Twine	417	602	185	44%
42 Articles Of Leather; Saddlery And Harness; Travel....	(164)	79	242	148%
28 Inorganic Chemicals; Organic Or Inorganic Compoun	288	534	245	85%
86 Railway Or Tramway Locomotives, Rolling Stock, Tra	96	368	272	284%
30 Pharmaceutical Products.....	210	559	349	166%
04 Dairy Produce; Birds' Eggs; Natural Honey; Edible....	471	821	350	74%
36 Explosives; Pyrotechnic Products; Matches; Pyropho	28	389	361	1300%
09 Coffee, Tea, Mate And Spices.....	(857)	(455)	401	47%
88 Aircraft, Spacecraft, And Parts Thereof.....	1,918	2,364	446	23%
33 Essential Oils And Resinoids; Perfumery, Cosmetic...	323	771	448	139%
54 Manmade Filaments, Including Yarns & Woven Fabri.	329	779	450	137%
35 Albuminoidal Substances; Modified Starches; Glues;	173	657	484	280%
31 Fertilizers.....	205	814	608	296%
58 Special Woven Fabrics; Tufted Textile Fabrics; Lac...	175	824	649	371%
55 Manmade Staple Fibers, Including Yarns & Wovens...	125	780	655	526%
05 Products Of Animal Origin, Nesoï.....	80	737	657	816%
15 Animal Or Vegetable Fats And Oils And Their Cleava.	493	1,162	668	135%
23 Residues And Waste From The Food Industries; Prep	638	1,314	676	106%
40 Rubber And Articles Thereof.....	932	1,625	693	74%
47 Pulp Of Wood Or Other Fibrous Cellulosic Material;...	863	1,656	793	92%
21 Miscellaneous Edible Preparations.....	192	1,019	827	431%
37 Photographic Or Cinematographic Goods.....	109	960	851	784%
11 Milling Industry Products; Malt; Starches; Inulin;.....	169	1,076	907	538%
41 Raw Hides And Skins (Other Than Furskins).....	432	1,367	934	216%
32 Tanning Or Dyeing Extracts; Tannins And Derivative..	347	1,357	1,009	291%

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	1991-'93	2003-'05	\$Millions	% Change
74 Copper And Articles Thereof.....	\$41	\$1,061	\$1,020	2495%
60 Knitted Or Crocheted Fabrics.....	39	1,298	1,259	3213%
59 Impregnated, Coated, Covered Or Laminated Textile...	139	1,428	1,289	924%
38 Miscellaneous Chemical Products.....	658	2,193	1,535	233%
76 Aluminum And Articles Thereof.....	996	2,660	1,664	167%
12 Oil Seeds And Oleaginous Fruits; Miscellaneous Gra	1,446	3,502	2,056	142%
48 Paper And Paperboard; Articles Of Paper Pulp, Pape	2,560	4,744	2,185	85%
02 Meat And Edible Meat Offal.....	1,451	3,951	2,500	172%
52 Cotton, Including Yarns And Woven Fabrics Thereof..	368	2,901	2,533	689%
10 Cereals.....	2,159	4,971	2,812	130%
29 Organic Chemicals.....	1,712	8,275	6,563	383%
39 Plastics And Articles Thereof.....	4,471	18,614	14,143	316%

US Dept. of Commerce, Global Trade Information Services and MBG Information Services