

# NAFTA

- **ORIGIN**
- NAFTA founded in January 1<sup>st</sup> 1994 which visualised the vision of Pan-Americana. NAFTA is created due to rising influence of EU. Globalisation liberalisation was an additional factor behind the formation of NAFTA.
- **COOPERATION BETWEEN NORTH AND SOUTH**
- NAFTA is comprised of USA, Canada and Mexico. USA and Canada has already signed free trade agreement but inclusion of Mexico is most important feature of NAFTA.
- Mexico is a developing country hence belong to the group of South free trade agreement between USA and Mexico visualizes new age of economic cooperation between North and South. Therefore, strict division between north and south appears paradoxical.

# FEATURES OF NAFTA

- Since NAFTA includes developed as well as developing countries therefore, issues of labour standard and environmental standard becomes crucial on the forum of NAFTA.
- Labour standard and environmental standards are significant for the developed economies like USA and Canada.
- Mexico is a developing country where these standards are lower than the USA and Canada.
- Labours organisations and trade union of USA and Canada oppose the free trade agreement with Mexico. They felt threatened because the potential loss of job in Canada and USA.

# CONCERN OF USA

- After the formation of NAFTA, USA had some reservations regarding the illegal migration from Mexico. Large number of Mexican illegal refugees are staying in USA.
- Therefore, Mexican trucks are not allowed to freely operate within the territory of USA but USA truck are permitted to freely enter in the territory of Mexico.
- USA did not develop better highway connecting towards Mexico.
- President Trump was adamant to make a wall between USA and Mexico in order to preventing illegal migration and illegal drug trafficking.

# STRATEGY OF MEXICO

- Once free trade agreement is signed between USA, Canada and Mexico. Mexico want to extend free trade agreement in free movement of the people between USA and Mexico.
- After year 2000, Mexico demanded free movement of the people within NAFTA which was beneficial for a developing countries like Mexico.
- But USA preferred the strict Visa policy and after September 2001, terrorist attack over USA, USA refused to accept the principle of free movement of the people likewise in Europe.

# USMCA

- Earlier, USA was willing to make Pan-Americana which means integration between North America and South America.
- Ever since USA President Trump came in power from 2016, he demanded re-negotiation in NAFTA. He said that it is worst trade deal ever made by USA, that resulted in the new deal in NAFTA which is known as United States, Mexico and Canada (USMCA).
- Features of USMCA are the following:
- **(a)Country of origin rules:** Automobiles must have 75% of their components manufactured in Mexico, the US, or Canada to qualify for zero tariffs.
- **(b)Labor provisions:** 40 to 45% of automobile parts must be made by workers who earn at least \$16 an hour by 2023.
- **(c)US farmers get more access to the Canadian dairy market:** The US got Canada to open up its dairy market to US farmers.
- **(d)Intellectual property and digital trade:** The deal extends the terms of copyright to 70 years beyond the life of the author (up from 50).
- **(e)Sunset Clause:** The agreement adds a 16-year sunset clause-meaning the terms of the agreement expire, or “sunset”, after 16 years.

# APEC

- Samuel Huntington said that there is a rise of rest and Asia Pacific emerge new centre of economic growth instead of Euro-Atlantic zone.
- Rise of China further enhanced the influence of Asia-pacific and APEC is established in 1989. it includes 21 members. APEC is aiming for creating greater prosperity for the people of region by promoting balance, inclusive, sustainable, innovative and secure growth by accelerating regional economic integration.
- 21 members include Australia, Brunei, Canada, Chile, China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Chinese Taipei, Hong Kong, Thailand, USA, Vietnam.

# NORTH SOUTH COOPERATION

- APEC includes member of developing as well as developed countries therefore, strict division between north and south is not sustainable.
- In age of globalisation and liberalisation cooperation is a better for enhancing the national interest. Almost all nations have adopted the liberal model of economy therefore economic cooperation is better to attain the shared goal.

# BOGOR DECLARATION

- APEC leaders adopted the Bogor goals that is aiming for free and open trade and investment in Asia Pacific by 2010 for industrialised economies. By 2020, developing economies will also adopt free and open trade.

## **CHINA-CENTRIC APEC:**

- APEC is founded due to effort of USA but rise of China is visible in the forum of APEC. China becomes largest trading partner in APEC. This indicates significant shift of power in APEC, this also ensures the rise of Asia pacific in the world politics.
- Although, Chinese occupation of Hong Kong and negating the autonomy of Hong Kong may become irritant in APEC.
- The conflict between China and Taiwan is also an obstacle in growth of APEC.

# US-CHINA TRADE WAR AND APEC

- USA and China are the two biggest economies of APEC but growing conflict between USA and China is hampering the future progress of APEC.
- APEC Conference of 2019 could not be organised due to the conflict between USA and China. Therefore, Chile announce the cancellation of 2019 summit.
- APEC is now focusing over digital economy and connectivity.
- BREXIT may prove negative spill over effect in regional economic integration. Growing tendency of nationalism, protectionism are creating harmful atmosphere for development of regional economic integration.