School of Real-Life Results

Report Card

Student: *North American Free Trade Agreement*

Grading Period: *January 1, 1994 to January 1, 1999*

Pass **Fail**

Individual Subjects:

U.S. Job Creation and Job Quality	F
Agriculture	F
The Environment	F
Public Health	F
Wage Levels in the U.S. and Mexico	F
Economic Development and Living Standards in Mexico	F
Sovereignty and Democratic Governance	F
Highway Safety, Drug Enforcement and Smuggling	F
Labor and Environmental Side Agreements and Training Programs	F

Comments: NAFTA's proponents promised benefits for the U.S., Canada and Mexico. The promises -- 200,000 new U.S. jobs from NAFTA per year, higher wages in Mexico and a growing U.S. trade surplus with Mexico, environmental clean-up and improved health along the border -- have all failed to materialize. However, as this report illustrates, after five years, NAFTA fails to pass the **most conservative test** of all: a simple do-no-harm test. Under NAFTA, conditions have deteriorated in many areas in which gains were promised. In each subject NAFTA's grade is a failing one -- data and examples are provided to explain why.

Public Citizen's Global Trade Watch
December 1998

NAFTA at 5

January 1, 1999 is the fifth anniversary of the implementation of the North American Free Trade Agreement: NAFTA now has an extensive real-life record. Public Citizen's Global Trade Watch conducted a detailed review of that track record, assessing the results of NAFTA in several crucial areas. This Report Card – reflecting the results of our review – grades NAFTA on the major issues.

NAFTA's proponents promised the pact would create new benefits and gains in each of these areas. The promised benefits – 200,000 new U.S. jobs from NAFTA per year, higher wages in Mexico and a growing U.S. trade surplus with Mexico, environmental clean-up and improved health along the border – have to a one failed to materialize.[1]

However, as this report illustrates, after five years, ***NAFTA fails to pass the most conservative test of all: a simple do-no-harm test.*** Under NAFTA, conditions not only have not improved, they have deteriorated in many areas. As a result, on each of the issues examined, the only fair grade for NAFTA is a failing one – hard data and real-life examples tell the story.

The American Public Also Grades NAFTA a Failure

Recent opinion polls show that the majority of Americans are aware of NAFTA's poor performance. Asked for their views, everyday citizens give NAFTA "F's" for benefitting the public interest and "A's" for boosting big corporations.

- 66% of Americans believe that free trade agreements between the U.S. and other countries cost the U.S. jobs.[2]
- 66% of Americans believe that NAFTA has helped large corporations.[3]
- 73% of Americans believe that NAFTA has not helped small business in the U.S.[4]
- 58% of Americans agree that foreign trade has been bad for the U.S. economy because cheap imports have cost wages and jobs here.[5]
- 81% of Americans say that Congress should not accept trade agreements that give other countries the power to overturn U.S. laws on consumer safety, labor or the environment.[6]
- For the first time ever, Americans say the U.S. trade deficit is the most important economic issue facing the country, above taxes, the federal budget deficit and inflation. In 1993, only 7% of Americans thought the trade deficit was the most important economic issue facing the country, trailing unemployment, the federal deficit and taxes.[7]

U.S. Job Creation and Job Quality.................................. F

On the issue of U.S. job creation, the central focus of pro-NAFTA campaigning, it is fair to measure NAFTA's real-life results against its backers' expansive promises of hundreds of thousands of new, high-paying U.S. jobs. However, *even* measured against the more lenient "do no harm" standard, NAFTA has been a failure. Using trade flow data to calculate job loss under NAFTA (incorporating exactly the formula used by NAFTA's backers to predict 200,000 per year NAFTA job creation) yields net job destruction numbers in the hundreds of thousands. Whether the loss of hundreds of thousands of jobs qualifies as "a giant sucking sound" depends on the ear of the listener. It is clear, however, that NAFTA has indisputably led to widespread job loss, with over 200,000 U.S. workers certified as NAFTA casualties under just one narrow government program. The fact that job growth totally unrelated to NAFTA has produced a net gain in U.S. employment during this period in no way changes the reality that NAFTA has cost large numbers of individual workers their jobs – most of whom are now unemployed or working at jobs that pay less than the ones they lost.[8]

The U.S. economy has created jobs at a fairly rapid rate in the 1990s, but without NAFTA, hundreds of thousands of full-time, high-wage, benefit-paying manufacturing jobs would not have been lost. It is also important to note that while the U.S. economy is generating substantial numbers of new jobs in absolute terms, the quality of the jobs created is often poor. The U.S. Department of Labor projects that the professions with the greatest expected future growth in the U.S. are cashiers, waiters and waitresses, janitors and retail clerks.[9] These and other lower-wage service jobs are the kind that will most likely be available to workers displaced by NAFTA.

Economic surveys of dislocated workers show that the jobs lost to NAFTA, in many cases high-paying manufacturing jobs, are, in the majority of cases, replaced by lower-paid employment.[10] NAFTA also has had a negative effect on the wages of many Americans whose jobs have not been relocated but whose wage bargaining power with their employers is substantially lessened; NAFTA puts them in direct competition with skilled, educated Mexican workers who work for a dollar or two an hour – or less. NAFTA was supposed to ameliorate this problem by raising Mexican living standards and wages. Instead, both have plummeted, harming the economic prospects for workers on both sides of the border.

- **Unique U.S. Trade Deficits Under NAFTA:** NAFTA has transformed the U.S.' $1.7 billion trade surplus[11] with Mexico in 1993 into a projected $14.7 billion deficit for 1998.[12] During NAFTA's five years, other developed countries – such as the European Union – have maintained their trade surpluses with Mexico, even during the 1995 peso devaluation. A major new trade deficit means that more U.S. jobs have been lost as a result of imports from Mexico than have been created by exports to Mexico. Likewise, the 1998 U.S. trade deficit with NAFTA member Canada is projected at $18.5 billion, meaning more jobs are being lost to Canadian imports than are created by exports to Canada.

- **Many U.S. Exports to Mexico Never Reach Consumer Markets, But Are Sent Back to the U.S.:** In 1990, 34.7% of so-called U.S. "exports" to Mexico under NAFTA never reached the Mexican consumer market. Rather they were sent for assembly to low-wage, U.S.-owned maquiladora plants and then quickly re-imported into the U.S. as finished products. NAFTA failed to reverse this dynamic. This "industrial tourism" under NAFTA now constitutes a larger percentage of U.S. exports to Mexico than was the case at the beginning of the decade.[13]

- **High-Wage Manufacturing Jobs Lost:** A significant portion of the jobs destroyed or exported by NAFTA are in sectors – like automobiles and electronics – that pay above-average wages. According to the most recent estimates of sectoral job loss due to NAFTA (using government data) economists found that 70% of jobs lost were in manufacturing.[14] Thus, the U.S. has gone from a pre-NAFTA manufacturing sector trade surplus of $4.6 billion with Mexico to a deficit of $8.9 billion. Manufacturing imports have increased from Mexico by 129% since NAFTA went into effect.[15]

- **Many Documented NAFTA Victims, Few Documented NAFTA Winners:** According to the U.S. Department of Labor, approximately 214,902 American workers have been certified under one narrow program as having been laid off due to NAFTA.[16] Of course, not all people who lose jobs due to NAFTA end up receiving benefits under the Labor Department's NAFTA Trade Adjustment Assistance (TAA) program. Many are ineligible and many who are eligible never learn of the program. Proponents of NAFTA have failed to document creation of even 200,000 jobs during the five years of NAFTA and thus cannot balance the specific names and faces of these NAFTA job loss victims. Indeed, several years ago the U.S. Commerce Department canceled its program of bi-annual surveys of U.S. companies to document NAFTA job creation because the data was so embarrassing – fewer than 1,500 specific jobs could be documented.

- **Companies that Promised to Create Jobs Under NAFTA Failed:** In February 1997, Public Citizen's Global Trade Watch conducted an investigation of companies that had specifically promised that they would create jobs if NAFTA were enacted in 1993. Of the 67 companies studied, 60 had not created jobs or even increased their exports to Mexico. Rather, many of these companies were documented by the government to have laid off U.S. workers due to NAFTA.[17]

- **U.S. Border Suffers High Unemployment Under NAFTA:** U.S. counties on the U.S.-Mexico border have borne a disproportionate burden of NAFTA job losses. In El Paso, Texas alone, over 10,000 jobs have been lost due to NAFTA.[18] Indeed, Texas counties have the highest poverty rates in the country, as well as the highest percentage of adults who have not received a high school diploma.[19] Under five years of NAFTA job losses and TAA programs, the employment crisis has only increased: The 10.4% unemployment rate in all U.S. counties bordering Mexico in 1993[20] has grown to 13.5%.[21]

Agriculture.................................. F

U.S. agriculture is in crisis. The "free market/free trade" farm policies of the 1990s have eviscerated U.S. wheat, winter fruit and vegetable, and tomato producers. And they have tied the hands of policymakers – preventing them from safeguarding U.S. farmers from the dumping that has resulted from recent shocks like the currency depreciation in Canada and the suppression of worldwide demand for commodities caused by the Asian financial crisis. In addition, as a result of NAFTA, U.S. producers are now forced to compete with products from Mexico, where agribusiness – though not farm workers or consumers – benefit from lower wages and less rigorous standards on pesticide residues, bacterial contamination and other potential public health threats. Meanwhile, since NAFTA, the number of small U.S. farmers has declined nine percent while the percentage of U.S. farm households at or near the federal poverty level has skyrocketed to 93%.[22] Consumer prices for food, however, have not dropped.[23]

- **AGRICULTURAL TRADE VOLUME RISES, WHILE FARMERS' INCOMES DECLINE:** A consensus among farmers from all three NAFTA countries is emerging about NAFTA's effects on the agricultural trade. While agricultural exports have increased under NAFTA, farmers in neither Canada, Mexico nor the U.S. have reaped benefits in an increase in their standard of living. During the five years of NAFTA, U.S., exports to Canada and Mexico grew 35%, but net farm incomes remained the same. In fact, 45% of U.S. small- and medium-sized farms suffered real declines in income.[24] During that same period, Canadian agricultural exports to the U.S. grew 57%, but net farm income in Canada hasn't caught up to 1986 levels.[25]

- **U.S. AGRICULTURAL TRADE SURPLUS DWINDLES UNDER NAFTA:** Over the past five years, the worldwide U.S. agricultural trade surplus has been growing. However, since 1993, the U.S. agricultural surplus with Mexico and Canada has declined by two thirds under NAFTA.[29]

- **ATTACK OF THE NAFTA TOMATOES:** Under NAFTA, Mexican tomato imports have increased by 63%.[30] Between 1993 and 1998, over 100 Florida tomato farmers were driven out of business and 24 packing houses closed.[31] The loss of tomato farmers has cost Florida agriculture $1 billion.[32] During the same period, consumer prices for tomatoes increased by 16%.[33]

Where's the Beef?
Consumer Prices Do Not Fall Under NAFTA

In theory, tariff cuts and new competition under NAFTA are supposed to benefit consumers by reducing costs. These savings are supposed to trickle down from producers to packing plants to retailers – and ultimately to consumers. In a number of prominent instances under NAFTA, consumer prices have actually risen.

- The 62% decline in hog prices in the U.S. has failed to reach the nation's consumers, who pay more for a pound of pork now than they did five years ago – even after adjusting for inflation.[26]
- The price of tomatoes has risen 16% in real terms since NAFTA went into effect in 1993.[27]
- In Canada, producers receive $60 per pig. It costs $3,200 for that same pig in the supermarket.[28]

U.S. Farmers Can't Compete with $6/Day Labor In Mexico

While its namesake is the capital of Belgium, 93% of brussels sprouts consumed in the U.S. are grown in California – but not for long. "It's simple math," said Steve Bontadelli, third generation California brussels sprouts producer. In Mexico, they pay workers $6/day. That's what we're paying per hour. We just can't keep up."[34] From 1993 to 1998, brussels sprouts imports from Mexico increased 49%.[35]

- **NAFTA Exposes U.S. Farmers to Canadian Currency Depreciation:** NAFTA's prohibitions on import quotas and snap-back tariffs (tariffs that kick in when domestic producers are threatened by dumping of commodities on the U.S. market) have made U.S. farmers and meat producers vulnerable to floods of cheap imports from Canada. Canada's currency has suffered a drastic depreciation of 11% over the past year, making Canadian agricultural imports much cheaper. This has hurt many U.S. farmers, especially hog farmers who have watched hog prices fall 62% since 1997.[36] This has been attributed in part to the influx of Canadian hogs, which has increased from a pre-NAFTA level of 670,000 head in 1992 to approximately 5 million head in 1998.[37] Yet, consumer prices for pork remain the same as they were last year, and have increased 6% in real terms since 1993.[38]

- **Canadian Wheat Floods U.S. Markets:** Before the 1988 Canada-U.S. Free Trade Agreement and NAFTA, Canadian wheat imports to the U.S.– a major wheat producer and exporter – were virtually zero. Five years after NAFTA, the U.S. is Canada's number two export market for wheat. U.S. imports of Canadian spring wheat increased 2,000%, to 1.45 million tons from 1990 to 1997. The Canadian wheat flood has taken its toll on U.S. wheat farmers, who are prevented by NAFTA from imposing tariff quotas. The last quotas imposed on Canadian wheat were lifted in 1994.

- **Agribusiness Only Winner Under NAFTA:** The big winners under NAFTA have been large agribusiness companies exploiting the below-market price imports to drive down domestic commodity prices for wheat, hogs and cattle. NAFTA's market access provisions ensure that the U.S. imports Canadian wheat even though U.S. grain stocks are high.[39] One observer notes the same practice with below-market priced cattle imports: "Iowa Beef Packers is bringing Canadian cattle in and using it to drive the market against our people. . . .There would be no NAFTA without multinational corporations. Somebody didn't wake up one morning and say, 'Hey, let's open the borders.'"[40]

The Environment.............................. F

When NAFTA was being debated in 1993, concerns were raised that additional industrial activity generated by NAFTA would exacerbate pre-existing environmental and public health problems caused by a high concentration of export manufacturing plants in the free trade zone along the U.S.-Mexico border. The Clinton Administration echoed these concerns, agreeing that the "maquiladora" sector posed a grave risk to border ecology and public health. The Administration promised that NAFTA would relieve pressure on the border region by extending trade benefits to Mexico's interior, thus reducing the incentive for U.S. industrial firms to locate along the border. Indeed, the Administration went so far as to claim that without NAFTA, the growth of the maquiladora sector would cause an environmentally devastating spiral of industrial and population growth and resulting air and water pollution.[41]

Yet rather than reversing, this trend has accelerated. During NAFTA's first five years the maquiladora zone along the U.S.-Mexico border has undergone explosive growth, compounding pre-existing environmental and health problems. The latest count puts the number of border maquiladoras at 1,947, 37% more than in 1993.[42] In Tijuana alone, maquiladora employment has skyrocketed by 92%.[43] Worse, the promised clean-ups and new environmental infrastructure never materialized. And NAFTA has been wielded as a weapon to attack federal and subfederal environmental and public health safeguards, with a series of legal challenges to countries' environmental laws launched by corporations using NAFTA's investment provisions (Chapter 11).

- **CORPORATIONS USE NAFTA TO ATTACK ENVIRONMENTAL LAWS: Of the seven known challenges using NAFTA's investor right-to-sue-governments provisions, six involve U.S. corporations attacking federal- or state-level environmental measures in Canada and Mexico.[44]** In three cases, the U.S.-based companies are suing Mexico for the right to open hazardous waste disposal facilities.[45] The other three cases involve U.S.-based corporations suing Canada claiming environmental laws are "regulatory takings" against which NAFTA created new investor rights. These include a British Columbia ban on the export – by tanker – of water to the United States; a federal public health ban on the import of a toxic gasoline additive; and a federal rule temporarily banning the export of PCBs for disposal.[46] The best known of the cases is the Ethyl Corporation's successful 1997 claim against Canada, which forced the Canadian government to kill a major public health law. For a discussion of the Ethyl case, see page 14.

- **HAZARDOUS WASTE TRANSPORTS UP UNDER NAFTA:** Hazardous waste imports into the United States in 1997 (the latest year for which data is available) are higher than in 1993 – or than any time in the 1990s – and have increased 50% since 1996 alone.[47] EPA attributes this increase in hazardous waste trade to the increase in maquiladoras under NAFTA; hazardous waste imports into the U.S. are expected to continue to rise as the number of maquiladoras grows.[48] This increase heightens the risks of contamination due to spills during transport. Indeed, Mexican trucks are almost twice as likely as U.S. trucks to be forced out of service for failing inspections.[49]

- **TOXIC DUMPING REMAINS A BIG PROBLEM:** Despite the increase in the transport of hazardous waste across the border, five years after NAFTA much maquiladora waste is still unaccounted for.[50] The problem of illegal dumping of hazardous waste along the U.S.-Mexico border is well-documented; among the total 2,900 Mexican maquiladoras, only 751 compliance manifests on the proper disposal of hazardous waste have been filed since 1991.[51]

- **After NAFTA, Lack of Promised Clean-Up:** More than four years after its closure, 6,000 metric tons of lead remain at the Metales *y* Derivados site in Tijuana, Mexico.[52] The plant, owned by the San Diego-based New Frontier Trading Corp., operated the smelter. It was shut down four years ago. Despite the risk to local residents and efforts of local environmental groups, the Mexican government has failed even to begin clean-up.[53]

- **No Sewage Treatment to Handle Increased Growth Under NAFTA:** Under NAFTA, maquiladora employment increased by 54% in Ciudad Juarez, spurring significant population growth.[59] Yet Juarez still has no waste treatment facility to treat the sewage produced by the 1.3 million people who now live there.[60]

- **Environmental Inspections Down Under NAFTA:** Despite increased industrial activity, inspections of water, hazardous waste, air pollution emissions and toxic sites decreased between 1995 and 1996 (the last year for which information is available) on both the U.S. and Mexican sides of the border.[61]

- **Air Pollution Exacerbated by Increased Border Traffic:** The U.S.-Mexico border is clogged with record levels of truck traffic as imports surge to the U.S. from Mexico. Traffic through Texas has increased 19% since 1994,[62] to a level of 17,582 trucks per day.[63] In the five years since NAFTA, the number of trucks crossing California's San Diego Otay Mesa border has more than doubled, from 450,000[64] to 1,000,000.[65] According to the EPA, border-area residents are exposed to health-threatening levels of air pollutants, including carbon monoxide, and now the following U.S. border areas exceed ambient air quality standards: El Paso, TX; Dona Ana County, NM; Imperial County, CA; San Diego, CA; Douglas, AZ; Nogales, AZ; and Yuma, AZ.[66]

Surge in Industrial Activity in Tijuana Leads to $250 Million Mess

South Bay International Wastewater Treatment Plant Will Dump 25 Million Gallons of Waste Daily a Few Miles off Pacific Coast

Starting in early 1999, each day 25 million gallons of "treated," but still toxic Mexican sewage will be discharged off of Imperial Beach, California.[54] The International Wastewater Treatment Plant, being constructed on the U.S. side of the border for a cost of $250 million, will treat sewage from Tijuana. The city has undergone a 92% explosion in maquiladora employment under NAFTA,[55] but did not have infrastructure to treat the pre-boom waste water.[56] With "treated" sewage dumped into 100-foot deep water only a few miles from the shore, testing conducted by the U.S. EPA has determined that it will fail to meet acute toxicity limits of the U.S. Clean Water Act.[57] Some of the toxic substances found in Tijuana's sewage system include dioxins, pesticides (including DDT), solvents and heavy metals.[58] The part of the Pacific where the dumping will occur contains currents which circulate water back towards land, compounding the potential health risks to humans and marine life caused by exposure to dioxins and heavy metals.

Public Health................................ F

Concerns about new threats to food safety raised during the 1993 NAFTA debate were dismissed with promises of improved practices in Mexico and better border inspection. Yet NAFTA and its implementing bill weakened existing food safety standards – for instance allowing meat and poultry imports that did not meet U.S. safety standards – and specifically limited border inspection (see NAFTA §717). Under NAFTA, the U.S. has experienced a major upswing in produce imports from Mexico. At the same time, the US Food and Drug Administration now inspects far less imported food than it did prior to NAFTA. The result of volume up and inspection down: Americans in every state now face a substantially greater risk of exposure to unsafe food as a direct result of NAFTA.

In addition, serious public health problems in border communities linked to high levels of environmental contamination generated by maquiladora production have worsened under NAFTA. In particular, certain types of fatal birth defects and sanitation-related diseases are on the rise.

I. Food Safety

- **Volume of Food Imports is Up Under NAFTA:** U.S. agricultural imports from Canada and Mexico have increased 57% since 1993. Five years after NAFTA, 52% of all U.S. fruit and vegetable imports come from Mexico.[67]

- **Food Safety Inspection is Down:** During this same period, Food and Drug Administration (FDA) inspections of imported food declined from 8% of total imports to less than 2%.[68] The flood of fruit and vegetable imports from Mexico coincides with severe cuts to Mexico's domestic food inspection budget. In 1992, Mexico's spending on food safety was US$25 million, but by 1995 had been slashed to US$5 million.[69]

- **Poisonous "NAFTA-Berries":** In 1997, an outbreak of potentially-fatal Hepatitis A from frozen strawberries imported from Mexico sickened 270 people in five U.S. states, including 130 children in Michigan. The children had received the strawberries through the federal government's nationwide school lunch program.[70] Yet NAFTA's §717 forbids special, more rigorous inspections on Mexican produce imports.

- **Despite Pesticide Contamination, Mexican Strawberry Increase:** In 1993, imported strawberries from Mexico were found to have an 18.4% violation rate for illegal levels of pesticides.[71] Five years later, Mexican strawberry imports into the U.S. have increased 31% under NAFTA, and comprise 96% of total U.S. strawberry imports.[72]

II. Environmentally Linked Health Threats

- **Water Contamination Under NAFTA Leads to Hepatitis A Outbreaks:** Contamination of the Rio Grande River during NAFTA has been well documented. Extensive testing has revealed that extreme fecal contamination leaves border residents at risk for Hepatitis A.[74] According to the Texas Department of Health, since NAFTA went into effect the Hepatitis A rate for Cameron County shot up from 17.8/100,000 residents to 87.4/100,000 – an increase of almost 400%. The Hepatitis A rate for Maverick County increased by 122% since 1993 (from 82.5/100,000 to 183/100,00 in 1997). Webb County's rate also increased – by 78% – from 59.6/100,000 in 1993 to 105.9/100,000 in 1997.[75]

■ **BORDER BIRTH DEFECT CLUSTERS CONTINUE:** By 1998, five years after NAFTA went into effect, the neural tube defect rate for babies born in Cameron County, TX has climbed to 19/10,000 babies, almost twice the national average.[76] The public health crises plaguing the U.S.- Mexico border attracted intense media scrutiny in 1991 after three babies were born with a rare condition called anencephaly (born brainless) during a 36 hour period at the same Cameron County (Brownsville) Hospital. Then-Treasury Secretary Bentsen promised in 1993, "I've seen the babies born with defects. The NAFTA package gives us the ability to assure that [those problems] will be addressed."[77] The problems have not been addressed, but are worsening, as demonstrated by the situation in Cameron County – and in Eagle Pass, Texas and Piedra Negras, Mexico where the Texas Department of Health's Neural Tube Defect Surveillance Project reported a new, post-NAFTA cluster of birth defects in 1995.[78] Indeed, the Department recently declared that, "The entire border area remains a high-risk area [for neural tube defects] compared to the rest of the U.S."[79]

Latest NAFTA Food Safety Crisis:

Contaminated Parsley from Mexico Leads to North American Shigellosis Outbreak

Minnesota state health officials attribute a shigellosis outbreak in the Minneapolis-St. Paul area this past summer to parsley imported from Mexico. Shigellosis is caused by fecal contamination of food products and is contagious. Over 150 people were sickened. Imported Mexican parsley has since been linked to outbreaks this past summer in 3 other states and two Canadian provinces.[73]

■ **INCREASED INDUSTRIAL ACTIVITY UNDER NAFTA CORRELATED TO INCREASED BIRTH DEFECTS:** A 1995 study of neural tube defects along the Cameron Country/Matamoros border finds a 12-year correlation between expansion and contractions in nearby Matamoros maquila industrial activity and increases and decreases in the anencephaly rate in Cameron County.[80] Between 1997 and 1998, the rate of neural tube defects in babies born in Cameron County jumped a staggering 53%;[81] during the same period, maquila employment in Matamoros increased by 15%.[82]

Wage Levels in the U.S. and Mexico........ F

- **U.S. Workers Forced by NAFTA to Compete with Maquila Wages:** Production workers in manufacturing in the U.S., where average hourly compensation is approximately $18.74/hour,[83] must, as a result of NAFTA, compete directly with maquila workers now located in new foreign-owned, high-tech plants who are paid $1.51 per hour.[84]

- **Wage Stagnation for U.S. Workers:** In the 1990s, U.S. workers have experienced wage stagnation followed by a couple of years of anemic wage growth, despite sustained and much-heralded economic expansion. Many economists attribute this wage stagnation to trade. William Kline of the pro- "free trade" Institute for International Economics argues that economic integration – like that generated by NAFTA – has been responsible for 39% of the growth in wage inequality in the U.S.[85]

Some of NAFTA's 5th Year Casualties: The Disappearance of American Icons

In 1998:

Huffy Bicycles closed the world's largest bicycle plant, in Celina, Ohio – laying off 650 workers and shifting production to Mexico.

Bass Shoes shifted production to Mexico after being located in Maine for 122 years, laying off 350 people.

Thomson Consumer Electronics, successor to **RCA-Victor**, moved what was once the world's largest TV factory located in Bloomington, Indiana – the self-proclaimed "Color Television Capital of the World" – to Mexico, laying off 1,200 workers. The Indiana Department of Workforce Development has tracked the Thomson workers: Only 8% found jobs that match or better their old pay. The rest are either working for less, are unemployed, or have left the work force. Workers at Thomson's plant in Ciudad Juarez earn typically meager maquiladora wages and have little hope of better earnings in the future: management has announced that it won't raise wages as a matter of principle – even though the plant has vacancies and high turnover. Their stated reason? Raises increase the cost of business.[93]

- **NAFTA – The Ultimate Union-Buster:** NAFTA makes it easier to suppress workers' wages and to discourage unionization with threats of job relocation. According to a study undertaken under NAFTA's labor side agreement, employers use the threat of relocation under NAFTA as leverage against the organizing efforts and salary demands of workers. Kate Bronfrenbrenner of the Cornell University School of Industrial Relations found that the percentage of U.S. companies following through on threats to close in response to union drives tripled under NAFTA.[86]

- **Mexican Wages Plummet Since NAFTA:** NAFTA was supposed to lift living standards in Mexico so that Mexican citizens could develop into a consumer society, thus creating a relationship between two mature trading partners. Yet the earnings of Mexicans have declined precipitously since NAFTA's enactment: according to the U.S. Department of Labor, hourly wages of Mexican manufacturing sector workers comprise only 9.6% of the wages earned by U.S. manufacturing workers, down from 22% in 1980.[87] Among Mexico's working class, salaries at the end of 1997 had fallen to 60% of their 1994 value.[88]

- **Mexican Maquila Workers Not Paid a Living Wage:** In the maquila zones, a basic market basket comprised of food, gas, rent, electricity, transportation, water and refrigerator costs totaled $54.00 per week in 1998. The average net weekly pay for maquila workers is $55.77. This leaves $1.77 per week to spend on education, clothing, medical attention and other necessities.[89]

- **More Mexicans Not Earning the Minimum Wage Since NAFTA:** Sixty-seven percent of Americans say that trade agreements negotiated by the U.S. should include provisions designed to insure that the wages of our trading partners gradually rise to the level of the U.S. minimum.[90] Yet precisely the opposite is occurring under NAFTA. In 1997, 7,771,607 Mexicans were documented as earning less than Mexico's legal minimum wage of $3.40 a day, 20% more than in 1993.[91]

- **Not Everyone Can be a Computer Programmer:** Under NAFTA, textile workers in depressed border towns such as El Paso are forced to compete with Mexican workers who are paid the same amount per day as Americans receive per hour – about $5.15.[92] Given high regional unemployment rates and low education levels, there simply are not jobs to fill the void of the exported U.S. textile jobs.

Economic Development and Living Standards in Mexico................ F

NAFTA was supposed to be a win-win proposition, providing hope, economic development and a better life for Mexicans as well as Americans. NAFTA was to make Mexico, in economic and social terms, more like the United States – a more prosperous society with a middle-class. In order to enter into NAFTA, the Mexican government had to make extensive changes to its Constitution. These changes included amending Article XVII – the Revolutionary-era land redistribution program – in order to attract and accommodate foreign acquisitions in agricultural and other land. These changes have led to increased foreign investment in Mexico under NAFTA, but also to a decline in living standards among Mexican workers and extensive failures among Mexcian small- and medium-sized businesses.

Mexico's level of development has regressed under NAFTA: poverty is greater, the middle class is smaller, wages are lower and maquiladora employment offering sub-living wage jobs and diminishing the quality of life along the border has burgeoned. While things have gotten easier under NAFTA for foreign investors seeking to exploit the low-wage export processing zones, the vast majority of small to medium-sized Mexican firms have suffered from financial, capital and administrative problems.[94] Indeed, 67% of Mexicans say that Mexico has had little or no success with NAFTA.[95]

I. Mexican Economic Development

- **"Bad" Jobs for Mexicans:** Proponents of NAFTA said the pact would place Mexico on a new development path, away from the low-paying, oppressive, pollution-choked border maquiladora zones and towards the sort of development necessary for genuine and sustainable growth. The day NAFTA went into effect, maquila employment along the U.S.-Mexico border stood at 546,433.[96] As of April 1998, 983,272 Mexicans were employed in maquiladoras.[97] The maquila sector is the top generator of employment in Mexico.[98] Yet wages in the maquiladora manufacturing sector are 16% lower than wages in the manufacturing sector as a whole.[99]
- **Maquila Model Spreads Throughout Mexico:** Rather than decreasing the role of maquiladoras along the border, NAFTA has encouraged the spread of export processing zones into Mexico's interior. Mexican officials have announced that their original plans to pursue the elimination of maquilas under NAFTA by revoking their special tax treatment may now be jettisoned.[100] Proponents of export processing zones have claimed that "more sophisticated factories are scattered throughout the country."[101] Instead, they are simply promoting the spread of the export manufacturing zones to parts of Mexico with even lower wages.
- **Lack of Mexican Business Development Under NAFTA:** 300 maquila firms, mostly foreign transnationals, account for 70% of Mexican exports. Yet these maquiladoras use less than 6% of Mexican inputs[102] and pay the typically low wages associated with maquiladora employment.
- **NAFTA Crushes Mexican Small Businesses:** Under NAFTA, by 1997, an estimated 28,000 small businesses in Mexico had been destroyed by competition with foreign multinationals and their Mexican partners.[103]

- **Mexican Farmers Demand Suspension of NAFTA:** NAFTA market access and anti-subsidy rules for agriculture have forced huge numbers of peasants off the land because they are no longer "competitive." This has greatly contributed to Mexico's 65% under/unemployment rate and subsequent increases in immigration into the U.S. In Mexico, the Association of Commercial Companies for Rural Producers (ANEC) requested a "three year temporary suspension" of NAFTA, in which the process of phased-out agriculture import duties will be put on hold. The farmers are requesting that the government apply emergency measures, because it has not fulfilled its promises of agricultural investment and sufficient compensatory subsidies that it agreed to implement under NAFTA.[104]

- **Mexican Unemployment Rampant:** In 1997, 65% of the actual Mexican labor force was either unemployed or underemployed.[105]

- **Economic Instability Still a Problem in Mexico:** Mexico posted a trade deficit of $798 million in October 1998, bringing its total trade deficit for the first 10 months of 1998 to $5.96 billion. This trade balance instability fits into a pattern last seen before the 1994 peso crash, and may signal another looming financial crisis. Indeed, Mexico has still not recovered from the 1994 crash (in part caused by Mexico's reluctance to devalue the peso gradually before NAFTA was enacted, lest the country seem less attractive to foreign investors[106]) despite the much ballyhooed Mexican bailout of 1995. The Mexican unemployment/underemployment rate is 65%,[107] while the country must create one million jobs a year just to accommodate young people newly entering the workforce.[108]

II. Mexican Living Standards

- **Wages Are Falling While Productivity Increases:** The productivity of Mexican workers has increased 36.4% since NAFTA went into effect, yet their wages have declined by 29% between 1993 and 1997.[109]

- **The Mexican Middle Class is Vanishing:** Under NAFTA, eight million Mexicans have been pushed out of the middle class and into poverty.[110]

- **Declining Purchasing Power:** Salaried (that is, largely middle-class) workers in Mexico lost 34% of their purchasing power since 1994, the year NAFTA went into effect.[111]

- **More Mexicans Thrown into Poverty:** Between 1984 and 1994 – and through several currency devaluations – the Mexican poverty rate remained constant at 34% of the population.[112] As of 1997, 60% of the Mexican labor force live below the poverty line.[113]

Respect for Sovereignty and Democratic Governance.................................... F

An important, but little-known component of NAFTA is the new power it grants to private corporations to directly attack laws and policies they deem harmful to profitability. Under NAFTA's new investment protections (Chapter 11), the decisions made by local and national governments in all three NAFTA countries are now subject to challenge before NAFTA tribunals by corporate plaintiffs. This provision of NAFTA, which only took effect in 1996, has already produced seven challenges, demanding damage payments in excess of a billion dollars. Remarkably, in every instance these challenges have had little or nothing whatsoever to do with international trade. Rather, public health, environmental zoning and state court civil procedures have been attacked. One such challenge already has led to the repeal of a major public health law in Canada. And knowledgeable observers believe that this initial spate of suits may be the harbinger of a far larger legal onslaught in the coming years as more corporations discover the potential uses of the new tool NAFTA provides. Laws and policies can be challenged – whether or not they have anything to do with international trade – as long as an investor or corporation in one country has some actual or potential business interest in the country it wishes to sue.

- **Health Law Sacked – Ethyl v. Canada:** The U.S.-based Ethyl Corporation – the company that put the lead in leaded gasoline – used NAFTA against the government of Canada to get the ban of its gasoline additive MMT reversed. Canada banned MMT because public health officials determined that neurotoxins in MMT posed a public health hazard. Ethyl demanded $251 million in compensation under NAFTA, arguing that Canada's ban constituted an unfair "taking" of Ethyl's property – that property included the profits Ethyl expected to earn from the sale of MMT in Canada. Ethyl charged, among other things, that simply by debating the proposed ban, the Canadian parliament had damaged Ethyl's reputation – an actionable offense under NAFTA's rights for intellectual property holders.[114] Faced with the growing likelihood it could lose the suit, Canada agreed to repeal the ban and pay Ethyl $13 million in damages for lost profits to-date. Canada further agreed to pronounce MMT safe – without scientific evidence and in direct contradiction to the views of the nation's environmental protection agency. [115] Many trade lawyers viewed the Ethyl suit as a test case that would indicate whether NAFTA's investor rights provisions went too far. Some sought to allay public concerns, predicting – incorrectly – that Ethyl would lose.[116]

- **Environmental Zoning Attacked – Metalclad v. Mexico:** The Metalclad Corporation is claiming that a Mexican state's environmental zoning law prohibiting the opening of a waste disposal plant constitutes an illegal seizure of Metalclad's assets and future profits. The Mexican state of San Luis Potosi re-zoned the site of Metalclad's waste disposal plant after an environmental impact assessment revealed that the facility lay atop an aquifer that provides the region's water supply. The company claims that this public health safeguard is tantamount to a "nationalization" of its property and seeks $90 million in compensation from the Mexican Treasury under NAFTA.

- **U.S. Civil Justice System as a NAFTA Violation – The Loewen Case:** For the first time, the United States is being sued by a private corporation for cash damages under the "investor-to-state" NAFTA provisions. In 1995, Canadian-based Loewen Group, a major funeral conglomerate with 90% of its business and 100 funeral homes in the U.S., was the defendant in a Missis-

Suggested Non-Trade NAFTA Uses:

Challenging Subsidies for Professional Sports Franchises

International trade lawyer Barry Appleton – the attorney for the plaintiff in two major NAFTA-inspired lawsuits – urged the Canadian government to investigate whether state and local subsidies given to National Hockey League teams in the United States violate NAFTA.[117]

sippi lawsuit involving allegations of fraudulent and malicious business practices. After a trial highlighting how the conglomerate had set out to ruin a local small business, the jury found Loewen liable for predatory and anticompetitive business practices, malicious monopoly and fraud, and awarded huge damages to the plaintiff, a local funeral home owner. Loewen ultimately settled the case for $150 million. Now, three years after the verdict (with it's stock down and the company seeking a new infusion of cash) Loewen is claiming that the Mississippi state court award constituted a violation of NAFTA. Loewen is seeking $725 million U.S. taxpayer dollars in compensation. It is arguing, among other things, that the everyday workings of the Mississippi legal system (and a long-standing federal procedural rule requiring defendants found liable for damages to post a bond if they wish to appeal) constitute a violation of its new NAFTA-given "investor rights." (The bond requirement insures that a party found liable in a civil proceeding will not hide assets or otherwise evade liability during appeal.)

Highway Safety and Law Enforcement...... F

On September 22, 1998, Mexico formally requested formal dispute resolution (a binding arbitration panel) under NAFTA to force the U.S. to open its border to Mexican trucks with destinations anywhere in the U.S. (presently, Mexican trucks are limited to destinations within a certain distance from the U.S.-Mexico border). The border had been scheduled to open on December 17, 1995, but the U.S. Department of Transportation denied full access to the U.S. market to Mexican trucks because of safety concerns. If the arbitration panel decides in Mexico's favor, the U.S. will be forced either to open its border to Mexican trucks or pay compensation to Mexico. A 1997 U.S. government report highlighted many public safety-related reasons for not opening the U.S. border to Mexican trucks. In the five years since NAFTA went into effect, none of the concerns regularly voiced by the U.S. government and public safety advocates – like the existing problems of drug and gun smuggling across the border – have been addressed.

I. Trucks

- **Insufficient Truck Inspections at the Border:** According to the Government Accounting Office, fewer than 1% of the 3.3 Mexican million trucks crossing into the U.S. each year are inspected.[118] Nearly half of those that are checked are put out of service because of safety concerns.[119] In 1998, at least 5,000 trucks per day cross the Texas/Mexico border, but only two to five inspectors are on duty during weekdays.[120] In El Paso, only one inspector is on duty to inspect the 1300 trucks that pass through per day. The number actually inspected: 10-14 per day.[121]
- **Mexican Trucks Still Forced Out of Service Far More Often Than U.S. Trucks:** The U.S. began truck border inspections in December 1995. Mexican trucks were forced our of service due to safety violations at a 45% rate, in comparison with a 28% rate for U.S. trucks. In 1998, little had changed: 45-48% of Mexican trucks inspected in Texas were forced out of service, compared with a 25% rate for U.S. trucks.[122]
- **Mexican Trucks Demonstrated Unsafe:** The average age of U.S. trucks is 4.5 years, while the average age of Mexican trucks is 15 years.[123] Under NAFTA, an estimated 8 to 12 million Mexican trucks per year will operate in the U.S. by the year 2000; an estimated 69%, or 5 to 8 million, of those trucks "will have overweight loads, no insurance, faulty brakes, or some other serious problem."[124]

II. Drugs

- **Most Cocaine Comes Across the U.S.-Mexico Border:** The U.S. Drug Enforcement Agency estimates that 70% of the cocaine smuggled into the United States comes across the U.S.-Mexico border.[125] U.S. Customs estimates that 330 tons of cocaine are smuggled into the U.S. from Mexico annually.[126]
- **Increased Heroin Smuggling Linked to NAFTA Truck Traffic:** The Texas Commission on Alcohol and Drug Abuse reports that heroin smuggling into Texas has "increased considerably since the NAFTA deal," blaming the influx of Mexican trucks.[127]

III. Smuggling

- **Stolen Guns:** Gun smuggling between the U.S. and Mexico is a problem that has only been exacerbated by the more permeable border between the two countries: 90% of illegally owned guns in Mexico come across the U.S.-Mexico border.[129]

- **Stolen Cars:** U.S. Customs reports that one of the U.S. hottest exports, stolen cars, are funneled through Mexico. Of the 200,000 stolen automobiles shipped from U.S. ports annually, at least 10% of these are simply driven across the California border; this doesn't include those smuggled across the California border by rail or truck or those driven or smuggled across Mexico through other border states.[128]

NAFTA Trade Adjustment Assistance (TAA) and NAFTA Side Agreements.................... F

I. Worker Adjustment Assistance and Training

NAFTA's Trade Adjustment Assistance Program (NAFTA-TAA) was designed to provide assistance to workers who lose their jobs due to NAFTA. Unfortunately, five years later, it is clear that the majority of workers displaced by the agreement never receive benefits. Indeed, the program's harsh eligibility restrictions virtually guaranteed this outcome: workers are only eligible if they produce a "product" that is "directly affected" by NAFTA. Thus, all service workers and all retail and agricultural workers are automatically excluded, as are all manufacturing workers who lose their jobs because their industry is *indirectly* affected by the agreement - for example, makers of inputs for manufacturers who have relocated to Mexico.

- **Wage Cuts for workers after participating in training program:** The NAFTA-TAA program is ostensibly designed to ensure that workers displaced by NAFTA can get the training necessary to secure equally paying or higher paying jobs in the future. Yet, studies confirm that the wages of dislocated workers participating in NAFTA-TAA training programs are most often not as high in the next job as in the job lost to NAFTA.[131]
- **NAFTA-TAA Program is Narrow and Inaccessible:** Studies conducted in the early years of the NAFTA-TAA program documented how many workers laid off during NAFTA do not know the program exists. Five years into the program, the Department of Labor has still not implemented a policy to systematically post information about the program in local unemployment offices. Many of the nation's trade-harmed workers (immigrants, workers in small towns and in non-union plants especially) remain ignorant of the existence, much less eligibility rules, of NAFTA-TAA.
- **Anemic Efforts to retrain workers:** Despite Clinton Administration promises of a fully funded NAFTA trade adjustment assistance program, as of May 1998, only $418 had been spent on retraining and assistance for each laid-off worker.[130]

II. Labor Side Agreement

NAFTA's so-called "side agreements" were supposed to be its saving grace – counterbalancing any NAFTA damage to the environment and the rights and interests of workers. The labor side agreement, the North American Agreement on Labor Cooperation (NAALC) – added to NAFTA by the Clinton Administration in order to win Congressional votes crucial to the pact's approval – has been a model of regulatory toothlessness. Despite repeated efforts by labor unions and others to use the labor side agreement for the purposes for which it was intended – to stop the abuse of workers – the agreement has proven useless. Major instances of abusive practices have been identified by the new NAFTA labor commission, yet, to date, not a single enforcement action has been leveled against an offending country nor a targeted practice abolished.

- **Not One Labor Rights Violation Remedied:** 19 submissions have been brought forward under the NAALC: 12 against Mexico, six against the United States and one against Canada.[132] None of these have resulted in fines against the offending country.[133]

- **Designed to Fail:** In 1998, the budget for the Commission for Labor Cooperation – the investigative and enforcement arm of the NAALC – is one third of what was originally proposed.[134]

- **No Enforcement for the Right to Organize:** Although the right to organize is a universally-recognized, fundamental human right, under the NAALC, failure by Mexico, Canada and the U.S. to enforce the right to unionize is not a punishable offense.[135]

- **Test Cases Failed:** Theoretically, the failure to enforce health and safety, child labor, or minimum wage laws can lead to sanctions against a negligent NAFTA government. This alleged enforcement mechanism was recently tested when the U.S. Department of Labor's National Administrative Office (NAO) found that Mexico failed to remedy numerous safety violations at the Han Young plant in Tijuana. Han Young – a subsidiary of the Hyundai Corporation – forced employees to work without safety gear in an unventilated and unsanitary environment, using faulty and dangerous equipment, and failed to employ a company doctor on the premises.[136] While the NAO noted that Mexico failed to apply any legal remedies to the violations – and cannot even verify that Mexico collected the paltry $9,000 fine it finally imposed on the recalcitrant company – it did not exercise its right to recommend that sanctions be imposed on the Mexican government.

- **Sex Discrimination goes Unremedied:** The labor side agreement has, to date, failed to provide any remedy to women routinely subjected to sex discrimination in many maquiladora factories – the vast majority of which are owned by American companies.[137] For example, maquiladora managers have forced women to undergo pregnancy tests as a condition of employment; if the women are found to be pregnant they are denied employment. Pregnancy tests have also been systematically administered to female employees, who are fired on the spot – and denied any benefits – if found to be pregnant.

III. NAFTA's Environmental Side Agreement

It is widely recognized that the institutions established under NAFTA's environmental side agreement have failed to ameliorate the infamous environmental degradation along the U.S.-Mexico border.[138] First, these institutions have proved to be structurally flawed: the Commission for Economic Cooperation (CEC), which can investigate governmental non-enforcement of environmental laws, itself has no enforcement power. The North American Development Bank (NADBank), designed to finance waste water treatment projects along the border, places market considerations above all else in its financing criteria, even though it is dealing with some of the poorest communities in North America – communities not likely to have any credit ratings, much less good credit ratings. Indeed, many of the communities most in need of clean water are grouped in "colonias," which do not have standing as incorporated entities. Also, the environmental institutions were bound to fail from the start because of NAFTA's enforceable market access provisions, which encouraged even more environmentally unsound growth along the border. Despite the fact that 72% of Americans believe that it is "very important" that environmental standards are included in trade agreements,[139] five years under NAFTA's side agreements has shown that they are unable to play a proactive or even protective role on environmental policy.

- **Mexico Not Monitoring Border Pollution:** Five years after NAFTA went into effect, Mexico still has not begun to collect data on environmental pollution, in violation of the North American Agreement on Environmental Cooperation, the environmental side deal.[140] The problems of pollution, toxic waste and other public health threats cannot be identified and addressed until data is collected.

- **Border Problems Outpace Solutions:** Meanwhile, public health crises along the border have been exacerbated by the explosion of maquiladora employment. 500,000 people on the U.S. side of the border live in colonias (unincorporated settlements), many of which lack running water and sewage systems.[141] The institution ostensibly designed to address such problems, the North American Development Bank, has been capitalized at $450 million,[142] yet it has disbursed a mere $15.6 million in grants and $4.6 million in direct loan money.[143]

- **CEC has Zero Enforcement Power:** Of the 20 cases of alleged non enforcement of environmental laws submitted to the CEC by citizens, only two have been accepted by the CEC for preparation of a factual record. In this process, the CEC issues a report that determines whether a government has failed to enforce its environmental laws in order to attract investment. The first factual record involved a Mexican pier built off the island of Cozumel which had involved destruction of an ecologically critical and delicate coral reef. The CEC issued what the environmental groups submitting the complaint termed a "beautiful" report agreeing that Mexico failed to enforce its environmental laws to attract the Cozumel investment. But the report didn't make a single recommendation, nor did it censure the government. By the time the CEC report was issued nearly two years later, the pier was completed. The second case involves an allegation that Canada is not enforcing its Fisheries Act against a hydro-electric power company that is polluting a river and endangering fish. Canadian environmental, indigenous and fishing groups submitted the complaint in April 1997 and still await the CEC's report on its factual findings.

Endnotes

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[5] 12/03/98-12/06/98 Wall Street Journal/NBC News Survey conducted among 2,106 adults.

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[8] The Department of Labor has determined that there is a 2 :1 chance that laid-off workers will not find a better job. See "More Than 43 Million Jobs Lost, Reaching Every Walk of Life," *New York Times*, reprinted in *National Times*, December 1996. Since March 1998, 198,000 manufacturing jobs have been lost. The service sector has been able to absorb the layoffs, but the displaced workers are usually paid less than they had been in the manufacturing sector. See, Louis Uchitelle, "The Economy Grows. The Smokestacks Shrink," *New York Times*, 11/ 29/98.

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[11] U.S. Census Bureau, http://www.census.gov/foreign-trade/www/deficit.html

[12] The latest data available are the October 1998 trade balance figures Year-end projections have been calculated by Rob Scott of the Economic Policy Institute. The U.S. trade deficit with Mexico through October 1998 is $13.2 billion and for Canada is $15 billion.

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[20] New Mexico State University, US. Bureau of Labor Statistics.

[21] U.S. Bureau of Labor Statistics.

[22] USDA, Number of Farms and Net Cash Income by Size Class, 1993, 1997; "The fast track myth," *Agri News*, July 16, 1998, letter to the editor by Steve Suppan.

[23] According to the Bureau of Labor Statistics, consumer prices for food in general have risen slightly since 1993 For fruit and vegetables – much of which is imported under NAFTA, consumer prices have risen 7% in real terms since 1993.

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[26] Bureau of Labor Statistics, CPI data on Pork: 1993-1998 (first 11 months of 1998) Also see, Barboza, David. "Farmers Are in Crisis as Hog Prices Collapse," *The New York Times*, 12/13/98.

[27] U.S. Department of Labor, Bureau of Labor Statistics, CPI data.

[28] "Message Delivered Through Free Pork," *The Western Producer*, 12/10/98

[29] USDA, US. Total Agricultural Trade Balances with Individual Countries, 1991-97.

[30] U.S. International Trade Commission, "Impact of the North American Free Trade Agreement on the U.S. Economy and Industries: A Three Year Review," June 1997, pp. 6-65.

[31] Florida Tomato Grower Association, interview with Wayne Hawkins.

[32] Letter from Florida Tomato Exchange to Congressman Joe Scarborough, August 25, 1997.

[33] Bureau of Labor Statistics, CPI data, 1993-1997.

[34] "NAFTA Presents Another Woe for Brussels Sprouts," *New York Times*, 11/30/98.

[35] USDA Foreign Agricultural Service, "US Agricultural Consumption Imports," January 1993 to December 1997.

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[37] October 8, 1998 Hearing in the House Agriculture Committee, "Agricultural Trade Issues with Canada."

[38] Bureau of Labor Statistics, CPI data on Pork 1993-November 1998; Barboza, David, "Farmers Are in Crisis as Hog Prices Collapse," *The New York Times*, 12/13/98.

[39] As of July 1998, the US. has 720 million bushels of wheat in carry-out stocks. See Menser, Paul, "Trading Blame: Idaho Farmers are struggling to see how NAFTA benefits their bottom line," *Post Register*, 7/12/98.

[40] Menser, Paul, "Trading Blame: Idaho Farmers are struggling to see how NAFTA benefits their bottom line," *Post Register*, 7/12/98, quoting Mike Lipscomb of the Idaho Rural Council

[41] Clinton Administration, *Report on Environmental Issues*, November 1993, ES-8.

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[43] Twin Plant News, *Maquila Scoreboard*, September 1993 and May 1998.

[44] Sources: International Center for the Settlement of Investment Disputes (ICSID); Appleton & Associates ICSID is the only investor-to-state arbitration facility that keeps a public listing of its cases. Under NAFTA, investors may also use the United Nations Center for International Trade Law (UNCITRAL) rules to sue governments. Unlike ICSID, UNCITRAL is not an agreement nor an institution; it is merely a set of rules. There is thus no Secretariat to maintain publicly accessible records on each case. Thus, there is the distinct possibility that other NAFTA Chapter 11 cases exist, but have not been leaked to the public.

[45] Metalclad Corp v. Mexico (being arbitrated at the International Center for the Settlement of Investment Disputes (ICSID); Azinian, et. Al v. Mexico (being arbitrated at ICSID) and Waste, Inc. v. Mexico (ICSID).

[46] Sun Belt, a California-based water importer, has filed a notice of intent with the Canadian government Under NAFTA, a foreign investor that moves to sue a government must first submit a notice of intent to file claim and wait 90 days for the government to respond. If it has not settled the claim in 90 days, the investor becomes free to file it an investment tribunal. In recent press reports, Canada has indicated that it will fight rather than settle the Sun Belt claim. (See Scoffield, Heather, "B.C. Water Export Ban Brings U.S. Lawsuit," *The Globe and Mail*, 12/9/98.) S.D. Myers v. Canada is being arbitrated under the UNCITRAL rules. Ethyl Corp. v. Canada was settled this summer.

[47] EPA, HazTraks data; Interview with Joseph Schultes from the Environmental Protection Agency, December 14, 1998.

[48] EPA, HazTraks data; Interview with Joseph Schultes from the Environmental Protection Agency, September 14, 1998; December 14, 1998.

[49] Texas Department of Transportation; Interview with Major Lester Mills 12/14/98. Mexican trucks have a 45-48% forced-out-of- service rate as opposed to a 25% forced-out-of service rate for U.S. trucks.

[50] U.S. HazTraks data; interview with Jack Schultes of EPA, 12/15/98. Data from 1991-1998.

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[67] U.S. Department of Commerce, International Trade Administration, U.S. Total Agricultural Imports to Individual Countries, 1991-97; USDA data.

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[72] USDA Economic Research Service, *Agricultural Trade Update*, 1998 data.

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