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THE WHITE HOUSE

Office of the Press Secretary
(Dalton, Georgia)

For Immediate Release August 3, 1992

REMARKS BY THE PRESIDENT
SHAW INDUSTRIES EMPLOYEES

Shaw Industries Distribution Center
Dalton, Georgia

8:58 A.M. EDT

THE PRESIDENT: Thank you very, very much for that welcome back to Georgia. And, Bob, thank you, sir. I don't know if I detected a note of relief on Anna Sue's face that this event that I'm sure has taken everybody's time has here at hand and about to end. But thank you for making us feel so welcome in this wonderful corner of Georgia.

And I want to greet our other hosts, Bill Lusk and Norris Little, Carl Rollins of Shaw, and my Georgia political team here -- Fred Cooper, my dear friend; and also another dear friend, Alec Poitevint, who are doing a great job for us.

And I would like to single out one department in this magnificent, enormous facility, and I'm talking about the area rug department, who made a nice little souvenir for me to take home with my own name on it. And I'll tell you, I can't think of a nicer, more personalized remembrance than that. So wherever you may be, thank you very, very much. And thank the computers that spelled my name right. (Laughter.)

Now, it is great to be in Dalton. I came here -- I want to be first in line for the Catamount tickets when they go on sale. I've come for another reason, too. America, our great country, is moving into a new age, and Dalton gives us a glimpse of the future. Dalton takes challenges and reinvents them as opportunities. With the flexibility of companies like this one, like Shaw -- with the brainpower and grit of your chemists and your maintenance mechanics and your designers -- Dalton shows America the face of the 21st century. Dalton shows the way.

In the history of your industry you find a parable of American progress. It starts simply -- families selling hand-tufted bedspreads they made themselves out on Highway 41, Peacock Alley. It continues with the sprawling factories that sprung up after the war, rolling their carpets into homes and offices in every corner of America. And it continues today -- with an industry retooled by high tech, a work force more highly skilled than ever before, and a marketplace as big as the entire world.

The story has important lessons -- lessons about how America grows and prospers. This election year, these lessons could not be more timely. The question today is not can America compete in the global economy. I know and you know that we can. The question is how -- how do we stay number one -- how do we create jobs for every American, and create opportunity for our kids, our children and our families?

Some people say, well, let the government do it; let the government get in there. But government does not create jobs -- people do. Government does not provide opportunity -- hard work does. Look around. This company, this industry, was not built by some industrial planning congressional subcommittee in Washington, D.C. (Applause.) It was born and built right here

MORE

in Dalton, where the men and women take the risks and reaped the rewards.

That's a lesson we shouldn't forget even though -- given the hue and cry of this election year. When you get down to it, leadership is about trust. Trust runs both ways. You need a leader you can trust, but you also need a leader who trusts in the American people -- trusts you and not the government to make the important decisions about your lives.

When you forget about this kind of trust -- trusting people -- you get some crazy ideas. I'll give you an example. These days the other side is pushing an idea that the way to fix this economy is to raise taxes by $150 billion. And at least half of that will fall on family farmers and small businesses. They call that change. I guess it makes sense, because if the other side gets in power change is all you'll have left in your pocket. (Laughter.)

Here's another crazy idea that's being pushed. They think they can fix health care by slapping you with at least a seven-percent payroll tax -- to finance a government takeover scheme. Well, we'll have a health care system with the efficiency of the Motor Vehicles if we do that -- the Motor Vehicles Division -- and also the KGB, the same compassion. As long as I am President, I am not going to let our medical system be socialized or nationalized. (Applause.)

We have a plan that will provide insurance to all, those who need it, those who cannot afford it; and will protect the basic quality of American health care.

So trusting the people -- it's an idea that applies to almost every issue in this election. Especially when it comes to how we can compete in this whole new world global economy -- how we can take on the new global competition head on head and win it.

Let me tell you how I learned about competing in the world. I'm a Texan -- moved there in 1948, built a business there, raised my family there. And incidentally, I think it's a pretty good credential for being President of the United States even if you held a job in the private sector. I think that's good. (Applause.) And in Texas I saw businesses and cities and towns rise up from those dusty plains -- a place where you'd never expect it. And the reason was that the whole world thirsted for what Texans had to offer -- crude and cattle and cotton. We knew the more goods we sold outside our borders, the more jobs we created within them. I never forgot that lesson.

And I saw it again when I went into public life. And, yes, I was ambassador up there at the United Nations, and served -- lived overseas in China -- just talking to Bob Shaw about that -- ran the CIA, and as Vice President, traveled around the world some. And every day I was outside of this country I learned again how important America was to the entire world -- and how important the world was to America. I'm talking about creating American jobs -- about making this economy grow and prosper, and making sure our kids have an even better life than we've had.

I've seen this every day for three-and-a-half years as President. And I heard a certain southern governor say the other day that this country was "being ridiculed around the world." Well, I suspect -- and I'm not going to name names quite yet -- I suspect that he hasn't been around much. I'd like to have him walk the streets of Warsaw, as I did a few days ago -- or Moscow -- or maybe sit him down with Boris Yeltsin or Helmut Kohl or Miyazawa or a myriad of leaders south of our border. And they'd tell him what you and I already know: The United States of America is the undisputed leader of the world. And that did not happen by accident, it happened by leadership and by the sons

MORE

and daughters of America doing what they had to do from Iraq all the way across a major spectrum of other places. It's the spirit of the United States. And to tear down this country -- (applause) -- to stand there and try to make the American people think we're a second-rate power -- they simply don't understand the greatness of the United States of America. (Applause.)

And here's one way we're going to do it: trade -- exports, open up markets so you can sell the goods you make right here. I heard Bob Shaw talk about it, and he is 100 percent correct. The day is long gone when you could sell carpets and rugs in 50 states and leave it just there. These days, standing still means falling behind. It's a new world -- markets are opening up in Guadalajara and Jakarta and Santiago and Moscow. And I'm going to see to it that Americans get there first.

It's not going to be easy. This export business is not easy. If you want America to lead the world, you need somebody who understands; you need a leader who understands the territory -- someone you can trust to hammer out a good deal around the negotiating table. But you need even more: you need a leader who trusts you and someone who knows that Americans are the most productive, the most competitive workers the world has ever seen. All you need is a chance to show your stuff. And as long as I'm President. I'm going to fight to see that you get the chance to sell these products anywhere around the world. (Applause.)

I'll give you an example. Some people look at the former Soviet Union and see 300 million former communists over there. Well, we look at it and we see 300 million future customers. Now, math was never my favorite subject, but I've done some computing on this one. Let's say there's 50 million homes -- I don't know, give or take -- 50 million homes in the former Soviet Union; maybe 4.5 billion square yards of floor space -- bare floor space. That's 4.5 billion square yards just waiting to be covered by your finest patterned berber. Of course, I'm factoring in kitchens and bathtubs, too. But I have faith in your sales force. They can sell anything anyplace, anytime.

Another example: Since 1989 -- now, listen to this one -- since 1989 exports -- carpet exports to Mexico are up by 60 percent. That's pretty darn good. But here in Dalton, pretty good isn't good enough. We're going to build on that success. Right now, we're hammering out a new free trade deal with Canada and Mexico -- we call it the NAFTA. I'm sure you've read about it. Here's what it will do. It will create 300,000 American jobs by 1995 -- and one of the largest free trade areas in the world. Free trade opens up the road -- and on the open road, American workers leave the competition in the dust. Or as my friend, Arnold Schwarzenegger, would say: Hasta la vista, baby! We are on the move, and we're going to keep it on the move.

Now, it may be hard to believe, but the other side looks at these barriers falling and they say: Hold everything. They see these unbelievable opportunities, these vast markets to sell your goods, and they say: Well, we'd better not try. The challenge is too great, the odds are too long. They say -- just by implication, say the Americans can't compete. They say these other countries are going to walk all over us.

Well, let me tell you something. In a way they are going to walk all over us. They're going to walk all over carpet made right here in Dalton, Georgia. (Applause.)

This is the year -- for six months we've been subjected to the darndest pessimism about our great country that I have ever heard. Every time you turn on that television at night, somebody is telling you what's wrong. Let me tell you what's right. (Applause.)

They say that America can't compete. I say we can compete and that will win.

They say: Pull the blinds and lock the door, the American worker can't hack it anymore. I say the American worker can outthink, outwork, outcompete anyone, anytime, anywhere. (Applause.)

Here's a fact these pessimists better understand: Foreign trade supports the jobs of 153,000 Georgians, more than seven million Americans. And here's my pledge to you: I will not let anyone endanger a single one of those jobs by going protectionist and closing up trade. (Applause.)

Let the other side criticize and say our country is ridiculed, lashed at around the world. They ought to open their eyes. Let them worry and whine. I am going to fight for these open markets, because that means more jobs in this country, right here in Dalton, Georgia, among others -- every city and state of our country. Let them run this country down -- let them carp on what's wrong with America.

I'm going to do what's right. That's what leadership is -- and that's what trust is.

I'd like to bring these pessimists down to this part of Georgia. I'd like to bring them right here to see this town, this industry. They might discover they've got nothing to fear from American workers -- and that American workers have nothing to fear from competition. This is one work force that can beat the pants off any competition.

That is the lesson of Dalton. That's why I'm here. I want that lesson to reverberate all across our entire country. You didn't fear the future, you shaped it. Your industry didn't retreat from foreign markets, you went out and conquered them. And with leadership that trusts in you, you'll keep beating the pants off the competition.

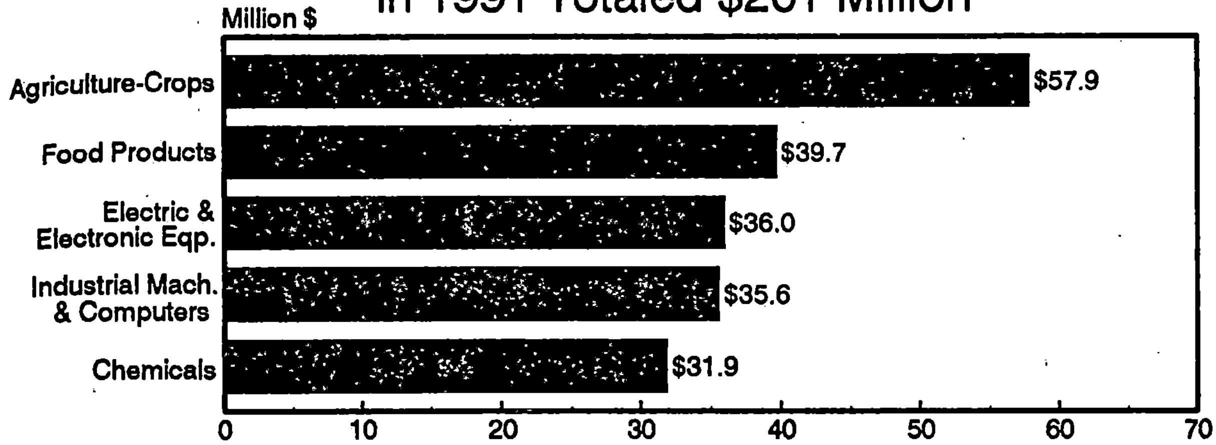
And you and I do not feel that we are the laughing stock of the world. We are the undisputed leader. So let's keep it just exactly that way in the future. Let's keep America number one.

Thank you. And may God bless our great country. Thank you very much. (Applause.)

END 9:13 A.M. EDT

MISSOURI: EXPORTS TO MEXICO, 1987-91

Missouri's Top Five Exports to Mexico in 1991 Totaled $201 Million

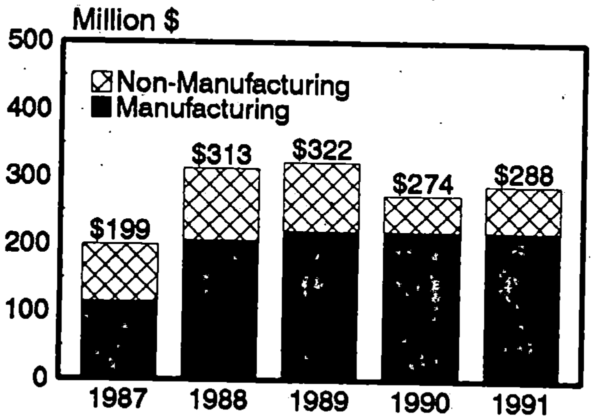


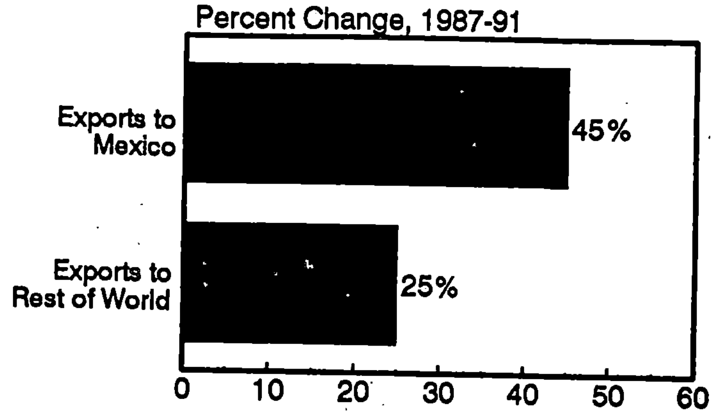
MISSOURI'S EXPORTS TO MEXICO, BY INDUSTRY SECTOR
(Thousands of Dollars)

	1987	1988	1989	1990	1991
AGRICULTURE, FORESTRY & FISHING	**76,988**	**95,461**	**84,011**	**36,804**	**58,335**
Agriculture – crops	76,454	92,110	83,907	36,432	57,893
Agriculture – livestock	534	3,330	96	297	235
Forestry	0	22	8	76	200
Fishing & Hunting	0	0	0	0	6
MINING	**1,514**	**1,715**	**1,062**	**540**	**1,550**
Metal Mining	25	5	0	0	0
Coal Mining	0	0	0	0	0
Oil & Gas	0	0	0	0	0
Non–Metallic Minerals	1,489	1,711	1,062	540	1,550
MANUFACTURING	**114,287**	**205,376**	**219,313**	**219,866**	**219,715**
Food Products	28,201	72,852	55,983	24,658	39,679
Tobacco Products	0	0	0	0	0
Textile Mill Products	593	668	191	205	252
Apparel	1,692	2,671	553	377	602
Lumber & Wood Products	469	1,178	1,614	1,104	695
Furniture & Fixtures	290	755	2,417	1,913	2,627
Paper Products	2,643	3,189	4,527	3,572	2,366
Printing & Publishing	5,942	9,086	9,769	17,208	4,080
Chemical Products	11,646	12,015	18,339	27,921	31,883
Refined Petroleum Products	534	347	197	152	562
Rubber & Plastic Products	2,784	5,738	13,076	14,781	15,813
Leather Products	107	494	439	188	983
Stone, Clay & Glass Products	781	825	1,195	1,989	4,302
Primary Metal Industries	4,371	6,402	6,929	8,432	16,456
Fabricated Metal Products	4,939	6,122	6,670	10,462	13,145
Industrial Machinery & Computers	11,320	12,059	19,223	22,774	35,559
Electric & Electronic Equipment	24,758	58,123	64,566	63,410	35,972
Transportation Equipment	11,058	9,857	8,009	15,940	10,922
Scientific & Measuring Instruments	1,396	1,781	3,308	3,065	3,333
Miscellaneous Manufactures	761	1,211	2,309	1,714	483
OTHER	**5,924**	**10,174**	**17,658**	**16,324**	**8,646**
Scrap & Waste	5,633	9,563	11,995	6,376	4,159
Second Hand Goods	269	545	46	0	122
Military & Other Miscellaneous Items	22	66	5,616	9,948	4,365
MO'S EXPORTS TO MEXICO	**198,713**	**312,727**	**322,043**	**273,534**	**288,245**
MO'S EXPORTS TO THE WORLD	2,984,432	2,737,541	2,877,652	3,818,510	3,756,813
MEXICO'S SHARE OF MO'S EXPORTS	6.7%	11.4%	11.2%	7.2%	7.7%

MISSOURI: EXPORTS TO MEXICO, 1987-91

Missouri's Exports to Mexico Grew 45% from 1987 to 1991
20 Percentage Points Faster Than Export Growth to the Rest of the World





MISSOURI'S 1991 EXPORTS TO MEXICO WERE $288 MILLION

- **Missouri's merchandise exports to Mexico grew by 45 percent between 1987 and 1991, rising from $199 million to $288 million.** The percentage increase greatly exceeded the 25 percent growth in the state's exports to the rest of the world over the same period.

- **From 1990 to 1991 Missouri's exports to Mexico grew by $14.7 million, a 5.4 percent increase. Missouri in 1991 ranked 16th among all states and the District of Columbia in the value of exports to Mexico.**

- **Mexico has consistently been one of Missouri's top export markets.** In 1991, Mexico ranked second among the state's 151 foreign markets, up from third place in 1987, when Missouri shipped products to 138 export destinations.

- **Over the 1987-91 period, Missouri consistently shipped a larger share of its exports to Mexico than most other states.** In 1991, Mexico purchased 7.7 percent of the state's exports, placing Missouri fifth among all states on this measure.

- **Missouri's exports to Mexico in 1991 were broad-based.** The top two exports, accounting for 34 percent of the total, were crops ($57.9 million) and food products ($39.7 million). Three other product groups recorded exports to Mexico in excess of $30 million. They were: electric & electronic equipment ($36.0 million), industrial machinery & computers ($35.6 million), and chemical products ($31.9 million). The preceding five categories accounted for 70 percent of Missouri's exports to Mexico in 1991.

- **Missouri rapidly expanded exports of a wide range of products to Mexico from 1987 to 1991.** Categories that recorded the greatest growth were: furniture & fixtures (up from $290 thousand to $2.6 million), rubber and plastic products (from $2.8 million to $15.8 million), stone, clay & glass products (from $781 thousand to $4.3 million), and primary metal industries (from $4.4 million to $16.5 million).

STATE–BY–STATE RANKING OF MEXICO AS AN EXPORT MARKET: 1987 & 1991, SORTED BY MEXICO'S 1991 MARKET RANK

	Total # of Markets This State Exports To*			Mexico's Rank Among Foreign Markets		
	1987	1991	Change	1987	1991	Change
TEXAS	163	186	+23	1	1	0
ARIZONA	128	144	+16	1	1	0
MICHIGAN	136	156	+20	2	2	0
MISSOURI	138	151	+13	3	2	+1
DELAWARE	89	106	+17	4	2	+2
CALIFORNIA	164	196	+32	4	3	+1
ILLINOIS	159	181	+22	7	3	+4
PENNSYLVANIA	153	173	+20	7	3	+4
KANSAS	131	147	+16	4	3	+1
ARKANSAS	119	131	+12	5	3	+2
NEBRASKA	111	123	+12	5	3	+2
GEORGIA	152	177	+25	9	4	+5
TENNESSEE	135	154	+19	6	4	+2
INDIANA	135	150	+15	3	4	–1
MISSISSIPPI	125	143	+18	7	4	+3
LOUISIANA	154	169	+15	10	5	+5
OKLAHOMA	126	135	+9	6	5	+1
IDAHO	77	92	+15	11	5	+6
MONTANA	53	62	+9	9	5	+4
NEW JERSEY	162	184	+22	11	6	+5
OHIO	150	177	+27	7	6	+1
WISCONSIN	152	167	+15	11	6	+5
ALABAMA	139	151	+12	8	6	+2
KENTUCKY	130	124	–6	13	6	+7
HAWAII	62	72	+10	35	6	+29
NORTH CAROLINA	150	165	+15	15	7	+8
MINNESOTA	147	160	+13	10	7	+3
CONNECTICUT	136	150	+14	7	7	0
IOWA	134	143	+9	4	7	–3
SOUTH DAKOTA	60	109	+49	3	7	–4
NEVADA	92	108	+16	20	7	+13
VERMONT	82	102	+20	12	7	+5
NEW MEXICO	79	87	+8	5	7	–2
FLORIDA	156	178	+22	14	8	+6
NEW HAMPSHIRE	104	105	+1	22	8	+14
NEW YORK	166	191	+25	11	9	+2
RHODE ISLAND	107	113	+6	11	9	+2
COLORADO	134	133	–1	7	10	–3
NORTH DAKOTA	67	77	+10	2	11	–9
UTAH	112	124	+12	7	12	–5
MAINE	96	114	+18	24	14	+10
MASSACHUSETTS	155	173	+18	19	15	+4
WEST VIRGINIA	95	98	+3	10	15	–5
OREGON	133	153	+20	24	16	+8
SOUTH CAROLINA	141	146	+5	16	16	0
VIRGINIA	152	179	+27	27	17	+10
MARYLAND	148	163	+15	26	17	+9
DISTRICT OF COLUMBIA	131	147	+16	10	17	–7
WYOMING	49	62	+13	14	18	–4
WASHINGTON	145	177	+32	20	20	0
ALASKA	91	82	–9	15	23	–8
PUERTO RICO	--	123	--	--	14	--
VIRGIN ISLANDS	--	55	--	--	3	--

*The Census Bureau recognizes 217 destinations for U.S. exports. These geographic entities are sovereign countries (the majority), their dependencies and protectorates, and various localities of indeterminate political status.

STATE-BY-STATE RANKING OF MEXICO AS AN EXPORT MARKET: 1987 & 1991

	Total # of Markets This State Exports To*			Mexico's Rank Among Foreign Markets		
	1987	1991	Change	1987	1991	Change
ALABAMA	139	151	+12	8	6	+2
ALASKA	91	82	−9	15	23	−8
ARIZONA	128	144	+16	1	1	0
ARKANSAS	119	131	+12	5	3	+2
CALIFORNIA	164	196	+32	4	3	+1
COLORADO	134	133	−1	7	10	−3
CONNECTICUT	136	150	+14	7	7	0
DELAWARE	89	106	+17	4	2	+2
DIST. OF COLUMBIA	131	147	+16	10	17	−7
FLORIDA	156	178	+22	14	8	+6
GEORGIA	152	177	+25	9	4	+5
HAWAII	62	72	+10	35	6	+29
IDAHO	77	92	+15	11	5	+6
ILLINOIS	159	181	+22	7	3	+4
INDIANA	135	150	+15	3	4	−1
IOWA	134	143	+9	4	7	−3
KANSAS	131	147	+16	4	3	+1
KENTUCKY	130	124	−6	13	6	+7
LOUISIANA	154	169	+15	10	5	+5
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MARYLAND	148	163	+15	26	17	+9
MASSACHUSETTS	155	173	+18	19	15	+4
MICHIGAN	136	156	+20	2	2	0
MINNESOTA	147	160	+13	10	7	+3
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SOUTH CAROLINA	141	146	+5	16	16	0
SOUTH DAKOTA	60	109	+49	3	7	−4
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WASHINGTON	145	177	+32	20	20	0
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VIRGIN ISLANDS	--	55	--	--	3	--

*The Census Bureau recognizes 217 destinations for U.S. exports. These geographic entities are sovereign countries (the majority), their dependencies and protectorates, and various localities of indeterminate political status.

PERCENT OF STATES' EXPORTS GOING TO MEXICO: 1987–91

(Ranked by 1991 Percentage)

	1987	1988	1989	1990	1991
TEXAS	25.5	27.0	28.9	32.1	32.9
ARIZONA	21.5	21.5	18.7	17.8	18.1
KANSAS	7.7	14.2	10.9	7.3	10.9
CALIFORNIA	6.6	6.8	7.8	8.0	8.8
MISSOURI	6.7	11.4	11.2	7.2	7.7
ARKANSAS	5.4	6.0	9.6	4.3	7.3
DELAWARE	3.3	3.2	4.2	6.7	7.2
MICHIGAN	6.0	6.3	8.1	6.8	7.0
ILLINOIS	3.2	3.9	4.3	5.6	6.6
PENNSYLVANIA	3.0	4.3	5.5	5.6	6.1
TENNESSEE	4.0	4.7	6.7	6.2	5.9
NEBRASKA	5.7	5.7	6.1	3.9	5.8
NEW MEXICO	5.4	8.3	6.8	6.4	5.3
MISSISSIPPI	4.1	5.1	5.5	4.2	5.1
GEORGIA	2.7	3.2	3.8	6.0	4.7
KENTUCKY	1.9	2.9	3.4	3.0	4.6
CONNECTICUT	3.5	4.2	4.1	3.4	4.6
IOWA	3.6	4.3	4.5	3.2	4.2
NEW JERSEY	2.8	3.2	4.5	4.1	4.1
WISCONSIN	2.0	1.8	2.7	2.2	4.1
OKLAHOMA	4.1	6.3	3.8	2.8	4.1
ALABAMA	3.3	4.0	4.5	4.8	4.0
INDIANA	6.5	3.3	3.8	3.4	4.0
LOUISIANA	2.8	3.6	3.8	4.4	3.7
OHIO	2.4	3.1	3.5	2.8	3.4
MINNESOTA	2.2	2.7	3.1	2.6	3.4
NEW HAMPSHIRE	1.1	1.4	1.7	1.9	3.3
FLORIDA	2.1	2.4	2.9	3.0	3.3
NORTH CAROLINA	1.6	2.0	2.3	2.3	3.3
MONTANA	0.4	0.6	5.8	3.4	3.2
IDAHO	2.1	5.2	2.7	3.1	3.1
RHODE ISLAND	2.9	4.3	4.9	5.4	3.1
COLORADO	4.0	3.8	3.8	4.2	3.1
NEW YORK	2.6	3.1	3.1	2.6	2.9
HAWAII	0.0	0.1	0.0	0.0	2.7
SOUTH DAKOTA	8.1	5.2	3.3	2.3	2.6
NEVADA	0.7	2.2	6.9	6.8	2.3
SOUTH CAROLINA	1.4	1.8	1.7	1.4	2.2
MASSACHUSETTS	1.2	1.2	1.5	1.6	1.9
UTAH	4.6	5.4	2.6	2.2	1.9
WYOMING	1.4	1.3	1.5	4.3	1.8
WEST VIRGINIA	3.6	1.4	1.9	1.8	1.8
MAINE	0.4	1.3	1.2	1.4	1.4
VIRGINIA	0.6	0.8	1.0	1.0	1.3
MARYLAND	0.8	1.3	0.8	1.7	1.3
OREGON	0.6	0.5	0.7	0.8	1.1
WASHINGTON	0.6	0.5	0.5	0.3	1.0
NORTH DAKOTA	13.4	13.4	13.5	10.2	0.9
VERMONT	0.4	1.4	0.7	0.9	0.8
DISTRICT OF COLUMBIA	1.7	2.6	2.2	2.1	0.7
ALASKA	0.3	0.1	0.4	0.1	0.2
PUERTO RICO	--	--	--	--	1.8
VIRGIN ISLANDS	--	--	--	--	8.2
U.S. TOTAL	5.9%	6.6%	7.2%	7.2%	7.9%

PERCENT OF STATES' EXPORTS GOING TO MEXICO: 1987–91

	1987	1988	1989	1990	1991
ALABAMA	3.3	4.0	4.5	4.8	4.0
ALASKA	0.3	0.1	0.4	0.1	0.2
ARIZONA	21.5	21.5	18.7	17.8	18.1
ARKANSAS	5.4	6.0	9.6	4.3	7.3
CALIFORNIA	6.6	6.8	7.8	8.0	8.8
COLORADO	4.0	3.8	3.8	4.2	3.1
CONNECTICUT	3.5	4.2	4.1	3.4	4.6
DELAWARE	3.3	3.2	4.2	6.7	7.2
DISTRICT OF COLUMBIA	1.7	2.6	2.2	2.1	0.7
FLORIDA	2.1	2.4	2.9	3.0	3.3
GEORGIA	2.7	3.2	3.8	6.0	4.7
HAWAII	0.0	0.1	0.0	0.0	2.7
IDAHO	2.1	5.2	2.7	3.1	3.1
ILLINOIS	3.2	3.9	4.3	5.6	6.6
INDIANA	6.5	3.3	3.8	3.4	4.0
IOWA	3.6	4.3	4.5	3.2	4.2
KANSAS	7.7	14.2	10.9	7.3	10.9
KENTUCKY	1.9	2.9	3.4	3.0	4.6
LOUISIANA	2.8	3.6	3.8	4.4	3.7
MAINE	0.4	1.3	1.2	1.4	1.4
MARYLAND	0.8	1.3	0.8	1.7	1.3
MASSACHUSETTS	1.2	1.2	1.5	1.6	1.9
MICHIGAN	6.0	6.3	8.1	6.8	7.0
MINNESOTA	2.2	2.7	3.1	2.6	3.4
MISSISSIPPI	4.1	5.1	5.5	4.2	5.1
MISSOURI	6.7	11.4	11.2	7.2	7.7
MONTANA	0.4	0.6	5.8	3.4	3.2
NEBRASKA	5.7	5.7	6.1	3.9	5.8
NEVADA	0.7	2.2	6.9	6.8	2.3
NEW HAMPSHIRE	1.1	1.4	1.7	1.9	3.3
NEW JERSEY	2.8	3.2	4.5	4.1	4.1
NEW MEXICO	5.4	8.3	6.8	6.4	5.3
NEW YORK	2.6	3.1	3.1	2.6	2.9
NORTH CAROLINA	1.6	2.0	2.3	2.3	3.3
NORTH DAKOTA	13.4	13.4	13.5	10.2	0.9
OHIO	2.4	3.1	3.5	2.8	3.4
OKLAHOMA	4.1	6.3	3.8	2.8	4.1
OREGON	0.6	0.5	0.7	0.8	1.1
PENNSYLVANIA	3.0	4.3	5.5	5.6	6.1
RHODE ISLAND	2.9	4.3	4.9	5.4	3.1
SOUTH CAROLINA	1.4	1.8	1.7	1.4	2.2
SOUTH DAKOTA	8.1	5.2	3.3	2.3	2.6
TENNESSEE	4.0	4.7	6.7	6.2	5.9
TEXAS	25.5	27.0	28.9	32.1	32.9
UTAH	4.6	5.4	2.6	2.2	1.9
VERMONT	0.4	1.4	0.7	0.9	0.8
VIRGINIA	0.6	0.8	1.0	1.0	1.3
WASHINGTON	0.6	0.5	0.5	0.3	1.0
WEST VIRGINIA	3.6	1.4	1.9	1.8	1.8
WISCONSIN	2.0	1.8	2.7	2.2	4.1
WYOMING	1.4	1.3	1.5	4.3	1.8
PUERTO RICO	--	--	--	--	1.8
VIRGIN ISLANDS	--	--	--	--	8.2
U.S. TOTAL	5.9%	6.6%	7.2%	7.2%	7.9%

DOLLAR CHANGES IN STATE EXPORTS TO MEXICO: 1990–91

(Ranked by Dollar Change – Thousand $)

	$ Change	Rank
TEXAS	$2,197,661	1
CALIFORNIA	856,360	2
ILLINOIS	206,287	3
WASHINGTON	198,931	4
MICHIGAN	196,351	5
ARIZONA	140,173	6
OHIO	137,093	7
WISCONSIN	113,030	8
PENNSYLVANIA	111,123	9
NORTH CAROLINA	102,055	10
NEW YORK	85,536	11
FLORIDA	84,641	12
CONNECTICUT	83,499	13
KANSAS	71,475	14
MINNESOTA	54,284	15
KENTUCKY	50,325	16
ARKANSAS	49,176	17
MASSACHUSETTS	45,162	18
SOUTH CAROLINA	41,655	19
INDIANA	40,166	20
VIRGINIA	37,584	21
NEW JERSEY	35,356	22
NEBRASKA	30,887	23
OKLAHOMA	24,515	24
IOWA	20,278	25
MISSISSIPPI	20,250	26
MISSOURI	14,711	27
NEW HAMPSHIRE	14,456	28
OREGON	12,415	29
DELAWARE	10,262	30
TENNESSEE	7,699	31
HAWAII	6,498	32
WEST VIRGINIA	1,988	33
IDAHO	1,850	34
VERMONT	1,387	35
ALASKA	1,321	36
NEW MEXICO	1,003	37
SOUTH DAKOTA	383	38
MONTANA	56	39
MAINE	−449	40
UTAH	−742	41
MARYLAND	−2,649	42
DISTRICT OF COLUMBIA	−4,360	43
WYOMING	−5,644	44
ALABAMA	−7,707	45
RHODE ISLAND	−16,916	46
NEVADA	−21,044	47
COLORADO	−23,405	48
NORTH DAKOTA	−43,327	49
GEORGIA	−58,376	50
LOUISIANA	−117,440	51
PUERTO RICO	--	
VIRGIN ISLANDS	--	
U.S. TOTAL	$4,900,352	

DOLLAR CHANGES IN STATE EXPORTS TO MEXICO: 1990–91

(Thousand $)

	$ Change	Rank
ALABAMA	–$7,707	45
ALASKA	1,321	36
ARIZONA	140,173	6
ARKANSAS	49,176	17
CALIFORNIA	856,360	2
COLORADO	–23,405	48
CONNECTICUT	83,499	13
DELAWARE	10,262	30
DISTRICT OF COLUMBIA	–4,360	43
FLORIDA	84,641	12
GEORGIA	–58,376	50
HAWAII	6,498	32
IDAHO	1,850	34
ILLINOIS	206,287	3
INDIANA	40,166	20
IOWA	20,278	25
KANSAS	71,475	14
KENTUCKY	50,325	16
LOUISIANA	–117,440	51
MAINE	–449	40
MARYLAND	–2,649	42
MASSACHUSETTS	45,162	18
MICHIGAN	196,351	5
MINNESOTA	54,284	15
MISSISSIPPI	20,250	26
MISSOURI	14,711	27
MONTANA	56	39
NEBRASKA	30,887	23
NEVADA	–21,044	47
NEW HAMPSHIRE	14,456	28
NEW JERSEY	35,356	22
NEW MEXICO	1,003	37
NEW YORK	85,536	11
NORTH CAROLINA	102,055	10
NORTH DAKOTA	–43,327	49
OHIO	137,093	7
OKLAHOMA	24,515	24
OREGON	12,415	29
PENNSYLVANIA	111,123	9
RHODE ISLAND	–16,916	46
SOUTH CAROLINA	41,655	19
SOUTH DAKOTA	383	38
TENNESSEE	7,699	31
TEXAS	2,197,661	1
UTAH	–742	41
VERMONT	1,387	35
VIRGINIA	37,584	21
WASHINGTON	198,931	4
WEST VIRGINIA	1,988	33
WISCONSIN	113,030	8
WYOMING	–5,644	44
PUERTO RICO	––	
VIRGIN ISLANDS	––	
U.S. TOTAL	$4,900,352	

PERCENT CHANGES IN STATE EXPORTS TO MEXICO: 1990–91

(Ranked by Percent Change)

	% Change	Rank
HAWAII	17,593.4%	1
WASHINGTON	217.1	2
ARKANSAS	105.2	3
NEBRASKA	92.2	4
WISCONSIN	82.6	5
SOUTH CAROLINA	79.3	6
NEW HAMPSHIRE	61.8	7
CONNECTICUT	47.5	8
NORTH CAROLINA	44.7	9
KENTUCKY	44.5	10
OKLAHOMA	43.9	11
KANSAS	38.3	12
VIRGINIA	34.7	13
MINNESOTA	33.4	14
OHIO	30.8	15
OREGON	28.9	16
ALASKA	28.0	17
MISSISSIPPI	25.2	18
MASSACHUSETTS	24.5	19
ILLINOIS	23.4	20
IOWA	23.0	21
PENNSYLVANIA	19.1	22
CALIFORNIA	18.3	23
INDIANA	18.3	24
FLORIDA	17.1	25
TEXAS	16.5	26
ARIZONA	16.5	27
MICHIGAN	13.7	28
NEW YORK	10.7	29
DELAWARE	8.8	30
NEW JERSEY	8.5	31
VERMONT	8.4	32
SOUTH DAKOTA	6.7	33
WEST VIRGINIA	6.5	34
IDAHO	6.0	35
NEW MEXICO	5.8	36
MISSOURI	5.4	37
TENNESSEE	2.7	38
MONTANA	0.6	39
UTAH	−1.9	40
MAINE	−3.0	41
MARYLAND	−5.0	42
ALABAMA	−5.0	43
GEORGIA	−13.4	44
LOUISIANA	−16.0	45
COLORADO	−20.6	46
RHODE ISLAND	−41.2	47
WYOMING	−47.6	48
DISTRICT OF COLUMBIA	−51.5	49
NEVADA	−65.1	50
NORTH DAKOTA	−92.4	51
PUERTO RICO	--	
VIRGIN ISLANDS	--	
U.S. TOTAL	17.3%	

STATE EXPORTS TO MEXICO, 1991*

(Ranked by Dollar Value – Thousand $)

	1991	Rank
TEXAS	$15,485,379	1
CALIFORNIA	5,526,877	2
MICHIGAN	1,628,409	3
ILLINOIS	1,087,100	4
ARIZONA	990,787	5
NEW YORK	886,835	6
PENNSYLVANIA	693,727	7
LOUISIANA	618,114	8
OHIO	581,783	9
FLORIDA	578,730	10
NEW JERSEY	452,365	11
GEORGIA	376,741	12
NORTH CAROLINA	330,540	13
TENNESSEE	290,875	14
WASHINGTON	290,573	15
MISSOURI	288,245	16
CONNECTICUT	259,395	17
INDIANA	259,377	18
KANSAS	258,266	19
WISCONSIN	249,911	20
MASSACHUSETTS	229,829	21
MINNESOTA	216,964	22
KENTUCKY	163,489	23
ALABAMA	152,628	24
VIRGINIA	146,028	25
DELAWARE	127,383	26
IOWA	108,261	27
MISSISSIPPI	100,639	28
ARKANSAS	95,929	29
SOUTH CAROLINA	94,191	30
COLORADO	90,148	31
OKLAHOMA	80,354	32
NEBRASKA	64,401	33
OREGON	55,401	34
MARYLAND	50,728	35
UTAH	39,340	36
NEW HAMPSHIRE	37,834	37
IDAHO	32,925	38
WEST VIRGINIA	32,504	39
RHODE ISLAND	24,096	40
NEW MEXICO	18,219	41
VERMONT	17,968	42
MAINE	14,398	43
NEVADA	11,304	44
MONTANA	9,716	45
HAWAII	6,535	46
WYOMING	6,224	47
SOUTH DAKOTA	6,105	48
ALASKA	6,045	49
DISTRICT OF COLUMBIA	4,103	50
NORTH DAKOTA	3,570	51
PUERTO RICO	78,943	
VIRGIN ISLANDS	15,548	
U.S. TOTAL	$33,275,780	

*The 1991 exports to Mexico include the value of merchandise shipped from Puerto Rico and the Virgin Islands

DOLLAR CHANGES IN STATE EXPORTS TO MEXICO: 1987–91

(Ranked by Dollar Change -- Thousand $)

	$ Change	Rank
TEXAS	$9,020,256	1
CALIFORNIA	3,269,615	2
ILLINOIS	808,727	3
MICHIGAN	550,539	4
PENNSYLVANIA	512,601	5
NEW YORK	374,467	6
FLORIDA	359,732	7
ARIZONA	346,109	8
OHIO	336,550	9
GEORGIA	268,644	10
NEW JERSEY	263,157	11
LOUISIANA	240,688	12
NORTH CAROLINA	235,870	13
WASHINGTON	207,191	14
TENNESSEE	189,938	15
WISCONSIN	172,588	16
CONNECTICUT	144,017	17
KANSAS	133,287	18
MASSACHUSETTS	129,712	19
MINNESOTA	126,989	20
KENTUCKY	120,224	21
VIRGINIA	104,971	22
DELAWARE	99,350	23
MISSOURI	89,533	24
ALABAMA	72,077	25
SOUTH CAROLINA	61,841	26
ARKANSAS	58,219	27
MISSISSIPPI	48,129	28
IOWA	42,177	29
OKLAHOMA	36,107	30
OREGON	35,923	31
MARYLAND	33,684	32
NEW HAMPSHIRE	28,044	33
IDAHO	21,687	34
COLORADO	20,858	35
NEBRASKA	19,854	36
VERMONT	15,398	37
MAINE	11,713	38
RHODE ISLAND	9,432	39
NEW MEXICO	9,162	40
NEVADA	8,598	41
MONTANA	8,497	42
HAWAII	6,475	43
WYOMING	2,850	44
UTAH	2,252	45
ALASKA	752	46
SOUTH DAKOTA	746	47
DISTRICT OF COLUMBIA	−829	48
WEST VIRGINIA	−11,485	49
INDIANA	−11,552	50
NORTH DAKOTA	−36,316	51
PUERTO RICO	--	
VIRGIN ISLANDS	--	
U.S. TOTAL	$18,693,541	

DOLLAR CHANGES IN STATE EXPORTS TO MEXICO: 1987–91

(Thousand $)

	$ Change	Rank
ALABAMA	$72,077	25
ALASKA	752	46
ARIZONA	346,109	8
ARKANSAS	58,219	27
CALIFORNIA	3,269,615	2
COLORADO	20,858	35
CONNECTICUT	144,017	17
DELAWARE	99,350	23
DISTRICT OF COLUMBIA	−829	48
FLORIDA	359,732	7
GEORGIA	268,644	10
HAWAII	6,475	43
IDAHO	21,687	34
ILLINOIS	808,727	3
INDIANA	−11,552	50
IOWA	42,177	29
KANSAS	133,287	18
KENTUCKY	120,224	21
LOUISIANA	240,688	12
MAINE	11,713	38
MARYLAND	33,684	32
MASSACHUSETTS	129,712	19
MICHIGAN	550,539	4
MINNESOTA	126,989	20
MISSISSIPPI	48,129	28
MISSOURI	89,533	24
MONTANA	8,497	42
NEBRASKA	19,854	36
NEVADA	8,598	41
NEW HAMPSHIRE	28,044	33
NEW JERSEY	263,157	11
NEW MEXICO	9,162	40
NEW YORK	374,467	6
NORTH CAROLINA	235,870	13
NORTH DAKOTA	−36,316	51
OHIO	336,550	9
OKLAHOMA	36,107	30
OREGON	35,923	31
PENNSYLVANIA	512,601	5
RHODE ISLAND	9,432	39
SOUTH CAROLINA	61,841	26
SOUTH DAKOTA	746	47
TENNESSEE	189,938	15
TEXAS	9,020,256	1
UTAH	2,252	45
VERMONT	15,398	37
VIRGINIA	104,971	22
WASHINGTON	207,191	14
WEST VIRGINIA	−11,485	49
WISCONSIN	172,588	16
WYOMING	2,850	44
PUERTO RICO	--	
VIRGIN ISLANDS	--	
U.S. TOTAL	**$18,693,541**	

PERCENT CHANGES IN STATE EXPORTS TO MEXICO: 1987–91

(Ranked by Percent Change)

	% Change	Rank
HAWAII	10,699.1%	1
MONTANA	697.1	2
VERMONT	599.2	3
MAINE	436.3	4
DELAWARE	354.4	5
NEVADA	317.8	6
ILLINOIS	290.5	7
NEW HAMPSHIRE	286.4	8
PENNSYLVANIA	283.0	9
KENTUCKY	277.9	10
VIRGINIA	255.7	11
NORTH CAROLINA	249.1	12
GEORGIA	248.5	13
WASHINGTON	248.5	14
WISCONSIN	223.2	15
MARYLAND	197.6	16
IDAHO	193.0	17
SOUTH CAROLINA	191.2	18
TENNESSEE	188.2	19
OREGON	184.4	20
FLORIDA	164.3	21
ARKANSAS	154.4	22
CALIFORNIA	144.8	23
MINNESOTA	141.1	24
TEXAS	139.5	25
NEW JERSEY	139.1	26
OHIO	137.2	27
MASSACHUSETTS	129.6	28
CONNECTICUT	124.8	29
KANSAS	106.6	30
NEW MEXICO	101.1	31
MISSISSIPPI	91.7	32
ALABAMA	89.5	33
WYOMING	84.4	34
OKLAHOMA	81.6	35
NEW YORK	73.1	36
RHODE ISLAND	64.3	37
IOWA	63.8	38
LOUISIANA	63.8	39
ARIZONA	53.7	40
MICHIGAN	51.1	41
MISSOURI	45.1	42
NEBRASKA	44.6	43
COLORADO	30.1	44
ALASKA	14.2	45
SOUTH DAKOTA	13.9	46
UTAH	6.1	47
INDIANA	−4.3	48
DISTRICT OF COLUMBIA	−16.8	49
WEST VIRGINIA	−26.1	50
NORTH DAKOTA	−91.0	51
PUERTO RICO	--	
VIRGIN ISLANDS	--	
U.S. TOTAL	128.2%	

STATE & REGIONAL EXPORTS TO MEXICO: 1987–91

	1987	1988	1989	1990	1991	1990–91	1987–91
			(Thousand $)			(Percent Change)	
NEW ENGLAND	$245,203	$342,134	$411,613	$456,381	$583,520	27.9%	138.0%
CONNECTICUT	115,378	160,174	182,953	175,896	259,395	47.5	124.8
MAINE	2,685	10,858	11,237	14,846	14,398	–3.0	436.3
MASSACHUSETTS	100,117	116,530	155,449	184,667	229,829	24.5	129.6
NEW HAMPSHIRE	9,790	14,280	18,316	23,379	37,834	61.8	286.4
RHODE ISLAND	14,664	23,941	32,108	41,011	24,096	–41.2	64.3
VERMONT	2,570	16,351	11,550	16,581	17,968	8.4	599.2
MID ATLANTIC	882,703	1,432,073	1,699,788	1,800,912	2,032,928	12.9	130.3
NEW JERSEY	189,208	266,749	390,817	417,009	452,365	8.5	139.1
NEW YORK	512,368	827,931	834,284	801,299	886,835	10.7	73.1
PENNSYLVANIA	181,126	337,393	474,687	582,604	693,727	19.1	283.0
SOUTH ATLANTIC	589,170	836,762	1,101,470	1,528,150	1,740,949	13.9	195.5
DELAWARE	28,033	38,900	51,414	117,121	127,383	8.8	354.4
DIST. OF COLUMBIA	4,932	7,063	6,627	8,464	4,103	–51.5	–16.8
FLORIDA	218,998	326,336	424,199	494,089	578,730	17.1	164.3
GEORGIA	108,097	157,208	232,017	435,118	376,741	–13.4	248.5
MARYLAND	17,044	33,212	25,262	53,377	50,728	–5.0	197.6
NORTH CAROLINA	94,670	137,110	190,184	228,485	330,540	44.7	249.1
SOUTH CAROLINA	32,350	54,853	59,751	52,536	94,191	79.3	191.2
VIRGINIA	41,056	63,513	85,743	108,444	146,028	34.7	255.7
WEST VIRGINIA	43,988	18,567	26,273	30,516	32,504	6.5	–26.1
NORTH CENTRAL	2,519,267	3,301,837	4,023,276	3,910,774	4,752,390	21.5	88.6
ILLINOIS	278,373	448,166	569,203	880,814	1,087,100	23.4	290.5
INDIANA	270,929	155,910	203,961	219,211	259,377	18.3	–4.3
IOWA	66,084	93,773	116,720	87,983	108,261	23.0	63.8
KANSAS	124,979	279,445	221,210	186,791	258,266	38.3	106.6
MICHIGAN	1,077,870	1,317,396	1,720,558	1,432,058	1,628,409	13.7	51.1
MINNESOTA	89,975	135,383	162,847	162,680	216,964	33.4	141.1
MISSOURI	198,713	312,727	322,043	273,534	288,245	5.4	45.1
NEBRASKA	44,546	52,275	50,581	33,514	64,401	92.2	44.6
NORTH DAKOTA	39,886	37,483	51,651	46,897	3,570	–92.4	–91.0
OHIO	245,232	381,331	464,034	444,690	581,783	30.8	137.2
SOUTH DAKOTA	5,358	4,760	5,251	5,722	6,105	6.7	13.9
WISCONSIN	77,322	83,188	135,217	136,880	249,911	82.6	223.2
SOUTH CENTRAL	7,201,771	10,415,688	12,421,696	14,762,929	16,987,408	15.1	135.9
ALABAMA	80,551	114,216	156,037	160,335	152,628	–4.8	89.5
ARKANSAS	37,710	42,664	80,519	46,752	95,929	105.2	154.4
KENTUCKY	43,266	86,127	99,428	113,165	163,489	44.5	277.9
LOUISIANA	377,426	530,149	671,019	735,554	618,114	–16.0	63.8
MISSISSIPPI	52,510	69,557	97,460	80,390	100,639	25.2	91.7
OKLAHOMA	44,248	97,769	62,369	55,839	80,354	43.9	81.6
TENNESSEE	100,938	141,177	244,237	283,176	290,875	2.7	188.2
TEXAS	6,465,123	9,334,029	11,010,627	13,287,718	15,485,379	16.5	139.5
MOUNTAIN	778,650	955,811	970,760	1,106,416	1,198,664	8.3	53.9
ARIZONA	644,677	761,786	759,494	850,613	990,787	16.5	53.7
COLORADO	69,290	79,955	96,398	113,553	90,148	–20.6	30.1
IDAHO	11,238	36,331	22,652	31,075	32,925	6.0	193.0
MONTANA	1,219	2,255	19,948	9,661	9,716	0.6	697.1
NEVADA	2,706	5,476	2[illegible],207	32,348	11,304	–65.1	317.8
NEW MEXICO	9,058	15,968	14,479	17,217	18,219	5.8	101.1
UTAH	37,088	50,985	31,758	40,082	39,340	–1.9	6.1
WYOMING	3,374	3,055	3,824	11,868	6,224	–47.6	84.4
PACIFIC	2,365,475	3,359,102	4,340,219	4,809,906	5,885,431	22.4	148.8
ALASKA	5,293	2,678	9,942	4,724	6,045	28.0	14.2
CALIFORNIA	2,257,263	3,241,765	4,172,918	4,670,518	5,526,877	18.3	144.8
HAWAII	61	216	22	37	6,535	17593.4	10699.1
OREGON	19,477	23,453	38,067	42,986	55,401	28.9	184.4
WASHINGTON	83,382	90,990	119,270	91,641	290,573	217.1	248.5
OTHER	––	––	––	––	94,491	––	––
PUERTO RICO	––	––	––	––	78,943	––	––
VIRGIN ISLANDS	––	––	––	––	15,548	––	––
U.S. TOTAL	$14,582,239	$20,643,408	$24,968,823	$28,375,428	$33,275,780	17.3%	128.2%

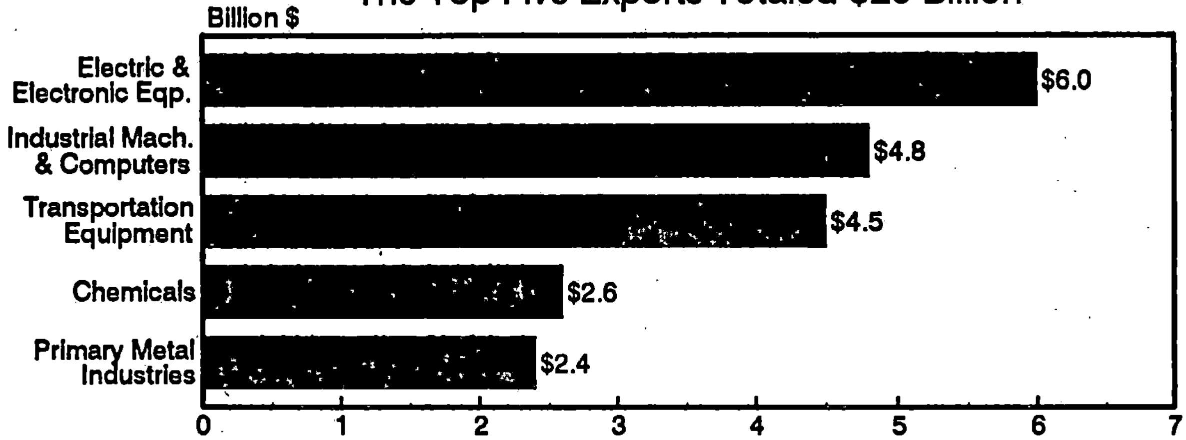
STATE & REGIONAL EXPORTS TO MEXICO: 1987–91

	1987	1988	(Thousand $) 1989	1990	1991	(Percent Change) 1990–91	1987–91
ALABAMA	$80,551	$114,216	$156,037	$160,335	$152,628	–5.0%	89.5%
ALASKA	5,293	2,678	9,942	4,724	6,045	28.0	14.2
ARIZONA	644,677	761,786	759,494	850,613	990,787	16.5	53.7
ARKANSAS	37,710	42,664	80,519	46,752	95,929	105.2	154.4
CALIFORNIA	2,257,263	3,241,765	4,172,918	4,670,518	5,526,877	18.3	144.8
COLORADO	69,290	79,955	96,398	113,553	90,148	–20.6	30.1
CONNECTICUT	115,378	160,174	182,953	175,896	259,395	47.5	124.8
DELAWARE	28,033	38,900	51,414	117,121	127,383	8.8	354.4
DIST. OF COLUMBIA	4,932	7,063	6,627	8,464	4,103	–51.5	–16.8
FLORIDA	218,998	326,336	424,199	494,089	578,730	17.1	164.3
GEORGIA	108,097	157,208	232,017	435,118	376,741	–13.4	248.5
HAWAII	61	216	22	37	6,535	17593.4	10699.1
IDAHO	11,238	36,331	22,652	31,075	32,925	6.0	193.0
ILLINOIS	278,373	448,166	569,203	880,814	1,087,100	23.4	290.5
INDIANA	270,929	155,910	203,961	219,211	259,377	18.3	–4.3
IOWA	66,084	93,773	116,720	87,983	108,261	23.0	63.8
KANSAS	124,979	279,445	221,210	186,791	258,266	38.3	106.6
KENTUCKY	43,266	86,127	99,428	113,165	163,489	44.5	277.9
LOUISIANA	377,426	530,149	671,019	735,554	618,114	–16.0	63.8
MAINE	2,685	10,858	11,237	14,846	14,398	–3.0	436.3
MARYLAND	17,044	33,212	25,262	53,377	50,728	–5.0	197.6
MASSACHUSETTS	100,117	116,530	155,449	184,667	229,829	24.5	129.6
MICHIGAN	1,077,870	1,317,396	1,720,558	1,432,058	1,628,409	13.7	51.1
MINNESOTA	89,975	135,383	162,847	162,680	216,964	33.4	141.1
MISSISSIPPI	52,510	69,557	97,460	80,390	100,639	25.2	91.7
MISSOURI	198,713	312,727	322,043	273,534	288,245	5.4	45.1
MONTANA	1,219	2,255	19,948	9,661	9,716	0.6	697.1
NEBRASKA	44,546	52,275	50,581	33,514	64,401	92.2	44.6
NEVADA	2,706	5,476	22,207	32,348	11,304	–65.1	317.8
NEW HAMPSHIRE	9,790	14,280	18,316	23,379	37,834	61.8	286.4
NEW JERSEY	189,208	266,749	390,817	417,009	452,365	8.5	139.1
NEW MEXICO	9,058	15,968	14,479	17,217	18,219	5.8	101.1
NEW YORK	512,368	827,931	834,284	801,299	886,835	10.7	73.1
NORTH CAROLINA	94,670	137,110	190,184	228,485	330,540	44.7	249.1
NORTH DAKOTA	39,886	37,483	51,651	46,897	3,570	–92.4	–91.0
OHIO	245,232	381,331	464,034	444,690	581,783	30.8	137.2
OKLAHOMA	44,248	97,769	62,369	55,839	80,354	43.9	81.6
OREGON	19,477	23,453	38,067	42,986	55,401	28.9	184.4
PENNSYLVANIA	181,126	337,393	474,687	582,604	693,727	19.1	283.0
RHODE ISLAND	14,664	23,941	32,108	41,011	24,096	–41.2	64.3
SOUTH CAROLINA	32,350	54,853	59,751	52,536	94,191	79.3	191.2
SOUTH DAKOTA	5,358	4,760	5,251	5,722	6,105	6.7	13.9
TENNESSEE	100,938	141,177	244,237	283,176	290,875	2.7	188.2
TEXAS	6,465,123	9,334,029	11,010,627	13,287,718	15,485,379	16.5	139.5
UTAH	37,088	50,985	31,758	40,082	39,340	–1.9	6.1
VERMONT	2,570	16,351	11,550	16,581	17,968	8.4	599.2
VIRGINIA	41,056	63,513	85,743	108,444	146,028	34.7	255.7
WASHINGTON	83,382	90,990	119,270	91,641	290,573	217.1	248.5
WEST VIRGINIA	43,988	18,567	26,273	30,516	32,504	6.5	–26.1
WISCONSIN	77,322	83,188	135,217	136,880	249,911	82.6	223.2
WYOMING	3,374	3,055	3,824	11,868	6,224	–47.6	84.4
PUERTO RICO	––	––	––	––	78,943	––	––
VIRGIN ISLANDS	––	––	––	––	15,548	––	––
NEW ENGLAND	245,203	342,134	411,613	456,381	583,520	27.9%	138.0%
MID ATLANTIC	882,703	1,432,073	1,699,788	1,800,912	2,032,928	12.9	130.3
SOUTH ATLANTIC	589,170	836,762	1,101,470	1,528,150	1,740,949	13.9	195.5
NORTH CENTRAL	2,519,267	3,301,837	4,023,276	3,910,774	4,752,390	21.5	88.6
SOUTH CENTRAL	7,201,771	10,415,688	12,421,696	14,762,929	16,987,408	15.1	135.9
MOUNTAIN	778,650	955,811	970,760	1,106,416	1,198,664	8.3	53.9
PACIFIC	2,365,475	3,359,102	4,340,219	4,809,906	5,885,431	22.4	148.8
OTHER	––	––	––	––	94,491	––	––
U.S. TOTAL	$14,582,239	$20,643,408	$24,968,823	$28,375,468	$33,275,780	17.3%	128.2%

UNITED STATES: EXPORTS TO MEXICO, 1987-91

U.S. Exports to Mexico in 1991 Were $33 Billion

The Top Five Exports Totaled $20 Billion



UNITED STATES EXPORTS TO MEXICO, BY INDUSTRY SECTOR
(Thousands of Dollars)

	1987	1988	1989	1990	1991
AGRICULTURE, FORESTRY & FISHING	**779,776**	**1,374,609**	**1,538,160**	**1,483,557**	**1,475,625**
Agriculture – crops	725,852	1,116,909	1,369,752	1,338,690	1,216,028
Agriculture – livestock	40,963	242,011	113,234	102,673	200,295
Forestry	12,919	15,307	28,072	22,010	26,946
Fishing & Hunting	42	382	27,102	20,183	32,357
MINING	**73,888**	**92,017**	**100,433**	**195,607**	**260,306**
Metal Mining	16,495	14,326	31,504	25,670	45,991
Coal Mining	6,431	14,486	3,226	19,140	4,087
Oil & Gas	32	1,123	1,305	109,616	132,197
Non–Metallic Minerals	50,930	62,082	64,398	41,181	78,030
MANUFACTURING	**13,379,056**	**18,626,580**	**22,624,042**	**26,165,029**	**31,076,427**
Food Products	456,300	947,922	1,330,973	1,155,746	1,721,682
Tobacco Products	930	1,208	2,341	3,513	6,793
Textile Mill Products	217,696	312,258	329,500	438,501	466,568
Apparel	228,299	316,504	519,531	542,192	728,347
Lumber & Wood Products	118,946	187,613	245,860	292,227	404,747
Furniture & Fixtures	92,540	139,606	243,074	343,273	578,932
Paper Products	574,072	766,988	934,998	946,615	1,080,576
Printing & Publishing	45,748	65,607	93,392	118,541	177,848
Chemical Products	1,345,413	1,941,365	2,133,621	2,336,344	2,565,267
Refined Petroleum Products	631,411	322,729	718,695	697,454	755,212
Rubber & Plastic Products	495,317	819,771	817,499	972,144	1,115,784
Leather Products	44,519	89,971	135,579	134,449	137,788
Stone, Clay & Glass Products	154,789	194,129	198,657	341,325	383,033
Primary Metal Industries	518,572	887,405	1,257,445	1,635,573	2,446,266
Fabricated Metal Products	567,208	757,358	1,083,078	1,267,620	1,500,821
Industrial Machinery & Computers	2,306,982	3,123,714	3,210,444	4,001,232	4,786,045
Electric & Electronic Equipment	3,214,155	4,462,172	5,087,645	5,462,291	5,970,832
Transportation Equipment	1,720,534	2,184,344	2,815,545	3,933,715	4,465,519
Scientific & Measuring Instruments	493,961	832,888	1,039,859	1,046,013	1,268,885
Miscellaneous Manufactures	151,665	273,027	426,303	496,263	515,480
OTHER	**349,519**	**550,202**	**706,188**	**531,274**	**463,423**
Scrap & Waste	204,035	338,734	334,911	280,074	237,232
Second Hand Goods	58,547	85,419	17,674	17,493	24,579
Military & Other Miscellaneous Items	86,937	126,050	353,603	233,707	201,613
US EXPORTS TO MEXICO	**14,582,239**	**20,643,408**	**24,968,823**	**28,375,468**	**33,275,780**
US EXPORTS TO THE WORLD	246,436,596	312,060,004	348,126,807	392,975,324	421,853,247
MEXICO'S SHARE OF US EXPORTS	5.9%	6.6%	7.2%	7.2%	7.9%

Wisconsin (83 percent), South Carolina (79 percent), New Hampshire (62 percent), Connecticut (48 percent), North Carolina (45 percent), and Kentucky (45 percent).

- **Border states, however, have been among those with the largest increases in the dollar value of exports to Mexico. Major industrial states in the Midwest and East have also figured prominently.**

  -- The biggest dollar increases in exports to Mexico over the 1987-91 period were registered by: Texas (up $9.0 billion), California (up $3.3 billion), Illinois (up $809 million), Michigan (up $551 million), Pennsylvania (up $513 million), New York (up $374 million), Florida (up $360 million), Arizona (up $346 million), Ohio (up $337 million), and Georgia (up $269 million).

  -- In 1990-91, the ten leaders in dollar growth were: Texas (up $2.2 billion), California (up $856 million), Illinois (up $206 million), Washington (up $199 million), Michigan (up $196 million), Arizona (up $140 million), Ohio (up $137 million), Wisconsin (up $113 million), Pennsylvania (up $111 million), and North Carolina (up $102 million).

- **Mexico has become an increasingly important market for the United States.** The 128 percent increase in U.S. exports to Mexico from 1987 to 1991 was more than double the 62 percent growth in U.S. exports to the rest of the world over the same period.

- **Consequently, the share of U.S. exports purchased by Mexico rose from 5.9 percent in 1987 to 7.9 percent in 1991.**

  -- From 1987 to 1991, forty states registered an increase in the share of exports shipped to Mexico.

  -- States that in 1991 were most reliant on Mexico, in terms of the percentage of exports absorbed by the Mexican market, were: Texas (33 percent), Arizona (18 percent), Kansas (11 percent), California (8.8 percent), Missouri (7.7 percent), Arkansas (7.3 percent), Delaware (7.2 percent), Michigan (7.0 percent), Illinois (6.6 percent), and Pennsylvania (6.1 percent).

- **Mexico's ranking among foreign markets has risen in most states since 1987.**

  -- From 1987 to 1991, Mexico's rank among export destinations rose in 34 states, despite the fact that many states expanded into numerous new markets over the period.

  -- During 1990-91 alone, Mexico's ranking among foreign markets climbed in 19 states.

- **In 1991, 38 states ranked Mexico among their top ten export markets.**

  -- Nineteen states counted Mexico among their top five foreign markets.

  -- Eleven states ranked Mexico as one of their top three export destinations.

  -- Mexico was the number one export market of two states--Texas and Arizona.

U.S. EXPORTS TO MEXICO, 1987-91: STATE EXPORT PROFILE

- **U.S. exports to Mexico--the third leading U.S. export market--totaled $33.3 billion in 1991, a 128 percent increase from $14.6 billion in 1987.**

- **Virtually all states benefited from the rapid growth in U.S. exports to Mexico over the 1987-91 period.**

  -- From 1987 to 1991, 47 of the 50 states expanded exports to Mexico.

  -- Forty states saw exports to Mexico grow faster than exports to the rest of the world.

  -- Thirty-one states more than doubled exports to Mexico. Of these, fifteen states more than tripled shipments to the Mexican market.

  -- Ten additional states boosted exports to Mexico by more than 50 percent.

- **Every major region of the nation posted large increases in exports to Mexico during 1987-91.** Five of the seven regions recorded gains in excess of 100 percent.

  -- South Atlantic states collectively posted the biggest percentage increase, with exports to Mexico nearly tripling.

  -- The South Central states together registered the largest dollar gain, with shipments to the Mexican market rising by $9.8 billion.

- **The top ten state exporters to Mexico in 1991 represented diverse parts of the country and accounted for $28.1 billion, or 84.4 percent, of total U.S. exports to the Mexican market.**

- **Texas, with $15.5 billion in shipments, led all states in exports to Mexico in 1991.** California, with $5.5 billion in exports to Mexico, ranked second. Other leading state exporters to Mexico were: Michigan ($1.6 billion), Illinois ($1.1 billion), Arizona ($991 million), New York ($887 million), Pennsylvania ($694 million), Louisiana ($618 million), Ohio ($582 million), and Florida ($579 million).

- **Nonborder states have registered the greatest percentage growth in shipments to the Mexican market.**

  -- Over the 1987-91 period, the biggest percentage increases were posted by: Hawaii (10,699 percent), Montana (697 percent), Vermont (599 percent), Maine (436 percent), Delaware (354 percent), Nevada (318 percent), Illinois (291 percent), New Hampshire (286 percent), Pennsylvania (283 percent), and Kentucky (278 percent).

  -- In 1990-91, the picture was similar, with no border states among the ten growth leaders in exports to Mexico. Those registering the greatest growth were: Hawaii (17,593 percent), Washington (217 percent), Arkansas (105 percent), Nebraska (92 percent),

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Economics and Statistics Administration
Bureau of Economic Analysis
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Table 7.—Employment by Nonbank U.S. Affiliates and All U.S. Businesses, 1988–90, by State

	1988			1989			1990		
	U.S. affiliates	All U.S. businesses[1]	U.S. affiliates as a percentage of all U.S. businesses	U.S. affiliates	All U.S. businesses[1]	U.S. affiliates as a percentage of all U.S. businesses	U.S. affiliates	All U.S. businesses[1]	U.S. affiliates as a percentage of all U.S. businesses
Total[2]	3,844.2	91,344.0	4.2	4,511.5	93,754.0	4.8	4,705.3	94,974.0	4.9
New England	249.5	5,894.3	4.2	290.3	5,888.1	4.9	284.1	5,685.2	5.0
Connecticut	72.3	1,511.6	4.8	87.6	1,508.4	5.8	78.3	1,468.9	5.3
Maine	24.4	452.9	5.4	27.1	464.3	5.8	27.1	455.0	5.9
Massachusetts	110.3	2,817.5	3.9	129.1	2,797.9	4.6	131.8	2,684.9	4.9
New Hampshire	22.4	473.9	4.7	25.1	471.7	5.3	26.3	449.3	5.8
Rhode Island	12.2	415.9	2.9	13.1	418.4	3.1	12.7	404.2	3.1
Vermont	7.9	222.4	3.5	8.3	227.5	3.7	8.0	221.9	3.6
Mideast	838.4	17,197.3	4.9	928.1	17,368.7	5.3	926.3	17,292.5	5.4
Delaware	41.8	295.4	14.1	41.9	306.5	13.7	43.1	308.8	14.0
District of Columbia	8.6	413.8	2.1	10.5	419.3	2.5	10.5	422.4	2.5
Maryland	62.1	1,776.7	3.5	71.7	1,818.2	3.9	80.9	1,824.1	4.4
New Jersey	203.9	3,182.4	6.4	222.8	3,215.5	6.9	225.5	3,153.3	7.2
New York	342.8	6,999.7	4.9	376.9	7,044.1	5.4	349.2	6,994.5	5.0
Pennsylvania	178.0	4,469.4	4.0	204.3	4,565.1	4.5	217.0	4,589.6	4.7
Great Lakes	655.0	15,903.4	4.1	772.4	16,364.6	4.7	806.8	16,602.9	4.9
Illinois	214.1	4,500.5	4.8	244.9	4,608.9	5.3	242.8	4,667.3	5.2
Indiana	83.4	2,081.9	4.0	98.1	2,187.1	4.5	124.5	2,199.7	5.7
Michigan	116.2	3,290.0	3.5	142.8	3,404.8	4.2	142.6	3,448.1	4.1
Ohio	170.2	4,116.7	4.1	207.9	4,223.7	4.9	217.9	4,273.2	5.1
Wisconsin	71.1	1,904.3	3.7	78.8	1,960.1	4.0	78.8	2,013.5	3.9
Plains	185.1	6,605.9	2.8	235.5	6,797.5	3.5	248.3	6,917.8	3.6
Iowa	26.6	988.3	2.9	30.9	1,030.8	3.0	36.7	1,051.2	3.5
Kansas	27.8	870.4	3.2	30.7	891.6	3.4	28.1	911.2	3.1
Minnesota	51.4	1,774.7	2.9	81.9	1,822.6	4.5	89.5	1,857.6	4.8
Missouri	59.0	1,967.4	3.0	72.1	2,018.3	3.6	71.8	2,031.3	3.5
Nebraska	12.7	588.0	2.2	13.7	605.1	2.3	14.8	620.9	2.4
North Dakota	2.7	203.7	1.3	2.9	205.9	1.4	3.0	210.6	1.4
South Dakota	2.9	215.4	1.4	3.2	223.3	1.5	4.5	234.6	1.9
Southeast	949.5	20,516.7	4.6	1,105.5	21,114.9	5.2	1,140.2	21,487.3	5.3
Alabama	42.0	1,283.0	3.3	64.7	1,317.9	4.9	55.0	1,344.6	4.1
Arkansas	25.7	750.5	3.4	32.2	770.9	4.2	28.7	782.2	3.7
Florida	154.1	4,505.4	3.4	178.3	4,654.4	3.8	200.1	4,747.2	4.2
Georgia	143.7	2,452.9	5.9	157.2	2,501.7	6.3	159.6	2,527.5	6.3
Kentucky	47.7	1,169.9	4.1	56.0	1,216.5	4.6	63.4	1,247.6	5.1
Louisiana	56.2	1,237.2	4.5	65.2	1,261.7	5.2	61.2	1,306.4	4.7
Mississippi	20.2	722.8	2.8	24.1	741.0	3.2	22.8	759.5	3.0
North Carolina	157.4	2,597.2	6.1	176.7	2,657.6	6.6	180.8	2,695.2	6.7
South Carolina	85.1	1,220.3	7.0	101.4	1,258.6	8.1	104.2	1,295.6	8.0
Tennessee	98.2	1,604.7	5.4	114.1	1,870.0	6.1	115.8	1,891.9	6.1
Virginia	92.7	2,288.0	4.1	106.2	2,380.0	4.5	112.2	2,377.8	4.7
West Virginia	26.6	484.9	5.5	29.4	494.7	5.9	35.2	507.3	6.9
Southwest	337.9	8,216.8	4.1	381.5	8,412.5	4.5	417.5	8,687.8	4.8
Arizona	48.0	1,244.0	3.9	54.4	1,272.7	4.3	56.1	1,294.0	4.3
New Mexico	15.1	423.3	3.6	15.8	435.2	3.6	17.4	450.3	3.9
Oklahoma	38.4	908.0	4.2	41.5	929.6	4.5	44.0	956.0	4.6
Texas	236.4	5,641.6	4.2	269.7	5,775.0	4.7	300.0	5,987.5	5.0
Rocky Mountain	62.8	2,432.1	2.8	74.0	2,528.2	2.9	98.9	2,619.3	3.8
Colorado	34.2	1,229.4	2.8	42.0	1,264.1	3.3	53.1	1,300.8	4.1
Idaho	5.6	301.0	1.9	8.0	316.0	2.5	11.4	332.8	3.4
Montana	3.8	228.7	1.7	4.1	236.1	1.7	5.1	241.8	2.1
Utah	15.4	535.2	2.9	15.8	562.9	2.8	19.7	592.4	3.3
Wyoming	3.9	143.9	2.7	4.2	147.1	2.8	9.6	151.6	6.3
Far West	501.7	14,082.1	3.6	635.0	14,688.8	4.3	688.9	15,052.5	4.6
California	407.1	10,932.7	3.7	514.6	11,344.2	4.5	552.5	11,555.9	4.8
Nevada	13.7	482.1	2.8	19.5	533.8	3.6	22.4	570.0	3.9
Oregon	25.1	987.2	2.5	30.8	1,038.2	3.0	38.1	1,072.8	3.6
Washington	55.8	1,670.0	3.3	69.9	1,772.8	3.9	75.9	1,881.1	4.1
Alaska	7.6	151.5	5.0	10.6	162.7	6.5	13.2	171.4	7.7
Hawaii	34.9	404.1	8.6	45.0	429.9	10.5	50.2	450.4	11.2
Puerto Rico	14.7	n.a.	n.a.	19.0	n.a.	n.a.	15.3	n.a.	n.a.
Other U.S. areas[3]	4.6	n.a.	n.a.	8.6	n.a.	n.a.	9.0	n.a.	n.a.
Foreign[4]	2.6	n.a.	n.a.	5.9	n.a.	n.a.	6.9	n.a.	n.a.

n.a. Not available.

1. The data on employment of all nonbank U.S. businesses are from BEA's Regional Economic Information System. The totals are equal to employment in private industries less employment of banks and private households. The all-U.S.-business employment totals shown in this table differ slightly from those shown in Table 6, which are from Table 6.4C of the "National Income and Product Accounts (NIPA) Tables" in the January 1992 SURVEY. The all-U.S. employment data in this table are derived as the sum of the State estimates. They differ from the NIPA estimates of employment because they include banking and, by definition, they exclude U.S. residents temporarily employed abroad by U.S. businesses. They also differ from the NIPA estimates because of different data sources and revision schedules.

2. For consistency with the coverage of the all-U.S.-business employment data, U.S. affiliate employment in Puerto Rico, in "other territories and offshore," and in "foreign" was excluded from the U.S. affiliate employment total when the percentage shares on this line were computed.

3. See footnote 2 to table 5.

4. See footnote 3 to table 5.

Table 8.—Manufacturing Employment by U.S. Affiliates and All U.S. Businesses, 1988–90, by State

	1988			1989			1990		
	U.S. affiliates	All U.S. businesses [1]	U.S. affiliates as a percentage of all U.S. businesses	U.S. affiliates	All U.S. businesses [1]	U.S. affiliates as a percentage of all U.S. businesses	U.S. affiliates	All U.S. businesses [1]	U.S. affiliates as a percentage of all U.S. businesses
Total [2 3]	1,611.9	19,486.0	8.2	1,865.4	19,536.0	9.6	2,005.4	19,261.0	10.4
New England	98.7	1,353.6	7.3	118.3	1,302.7	9.1	118.5	1,223.1	9.5
Connecticut	28.4	374.7	7.6	38.3	381.5	10.6	34.9	343.7	10.2
Maine	8.4	108.7	7.7	8.7	106.2	8.2	7.7	102.8	7.5
Massachusetts	41.7	589.2	7.1	49.0	582.4	8.7	52.0	522.5	10.0
New Hampshire	10.2	118.4	8.6	11.8	114.1	10.4	11.3	106.3	10.6
Rhode Island	7.5	113.7	6.6	7.5	109.7	6.8	6.9	101.2	6.8
Vermont	2.5	50.0	5.0	3.0	48.8	6.1	3.8	46.7	8.1
Mideast	302.2	3,254.2	9.3	348.6	3,198.5	10.9	353.2	3,064.5	11.5
Delaware	13.3	70.8	18.7	12.6	73.8	17.1	11.9	72.2	16.5
District of Columbia	.4	16.7	2.5	.4	16.1	2.4	.8	16.5	4.8
Maryland	24.1	212.2	11.4	28.0	208.6	13.4	30.7	207.3	14.8
New Jersey	78.6	666.6	11.8	97.0	645.8	15.0	95.3	604.2	15.8
New York	91.8	1,222.2	7.5	99.1	1,196.6	8.3	101.5	1,139.7	8.9
Pennsylvania	93.9	1,065.4	8.8	111.4	1,055.5	10.6	113.0	1,024.5	11.0
Great Lakes	343.3	4,250.3	8.1	393.7	4,229.6	9.3	439.8	4,244.7	10.4
Illinois	94.0	990.3	9.5	108.0	988.2	10.9	113.0	985.9	11.5
Indiana	53.6	638.6	8.4	65.1	647.7	10.0	85.2	639.3	13.2
Michigan	67.0	953.2	7.0	69.4	969.2	7.2	75.3	945.0	8.0
Ohio	88.3	1,113.7	7.9	113.5	1,124.2	10.1	120.0	1,113.2	10.8
Wisconsin	40.2	554.6	7.2	42.6	560.4	7.6	46.3	561.3	8.2
Plains	82.1	1,388.5	5.9	100.8	1,409.9	7.2	106.1	1,416.0	7.5
Iowa	17.3	226.3	7.6	20.0	235.8	8.5	21.6	236.9	9.1
Kansas	9.0	183.0	4.9	10.1	184.4	5.5	10.7	186.2	5.7
Minnesota	22.1	395.0	5.6	29.8	400.7	7.4	30.5	401.1	7.6
Missouri	26.1	435.4	6.0	31.4	442.0	7.1	32.5	439.2	7.4
Nebraska	5.0	96.7	5.1	6.6	95.1	6.7	7.3	101.0	7.3
North Dakota	1.1	16.5	6.5	1.2	16.6	7.0	1.1	17.5	6.3
South Dakota	1.5	31.6	4.8	1.6	32.4	5.4	2.4	34.2	7.0
Southeast	452.7	4,718.0	9.6	516.9	4,739.6	10.9	555.7	4,711.0	11.8
Alabama	25.0	383.2	6.5	27.0	387.6	7.0	34.8	387.2	9.0
Arkansas	15.2	229.4	6.6	18.3	231.3	7.9	18.7	233.2	8.0
Florida	33.7	543.4	6.2	44.8	538.6	8.3	47.4	523.1	9.1
Georgia	62.2	580.5	10.7	68.4	570.5	12.0	71.6	562.3	12.7
Kentucky	27.1	275.3	9.8	37.4	284.5	13.1	41.1	287.6	14.3
Louisiana	16.8	171.3	9.8	20.4	178.5	11.5	20.9	184.1	11.4
Mississippi	13.6	240.1	5.7	15.2	244.5	6.2	14.8	247.3	6.0
North Carolina	93.4	873.3	10.7	101.1	873.5	11.6	107.3	862.7	12.4
South Carolina	47.4	388.3	12.2	52.3	390.6	13.4	63.4	384.5	16.5
Tennessee	62.0	512.3	12.1	68.3	523.6	13.0	68.5	521.3	13.1
Virginia	39.6	432.1	9.2	45.1	430.2	10.5	49.3	429.7	11.5
West Virginia	14.7	87.7	16.8	17.6	88.2	20.0	17.9	87.9	20.3
Southwest	113.4	1,351.8	8.3	126.2	1,374.5	9.2	138.3	1,356.5	9.9
Arizona	12.7	192.3	6.6	13.4	188.4	7.1	12.1	187.2	6.4
New Mexico	2.6	40.9	6.3	2.6	43.0	6.1	3.3	43.8	7.4
Oklahoma	12.0	163.4	7.4	13.3	164.7	8.1	16.6	168.9	9.8
Texas	86.1	986.2	8.8	96.9	978.5	9.9	108.4	996.6	10.7
Rocky Mountain	20.4	378.2	5.4	24.1	389.3	6.2	25.0	395.9	6.3
Colorado	9.4	190.8	4.9	10.4	193.9	5.4	11.0	193.5	5.7
Idaho	2.3	58.1	4.0	4.3	61.0	7.0	4.5	63.4	7.1
Montana	1.4	21.7	6.6	1.4	22.4	6.2	1.4	22.5	6.2
Utah	6.5	98.9	6.5	7.3	103.1	7.1	7.4	107.1	6.9
Wyoming	.6	8.6	8.7	.7	8.9	8.1	.7	9.5	7.2
Far West	187.7	2,758.2	6.8	230.3	2,796.0	8.2	252.4	2,770.8	9.1
California	157.0	2,173.1	7.2	196.6	2,186.5	9.0	214.2	2,151.0	10.0
Nevada	1.2	25.1	4.7	1.7	25.6	6.6	2.1	26.5	8.1
Oregon	10.6	218.1	4.9	11.6	220.5	5.2	13.6	222.1	6.2
Washington	18.9	342.0	5.5	20.5	363.4	5.6	22.3	371.3	6.0
Alaska	2.9	15.5	18.8	2.3	16.1	14.3	3.9	17.4	22.7
Hawaii	1.6	21.8	7.2	2.6	21.7	11.8	2.8	21.3	13.1
Puerto Rico	7.9	n.a.	n.a.	12.9	n.a.	n.a.	8.9	n.a.	n.a.
Other U.S. areas [4]	.2	n.a.	n.a.	3.1	n.a.	n.a.	2.0	n.a.	n.a.
Foreign [5]	.6	n.a.	n.a.	3.0	n.a.	n.a.	.7	n.a.	n.a.

n.a. Not available.

1. The data on the manufacturing employment of all nonbank U.S. businesses are from BEA's Regional Economic Information System. The all-U.S.-business manufacturing totals shown in this table differ slightly from those shown in table 6 (see footnote 2 to table 6). The all-U.S.-business employment data in this table are derived as the sum of the State estimates. They differ from the NIPA estimates of employment because, by definition, they exclude U.S. residents temporarily employed abroad by U.S. businesses. They also differ from the NIPA estimates because of different data sources and revision schedules.

2. Total affiliate manufacturing employment and the shares of all-U.S.-business manufacturing employment accounted for by affiliates in this table differ from those shown in table 6 (see footnote 4 to table 6).

3. For consistency with the coverage of the all-U.S.-business employment data, U.S. affiliate employment in Puerto Rico, in "other territories and offshore," and in "foreign" was excluded from the U.S. affiliate employment total when the percentage shares on this line were computed.

4. See footnote 2 to table 5.

5. See footnote 3 to table 5.

Table 15.1—Employment by Nonbank U.S. Affiliates, State by Country of Ultimate Beneficial Owner, 1989

	All countries	Canada	Europe						Latin America and Other Western Hemisphere	Africa	Middle East	Asia and Pacific			United States
			Total	Of which:								Total	Of which:		
				France	Germany, Federal Republic of	Netherlands	Switzerland	United Kingdom					Australia	Japan	
Total	4,611.5	721.4	2,711.1	270.4	443.9	314.4	271.6	1,021.5	227.7	17.4	39.2	791.5	158.1	528.0	33.1
New England:															
Connecticut	87.6	8.9	70.9	8.9	13.2	12.4	11.9	16.9	2.3	(*)	.5	5.4	.9	4.3	.2
Maine	27.1	12.5	12.4	.9	1.0	1.9	1.2	5.3	1.1	(*)	(*)	1.0	.3	.4	.1
Massachusetts	129.1	21.1	81.3	9.1	11.8	5.4	4.5	27.8	5.5	.5	2.1	17.9	3.4	14.0	.7
New Hampshire	25.1	(D)	15.2	.9	3.4	1.8	.9	7.4	.2	0	(*)	2.3	.1	2.2	(D)
Rhode Island	13.1	2.6	9.5	.5	1.6	.8	.5	4.2	.3	.1	(*)	.5	.1	.5	.1
Vermont	8.9	2.7	4.9	.2	.5	.3	1.1	.6	.2	(*)	0	.4	(*)	.4	.1
Mideast:															
Delaware	41.8	(D)	9.9	.3	1.4	.4	.5	5.9	.6	(*)	.8	(D)	(*)	1.1	(D)
District of Columbia	10.8	1.9	6.7	.4	.3	1.0	.5	3.4	.4	(*)	.1	1.4	.3	1.0	(*)
Maryland	71.7	15.1	48.1	7.2	7.2	7.3	5.8	14.8	1.9	(*)	1.0	5.3	1.5	3.8	.3
New Jersey	232.8	25.4	154.2	15.1	38.0	13.7	26.9	42.1	5.5	(D)	.3	33.0	4.0	25.0	(D)
New York	376.9	55.7	232.7	18.6	43.7	15.8	23.8	93.3	13.5	.4	2.1	65.7	16.5	43.1	6.8
Pennsylvania	204.3	27.6	146.4	16.7	27.1	12.8	10.9	64.1	9.1	.4	(D)	16.2	4.9	10.8	(D)
Great Lakes:															
Illinois	244.8	27.9	158.3	11.4	24.2	11.4	19.5	70.4	9.8	.4	1.0	48.3	4.6	40.3	1.4
Indiana	99.1	15.2	59.1	11.9	12.3	8.8	3.3	16.2	3.4	.4	.2	19.8	.8	11.4	(*)
Michigan	142.6	18.7	85.3	10.9	25.2	4.7	8.1	29.6	8.2	.5	.1	30.8	9.7	20.2	1.2
Ohio	207.9	27.3	120.2	10.6	18.8	13.9	12.1	48.6	13.1	1.3	.3	44.3	4.0	34.2	1.4
Wisconsin	78.9	11.6	58.4	5.6	10.5	8.9	8.7	19.3	1.6	.1	1.0	6.1	2.8	2.9	(*)
Plains:															
Iowa	30.9	5.2	20.2	1.7	3.8	3.7	1.5	4.1	.5	.4	(*)	4.2	.1	3.0	.3
Kansas	30.7	8.0	18.5	2.1	1.8	4.0	1.7	6.9	1.3	.2	(*)	2.8	.8	1.4	.1
Minnesota	81.9	8.4	48.6	9.8	8.7	3.9	4.7	22.4	2.7	.1	.1	21.2	(D)	3.4	.4
Missouri	72.1	18.9	44.4	3.9	8.2	5.3	5.0	14.0	4.5	(*)	.7	5.3	1.3	3.4	.2
Nebraska	13.7	1.5	10.0	.9	(D)	1.8	1.2	4.0	.5	.1	0	1.7	.5	1.1	(*)
North Dakota	2.9	1.0	1.5	.1	.1	.2	.1	.9	.1	.1	(*)	.2	.1	.1	(*)
South Dakota	3.2	1.1	1.9	(*)	(*)	.6	.1	.9	(*)	(*)	0	.3	.1	.2	0
Southeast:															
Alabama	64.7	16.2	25.7	5.4	2.8	1.3	3.3	8.9	(D)	.4	.4	11.8	4.8	6.4	.1
Arkansas	32.2	6.2	17.7	2.9	.7	4.8	1.6	5.3	1.5	.3	(*)	6.5	1.1	5.3	(*)
Florida	178.3	31.6	161.4	9.7	8.3	10.3	7.0	45.2	21.9	1.4	3.9	17.7	6.4	9.4	.4
Georgia	157.2	33.8	92.7	7.5	13.5	8.5	8.6	32.2	(D)	(D)	2.1	22.8	4.0	17.5	.8
Kentucky	56.0	10.8	27.9	3.5	7.7	2.9	.9	11.4	1.0	.3	.9	15.0	1.2	13.8	.1
Louisiana	65.2	9.7	42.0	9.0	5.1	11.1	2.6	16.8	7.7	.1	1.3	3.9	.5	1.7	.4
Mississippi	24.1	3.5	13.8	3.0	1.3	1.2	2.4	4.4	3.4	.2	(*)	3.2	.8	2.4	.1
North Carolina	175.7	30.6	125.2	9.8	30.9	5.5	7.4	46.6	6.7	.2	1.1	12.3	1.0	8.7	.6
South Carolina	101.4	9.4	69.5	10.8	15.6	15.3	5.0	14.4	9.2	.3	2.8	9.9	1.0	7.6	(*)
Tennessee	114.1	18.6	70.4	8.7	8.9	11.1	5.2	23.1	(D)	.1	(D)	19.4	4.0	13.4	.1
Virginia	108.2	22.1	70.2	6.4	14.1	5.1	5.2	24.4	6.6	.3	1.6	6.0	1.1	4.8	.2
West Virginia	28.4	12.7	15.2	1.9	2.7	2.0	3.3	3.6	.5	(*)	.2	.6	.1	.7	(*)
Southwest:															
Arizona	54.4	11.4	23.2	3.9	1.9	5.1	1.9	7.2	(D)	.1	(D)	16.0	11.0	4.4	.4
New Mexico	15.8	3.0	9.1	.2	(D)	1.9	.2	2.2	.6	(*)	.1	2.7	(D)	1.5	.2
Oklahoma	41.6	9.4	24.4	2.2	2.3	3.9	1.1	11.4	3.1	.2	.2	3.9	.3	3.0	.3
Texas	269.7	35.6	174.8	18.8	26.5	35.7	19.4	56.1	14.6	1.8	7.4	33.2	9.6	19.5	1.2
Rocky Mountains:															
Colorado	42.0	7.8	24.2	2.8	1.5	2.3	3.3	11.6	2.2	.1	.5	5.5	1.8	4.4	.5
Idaho	8.0	1.8	4.3	.2	.2	.2	.9	2.8	.3	(*)	(*)	1.8	.5	(D)	(*)
Montana	4.1	1.4	1.8	.5	(*)	.2	.2	.6	(*)	(*)	(*)	1.0	.7	.2	(*)
Utah	15.0	2.3	11.0	.2	1.1	1.9	1.2	4.3	.6	.2	(*)	1.5	.2	.8	.1
Wyoming	4.2	.8	3.0	1.1	(*)	.2	.1	1.4	.2	(*)	(*)	.1	(*)	.1	0
Far West:															
California	514.9	63.8	265.8	23.0	30.6	29.5	31.1	118.8	32.7	1.1	2.6	148.0	20.0	109.4	4.0
Nevada	19.5	4.3	8.8	.2	1.1	1.3	.5	4.7	1.0	.1	(*)	5.4	1.5	3.8	(*)
Oregon	30.9	3.6	18.5	.8	4.7	.9	1.4	6.0	.8	(*)	.1	9.4	1.6	7.1	.1
Washington	69.9	13.9	33.0	2.1	6.0	3.8	4.6	14.1	4.2	.8	(*)	17.9	6.0	10.1	.8
Alaska	10.8	1.0	2.8	.1	.1	.2	.2	2.0	.3	(*)	0	6.0	.6	5.3	.7
Hawaii	48.0	.8	4.0	.8	.1	.7	.4	1.6	3.7	0	0	38.1	2.5	30.3	.4
Puerto Rico	19.0	1.4	11.8	.3	1.4	.7	1.9	5.4	.4	0	0	5.7	(*)	2.8	.2
Other U.S. areas[1]	8.8	.2	1.8	.8	0	(*)	.2	.8	1.5	(*)	.2	4.9	(*)	1.8	(*)
Foreign[2]	6.9	(D)	2.6	.5	(*)	.2	.2	1.5	(*)	0	.1	(D)	(*)	(D)	0

D Suppressed to avoid disclosure of data of individual companies.
* Less than 50 employees.
1. See footnote 2 to table 5.
2. See footnote 3 to table 5.

NOTE.—Estimates for 1989 are revised.

Table 15.2—Employment by Nonbank U.S. Affiliates, State by Country of Ultimate Beneficial Owner, 1990

	All countries	Canada	Europe						Latin America and Other Western Hemisphere	Africa	Middle East	Asia and Pacific			United States
			Total	Of which: France	Germany[1]	Netherlands	Switzerland	United Kingdom				Total	Of which: Australia	Japan	
Total	4,706.3	740.0	2,990.3	334.5	513.3	290.2	277.6	1,039.2	132.1	19.2	25.5	830.2	165.3	618.7	27.7
New England:															
Connecticut	78.3	7.5	83.4	7.0	12.0	12.9	9.5	17.3	1.1	(*)	.3	5.8	1.2	4.4	.2
Maine	27.1	12.4	12.4	.9	1.0	1.6	1.3	6.7	(D)	0	(*)	(D)	.4	.7	(D)
Massachusetts	131.8	23.3	85.3	12.7	13.8	3.4	4.7	39.3	3.7	.4	2.1	16.4	3.6	12.3	.6
New Hampshire	26.3	(D)	16.0	1.2	3.3	1.2	.9	8.3	.6	(*)	(*)	2.0	.1	1.8	(D)
Rhode Island	12.7	1.3	10.6	.4	1.8	.6	.6	5.6	.1	(*)	(*)	.7	.1	.6	(*)
Vermont	8.0	3.1	9.8	.5	1.0	.3	1.1	.5	.2	0	0	.9	(*)	.9	.1
Mideast:															
Delaware	43.1	(D)	11.1	1.1	1.5	.4	.5	6.2	.2	(*)	.7	2.1	.1	1.4	(D)
District of Columbia	10.5	1.9	6.4	.4	.8	.7	.7	3.3	.3	(*)	(*)	1.8	.3	1.4	(*)
Maryland	60.9	18.4	64.0	7.3	8.3	7.4	7.7	17.5	1.9	(*)	.4	5.9	1.9	3.7	.3
New Jersey	225.5	29.4	152.6	14.9	31.0	13.7	27.5	44.1	4.2	(D)	.3	35.8	3.0	28.3	(D)
New York	348.2	58.9	213.9	22.0	36.8	17.4	22.9	92.0	6.9	.4	1.6	62.0	13.5	41.3	7.5
Pennsylvania	217.0	28.5	160.3	23.5	29.3	16.0	10.6	64.5	8.0	.4	1.3	19.6	5.7	13.1	.6
Great Lakes:															
Illinois	242.8	29.5	152.5	12.7	24.0	11.3	26.9	57.8	6.7	.4	.6	52.4	5.6	44.4	1.7
Indiana	124.5	15.8	66.6	16.5	12.5	6.0	3.7	20.7	2.2	.3	.2	37.6	1.4	28.3	(*)
Michigan	142.6	21.4	81.3	11.2	23.3	4.7	2.9	29.2	3.9	.5	.1	35.1	11.1	22.9	.5
Ohio	217.0	26.5	125.8	15.7	18.4	13.3	12.6	48.5	9.6	1.1	.2	52.4	6.0	39.6	.2
Wisconsin	78.8	13.1	67.5	7.3	14.6	6.7	5.6	15.3	.6	.1	1.0	6.6	3.0	3.1	(*)
Plains:															
Iowa	36.7	10.0	21.7	1.7	4.0	4.1	1.8	5.6	.2	.5	(*)	4.1	.1	3.1	.3
Kansas	23.1	6.7	17.2	2.5	2.0	1.5	2.2	6.0	.4	.2	.1	3.8	.6	2.1	.1
Minnesota	89.5	10.3	54.4	3.6	12.0	8.2	6.4	20.8	.8	.1	.1	23.7	(D)	4.4	.1
Missouri	71.8	17.1	46.3	5.8	5.8	4.6	5.4	15.9	1.3	(*)	.4	6.3	(D)	4.0	.4
Nebraska	14.6	1.6	10.9	1.1	2.4	1.2	1.2	4.8	.3	.1	(*)	1.8	.5	1.1	(*)
North Dakota	9.0	.9	1.7	.2	.3	.2	.1	.7	.1	(*)	(*)	.2	.1	.1	(*)
South Dakota	4.5	1.1	2.9	.2	.2	.7	.1	1.8	(*)	.1	(*)	.5	.1	.4	0
Southeast:															
Alabama	55.0	7.8	34.6	11.2	4.1	1.1	3.5	10.4	1.7	.4	.4	10.0	2.2	7.2	.1
Arkansas	29.7	5.8	15.7	3.1	.7	2.1	1.7	6.6	1.2	.2	(*)	6.7	1.0	5.3	(*)
Florida	200.1	40.2	120.8	11.6	17.3	10.9	7.8	45.9	12.1	1.3	1.5	23.3	6.4	13.8	.4
Georgia	159.8	30.4	95.0	11.9	13.6	11.4	8.9	34.8	2.4	2.4	1.8	26.9	8.2	18.7	.8
Kentucky	63.4	10.7	32.1	4.6	7.8	2.7	1.0	14.1	.8	.4	.8	18.6	1.5	16.4	.1
Louisiana	61.2	10.5	38.6	3.5	6.7	7.8	2.7	14.1	7.5	.1	.7	3.5	1.0	1.7	.3
Mississippi	22.6	3.8	13.5	2.1	1.5	1.0	2.5	4.6	2.1	.2	(*)	3.1	1.0	2.0	.1
North Carolina	180.5	28.7	134.1	11.2	31.5	5.1	6.3	43.3	1.5	.2	.7	14.9	1.0	11.8	.9
South Carolina	104.2	9.3	76.8	13.1	18.7	12.8	4.3	17.1	2.7	.3	.6	13.9	.6	11.9	.6
Tennessee	115.6	19.0	73.0	10.4	8.6	7.7	6.9	27.7	1.3	.1	.4	21.5	3.7	15.6	.4
Virginia	112.2	17.9	80.8	6.7	14.4	4.5	4.6	29.6	6.0	.3	.5	7.9	1.0	6.1	.1
West Virginia	35.2	13.0	20.1	2.0	3.7	2.0	2.3	8.4	.4	(*)	.2	1.4	.3	1.1	(*)
Southwest:															
Arizona	66.1	10.4	23.7	4.4	2.5	2.3	1.7	9.1	1.5	.1	1.7	18.5	13.0	4.4	.2
New Mexico	17.4	2.7	11.0	1.0	5.5	1.3	.2	2.4	.6	(*)	0	3.0	1.4	1.5	(*)
Oklahoma	44.0	8.6	26.1	5.0	2.2	1.5	.8	12.5	2.8	.2	.1	4.9	.4	4.0	.3
Texas	300.0	40.1	200.5	22.8	35.5	24.8	17.4	65.2	13.2	2.1	4.5	35.9	10.0	21.6	.3
Rocky Mountains:															
Colorado	53.1	7.8	35.8	3.2	9.4	2.7	3.7	10.7	1.1	(*)	.4	7.5	1.6	5.4	.6
Idaho	11.4	1.4	6.0	.4	(D)	.2	(D)	2.3	.1	(*)	(*)	1.6	.6	(D)	(*)
Montana	5.1	1.5	2.6	.4	(D)	.3	.3	1.1	(*)	(*)	(*)	.9	.9	.1	(*)
Utah	19.7	2.2	15.8	.7	4.4	1.9	1.9	6.9	.2	.2	(*)	1.5	.3	.4	0
Wyoming	8.6	.8	8.2	1.3	.7	.3	(D)	2.1	.2	(*)	0	.4	(*)	.3	0
Far West:															
California	553.2	83.5	290.9	29.2	46.0	34.6	23.0	103.5	16.1	1.3	1.1	178.1	21.7	134.6	2.5
Nevada	22.4	4.8	10.5	.7	2.7	3.3	.4	2.6	.2	.6	(*)	6.2	2.0	4.0	(*)
Oregon	38.1	4.9	21.1	1.0	8.3	1.0	1.3	6.1	.2	.2	(*)	11.6	1.8	8.3	.1
Washington	75.6	14.8	37.9	2.5	9.2	4.4	4.6	13.4	(D)	(D)	(*)	19.6	5.2	11.7	(D)
Alaska	13.2	1.8	3.7	.1	.2	.4	.2	2.7	.4	(*)	(*)	6.9	.7	6.0	.7
Hawaii	50.2	.6	6.9	.9	.2	.5	.4	1.5	3.6	0	0	39.6	3.1	32.7	.3
Puerto Rico	15.3	1.5	10.4	.2	1.2	.7	1.8	4.6	.4	0	0	2.7	(*)	1.6	.2
Other U.S. areas[2]	9.0	.2	1.6	.3	(*)	0	.4	.7	1.3	.2	(*)	6.5	(*)	1.9	(*)
Foreign[3]	6.9	.5	2.6	.4	.1	.2	.2	1.2	.1	(D)	(*)	(D)	(*)	(D)	(*)

D Suppressed to avoid disclosure of data of individual companies.
* Less than 50 employees.
1. See footnote 1 to table 4.
2. See footnote 2 to table 5.
3. See footnote 3 to table 5.

NOTE.—Estimates for 1990 are preliminary.

Table 16.—Gross Property, Plant, and Equipment of Nonbank U.S. Affiliates, by State, 1988–90

[Millions of dollars]

	1988		1989 r		1990 p		Change in commercial property	
	Total	Of which: Commercial property [1]	Total	Of which: Commercial property [1]	Total	Of which: Commercial property [1]	1988–89	1989–90
Total	418,039	104,046	489,481	124,839	572,342	146,611	20,791	21,771
New England:								
Connecticut	3,810	1,468	4,841	1,597	5,334	1,763	129	166
Maine	2,036	424	1,943	391	2,077	328	−33	−63
Massachusetts	6,818	2,847	7,285	3,314	8,848	3,470	466	157
New Hampshire	994	258	1,119	256	1,497	378	−3	121
Rhode Island	580	168	887	242	1,081	335	74	92
Vermont	449	56	492	82	628	151	25	69
Mideast:								
Delaware	4,769	580	5,343	638	5,811	735	59	97
District of Columbia	2,230	2,036	3,004	2,788	3,489	3,220	751	433
Maryland	3,766	1,291	4,722	1,472	5,784	1,844	182	372
New Jersey	13,920	3,721	18,275	3,664	18,447	4,306	−58	643
New York	26,388	14,387	33,554	18,884	36,203	21,158	4,497	2,274
Pennsylvania	11,582	2,523	14,509	3,012	18,488	3,350	489	338
Great Lakes:								
Illinois	18,889	4,726	19,870	6,070	23,229	6,558	1,344	488
Indiana	5,629	785	7,995	1,048	13,255	1,011	263	−38
Michigan	8,774	1,097	10,637	1,187	11,910	1,413	89	226
Ohio	12,912	2,866	17,282	2,621	20,308	3,177	−245	556
Wisconsin	3,674	549	4,323	516	5,044	618	−31	102
Plains:								
Iowa	2,219	273	2,244	235	2,615	262	−38	27
Kansas	5,254	239	4,760	330	5,031	285	91	−45
Minnesota	5,540	1,432	11,516	1,888	12,420	1,811	456	−77
Missouri	4,484	915	5,008	960	5,778	1,064	46	104
Nebraska	556	75	710	110	760	102	36	−8
North Dakota	1,169	9	1,109	24	1,200	35	15	11
South Dakota	441	36	465	28	552	47	−9	20
Southeast:								
Alabama	4,852	469	5,873	609	7,348	480	143	−129
Arkansas	1,707	375	2,312	485	2,478	460	109	−5
Florida	11,905	6,190	14,902	7,317	17,677	8,527	1,127	1,211
Georgia	10,856	3,678	13,895	4,806	16,506	5,485	1,128	679
Kentucky	5,561	655	6,789	601	9,011	835	−53	233
Louisiana	16,896	1,323	15,994	1,216	17,221	1,492	−108	276
Mississippi	2,579	193	2,688	224	2,912	236	31	12
North Carolina	11,792	1,584	13,619	1,702	15,160	2,000	117	298
South Carolina	7,289	1,002	8,654	1,316	10,153	1,400	514	−118
Tennessee	7,292	1,135	6,940	1,488	10,124	1,681	352	195
Virginia	7,982	2,040	9,155	2,593	10,818	3,052	533	459
West Virginia	5,020	191	5,632	271	8,023	185	80	−86
Southwest:								
Arizona	5,060	1,896	5,870	2,288	7,298	2,545	402	257
New Mexico	3,589	275	3,789	296	4,334	427	21	131
Oklahoma	5,709	630	5,766	761	6,052	746	131	−15
Texas	46,213	10,421	47,968	11,329	57,170	12,767	908	1,439
Rocky Mountain:								
Colorado	5,469	2,494	5,822	2,841	6,268	3,097	347	256
Idaho	432	22	816	38	768	200	15	162
Montana	1,801	71	1,916	(D)	2,151	87	(D)	(D)
Utah	3,502	120	3,647	264	4,009	481	143	217
Wyoming	2,990	30	2,008	35	2,872	175	5	140
Far West:								
California	52,411	19,676	63,706	23,609	77,487	29,696	3,933	6,087
Nevada	2,593	549	3,865	585	5,377	961	36	375
Oregon	2,089	554	2,467	673	3,205	1,078	119	405
Washington	4,803	1,372	6,082	1,645	8,066	2,168	273	523
Alaska	18,312	234	18,114	(D)	19,435	249	(D)	(D)
Hawaii	4,990	3,316	8,224	5,169	10,658	7,495	1,853	2,327
Puerto Rico	663	145	1,246	155	1,303	175	9	20
Other U.S. areas [2]	17,247	212	17,416	277	19,057	553	65	277
Foreign [3]	2,646	193	1,681	133	1,841	225	−60	92

r Revised.
p Preliminary.
D Suppressed to avoid disclosure of data of individual companies.
1. See footnote 1 to table 1.
2. See footnote 2 to table 5.
3. Consists primarily of movable fixed assets temporarily located outside the United States and of any foreign assets, including mineral rights, carried on the U.S. affiliates' books.

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The Third Way: Social Democracy?

The 1992 Democratic platform calls for a "third way" between "do-nothing government ... and big government theory." But upon examination of Clinton's economic plan, there isn't much that doesn't represent the big-government theory. More government to solve the nation's troubles may sound politically appealing, but one only has to look at other examples of failed big-governments -- the Soviet Union, North Korea and Cuba -- to understand that government solutions not only threaten job creation but our entire standard of living. Clinton has proposed a laundry list of national "socialized" plans and programs.

1. National Apprenticeship Program
2. National Service Trust Fund
3. National Training Fund
4. National Health Insurance
5. Rebuild America Fund
6. National Police Corps: 100,000 officers
7. National Information Networks
8. Nationwide Network of Community Development Banks
9. National Economic Security Council
10. National Deadbeat Fathers Data bank
11. National K-12 Examination System
12. Civilian Research and Development Agency
13. National Heath Care Spending Caps
14. National Medical "Smart Cards" for everyone.

It is interesting to note that one of Clinton closest economic advisors, Derek Shearer, is a former Rhodes Scholar and strong advocate for big-government solutions. Calling his new socialism "economic democracy," Shearer advocates government involvement in industry including, "public spending to create jobs and stimulate balanced economic growth; greater public control of capital investments through state and local development banks and employee pension funds; economic growth guided by social and environmental consideration; Democratic planning mechanisms at the neighborhood, city, state and national levels."[1] Shearer writings clearly support socialism and government control of the economy; he has supported huge government holding companies and he has already picked out the name, "the American Enterprise Fund."[2]

Shearer frankly says, "Socialism has a bad name in America, and no amount of wishful thinking on the part of the left is going to change that in our lifetimes." Thus he pleads, "the words economic democracy are an adequate and effective replacement."[3]

1*Nation*, Derek Shearer, Planning With Political Face, 31 Dec. 83 - 7 Jan. 84.
2Covert Cadre, Derek Shearer and Lee Webb, "How to Plan a Mixed Economy," *Nation*, October 11, 1975, p.339.

[3]Covert Cadre, Derek Shearer, as cited by Justin Raimondo, "Inside the CED," *Reason*, February 1982, p.20.

Hopkins professor Eliot Cohen, were invited to inspect the Saudi military by the Saudi ambassador to the U.S. Prince Bandar.[32])

In July 1991, Mandelbaum maintained the "war was fought not to make the Middle East a better place, but to keep it from becoming a worse place" and that it will be difficult for people to appreciate what the war prevented from happening.[33] In 1992, he stated that "the war was oversold" as creating a new world order but "it did improve the possibilities for democracy and stability in the Middle East."[34]

Mandelbaum asserted, in 1991, that German unity will remain a European concern. "The U.S. was the country with the fewest reservations about German unity. Unlike the French, we're not concerned about German economic hegemony, and we're less sensitive to an expanded German military role than the Europeans. Everyone would rather see a remaining American military presence in Europe, rather than an increased German military."[35]

David Mixner

Mixner is a member of the Clinton campaign's "National Executive Committee" and also does some campaign fundraising. He has been a liberal activist from his high school days. He worked for Eugene McCarthy in 1968, was an organizer of the Vietnam Moratoriums (which shut down universities and sent hundreds of thousands of protesters to Washington), helped defeat California's Proposition 6 initiative, directed Mayor Tom Bradley's 1977 campaign, served on Carter's SALT II Committee, and co-chaired Gary Hart's '84 presidential campaign.[36]

On March 1, 1986, Mixner, as head of PRO-Peace (People Reaching Out for Peace) set out on the "Great Peace March" (expecting 5,000) to advocate global nuclear disarmament. Concurrently, PRO-Peace's "alternative systems technological advisory committee" was supposedly exploring ways to take the campaign to the people of the Soviet Union. The A.C.L.U. and Physicians for Social Responsibility assisted the march by sending out word to local doctors and lawyers that peace marchers were coming.[37] Two weeks later, March 14, PRO-Peace collapsed, pulled out of the march, and filed for bankruptcy, leaving 1,100 protesters in the Mojave Desert. Under new sponsorship, a group of 500 continued the march to Washington.[38]

Derek Shearer

Derek Shearer, former student body president at Yale, former Rhodes Scholar, and professor of public policy at Occidental College in Los Angeles advises Clinton on economics and foreign policy. Shearer is married to former Santa Monica mayor, Ruth Goldway.

He supports Clinton because "he is the most progressive ... We have to redefine the meaning of what it means to be progressive in a less ideological way. Clinton believes that government involvement can actively change people's lives for better. And so do I. What I tell special-interest groups on the liberal side - labor, women's groups, and so on - is that in a Clinton administration you are going to have a seat at the table."[39]

Ironically, Clinton has been railing against these same special interests on the campaign trail and in his position papers. Clinton promises in his "National Economic Strategy" to ignite a "revolution in government ... [and] take away power from the entrenched bureaucracies and special interests that dominate Washington."[40]

Throughout his career, Shearer has worked for a "national progressive movement" that would reinvent government to truly serve the people. He has chosen Clinton to lead this crusade. Because of entrenched opposition by "conservative elites and real estate-based interests," the only avenue left for a "national progressive movement [is] to elect a reform minded Democratic President -- one who is willing to designate funds to finance housing, transit and education policies and who will appoint a progressive Secretary of Housing and Urban Development to spread information about progressive programs across the country."[41]

Shearer even gave Dukakis a list of "progressives" who would serve the republic well. In October 1988, Shearer compiled a list of people Dukakis should appoint because they are "exemplars of the people we should expect to see in Washington if the Democrats win." He suggested several "exemplars" to fill foreign policy positions. Bill Maynes, former Carter assistant secretary of state for international organizations and current editor of *Foreign Policy* magazine, would make a great Secretary of State. Afterall, Shearer explained, "Senator Fred Harris, populist candidate for the democratic presidential nomination in 1976, said he'd name Maynes secretary of state." Stephen Cohen, professor of politics at Princeton, should be considered the NSC or State Department.

Meg Crahan, professor at Occidental college and director of the Georgetown Human Rights Project, "as assistant secretary of state for human rights would signal a 180-degree turn from the policies set by Reagan's first appointee to the job, Elliott Abrams." To "bring a new definition of national security to the National Security Council or the CIA," Bob Borosage should be appointed. Borosage was senior foreign policy advisor to Jesse Jackson and served as director of the Institute for Policy Studies. Randall Robinson, director of TransAfrica, "as assistant secretary of state for African affairs would send an unambiguous message to South Africa about U.S. intentions in the region."

Shearer also recommended Gordon Adams for OMB or an assistant secretary position at Defense. Adams was a defense analyst at the Center on Budget and Policy Priorities in Washington, D.C. and author of The Iron Triangle: The Politics of Defense Contracting. Shearer also suggested several others for different posts: David Smith, Carol O'Cleireacain, Ira Magaziner (current Clinton economic advisor), Barry Bluestone, Roger Wilkins, Ron Brown, Robert Greenstein, Marian Wright Edelman, Harry Pachon, Susan DeMarco, and Eleanor Holmes Norton.[42]

Shearer has been a major intellectual force behind Clinton's so-called "New Covenant," arguing that "you've got to have a strong component of responsibility. There should be a work component to everything so people really contribute. That's our view of human nature, but it also makes sense. In the Swedish model they train people for work, not just to stay home. There's a reciprocal responsibility in this *new* *social convenant* [emphasis added]."[43] Clinton has similarly spoken of the need to "empower people on welfare ... so they can break the cycle of dependency."[44]

Advocating "an approach to economics similar to ... Germany's Green Party," Shearer dubbed his economic philosophy "Green Economics," based on the following principles: "Greater workplace democracy; Public spending to create jobs and stimulate balanced economic growth; Greater public control of capital investment through state and local development banks and employee pension funds; Economic growth guided by social and environmental consideration; Democratic planning mechanisms at the neighborhood, city, state and national levels."[45]

Green economics, Shearer asserted, "would show that the peace issue is linked to the economically destructive effects of military spending ... [and] would also work to shorten the workweek ... to thirty-five or even thirty hours." Finally, the American peopled would be better off "if state and local governments gave financial support to community-based economic development, rather than try to lure big corporations through subsidies and tax breaks."[46]

Shearer also believes that government should construct "a new social contract in which all persons, regardless of race or sex, share in the material output of society as equitable as possible. Government at all levels has a crucial role to play in drafting the new social contract ... We need to put government in the people's hands - to make it participatory, starting in one's own neighborhood."[47]

As for Shearer's writings, his populist, anti-corporate, quasi-socialist rhetoric could easily be mistaken for Eugene Debbs. *In Economic Democracy - The Challenge of the 1980s* (published 1979), Shearer and co-author Martin Carnoy, contended that "the U.S. economy is faced with a set of economic problems that appear to be unsovable by corporate capitalist development." Both authors seek an American transformation to "economic democracy - the transfer of economic decision making from the few to the many." The United States is run by large corporate oligopolies that prevent true democratic competition, thus making "free enterprise" a myth.

They argued that in the United States "investment and production are not made democratically." In contrast, "Democratic, worker-controlled production would extend democratic choice to work, employment, income, and technology." For the most part, oligopolies "completely dominate the market [and] govern the capital accumulation process and, with it, employment technology, income distribution, work organization, consumption patterns, and, in large part, our relations with other nations ... they are the antithesis of democracy." How would one create "real democracy?"

Shearer and co-author Carnoy, proposed two essential elements needed for the transition to "economic democracy: the shift of investment control from corporate domination to the public; and the reconstruction of economic decision making through democratic, worker- and worker/consumer-controlled production."

They also pointed out the one of the biggest problems Americans face is "how to move the government to restrict corporate power instead of aiding and abetting it." The means to this end involve the building of a "mass political movement" on a local, state, and national level ... [and] other nonelectoral work .... " They concluded that these "efforts assume that there is enough political space in American society to make change, to restrict control of capital by large private firms, and to shift that control to the public sector and to workers in individual plants and industries - or at least to move in that direction."

The ensuing chapters researched "experiences in industrial, politically democratic countries, primarily in Western Europe ... and analyzed whether and how these experiences could be applied to a reform strategy for the United States." In one chapter, entitled "Can It Happen Here? A Different View of the 1970's," Clinton was even described as a "progressive" official who can change things. "As attorney general of Arkansas, Bill Clinton, a former McGovern organizer, fought for consumer interests .... Running as an anticorporate, pro-ERA populist, Clinton was elected governor of Arkansas in November 1978."[48]

Shearer's anti-corporate populism runs throughout his works. In _A New Social Contract: The Economy and Government After Reagan_ (1983), Shearer, et al., argued that economic growth succumbed not to OPEC, but to the collapse of the New Deal social contract once American global dominance faltered. It's time, submitted Shearer, for a "bill of economic rights initiative."[49]

During the 1950s and 1960s, Shearer argued, American business accepted unions as legitimate institutions and abided by an exceedingly frugal version of the welfare state. In the 1970s, U.S. corporations unilaterally broke this implicit social contract. In a determined campaign to shore up profit margins, they shifted plants to anti-union environments at home and abroad, deployed bankruptcy creatively to break union contracts, and imposed substantial givebacks in many industries."[50]

Shearer also blamed corporations for liberalism's demise. "The real saga of liberalism's demise lies in the attempts of business to reestablish high profit conditions ... and the resistance to these attempts by groups that had benefited from the rise in wages and social welfare spending in the late 1960s and early 1970s."

Shearer even attempted to mount a defense of the public sector. Government, he asserted, has been a far better avenue of opportunity for women and minorities than private industry. Government, Shearer alleged, employs a much higher percentage of black and women professionals, and at higher salaries than private industry.[51] To renew this "social contract," the United States must move "away from policies designed to serve corporate interests towards policies based on the public interest .... Policies that simply give more economic and political power to corporations run contrary to this historical dynamic."[52]

In a July 1974 *New Republic* article entitled "Juicing Up Competition Beyond Antitrust," Shearer and Peter Barnes argued that the government should "not abandon the antitrust laws, for without them economic power would concentrate even more rapidly, but build public competitors to giant corporations." To strengthen competitive free enterprise, Shearer advocated the government go into business so that "the costs and profits of private corporations could be more accurately assessed, enabling public agencies to regulate more wisely."

The creation of these "competitive public enterprises" [CPEs] in at least "the auto, steel, aluminum, drug, banking and insurance industries ... would not only reintroduce competition ... [but] would also be innovators and public interest watchdogs." Advocating a public steel corporation and a public drug corporation, among others, Shearer claimed that "numerous public enterprises scattered throughout the economy could collectively perform another important function: they could serve as 'whistle-blowers' on private collusion."[53]

Shearer dismissed the socialist label. For Shearer, the concept of competitive enterprises is only "socialist in that it does envision a limited role for social ownership." These CPEs could be federally owned, jointly owned by the federal and state government, or state and locally owned. In some public enterprises, worker or community representatives could be given seats on the board of directors, and work arrangements could be more democratic. Many public enterprises have "decent track record[s]" submitted Shearer, citing Italy, Britain, and France as examples. Shearer delighted in "what a pleasure it would be to purchase products designed with sanity, not profits, foremost in mind."[54]

June 30, 1992.

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[30] *Foreign Affairs*, End of the Soviet Union, America and the World 1991/92, p. 173.
[31] *Washington Post*, October 27, 1991.
[32] *Washington Post*, June 23, 1991.
[33] *Detroit Free Press*, July 27, 1991.
[34] *Baltimore Evening Sun*, March 1, 1992.
[35] *Christian Science Monitor*, March 20, 1991.

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[37]*Los Angeles Times*, October 3, 1985.
[38]*Los Angeles Times*, August 22, 1986.
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[41]*The Nation*, The Progressive city; planning and participation; book review, May 17, 1986.
[42]Mother Jones, By Appointment Only, Derek Shearer, October 1988.
[43]*In These Times*, December 18, 1991.
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[45]*The Nation*, Derek Shearer, Planning With Political Face, 31Dec 83 - 7Jan 84.
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[50]*The Progressive*, Book review of Social Contract by Robert Lekachman, May 1984.
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Covert Cadre

INSIDE THE INSTITUTE FOR POLICY STUDIES

S. Steven Powell

Introduction by David Horowitz

Green Hill Publishers, Inc.
Ottawa, Illinois

Banking: seek to confine capital within state borders

Community Economic Development: pork-barrel program to funnel tax dollars to failing industries

Cooperatives: establish state agencies and public education programs on coops

High Tech: government control of large industrial companies and regulation of technology

Pension Fund Investment: government to decide where private pension funds invest their money; instead of "blue-chip" investments, the money would fund "affordable housing," and small businesses

Plant Closings: establish advance-notice requirement; establish state agencies for job retraining, job placement, modernization of business facilities; subsidize commuters; state banks to finance employee buyouts; require companies to pay a tax equal to 15 percent of payroll "to preserve current jobs, to attract new industry into the community or to maintain the existing tax base if the company closes down any of its plants"; require severance payments to employees equal to one week's pay for each year worked

Small Business: require banks and pension funds to invest in small businesses

Farms: limits to be placed on nonfamily corporate and absentee ownership of land; states to provide financial assistance and loans for small farmers

Housing: encourage affordable housing through rent control and zoning laws

Universities: students to set own fees; reject prohibition of use of student fees for "nonpartisan political education activities," which would allow a university to promote agendas such as the conference's with student money without student consent

Also included in the agenda are proposals for state day-care agencies, higher corporate taxes, progressive income taxes, unisex insurance, extended unemployment benefits, tougher enforcement of minimum-wage laws, and the repeal of right-to-work laws. The conference comes out for abortion, against school prayer, against a balanced budget.

The agenda published for the cities is similarly comprehensive. Numerous ideas for squeezing taxes out of citizens are offered. Rent control, regulations prohibiting condominium conversion, and a high capital-gains tax to discourage buying homes for renovation and resale are emphasized.

Derek Shearer: His Ideas and Connections

Derek Shearer and Gar Alperovitz, both associate fellows of the IPS, are key theorists of the economic-democracy movement. A ubiquitous figure in the loose coalitions characteristic of the American Left in the 1980s, Shearer helped Lee Webb organize the CASLP and serves on its steering committee. He has also been a consultant to Alperovitz's Exploratory Project on Economic Alternatives;[43] West Coast editor of *Working Papers*, a slick progressive magazine; economics consultant with Ralph Nader's California Citizens Action Group in Los Angeles; and member of the boards of directors of the National Consumer Cooperative Bank (which CASLP had a hand in organizing), the New School for Democratic Management (a project of IPS's Foundation for National Progress), the California Public Policy Center (he directed CPPC's IPS-funded Economy Project), and the Popular Economics Press. Shearer edited the readers of the first and second national CASLPs and the bibliographical section in its *Public Policies for the Eighties*. He contributed a chapter ("Public Enterprise") to Marcus Raskin's federal budget study published in 1978 at the request of fifty-six members of Congress.

Shearer has also served on the board of Jane Fonda/Tom Hayden's Campaign for Economic Democracy (CED), a California organization which Shearer says grew out of Hayden's unsuccessful 1976 race for the Democratic nomination for the U.S. Senate, the platform for which race was written by Shearer.[44] Another account reported that CED had its roots in the Conference on Alternative State and Local Public Policies. The article, which appeared in *In These Times*, has a curiously unsympathetic tone:

> The conference looked to Canadian and "Eurocommunist" economic models for inspiration, and was fond of vague phrases like "worker's control." Conference member Derek Shearer, now critical of CED's opportunism, helped write Hayden's campaign platform for his unsuccessful 1976 run for U.S. Senate in California. Written by Shearer . . . the platform . . . is filled with panaceas such as advocacy of state banks, municipally-owned utilities, national health servicie, and direct workers' control of industry.[45]

Shearer frankly says, "Socialism has a bad name in America, and no amount of wishful thinking on the part of the left is going to change that in our lifetimes." Thus, he pleads, "the words economic democracy are an adequate and effective replacement."[46]

Shearer's wife, Ruth Yanatta Goldway, was elected to the Santa Monica city council on a platform of economic democracy, and has headed the California Public Policy Center and the CETA-funded Center for New Corporate Priorities. Two U.S. representatives from California, Ron Dellums and Mervyn Dymally, both Democrats, support "economic democracy."

Shearer embraces "worker controlled enterprises" as practiced in Yugoslavia, China, and Cuba.[47] In the early 1970s he was a special consultant to California's director of employment development; he admitted in *Economic Democracy* that he failed to get unemployment down more than 1 percent or so, but excuses himself by saying nothing could really be done in just one state.[48] He has come out for "planning agreements" among government planners, senior corporate managers, and union representatives, enforced by denial of tax advantages and subsidies, denial of export licenses, and threats of antitrust suits. To implement the agreements government would need its own banks, insurance companies, pension funds, and enterprises.[49]

Martin Carnoy and Derek Shearer: Their Ideas and Strategies as Expressed in Economic Democracy

In his 1980 book *Economic Democracy*, which he coauthored with IPS associate fellow Martin Carnoy, Shearer attacks the Horatio Alger "myth" that "told the poor that the rich had more wealth and power because they worked harder, had greater intelligence, and were more frugal."[50] Americans, the book tells us, are too cynical to believe such lies, because of the "almost daily revelations on TV or in the press of huge corporate bribes to foreign governments, political payoffs, bank manipulations, and tax avoidance by oil companies showing huge profits."[51]

Economic Democracy acknowledges that Americans don't want socialism, but this traces in part to a "false image" of socialist (that is, communist) countries. The authors make no secret of their own predilection for Marxism:

> Ironically, Marxist economic and social philosophy, which—as the basis for a political movement—was and is an attempt to *humanize* economic and social life, is associated with dehumanization. In part this is a false image: American visitors to China and Cuba, for example, will attest to the austerity of life in those countries; yet, they also comment on the spirit of cooperativeness and well-being that pervades Chinese and Cuban life.[52]

Shearer and Carnoy quote Gramsci on strategy:

> The vision of economic democracy must begin to emerge as a *majority* viewpoint. This is what Italian social thinker Antonio Gramsci called "ideological hegemony." People frequently act against their own objective interests: tenants vote against rent control; property owners vote for corporate tax relief and cuts in services they really want. . . .[53]

Gramsci is not just a "social thinker"—he is one of the foremost communist theorists of this century, and is famous for his theory that a communist society is best achieved through cultural transformation.

Economic democracy as explained by Shearer and Carnoy includes workplace democracy on the Yugoslavian model, public enterprise, redistribution of cor-

46. Derek Shearer, as cited by Justin Raimondo, "Inside the CED," *Reason*, February 1982, p. 20.
47. Derek Shearer, "The North Moves Left," *Working Papers*, Spring 1974, p. 53; Carnoy and Shearer, op. cit., pp. 138, 139.
48. At a June 1984 IPS-sponsored conference, Meeting the Corporate Challenge, Bennett Harrison, an MIT economist often cited by Shearer, addressed the failure of France's socialist policies to help unemployment by explaining that socialism could not be implemented in just one country in order to be ultimately successful. From this it may be deduced that socialism will fail until implemented throughout the world.
49. Carnoy and Shearer, op. cit., p. 272.
50. Ibid. p. 21.
51. Ibid.
52. Ibid., p. 20.
53. Ibid., p. 385.
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56. Martin Carnoy, Derek Shearer, and Russell Rumberger, *A New Social Contract: The Economy and Government After Reagan* (New York: Harper & Row, 1983), p. 47.
57. Ibid., p. 58.
58. Ibid., p. 159.
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61. Ibid., p. 8.
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63. Ibid., p. 159.
64. Ibid., pp. 114–15.
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74. David Bley, telephone interview, December 5, 1984.
75. NCEA promotional brochure.
76. Gar Alperovitz and Jeff Faux, *Rebuilding America* (New York: Pantheon Books, 1984), p. 55.
77. Ibid., p. 271.
78. Gar Alperovitz and Jeff Faux, "Forget Today's Fleeting Fashions—We Really Need More Government, Not Less," Outlook Section, *Washington Post*, October 7, 1984.
79. Ibid.
80. Alperovitz and Faux, *Rebuilding America*, p. 32.
81. Ibid., p. 279.
82. Ibid., p. 248.
83. Ibid., p. 122.
84. *The Cities' Wealth* on housing: "Radical groups in Berkeley have long emphasized housing programs as key to controlling the city's wealth. There are a number of sound strategic reasons for this. By far the largest portion of the city's private land

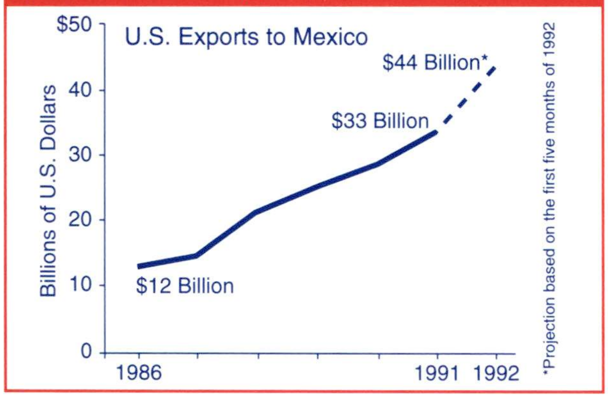
Highlights of the North American Free Trade Agreement

NAFTA

OVERVIEW

THE NORTH AMERICAN FREE TRADE AGREEMENT

U.S. Exports to Mexico Have Nearly Tripled Since 1986 and Should Approach $44 Billion This Year



U.S. Jobs Supported by Exports to Mexico Have Doubled to Over 600,000

NAFTA Will Expand U.S. Exports and Generate Jobs

In August 1992, the United States, Canada, and Mexico concluded negotiations on the North American Free Trade Agreement (NAFTA), which will eliminate trade and investment barriers among the three countries.

NAFTA implements President Bush's vision of economic growth through free trade and will make America more globally competitive. It links the United States with our first- and third-largest trading partners, creating the largest and richest market in the world, with 360 million consumers and $6 trillion in annual output.

Academic studies show "a surprising degree of unanimity" in predicting net U.S. job creation and wage gains from NAFTA, according to the U.S. International Trade Commission. Already, U.S. exports to Canada support 1.5 million U.S. jobs. Our exports to Mexico support more than 600,000 U.S. jobs, which the Institute for International Economics predicts could swell to **over 1 million jobs by 1995.** These job gains will occur because NAFTA:

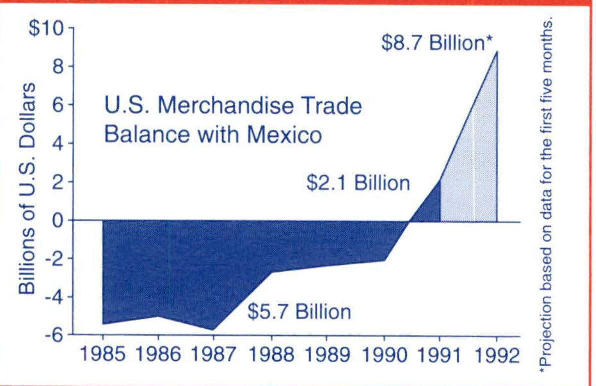
- **Eliminates all tariffs** on industrial and agricultural goods produced by the NAFTA partners, enabling approximately 50 percent of our exports to Mexico to enter Mexico completely duty-free on the day NAFTA becomes effective. Mexican tariffs on all remaining industrial products and most agricultural items will be phased out over 5 to 10 years.
- **Opens Mexico's $146 billion services market** for U.S. providers, including banks, telecommunications, insurance, accounting, and trucking firms, and **improves our access to Canada's $285 billion services market;**
- **Phases out restrictions in the North American auto market** to create important new U.S. export opportunities, while establishing tough rules of origin that ensure that only vehicles with substantial North American parts and labor benefit from NAFTA tariff cuts;

- **Opens access to Mexico for U.S. agricultural exports**, including corn, grains, oilseeds, livestock, and other commodities by phasing out tariffs and import licensing requirements, which currently cover 25% of U.S. agricultural exports;
- **Offers a higher level of protection for U.S. copyrights, trademarks, patents,** and other intellectual property rights from that of any other bilateral or multilateral agreement; these rights are crucial to U.S. exporters of high-technology goods, pharmaceuticals, biotechnology, sound recordings, motion pictures, and computer software;
- **Establishes an effective dispute-settlement mechanism** among the NAFTA partners;
- **Provides fair rules for investment in North America** by ensuring non-discrimination, ending local content requirements, and dropping export performance quotas; and
- **Provides substantially increased access for U.S. firms to Mexico's state-owned energy companies,** with particular benefit to petroleum and heavy electrical equipment suppliers and construction firms. NAFTA establishes transparent rules for bidding and creates a bid challenge procedure.

NAFTA Builds on Recent Gains in U.S. Trade

NAFTA builds on the market-opening U.S.-Canada Free Trade Agreement, which has boosted our Canadian exports to $85 billion. NAFTA also accelerates the opening of the Mexican market, and locks in recent gains:

The U.S: Trade Balance With Mexico Has Swung From Deficit to a Substantial Surplus



- By the end of 1992, U.S. exports to Mexico are projected to more than triple, from $12.4 billion in 1986 to nearly $44 billion, transforming our trade deficit of $5.7 billion in 1987 to a projected surplus in excess of $8 billion.
- Mexico is now our fastest-growing major market, and has surpassed Japan as our second-largest market for manufactured exports.
- The more than 600,000 U.S. jobs currently supported by our exports to Mexico include all sectors, and are nationwide: almost every state has expanded exports to Mexico since 1987.
- Export-related jobs generally pay 17 percent more per hour than the average U.S. wage. This wage advantage accrues to service workers as well as to workers in the manufacturing sector.

NAFTA Ensures Growth and Stability in Mexico

Increased economic growth in Mexico yields a high payback for the United States:

- Almost 70 cents of every Mexican import dollar – and 15 cents of each dollar of additional Mexican income – is spent on U.S. goods and services.
- Moreover, NAFTA will raise Mexican wages and standards of living, and thus **decrease pressures for unauthorized immigration** to the United States.
- Finally, NAFTA will generate new resources to improve the environment.

NAFTA Assures a Smooth Transition for Workers

The NAFTA governments agree that import-sensitive industries should have time to adjust to free trade. Therefore, NAFTA explicitly provides:

- **A transition** of up to 15 years before tariffs are eliminated on our most sensitive products;
- **Safeguards** to protect against actual or threatened injury from increased imports by permitting the temporary reimposition of higher, pre-NAFTA tariff rates; and
- **Tough rules of origin** and limits on duty "drawback" (rebates) to ensure maximum benefits for products produced in North America.

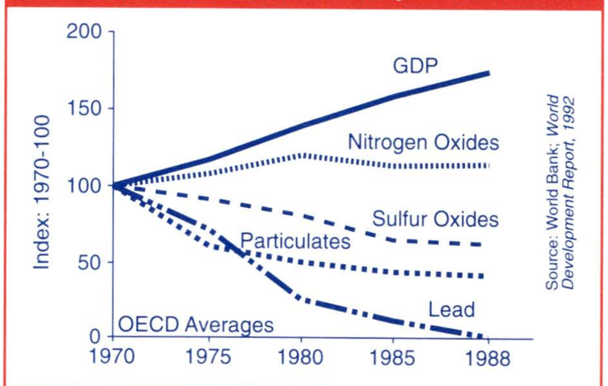
Worker Adjustment Assistance: President Bush is committed to work with the Congress to have in place adequately funded worker adjustment assistance that provides "prompt, comprehensive and effective services" by the time NAFTA enters into force. To this end, the Administration is currently consulting widely with Congress and the private sector.

Long-Term Labor Cooperation: Pursuant to a 1991 Memorandum of Understanding, the U.S. and Mexican governments have been cooperating on key labor issues, such as worker safety and health, child labor, and labor law and worker rights. We are now discussing longer term cooperative efforts to address, through technical assistance and training, priority issues regarding Mexico's labor standards and enforcement regime.

NAFTA Benefits the Environment

The NAFTA agreement affirms the goal of all three nations to "promote sustainable development... [and] strengthen the development and enforcement of environmental laws and regulations...." Accordingly, the NAFTA text:

As National Income Increases, Emissions Levels Generally Decrease



- Allows the U.S. to maintain its stringent health, safety, and environmental standards, including the right to prohibit imports that do not meet our standards;
- Maintains the right of parties, including state and local governments, to enact even tougher standards, while encouraging the NAFTA parties to strengthen standards through upward harmonization;
- Preserves our right to enforce our international treaty obligations by limiting trade in products such as endangered species or ozone-depleting substances; and
- Permits NAFTA parties to impose stringent environmental standards on investments so long as they apply equally to domestic and foreign investors, while renouncing the lowering of standards to induce investment.

New Resources for Environmental Protection: By generating new income, NAFTA will permit Mexico to devote even more resources to protecting and enhancing the environment. Academic studies show that as economic growth increases, pollution decreases.

Border Plan: The United States and Mexico have developed an "Integrated Environmental Plan for the U.S.-Mexico Border," announced by Presidents Bush and Salinas in February 1992. Mexico has committed $460 million over three years for border environmental initiatives. President Bush's FY 93 budget includes $241 million, double the amount in 1992, to clean up the border area's rivers, hazardous waste, and air pollution.

Long-Term Cooperation: To enhance environmental protection and conservation, the U.S. and Mexican governments are pursuing a series of long-term cooperative programs covering enforcement, pollution control and prevention, pesticides, waste management, and emergency response, among other things. This work is expected to result in the establishment of new mechanisms for environmental cooperation, including enforcement.

Next Steps for NAFTA

Timing of Congressional consideration of the NAFTA is governed by "fast track" procedures, which Congress last year extended for agreements signed before June 1, 1993. Under those procedures:

- After negotiations are completed, the President may give formal notice to the Congress of his intent to enter into the agreement.
- Ninety calendar days after giving notice, the President may sign the agreement.
- The President may submit legislation implementing NAFTA to Congress any time after signing the agreement. The President intends to work closely with Congress on developing such legislation.
- Once the legislation is submitted, it will be entitled to "fast track" treatment, meaning that Congress will vote "yes" or "no" on the agreement (no amendments) and will do so within 90 session days of Congress. In the past, passage has taken considerably less time because the Administration has consulted closely with Congress throughout the negotiations and has collaborated with Congress on the drafting of implementing legislation.

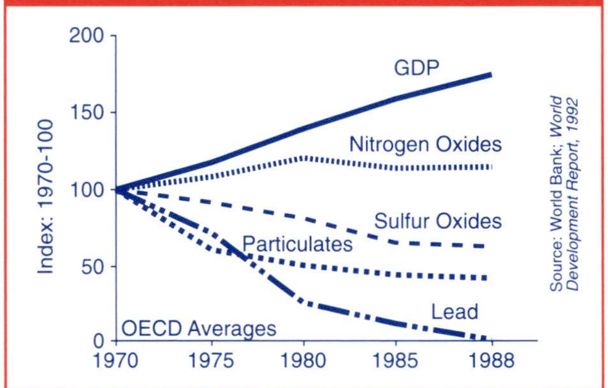
"By building together the largest free trading region in the world, Mexico, the United States and Canada are working to ensure that the future will bring increased prosperity, trade, and new jobs for the citizens of each of our countries."

President George Bush
July 15, 1992

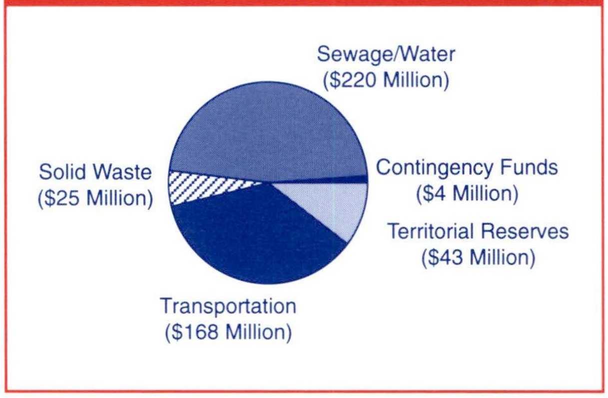
ENVIRONMENT

THE NORTH AMERICAN FREE TRADE AGREEMENT

As National Income Increases, Emissions Levels Generally Decrease



Mexico is Devoting $460 Million to Border Environmental Protection in 1992 – 1994



NAFTA Will Enhance Environmental Protection Throughout North America

The NAFTA parties have agreed that economic development should take place in an environmentally sound manner. Thus, the NAFTA text itself states that one of its primary purposes is to:

> *"Contribute to the harmonious development and expansion of world trade... in a manner consistent with environmental protection and conservation;... promote sustainable development;... [and] strengthen the development and enforcement of environmental laws and regulations."*

By promoting Mexican economic growth, NAFTA will create more resources for environmental protection. Independent studies show that as a country's national income increases, pollution levels generally decrease.

Key Environmental Provisions of the Agreement

NAFTA's provisions on standards and health and safety measures explicitly ensure our right to safeguard the environment, while also encouraging NAFTA parties to strengthen environmental standards. Specifically, NAFTA:

- **Maintains existing U.S. health, safety, and environmental standards** by allowing the U.S. to continue to prohibit entry of goods that do not meet U.S. standards;
- **Allows the parties, including states and cities, to enact even tougher standards;** and
- **Encourages the NAFTA parties to harmonize their standards upward** to strengthen environmental and health protection.

Importantly, NAFTA also **preserves our right to enforce our international treaty obligations,** including limits on trade in products such as endangered species and ozone-depleting substances.

Environmental protection will be further enhanced by NAFTA's **investment** provisions, which:

- Permit the parties to impose stringent environmental standards on new investments, so long as they apply equally to domestic and foreign investors, while renouncing the lowering of environmental standards as a means to induce investment; and
- Permit the parties to require environmental impact statements on new investments.

Mexico: Environmental Accomplishments

Law: Mexico's comprehensive 1988 environmental law covers air, water, and soil pollution, and is patterned on U.S. law. In some instances, Mexican standards are even stricter than those in the United States — e.g., Mexico requires environmental impact statements for both new public and private investment.

Enforcement: In the last two years, Mexico has dramatically increased its enforcement activities, closing permanently or temporarily over 1000 polluting firms, boosting its enforcement budget from $6.6 million to $77 million in 1992, and increasing the number of border area environmental inspectors from 50 to 200.

Mexico City: In March 1992, President Salinas announced that he was requiring the biggest industrial polluters to reduce particulate emissions up to 90 percent or move out of the city. Sulfur oxides, carbon monoxide, and lead concentrations are now at or below acceptable levels; special attention is now being paid to ozone levels.

Conservation: Mexico has set up 44 national parks, 8 reserves, and 14 biosphere reserves; joined CITES in 1991; ended the commercial harvest of sea turtles; is working with the U.S. to eliminate dolphin mortality in tuna fisheries; and has announced plans to use turtle excluder devices on all shrimp vessels by May 1994.

The Pollution Haven Myth: Compliance costs play a minimal role in relocation decisions because they represent a small share of total costs for most industries. Indeed, 86 percent of U.S. industries have abatement costs of 2 percent or less. Moreover, most U.S. industries with high compliance costs already have low tariffs, so NAFTA would give them little incentive to relocate to Mexico.

The NAFTA agreement contains other provisions that are designed to enhance environmental protection, including:

- **Dispute settlement:** NAFTA will allow dispute settlement panels to call on scientific experts for advice in trade disputes raising environmental and health science issues, and places on the complaining party the burden of proving that an environmental or health measure is inconsistent with the agreement. Parties whose standards are questioned can opt to have disputes resolved under NAFTA's provisions.
- **Land Transport:** NAFTA will decrease border congestion by allowing trucks to transport cargoes directly to their destinations in both countries, cutting idling time and ending the need to switch trailers at the border and return them home empty.

The Environmental Review

On February 25, 1992, President Bush released the findings of a nine-month U.S. Government review of the environmental effects of NAFTA, which included public hearings in six U.S. cities. The review concluded that NAFTA will:

- Enhance environmental protection by providing Mexico with additional resources to address current environmental problems; and
- Ease environmental pressures on the border as free trade encourages economic development to occur further south.

The review also concluded that NAFTA will not encourage U.S. firms to relocate to Mexico because pollution abatement costs represent a small share of total production costs in most industries.

The Border Plan

The comprehensive, multi-year Border Plan announced by Presidents Bush and Salinas in February 1992 will improve the environment along the border, while sustaining economic development:

- The "Integrated Environmental Plan for the U.S.-Mexico Border" was developed in consultation with the public and private sectors in 16 border cities.
- The Plan establishes a Border Environmental Advisory Committee, composed of 24 members representing various areas of the border region, and utilizes U.S. and Mexican working groups on enforcement, air, water, hazardous waste, pollution prevention, and emergency response.
- Mexico has announced a three-year $460 million program for border clean-up. President Bush's FY 1993 budget proposal includes $241 million for border environmental programs, more than double the amount allocated in FY 1992.

Longer-Term Environmental Cooperation

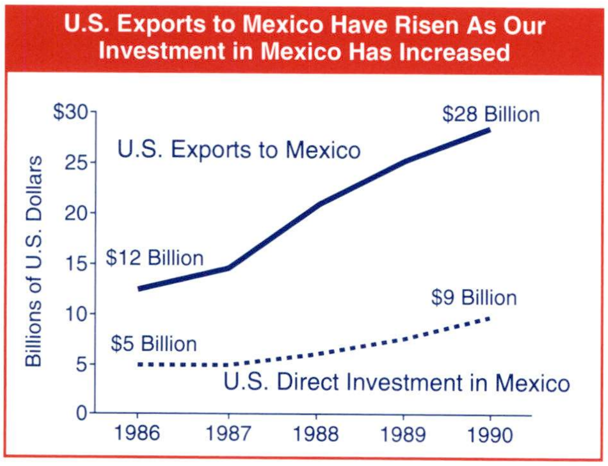
The United States and Mexico have agreed upon a work program to enhance regional environmental protection and enforcement:

- The United States and Mexico are formulating workplans covering the areas of air, water, hazardous waste, pesticides, enforcement, emergency response, pollution prevention, data exchange, and environmental impact assessment.
- This work is likely to result in new mechanisms for environmental cooperation that will review and monitor environmental relations, including enforcement issues.

The United States and Canada already have established mechanisms to deal with a host of environmental issues, ranging from conservation of ecosystems to control of transboundary movement of hazardous wastes. Most recently, the United States and Canada signed a landmark agreement to reduce acid rain.

INVESTMENT

THE NORTH AMERICAN FREE TRADE AGREEMENT



Investment Liberalization Will Mean Increased U.S. Exports and Jobs

In Mexico, Canada, and worldwide, U.S investments generate increased U.S. exports:

- Integrated production in North America will make U.S. firms more competitive against European and Japanese producers.
- NAFTA's elimination of Mexico's local content requirements for manufacturers will increase the demand for inputs sourced from the United States. U.S. subsidiaries in Mexico already buy over one-fourth of total U.S. exports to Mexico.
- NAFTA will open new U.S. export opportunities in Mexico and Canada. According to a December 1991 study by the U.S. International Trade Commission, joint production ventures in Mexico and Canada source 51 percent and 40 percent, respectively, of their inputs from the United States, compared with just 13 percent for U.S. ventures in the rest of the world.

NAFTA Encourages Environmentally Sound Investments

NAFTA's investment provisions will enhance environmental protection by:

- Permitting the parties to impose stringent environmental standards on investments, so long as they apply equally to domestic and foreign investors, while renouncing the lowering of environmental standards as a means of inducing investment; and
- Permitting the parties to require environmental impact statements on new investments.

NAFTA Provides Greater Fairness for U.S. Investors

Specifically, NAFTA:

- Provides for **non-discrimination** against U.S. companies establishing, acquiring or operating businesses in Canada or Mexico.

- Ensures that Mexico and Canada cannot block returns of profits, or royalties, or **repatriation of capital** to the U.S.
- **Eliminates the need for approval of new investments** in most sectors and does away with many other restrictions on foreign investments.
- **Prohibits the parties from requiring companies to export** as a condition for investing and from offering incentives that discriminate against imports.
- Exempts U.S. investors in Mexico from other performance requirements, thus **eliminating requirements that exports balance imports and that local content be used.**
- **Protects against unjust or uncompensated expropriations,** and grants U.S. investors direct access to **international arbitration** to enforce their rights.

NAFTA provides a **strong dispute settlement mechanism** that protects investors' rights by:

- Permitting investors to resort directly to international arbitration to resolve disputes with the host government;
- Enabling investors to obtain binding awards of money damages for violations of NAFTA's investment provisions; and
- Providing for enforcement of awards under both NAFTA and relevant treaties.

DISPUTE RESOLUTION

THE NORTH AMERICAN FREE TRADE AGREEMENT

NAFTA Contains Rapid and Effective Dispute Settlement Procedures

NAFTA creates a Trilateral Trade Commission that will regularly review trade relations among the three countries and discuss specific problems.

The Commission may create bilateral or trilateral panels, as appropriate, of private sector experts to resolve disputes involving interpretation of the NAFTA text. NAFTA also provides for independent panels to review antidumping and countervailing duty disputes, establishes processes for resolving disputes between the investor and the host government, and facilitates commercial arbitration of private disputes.

Interpretation of the Agreement

Binational or trinational panels will quickly and fairly resolve disputes under the NAFTA:

- From start to finish, dispute resolution will take no more than eight months.
- NAFTA's provisions on panel selection guard against national bias by permitting each country to appoint panelists only from among citizens of the other countries, permitting the appointment of panel chairs from non-NAFTA countries, and requiring all parties to agree on the panelists.
- Countries that win a dispute may demand trade compensation if the losing country does not comply with the panel recommendation, and may retaliate if the compensation is inadequate.

NAFTA contains special provisions for resolving disputes on environmental and health issues:

- If one country complains about another's environmental or health standards, the complaining party has the burden of proving that the standard is a violation of the NAFTA.
- Dispute-settlement panels convened under NAFTA may call on scientific and environmental experts for advice on complex scientific issues regarding the environment and health.

Antidumping and Countervailing Duty (AD/CVD) Cases

NAFTA does not change U.S. trade laws that protect U.S. industry from unfairly dumped or subsidized imports. These laws will continue to be vigorously enforced. At the same time, NAFTA substantially improves the ability of U.S. firms to appeal Mexican decisions involving allegations of dumping or subsidized sales in the Mexican market:

- NAFTA requires Mexico to undertake far-reaching legal reforms to provide full due process guarantees and effective judicial review of AD/CVD cases to U.S. exporters. These reforms must be completed before NAFTA enters into force.

- U.S. firms may choose to appeal decisions against them in other countries either through their appellate systems or the binational panel process.

The NAFTA panel system improves upon the provisions of the U.S.-Canada Free Trade Agreement (CFTA) in three ways:

- First, judges, rather than trade practitioners, will serve on the binational panels. This will reduce the potential for conflicts of interest and underscore the requirement to use existing domestic laws and precedents, rather than a new body of case law, as the basis for decisions.

- Second, NAFTA's procedures for challenging a panel decision also improve upon provisions in the CFTA by lengthening the period of review and providing expressly for an examination of the legal and factual conclusions of the binational panel.

- Third, NAFTA provides for the suspension of the entire panel process if the application country's law interferes with the panel process or denies effective panel review of the basis of the administrative decision.

International Arbitration of Investment Disputes

NAFTA protects investors' rights through a dispute settlement mechanism that:

- Permits investors to go directly to international arbitration for disputes with the host government;

- Allows investors to seek binding awards of money damages for violations of the NAFTA's investment provisions; and

- Provides for enforcement of awards under both the NAFTA and international treaties on enforcement of arbitral awards.

Resolution of Private Commercial Disputes

NAFTA encourages and facilitates the use of alternative dispute-settlement procedures to resolve commercial disputes between private parties in NAFTA countries:

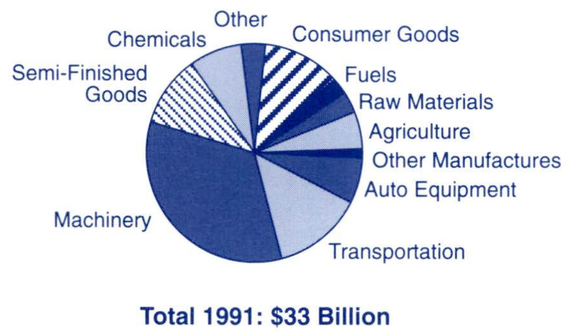
- Each country must have in place legal mechanisms to enforce arbitration contracts and awards and will take steps to promote other forms of dispute settlement; and

- A special committee under the NAFTA Trade Commission will examine and report on dispute settlement issues in the three countries.

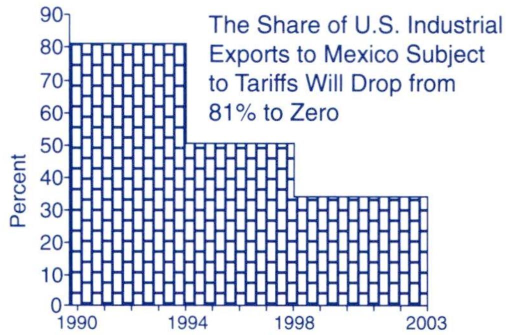
MARKET ACCESS: GOODS

THE NORTH AMERICAN FREE TRADE AGREEMENT

85 Percent of U.S. Merchandise Exports to Mexico Are Manufactures



As Mexican Tariff Walls Are Torn Down U.S. Exports to Mexico Will Rise



NAFTA Eliminates Mexico's Import Barriers, Which Will Boost U.S. Exports and Jobs

Roughly 65 percent of all U.S. exports to Mexico can be sold in Mexico completely duty free either on the day the NAFTA enters into force or within 5 years:

- This includes some of our most competitive products, such as aerospace equipment, semiconductors, computers and parts, telecommunications and electronic equipment, medical devices, rail locomotives and many auto parts, machine tools, and paper products. Mexican tariffs on these items now range between 10 and 20 percent, a substantial barrier.
- In other areas, such as furniture, steam turbines, and beer, Mexico's tariffs will drop by 20 percent or more on the day NAFTA enters into force.
- Mexico's tariffs on all industrial goods will be phased out within 10 years.

NAFTA also prevents Mexico from increasing tariffs on U.S. goods above their current level; without NAFTA, Mexico would have the right under international trade rules to raise most of its tariffs to 50 percent.

If the United States and Mexico agree, tariffs on U.S. exports to Mexico may be removed ahead of schedule to accelerate the pace of free trade.

Mexico will eliminate its import licenses either immediately or within 10 years for items such as pharmaceutical inputs and used equipment, including computers, tractors, and industrial machinery.

CFTA Tariff Phase-out Will Continue

NAFTA does not alter the tariff elimination schedule established in the U.S.-Canada Free Trade Agreement (CFTA). Since the CFTA went into effect in 1989, two successful rounds of tariff acceleration have removed ahead of schedule tariffs on $8 billion worth of trade with Canada; a third round is now under discussion.

Benefits for Key Sectors

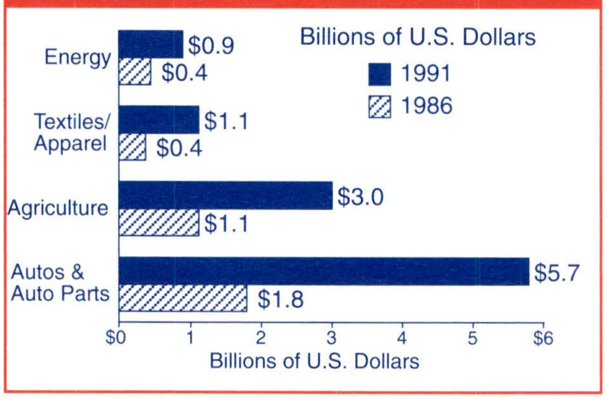
Automotive Trade: U.S. automotive exports to Canada and Mexico totalled $28.5 billion in 1991. Our automotive exports to Mexico totalled $5.7 billion, which should increase as NAFTA:

- Lowers Mexican tariffs on autos from 20 percent to 10 percent immediately, and then to zero over 10 years, and lowers tariffs on most auto parts to zero within 5 years;
- Mandates tough rules of origin specifying that vehicles must contain 62.5 percent North American content to qualify for NAFTA tariff preferences, thus preventing "screwdriver" assembly plants using insufficient North American content from benefitting from NAFTA tariff cuts;
- Increases the demand in Mexico for U.S. autos and auto parts by eliminating over 10 years requirements that automakers supplying the Mexican market produce the cars in Mexico and buy Mexican parts;
- Eliminates mandatory export quotas and other performance requirements previously imposed on foreign-owned automotive manufacturing facilities in Mexico; and
- Eliminates Mexican import restrictions on buses and trucks within five years.

Textiles and Apparel: NAFTA opens the $6.4 billion Mexican textile and apparel market. U.S. textile exports to Mexico reached $1.1 billion in 1991. Specifically, NAFTA:

- Immediately eliminates barriers to trade between Mexico and the United States on over 20 percent, or some $250 million, of textile and apparel exports. This includes key U.S. exports, such as denim, underwear, thread, and many household furnishings;
- Eliminates, over six years, barriers to another $700 million worth of U.S. textile exports, including yarns, most household furnishings, most fabrics, and certain other apparel;
- Provides strong rules of origin requiring that garments must be manufactured in North America generally from the yarn-spinning stage forward to qualify for duty free status, thus preventing Mexico from serving as an export platform for "free riders" outside of North America; and
- Provides safeguards — tariffs or quotas — if imports cause damage to the U.S. industry.

Our Exports to Mexico are Growing Rapidly in Key Sectors NAFTA Opens



Agriculture: U.S. exports to Mexico, our third largest foreign agricultural market, totalled $3 billion last year. NAFTA's tariff reductions and elimination of Mexican import licenses will spur increased U.S. exports:

- One-half of U.S. farm exports to Mexico will enter Mexico duty-free on the day NAFTA enters into force. All remaining tariffs on agricultural goods will be eliminated within 15 years. Mexican tariffs now generally range from 10 to 20 percent.
- **Grains:** NAFTA will eliminate immediately Mexico's licensing requirements for wheat and corn and will allow unrestricted access for those commodities, as well as other grains, rice, and oilseeds and oilseed products within 10 to 15 years.

- **Dairy and Poultry:** NAFTA will immediately eliminate Mexico's licensing requirements for poultry, eggs, cheeses, and non-fat dry milk and remove all further trade barriers within 10 to 15 years.
- **Livestock:** NAFTA will lock in our current duty-free access to the Mexican market for cattle and beef, and will eliminate within 10 years all remaining Mexican tariffs on U.S. livestock and poultry exports.
- NAFTA contains safeguard measures that automatically increase duties for certain sensitive products to protect U.S. farmers if import volumes rise too rapidly during the transition.

Energy and Petrochemicals: NAFTA provides access for U.S. firms to Mexico's electricity, petrochemical, gas, and energy services and equipment markets:

- **Government Procurement:** NAFTA provides significant opportunities to sell to state-owned PEMEX and CFE (the State Electricity Commission) under open and competitive bidding rules.
- **Electricity Generation:** NAFTA allows private foreign ownership and operation of electric generating plants for self-generation, co-generation, and independent power plants.
- **Petrochemicals:** NAFTA immediately lifts trade and investment restrictions on most petrochemicals, by lifting investment restrictions on 14 of the 19 previously restricted basic petrochemicals and on 66 secondary petrochemicals.
- **Services:** NAFTA provides for performance incentives in services contracts such as drilling activities.
- **Natural Gas and Electricity Exports:** NAFTA permits U.S. firms to negotiate directly with Mexican buyers of natural gas and electricity and to conclude contracts with the buyers together with PEMEX or CFE.
- **Reform:** NAFTA reinforces recent reforms in the North American energy sector and provides the framework for sustained liberalization of this sector.

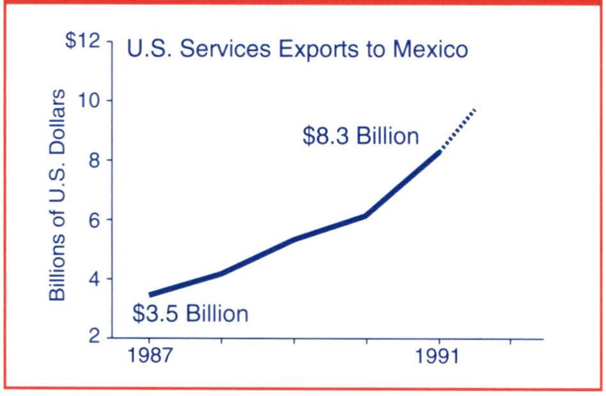
Other Sectors: NAFTA's elimination of tariff and non-tariff barriers will provide U.S. industries with new market opportunities in all sectors, including:

- **Electronics:** Most Mexican tariffs on telecommunications equipment, computers and parts, and electronic components will be eliminated immediately, with others eliminated within five years. U.S. exports of electronics products to Canada and Mexico totalled $4.5 billion in 1991, and have been growing 20 percent annually.
- **Pharmaceuticals:** Mexico will immediately eliminate its import licenses on pharmaceutical inputs and will eliminate over 10 years its tariffs on pharmaceuticals, which now range between 10 and 20 percent. In addition, NAFTA will virtually eliminate compulsory licensing for pharmaceuticals and extend the term of patent protection to at least 20 years, versus the current 10 years in Canada. Mexico also will substantially open its government procurement market for pharmaceuticals. In 1991, the United States exported $645 million in pharmaceuticals to Mexico and $121 million to Canada.
- **Entertainment:** NAFTA will open Mexico's cable television market to U.S. and Canadian investment, give U.S. broadcasters the right to broadcast across the Mexican border, and remove Mexican import restrictions on U.S. motion pictures.

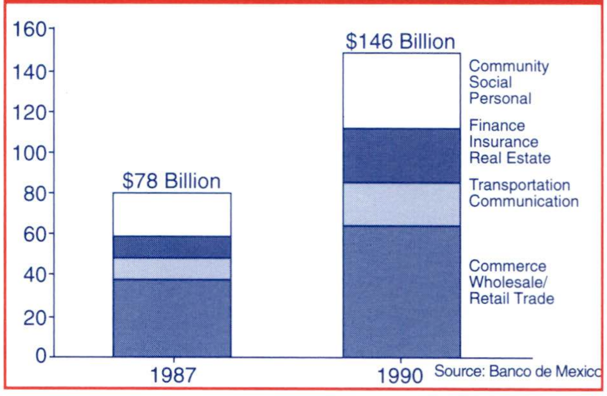
SERVICES

THE NORTH AMERICAN FREE TRADE AGREEMENT

U.S. Services Exports to Mexico Have Increased 137 Percent Since 1987



Mexico's $146 Billion Services Market Has Doubled in Size Since 1987



NAFTA Opens Mexico's $146 Billion Services Market and Improves Access to Canada's $285 Billion Market

NAFTA liberalizes services trade by establishing the following principles:

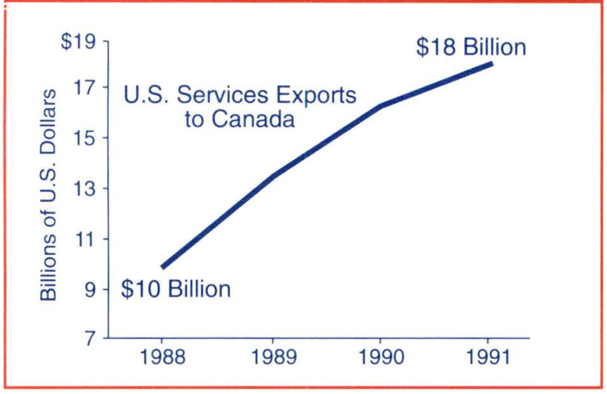
- **Non-discrimination:** NAFTA parties agree to treat each others' services firms no less favorably than local services firms.
- **Provision of Cross-Border Services**: With few exceptions, U.S. firms may provide services in Mexico and Canada without relocating their operations and employees from the United States.
- **No Citizenship Requirements**: All three parties will eliminate citizenship requirements for licensing of professionals, such as lawyers, doctors, and accountants; further harmonization of professional services standards will facilitate cross-border trade.

Restrictions that remain in place cannot be worsened, and, if liberalized, cannot be made more restrictive in the future.

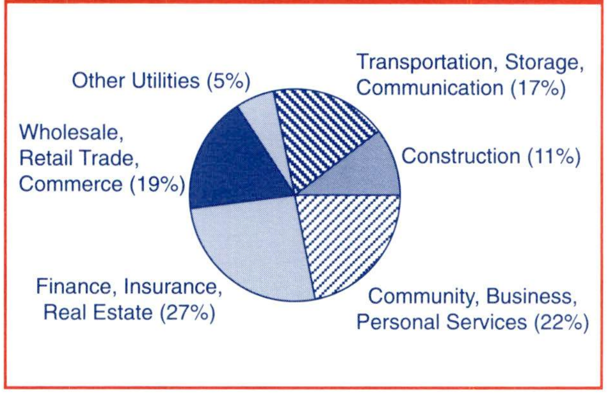
These principles apply to most services sectors, other than aviation transport, maritime, and basic telecommunications. Among the services covered are:

- Construction
- Engineering
- Accounting
- Enhanced Telecommunications
- Commercial Education
- Health Care Management
- Advertising
- Environmental Services
- Tourism
- Land Transport
- Consulting/Management
- Architecture

U.S. Services Exports to Canada Have Increased 80 Percent Since 1988



Composition of Canada's $250 Billion Services Market



Benefits of NAFTA in Key Services Sectors:

Financial Services: NAFTA enables U.S. financial firms to establish wholly owned companies in Mexico for the first time in more than 50 years, and permits U.S. banks, securities firms, and other financial companies to compete in the Mexican and Canadian financial markets.

- **U.S. banks and securities firms** will be permitted to establish wholly owned subsidiaries throughout Mexico and engage in the same range of operations as similar Mexican firms.
- Virtually all limitations on the ability of U.S. banks and securities firms to compete in the Mexican market will be eliminated by January 1, 2000, and Mexico's ability to impose future constraints on foreign-owned firms will be limited.
- Other types of financial firms, including **leasing and consumer finance**, will also be able to establish operations in Mexico when the agreement goes into effect and will not be subject to any limitations after a short transition period.
- Mexicans and Canadians will be guaranteed the right to purchase financial services from firms in the United States.

Insurance: NAFTA eliminates restrictions on U.S. ownership and provision of services in the $3.5 billion Mexican insurance market:

- U.S. insurance companies may sell cargo insurance, and reinsurance on a cross-border basis into Mexico, and sell life, health, and travel insurance to Mexican residents who come to the United States.
- U.S. firms with **existing joint ventures in Mexico** will be able to obtain as much as 100 percent ownership by 1996.
- **New U.S. entrants** that wish to acquire an interest in an existing Mexican firm may become majority (51%) owners as of 1998, and 100 percent owners by 2000. Alternatively, new entrants may start their own wholly owned firms in Mexico immediately, subject to certain size limitations in effect until January 1, 2000.

Telecommunications: NAFTA eliminates discriminatory restrictions on U.S. sales to and investments in the $6 billion Mexican market for telecommunications equipment and services. NAFTA:

- Opens opportunities for U.S. **exports of equipment** to Mexico, which totalled $790 million in 1991 and are projected to be in excess of $1 billion by year-end 1992.
- Improves opportunities for **U.S. exports of enhanced services** to Mexico, a market expected to grow from $22 million in 1991 to over $100 million by 1995; NAFTA also improves prospects for exports of cross-border enhanced services, which totalled $27 million in 1990.
- Eliminates investment restrictions in most enhanced services immediately, and eliminates all investment and other restrictions on **packet-switched services** in 1995.
- Enables U.S. firms to operate state-of-the-art, private **intra-corporate communications systems** throughout North America and guarantees U.S. businesses access to public communications facilities while doing business in and with Mexico.
- **Eliminates product standards as a barrier** to telecommunications trade by providing for mutual recognition of test data from all competent test facilities in NAFTA countries.

Land Transportation: NAFTA opens Mexico's market for international truck, bus, and rail transport, and locks in U.S. access to Canada's already open transportation market. Specifically, NAFTA:

- Permits **U.S. trucking companies** to carry international cargo to the Mexican states contiguous to the United States by the end of 1995, and to have cross-border access to *all* of Mexico by the end of 1999. Over 90 percent of U.S. trade with Mexico is shipped by land.
- Provides **U.S. charter and tour bus operators** full and immediate access to the cross-border market; U.S. regular bus route companies will gain full cross-border access by the end of 1996.
- Gives U.S. trucking and bus companies the right to set up **international cargo subsidiaries** or new companies in Mexico, and to acquire minority ownership by the end of 1995, majority ownership by 2000, and 100 percent ownership by 2003.
- Opens the Mexican market permanently for **U.S. railroads**, locking in the market-oriented reforms undertaken by the Mexican National Railroad, by permitting U.S. railroads to market their services directly to customers, use their own locomotives, construct and own terminals in Mexico, and provide infrastructure financing.
- Opens investment and operating access for **port facilities** in Mexico, increasing options for **U.S. intermodal companies**.

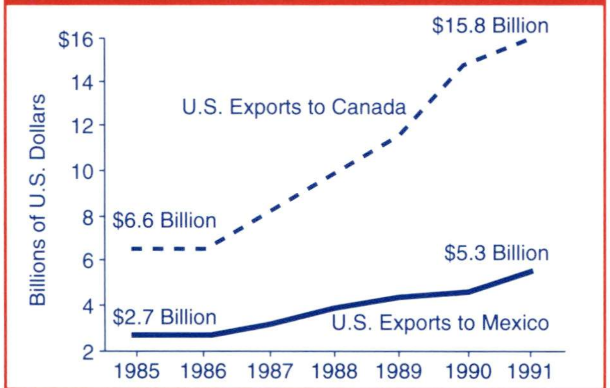
NAFTA's land transport provisions also improve safety and the environment because they:

- Establish a process for harmonizing various land transport safety standards, giving impetus to ongoing work to upgrade Mexico's safety standards; and
- Will decrease congestion and improve the border environment by ending the necessity of "handing off" trailers at the border and having them return home empty.

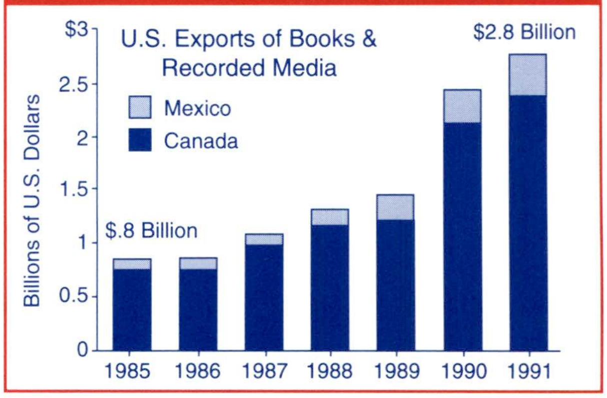
INTELLECTUAL PROPERTY RIGHTS

THE NORTH AMERICAN FREE TRADE AGREEMENT

The U.S. Now Exports Over $21 Billion in R&D-Intensive Goods to Mexico and Canada



Copyright-Dependent U.S. Exports to Mexico and Canada Totalled Nearly $3 Billion in 1991



NAFTA's IPR Provisions Will Promote U.S. High Tech and Entertainment Exports

The United States is a world leader in creativity and innovation, and growth in our exports of R&D-intensive goods, software, movies, books, and sound recordings depends on strong patent, copyright, and trademark rules, as well as effective enforcement.

NAFTA provides a higher standard of protection for patents, copyrights, trademarks, and trade secrets than has been established in any other bilateral or international agreement.

In addition, NAFTA:

- Requires enforcement of rights against infringement and piracy, both internally and at the border; and
- Reduces the threat of piracy of intellectual property rights, including rights of authors and inventors.

High-tech exports account for 32 percent of total U.S. exports to the world, but only 16 percent of U.S. exports to Mexico. NAFTA removes barriers that have limited U.S. market opportunities in the past, opening up substantial new export opportunities for U.S. high-tech equipment and service providers.

Patents: NAFTA's patent protection resolves longstanding trade irritants for U.S. pharmaceutical and agricultural chemical companies by:

- Protecting **product and process patents** for virtually all inventions; and
- **Limiting the ability of countries to impose compulsory licensing** on patent holders, particularly pharmaceutical companies.

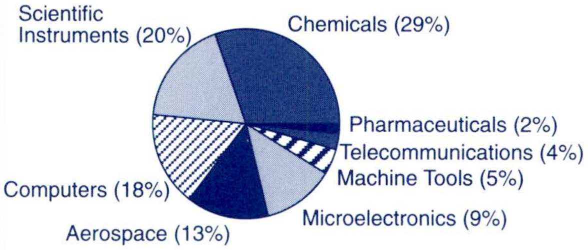
Copyrights: NAFTA provides copyright protection for North American producers of computer programs, sound recordings and motion pictures, including:

- Protecting **computer programs** as literary works and databases as compilations;
- Giving copyright owners of computer programs and producers of sound recordings the right to **prohibit the rental** of their products;
- Establishing a **50-year term of protection for sound recordings**, and requiring parties to provide protection for existing sound recordings; and
- Setting a minimum term of 50 years for the protection of **motion pictures and other works**, and allowing companies to exercise their rights as authors.

Other Rights: NAFTA also strengthens protection for trademarks, service marks, trade secrets, and other rights by:

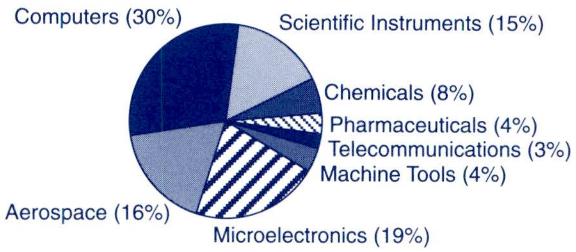
- Improving protection for integrated circuits, industrial designs, and plant varieties; and
- Preventing the use of geographical indications to mislead the public.

Composition of U.S. High-Tech Exports to Mexico, 1991



Total: $5.3 Billion

Composition of U.S. High-Tech Exports to Canada, 1991



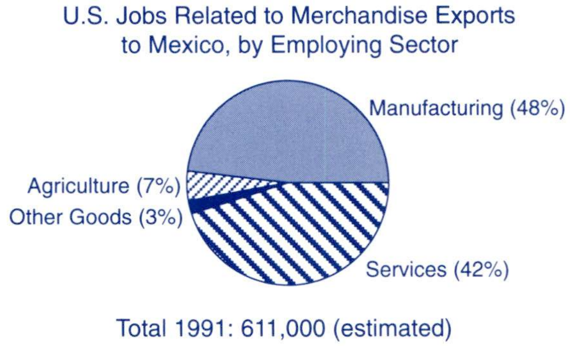
Total: $15.8 Billion

U.S. JOBS & ADJUSTMENT

THE NORTH AMERICAN FREE TRADE AGREEMENT

U.S. Jobs Supported by Exports to Mexico Have Doubled to Over 600,000

These Jobs Are in All Sectors



NAFTA Will Increase U.S. Exports and Generate Jobs

U.S. exports to Canada and Mexico reached a record $118 billion in 1991, supporting over 2.1 million U.S. jobs. Over 1.5 million jobs were supported by exports to Canada, and more than 600,000 U.S. jobs depended on exports to Mexico.

- These jobs are distributed nationwide: exports to Mexico have risen in almost every state since 1987.
- Export-related jobs generally pay 17 percent more than the average U.S. wage. This wage advantage accrues to service workers as well as to those employed in manufacturing.

A May 1992 U.S. International Trade Commission survey of academic studies reported "a surprising degree of unanimity" in predicting net job creation and wage gains from NAFTA. The Institute for International Economics recently projected that by 1995, over 1 million U.S. jobs will be supported by U.S. exports to Mexico alone.

NAFTA will generate jobs in all sectors:

- **Manufactured Goods:** NAFTA will slash Mexican tariffs to enable about half of the products the U.S. exports to Mexico to enter Mexico duty free either on the day NAFTA becomes effective with tariffs on the remaining products phased out over 10 years.
- **Agriculture:** Tariff reductions plus the elimination of Mexico's import licenses, which currently cover 25% of U.S. agricultural exports, will increase our exports to Mexico, which have nearly tripled since 1986.
- **Services**: The elimination of barriers to the sale of services across borders will generate U.S. jobs by opening Mexico's $146 billion services market to U.S. firms, and by improving our access to the $285 billion Canadian services market. Services jobs related to U.S. merchandise exports pay premium wages – more than manufacturing jobs overall.

A Smooth Transition for U.S. Workers

The transition to free trade should result in minimal adjustment pressures in the United States since Mexico's economy is only 1/20th the size of ours, and our imports from Mexico are equivalent to just over one-half of one percent of U.S. GDP. Moreover, half of these imports already are eligible to enter the United States duty free, and would thus not be affected by NAFTA.

However, to ensure a smooth transition and further minimize adjustment pressure, the NAFTA explicitly includes:

- **Long transition periods** of up to 15 years for the elimination of tariffs on the most sensitive U.S. sectors, such as household glassware, footwear, broomcorn brooms, and some fruits and vegetables;
- **Safeguards** that permit a temporary hike in U.S. tariff rates to pre-NAFTA levels to protect U.S. workers and farmers from being injured by increased imports from Mexico or Canada; and
- **Tough rules of origin** that guarantee that the benefits of the NAFTA tariff cuts go to North American-made products only; in the auto sector, for example, cars and light trucks built in Mexico must contain 62.5 percent North American content to be eligible for preferential tariff treatment.

To further prevent Mexico from becoming an export platform for non-NAFTA countries, NAFTA provides for:

- **Elimination of performance requirements**, such as export quotas and local content requirements, for foreign investments in Mexico; and
- **Limits on duty "drawback"** (rebates) on components imported from a non-NAFTA country and then incorporated into a product exported to another North American country.

Finally, NAFTA does not change in any way U.S. laws to combat unfair trade practices, which will be vigorously enforced to prevent dumping and unfair subsidies.

Worker Adjustment Assistance

In addition to the trade-related adjustment provisions in the NAFTA itself, the Administration is working with Congress and the private sector to provide worker adjustment assistance:

- In his May 1, 1991 report to Congress, the President committed to provide worker adjustment assistance that is adequately funded and ensures that workers who may be displaced will receive "prompt, comprehensive, and effective services."
- The President stated that he would work with Congress to meet these objectives, and that they could appropriately be addressed in legislation implementing a NAFTA, which is expected to be considered by Congress next year.
- The Administration began its initial series of Congressional and private sector consultations regarding adjustment efforts in May 1992, as the outlines of the NAFTA emerged. Since then, the Department of Labor has held consultations with Congressional staff on interested committees, as well as with private sector groups.
- A worker adjustment proposal will be ready when NAFTA legislation is considered by Congress – well before NAFTA actually enters into force.

MYTHS
& REALITIES

THE NORTH AMERICAN FREE TRADE AGREEMENT

Will Mexico's lower wages and workplace safety standards encourage U.S. companies to move to Mexico?

No. The total cost of production is what matters in relocation decisions, not wages alone. Labor productivity is as much as five times higher in the United States than in Mexico, and, over the past decade, U.S. productivity has grown more than twice as fast as Mexico's.

Mexican worker rights and labor standards compare favorably with those in the United States, as do Mexico's laws and regulations on occupational safety and health. Moreover, we have a broad-based cooperative effort underway between the U.S. Department of Labor and the Mexican Labor Ministry to narrow discrepancies that exist.

Will NAFTA lead U.S. companies to move their operations—and jobs—to Mexico to avoid U.S. environmental standards?

No. First, environmental compliance costs play a minimal role in relocation decisions because they represent a small share of total costs for most industries. Moreover, most U.S. industries with high compliance costs already have low tariffs, so NAFTA would give them little incentive to relocate.

Second, all new investments in Mexico must comply with Mexico's 1988 environmental legislation, which closely mirrors U.S. law. In some instances, Mexican environmental standards are even stricter than those in the United States. Mexico's enforcement of these standards is improving dramatically: since 1989, President Salinas has shut down over 1000 factories for non-compliance with Mexican environmental standards, and quadrupled the number of border inspectors.

Third, to narrow any differences in standards and enforcement, we are working closely with the Mexican government. In February 1992, Presidents Bush and Salinas unveiled an "Integrated Environmental Plan for the U.S.-Mexico Border," which establishes working groups on enforcement, air, water, hazardous waste, pollution prevention and emergency response. Moreover, we are making progress toward the establishment of new mechanisms for environmental cooperation, including enforcement.

Will NAFTA turn Mexico into an export platform for products from outside of North America?

No, NAFTA's tough rules of origin mean that the benefits of its tariff cuts go only to North American-made products, thus preventing Mexico from being used as a "pass-through" for non-NAFTA products.

In the auto sector, for example, cars built in Mexico and Canada must contain 62.5 percent North American content to be eligible for preferential tariff treatment.

In the textile sector, to qualify for duty-free status, textiles and garments must be woven and processed in North America generally from the yarn-spinning stage forward.

Finally, NAFTA will eliminate Mexico's export requirements and limit its duty rebate programs, thus removing the artifical incentives firms in Mexico had to export to the United States.

Will NAFTA mean that cheap imports from Mexico will flood the U.S. market?

No, our imports from Mexico are relatively small, equivalent to just over one-half of one percent of U.S. GDP. Moreover, half of those products already are eligible to enter the United States duty free, and thus will be unaffected by NAFTA's tariff reductions.

In addition, NAFTA contains a number of provisions that will protect U.S. workers from import surges:

- Long transition periods for the reduction in U.S. tariffs for import-sensitive sectors; and
- Safeguards, which permit a temporary hike in U.S. tariffs to protect U.S. workers from being injured from increased imports.

Finally, U.S. trade laws remain unchanged and will be strongly enforced to protect U.S. workers from unfairly dumped or subsidized foreign goods.

Will NAFTA increase immigration from Mexico?

No. First, NAFTA does not alter either U.S. immigration laws or the vigor with which they are enforced. Second, free trade will stimulate economic growth, creating new jobs, at better wages, in Mexico:

- Economic growth in Mexico is the single most important long-term remedy to the problem of unauthorized migration to the United States, according to a 1990 report by the Commission for the Study of International Migration and Cooperative Economic Development.
- Indeed, a 1990 U.S. International Trade Commission Study concluded that the NAFTA will both expand the number of jobs in Mexico and increase average wages, decreasing the economic pressures that lead to emigration to the United States.

Will anything be done to help displaced workers?

While NAFTA will create good, high-paying jobs for Americans, workers dislocated as a result of the NAFTA will be eligible for adjustment assistance.

In his May 1, 1991 letter to Congress, the President affirmed his commitment to providing adequately funded worker adjustment assistance that ensures that workers who may be displaced will receive "prompt, comprehensive, and effective services."

The Administration is already working with Congress and the private sector on worker adjustment assistance, and is committed to have a proposal ready when NAFTA legislation is considered by Congress – well before NAFTA enters into force.

What will happen to the U.S.-Canada Free Trade Agreement (CFTA)?

NAFTA builds upon trade liberalization begun in the CFTA, but does not erode the benefits of the CFTA.

In general, NAFTA provisions replace parallel sections of the CFTA. For example, NAFTA improves upon—and supersedes— the CFTA's provisions on rules of origin.

In other areas, NAFTA broadens the scope of the CFTA by addressing issues such as intellectual property and land transportation that were not included in the CFTA.

For more information, contact: Office of the U.S. Trade Representative, 600 17th St., NW, Washington, D.C., 20506

August 1992

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release August 12, 1992

STATEMENT BY THE PRESIDENT

Today marks the beginning of a new era on the North American continent. This morning, the United States, Mexico, and Canada are announcing the completion of negotiations for a North American Free Trade Agreement -- NAFTA. I want to express deep appreciation to Ambassador Carla Hills, our United States Trade Representative, and to Secretary Serra of Mexico and Minister Wilson of Canada for this outstanding achievement.

This historic trade agreement will further open markets in Mexico, Canada, and the United States. It will create jobs and generate economic growth in all three countries.

The Cold War is over. The principal challenge now facing the United States is to compete in a rapidly changing and expanding global marketplace. This agreement will level the North American playing field, allowing American companies to increase sales from Alaska to the Yucatan. By sweeping aside barriers and expanding trade, NAFTA will make our companies more competitive everywhere in the world. We have seen this happen with the U.S.-Canada Free Trade Agreement; we will see it even more with the NAFTA.

Open markets in Mexico and Canada mean more American jobs. Our nation is the world's leading exporter -- well ahead of Japan and Germany. Today, over seven million Americans are hard at work making products that will be sold around the world. Export-related jobs pay 17 percent more than the average U.S. wage. These jobs are the kind that our nation needs to grow and prosper -- the kind that showcase American talent and technology.

More than 600,000 Americans are now employed making products and selling them to Mexico -- our fastest growing major export market. We sold over $33 billion worth of goods to Mexico last year, and are projected to sell $44 billion this year. In the last five years, as President Salinas has dismantled many longstanding Mexican trade and investment restrictions, our exports to Mexico have nearly tripled -- that's more than one-quarter of a million new American jobs. This agreement helps us lock in these gains and build on them.

Last year the Congress endorsed moving forward with NAFTA by extending the "fast track" procedures for congressional consideration and implementation of trade agreements. The successful completion of the NAFTA talks shows how much can be accomplished when the Executive Branch and the Congress work together to do what is best for our Nation. I will work closely with Congress for rapid implementation.

At the time "fast track" was extended, I outlined steps we would take to address environmental and labor concerns. We have taken every promised step, and we are meeting -- or beating -- every commitment I outlined.

This is the first time a trade agreement has included stringent provisions to benefit the environment. The NAFTA maintains this nation's high environmental, health, and safety standards. In fact, it goes even further and encourages all three countries to seek the highest possible standards.

The Environmental Protection Agency and its Mexican counterpart have already developed a comprehensive integrated border plan to clean up air, water, and hazardous waste along the Rio Grande. These problems are serious, but they will be solved by environmental cooperation, increased trade, and higher levels of economic growth -- not protectionism. Unfortunately, Congress has reduced funding for our border plan in the appropriations process -- I ask Congress to fully fund these important environmental initiatives.

With NAFTA, we are moving forward with our trade strategy. Trade is part of my long-term economic growth plan to create more opportunities for all Americans. In a changing world, we must give our workers the education and skills they need to compete, and assistance and training to find good jobs.

I've said many times: level the playing field and the American worker can out-think, out-produce, and out-work anyone, anytime.

Today's historic agreement links our future with our past. Five centuries ago this very month, a man of courage and vision set sail from the Old World in search of new trade routes and opportunities. Christopher Columbus was an entrepreneur -- and the journey he started 500 years ago continues to pay off abundantly today. By moving forward with the North American Free Trade Agreement, we will replenish that investment, opening up new horizons of opportunity and enterprise in the New World.

# # #

KEY POINTS: NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

NAFTA IMPLEMENTS PRESIDENT BUSH'S VISION OF CONTINENTAL FREE TRADE

- Since President Bush took office, the United States has regained its position as the world's No. 1 exporter, with $422 billion in exports supporting 7.5 million jobs in 1991. Those export-related jobs pay 17% more than the average U.S. job.

- NAFTA will increase growth and jobs by linking us to our first and third largest trading partners, Canada and Mexico.

  -- Exports to Mexico have almost tripled since 1987, to an estimated $44 bn (est. $8 bn surplus) in 1992. 85% of US exports to Mexico are manufactured goods.

  -- Since 1988, the year the U.S.-Canada Free Trade Agreement was concluded, exports to Canada have risen $13 billion -- 19 percent -- to $85 billion in 1991.

- **More than 600,000 Americans owe their jobs to our exports to Mexico.** That number is expected to swell to over one million by 1995 if NAFTA and Mexican economic reforms are implemented. All credible academic studies predict NAFTA will produce significant net U.S. job creation and real wage gains.

NAFTA WILL GENERATE JOBS AND BOOST EXPORTS BECAUSE IT:

- **Eliminates tariffs and nontariff barriers.** About 65 percent of U.S. exports of industrial and agricultural goods will enter Mexico duty-free either when NAFTA is implemented or within five years;

- **Opens Mexico's $146 billion services market.** U.S. banks, insurance, trucking and telecommunications companies (and others) will have long-standing barriers removed. NAFTA will also improve access to Canada's $285 billion services market;

- **Opens up the North American auto market.** NAFTA will slash Mexican tariffs by half immediately and phase-out restrictions that have kept U.S. parts and vehicles out of Mexico's auto market;

- **Provides fair rules for investors.** U.S. companies in Mexico and Canada will be granted equal treatment with nationals, and will no longer face export or "local content" requirements;

- **Strengthens patent, copyright, and trademark protection.**

NAFTA WILL SAFEGUARD U.S. WORKERS AND SENSITIVE INDUSTRIES

- NAFTA gives sensitive sectors time to adjust to full competition by gradually phasing out tariffs and by providing a safeguard against injurious import surges; and through

- Tough rules of origin to prevent non-NAFTA countries shipping products through Canada or Mexico to take advantage of NAFTA.

- The Administration is also working with the Congress to ensure that effective, adequately funded <u>worker adjustment assistance</u> is in place by the time NAFTA is implemented.

<u>NAFTA WILL ENHANCE ENVIRONMENTAL PROTECTION IN NORTH AMERICA</u>

- NAFTA specifically protects U.S. health, safety, and environmental standards. Furthermore, NAFTA allows states and cities in NAFTA countries to enact tougher standards.

- NAFTA also permits parties to restrict trade in endangered species and to take other steps pursuant to international environmental accords.

- Presidents Bush and Salinas have already increased cooperation on common environmental problems:

  -- In February 1992, the two presidents announced the "Integrated Environmental Plan for the Border" which will oversee working groups on air and water pollution, waste and hazardous waste management, and emergency response.

  -- Mexico has pledged $460 million over three years and President Bush's FY93 budget includes $241 million--twice the level in FY92--for the border's rivers, air, and waste. Unfortunately, Congress cut this request by almost $100 million.

- In the longer term, NAFTA will help Mexico's economy grow, creating <u>more resources for the environment.</u> Studies show that as a nation's GDP increases, pollution decreases.

<u>NAFTA-LED GROWTH IN MEXICO WILL HAVE OTHER BENEFITS FOR THE U.S.</u>

- As Mexico's economy grows, it will import more: 70 cents of each Mexican import dollar -- and 15 cents of each additional dollar of Mexican income -- is spent on U.S. goods.

- NAFTA has focussed attention on critical <u>infrastructure</u> needs at the border; the US and Mexico are building bridges, improving crossing points, and upgrading border facilities.

- NAFTA-led growth will <u>diminish pressure to emigrate</u> to the US by creating new jobs and higher wages for Mexicans at home. One study projected 1.3 million fewer immigrants from NAFTA.

<u>THE ADMINISTRATION WILL WORK CLOSELY WITH CONGRESS TO IMPLEMENT NAFTA SO THAT THE AMERICAN PEOPLE CAN BENEFIT AS SOON AS POSSIBLE</u>

NAFTA THEMES

NAFTA MAKES AMERICA MORE GLOBALLY COMPETITIVE

- NAFTA links the United States to our first- and third-largest trading partners, Canada and Mexico, to create the largest and richest market in the world.
- Open access to this huge, integrated market will make U.S. firms more globally competitive.

NAFTA GENERATES NEW, HIGH-PAYING JOBS FOR AMERICANS

- More than 600,000 Americans owe their jobs to our exports to Mexico, a number expected to swell to over one million by 1995 alone. Over 1.5 million Americans already owe their jobs to our exports to Canada.
- All credible academic studies predict NAFTA will produce significant net U.S. job creation and real wage gains.
- Workers in export-related jobs earn 17 percent more than the average American worker.

NAFTA WILL HELP MEXICO GROW, WHICH HAS A HIGH PAYBACK FOR US

- As Mexico's economy grows, it will import more: 70 cents of each Mexican import dollar is spent on U.S. goods.
- Economic growth will make Mexico a stronger and more stable neighbor.

NAFTA SAFEGUARDS THE ENVIRONMENT AND AMERICAN WORKERS

- NAFTA benefits the environment more than any other trade agreement in history. It maintains our environmental, safety, and health standards; allows us to enact even tougher standards; and encourages our partners to strengthen their standards.
- NAFTA will safeguard U.S. workers against injury from imports by ensuring that U.S. tariffs on sensitive products are reduced gradually--over a decade and a half. In addition, the President is committed to providing effective adjustment assistance to help displaced workers.

USTR 8/11/92

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release August 12, 1992

The North American Free Trade Agreement

FACT SHEET

The President today announced that the United States, Mexico, and Canada have completed negotiation of a North American Free Trade Agreement (NAFTA). The NAFTA will phase out barriers to trade in goods and services in North America, eliminate barriers to investment, and strengthen the protection of intellectual property rights. As tariffs and other trade barriers are eliminated, the NAFTA will create a massive open market -- over 360 million people and over $6 trillion in annual output.

Background

With sharp increases in global trade and investment flows, U.S. economic growth and job creation have become closely tied to our ability to compete internationally. Since 1986, U.S. exports have increased by almost 90 percent, reflecting our success in opening foreign markets and the competitiveness of American industry. In 1991, the U.S. exported over $422 billion of industrial and agricultural products, and over $164 billion in services, making the United States the world's largest exporter -- ahead of Germany and Japan. More than 7.5 million U.S. jobs are tied to merchandise exports, up from 5.0 million in 1986. Of these jobs, 2.1 million are supported by exports to Canada and Mexico.

For many years, Mexico used high tariffs and licensing restrictions in an effort to encourage industrial development and import substitution.

Under President Salinas and his predecessor, President de la Madrid, the Mexican Government has opened its market and implemented sweeping economic reforms. In 1986, Mexico joined the General Agreement on Tariffs and Trade (GATT) and began reducing its tariffs and trade barriers.

As a result, bilateral trade has increased dramatically. From 1986-91, U.S. exports to Mexico increased from $12.4 billion to $33.3 billion, twice as fast as U.S. exports to the rest of the world. U.S. agricultural exports rose 173 percent to $3 billion; consumer goods tripled to $3.4 billion; and exports of capital goods surged to $11.3 billion from $5 billion. U.S. exports to Mexico now support approximately 600,000 American jobs, while exports to Canada support 1.5 million.

Economic reforms have also been good for Mexico. Its inflation rate has dropped from over 100 percent in 1986 to under 20 percent in 1991, and its economy has grown at an average annual rate of 3.1 percent over the last four years, after stagnating during the 1980s.

In June 1990, Presidents Bush and Salinas endorsed the idea of a comprehensive U.S.-Mexico free trade agreement and directed their trade ministers to begin preparatory work. Canada joined the talks in February 1991, leading to the three-way negotiation known as NAFTA. Formal negotiations began in June 1991 after Congress extended through May 1993 the "fast track" procedures originally enacted in the Trade Act of 1974, authorizing the Administration to submit the agreement with implementing legislation for an up-or-down vote.

The President's trade strategy, which is a key part of his overall economic growth plan, is designed to create new markets for American products and provide new opportunities for American companies and workers.

The NAFTA Agreement

The NAFTA will create a free trade area (FTA) comprising the U.S., Canada, and Mexico. Consistent with GATT rules, all tariffs will be eliminated within the FTA over a transition period. The NAFTA involves an ambitious effort to eliminate barriers to agricultural, manufacturing, and services trade, to remove investment restrictions, and to protect effectively intellectual property rights. In addition, the NAFTA marks the first time in the history of U.S. trade policy that environmental concerns have been directly addressed in a comprehensive trade agreement. Highlights of the NAFTA include:

Tariff Elimination. Approximately 65 percent of U.S. industrial and agricultural exports to Mexico will be eligible for duty-free treatment either immediately or within five years. Mexico's tariffs currently average 10 percent, which is two-and-a-half times the average U.S. tariff.

Reduction of Motor Vehicle and Parts Tariffs. U.S. autos and light trucks will enjoy greater access to Mexico, which has the fastest growing major auto market in the world. With NAFTA, Mexican tariffs on vehicles and light trucks will immediately be cut in half. Within five years, duties on three-quarters of U.S. parts exports to Mexico will be eliminated, and Mexican "trade balancing" and "local content requirements" will be phased out over 10 years.

Auto Rule of Origin. Only vehicles with substantial North American parts and labor content will benefit from tariff cuts under NAFTA's strict rule of origin. NAFTA will require that autos contain 62.5 percent North American content, considerably more than the 50 percent required by the U.S.-Canada Free Trade Agreement. NAFTA contains tracing requirements so that individual parts can be identified to determine the North American content of major components and sub-assemblies, e.g. engines. This strict rule of origin is important in ensuring that the benefits of the NAFTA flow to firms that produce in North America.

Expanded Telecommunications Trade. NAFTA opens Mexico's $6 billion market for telecommunications equipment and services. It gives U.S. providers of voice mail or packet-switched services nondiscriminatory access to the Mexican public telephone network and eliminates all investment restrictions by July 1995.

Reduced Textiles and Apparel Barriers. Barriers to trade on $250 million (over 20 percent) of U.S. exports of textiles and apparel to Mexico will be eliminated immediately, with another $700 million freed from restrictions within 6 years. All North American trade restrictions will be eliminated within 10 years and tough rules of origin will ensure that benefits of trade liberalization accrue to North American producers.

Increased Trade in Agriculture. Mexico imported $3 billion worth of U.S. agricultural goods last year, making it our third-largest market. NAFTA will immediately eliminate Mexican import licenses, which covered 25 percent of U.S. agricultural exports last year, and will phase out remaining Mexican tariffs within 10 - 15 years.

Expanded Trade in Financial Services. Mexico's closed financial services markets will be opened and U.S. banks and securities firms will be allowed to establish wholly owned subsidiaries. Transitional restrictions will be phased out by January 1, 2000.

New Opportunities in Insurance. U.S. firms will gain major new opportunities in the Mexican market; firms with existing joint ventures will be permitted to obtain 100 percent ownership by 1996 and new entrants to the market can obtain a majority stake in Mexican firms by 1998. By the year 2000, all equity and market share restrictions will be eliminated, opening up completely what is now a $3.5 billion market.

Increased Investment. Mexican "domestic content" rules will be eliminated, permitting additional sourcing of U.S. inputs and, for the first time, U.S. firms operating in Mexico will receive the same treatment as Mexican-owned firms. Mexico has agreed to drop export performance requirements, which presently force companies to export as a condition of being allowed to invest.

Land Transportation. More than 90 percent of U.S. trade with Mexico is shipped by land, but U.S. truckers currently are denied the right to carry cargo or set up subsidiaries in Mexico, forcing them to "hand off" trailers to Mexican drivers and return home empty. NAFTA will permit U.S. trucking companies to carry international cargo to the Mexican states contiguous to the U.S. by 1995, and gives them cross-border access to all of Mexico by the end of 1999. U.S. railroads will be able to provide their services in Mexico, and U.S. companies can invest in and operate land-side port services. The combination of truck, rail, and port breakthroughs will help create an efficient, intermodal North American transport system.

Protection of Intellectual Property Rights. NAFTA will provide a higher level of protection for intellectual property rights than any other bilateral or multilateral agreement. U.S. high technology, entertainment, and consumer goods producers that rely heavily on protection for their patents, copyrights, and trademarks will realize substantial gains under NAFTA. The agreement will also limit compulsory licensing, resolving an important concern with Canada.

The objective of NAFTA is to open markets. It is not designed to create a closed regional trading bloc, and does not erect new barriers to non-participants. The NAFTA is fully consistent with GATT criteria for free trade agreements, and with U.S. support for strengthening the multilateral trading system in the Uruguay Round.

Economic Studies

At the request of the Office of the U.S. Trade Representative, the U.S. International Trade Commission surveyed and evaluated the various economic analyses of NAFTA. In May of this year, the USITC reported that:

> [T]here is a surprising degree of unanimity in the results regarding the aggregate effects of NAFTA. All three countries are expected to gain from a NAFTA.

These independent studies found that NAFTA would increase U.S. growth, jobs, and wages. They found that NAFTA would increase U.S. real GDP by up to 0.5 percent per year once it is fully implemented. They projected aggregate U.S. employment increases ranging from under 0.1 percent to 2.5 percent. The studies further project aggregate increases in U.S. real wages of between 0.1 percent to 0.3 percent.

U.S. exports to Mexico currently support over 600,000 American jobs. The Institute for International Economics recently estimated this figure will rise to over 1 million U.S. jobs by 1995 under NAFTA.

Environment, Labor, and Adjustment Issues

In a May 1, 1991, letter to the Congress, the President described actions that the Administration would implement to address concerns regarding the impact of free trade on the environment, labor rights, and worker adjustment programs.

> **Environment.** The Administration has moved forward with a comprehensive bilateral environmental agenda to allay concerns that free trade could undermine U.S. environmental and food safety regulations or lead to environmental degradation on the U.S.-Mexico border. During the last year, substantial progress has been made. Highlights include the following:
>
> -- Standards. The NAFTA allows the U.S. to maintain its stringent environmental, health, and safety standards. It allows states and localities to enact tougher standards based on sound science. It encourages "upward harmonization" of national standards and regulations, and prohibits the lowering of standards to attract investment.
>
> -- Integrated Border Plan. In February 1992, EPA and its Mexican counterpart (SEDUSOL) completed a comprehensive plan for addressing air, soil, water, and hazardous waste problems in the border area. Agreement has been reached on measures to implement the first stage of the plan covering the period 1992 - 1994.

-- Border Infrastructure. The President has proposed a 70 percent increase in the budget for border environmental projects to $241 million for FY 1993, including $75 million for the "colonias" (unincorporated communities on the U.S. side of the border that often lack effective sanitation services and running water) and over $120 million for border wastewater treatment plants.

-- Border Plan/FY 1993 Appropriations. To date, in the FY 1993 Appropriations process, the House of Representatives has refused to fund the $50 million EPA request for the colonias and cut the Administration's $65 million request for a Tijuana-San Diego sewage treatment plant to $32 million. For its part, the Senate failed to fund $120 million of the requested funds for border wastewater treatment. The President has called upon Congress to reverse these cuts.

-- Environmental Conference. On September 17, 1992, EPA Administrator Reilly will host a trilateral meeting with the Canadian and Mexican environmental ministers in Washington, D.C. to discuss environmental aspects of NAFTA.

Worker Rights. Mexico has a comprehensive labor law that provides workers with extensive legal rights. The economic benefits of the NAFTA will provide Mexico with resources to move forward with vigorous enforcement initiatives launched by the Salinas Administration.

-- Labor Cooperation. The U.S. Department of Labor has negotiated a five-year Memorandum of Understanding (MOU) to strengthen bilateral cooperation with respect to occupational health and safety standards, child labor, labor statistics, worker rights, labor-management relations, and workplace training. Several joint MOU initiatives are now underway.

Safeguards. President Bush committed that NAFTA would contain measures to ease the transition for import-sensitive U.S. industries. For our sensitive sectors, tariffs will be phased out in 10 years, with particularly sensitive sectors having a transition of up to 15 years. In addition, NAFTA contains "safeguard" procedures that will allow the U.S. to reimpose tariffs in the event of injurious import surges.

Worker Adjustment. Dislocations in the U.S. are likely to be minimal, since U.S. trade barriers are already quite low. Nonetheless, during the fast track debate, the President promised that dislocated U.S. workers will receive timely, comprehensive, and effective services and retraining -- whether through improvement or expansion of an existing program or creation of a new program. The Administration has already begun consulting with the relevant Congressional committees regarding adjustment services for displaced workers.

Next Steps

The timing of Congressional consideration is governed by the fast track procedures, which require the President to notify the Congress of his intent to enter into the agreement at least 90 days before it is signed. Although today's announcement reflects the completion of negotiations, the draft text probably will not be finished until September, since further legal drafting and review are required to implement the understandings reached by the negotiators.

After the agreement is signed, legislation must be prepared to implement it, including any necessary changes to U.S. law. Under the fast track, the NAFTA will not go into effect until the Congress has approved the implementing legislation on an up-or-down vote. The approval process must occur within a specified time -- 90 "session" days of Congress.

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EXAMPLES OF NAFTA'S MARKET-OPENING PROVISIONS

TARIFFS: Approximately 65 percent of U.S. industrial and agricultural exports to Mexico, will be eligible for duty-free treatment either immediately or within five years. Mexico's tariffs currently average 10 percent, which is two-and-a-half times the average U.S. tariff.

FINANCIAL SERVICES: Mexico's closed financial services markets will be opened and U.S. banks and securities firms will be allowed to establish wholly owned subsidiaries. Existing restrictions, including limits on foreign market share, will be eliminated by January 1, 2000, giving U.S. banks and securities firms the opportunity to compete with local firms.

INSURANCE: U.S. insurance firms will gain major new opportunities in the Mexican market: firms with existing joint ventures will be permitted to obtain 100-percent ownership by 1996 and new entrants to the market can obtain a majority stake in Mexican firms by 1998. By the year 2000, all equity and market share restrictions will be eliminated, opening up completely what is now a $3.5 billion market.

TELECOMMUNICATIONS: NAFTA opens Mexico's $6 billion telecommunications services and equipment market. It gives U.S. providers of voice mail or packet-switched services nondiscriminatory access to the Mexican public telephone network and eliminates all investment restrictions by July 1995.

TRUCKING: More than 90 percent of U.S. trade with Mexico is shipped by land, yet U.S. truckers have been denied the right to carry cargo in Mexico or to own warehouses. With NAFTA, U.S. truckers will no longer be forced to "hand off" trailers to Mexican drivers and return home empty. NAFTA will permit U.S. trucking companies to carry international cargo to the Mexican states contiguous to the U.S. by 1995, and gives them cross-border access to all of Mexico by the end of 1999.

MOTOR VEHICLES AND AUTO PARTS TARIFFS: U.S. autos and light trucks will enjoy greater access to Mexico, which has the fastest-growing auto market in the world. With NAFTA, Mexican tariffs on vehicles and light trucks will be cut in half immediately. Within five years, duties on three-quarters of U.S. parts exports to Mexico will be eliminated and Mexican "trade balancing" and "local content requirements" will be phased out over ten years.

AUTO RULE OF ORIGIN: Only vehicles with substantial North American parts and labor content will benefit from tariff cuts under NAFTA's strict rule of origin. NAFTA will require that autos contain 62.5 percent North American content, considerably more than the 50 percent content requirement of the U.S.-Canada Free Trade Agreement. NAFTA contains tracing requirements so that individual parts can be identified to determine the content of major components and sub-assemblies, e.g. engines.

TEXTILES AND APPAREL: Barriers to trade on $250 million of U.S. exports of textiles and apparel to Mexico will be eliminated immediately and another $700 million will be freed from restriction within 6 years under NAFTA. All North American trade restrictions will be eliminated within ten years, and tough rules of origin will ensure that the benefits of trade liberalization accrue to North American producers.

AGRICULTURE: Mexico imported $3 billion in U.S. agricultural goods last year, making it our third-largest market. NAFTA will immediately eliminate import licenses, which were required on 25 percent on U.S. agricultural exports last year and will phase out Mexican tariffs.

ENERGY: NAFTA provides increased access for U.S. firms to Mexico's electricity, petrochemical, gas, and energy services and equipment markets.

INTELLECTUAL PROPERTY RIGHTS: NAFTA provide a higher level of protection than that in any other bilateral or multilateral agreement. U.S. high technology, entertainment, and consumer goods producers that rely on protection for their patents, copyrights, and trademarks will all realize substantial gains under NAFTA. For example, NAFTA will limit compulsory licensing, resolving an important concern with Canada.

INVESTMENT: Mexican "domestic content" rules will be eliminated, permitting additional sourcing of U.S. inputs and, for the first time, U.S. companies operating in Mexico will receive the same treatment as Mexican-owned firms. Mexico has agreed to drop its export performance requirements, which presently force firms to export as a condition of being allowed to invest.

KEY POINTS IN NAFTA NEGOTIATIONS TO DATE

June 10, 1990	President Bush and Mexican President Salinas issue a joint statement endorsing the idea of a comprehensive free trade agreement between the United States and Mexico, and direct their trade ministers to undertake consultations and preparatory work.
August 8, 1990	U.S. Trade Representative Carla A. Hills and Mexican Secretary of Commerce Jaime Serra Puche report back to the two Presidents, jointly recommending the initiation of formal negotiations.
August 21, 1991	President Salinas writes to President Bush proposing that the United States and Mexico negotiate a free trade agreement, a step required by U.S. law.
September 25, 1990	President Bush writes to the Chairmen of the House Ways and Means and Senate Finance Committees notifying the committees of free trade negotiations with Mexico, a step required by U.S. law. In his letter, the President also informs the Chairmen that Canada has expressed a desire to participate in the negotiations.
February 5, 1991	President Bush, President Salinas, and Canadian Prime Minister Brian Mulroney announce their intention to pursue a North American Free Trade Agreement, creating one of the world's largest liberalized markets.
February 5, 1991	President Bush writes to the Chairmen of the House Ways and Means and Senate Finance Committees of his desire to enter into trilateral negotiations with Mexico and Canada for a North American Free Trade Agreement (NAFTA).
February 6 & 20, 1991	Senate Finance Committee holds public hearings on the proposed negotiations.
February 20-21, 1991	International Trade Subcommittee of the House Ways and Means Committee holds public hearings on the proposed negotiations.
February 27, 1991	Sixty-day legislative review period expires, during which time the Senate Finance Committee or House Ways and Means Committee could have voted to deny fast-track procedures to legislation implementing a free trade agreement with Mexico.
March 1, 1991	President Bush requests a two-year extension of fast-track procedures for legislation implementing trade agreements, a necessary step if the procedures are to be used for a NAFTA.

May 1, 1991	In response to Congressional concern expressed during the fast track debate, President Bush sends a letter to Congress committing to consult extensively during the course of the negotiations and conduct a broad public outreach effort, to work to ensure that the any negative impact on employment as a result of a NAFTA is minimized and to assist dislocated workers by ensuring an adequately funded worker adjustment program, to gradually phase out duties over time with long transition periods for sensitive sectors, to include an effective safeguard mechanism, to provide for strict rules of origin, and to address environmental, labor standards, and worker rights issues.
May 3, 1991	U.S. Labor Secretary Lynn Martin and Mexican Minister of Labor and Social Welfare Arsenio Farell Cubillas sign a Memorandum of Understanding to promote increased standards of living and a safe and healthy workplace for workers in the two countries.
May 23-24, 1992	Consistent with President Bush's request, both houses of Congress vote to extend Fast Track authority for two years for NAFTA and for other purposes.
June 12, 1991	NAFTA negotiations formally launched in Toronto, Canada with Trilateral meeting of Trade Ministers. 19 working groups convene.
June 23-25, 1991	U.S. Department of Commerce and the Office of the U.S. Trade Representative lead delegation of 19 Industry Sector and Functional Advisory Committee advisors to Mexico for intensive two-day round of meetings with Mexican Government negotiators, the Mexican private sector, and U.S. companies operating in Mexico.
July 8-9, 1991	Plenary session in Washington, D.C. chaired by Chief Negotiators of the three countries.
August 1, 1991	Draft U.S.-Mexico Border Plan released for public comment.
August 6-7, 1991	Plenary session in Oaxtepec, Mexico chaired by Chief Negotiators of the three countries.
August 18-20, 1991	Second Trilateral Ministerial Oversight meeting held in Seattle, Washington.
August 21-September 11, 1992	Trade Policy Staff Committee conducts public hearings held in San Diego, Houston, Atlanta, Washington, D.C., Cleveland, and Boston. Several hundred witnesses testify.
September 19, 1991	The U.S., Canada, and Mexico exchange initial tariff staging proposals and non-tariff barrier request lists at a meeting of the Tariffs and Non-Tariff Barriers Negotiating Group in Dallas, Texas.
October 17, 1991	USTR, EPA submit draft review of U.S.-Mexico Environmental Issues for public comment.
October 25-28, 1991	Third Trilateral Ministerial Oversight meeting in Zacatecas, Mexico.

December 14, 1991	Presidents Bush and Salinas meet at Camp David, agree on importance of NAFTA and need for broad, comprehensive agreement.
December 31, 1991	Negotiators complete composite bracketed texts.
January 6-10, 1992	Meetings at Georgetown University in Washington, D.C. to prepare composite texts.
January 16-17, 1992	Chief Negotiators meet to review negotiations in Washington, D.C.
February 2-3, 1992	Ambassador Carla A. Hills leads delegation of 26 private sector representatives and 11 Members of Congress to Mexico. Delegation meets with President Salinas, Secretary of Commerce Serra, and other key Mexican government and private sector officials.
February 9-10, 1992	Fourth Trilateral Ministerial Oversight meeting held in Chantilly, Virginia.
February 10-12, 1992	U.S. and Mexican officials, along with organized labor, hold hazardous industry conference focusing on iron and steel industry.
February 17-21, 1992	Plenary session in Dallas, Texas chaired by Chief Negotiators of the three countries.
February 25, 1992	President Bush receives NAFTA Environmental Review and Environmental Border Plan from USTR Carla A. Hills and EPA Administrator William K. Reilly in Los Angeles, California.
February 26, 1992	President Bush and USTR Hills discuss NAFTA progress with President Salinas and Minister Serra in San Antonio, Texas on the margins of the Drug Summit.
March 4-5, 1992	Plenary session in Washington, D.C. chaired by Chief Negotiators of the three countries.
March 23-27, 1992	Plenary session in Washington, D.C. chaired by Chief Negotiators of the three countries.
April 6-8, 1992	Fifth Trilateral Ministerial Oversight meeting held in Montreal Canada.
April 27-May 1, 1992	Plenary session in Mexico City, Mexico chaired by Chief Negotiators of the three countries.
May 13-15, 1992	Plenary session in Toronto, Canada chaired by Chief Negotiators of the three countries.
June 1-5, 1992	Plenary session in Crystal City, Virginia chaired by Chief Negotiators of the three countries.
June 17-19, 1992	Chief Negotiators meet to review negotiations in Washington, D.C.
June 29-July 3, 1992	Chief Negotiators meet to review negotiations in Washington, D.C.
July 7-10, 1992	Chief Negotiators meet to review negotiations in Washington, D.C.

July 14, 1992	Presidents Bush and Salinas and their trade ministers, Hills and Serra, meet to discuss status of the NAFTA talks and announce the beginning of the final stage of negotiations.
July 25-26, 1992	Sixth Trilateral Ministerial Oversight meeting held in Mexico City, Mexico.
July 29 - August 12, 1992	Chief Negotiators meet to review and finalize negotiations in Washington, D.C.
August 2 - 12, 1992	Seventh Trilateral Ministerial Oversight meeting to finalize NAFTA in Washington, D.C.

A quick reference aid on US foreign policy

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US-Mexico Relations

US-Mexico Cooperation and NAFTA

The US-Mexican partnership is based on a deep mutual respect for the forces of democracy and free markets. President Bush and Mexican President Carlos Salinas have deepened the bilateral relationship through numerous initiatives and extensive cooperation on a wide range of issues. When the two Presidents met in 1990, President Bush said, "[L]et us begin this new century not simply as neighbors, but as friends," while President Salinas has stated that US-Mexico relations are on the brink of a "new era."

Mexico's dramatic market-based economic reforms, which began in the early 1980s, laid the foundations upon which this new era could be built. Presidents Bush and Salinas seized the opportunity to cement an enduring and mutually beneficial US-Mexico relationship when they announced in June 1990 their intention to negotiate a North American Free Trade Agreement (NAFTA).

They had a vision that, by breaking down the economic barriers throughout the continent, NAFTA would not only create opportunities for US economic growth but serve as a basis for enhancing ongoing US-Mexico cooperation on a host of issues. As the two countries enter the 21st century, cooperation on issues such as migration, environmental pollution, and narcotics control—which do not respect national borders—is of critical importance.

US-Mexico cooperation already is at historic levels. Among other efforts, the two countries have reinvigorated the Binational Commission whose working groups meet regularly at the ministerial level to enhance cooperation on such issues as agriculture, culture, environment, labor, migration, narcotics control, and legal matters. The US-Mexican Binational Committee on Bridges and Border Crossings facilitates legal traffic across the 2,000-mile border—the busiest border in the world. State and local governments along the border also cooperate extensively on tourism, education, and other concerns. As Mexico continues to implement political and economic reforms based upon democratic and free enterprise principles, the relationship will improve even more.

Growing Economic Ties and Economic Reform in Mexico

Supporting and encouraging market-based economic liberalization in Mexico is in the US interest. This liberalization, which NAFTA will enshrine and expand, has led directly to Mexico's economic growth and, consequently, to enhanced opportunities for US exports and investment.

As the Mexican economy has grown (13.1% since 1987), so have US exports. Since 1987, US exports to Mexico have more than tripled to a projected $44 billion in 1992. Mexico has become America's third largest trading partner and the fastest-growing US export market. Mexico recently overtook Japan as America's second largest export market for manufactured goods. The United States now sells more per capita to Mexicans ($350) than to far wealthier members of the European Community ($266).

The United States can expect that further Mexican economic growth will translate into US gains through increased demand for imports. For every $1 of income growth, Mexicans spend 14 cents on US products, and Mexico purchases 70% of its imports from the United States. Given the increasing importance of international markets in today's economy, encouraging economic growth in a market open to US exports helps ensure continued US prosperity.

Mexico's moves toward a market economy in the 1980s and 1990s has been key to the growth in US-Mexico economic ties. Mexico has rejected its traditional economic policies, which had restricted imports and investment and had sealed off its economy from competition.

Mexico has reduced trade barriers, privatized more than 900 state enterprises, denationalized the banking industry, and deregulated many sectors of the economy. In 1986, Mexico joined the General Agreement on Tariffs and Trade. Under President Salinas' leadership, the economic reform program has been accelerated with considerable results: Mexico has low inflation; a stable, market-based, and fully convertible currency; a dramatically improved investment climate; and a bold plan for agricultural reform. NAFTA will lock in this progress and further reduce Mexico's trade barriers, encouraging growth in both countries.

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Democratic Reform in Mexico

Mexico's political reforms reflect and underpin the country's economic transformation. Opposition parties and non-governmental interest groups have achieved expanded access to the political process, while Mexico's two most recent elections, in August 1991 and July 1992, were the fairest in its history.

The Salinas Administration has attacked long-standing corruption problems, dismissing several high-level officials and more than 600 government employees. To improve human rights performance, the government established the National Commission on Human Rights in 1990 and initiated a 12-point plan to ensure that the Mexican police respect the human rights of detainees. The commission is investigating and correcting abuses, resolving controversial cases, reducing official impunity for abuse of power, and earning considerable foreign and domestic respect for doing so.

Mexican Foreign Relations

The new era of US-Mexico relations has achieved closer cooperation on key foreign policy issues. Mexico already has made a significant contribution to ending civil strife in Central America, a major US foreign policy goal. As one of the countries leading efforts toward peace in Central America, Mexico helped persuade the rebel forces and Government in El Salvador to demobilize and end their war. Similarly, Mexico has played a constructive role in encouraging the end to armed conflict in Guatemala. Overall, like the United States, Mexico has been an important voice in supporting the growth of democracy and free market reform throughout Latin America and the Caribbean.

Environment

For more than 100 years, the United States and Mexico have been cooperating on joint environmental problems. Since 1889, the bilateral International Boundary and Water Commission, has addressed boundary and water problems. Recently, growing populations and industries along the border began posing environmental, economic, and infrastructure challenges to both countries. In response, the two governments signed the 1983 La Paz Border Environment Agreement, which established a program for environmental coordination to address problems with air and water pollution, hazardous waste, and environmental enforcement.

Building upon this agreement, Presidents Bush and Salinas released in 1992 an Integrated Border Environmental Plan to deal with border pollution problems. Mexico has committed $460 million to environmental infrastructure projects along the border over the next 3 years. The Bush Administration has requested $241 million in FY 1993 alone to support border environmental projects.

Immigration and Law Enforcement

Millions of border crossings and increasing population in the border areas pose problems for US and Mexican immigration and law enforcement officials. To address these problems, the Mexican Government created a special police force known as *Grupo Beta* that has reduced violence by alien smugglers and others and more effectively monitored border traffic. In 1991, Mexican officials apprehended 133,300 third-country nationals (up from 13,000 in 1988), the majority of whom were headed to the United States, thereby saving the US millions of dollars in detention costs.

To deter illegal entry to the United States, the US Immigration and Naturalization Service (INS) has upgraded fencing in certain border areas. INS is deploying more than 300 additional Border Patrol agents, most of them along the border with Mexico. It also is improving cooperation with the *Grupo Beta*.

Continued Mexican economic growth, enhanced by free trade with the US, will increase job opportunities in Mexico, thereby reducing over time the pressures for illegal immigration to the US. The Commission for the Study of International Migration and Cooperative Economic Development reported to the Congress and President in 1990 that economic growth in the home countries of migrants is the single most important long-term remedy to the problem of unauthorized migration to the United States. In the interim, however, humane law enforcement is key to US-Mexican cooperation.

Anti-Narcotics Cooperation

President Salinas shares the US Government's deep concern over illegal drugs and has supported enhanced bilateral cooperation to stem their spread to North America. Mexico has become a leader in promoting regional cooperation to stop drug-trafficking. It also has played a key role in an anti-narcotics effort of the Organization of American States.

The Salinas Administration has increased resources devoted to the war on drugs from $37 million in 1989 to $77 million in 1991. It has eradicated one-third of the 1991 estimated marijuana crop and two-thirds of the opium poppy crop. Mexico has reformed its legal system to make money-laundering and other drug-related financial activity crimes and is undertaking a vigorous asset seizure program. The government also has broadened drug treatment, education, and prevention programs to reach its young people.

US-Mexico anti-narcotics cooperation has reached unprecedented levels in policy coordination and operations. The US-Mexico Mixed Permanent Commission reviews cooperative efforts. The Mutual Legal Assistance Treaty enhances the capability of both governments to prosecute criminals operating on both sides of the border. The countries are preparing joint training teams to assist Central and South American nations in implementing drug education and treatment programs. The United States supplies helicopters and sophisticated aircraft to Mexico's rapid response force (Northern Border Response Force). ■