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REMARKS FOR CLEVELAND CITY CLUB

CLEVELAND, OHIO
JULY 28, 1997

THOMAS F. MCLARTY III

Thank you, Joe Gorman, for that generous introduction. I have known Joe for some time. Besides being moderately successful, he is a strong voice for reason and corporate responsibility, and it's little wonder TRW continues to rank as one of the more worker-friendly companies nationwide. He also understands the importance of international trade, and is a real advocate for our joint trade agenda. Joe, it's good to be here with you today.

Thank you also to Don Hastings, representing the Cleveland Council on World Affairs and the World Trade Center, and also our MC. Both the Council and the World Trade Center have been vital links to the international marketplace, and we applaud your continuing efforts.

And let me also thank the venerable Cleveland City Club and its Director Jim Foster, for making this forum available to me today, at an important time in the long and storied saga of Ohio's, and America's, history of engagement in the world. Jim, the President reminded me after I agreed to join you this afternoon that he has spoken at the City Club twice, and he asked me to pass along his best wishes to you and your colleagues here today. Mayor Mike White, you represent the best in big city leadership, and a true spirit and public spiritedness, also exemplified by Ohio's Senators DeWine and Glenn, and Congressman Stokes, who I believe have sent their representatives here today.

In the interests of full disclosure, let me first acknowledge a deep emotional tie to this city that goes back to my childhood and has continued over the years. I loved the 1954 American League Champion Indians. I'll never forget--nor will I ever forgive--Willie Mays' famous over-the-back catch in the '54 World Series.

Later, as a businessman, the former CEO of a Fortune 500 natural gas company and the fourth generation in a family transportation business, I dealt with Leaseway Trucking, based in this city, and so traveled here frequently. And I also came to know and admire Cleveland in my association with Burkett Williams. Some of you may have known Burkett as a respected and successful Ford dealer earlier this century in the Cleveland area, and indeed he was. But to me, he was much more. Coming as he did from Hope, Arkansas, my hometown, I knew Burkett as a wonderful mentor who found his way to the big city and left an enduring legacy.

As a result of these associations over the years, I came to view the industrial heartland--not New York, LA, or Washington--as the land of promise, the symbol of American ingenuity, hard work, and know-how.

So I was troubled when Cleveland and Ohio entered a period of economic stress and decline in the 1970's. It struck me not as a regional or sectoral problem, but as a symbol of national concern with serious implications for all of us. Like so many Americans then, I almost grew used to the idea that the United States might never again regain its dominant position in basic industries and manufacturing. Sure, we might do well in agriculture and services and a few high-technology sectors, but the so-called "rust belt," many thought, the heart of our economy and driver of our post-War prosperity, might never shine again.

But if there's one thing I have learned, it's to expect the impossible from the industrious people of the American Midwest. With resolute determination sustained by seriousness of purpose and a backdrop of family and faith, the people of this city and State--like the couple in Grant Woods' famous American Gothic painting--set their faces to the job at hand, reengineering Ohio's economy and positioning it for the future, not the past.

You are showing the way to preserving our common values while meeting our common challenges. With a vibrant public/private partnership stressing a three-pronged approach to trade and commerce--exports, inbound investment, and intermodal transportation fully incorporating the St. Lawrence Seaway, the building blocks of what my longtime friend Dick Pogue calls an international city--you are forging as prominent a role in the Information Age as Ohio once enjoyed in the Industrial Age.

Both your traditional and new industries are thriving. Your State's unemployment rate, at 4.5 percent, is the lowest in 30 years. Amazingly, Ohio has even had to advertise nationally to attract workers from elsewhere to meet the rising demand for labor. Optimism has returned; the uncertainty once reflected on the faces of children and their families here has been replaced by ready smiles and a tangible faith in the future. Even the Indians have returned to prominence, and that brings a ready smile to my own face.

With export figures off the charts, your remarkable economic surge, replicated throughout the Midwest, is increasingly international in flavor. You understand the link: to be strong abroad we must first be strong at home. But in an increasingly interconnected world, we will stagnate at home if we are not fully engaged abroad.

Ladies and gentlemen, I come before you with a simple premise: open and fair trade is good for our people. It encourages economic efficiency and increasing prosperity. It gives our consumers greater choice at lower cost. And it supports prosperity and peace across the world, reducing tensions, increasing stability, and, in turn, directly strengthening the national security of the United States.

Trade is increasingly playing in integral part in the well-being of our economy, and to our quality of life as Americans. The numbers really tell the story.

- One fourth of our entire economy is related to exports and trade.

- Export related jobs, which pay some 15 percent better than average, are growing faster than total employment.

- Last year, over 11 million US jobs depended on exports. By 2000, that number is expected to rise to nearly 16 million or more.

And the Ohio numbers tell the same story.

- Total exports are up a whopping 42 percent since 1992, to $24.6 billion. Over 300,000 Buckeyes receive a check every pay period as a result of exports. In fact, jobs supported by exports have increased by a fifth since 1992.

- And industries such as transportation equipment, industrial machinery and computers, chemicals, and electronics head the list.

Ohio is back, and exports are leading the way. One of the companies that understands this is Cleveland's own Lincoln Electric. As an experienced, 102 year old manufacturer of arc welding equipment, Lincoln Electric has plotted an aggressive strategy of exports. Their strategy is working: the company has not had a lay-off in over 48 years; in fact, 800 new jobs were recently added to the payroll. And these are very good paying jobs. Lincoln Electric factory workers earn nearly twice the national factory wage, and they live the facts every day: if we compete overseas, we win here at home.

Of course, international trade isn't the only factor contributing to strong regional employment and economic growth. Inflation and interest rates are low, investment is up, energy prices are stable, and government spending is more in line with revenues than at any other time in the last 25 years. And then there's the small matter of the Dow, which has performed reasonably well in the past several months. Chairman of the Federal Reserve Alan Greenspan has even called our economy "exceptional," and he is not generally one to exaggerate.

But even with a relatively strong dollar, our exports continue to grow, showing once again the vibrancy of firms at the vanguard of the export revolution and the world-class productivity of the men and women in our workforce. And in an increasingly global economy, I believe without question an aggressive export posture is a critical component of our long-term economic growth and stability.

I certainly see this every day in my role as Counselor to the President and Special Envoy for the Americas. Forget the stereotypes and preconceptions you might have had about our hemisphere. Economically, Latin America is the second fastest growing area in the world, the fastest growing market for US goods and services, and a key to our continued strategy of economic growth.

Forty percent of US exports go to Canada, Latin America, and the Caribbean. We already sell as much to our hemisphere as we do to Germany and Japan combined. And by the year 2010, we'll sell more to our neighbors than to all of Europe and Japan combined.

As the first step in a strategy of hemispheric trade expansion, in 1993 President Clinton put his credibility on the line to get NAFTA passed with bipartisan support. It was a difficult battle, but the right thing to do. And earlier this month, the Clinton Administration released a Congressionally-mandated report on NAFTA's first three years, concluding it has expanded trade and investment among the three parties to the agreement, and had a positive effect on the US economy.

The facts are that Ohio has done very well since NAFTA went into force at the beginning of 1994. Canada and Mexico are the top two foreign markets for Ohio products. Total State exports to Canada and Mexico have jumped 22 percent since 1993 to $11.8 billion. Exports to Mexico alone are up almost 50 percent since 1993, even though Mexico has not yet fully emerged from the 1995 peso crisis which has dramatically depressed that country's purchasing power. As one economist says, and Ohio's statistics prove, no producers in the world have a more privileged trade status in Mexico that the producers of the Midwest.

Despite this proven record of success, there are those voices in Washington and here in Ohio calling for a moratorium on further trade expanding agreements. Honorable people can have honest disagreements. Still, no one believes you can pull the spark plugs from a car hurtling down the road and expect to maintain a constant speed. In the same way, no one should believe you can pull international trade and investment from the forces propelling our economy and expect to maintain constant growth. Economic integration is happening, and we really have no other good alternative: we must compete, not retreat from it.

This will be increasingly difficult, however, if Congress does not quickly respond to the President's request for authority to negotiate trade agreements in the future--the so-called fast-track authority that every President since Gerald Ford has enjoyed, and that Bill Clinton has been denied since 1994. We are committed to this effort, as shown by the President's appointment of Jay Berman last week, a strong voice for trade and an effective Washington hand, to lead the push for Congressional approval.

As most of you know, fast track authority is Washington-speak which simply means that the President can submit trade agreements to Congress for approval or denial on an up-or-down vote. It does not guarantee trade agreements will be reached and it does not eliminate Congressional review or involvement; it just means the President can negotiate like virtually every other head of state in the world, representing his country without fear that Congress will amend agreements to death or force their constant renegotiation. Like any other political leader, President Clinton will carefully consult with Congress before and during negotiations to ensure that agreements will in fact be approved.

But we must act quickly. We are on the brink of key trade negotiations in agriculture, financial services, and information technology--all sectors where our country is the world leader. Major regional trade agreements are in the works in Latin America and Asia. The European Union is working hard for an exclusive trade pact with South America, where Japan and even China are also working overtime in the hunt for markets. If the President does not soon obtain negotiating authority, huge shifts in regional trading patterns and in the world trading system itself will occur--without our equal participation or maximum ability to influence outcomes. That's not a gamble we want to take.

With the fast track debate this autumn, you'll hear a lot of static and noise. But you and your workers are winning with open markets and know very well: by shutting our borders, we don't lock our problems out, rather, we lock our troubles in.

So I would respectfully ask you to let your record of export successes speak. Make it clear we need more trade, not less. That trade means good jobs at good wages for Ohio and the Midwest. That Americans can compete in a global economy and must be given the chance. And that the President needs the authority to open trade, in Latin America, Asia, and around the world.

Of course trade openings, like technological change and other economic developments, produce dislocations and insecurity for some. We cannot nor should we ignore these negative effects. We should have a genuine concern regarding their effects on our sense of community which is so important. But the way to deal with dislocations and insecurity is to confront them directly, not wish them away.

Even as we pursue expanded trade and market openings, the President is committed to equipping all Americans with the education and skills they need to remain as personally competitive in the global marketplace as we are as a nation. We must continue our efforts to provide retraining and opportunities for life-long learning. We must continue to provide a strong safety net including health care to catch those in need of transitional assistance. And we must reward good corporate citizenship toward both employees and the communities in which they live.

But let me return to my central point. Denying the President renewed trade authority does not protect a single job. It does not modify a single trade agreement. And it does not help one American get and keep the skills he or she needs to be competititive in the jobs of the future.

But it *will* prevent us from molding inevitable change to our best advantage in the new global economy, and from taking advantage of the significant opportunities which continue to emerge across the world.

To paraphrase the novelist Graham Greene, there are unique moments in time when the door opens and lets the future in. In this old, and new, city of American promise, I ask you to help us open the door and let our future--together--come in.

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AN AFFILIATE OF THE AMERICAS SOCIETY, INC.

1310 G STREET, N.W. SUITE 690 WASHINGTON, D.C. 20005 TEL: (202) 639-0724 FAX: (202) 639-0794

AMBASSADOR WILLIAM T. PRYCE
VICE PRESIDENT
WASHINGTON OPERATIONS

Aug 8, 1997

Dear Jay

Here's a copy of a memo going out by FAX today to our Board of Directors, Advisory Board and Key contacts in each of our member companies. Hope it gets us some success stories in addition to the ones we used in our NAFTA reports. I'll be out next week but back and rarin' to go the following week.

Look forward to continuing to work with you. It's great to have a first class quarterback!!!

Bill

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MEMORANDUM

TO: Council Member

FROM: William T. Pryce WTP
Vice President, Washington Operations

DATE: August 8, 1997

RE: Fast Track Legislation

Following last week's letter from our President Ted Briggs, the momentum on fast track was given a significant boost this week as Jay Berman, Special Counsel to the President, and Victoria Radd, Chief of Staff to the White House Chief of Staff, made the rounds in Washington to explain the Administration's strategy on the legislation. In addition to participating in several briefings conducted by Berman and Radd, I met privately with Berman at the White House where we discussed the Council's NAFTA State studies and the impacts they demonstrate and exchanged ideas on Congressional strategy. Berman made good presentations demonstrating that he is thoroughly versed in trade issues and an experienced, able political strategist.

The Administration's plan is to unveil the legislation the week of September 8 in conjunction with a major presidential speech tying U.S. economic vitality to deficit reduction, investment in people through education and opening foreign markets through free trade agreements. With cooperation from the House leadership and the personal and public involvement of the President and his cabinet, the Administration hopes to have a House vote in early October before the President's trip to South America.

Before the Congressional recess, President Clinton met twice with Democratic legislators regarding fast track. We are informed by people present at those meetings that the President explained the substance and importance of fast track for America's political and economic world leadership and sought to gain a better understanding from Democrats of what they need from him in order to join a bipartisan effort for passage. The President asked that, if Democratic legislators could not commit yet on the fast track issue, that they at least not give their votes away during the August recess.

The sense we have from our meetings on the Hill is that Congressional opposition stems largely from job losses – both real and perceived. On the Senate side, there are also reservations about the fast track process, reflecting fears that fast track can limit and/or restrict Senate prerogatives.

What do Administration and Hill supporters of fast track need from us? In every meeting we have, the Administration and friends in Congress stress the need for:

(1) stories of successes from individual companies and their suppliers based on NAFTA and the WTO; and,
(2) stories about opportunities lost because of the absence of fast track legislation.

These requests represent a real opportunity for Council members to make a significant contribution to the cause of free trade. **Please call or send us any success stories or stories of opportunities lost.** These stories can be sent to me or to Lisa C. McLean, our director of public affairs, at 202-639-0724 (telephone) or 202-639-0794 (fax).

Jay – This means you. I didn't want to mention your name til we have an agreed date. Bill

Finally, we are planning a fast track briefing in Washington for our members in early September. By that time, it is hoped that the legislation's proposed language will be more defined. We will continue to keep you updated on developments. If you have any particular questions, please do not hesitate to call.

COUNCIL OF THE AMERICAS

AN AFFILIATE OF THE AMERICAS SOCIETY, INC 680 PARK AVENUE, NEW YORK, NEW YORK 10021 212/628-3200 FAX· 212/249-1880

July 30, 1997

AMBASSADOR EVERETT ELLIS BRIGGS
PRESIDENT

Mr. William R. Rhodes
Vice Chairman
Citibank, N.A.
3rd Floor
399 Park Avenue
New York, NY 10043

Dear Bill:

I wanted to bring you up to date on fast track developments in the last week.

On July 24, Bill Pryce and I met briefly with Commerce Secretary Bill Daley. At that meeting, Daley reported that the President had spent an hour and a half discussing fast track with thirty Democratic Members of Congress. Secretary Daley, U.S. Trade Representative Charlene Barshefsky and the administration's new "quarterback" for fast track, Jason S. (Jay) Berman, had also met with Congressman Robert Matsui and fifteen key Democratic lawmakers earlier in the week. During August the administration plans to mount a national compaign using key Cabinet members to rally support for free trade.

As of now, the Clinton administration intends to send fast track legislation to Congress early in September. Although the final shape of the legislative proposal has not yet been fully decided, it is likely to include negotiating authority for three years, with an option for an additional three years. The bill would authorize negotiation of the Free Trade Area of the Americas as well as other multilateral accords under the guidelines of the WTO, on agricultural services, intellectual property rights, and sectoral agreements similar to recently enacted telecommunications and information technology agreements.

During our meeting with Secretary Daley, he regretted what he sees as a lack of active business support for free trade and fast track at the congressional district level. We sought to reassure him, describing the Council's efforts to distribute more than 750 copies of our state studies on the impact of NAFTA, to members of Congress, governors, state economic development agencies, chambers of commerce and local media. We also informed him of our active participation in "America Leads on Trade" (ALOT), an informal coalition of businesses and associations pushing for the enactment of fast track legislation. (As part of the ALOT effort, I have co-signed a letter to President Clinton pressing for his "strong leadership in proposing and working for congressional passage of new fast track negotiating authority.")

Earlier in the week, Ambassador Pryce testified before the House Ways and Means' Subcommittee on Trade regarding FTAA, explaining the benefits of free trade as evidenced by the Council's NAFTA state studies, and urging the committee to grant the President fast track authority – and soon. Copies of the testimony are available from our director of public affairs, Lisa C. McLean, at (202) 639-0724 and from our website.

The Council has been in the forefront of advancing free trade in the belief that it represents an effective method of achieving economic growth and prosperity for the Western Hemisphere on which our members' business interests depend. The Council will continue to use our own NAFTA "report cards" – the state studies – to explain the benefits of free trade and access to the expanding Latin American market. We urge you to contact your representatives directly to strengthen the voice of business in Washington and around the country.

Sincerely,

Ted

THE PRESIDENT HAS SEEN

'97 AUG 7 PM8:59

THE WHITE HOUSE

WASHINGTON

August 7, 1997

To Jay / Vicki

MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY

SUBJECT: NAFTA -- COUNCIL OF THE AMERICAS STUDY

I felt we had a productive fast track meeting this morning and reached the right conclusions as to how to proceed.

Per your comments and concerns about the specific results of NAFTA, I am enclosing for your perusal a Council of the Americas study that I received today. I think it responds at least in some measure to your concerns, and there are specific anecdotal company and worker examples which support the very positive data included in this report. I am sure Jay Berman and Vicki Radd plan to make good use of this information on a district-by-district basis.

Mack

Attachment
cc: Erskine Bowles
Jay Berman
Vicki Radd

Copied
Berman
Radd
COS
McLarty

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For Immediate Release:
Contact: Lisa C. McLean
(202) 639-0724

NAFTA PROVES BENEFICIAL TO STATE ECONOMIES, SAY STUDIES RELEASED BY THE COUNCIL OF THE AMERICAS

(Washington, DC – June 26) – The North American Free Trade Agreement has produced significant benefits for state economies since its implementation in 1993, according to a series of studies commissioned by the Council of the Americas. Twenty-one studies of NAFTA's impact on individual states are now available, and they demonstrate that positive effects include export growth, job creation, foreign direct investment and environmental enhancements. States studied include Arizona, California, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas and West Virginia.

- All states examined saw their exports to Canada and Mexico grow during the 1993-1996 period. Nineteen states enjoyed cumulative export growth of more than 25 percent for the three-year period. Three states – Kentucky, Louisiana and Mississippi – enjoyed cumulative export growth of more than 75 percent for the three-year period.

- Many states have realized sharp gains in exports of high-tech products (semiconductors, telecommunications and computer equipment, electronic components and medical devices) and industrial machinery (construction and farm equipment, automobile engines and machine tools), as well as agricultural products (fruits, vegetables, beef, soybeans, cotton and dairy products).

- U.S. exports to NAFTA countries support almost 3 million U.S. jobs, many of which have been created since 1993.

- Several states, including Iowa and Texas, have enjoyed large inflows of foreign direct investment by Mexican companies eager to expand into the U.S. market.

- Several border states, such as Arizona, California and Texas, have realized improvements in drinking water and wastewater collection as a result of NAFTA-related programs.

The Council of the Americas is a business organization dedicated to promoting economic integration, free trade, open markets and investment, and the rule of law throughout the hemisphere. On behalf of its corporate members, the Council acts as an advocate in public policy discussions in Washington and in capitals abroad, and provides a forum for dialogue on economic and political issues. The Council played a key role in the creation of NAFTA and is one of the leading private sector organizations supporting the Free Trade Area of the Americas.

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COUNCIL STUDIES SHOW SIGNIFICANT EXPORT INCREASE FOR 21 STATES TO BE A NAFTA BENEFIT

Council of the Americas' studies on the impact of NAFTA in twenty-one states demonstrate that exports to Canada and Mexico have grown significantly for each state during the three years NAFTA has been in effect. The percentages of export growth for individual states between 1993 and 1996 are as follows:

- Arizona up 25.8 percent
- California up over 40 percent
- Florida up 7.1 percent
- Georgia up 35.6 percent
- Illinois up nearly 38 percent
- Indiana up 47.1 percent
- Iowa up 52.8 percent
- Kentucky up over 75 percent
- Louisiana up 110 percent
- Massachusetts up over 31 percent
- Michigan up over 10 percent
- Mississippi up 32.9 percent
- Missouri up 45.2 percent
- New Jersey up nearly 30 percent
- New York up nearly 30 percent
- North Carolina up over 63 percent
- Ohio up 34.7 percent
- Pennsylvania up 33 percent
- Tennessee up 40 percent
- Texas up over 41 percent
- West Virginia up over 38 percent

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3

IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) ON INDIVIDUAL U.S. STATES

Executive Summaries from 21 Individual Reports

JUNE 1997

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON ARIZONA

Executive Summary

The people and economy of Arizona benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Arizona's exports to Mexico and Canada have grown strongly under NAFTA--up 25.8 percent between 1993 and 1996.
- In 1996, Mexico and Canada were Arizona's leading and third-most important export markets, respectively, accounting for 27.8 percent of total state exports.
- High-tech, high-value-added products lead Arizona's exports to both Mexico and Canada, including semiconductors, telecommunications equipment, electronic components, computer equipment, specialized industrial machinery and helicopter and aircraft parts.
- Arizona's farm sector also benefits from the agricultural provisions of NAFTA. Key exports to Mexico and Canada include breeding cattle, lettuce, cantaloupes and broccoli.
- The passage of NAFTA created a unique opportunity for Arizona and the Mexican state of Sonora to form an bi-national, integrated economic region that will be more competitive in the global market.
- Because of its key location along the Mexican border, Arizona's transportation and distribution industries profit from increased trade and investment between the United States and Mexico under NAFTA.
- Arizona's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- NAFTA's Border Environmental Cooperation Commission (BECC) and North American Development Bank (NADBANK) have helped Arizona communities promote economic development while improving their drinking water and environment.
- Numerous Arizona companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Arizona companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON CALIFORNIA

Executive Summary

The people and economy of California benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- California's exports to Canada and Mexico have grown strongly under NAFTA, up over 40 percent between 1993 and 1996.
- The 1994-95 decline in California's exports to Mexico, caused by the devaluation of Mexico's peso, was more than fully recovered by export growth during 1996.
- High-technology manufactured goods lead California's exports to Canada and Mexico. These products include semiconductors, computers, specialized industrial machinery, medical devices, aerospace equipment--even sports equipment.
- California's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include beef and beef products, table grapes, cotton, dairy products, vegetables and fruits.
- California's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Because of the large increase in trade and investment between Mexico and California, California's border region, including such important California cities as San Diego, has enjoyed economic growth under NAFTA.
- NAFTA's establishment of both the Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NADBANK) has helped California communities promote economic development while improving their drinking water and the environment around them.
- Numerous California companies across a range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for California companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON FLORIDA

Executive Summary

The people and economy of Florida benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Florida's exports to Canada and Mexico have grown under NAFTA, increasing 7.1 percent between 1993 and 1996.
- The 1994-95 decline in Florida's exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered in 1996 when exports reached $750.4 million, up 31.7 percent from 1995.
- High-technology, high-value-added manufactured goods lead Florida's exports to Mexico. These products include computers, aerospace equipment, medical devices, chemical products and telecommunications equipment.
- Between 1993 and 1994, Florida exports of electronic and electrical equipment to Mexico grew 35 percent, and exports of industrial machinery grew 14 percent.
- Florida's farm trade with Canada has benefited from the agriculture provisions of NAFTA, as well as NAFTA's predecessor, the U.S.-Canada Free Trade Agreement. Agriculture products lead Florida's exports to Canada, including a wide variety of fresh fruits and vegetables such as oranges and tomatoes.
- Exports of leading Florida agriculture products to Mexico are growing strongly. U.S. exports to Mexico of live cattle increased over 350 percent to $26.3 million in the first seven months of 1996 compared to the same period in 1995. U.S. exports to Mexico of citrus products increased 113 percent during this period, reaching $1.3 million.
- Florida ports expect to enjoy strong growth under NAFTA from the large increase in trade and investment between Mexico and the United States.
- Florida's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Florida companies across a range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Florida companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON GEORGIA

Executive Summary

The people and economy of Georgia benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Georgia's exports to Mexico grew strongly by 37.5 percent during the first year of NAFTA. The 1994-95 decline in Georgia's exports to Mexico, caused by the devaluation of the peso, was more than fully recovered by 1996, when Georgia's exports to Mexico jumped by 20.9 percent.

- Georgia's exports to Canada also increased under NAFTA. Between 1993 and 1996, Georgia exports to Canada grew 32.3 percent.

- In 1996, Canada and Mexico were Georgia's leading and third-most important export markets, respectively.

- Over 55 percent of Georgia's exports to Mexico are made up of paper and paper products, chemicals and related products, apparel and textile mill products and electronic and electrical equipment and parts.

- Over half of Georgia's exports to Canada are transportation equipment, industrial machinery and equipment, electronic and electrical equipment and textiles.

- Georgia's textile exports to Mexico have been growing, up 12 percent from 1993 to 1995 (despite the fall in the peso), and up a phenomenal 69 percent during 1996. Georgia apparel exports to Mexico have been virtually doubling every year since NAFTA went into effect.

- Georgia's agricultural sector has also benefited from the agricultural provisions of NAFTA.

- Georgian banking firms have taken advantage of NAFTA provisions to open full-service banks in Mexico.

- In 1996, 2,900 jobs in Georgia directly benefited from the state's exports to Mexico; an additional 10,460 jobs were directly linked to Georgia's exports to Canada for a total of 13,360.

- Numerous Georgia companies are enthusiastic about the prospects for business under NAFTA.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON ILLINOIS

Executive Summary

The people and economy of Illinois benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Illinois' exports to Mexico and Canada have grown strongly under NAFTA, up nearly 38 percent between 1993 and 1996.

- The 1994-95 decline in Illinois' exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered by export growth during 1996.

- In 1996, Canada and Mexico were Illinois' leading and fifth most important export markets, respectively. Exports to these two countries accounted for 34.8 percent of total Illinois exports in 1996.

- High-value-added manufactured goods lead Illinois' exports to Mexico and Canada. These products include construction equipment, farm equipment, specialized industrial machinery, pharmaceuticals, telecommunications equipment, and auto and auto parts. Forty-six percent of Illinois exports to Mexico are made up of industrial machinery (including computers), chemicals, and electronic and electrical equipment. Similarly, these three categories represent half of Illinois' exports to Canada.

- The Illinois food and farm sector has enjoyed increased exports due to the agricultural provisions of NAFTA. Key exports include bulk commodities such as corn and soybeans in addition to high-value-added processed food products. Agricultural production ranked as Illinois' fifth most important export to Mexico in 1996, following an astounding 520 percent growth between 1993 and 1996.

- Illinois companies have profited from the liberalization of Mexico's foreign investment laws, opening a number of new Mexican markets to Illinois manufacturers, among others.

- Illinois' production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Illinois companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about is prospects for increasing business for Illinois companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON INDIANA

Executive Summary

The people and economy of Indiana benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Indiana's exports to Canada and Mexico have grown strongly under NAFTA, increasing 47.1 percent between 1993 and 1996.
- The 1994-95 decline in Indiana's exports to Mexico, caused by the devaluation of Mexico's peso, was partially recovered during 1996, when exports reached $340.6 million, up 21.2 percent from 1995.
- High-value-added manufactured goods lead Indiana's exports to both Mexico and Canada. These products include pharmaceuticals, electronic components, household appliances, medical equipment and metal-working machinery.
- Over 40 percent of Indiana's exports to Mexico are made up of industrial machinery and electronic and electrical equipment. Similarly, these two products made up one-quarter of the state's exports to Canada.
- Indiana's large auto-parts industry has benefited from increased integration of the North American auto sector resulting from NAFTA.
- Indiana's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include corn, soy meal and pork products. According to the U.S. Department of Agriculture, two Indiana products--corn and soybeans--enjoyed the largest U.S. agricultural gains to Mexico in 1996.
- Indiana's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs. In 1996, for example, 28,420 jobs were directly linked to exports to the two NAFTA partners.
- Numerous Indiana companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Indiana companies.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON IOWA

Executive Summary

The people and economy of Iowa benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Iowa's exports to Mexico and Canada have grown strongly since the implementation of NAFTA--up 52.8 percent between 1993 and 1996.

- The 1994-95 decline in Iowa's exports to Mexico, caused by the devaluation of the peso, was more than fully recovered by export growth during 1996.

- In 1996, Canada and Mexico were Iowa's leading and fourth-most important export markets, respectively, accounting for 37.4 percent of total Iowa exports.

- Agricultural and food products accounted for 65.1 percent of total Iowa exports to Mexico, and 10.6 percent of Iowa's total exports to Canada, in 1996. Leading Iowa agricultural exports include corn, soybeans and meat products. Iowa's exports of agricultural products to Mexico have increased over 170 percent between 1993 and 1996.

- Iowa companies also export high-value-added manufactured goods to Mexico and Canada, particularly construction and farm machinery, household appliances such as refrigerators and washing machines, agricultural chemicals and aerospace equipment.

- NAFTA and the U.S.-Canada Free Trade Agreement spurred an increase in foreign direct investment in Iowa, to the benefit of many Iowa workers.

- Iowa's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Iowa companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Iowa companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON KENTUCKY

Executive Summary

The people and economy of Kentucky benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Kentucky's exports to Canada and Mexico have grown strongly under NAFTA, up over 75 percent between 1993 and 1996.

- The 1994-95 decline in Kentucky's exports to Mexico, caused by the devaluation of Mexico's peso, was recovered by export growth during 1996.

- In 1996, Canada and Mexico were Kentucky's leading and seventh most important export markets, respectively. Exports to these two countries accounted for 40.5 percent of total Kentucky exports that year.

- High-value-added manufacturing goods lead Kentucky's exports to Mexico and Canada. These products include computers and peripherals, audio equipment and inorganic chemicals.

- Nearly 54 percent of Kentucky's exports to Mexico are made up industrial machinery (including computers), electronic and electrical equipment and parts, and chemicals. Similarly, these three categories represent over 25 percent of Kentucky's exports to Canada.

- Automobile exports from Kentucky grew substantially between 1993 and 1994 due to NAFTA's automotive provisions. 1996 export data indicate that these exports will continue to grow strongly as the Mexican economy grows.

- Kentucky's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include processed foods and beverages such as bourbon and popcorn, as well as dairy cattle and lumber.

- Kentucky's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Kentucky companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Kentucky companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON LOUISIANA

Executive Summary

The people and economy of Louisiana benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Louisiana's exports to Mexico and Canada have grown strongly since the implementation of NAFTA--up over 110 percent between 1993 and 1996.
- The 1994-95 decline in Louisiana's exports to Mexico was more than fully recovered by export growth during 1996. Between 1995 and 1996, Louisiana exports to Mexico expanded 77.3 percent to $1.2 billion.
- In 1996, Mexico and Canada were Louisiana's fifth- and eighth-most important export markets, respectively, accounting for 8.8 percent of total Louisiana exports.
- Increased trade and investment between the United States and Mexico have proven to be extremely profitable for Louisiana ports.
- Louisiana food producers have benefited from the agricultural provisions of NAFTA. Leading exports include rice, soybeans, processed meat products, and sauces.
- Louisiana's non-agricultural exports to Mexico and Canada are made up of high-value-added, high-tech products, including organic chemicals and fertilizers, refined petroleum, telecommunications equipment, industrial machinery and paper products.
- Louisiana's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Louisiana companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Louisiana companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MASSACHUSETTS

Executive Summary

The people and economy of Massachusetts benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Massachusetts' exports to Canada and Mexico have grown strongly under NAFTA, up over 31 percent between 1993 and 1996.
- The 1994-95 decline in Massachusetts' exports to Mexico, caused by the devaluation of the peso, was recovered by export growth during 1996.
- Canada and Mexico are Massachusetts' leading and twelfth most important export markets.
- High-value-added manufactured goods lead Massachusetts' exports to both Mexico and Canada. These products include computer equipment and software, pharmaceuticals, telecommunications equipment, medical equipment and aerospace equipment.
- Massachusetts' agricultural sector has also benefited from the agricultural provisions of NAFTA, particularly Massachusetts' exports of apples, dairy products and cranberries.
- Massachusetts' financial services and computer programming firms, in addition to other service providers, have been able to take advantage of NAFTA provisions that liberalize Mexico's service industries.
- Massachusetts' production of goods for exports to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Massachusetts companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Massachusetts companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MICHIGAN

Executive Summary

The people and economy of Michigan benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Michigan's exports to Canada and Mexico have grown strongly under NAFTA, up over 10 percent between 1993 and 1996.
- In 1996, Canada and Mexico were Michigan's leading and second most important export markets, respectively, accounting for 70 percent of total state exports. Michigan exports more to the NAFTA trading partners than any other state in the country, both in terms of volume and value.
- Michigan, the leading manufacturer of automobiles in the United States, is one of the biggest beneficiaries of NAFTA because of the agreement's extensive automotive provisions.
- Other leading Michigan exports to Mexico and Canada include high-value-added manufactured goods, such as engines, machine tools, metal stampings, chemicals, computers and household appliances.
- Michigan's farm sector also benefits from the agricultural provisions of NAFTA. Key exports to Mexico and Canada include dried beans, blueberries, organic food products, snack products, onions, processed asparagus, turkeys, flour, and pork products.
- Detroit is in a prime position to become a leading center of NAFTA-related commerce, as numerous Canadian and Mexico companies establish offices in the city.
- Michigan's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Michigan companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Michigan companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MISSISSIPPI

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Executive Summary

The people and economy of Mississippi benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- During the first three years of NAFTA, Mississippi's exports to Mexico grew strongly to $168.9 million, an increase of 86.8 percent from 1993-96.

- Mississippi's exports to Canada also increased under NAFTA. Between 1993 and 1996, Mississippi's exports to Canada grew 19.8 percent to $445.7 million.

- In 1996, Canada and Mexico were Mississippi's second- and third-most important export markets, respectively. Exports to these two countries accounted for 21.8 percent of total Mississippi exports in 1996.

- Fifty-two percent of Mississippi's exports to Canada are made up of industrial machinery (including computers), electronic and electrical equipment, chemicals and related products, and transportation equipment.

- Exports to Mexico are more concentrated: electronic and electrical equipment, industrial machinery, and paper and related products, and chemicals and related products account for 69 percent of total Mississippi exports to Mexico.

- The Mississippi agricultural sector has also benefited from the agricultural provisions of NAFTA. Mississippi crop exports to Mexico grew strongly between 1993 and 1996 following the passage of NAFTA. From just $900,000 in 1993, they climbed steadily to reach $9.8 million in 1996.

- Thousands of jobs in Mississippi benefit from the state's exports to Mexico. These are high-paying jobs.

- Many Mississippi companies have benefited from NAFTA and are optimistic about prospects for future growth as a result of the benefits provided by the agreement.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MISSOURI

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Executive Summary

The people and economy of Missouri benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Missouri's exports to Mexico and Canada have grown under NAFTA, up 45.2 percent between 1993 and 1996.
- The 1994-95 decline in Missouri's exports to Mexico, caused by the devaluation of the Mexican peso, was more than fully recovered by export growth during 1996.
- In 1996, Canada and Mexico were Missouri's leading and third most important export markets, respectively, accounting for almost half of total Missouri exports.
- Missouri's farm sector has benefited from the agricultural provisions of NAFTA. The state's agricultural exports to Mexico reached $186.6 million in 1996, up 150 percent from 1993. Key exports include feed ingredients, corn, wheat and veterinarian supplies.
- High-value-added manufactured goods are leading Missouri exports to Mexico and Canada. These products include electronic components, electrical motors, household appliances, steel, metalworking machinery, refrigeration equipment and pharmaceuticals.
- Missouri's large transportation equipment industry has benefited from the automotive provisions of NAFTA. Transportation equipment is the state's leading export to Canada, accounting for nearly 60 percent of total state exports to that country. Meanwhile, exports of transportation equipment to Mexico grew 72.5 percent between 1993 and 1994, reaching $32.6 million.
- Missouri's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Missouri companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Missouri companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NEW JERSEY

Executive Summary

The people and economy of New Jersey benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- New Jersey's exports to Canada and Mexico have grown strongly under NAFTA, up nearly 30 percent between 1993 and 1996.

- The 1994-95 decline in New Jersey's exports to Mexico, caused by the devaluation of the peso, was nearly recovered by export growth in 1996.

- In 1996, Canada and Mexico were New Jersey's leading and seventh-most important export markets, respectively, accounting for 27.6 percent of total New Jersey exports.

- High-value-added manufactured goods lead New Jersey's exports to Mexico and Canada, including chemicals and pharmaceuticals, computers, medical equipment, office equipment and refrigeration equipment.

- New Jersey's agricultural sector has also benefited from the agricultural provisions of NAFTA. Key exports include fresh fruits and vegetables and high-value-added manufactured food products.

- A number of New Jersey service industries, including telecommunications and financial services, have profited from the liberalization of these industries in Mexico under NAFTA.

- New Jersey's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous New Jersey companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for New Jersey companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NEW YORK

Executive Summary

The people and economy of New York benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- New York's exports to Canada and Mexico have grown strongly under NAFTA, up nearly 30 percent between 1993 and 1996.

- The 1994-95 decline in New York's exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered in 1996, when exports reached $930.8 million, up 21.2 percent from 1995.

- High-value-added manufactured goods lead New York's exports to both Mexico and Canada. These products include medical equipment, pharmaceuticals, computers, office equipment and photographic equipment.

- Over 38 percent of New York's exports to Mexico are made up of high-technology instruments and chemical products. Transportation equipment, electronic and electrical equipment, and industrial machinery and computers make up over 43 percent of the state's exports to Canada.

- New York's farm sector expects to benefit from the agricultural provisions of NAFTA. Key exports could include high-value-added dairy products, such as ice cream and yogurt, processed fruits and vegetables, apples, and other high-value processed foods, such as pet food, snack foods and beverages.

- In 1996, New York exports of crops to Mexico reached $26.1 million, up over 169 percent from the same period in 1995. Canada is New York's leading market for agricultural products, with exports expanding to $188.0 million in 1996.

- New York's large financial services and telecommunications sectors have been able to expand into the Mexican market following the implementation of NAFTA.

- New York's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous New York companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for New York companies.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NORTH CAROLINA

Executive Summary

The people and economy of North Carolina benefit greatly from increased trade and investment opportunities in Mexico and Canada resulting from the North American Free Trade Agreement (NAFTA).

- North Carolina's exports to Mexico and Canada have grown strongly under NAFTA, up over 63 percent between 1993 and 1996.

- North Carolina's production of goods for export to Mexico and Canada support thousands of high-paying manufacturing, transportation, services, finance and other related jobs. In 1996, for example, industrial machinery was the largest category of products exported to Canada from North Carolina, and the third-largest category of exports to Mexico.

- Two North Carolina industries, textiles and apparel, have particularly benefited from NAFTA, even during Mexico's peso crisis. Indeed over 44 percent of the state's exports to Mexico and 11 percent of its exports to Canada are comprised of those two categories. And NAFTA's stiff rule of origin has proved a boon to North Carolina's textile manufacturers.

- Chemicals (including pharmaceuticals and agricultural chemicals) are important high-value North Carolina exports. Chemicals made up the second most important category of exports to Mexico, and the fourth most important category of exports to Canada in 1996. (Upon implementation of NAFTA, over 60 percent of U.S. exports of chemicals, plastics and rubber products entered duty-free, with tariffs on the remaining 40 percent to be phased out before 2004.)

- In 1996, 4,650 jobs in North Carolina directly benefited from the state's exports to Mexico. An additional 20,000 jobs were directly linked to North Carolina's exports to Canada, for a total of 24,650 jobs.

- North Carolina companies from agriculture to transportation use NAFTA to their advantage and remain optimistic about its prospects for increasing business for North Carolina companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON OHIO

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Executive Summary

The people and economy of Ohio benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Ohio's exports to Canada and Mexico have grown strongly under NAFTA, up 34.7 percent between 1993 and 1996.
- The 1994-95 decline in Ohio's exports to Mexico, caused by the devaluation of the peso, was partially recovered by export growth during 1996.
- In 1996, Canada and Mexico were Ohio's leading and sixth most important export markets, respectively. Exports to these two countries accounted for nearly half of total Ohio exports that year.
- High-value-added manufactured goods lead Ohio's exports to Mexico and Canada, including such products as specialty chemicals, air conditioning equipment, metal-working equipment, food processing equipment and electronic components.
- Sixty percent of Ohio's exports to Mexico are made up chemicals, industrial machinery, primary metals and electronic and electrical equipment. Industrial machinery, electronic and electrical equipment, chemicals and fabricated metal products make up 35 percent of Ohio's exports to Canada.
- Ohio's agricultural sector also benefits significantly from NAFTA. Leading Ohio exports to Mexico and Canada include soybeans, corn and breeding hogs and cattle.
- The automotive and tire manufacturing industries in Ohio will profit from NAFTA's extensive automotive provisions and a recent agreement between the United States and Mexico regarding the export of tires under NAFTA.
- Ohio's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Ohio companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Ohio companies.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON PENNSYLVANIA

Executive Summary

The people and economy of Pennsylvania benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- During the first year of NAFTA (1994), Pennsylvania exports to Mexico grew strongly and recovered in 1996 from the effects of the peso devaluation. Exports from Pennsylvania to Canada also increased substantially under NAFTA.

- Canada and Mexico are Pennsylvania's leading and fourth most important export markets, respectively.

- High-value-added manufactured goods dominate Pennsylvania's exports to both Mexico and Canada. Over 75 percent of the state's exports to Mexico are made up of primary metals, electronic and electrical equipment, industrial machinery, and chemicals and related products. Chemicals and related products, industrial machinery, transportation equipment, and primary metals make up 47 percent of Pennsylvania's total exports to Canada.

- Pennsylvania's agricultural sector has also benefited from the agricultural provisions of NAFTA. Mexico is the state's sixth-largest agricultural market, broadly defined, and the third-largest market for Pennsylvania exports of processed food products.

- Philadelphia is an important East Coast port for U.S.-Mexico trade. Overall, it ranked 14th in total value of U.S. exports to and imports from Mexico in 1996. Excluding the border and Gulf ports, however, Philadelphia ranked third, after Cleveland and New York City.

- NAFTA supports thousands of high-paying jobs in Pennsylvania, most directly linked to the state's exports to Mexico and Canada.

- Impressive numbers of Pennsylvania companies support NAFTA and favor its expansion to other countries in Latin America.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON TENNESSEE

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Executive Summary

The people and economy of Tennessee benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Tennessee's exports to Mexico and Canada have grown strongly under NAFTA, up 40 percent between 1993 and 1996.
- The 1994-95 decline in Tennessee's exports to Mexico, caused by the devaluation of Mexico's peso, was fully recovered by export growth during 1996.
- Tennessee's large auto and auto-parts sector has been a primary beneficiary of NAFTA and its automotive provisions.
- Other leading exports from Tennessee to Mexico and Canada include high-value-added manufactured goods such as paper products, aluminum products, metal-working machinery and air conditioning equipment.
- Tennessee's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include beef cattle, hogs, soybeans, dairy cattle, lumber, processed food products and fresh produce.
- Memphis' important distribution and transportation industry profits from the increased trade that has resulted from NAFTA.
- Tennessee's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Tennessee companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Tennessee companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON TEXAS

Executive Summary

The people and economy of Texas benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Texas' exports to Mexico and Canada have grown strongly under NAFTA, up over 41 percent between 1993 and 1996.
- The 1994-95 decline in Texas' exports to Mexico, caused by the devaluation of Mexico's peso, was more than fully recovered by export growth during 1996.
- High-value-added manufactured goods lead Texas' exports to Mexico and Canada. These products include semiconductors, electronic components, oil and gas drilling machinery, auto and auto parts, and chemical products.
- Texas' farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include livestock, processed meat products, meat proteins. and livestock genetics.
- Studies show that while NAFTA has boosted Texas exports to Mexico, the agreement has had only minimal impact on Texas imports and, thus, has caused an increase in net Texas exports to Mexico.
- Texas' production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- The Texas economy has profited from a large influx of foreign direct investment since the passage of NAFTA, investment which has injected millions of dollars into the local economy and employed hundreds of Texas workers.
- NAFTA's establishment of both the Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NADBANK) has helped Texas communities promote economic development while improving their drinking water and the environment around them.
- Numerous Texas companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Texas companies.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON WEST VIRGINIA

Executive Summary

The people and economy of West Virginia benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- West Virginia's exports to Mexico and Canada have grown under NAFTA, up over 38 percent between 1993 and 1996.
- In 1996, Canada and Mexico were West Virginia's leading and twenty-third most important export markets, respectively. Exports to these two countries accounted for 18.9 percent of total West Virginia exports in 1996.
- High-value-added manufactured goods lead West Virginia's exports to Mexico and Canada. Eighty-one percent of West Virginia's exports to Mexico are made up of chemicals; primary metals; stone, clay and glass products; and industrial machinery (including computers). Chemicals, primary metals, rubber and plastic products and industrial machinery represent 76 percent of West Virginia's exports to Canada.
- Other manufactured goods important to West Virginia's economy are exported to Canada and Mexico. They include coal and coal mining equipment and auto parts.
- West Virginia's production of goods for export to Mexico and Canada supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- West Virginia companies use NAFTA to their advantage and remain optimistic about its prospects for increasing business for West Virginia companies.

COUNCIL OF THE AMERICAS
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AMBASSADOR WILLIAM T. PRYCE
VICE PRESIDENT
WASHINGTON OPERATIONS

August 6, 1997

Mr. Jason S. Berman
Special Counsel to the President
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20502

Dear Jay:

It was a real pleasure to meet you this morning. I have been more optimistic than most that this battle for fast track can be won with this President's full and personal commitment, and your presentation this morning strengthened my optimism. Still, as you made clear, the battle will not be easy.

As you may know, the Council of the Americas commissioned 21 reports on the impact of the North American Free Trade Agreement on the economies of selected states. I am enclosing copies of these reports, which we released in June. As you will see, all the states studied have benefited from NAFTA despite the serious economic downturn in Mexico in 1995.

These reports are part of a larger effort by the Council to advance free trade. They should prove useful not only in demonstrating that NAFTA is producing good results for all three countries, but also in providing a factual base for proponents of further free trade agreements. These studies should also be helpful to the President in obtaining fast-track negotiating authority from the Congress to begin work on other trade accords.

If you have any comments on the reports, please let me know. I look forward to hearing from you on this or any other matter where you believe the Council can be helpful.

With best regards,

Bill Pryce

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TESTIMONY

WILLIAM T. PRYCE
VICE PRESIDENT, WASHINGTON OPERATIONS
COUNCIL OF THE AMERICAS

BEFORE THE
SUBCOMMITTEE ON TRADE OF THE
WAYS AND MEANS COMMITTEE OF THE
U.S. HOUSE OF REPRESENTATIVES

ON

THE FREE TRADE AREA OF THE AMERICAS

JULY 22, 1997

Testimony
William T. Pryce
Vice President, Washington Operations
Council of the Americas
before the Subcommittee on Trade of the
Ways and Means Committee of the U.S. House of Representatives
regarding the Free Trade Area of the Americas

July 22, 1997

Good morning, Mr. Chairman and Members of the Committee. I am Bill Pryce, Vice President of the Council of the Americas in charge of our Washington operations. I appreciate the opportunity to testify before you today regarding a Free Trade Area of the Americas.

The Council of the Americas is a business organization dedicated to promoting regional economic integration, free trade, open markets and investment, and the rule of law throughout the Western Hemisphere.

The Council of the Americas supports these policies in the belief that they provide the most effective means of achieving the economic growth and prosperity on which the business interests of its members depend – and on which the United States depends.

The Council of the Americas has been and is a strong proponent of both NAFTA and a Free Trade Area of the Americas. In an effort to provide additional useful information on the results of the most recently negotiated free trade agreement, the Council commissioned reports to review the impact that NAFTA has had on the economies of 21 individual states.

The results are in. They show that NAFTA has produced benefits for every state studied. Exports to Mexico and Canada have grown significantly since NAFTA was implemented – despite the peso devaluation in Mexico.

Let me just quote a few figures. Between 1993 and 1996, Michigan's exports to Mexico grew 146 percent. In 1996, Michigan sold $3.2 billion worth of goods, including transportation equipment, industrial machinery, fabricated metal products and electronic equipment to Mexico. Iowa's exports to Mexico increased 78.3 percent, including $171 million worth of agricultural and food products; and, Louisiana's exports to Mexico increased 136.8 percent. California's exports to Mexico grew 38.9 percent, reaching $9.1 billion in 1996. Exports from New York and New Jersey to both Canada and Mexico represented almost 30 percent of their total 1996 exports, while Illinois' exports to these countries accounted for 34.8 percent of its total 1996 exports.

Despite these very positive figures, we are concerned. Why? Because somehow the perception among significant segments of the American population is that NAFTA

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Despite these very positive figures, we are concerned. Why? Because somehow the perception among significant segments of the American population is that NAFTA

has been an economic failure and that, at the end of the day, the United States and the majority of Americans have suffered economically. Our studies show that this is a mistaken conclusion.

However, perceptions are important, and misconceptions like the one cited above could impede the President's ability to negotiate additional free trade agreements to benefit the American consumer and strengthen our economy. That is why we are worried.

If there were no NAFTA and if there is no Free Trade Area of the Americas, would the United States stop trading? No!

But, with NAFTA and a Free Trade Area of the Americas, we would trade with countries in the Hemisphere on a basis that is more beneficial for the vast majority of Americans because it is less encumbered by tariffs and other non-tariff barriers. As a result, we – the American people – would reap the benefits of free trade.

What are those benefits? First and perhaps most important, the benefits enable any American to buy a multitude of goods for lower prices.

Second, our producers have a larger market for their goods. The market is not limited to the 50 states. For example, because Mexico has lowered or eliminated its taxes on U.S. imports, our goods can more easily be made available to the very attractive market of 92 million Mexicans.

With a FTAA, the potential market is 800 million people. That is good for our producers – both the large producers like Ford Motor Co. in Michigan and the small producers like Milagro Trading Co. in Florida and O.G. Bell Company in Ohio.

Ford's sales to Mexico increased 1,600 percent in one year – from the export of only 1,762 automobiles in 1993 to the export of 30,138 automobiles in 1994. And, after just one year, Milagro Trading now has a $1.2 million relationship with a shoe-part manufacturer in Mexico, which has enabled that firm to add two new people to its three-person payroll. O.G. Bell manufactures machine tools, which it started to export to Mexico in December 1995. Now, Mexico makes up one quarter of its total sales, and the company's workforce was increased 25 percent in 1996, when the company hired three new people. These are success stories, which affect both large and small companies.

And, I would like to point out two related aspects involved in this lowering of tariffs and increased markets.

First, since our tariffs are lower than most countries, our trading partners generally make much larger cuts than we do. For example, prior to implementation of NAFTA, U.S. tariffs averaged 2.07 percent, while Mexico's average tariff rate was 10 percent.

With NAFTA's implementation, Mexico reduced its tariffs 7.1 percent to 2.9 percent, while we reduced our tariffs only 1.4 percent to 0.65 percent. That's a darned good deal!

U.S. tariffs were not affected as dramatically because they were not as high to begin with. However, on the day NAFTA went into effect, Mexico eliminated tariffs on 70 percent of U.S. exports of computer equipment and software, on 55 percent of U.S. exports of pharmaceuticals, on 58 percent of U.S. exports of chemical products and on 80 percent of U.S. exports of telecommunication equipment. These reductions especially benefited states like Florida, Massachusetts and New Jersey.

In order for the United States to be able to get more good deals like this in the future, the President needs to have the authority to negotiate them effectively and that is why he and our country need Fast Track.

A second point is that many of the goods we sell abroad are high technology or manufactured products. Broadening the markets for these goods translates into the need for more workers in these industries. And, according to the U.S. Department of Commerce, wages for U.S. workers in the export sector are 12-15 percent higher than overall wages. Therefore, growing export markets for a country like the United States mean more jobs in the higher paid industries.

In May of this year in Belo Horizonte, Brazil, the 34 trade ministers from the Western Hemisphere met for the third time since the 1994 Summit of the Americas in Miami to prepare the way for the beginning of negotiations for a FTAA in Santiago next April.

At the Americas Business Forum held concurrently in Belo Horizonte, Brazil, our members had a unified and clear message for the U.S. Government and the 33 other trade ministers meeting in Brazil. They are excited about the prospect of FTAA and would like the negotiations to begin as soon as possible. Frankly, our members are eagerly looking to the Administration and the other democracies in the Hemisphere to make a commitment to FTAA by initiating the negotiations and making some limited commitments now – such as promising not to raise any new barriers to trade.

But, in Brazil, business representatives from Latin America warned us repeatedly that they seriously doubted whether the United States was going to be able to negotiate seriously any time soon. And, while their first choice for business partnerships is the United States, they are looking in other directions.

We are getting left out, and we will be even more left out if the President does not have fast track authority. The countries of the Hemisphere are negotiating free trade agreements without us. Just this month, Canada and Chile implemented a free trade agreement that eliminates Chile's 11 percent across-the-board tariff on imports from Canada. As this subcommittee learned in March, Canada's Northern Telecom won a $200 million telecommunications equipment contract over U.S. companies partly as a result. In addition, U.S.-based Caterpillar and other world manufacturers have been put at a competitive disadvantage to Canadian mining truck and motor grader manufacturers who now can offer goods to Chile at prices, which do not include the 11 percent duty.

Similarly, Brazil has waived some of its non-tariff barriers for its MERCOSUR partners – Argentina, Paraguay and Uruguay – and associate members – Chile and Bolivia. But, in the meantime, American producers function without these same privileges.

Fast track authority leading the way to FTAA negotiations will enable U.S. producers to receive the benefits accruing to other countries in the Hemisphere who are moving ahead with free trade arrangements.

In conclusion, I want to emphasize that this free trade debate is about more than NAFTA and more than FTAA. It is about American leadership. Is the United States going to act with the confidence it should as the strongest, most productive economy in the world, ready to compete across the board in the global marketplace and with the conviction that it will do well? Are we going to keep our mantle as the world leader in promoting open healthy competition, which benefits our consumers and consumers worldwide? Or, is the United States going to shrink from this leadership role and turn timid and inward in the belief that its economic growth can be fostered without the global economy?

The Council of the Americas hopes that the answer is that the United States will continue to be at the forefront of trade liberalization – for the benefit of American consumers and American producers. And, the Council of the Americas hopes that this committee will recommend that the President be given the authority to make it happen – that he will be given fast track authority – and soon. Thank you.

COUNCIL OF THE AMERICAS
AN AFFILIATE OF THE AMERICAS SOCIETY, INC.

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NAFTA PROVES BENEFICIAL TO STATE ECONOMIES, SAY STUDIES RELEASED BY THE COUNCIL OF THE AMERICAS

(Washington, DC – June 26) – The North American Free Trade Agreement has produced significant benefits for state economies since its implementation in 1993, according to a series of studies commissioned by the Council of the Americas. Twenty-one studies of NAFTA's impact on individual states are now available, and they demonstrate that positive effects include export growth, job creation, foreign direct investment and environmental enhancements. States studied include Arizona, California, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas and West Virginia.

- All states examined saw their exports to Canada and Mexico grow during the 1993-1996 period. Nineteen states enjoyed cumulative export growth of more than 25 percent for the three-year period. Three states – Kentucky, Louisiana and Mississippi – enjoyed cumulative export growth of more than 75 percent for the three-year period.

- Many states have realized sharp gains in exports of high-tech products (semiconductors, telecommunications and computer equipment, electronic components and medical devices) and industrial machinery (construction and farm equipment, automobile engines and machine tools), as well as agricultural products (fruits, vegetables, beef, soybeans, cotton and dairy products).

- U.S. exports to NAFTA countries support almost 3 million U.S. jobs, many of which have been created since 1993.

- Several states, including Iowa and Texas, have enjoyed large inflows of foreign direct investment by Mexican companies eager to expand into the U.S. market.

- Several border states, such as Arizona, California and Texas, have realized improvements in drinking water and wastewater collection as a result of NAFTA-related programs.

The Council of the Americas is a business organization dedicated to promoting economic integration, free trade, open markets and investment, and the rule of law throughout the hemisphere. On behalf of its corporate members, the Council acts as an advocate in public policy discussions in Washington and in capitals abroad, and provides a forum for dialogue on economic and political issues. The Council played a key role in the creation of NAFTA and is one of the leading private sector organizations supporting the Free Trade Area of the Americas.

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COUNCIL STUDIES SHOW SIGNIFICANT EXPORT INCREASE FOR 21 STATES TO BE A NAFTA BENEFIT

Council of the Americas' studies on the impact of NAFTA in twenty-one states demonstrate that exports to Canada and Mexico have grown significantly for each state during the three years NAFTA has been in effect. The percentages of export growth for individual states between 1993 and 1996 are as follows:

- Arizona up 25.8 percent
- California up over 40 percent
- Florida up 7.1 percent
- Georgia up 35.6 percent
- Illinois up nearly 38 percent
- Indiana up 47.1 percent
- Iowa up 52.8 percent
- Kentucky up over 75 percent
- Louisiana up 110 percent
- Massachusetts up over 31 percent
- Michigan up over 10 percent
- Mississippi up 32.9 percent
- Missouri up 45.2 percent
- New Jersey up nearly 30 percent
- New York up nearly 30 percent
- North Carolina up over 63 percent
- Ohio up 34.7 percent
- Pennsylvania up 33 percent
- Tennessee up 40 percent
- Texas up over 41 percent
- West Virginia up over 38 percent

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IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) ON INDIVIDUAL U.S. STATES

Executive Summaries from 21 Individual Reports

JUNE 1997

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON ARIZONA

Executive Summary

The people and economy of Arizona benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Arizona's exports to Mexico and Canada have grown strongly under NAFTA--up 25.8 percent between 1993 and 1996.
- In 1996, Mexico and Canada were Arizona's leading and third-most important export markets, respectively, accounting for 27.8 percent of total state exports.
- High-tech, high-value-added products lead Arizona's exports to both Mexico and Canada, including semiconductors, telecommunications equipment, electronic components, computer equipment, specialized industrial machinery and helicopter and aircraft parts.
- Arizona's farm sector also benefits from the agricultural provisions of NAFTA. Key exports to Mexico and Canada include breeding cattle, lettuce, cantaloupes and broccoli.
- The passage of NAFTA created a unique opportunity for Arizona and the Mexican state of Sonora to form an bi-national, integrated economic region that will be more competitive in the global market.
- Because of its key location along the Mexican border, Arizona's transportation and distribution industries profit from increased trade and investment between the United States and Mexico under NAFTA.
- Arizona's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- NAFTA's Border Environmental Cooperation Commission (BECC) and North American Development Bank (NADBANK) have helped Arizona communities promote economic development while improving their drinking water and environment.
- Numerous Arizona companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Arizona companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON CALIFORNIA

Executive Summary

The people and economy of California benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- California's exports to Canada and Mexico have grown strongly under NAFTA, up over 40 percent between 1993 and 1996.
- The 1994-95 decline in California's exports to Mexico, caused by the devaluation of Mexico's peso, was more than fully recovered by export growth during 1996.
- High-technology manufactured goods lead California's exports to Canada and Mexico. These products include semiconductors, computers, specialized industrial machinery, medical devices, aerospace equipment--even sports equipment.
- California's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include beef and beef products, table grapes, cotton, dairy products, vegetables and fruits.
- California's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Because of the large increase in trade and investment between Mexico and California, California's border region, including such important California cities as San Diego, has enjoyed economic growth under NAFTA.
- NAFTA's establishment of both the Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NADBANK) has helped California communities promote economic development while improving their drinking water and the environment around them.
- Numerous California companies across a range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for California companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON FLORIDA

Executive Summary

The people and economy of Florida benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Florida's exports to Canada and Mexico have grown under NAFTA, increasing 7.1 percent between 1993 and 1996.
- The 1994-95 decline in Florida's exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered in 1996 when exports reached $750.4 million, up 31.7 percent from 1995.
- High-technology, high-value-added manufactured goods lead Florida's exports to Mexico. These products include computers, aerospace equipment, medical devices, chemical products and telecommunications equipment.
- Between 1993 and 1994, Florida exports of electronic and electrical equipment to Mexico grew 35 percent, and exports of industrial machinery grew 14 percent.
- Florida's farm trade with Canada has benefited from the agriculture provisions of NAFTA, as well as NAFTA's predecessor, the U.S.-Canada Free Trade Agreement. Agriculture products lead Florida's exports to Canada, including a wide variety of fresh fruits and vegetables such as oranges and tomatoes.
- Exports of leading Florida agriculture products to Mexico are growing strongly. U.S. exports to Mexico of live cattle increased over 350 percent to $26.3 million in the first seven months of 1996 compared to the same period in 1995. U.S. exports to Mexico of citrus products increased 113 percent during this period, reaching $1.3 million.
- Florida ports expect to enjoy strong growth under NAFTA from the large increase in trade and investment between Mexico and the United States.
- Florida's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Florida companies across a range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Florida companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON GEORGIA

Executive Summary

The people and economy of Georgia benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Georgia's exports to Mexico grew strongly by 37.5 percent during the first year of NAFTA. The 1994-95 decline in Georgia's exports to Mexico, caused by the devaluation of the peso, was more than fully recovered by 1996, when Georgia's exports to Mexico jumped by 20.9 percent.

- Georgia's exports to Canada also increased under NAFTA. Between 1993 and 1996, Georgia exports to Canada grew 32.3 percent.

- In 1996, Canada and Mexico were Georgia's leading and third-most important export markets, respectively.

- Over 55 percent of Georgia's exports to Mexico are made up of paper and paper products, chemicals and related products, apparel and textile mill products and electronic and electrical equipment and parts.

- Over half of Georgia's exports to Canada are transportation equipment, industrial machinery and equipment, electronic and electrical equipment and textiles.

- Georgia's textile exports to Mexico have been growing, up 12 percent from 1993 to 1995 (despite the fall in the peso), and up a phenomenal 69 percent during 1996. Georgia apparel exports to Mexico have been virtually doubling every year since NAFTA went into effect.

- Georgia's agricultural sector has also benefited from the agricultural provisions of NAFTA.

- Georgian banking firms have taken advantage of NAFTA provisions to open full-service banks in Mexico.

- In 1996, 2,900 jobs in Georgia directly benefited from the state's exports to Mexico; an additional 10,460 jobs were directly linked to Georgia's exports to Canada for a total of 13,360.

- Numerous Georgia companies are enthusiastic about the prospects for business under NAFTA.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON ILLINOIS

Executive Summary

The people and economy of Illinois benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Illinois' exports to Mexico and Canada have grown strongly under NAFTA, up nearly 38 percent between 1993 and 1996.

- The 1994-95 decline in Illinois' exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered by export growth during 1996.

- In 1996, Canada and Mexico were Illinois' leading and fifth most important export markets, respectively. Exports to these two countries accounted for 34.8 percent of total Illinois exports in 1996.

- High-value-added manufactured goods lead Illinois' exports to Mexico and Canada. These products include construction equipment, farm equipment, specialized industrial machinery, pharmaceuticals, telecommunications equipment, and auto and auto parts. Forty-six percent of Illinois exports to Mexico are made up of industrial machinery (including computers), chemicals, and electronic and electrical equipment. Similarly, these three categories represent half of Illinois' exports to Canada.

- The Illinois food and farm sector has enjoyed increased exports due to the agricultural provisions of NAFTA. Key exports include bulk commodities such as corn and soybeans in addition to high-value-added processed food products. Agricultural production ranked as Illinois' fifth most important export to Mexico in 1996, following an astounding 520 percent growth between 1993 and 1996.

- Illinois companies have profited from the liberalization of Mexico's foreign investment laws, opening a number of new Mexican markets to Illinois manufacturers, among others.

- Illinois' production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Illinois companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about is prospects for increasing business for Illinois companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON INDIANA

Executive Summary

The people and economy of Indiana benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Indiana's exports to Canada and Mexico have grown strongly under NAFTA, increasing 47.1 percent between 1993 and 1996.
- The 1994-95 decline in Indiana's exports to Mexico, caused by the devaluation of Mexico's peso, was partially recovered during 1996, when exports reached $340.6 million, up 21.2 percent from 1995.
- High-value-added manufactured goods lead Indiana's exports to both Mexico and Canada. These products include pharmaceuticals, electronic components, household appliances, medical equipment and metal-working machinery.
- Over 40 percent of Indiana's exports to Mexico are made up of industrial machinery and electronic and electrical equipment. Similarly, these two products made up one-quarter of the state's exports to Canada.
- Indiana's large auto-parts industry has benefited from increased integration of the North American auto sector resulting from NAFTA.
- Indiana's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include corn, soy meal and pork products. According to the U.S. Department of Agriculture, two Indiana products--corn and soybeans--enjoyed the largest U.S. agricultural gains to Mexico in 1996.
- Indiana's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs. In 1996, for example, 28,420 jobs were directly linked to exports to the two NAFTA partners.
- Numerous Indiana companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Indiana companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON IOWA

Executive Summary

The people and economy of Iowa benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Iowa's exports to Mexico and Canada have grown strongly since the implementation of NAFTA--up 52.8 percent between 1993 and 1996.

- The 1994-95 decline in Iowa's exports to Mexico, caused by the devaluation of the peso, was more than fully recovered by export growth during 1996.

- In 1996, Canada and Mexico were Iowa's leading and fourth-most important export markets, respectively, accounting for 37.4 percent of total Iowa exports.

- Agricultural and food products accounted for 65.1 percent of total Iowa exports to Mexico, and 10.6 percent of Iowa's total exports to Canada, in 1996. Leading Iowa agricultural exports include corn, soybeans and meat products. Iowa's exports of agricultural products to Mexico have increased over 170 percent between 1993 and 1996.

- Iowa companies also export high-value-added manufactured goods to Mexico and Canada, particularly construction and farm machinery, household appliances such as refrigerators and washing machines, agricultural chemicals and aerospace equipment.

- NAFTA and the U.S.-Canada Free Trade Agreement spurred an increase in foreign direct investment in Iowa, to the benefit of many Iowa workers.

- Iowa's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Iowa companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Iowa companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON KENTUCKY

Executive Summary

The people and economy of Kentucky benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Kentucky's exports to Canada and Mexico have grown strongly under NAFTA, up over 75 percent between 1993 and 1996.

- The 1994-95 decline in Kentucky's exports to Mexico, caused by the devaluation of Mexico's peso, was recovered by export growth during 1996.

- In 1996, Canada and Mexico were Kentucky's leading and seventh most important export markets, respectively. Exports to these two countries accounted for 40.5 percent of total Kentucky exports that year.

- High-value-added manufacturing goods lead Kentucky's exports to Mexico and Canada. These products include computers and peripherals, audio equipment and inorganic chemicals.

- Nearly 54 percent of Kentucky's exports to Mexico are made up industrial machinery (including computers), electronic and electrical equipment and parts, and chemicals. Similarly, these three categories represent over 25 percent of Kentucky's exports to Canada.

- Automobile exports from Kentucky grew substantially between 1993 and 1994 due to NAFTA's automotive provisions. 1996 export data indicate that these exports will continue to grow strongly as the Mexican economy grows.

- Kentucky's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include processed foods and beverages such as bourbon and popcorn, as well as dairy cattle and lumber.

- Kentucky's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Kentucky companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Kentucky companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON LOUISIANA

Executive Summary

The people and economy of Louisiana benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Louisiana's exports to Mexico and Canada have grown strongly since the implementation of NAFTA--up over 110 percent between 1993 and 1996.

- The 1994-95 decline in Louisiana's exports to Mexico was more than fully recovered by export growth during 1996. Between 1995 and 1996, Louisiana exports to Mexico expanded 77.3 percent to $1.2 billion.

- In 1996, Mexico and Canada were Louisiana's fifth- and eighth-most important export markets, respectively, accounting for 8.8 percent of total Louisiana exports.

- Increased trade and investment between the United States and Mexico have proven to be extremely profitable for Louisiana ports.

- Louisiana food producers have benefited from the agricultural provisions of NAFTA. Leading exports include rice, soybeans, processed meat products, and sauces.

- Louisiana's non-agricultural exports to Mexico and Canada are made up of high-value-added, high-tech products, including organic chemicals and fertilizers, refined petroleum, telecommunications equipment, industrial machinery and paper products.

- Louisiana's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Louisiana companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Louisiana companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MASSACHUSETTS

Executive Summary

The people and economy of Massachusetts benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Massachusetts' exports to Canada and Mexico have grown strongly under NAFTA, up over 31 percent between 1993 and 1996.

- The 1994-95 decline in Massachusetts' exports to Mexico, caused by the devaluation of the peso, was recovered by export growth during 1996.

- Canada and Mexico are Massachusetts' leading and twelfth most important export markets.

- High-value-added manufactured goods lead Massachusetts' exports to both Mexico and Canada. These products include computer equipment and software, pharmaceuticals, telecommunications equipment, medical equipment and aerospace equipment.

- Massachusetts' agricultural sector has also benefited from the agricultural provisions of NAFTA, particularly Massachusetts' exports of apples, dairy products and cranberries.

- Massachusetts' financial services and computer programming firms, in addition to other service providers, have been able to take advantage of NAFTA provisions that liberalize Mexico's service industries.

- Massachusetts' production of goods for exports to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Massachusetts companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Massachusetts companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MICHIGAN

Executive Summary

The people and economy of Michigan benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Michigan's exports to Canada and Mexico have grown strongly under NAFTA, up over 10 percent between 1993 and 1996.

- In 1996, Canada and Mexico were Michigan's leading and second most important export markets, respectively, accounting for 70 percent of total state exports. Michigan exports more to the NAFTA trading partners than any other state in the country, both in terms of volume and value.

- Michigan, the leading manufacturer of automobiles in the United States, is one of the biggest beneficiaries of NAFTA because of the agreement's extensive automotive provisions.

- Other leading Michigan exports to Mexico and Canada include high-value-added manufactured goods, such as engines, machine tools, metal stampings, chemicals, computers and household appliances.

- Michigan's farm sector also benefits from the agricultural provisions of NAFTA. Key exports to Mexico and Canada include dried beans, blueberries, organic food products, snack products, onions, processed asparagus, turkeys, flour, and pork products.

- Detroit is in a prime position to become a leading center of NAFTA-related commerce, as numerous Canadian and Mexico companies establish offices in the city.

- Michigan's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Michigan companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Michigan companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MISSISSIPPI

Executive Summary

The people and economy of Mississippi benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- During the first three years of NAFTA, Mississippi's exports to Mexico grew strongly to $168.9 million, an increase of 86.8 percent from 1993-96.

- Mississippi's exports to Canada also increased under NAFTA. Between 1993 and 1996, Mississippi's exports to Canada grew 19.8 percent to $445.7 million.

- In 1996, Canada and Mexico were Mississippi's second- and third-most important export markets, respectively. Exports to these two countries accounted for 21.8 percent of total Mississippi exports in 1996.

- Fifty-two percent of Mississippi's exports to Canada are made up of industrial machinery (including computers), electronic and electrical equipment, chemicals and related products, and transportation equipment.

- Exports to Mexico are more concentrated: electronic and electrical equipment, industrial machinery, and paper and related products, and chemicals and related products account for 69 percent of total Mississippi exports to Mexico.

- The Mississippi agricultural sector has also benefited from the agricultural provisions of NAFTA. Mississippi crop exports to Mexico grew strongly between 1993 and 1996 following the passage of NAFTA. From just $900,000 in 1993, they climbed steadily to reach $9.8 million in 1996.

- Thousands of jobs in Mississippi benefit from the state's exports to Mexico. These are high-paying jobs.

- Many Mississippi companies have benefited from NAFTA and are optimistic about prospects for future growth as a result of the benefits provided by the agreement.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MISSOURI

Executive Summary

The people and economy of Missouri benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Missouri's exports to Mexico and Canada have grown under NAFTA, up 45.2 percent between 1993 and 1996.

- The 1994-95 decline in Missouri's exports to Mexico, caused by the devaluation of the Mexican peso, was more than fully recovered by export growth during 1996.

- In 1996, Canada and Mexico were Missouri's leading and third most important export markets, respectively, accounting for almost half of total Missouri exports.

- Missouri's farm sector has benefited from the agricultural provisions of NAFTA. The state's agricultural exports to Mexico reached $186.6 million in 1996, up 150 percent from 1993. Key exports include feed ingredients, corn, wheat and veterinarian supplies.

- High-value-added manufactured goods are leading Missouri exports to Mexico and Canada. These products include electronic components, electrical motors, household appliances, steel, metalworking machinery, refrigeration equipment and pharmaceuticals.

- Missouri's large transportation equipment industry has benefited from the automotive provisions of NAFTA. Transportation equipment is the state's leading export to Canada, accounting for nearly 60 percent of total state exports to that country. Meanwhile, exports of transportation equipment to Mexico grew 72.5 percent between 1993 and 1994, reaching $32.6 million.

- Missouri's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Missouri companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Missouri companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NEW JERSEY

Executive Summary

The people and economy of New Jersey benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- New Jersey's exports to Canada and Mexico have grown strongly under NAFTA, up nearly 30 percent between 1993 and 1996.
- The 1994-95 decline in New Jersey's exports to Mexico, caused by the devaluation of the peso, was nearly recovered by export growth in 1996.
- In 1996, Canada and Mexico were New Jersey's leading and seventh-most important export markets, respectively, accounting for 27.6 percent of total New Jersey exports.
- High-value-added manufactured goods lead New Jersey's exports to Mexico and Canada, including chemicals and pharmaceuticals, computers, medical equipment, office equipment and refrigeration equipment.
- New Jersey's agricultural sector has also benefited from the agricultural provisions of NAFTA. Key exports include fresh fruits and vegetables and high-value-added manufactured food products.
- A number of New Jersey service industries, including telecommunications and financial services, have profited from the liberalization of these industries in Mexico under NAFTA.
- New Jersey's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous New Jersey companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for New Jersey companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NEW YORK

Executive Summary

The people and economy of New York benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- New York's exports to Canada and Mexico have grown strongly under NAFTA, up nearly 30 percent between 1993 and 1996.
- The 1994-95 decline in New York's exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered in 1996, when exports reached $930.8 million, up 21.2 percent from 1995.
- High-value-added manufactured goods lead New York's exports to both Mexico and Canada. These products include medical equipment, pharmaceuticals, computers, office equipment and photographic equipment.
- Over 38 percent of New York's exports to Mexico are made up of high-technology instruments and chemical products. Transportation equipment, electronic and electrical equipment, and industrial machinery and computers make up over 43 percent of the state's exports to Canada.
- New York's farm sector expects to benefit from the agricultural provisions of NAFTA. Key exports could include high-value-added dairy products, such as ice cream and yogurt, processed fruits and vegetables, apples, and other high-value processed foods, such as pet food, snack foods and beverages.
- In 1996, New York exports of crops to Mexico reached $26.1 million, up over 169 percent from the same period in 1995. Canada is New York's leading market for agricultural products, with exports expanding to $188.0 million in 1996.
- New York's large financial services and telecommunications sectors have been able to expand into the Mexican market following the implementation of NAFTA.
- New York's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous New York companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for New York companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NORTH CAROLINA

Executive Summary

The people and economy of North Carolina benefit greatly from increased trade and investment opportunities in Mexico and Canada resulting from the North American Free Trade Agreement (NAFTA).

- North Carolina's exports to Mexico and Canada have grown strongly under NAFTA, up over 63 percent between 1993 and 1996.

- North Carolina's production of goods for export to Mexico and Canada support thousands of high-paying manufacturing, transportation, services, finance and other related jobs. In 1996, for example, industrial machinery was the largest category of products exported to Canada from North Carolina, and the third-largest category of exports to Mexico.

- Two North Carolina industries, textiles and apparel, have particularly benefited from NAFTA, even during Mexico's peso crisis. Indeed over 44 percent of the state's exports to Mexico and 11 percent of its exports to Canada are comprised of those two categories. And NAFTA's stiff rule of origin has proved a boon to North Carolina's textile manufacturers.

- Chemicals (including pharmaceuticals and agricultural chemicals) are important high-value North Carolina exports. Chemicals made up the second most important category of exports to Mexico, and the fourth most important category of exports to Canada in 1996. (Upon implementation of NAFTA, over 60 percent of U.S. exports of chemicals, plastics and rubber products entered duty-free, with tariffs on the remaining 40 percent to be phased out before 2004.)

- In 1996, 4,650 jobs in North Carolina directly benefited from the state's exports to Mexico. An additional 20,000 jobs were directly linked to North Carolina's exports to Canada, for a total of 24,650 jobs.

- North Carolina companies from agriculture to transportation use NAFTA to their advantage and remain optimistic about its prospects for increasing business for North Carolina companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON OHIO

Executive Summary

The people and economy of Ohio benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Ohio's exports to Canada and Mexico have grown strongly under NAFTA, up 34.7 percent between 1993 and 1996.
- The 1994-95 decline in Ohio's exports to Mexico, caused by the devaluation of the peso, was partially recovered by export growth during 1996.
- In 1996, Canada and Mexico were Ohio's leading and sixth most important export markets, respectively. Exports to these two countries accounted for nearly half of total Ohio exports that year.
- High-value-added manufactured goods lead Ohio's exports to Mexico and Canada, including such products as specialty chemicals, air conditioning equipment, metal-working equipment, food processing equipment and electronic components.
- Sixty percent of Ohio's exports to Mexico are made up chemicals, industrial machinery, primary metals and electronic and electrical equipment. Industrial machinery, electronic and electrical equipment, chemicals and fabricated metal products make up 35 percent of Ohio's exports to Canada.
- Ohio's agricultural sector also benefits significantly from NAFTA. Leading Ohio exports to Mexico and Canada include soybeans, corn and breeding hogs and cattle.
- The automotive and tire manufacturing industries in Ohio will profit from NAFTA's extensive automotive provisions and a recent agreement between the United States and Mexico regarding the export of tires under NAFTA.
- Ohio's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Ohio companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Ohio companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON PENNSYLVANIA

Executive Summary

The people and economy of Pennsylvania benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- During the first year of NAFTA (1994), Pennsylvania exports to Mexico grew strongly and recovered in 1996 from the effects of the peso devaluation. Exports from Pennsylvania to Canada also increased substantially under NAFTA.

- Canada and Mexico are Pennsylvania's leading and fourth most important export markets, respectively.

- High-value-added manufactured goods dominate Pennsylvania's exports to both Mexico and Canada. Over 75 percent of the state's exports to Mexico are made up of primary metals, electronic and electrical equipment, industrial machinery, and chemicals and related products. Chemicals and related products, industrial machinery, transportation equipment, and primary metals make up 47 percent of Pennsylvania's total exports to Canada.

- Pennsylvania's agricultural sector has also benefited from the agricultural provisions of NAFTA. Mexico is the state's sixth-largest agricultural market, broadly defined, and the third-largest market for Pennsylvania exports of processed food products.

- Philadelphia is an important East Coast port for U.S.-Mexico trade. Overall, it ranked 14th in total value of U.S. exports to and imports from Mexico in 1996. Excluding the border and Gulf ports, however, Philadelphia ranked third, after Cleveland and New York City.

- NAFTA supports thousands of high-paying jobs in Pennsylvania, most directly linked to the state's exports to Mexico and Canada.

- Impressive numbers of Pennsylvania companies support NAFTA and favor its expansion to other countries in Latin America.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON TENNESSEE

Executive Summary

The people and economy of Tennessee benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Tennessee's exports to Mexico and Canada have grown strongly under NAFTA, up 40 percent between 1993 and 1996.
- The 1994-95 decline in Tennessee's exports to Mexico, caused by the devaluation of Mexico's peso, was fully recovered by export growth during 1996.
- Tennessee's large auto and auto-parts sector has been a primary beneficiary of NAFTA and its automotive provisions.
- Other leading exports from Tennessee to Mexico and Canada include high-value-added manufactured goods such as paper products, aluminum products, metal-working machinery and air conditioning equipment.
- Tennessee's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include beef cattle, hogs, soybeans, dairy cattle, lumber, processed food products and fresh produce.
- Memphis' important distribution and transportation industry profits from the increased trade that has resulted from NAFTA.
- Tennessee's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Tennessee companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Tennessee companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON TEXAS

Executive Summary

The people and economy of Texas benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Texas' exports to Mexico and Canada have grown strongly under NAFTA, up over 41 percent between 1993 and 1996.
- The 1994-95 decline in Texas' exports to Mexico, caused by the devaluation of Mexico's peso, was more than fully recovered by export growth during 1996.
- High-value-added manufactured goods lead Texas' exports to Mexico and Canada. These products include semiconductors, electronic components, oil and gas drilling machinery, auto and auto parts, and chemical products.
- Texas' farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include livestock, processed meat products, meat proteins and livestock genetics.
- Studies show that while NAFTA has boosted Texas exports to Mexico, the agreement has had only minimal impact on Texas imports and, thus, has caused an increase in net Texas exports to Mexico.
- Texas' production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- The Texas economy has profited from a large influx of foreign direct investment since the passage of NAFTA, investment which has injected millions of dollars into the local economy and employed hundreds of Texas workers.
- NAFTA's establishment of both the Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NADBANK) has helped Texas communities promote economic development while improving their drinking water and the environment around them.
- Numerous Texas companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Texas companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON WEST VIRGINIA

Executive Summary

The people and economy of West Virginia benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- West Virginia's exports to Mexico and Canada have grown under NAFTA, up over 38 percent between 1993 and 1996.
- In 1996, Canada and Mexico were West Virginia's leading and twenty-third most important export markets, respectively. Exports to these two countries accounted for 18.9 percent of total West Virginia exports in 1996.
- High-value-added manufactured goods lead West Virginia's exports to Mexico and Canada. Eighty-one percent of West Virginia's exports to Mexico are made up of chemicals; primary metals; stone, clay and glass products; and industrial machinery (including computers). Chemicals, primary metals, rubber and plastic products and industrial machinery represent 76 percent of West Virginia's exports to Canada.
- Other manufactured goods important to West Virginia's economy are exported to Canada and Mexico. They include coal and coal mining equipment and auto parts.
- West Virginia's production of goods for export to Mexico and Canada supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- West Virginia companies use NAFTA to their advantage and remain optimistic about its prospects for increasing business for West Virginia companies.

John Chambers

John Coon

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TESTIMONY

WILLIAM T. PRYCE
VICE PRESIDENT, WASHINGTON OPERATIONS
COUNCIL OF THE AMERICAS

BEFORE THE
SUBCOMMITTEE ON TRADE OF THE
WAYS AND MEANS COMMITTEE OF THE
U.S. HOUSE OF REPRESENTATIVES

ON

THE FREE TRADE AREA OF THE AMERICAS

JULY 22, 1997

Testimony
William T. Pryce
Vice President, Washington Operations
Council of the Americas
before the Subcommittee on Trade of the
Ways and Means Committee of the U.S. House of Representatives
regarding the Free Trade Area of the Americas

July 22, 1997

Good morning, Mr. Chairman and Members of the Committee. I am Bill Pryce, Vice President of the Council of the Americas in charge of our Washington operations. I appreciate the opportunity to testify before you today regarding a Free Trade Area of the Americas.

The Council of the Americas is a business organization dedicated to promoting regional economic integration, free trade, open markets and investment, and the rule of law throughout the Western Hemisphere.

The Council of the Americas supports these policies in the belief that they provide the most effective means of achieving the economic growth and prosperity on which the business interests of its members depend – and on which the United States depends.

The Council of the Americas has been and is a strong proponent of both NAFTA and a Free Trade Area of the Americas. In an effort to provide additional useful information on the results of the most recently negotiated free trade agreement, the Council commissioned reports to review the impact that NAFTA has had on the economies of 21 individual states.

The results are in. They show that NAFTA has produced benefits for every state studied. Exports to Mexico and Canada have grown significantly since NAFTA was implemented – despite the peso devaluation in Mexico.

Let me just quote a few figures. Between 1993 and 1996, Michigan's exports to Mexico grew 146 percent. In 1996, Michigan sold $3.2 billion worth of goods, including transportation equipment, industrial machinery, fabricated metal products and electronic equipment to Mexico. Iowa's exports to Mexico increased 78.3 percent, including $171 million worth of agricultural and food products; and, Louisiana's exports to Mexico increased 136.8 percent. California's exports to Mexico grew 38.9 percent, reaching $9.1 billion in 1996. Exports from New York and New Jersey to both Canada and Mexico represented almost 30 percent of their total 1996 exports, while Illinois' exports to these countries accounted for 34.8 percent of its total 1996 exports.

Despite these very positive figures, we are concerned. Why? Because somehow the perception among significant segments of the American population is that NAFTA

has been an economic failure and that, at the end of the day, the United States and the majority of Americans have suffered economically. Our studies show that this is a mistaken conclusion.

However, perceptions are important, and misconceptions like the one cited above could impede the President's ability to negotiate additional free trade agreements to benefit the American consumer and strengthen our economy. That is why we are worried.

If there were no NAFTA and if there is no Free Trade Area of the Americas, would the United States stop trading? No!

But, with NAFTA and a Free Trade Area of the Americas, we would trade with countries in the Hemisphere on a basis that is more beneficial for the vast majority of Americans because it is less encumbered by tariffs and other non-tariff barriers. As a result, we – the American people – would reap the benefits of free trade.

What are those benefits? First and perhaps most important, the benefits enable any American to buy a multitude of goods for lower prices.

Second, our producers have a larger market for their goods. The market is not limited to the 50 states. For example, because Mexico has lowered or eliminated its taxes on U.S. imports, our goods can more easily be made available to the very attractive market of 92 million Mexicans.

With a FTAA, the potential market is 800 million people. That is good for our producers – both the large producers like Ford Motor Co. in Michigan and the small producers like Milagro Trading Co. in Florida and O.G. Bell Company in Ohio.

Ford's sales to Mexico increased 1,600 percent in one year – from the export of only 1,762 automobiles in 1993 to the export of 30,138 automobiles in 1994. And, after just one year, Milagro Trading now has a $1.2 million relationship with a shoe-part manufacturer in Mexico, which has enabled that firm to add two new people to its three-person payroll. O.G. Bell manufactures machine tools, which it started to export to Mexico in December 1995. Now, Mexico makes up one quarter of its total sales, and the company's workforce was increased 25 percent in 1996, when the company hired three new people. These are success stories, which affect both large and small companies.

And, I would like to point out two related aspects involved in this lowering of tariffs and increased markets.

First, since our tariffs are lower than most countries, our trading partners generally make much larger cuts than we do. For example, prior to implementation of NAFTA, U.S. tariffs averaged 2.07 percent, while Mexico's average tariff rate was 10 percent.

With NAFTA's implementation, Mexico reduced its tariffs 7.1 percent to 2.9 percent, while we reduced our tariffs only 1.4 percent to 0.65 percent. That's a darned good deal!

U.S. tariffs were not affected as dramatically because they were not as high to begin with. However, on the day NAFTA went into effect, Mexico eliminated tariffs on 70 percent of U.S. exports of computer equipment and software, on 55 percent of U.S. exports of pharmaceuticals, on 58 percent of U.S. exports of chemical products and on 80 percent of U.S. exports of telecommunication equipment. These reductions especially benefited states like Florida, Massachusetts and New Jersey.

In order for the United States to be able to get more good deals like this in the future, the President needs to have the authority to negotiate them effectively and that is why he and our country need Fast Track.

A second point is that many of the goods we sell abroad are high technology or manufactured products. Broadening the markets for these goods translates into the need for more workers in these industries. And, according to the U.S. Department of Commerce, wages for U.S. workers in the export sector are 12-15 percent higher than overall wages. Therefore, growing export markets for a country like the United States mean more jobs in the higher paid industries.

In May of this year in Belo Horizonte, Brazil, the 34 trade ministers from the Western Hemisphere met for the third time since the 1994 Summit of the Americas in Miami to prepare the way for the beginning of negotiations for a FTAA in Santiago next April.

At the Americas Business Forum held concurrently in Belo Horizonte, Brazil, our members had a unified and clear message for the U.S. Government and the 33 other trade ministers meeting in Brazil. They are excited about the prospect of FTAA and would like the negotiations to begin as soon as possible. Frankly, our members are eagerly looking to the Administration and the other democracies in the Hemisphere to make a commitment to FTAA by initiating the negotiations and making some limited commitments now – such as promising not to raise any new barriers to trade.

But, in Brazil, business representatives from Latin America warned us repeatedly that they seriously doubted whether the United States was going to be able to negotiate seriously any time soon. And, while their first choice for business partnerships is the United States, they are looking in other directions.

We are getting left out, and we will be even more left out if the President does not have fast track authority. The countries of the Hemisphere are negotiating free trade agreements without us. Just this month, Canada and Chile implemented a free trade agreement that eliminates Chile's 11 percent across-the-board tariff on imports from Canada. As this subcommittee learned in March, Canada's Northern Telecom won a $200 million telecommunications equipment contract over U.S. companies partly as a result. In addition, U.S.-based Caterpillar and other world manufacturers have been put at a competitive disadvantage to Canadian mining truck and motor grader manufacturers who now can offer goods to Chile at prices, which do not include the 11 percent duty.

Similarly, Brazil has waived some of its non-tariff barriers for its MERCOSUR partners – Argentina, Paraguay and Uruguay – and associate members – Chile and Bolivia. But, in the meantime, American producers function without these same privileges.

Fast track authority leading the way to FTAA negotiations will enable U.S. producers to receive the benefits accruing to other countries in the Hemisphere who are moving ahead with free trade arrangements.

In conclusion, I want to emphasize that this free trade debate is about more than NAFTA and more than FTAA. It is about American leadership. Is the United States going to act with the confidence it should as the strongest, most productive economy in the world, ready to compete across the board in the global marketplace and with the conviction that it will do well? Are we going to keep our mantle as the world leader in promoting open healthy competition, which benefits our consumers and consumers worldwide? Or, is the United States going to shrink from this leadership role and turn timid and inward in the belief that its economic growth can be fostered without the global economy?

The Council of the Americas hopes that the answer is that the United States will continue to be at the forefront of trade liberalization – for the benefit of American consumers and American producers. And, the Council of the Americas hopes that this committee will recommend that the President be given the authority to make it happen – that he will be given fast track authority – and soon. Thank you.

THE WHITE HOUSE

WASHINGTON

August 7, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: MACK McLARTY

SUBJECT: NAFTA -- COUNCIL OF THE AMERICAS STUDY

I felt we had a productive fast track meeting this morning and reached the right conclusions as to how to proceed.

Per your comments and concerns about the specific results of NAFTA, I am enclosing for your perusal a Council of the Americas study that I received today. I think it responds at least in some measure to your concerns, and there are specific anecdotal company and worker examples which support the very positive data included in this report. I am sure Jay Berman and Vicki Radd plan to make good use of this information on a district-by-district basis.

Mac

Attachment

cc: Erskine Bowles
Jay Berman P 8/6/9
Vicki Radd

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For Immediate Release:
Contact: Lisa C. McLean
(202) 639-0724

NAFTA PROVES BENEFICIAL TO STATE ECONOMIES, SAY STUDIES RELEASED BY THE COUNCIL OF THE AMERICAS

(Washington, DC -- June 26) -- The North American Free Trade Agreement has produced significant benefits for state economies since its implementation in 1993, according to a series of studies commissioned by the Council of the Americas. Twenty-one studies of NAFTA's impact on individual states are now available, and they demonstrate that positive effects include export growth, job creation, foreign direct investment and environmental enhancements. States studied include Arizona, California, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas and West Virginia.

- All states examined saw their exports to Canada and Mexico grow during the 1993-1996 period. Nineteen states enjoyed cumulative export growth of more than 25 percent for the three-year period. Three states -- Kentucky, Louisiana and Mississippi -- enjoyed cumulative export growth of more than 75 percent for the three-year period.

- Many states have realized sharp gains in exports of high-tech products (semiconductors, telecommunications and computer equipment, electronic components and medical devices) and industrial machinery (construction and farm equipment, automobile engines and machine tools), as well as agricultural products (fruits, vegetables, beef, soybeans, cotton and dairy products).

- U.S. exports to NAFTA countries support almost 3 million U.S. jobs, many of which have been created since 1993.

- Several states, including Iowa and Texas, have enjoyed large inflows of foreign direct investment by Mexican companies eager to expand into the U.S. market.

- Several border states, such as Arizona, California and Texas, have realized improvements in drinking water and wastewater collection as a result of NAFTA-related programs.

The Council of the Americas is a business organization dedicated to promoting economic integration, free trade, open markets and investment, and the rule of law throughout the hemisphere. On behalf of its corporate members, the Council acts as an advocate in public policy discussions in Washington and in capitals abroad, and provides a forum for dialogue on economic and political issues. The Council played a key role in the creation of NAFTA and is one of the leading private sector organizations supporting the Free Trade Area of the Americas.

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COUNCIL STUDIES SHOW SIGNIFICANT EXPORT INCREASE FOR 21 STATES TO BE A NAFTA BENEFIT

Council of the Americas' studies on the impact of NAFTA in twenty-one states demonstrate that exports to Canada and Mexico have grown significantly for each state during the three years NAFTA has been in effect. The percentages of export growth for individual states between 1993 and 1996 are as follows:

- Arizona up 25.8 percent
- California up over 40 percent
- Florida up 7.1 percent
- Georgia up 35.6 percent
- Illinois up nearly 38 percent
- Indiana up 47.1 percent
- Iowa up 52.8 percent
- Kentucky up over 75 percent
- Louisiana up 110 percent
- Massachusetts up over 31 percent
- Michigan up over 10 percent
- Mississippi up 32.9 percent
- Missouri up 45.2 percent
- New Jersey up nearly 30 percent
- New York up nearly 30 percent
- North Carolina up over 63 percent
- Ohio up 34.7 percent
- Pennsylvania up 33 percent
- Tennessee up 40 percent
- Texas up over 41 percent
- West Virginia up over 38 percent

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IMPACT
OF
THE NORTH AMERICAN FREE TRADE AGREEMENT
(NAFTA)
ON
INDIVIDUAL U.S. STATES

Executive Summaries
from
21 Individual Reports

JUNE 1997

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON ARIZONA

Executive Summary

The people and economy of Arizona benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Arizona's exports to Mexico and Canada have grown strongly under NAFTA--up 25.8 percent between 1993 and 1996.
- In 1996, Mexico and Canada were Arizona's leading and third-most important export markets, respectively, accounting for 27.8 percent of total state exports.
- High-tech, high-value-added products lead Arizona's exports to both Mexico and Canada, including semiconductors, telecommunications equipment, electronic components, computer equipment, specialized industrial machinery and helicopter and aircraft parts.
- Arizona's farm sector also benefits from the agricultural provisions of NAFTA. Key exports to Mexico and Canada include breeding cattle, lettuce, cantaloupes and broccoli.
- The passage of NAFTA created a unique opportunity for Arizona and the Mexican state of Sonora to form an bi-national, integrated economic region that will be more competitive in the global market.
- Because of its key location along the Mexican border, Arizona's transportation and distribution industries profit from increased trade and investment between the United States and Mexico under NAFTA.
- Arizona's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- NAFTA's Border Environmental Cooperation Commission (BECC) and North American Development Bank (NADBANK) have helped Arizona communities promote economic development while improving their drinking water and environment.
- Numerous Arizona companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Arizona companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON CALIFORNIA

Executive Summary

The people and economy of California benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- California's exports to Canada and Mexico have grown strongly under NAFTA, up over 40 percent between 1993 and 1996.
- The 1994-95 decline in California's exports to Mexico, caused by the devaluation of Mexico's peso, was more than fully recovered by export growth during 1996.
- High-technology manufactured goods lead California's exports to Canada and Mexico. These products include semiconductors, computers, specialized industrial machinery, medical devices, aerospace equipment--even sports equipment.
- California's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include beef and beef products, table grapes, cotton, dairy products, vegetables and fruits.
- California's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Because of the large increase in trade and investment between Mexico and California, California's border region, including such important California cities as San Diego, has enjoyed economic growth under NAFTA.
- NAFTA's establishment of both the Border Environmental Cooperation Commission (BECC) and the North American Development Bank (NADBANK) has helped California communities promote economic development while improving their drinking water and the environment around them.
- Numerous California companies across a range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for California companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON FLORIDA

Executive Summary

The people and economy of Florida benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Florida's exports to Canada and Mexico have grown under NAFTA, increasing 7.1 percent between 1993 and 1996.
- The 1994-95 decline in Florida's exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered in 1996 when exports reached $750.4 million, up 31.7 percent from 1995.
- High-technology, high-value-added manufactured goods lead Florida's exports to Mexico. These products include computers, aerospace equipment, medical devices, chemical products and telecommunications equipment.
- Between 1993 and 1994, Florida exports of electronic and electrical equipment to Mexico grew 35 percent, and exports of industrial machinery grew 14 percent.
- Florida's farm trade with Canada has benefited from the agriculture provisions of NAFTA, as well as NAFTA's predecessor, the U.S.-Canada Free Trade Agreement. Agriculture products lead Florida's exports to Canada, including a wide variety of fresh fruits and vegetables such as oranges and tomatoes.
- Exports of leading Florida agriculture products to Mexico are growing strongly. U.S. exports to Mexico of live cattle increased over 350 percent to $26.3 million in the first seven months of 1996 compared to the same period in 1995. U.S. exports to Mexico of citrus products increased 113 percent during this period, reaching $1.3 million.
- Florida ports expect to enjoy strong growth under NAFTA from the large increase in trade and investment between Mexico and the United States.
- Florida's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Florida companies across a range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Florida companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON GEORGIA

Executive Summary

The people and economy of Georgia benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Georgia's exports to Mexico grew strongly by 37.5 percent during the first year of NAFTA. The 1994-95 decline in Georgia's exports to Mexico, caused by the devaluation of the peso, was more than fully recovered by 1996, when Georgia's exports to Mexico jumped by 20.9 percent.

- Georgia's exports to Canada also increased under NAFTA. Between 1993 and 1996, Georgia exports to Canada grew 32.3 percent.

- In 1996, Canada and Mexico were Georgia's leading and third-most important export markets, respectively.

- Over 55 percent of Georgia's exports to Mexico are made up of paper and paper products, chemicals and related products, apparel and textile mill products and electronic and electrical equipment and parts.

- Over half of Georgia's exports to Canada are transportation equipment, industrial machinery and equipment, electronic and electrical equipment and textiles.

- Georgia's textile exports to Mexico have been growing, up 12 percent from 1993 to 1995 (despite the fall in the peso), and up a phenomenal 69 percent during 1996. Georgia apparel exports to Mexico have been virtually doubling every year since NAFTA went into effect.

- Georgia's agricultural sector has also benefited from the agricultural provisions of NAFTA.

- Georgian banking firms have taken advantage of NAFTA provisions to open full-service banks in Mexico.

- In 1996, 2,900 jobs in Georgia directly benefited from the state's exports to Mexico; an additional 10,460 jobs were directly linked to Georgia's exports to Canada for a total of 13,360.

- Numerous Georgia companies are enthusiastic about the prospects for business under NAFTA.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON ILLINOIS

Executive Summary

The people and economy of Illinois benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Illinois' exports to Mexico and Canada have grown strongly under NAFTA, up nearly 38 percent between 1993 and 1996.
- The 1994-95 decline in Illinois' exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered by export growth during 1996.
- In 1996, Canada and Mexico were Illinois' leading and fifth most important export markets, respectively. Exports to these two countries accounted for 34.8 percent of total Illinois exports in 1996.
- High-value-added manufactured goods lead Illinois' exports to Mexico and Canada. These products include construction equipment, farm equipment, specialized industrial machinery, pharmaceuticals, telecommunications equipment, and auto and auto parts. Forty-six percent of Illinois exports to Mexico are made up of industrial machinery (including computers), chemicals, and electronic and electrical equipment. Similarly, these three categories represent half of Illinois' exports to Canada.
- The Illinois food and farm sector has enjoyed increased exports due to the agricultural provisions of NAFTA. Key exports include bulk commodities such as corn and soybeans in addition to high-value-added processed food products. Agricultural production ranked as Illinois' fifth most important export to Mexico in 1996, following an astounding 520 percent growth between 1993 and 1996.
- Illinois companies have profited from the liberalization of Mexico's foreign investment laws, opening a number of new Mexican markets to Illinois manufacturers, among others.
- Illinois' production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Illinois companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about is prospects for increasing business for Illinois companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON INDIANA

Executive Summary

The people and economy of Indiana benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Indiana's exports to Canada and Mexico have grown strongly under NAFTA, increasing 47.1 percent between 1993 and 1996.
- The 1994-95 decline in Indiana's exports to Mexico, caused by the devaluation of Mexico's peso, was partially recovered during 1996, when exports reached $340.6 million, up 21.2 percent from 1995.
- High-value-added manufactured goods lead Indiana's exports to both Mexico and Canada. These products include pharmaceuticals, electronic components, household appliances, medical equipment and metal-working machinery.
- Over 40 percent of Indiana's exports to Mexico are made up of industrial machinery and electronic and electrical equipment. Similarly, these two products made up one-quarter of the state's exports to Canada.
- Indiana's large auto-parts industry has benefited from increased integration of the North American auto sector resulting from NAFTA.
- Indiana's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include corn, soy meal and pork products. According to the U.S. Department of Agriculture, two Indiana products--corn and soybeans--enjoyed the largest U.S. agricultural gains to Mexico in 1996.
- Indiana's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs. In 1996, for example, 28,420 jobs were directly linked to exports to the two NAFTA partners.
- Numerous Indiana companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Indiana companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON IOWA

Executive Summary

The people and economy of Iowa benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Iowa's exports to Mexico and Canada have grown strongly since the implementation of NAFTA--up 52.8 percent between 1993 and 1996.

- The 1994-95 decline in Iowa's exports to Mexico, caused by the devaluation of the peso, was more than fully recovered by export growth during 1996.

- In 1996, Canada and Mexico were Iowa's leading and fourth-most important export markets, respectively, accounting for 37.4 percent of total Iowa exports.

- Agricultural and food products accounted for 65.1 percent of total Iowa exports to Mexico, and 10.6 percent of Iowa's total exports to Canada, in 1996. Leading Iowa agricultural exports include corn, soybeans and meat products. Iowa's exports of agricultural products to Mexico have increased over 170 percent between 1993 and 1996.

- Iowa companies also export high-value-added manufactured goods to Mexico and Canada, particularly construction and farm machinery, household appliances such as refrigerators and washing machines, agricultural chemicals and aerospace equipment.

- NAFTA and the U.S.-Canada Free Trade Agreement spurred an increase in foreign direct investment in Iowa, to the benefit of many Iowa workers.

- Iowa's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Iowa companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Iowa companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON KENTUCKY

Executive Summary

The people and economy of Kentucky benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Kentucky's exports to Canada and Mexico have grown strongly under NAFTA, up over 75 percent between 1993 and 1996.
- The 1994-95 decline in Kentucky's exports to Mexico, caused by the devaluation of Mexico's peso, was recovered by export growth during 1996.
- In 1996, Canada and Mexico were Kentucky's leading and seventh most important export markets, respectively. Exports to these two countries accounted for 40.5 percent of total Kentucky exports that year.
- High-value-added manufacturing goods lead Kentucky's exports to Mexico and Canada. These products include computers and peripherals, audio equipment and inorganic chemicals.
- Nearly 54 percent of Kentucky's exports to Mexico are made up industrial machinery (including computers), electronic and electrical equipment and parts, and chemicals. Similarly, these three categories represent over 25 percent of Kentucky's exports to Canada.
- Automobile exports from Kentucky grew substantially between 1993 and 1994 due to NAFTA's automotive provisions. 1996 export data indicate that these exports will continue to grow strongly as the Mexican economy grows.
- Kentucky's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include processed foods and beverages such as bourbon and popcorn, as well as dairy cattle and lumber.
- Kentucky's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Kentucky companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Kentucky companies.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON LOUISIANA

Executive Summary

The people and economy of Louisiana benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Louisiana's exports to Mexico and Canada have grown strongly since the implementation of NAFTA--up over 110 percent between 1993 and 1996.

- The 1994-95 decline in Louisiana's exports to Mexico was more than fully recovered by export growth during 1996. Between 1995 and 1996, Louisiana exports to Mexico expanded 77.3 percent to $1.2 billion.

- In 1996, Mexico and Canada were Louisiana's fifth- and eighth-most important export markets, respectively, accounting for 8.8 percent of total Louisiana exports.

- Increased trade and investment between the United States and Mexico have proven to be extremely profitable for Louisiana ports.

- Louisiana food producers have benefited from the agricultural provisions of NAFTA. Leading exports include rice, soybeans, processed meat products, and sauces.

- Louisiana's non-agricultural exports to Mexico and Canada are made up of high-value-added, high-tech products, including organic chemicals and fertilizers, refined petroleum, telecommunications equipment, industrial machinery and paper products.

- Louisiana's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Louisiana companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Louisiana companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MASSACHUSETTS

Executive Summary

The people and economy of Massachusetts benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Massachusetts' exports to Canada and Mexico have grown strongly under NAFTA, up over 31 percent between 1993 and 1996.
- The 1994-95 decline in Massachusetts' exports to Mexico, caused by the devaluation of the peso, was recovered by export growth during 1996.
- Canada and Mexico are Massachusetts' leading and twelfth most important export markets.
- High-value-added manufactured goods lead Massachusetts' exports to both Mexico and Canada. These products include computer equipment and software, pharmaceuticals, telecommunications equipment, medical equipment and aerospace equipment.
- Massachusetts' agricultural sector has also benefited from the agricultural provisions of NAFTA, particularly Massachusetts' exports of apples, dairy products and cranberries.
- Massachusetts' financial services and computer programming firms, in addition to other service providers, have been able to take advantage of NAFTA provisions that liberalize Mexico's service industries.
- Massachusetts' production of goods for exports to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Massachusetts companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Massachusetts companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MICHIGAN

Executive Summary

The people and economy of Michigan benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Michigan's exports to Canada and Mexico have grown strongly under NAFTA, up over 10 percent between 1993 and 1996.

- In 1996, Canada and Mexico were Michigan's leading and second most important export markets, respectively, accounting for 70 percent of total state exports. Michigan exports more to the NAFTA trading partners than any other state in the country, both in terms of volume and value.

- Michigan, the leading manufacturer of automobiles in the United States, is one of the biggest beneficiaries of NAFTA because of the agreement's extensive automotive provisions.

- Other leading Michigan exports to Mexico and Canada include high-value-added manufactured goods, such as engines, machine tools, metal stampings, chemicals, computers and household appliances.

- Michigan's farm sector also benefits from the agricultural provisions of NAFTA. Key exports to Mexico and Canada include dried beans, blueberries, organic food products, snack products, onions, processed asparagus, turkeys, flour, and pork products.

- Detroit is in a prime position to become a leading center of NAFTA-related commerce, as numerous Canadian and Mexico companies establish offices in the city.

- Michigan's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Michigan companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Michigan companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MISSISSIPPI

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Executive Summary

The people and economy of Mississippi benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- During the first three years of NAFTA, Mississippi's exports to Mexico grew strongly to $168.9 million, an increase of 86.8 percent from 1993-96.

- Mississippi's exports to Canada also increased under NAFTA. Between 1993 and 1996, Mississippi's exports to Canada grew 19.8 percent to $445.7 million.

- In 1996, Canada and Mexico were Mississippi's second- and third-most important export markets, respectively. Exports to these two countries accounted for 21.8 percent of total Mississippi exports in 1996.

- Fifty-two percent of Mississippi's exports to Canada are made up of industrial machinery (including computers), electronic and electrical equipment, chemicals and related products, and transportation equipment.

- Exports to Mexico are more concentrated: electronic and electrical equipment, industrial machinery, and paper and related products, and chemicals and related products account for 69 percent of total Mississippi exports to Mexico.

- The Mississippi agricultural sector has also benefited from the agricultural provisions of NAFTA. Mississippi crop exports to Mexico grew strongly between 1993 and 1996 following the passage of NAFTA. From just $900,000 in 1993, they climbed steadily to reach $9.8 million in 1996.

- Thousands of jobs in Mississippi benefit from the state's exports to Mexico. These are high-paying jobs.

- Many Mississippi companies have benefited from NAFTA and are optimistic about prospects for future growth as a result of the benefits provided by the agreement.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON MISSOURI

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Executive Summary

The people and economy of Missouri benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Missouri's exports to Mexico and Canada have grown under NAFTA, up 45.2 percent between 1993 and 1996.

- The 1994-95 decline in Missouri's exports to Mexico, caused by the devaluation of the Mexican peso, was more than fully recovered by export growth during 1996.

- In 1996, Canada and Mexico were Missouri's leading and third most important export markets, respectively, accounting for almost half of total Missouri exports.

- Missouri's farm sector has benefited from the agricultural provisions of NAFTA. The state's agricultural exports to Mexico reached $186.6 million in 1996, up 150 percent from 1993. Key exports include feed ingredients, corn, wheat and veterinarian supplies.

- High-value-added manufactured goods are leading Missouri exports to Mexico and Canada. These products include electronic components, electrical motors, household appliances, steel, metalworking machinery, refrigeration equipment and pharmaceuticals.

- Missouri's large transportation equipment industry has benefited from the automotive provisions of NAFTA. Transportation equipment is the state's leading export to Canada, accounting for nearly 60 percent of total state exports to that country. Meanwhile, exports of transportation equipment to Mexico grew 72.5 percent between 1993 and 1994, reaching $32.6 million.

- Missouri's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous Missouri companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Missouri companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NEW JERSEY

Executive Summary

The people and economy of New Jersey benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- New Jersey's exports to Canada and Mexico have grown strongly under NAFTA, up nearly 30 percent between 1993 and 1996.

- The 1994-95 decline in New Jersey's exports to Mexico, caused by the devaluation of the peso, was nearly recovered by export growth in 1996.

- In 1996, Canada and Mexico were New Jersey's leading and seventh-most important export markets, respectively, accounting for 27.6 percent of total New Jersey exports.

- High-value-added manufactured goods lead New Jersey's exports to Mexico and Canada, including chemicals and pharmaceuticals, computers, medical equipment, office equipment and refrigeration equipment.

- New Jersey's agricultural sector has also benefited from the agricultural provisions of NAFTA. Key exports include fresh fruits and vegetables and high-value-added manufactured food products.

- A number of New Jersey service industries, including telecommunications and financial services, have profited from the liberalization of these industries in Mexico under NAFTA.

- New Jersey's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous New Jersey companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for New Jersey companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON NEW YORK

Executive Summary

The people and economy of New York benefit greatly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- New York's exports to Canada and Mexico have grown strongly under NAFTA, up nearly 30 percent between 1993 and 1996.

- The 1994-95 decline in New York's exports to Mexico, caused by the devaluation of Mexico's peso, was nearly recovered in 1996, when exports reached $930.8 million, up 21.2 percent from 1995.

- High-value-added manufactured goods lead New York's exports to both Mexico and Canada. These products include medical equipment, pharmaceuticals, computers, office equipment and photographic equipment.

- Over 38 percent of New York's exports to Mexico are made up of high-technology instruments and chemical products. Transportation equipment, electronic and electrical equipment, and industrial machinery and computers make up over 43 percent of the state's exports to Canada.

- New York's farm sector expects to benefit from the agricultural provisions of NAFTA. Key exports could include high-value-added dairy products, such as ice cream and yogurt, processed fruits and vegetables, apples, and other high-value processed foods, such as pet food, snack foods and beverages.

- In 1996, New York exports of crops to Mexico reached $26.1 million, up over 169 percent from the same period in 1995. Canada is New York's leading market for agricultural products, with exports expanding to $188.0 million in 1996.

- New York's large financial services and telecommunications sectors have been able to expand into the Mexican market following the implementation of NAFTA.

- New York's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.

- Numerous New York companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for New York companies.

THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON OHIO

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Executive Summary

The people and economy of Ohio benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Ohio's exports to Canada and Mexico have grown strongly under NAFTA, up 34.7 percent between 1993 and 1996.
- The 1994-95 decline in Ohio's exports to Mexico, caused by the devaluation of the peso, was partially recovered by export growth during 1996.
- In 1996, Canada and Mexico were Ohio's leading and sixth most important export markets, respectively. Exports to these two countries accounted for nearly half of total Ohio exports that year.
- High-value-added manufactured goods lead Ohio's exports to Mexico and Canada, including such products as specialty chemicals, air conditioning equipment, metal-working equipment, food processing equipment and electronic components.
- Sixty percent of Ohio's exports to Mexico are made up chemicals, industrial machinery, primary metals and electronic and electrical equipment. Industrial machinery, electronic and electrical equipment, chemicals and fabricated metal products make up 35 percent of Ohio's exports to Canada.
- Ohio's agricultural sector also benefits significantly from NAFTA. Leading Ohio exports to Mexico and Canada include soybeans, corn and breeding hogs and cattle.
- The automotive and tire manufacturing industries in Ohio will profit from NAFTA's extensive automotive provisions and a recent agreement between the United States and Mexico regarding the export of tires under NAFTA.
- Ohio's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Ohio companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Ohio companies.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON PENNSYLVANIA

Executive Summary

The people and economy of Pennsylvania benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- During the first year of NAFTA (1994), Pennsylvania exports to Mexico grew strongly and recovered in 1996 from the effects of the peso devaluation. Exports from Pennsylvania to Canada also increased substantially under NAFTA.

- Canada and Mexico are Pennsylvania's leading and fourth most important export markets, respectively.

- High-value-added manufactured goods dominate Pennsylvania's exports to both Mexico and Canada. Over 75 percent of the state's exports to Mexico are made up of primary metals, electronic and electrical equipment, industrial machinery, and chemicals and related products. Chemicals and related products, industrial machinery, transportation equipment, and primary metals make up 47 percent of Pennsylvania's total exports to Canada.

- Pennsylvania's agricultural sector has also benefited from the agricultural provisions of NAFTA. Mexico is the state's sixth-largest agricultural market, broadly defined, and the third-largest market for Pennsylvania exports of processed food products.

- Philadelphia is an important East Coast port for U.S.-Mexico trade. Overall, it ranked 14th in total value of U.S. exports to and imports from Mexico in 1996. Excluding the border and Gulf ports, however, Philadelphia ranked third, after Cleveland and New York City.

- NAFTA supports thousands of high-paying jobs in Pennsylvania, most directly linked to the state's exports to Mexico and Canada.

- Impressive numbers of Pennsylvania companies support NAFTA and favor its expansion to other countries in Latin America.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON TENNESSEE

Executive Summary

The people and economy of Tennessee benefit significantly from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- Tennessee's exports to Mexico and Canada have grown strongly under NAFTA, up 40 percent between 1993 and 1996.
- The 1994-95 decline in Tennessee's exports to Mexico, caused by the devaluation of Mexico's peso, was fully recovered by export growth during 1996.
- Tennessee's large auto and auto-parts sector has been a primary beneficiary of NAFTA and its automotive provisions.
- Other leading exports from Tennessee to Mexico and Canada include high-value-added manufactured goods such as paper products, aluminum products, metal-working machinery and air conditioning equipment.
- Tennessee's farm sector has also benefited from the agricultural provisions of NAFTA. Key exports include beef cattle, hogs, soybeans, dairy cattle, lumber, processed food products and fresh produce.
- Memphis' important distribution and transportation industry profits from the increased trade that has resulted from NAFTA.
- Tennessee's production of goods for export to Canada and Mexico supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- Numerous Tennessee companies across a wide range of sectors use NAFTA to their advantage and remain optimistic about its prospects for increasing business for Tennessee companies.

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THE IMPACT OF THE NORTH AMERICAN FREE TRADE AGREEMENT ON WEST VIRGINIA

Executive Summary

The people and economy of West Virginia benefit from increased trade and investment opportunities in Canada and Mexico resulting from the North American Free Trade Agreement (NAFTA).

- West Virginia's exports to Mexico and Canada have grown under NAFTA, up over 38 percent between 1993 and 1996.
- In 1996, Canada and Mexico were West Virginia's leading and twenty-third most important export markets, respectively. Exports to these two countries accounted for 18.9 percent of total West Virginia exports in 1996.
- High-value-added manufactured goods lead West Virginia's exports to Mexico and Canada. Eighty-one percent of West Virginia's exports to Mexico are made up of chemicals; primary metals; stone, clay and glass products; and industrial machinery (including computers). Chemicals, primary metals, rubber and plastic products and industrial machinery represent 76 percent of West Virginia's exports to Canada.
- Other manufactured goods important to West Virginia's economy are exported to Canada and Mexico. They include coal and coal mining equipment and auto parts.
- West Virginia's production of goods for export to Mexico and Canada supports thousands of high-paying manufacturing, transportation, services, finance and other related jobs.
- West Virginia companies use NAFTA to their advantage and remain optimistic about its prospects for increasing business for West Virginia companies.