

## **NAFTA Trade in Value Added and its distribution, 1995-2011**

Topic: 516X Regional Trade Agreement and Trade Governance

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The trade deficit of the United States with his NAFTA partners, Mexico and Canada, increased since 1994 from 21,991 to 119,257 million dollars in 2013 (UNCOMTRADE, 2015), most of this increase it is explained by the growth in the volume of commerce between Mexico and the United States. Nonetheless, since the mid - 1990s Mexico has been experiencing its lowest economic growth rates. By using the WIOD (Timmer, Dietzenbacher, Los, Stehrer, and de Vries, 2015) and the Input-Output Analysis this paper presents an estimate of the intra-NAFTA trade flows in terms of value added and its distribution among both labor and capital; and labor by skills level. So far, the findings show that trade between the NAFTA members it is quite different concerning value added. In 1995 the United States had a trade deficit of 30,351 million dollars with Canada, of which 6,384 million dollars were a surplus in favor of Canada in terms of value added. Similarly, the same year the United States had a deficit of 4,276 million dollars with Mexico that became a surplus for the latter of 4,561 million dollars in terms of value added. For the year 2000 and 2011 a similar pattern is observed. The aim of the paper is to show how the trade in value added and its distribution between capital and labour can help us to explain the poor economic performance of some economies.