

## **THE EFFECTS OF NAFTA ON CANADA, MEXICO AND THE UNITED STATES: A MULTIREGIONAL INPUT-OUTPUT ANALYSIS**

Topic: GVC Trade

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The North American Free Trade Agreement has been studied from various angles and for various purposes in its 23 years long history. The US administration that inaugurated last year, opened the renegotiation of this agreement, on the basis of its being unfair to the US, mainly because of US companies establishing plants to produce and export in Mexico, generating for Mexico a trade surplus in the area, which translates in a US trade deficit, the third largest in US trade statistics. This has been said to damage also the domestic level of employment in US manufacturing sectors. The renegotiation rounds are already on their way. However, a precise measure of this supposed "damage" to US labor caused by Mexican exports is still missing, nor is it clear how many and what sectors have been damaged.

Relatively recent developments in Multi-Regional Input-Output Analysis (MRIO) helped to produce a study for the European Community, published in 2015, like the one we propose to do for NAFTA. Our study is aimed to answering two basic questions: (1) which have been the results, positive or negative, of the operation of NAFTA for each of the three economies involved; (2) what sectors in each economy have been most benefited or damaged by NAFTA in each of the three economies. Thus, the objective of this particular study is to build and use a Multiregional Input-Output model for the Northamerican region: Canada, Mexico and the US, to determine the effects of NAFTA for trade, income, output and labor in each of the three economies.

The study features a series of indicators to illustrate in detail the relationship between trade, employment and income for NAFTA as a whole and for each NAFTA member state using the World Input-Output Database (WIOD) as the source for the main data. Other data will be collected from OECD or from local sources (INEGI for Mexico, DOC for the US, etc.). The idea is to cover all NAFTA period, 1994 to the present as long as possible.