

North America before and after NAFTA



What impact did NAFTA have on North America's GNI and life expectancy?

What is NAFTA and GNI?

NAFTA -North American Free Trade Agreement (NAFTA) established a free-trade zone in North America; it was signed in 1992 by Canada, Mexico, and the United States and took effect on Jan. 1, 1994. NAFTA immediately lifted tariffs on the majority of goods produced by the signatory nations.

*[https://www.cbp.gov/trade/north-american-free-trade-agreement#:~:text=North%20American%20Free%20Trade%20Agreement%20\(NAFTA\)%20established%20a%20free%2Dproduced%20by%20the%20signatory%20nations.](https://www.cbp.gov/trade/north-american-free-trade-agreement#:~:text=North%20American%20Free%20Trade%20Agreement%20(NAFTA)%20established%20a%20free%2Dproduced%20by%20the%20signatory%20nations.)

GDP vs GNI - GDP is the total market value of all finished goods and services produced within a country in a set time period. GNI is the total income received by the country from its residents and businesses regardless of whether they are located in the country or abroad.

Assumptions

- GNI increased in all three countries
- GNI and life expectancy are correlated
- U.S benefited most from NAFTA

North America GNI before and after NAFTA

Before NAFTA(1973 - 1993)

After NAFTA(1994 - 2014)

Change in growth

- USA at the start of 1973 had a GNI of 32,320, in 1993 USA had a GNI of 44,400. Which is a growth of **37.89%**
- Mexico at the start of 1973 had a GNI of 2,710 in 1993 Mexico had a GNI of 7,550 which is a growth of **178.65%**
- Canada at the start of 1973 had a GNI of 23,400 in 1993 Canada had a GNI of 31,200. Which is a growth of **33.33%**

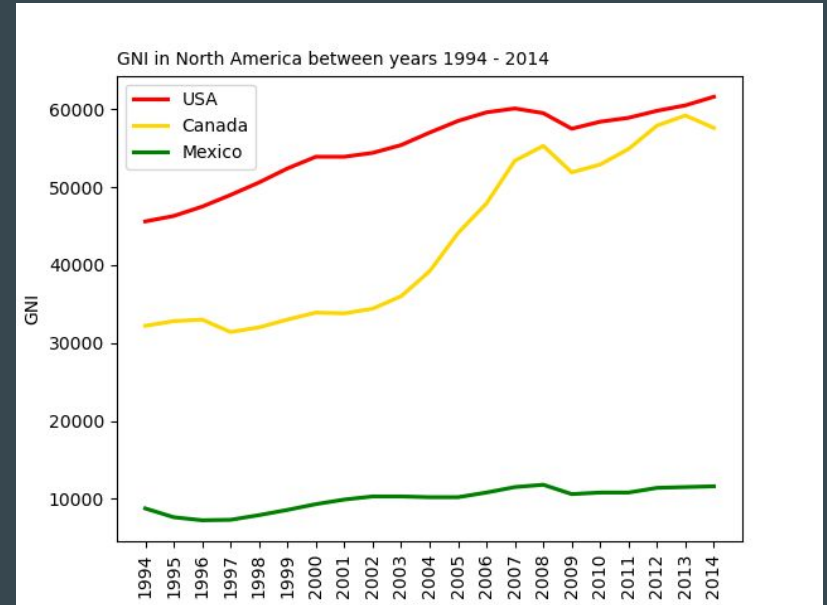
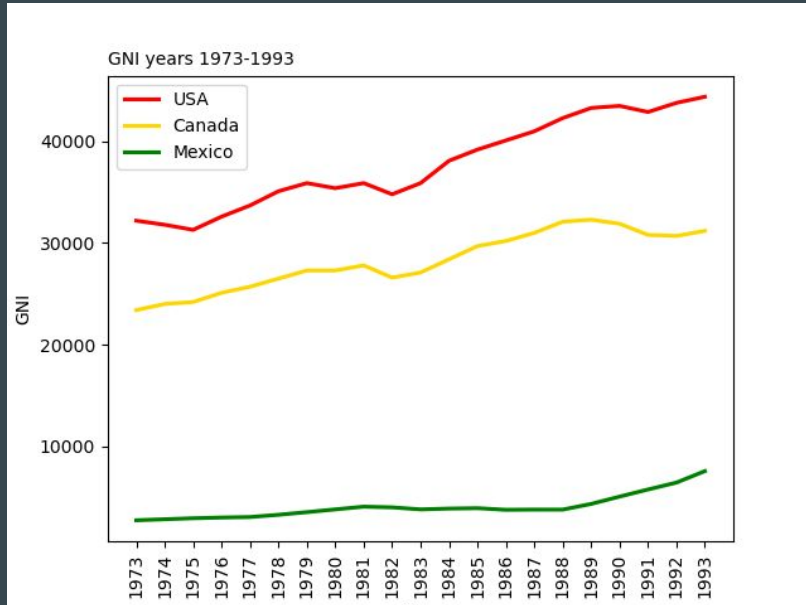
Change in growth

- USA at the start of 1994 had a GNI of 46,500, now USA has a GNI of 71,500. Which is a growth of **35.09%**
- Mexico at the start of 1994 had a GNI of 8,760, now Mexico has a GNI of 9,230 which is a growth of **32.42%**
- Canada at the start of 1994 had a GNI of 32,300, now Canada has a GNI of 47,700. Which is a growth of **78.88%**

Global averages: 1973 - 6872.85 | 1994: 9316.03 | 2014: 14972.67

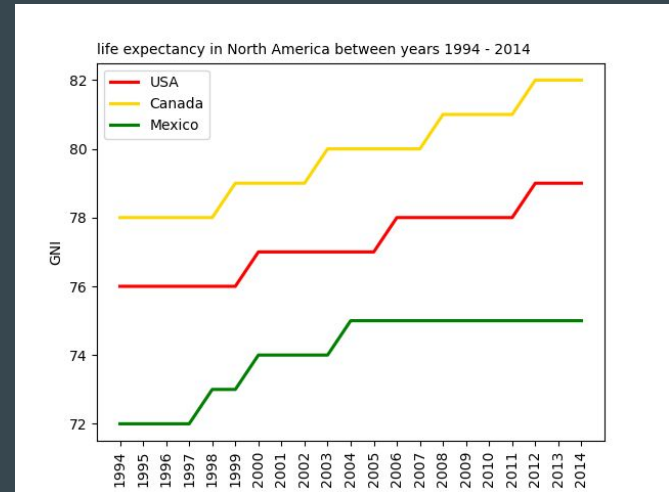
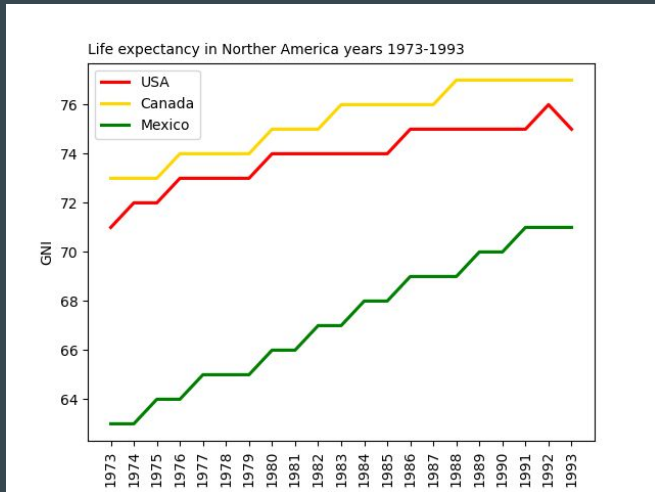
GNI before and after NAFTA (continued)

GNI on a graph



GNI and life expectancy before and after NAFTA

You can see a correlation between the U.S and Canada's strong GNIs and their longer life expectancy compared to Mexico here. You can also see a strong correlation between Mexico's increase in GNI leading up to NAFTA and life expectancy. Drawing a further link between GNI and life expectancy.



Did NAFTA change North America's GNI or life expectancy?

It is difficult to objectively evaluate the impact of NAFTA on the economies of the three countries and to distinguish between the impact of the trade agreement and other sources of economic change, such as globalization, the impact of China's entry into the World Trade Organization, technological change and domestic political decisions of the respective countries. <https://www.thecanadianencyclopedia.ca/en/article/north-american-free-trade-agreement-nafta>

The data suggests that although NAFTA did have a large impact on North America's economy, a deep dive into the numbers suggest it's difficult to determine just how big of an impact it made.

Conclusions:

- All three countries see a direct improvement from NAFTA relating to GNI or life expectancy
- GNI and life expectancy share a correlation
- The U.S did not benefit most from NAFTA

Next Steps

On 1 July 2023, the North American Free Trade Agreement (“NAFTA”)—which has helped to facilitate trade among the United States, Canada, and Mexico for over 25 years, Expired. NAFTA was terminated and replaced by a new treaty, the United States-Mexico-Canada Agreement (“USMCA”), on 1 July 2020.

<https://www.gibsondunn.com/investors-right-to-seek-nafta-protections-set-to-expire-on-1-july-2023/#:~:text=On%201%20July%202023%2C%20the,%2C%20on%201%20July%202020.>

Sources

*[https://www.cbp.gov/trade/north-american-free-trade-agreement#:~:text=North%20American%20Free%20Trade%20Agreement%20\(NAFTA\)%20established%20a%20free%2D,produced%20by%20the%20signatory%20nations](https://www.cbp.gov/trade/north-american-free-trade-agreement#:~:text=North%20American%20Free%20Trade%20Agreement%20(NAFTA)%20established%20a%20free%2D,produced%20by%20the%20signatory%20nations).

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[https://www.gibsondunn.com/investors-right-to-seek-nafta-protections-set-to-expire-on-1-july-2023/#:~:text=On%201%20July%202023%2C%20the,\)%2C%20on%201%20July%202020](https://www.gibsondunn.com/investors-right-to-seek-nafta-protections-set-to-expire-on-1-july-2023/#:~:text=On%201%20July%202023%2C%20the,)%2C%20on%201%20July%202020).