

NAFTA's INCREASING TRADE DISINTEGRATION AND ITS COMPETITION WITH CHINA

Enrique Dussel Peters

Graduate School of Economics

National Autonomous University of Mexico (UNAM)

Coordinator

Center for Chinese-Mexican Studies

School of Economics (UNAM)

<http://dusselpeters.com>

<http://www.redalc-china.org>



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CHINA-MEXICO

UNIVERSIDAD NACIONAL AUTONOMA DE MEXICO

<http://www.economia.unam.mx/cechimex>

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TOPICS

- **Expectations on NAFTA**
- **Main Trade Structures and Performance in NAFTA (1991-2014)**
- **Conclusions and Proposals**

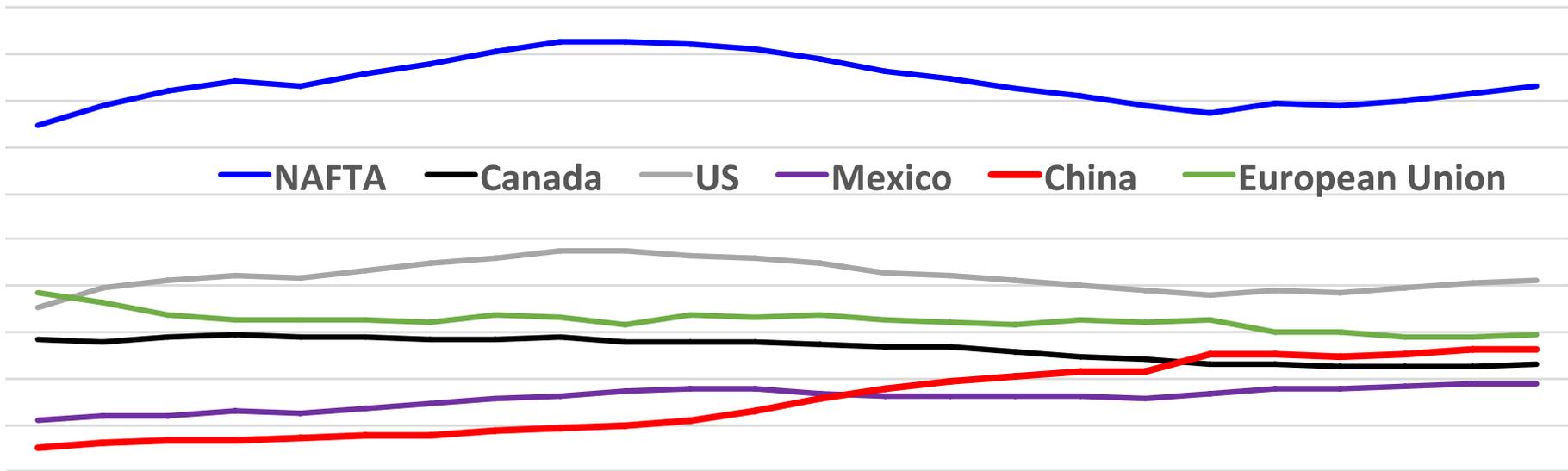
NAFTA: EXPECTATIONS

- **Modelling (USITC 1992), guesses and expectations**
- **In general: smaller impact in US (0.25% of GDP (then in Mexico 6-12%))**
- **Mexico's manufacturing sector to "close gaps" with rest of NAFTA in terms of growth, exports, employment, wages and productivity growth (different than agriculture and services ...)**
- **Rules of origin + tariff reduction/elimination + I + ...**
- **Few effective expectations on additional members (Chile + ...)**
- **Asia ... China?**

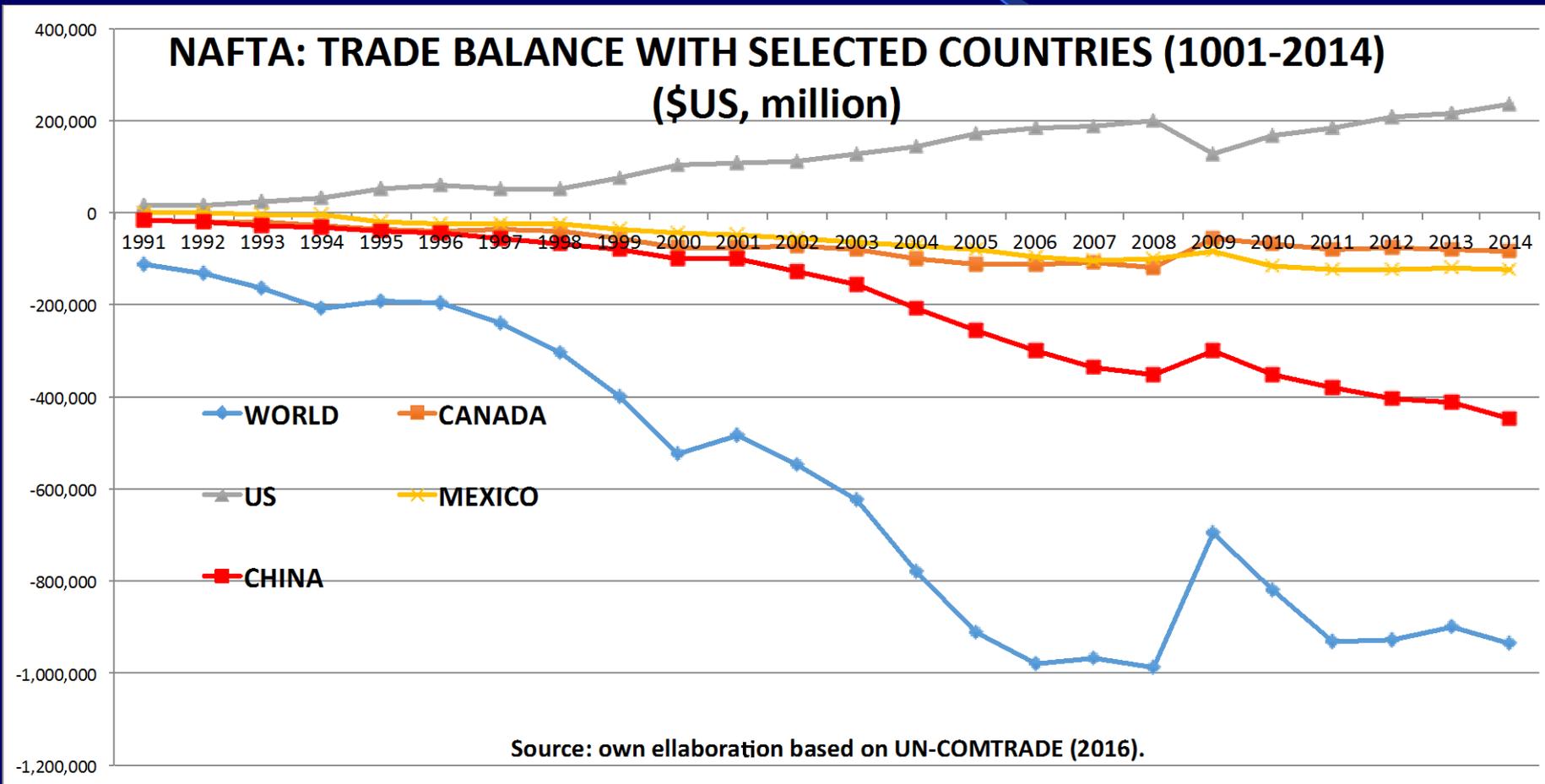
NAFTA: TRADE structure and performance (1)

- In general, two clear phases of NAFTA: i. 1994-2000 and ii. 2001-...
- China: rapid global “re-emergence” through trade, OFDI, financing, OFDI, turn-key projects, ... + adherence to WTO in 2001
- Implications for NAFTA?

NAFTA: TRADE structure and performance (2)



NAFTA: TRADE structure and performance (3)



TRADE STRUCTURES and China

- **Intraindustrial trade ... 1993-2000 and 2000-2014**
- **Constant Market Share Analysis (2001-2014)**

- **HERE:**
- **Trade by type of good**
- **Trade by level of technology**
- **Trade concentration**
- **“Threat/competition” analysis**

TRADE STRUCTURES and China (1)

declining share of exports and imports in capital goods vs.
CHINA (!!!)

NAFTA: IMPORTS BY TYPE OF GOOD (1991-2014)

	1991				2001				2014			
	Total	Consumption	Intermediate	Capital	Total	Consumption	Intermediate	Capital	Total	Consumption	Intermediate	Capital
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
NAFTA	34.1	25.6	40.5	31.1	39.3	31.6	44.1	38.9	35.0	27.8	40.5	30.3
CANADA	14.0	10.2	17.3	11.2	13.8	11.7	16.4	10.2	11.0	8.9	14.6	3.9
US	14.9	10.2	17.3	16.8	16.6	10.1	20.7	16.2	14.0	9.2	17.3	11.6
MEXICO	5.2	5.2	5.9	3.2	8.9	9.8	7.1	12.5	10.0	9.6	8.5	14.8
LAC	10.1	10.8	11.6	4.1	13.8	15.2	12.8	14.3	15.4	13.7	16.0	16.0
CHINA	3.5	8.2	1.2	1.4	8.0	15.0	3.7	8.0	18.6	23.6	10.7	33.8
EU	17.6	15.3	18.1	20.1	17.3	17.1	16.9	18.6	15.8	18.7	14.6	14.9

TRADE STRUCTURES and China (2)

NAFTA: Trade by medium and high technological level (1991-2014)

	Total	NAFTA	Canadá	US	México	ALC	CHINA	EU
1991	46.94	49.32	50.64	47.58	51.50	37.70	23.56	49.59
1992	47.68	49.79	49.95	48.90	52.46	39.99	26.85	49.31
1993	48.59	50.51	50.45	49.68	53.63	40.59	31.14	48.72
1994	49.78	51.66	51.41	50.94	54.68	41.85	31.21	49.07
1995	49.71	51.38	50.60	51.04	54.42	41.20	31.16	49.43
1996	49.69	51.70	49.97	51.82	54.99	41.88	32.67	49.04
1997	50.48	52.00	50.19	51.93	55.70	43.66	33.98	51.28
1998	51.80	53.28	50.85	53.62	56.69	45.76	36.72	53.19
1999	52.55	54.38	51.77	54.94	57.39	46.23	37.14	53.85
2000	51.39	54.38	51.95	53.73	60.13	47.80	39.39	55.02
2001	50.12	52.90	49.17	52.17	60.86	48.63	39.93	54.24
2002	49.44	52.24	49.18	51.37	59.33	47.15	42.17	52.04
2003	47.49	50.06	46.85	49.39	57.21	44.71	43.66	50.47
2004	46.49	48.87	45.03	48.58	55.96	42.77	46.65	48.94
2005	44.97	47.27	43.57	47.15	53.81	40.93	47.15	47.79
2006	44.59	46.71	42.01	46.78	53.85	41.27	48.32	46.86
2007	43.48	45.03	39.90	45.12	52.73	40.67	46.96	44.56
2008	40.48	41.00	34.67	41.44	49.73	37.43	46.31	43.24
2009	40.16	42.39	35.02	42.84	51.50	38.64	46.81	37.72
2010	40.76	43.41	35.97	43.72	52.39	39.81	49.26	37.76
2011	39.09	41.54	34.76	41.89	49.32	36.74	49.49	38.07
2012	40.71	43.27	36.27	43.64	50.99	38.40	49.94	39.63
2013	41.11	43.18	34.83	43.63	52.40	39.43	50.49	40.51
2014	41.73	43.32	33.89	43.98	53.37	40.03	51.60	40.98

Source: own calculations based on US-COMTRADE (2016).

TRADE STRUCTURES and China (3)

China's threat in NAFTA (2001-2014)

	Percentage over NAFTA's exports in manufacturing					Percentage of NAFTA's total trade				
	Directa	Parcial	Inversa	Retirada	Sin amenaza	Directa	Parcial	Inversa	Retirada	Sin amenaza
TLCAN	92.49	0.95	0.21	0.72	5.63	71.67	3.38	15.18	0.53	9.24
Estados Unidos	87.51	9.41	0.48	0.45	2.15	68.49	12.88	15.38	0.33	2.92
México	37.56	39.91	0.26	0.67	21.60	29.07	34.07	1.85	13.86	21.15
Canadá	94.23	4.23	0.22	0.71	0.62	73.26	6.55	13.84	1.88	4.48
ALC	13.90	63.00	0.26	0.67	22.17	11.43	49.72	1.62	14.10	23.14
Unión Europea	69.17	28.98	0.53	0.39	0.92	57.74	22.52	0.39	15.32	4.02

China's threat to the US

	Percentage of manufactured goods to US					Percentage of total exports to the US				
	Direct	Partial	Inverse	Retire	No threat	Direct	Partial	Inverse	Retire	No threat
TLCAN	94.5	1.1	0.5	0.2	3.7	63.5	2.1	23.8	0.9	9.7
México	32.2	34.9	0.1	0.1	32.7	25.9	28.6	12.1	0.1	33.3
Canadá	93.0	4.1	0.7	0.4	1.6	54.6	4.0	34.5	0.8	6.1
ALC	35.6	33.6	0.1	0.3	30.3	26.9	23.4	22.2	0.2	27.3
Unión Europea	69.8	29.4	0.1	0.1	0.6	63.1	22.8	0.1	8.4	5.6

CONCLUSIONS

- **TPP = NAFTA 2.0?**
- **Evaluation, strategies, policies and funding for NAFTA, basis for TPP and other trade agreements?**
- **The US as the main (!) loser in the “new triangular relationship between LAC-US-China: 840,000 jobs only in 2014 (constant market share)**
- **AND: analysis of specific value-added chains: yarns-textile-garments, electronics and autoparts-automobiles (“core”) of NAFTA trade**

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