

# NAFTA

## NORTH AMERICAN FREE TRADE AGREEMENT

## AND THE ELECTRONIC INDUSTRIES

### SUPPORT NAFTA: EXPAND U.S. MARKETS AND CREATE U.S. JOBS

The NAFTA will eliminate trade barriers and integrate markets with over 360 million people and \$6 trillion in annual output. NAFTA will bring significant benefits to the U.S. electronics industry and its almost 2 million employees. *For the electronics industry the NAFTA will:*

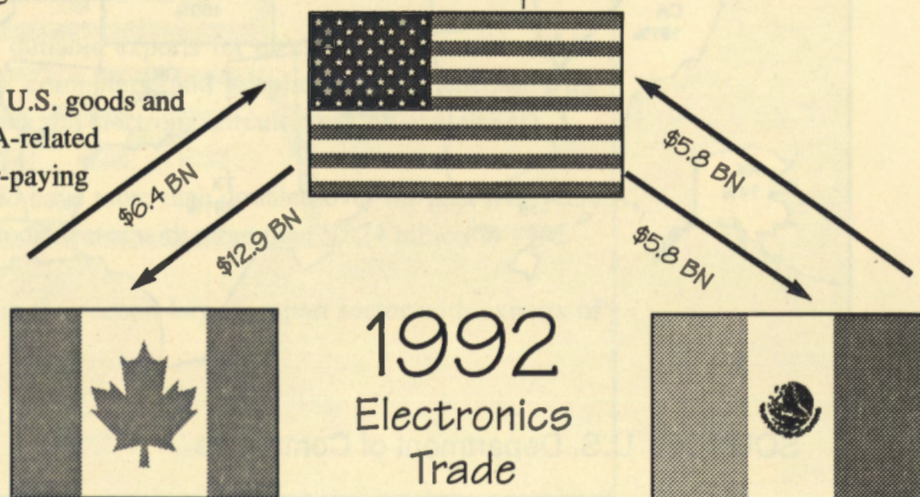
- ☐ Promote more accessible markets in Mexico and Canada and level the playing field for U.S. industry.
- ☐ Expand exports and create high-wage jobs in the U.S.
- ☐ Enhance the global competitiveness of U.S. producers.
- ☐ Employ clear, predictable and reasonable rules for determining eligibility for the benefits of the agreement.
- ☐ Ensure that benefits accrue to North American companies with adequate rules to prevent non-North American parties from receiving undue advantage from the agreement.

"With Canada and Mexico our largest and fourth largest markets and with exports doubling to both, the electronics industry will be one of the largest beneficiaries of NAFTA."

-Peter F. McCloskey  
President  
Electronic Industries Association

- ◆ NAFTA will boost export demands for U.S. goods and services. Exports create jobs— NAFTA-related exports will create thousands of higher-paying manufacturing and high-value jobs.

- ◆ Mexico is the fourth largest export market for U.S. electronics products. Mexico surpassed Germany in 1992, with \$5.7 billion in U.S. electronics exports.





## ...a brighter tomorrow

### ELECTRONICS AND THE U.S. ECONOMY:

**"The removal of barriers in Mexico will mean increased exports and better jobs for our industry."**

- Ronald H. Barnhart  
Honeywell  
Chairman, EIA Board of Governors

The electronics industry is one of the largest manufacturing sectors employing almost 2 million people. U.S. factory sales will total almost \$300 billion in 1993.

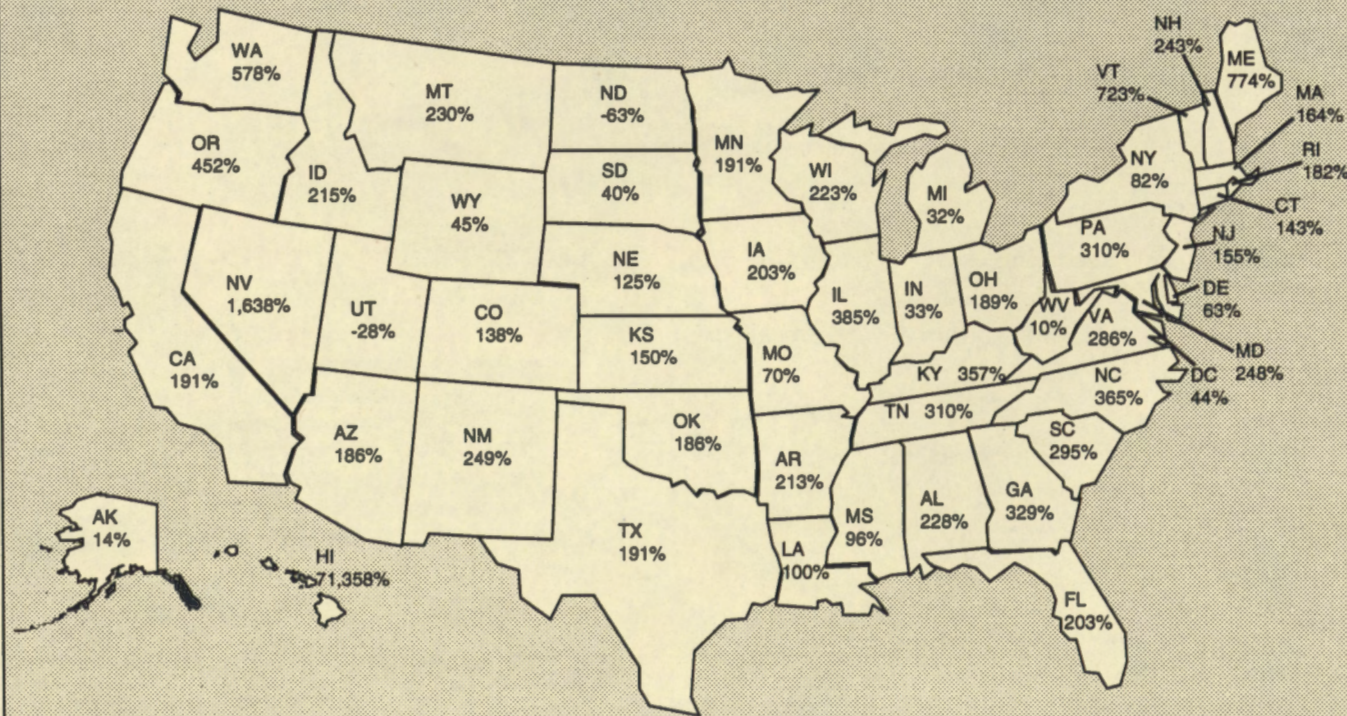
Electronic exports to Mexico are more than 14% of total merchandise exports to Mexico. Electronic exports to Canada are more than 14% of total merchandise exports to Canada.

Combined, Canada and Mexico are one quarter of the global market for U.S. electronics exports. Canada is the largest market for the U.S. electronics industry, with almost \$13 billion in exports in 1992.

Since Mexico began to lower trade barriers in 1986, exports have more than doubled from a 1987 total of \$2.4 billion to a 1992 total of \$5.7 billion, a compound annual growth rate of 7%.

The trade balance in electronics has improved from a 1987 \$1 billion deficit to almost even in 1992, and is expected to be a \$55 million surplus in 1993 with more than \$6.5 billion in U.S. electronics exports, based on the current rate of growth.

**48 of 50 states have increased their exports to Mexico, supporting 700,000 U.S. jobs**



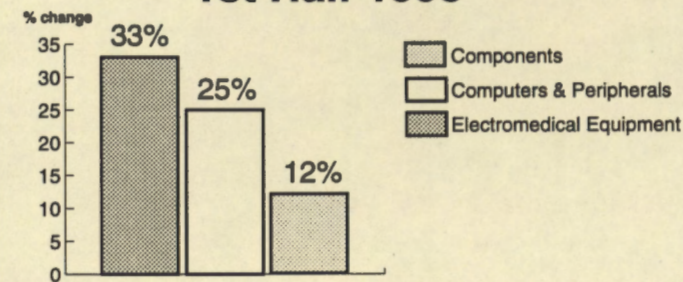
SOURCE: U.S. Department of Commerce

## ...a look to the future

### INDUSTRY BENEFITS:

- ◆ The U.S. electronics industry is one of the largest beneficiaries of the NAFTA. In the first six months of 1993, U.S. electronics exports to Mexico grew at an astounding rate of 12% over the similar 1992 period. Electromedical equipment grew over 33%; computers and peripherals grew over 25%; and electronic components grew 12% in the first six months of 1993 over the same 1992 period; in the first six months over the same 1992 period. NAFTA's provisions will remove artificial barriers, boost exports and create more opportunities for America to sell products and to create U.S. jobs.

### Export Growth to Mexico 1st Half 1993



**"NAFTA is a win-win agreement. It's a win for the U.S., for our employees as well as our shareholders—and for the two trading partners—Canada and Mexico. That's why we support NAFTA."**

- Vic Pelson  
Chairman,  
Global Operations Team  
AT&T

- ◆ The NAFTA will ensure that benefits accrue to North American companies through rules of origin and duty drawback provisions, and **protection of intellectual property rights**. Manufacturers of these products need these assurances that the tremendous investments they make in R&D won't be ripped off by patent, trademark and copyright pirates.
- ◆ **Tariff reduction** will allow greater access to markets. In general, Mexican tariffs average 10 percent and are two-and-a-half times that of U.S. tariffs. This puts our goods at a competitive disadvantage.
- ◆ Mexican tariffs on 40 percent of U.S. dutiable exports for electronic equipment (including computer storage units, magnetic media, and photocopier parts) will be eliminated immediately.
- ◆ Mexican tariffs on 50 percent of U.S. dutiable exports for electronic equipment will be phased out in 5 years (including TVs, computers, and telephone equipment), and the remainder in 10 years (including switches and electronic circuit breaking equipment).
- ◆ Electronic component exports to Mexico have more than doubled over the past five years and constitute the largest electronics export sector with more than \$2.24 billion in 1992.
- ◆ Computers and industrial electronics are the second largest export sector with exports of \$1.7 billion in 1992.





➤ GLOBAL COMPETITIVENESS

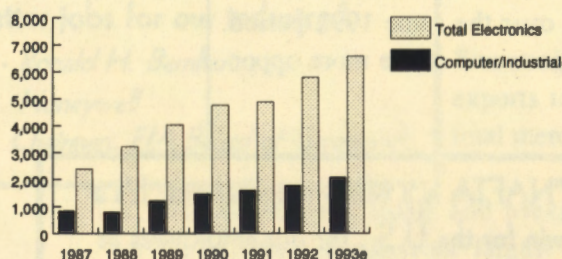
➤ HIGH-WAGE JOBS

➤ ACCESSIBLE MARKETS

➤ EXPORTS

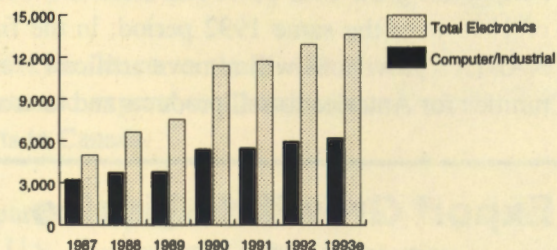
### Total Electronic Exports to Mexico

(millions of U.S. dollars)

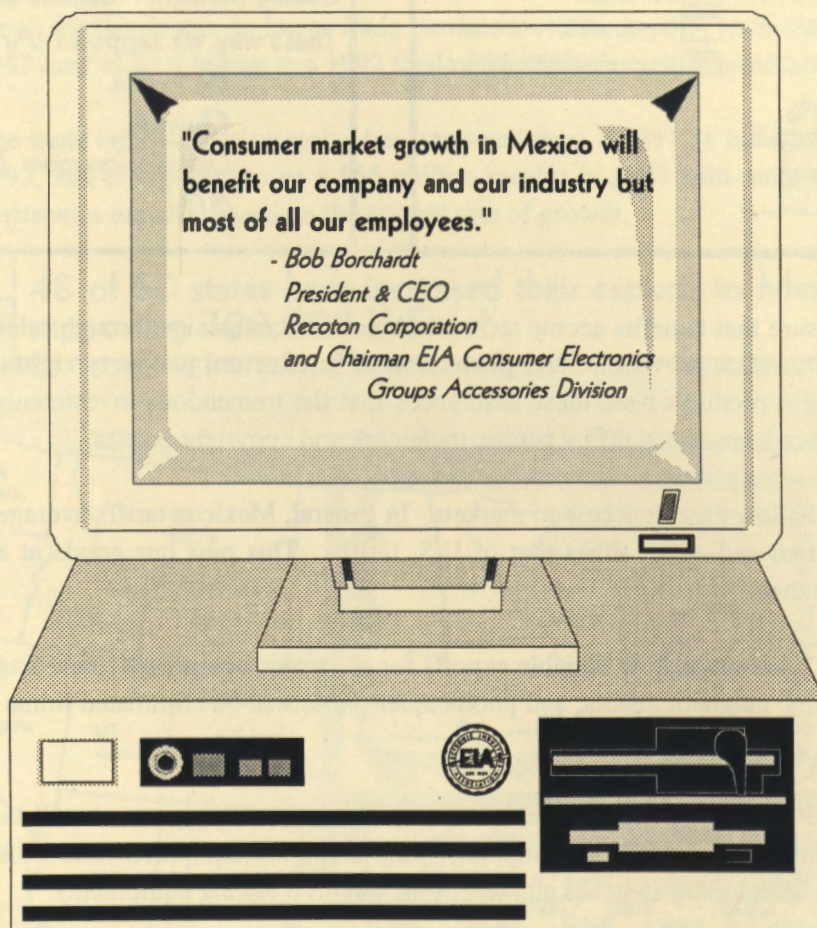


### Total Electronic Exports to Canada

(millions of U.S. dollars)



e=first six months annualized



The Electronic Industries Association (EIA) endorses the North American Free Trade Agreement (NAFTA). EIA is the oldest and largest trade association for the electronics industry, comprised of more than 1,000 member companies involved in the design, manufacture, distribution and sale of electronic parts, components, equipment and systems for use in consumer, commercial, industrial, military and space use. The industry is expected to represent more than \$300 billion in sales in 1993, of which more than 25% will be exported.

For further information contact EIA at 202/457-4926.