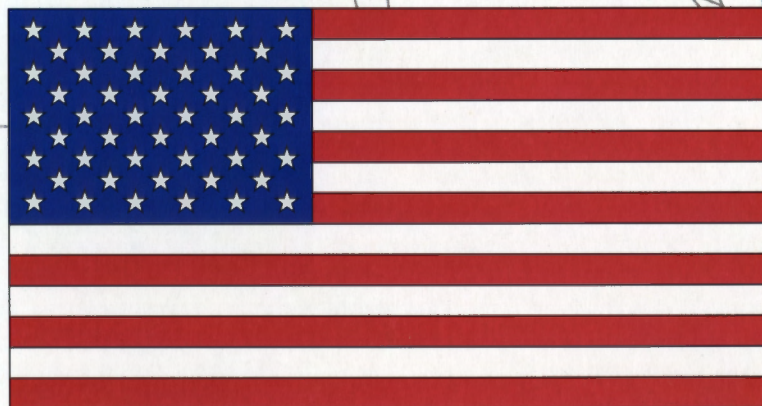


Procter & Gamble
**Supports
NAFTA**



North American Free Trade Agreement

The North American Free Trade Agreement

NAFTA

★ **It's good for America**

★ **It's good for P&G**

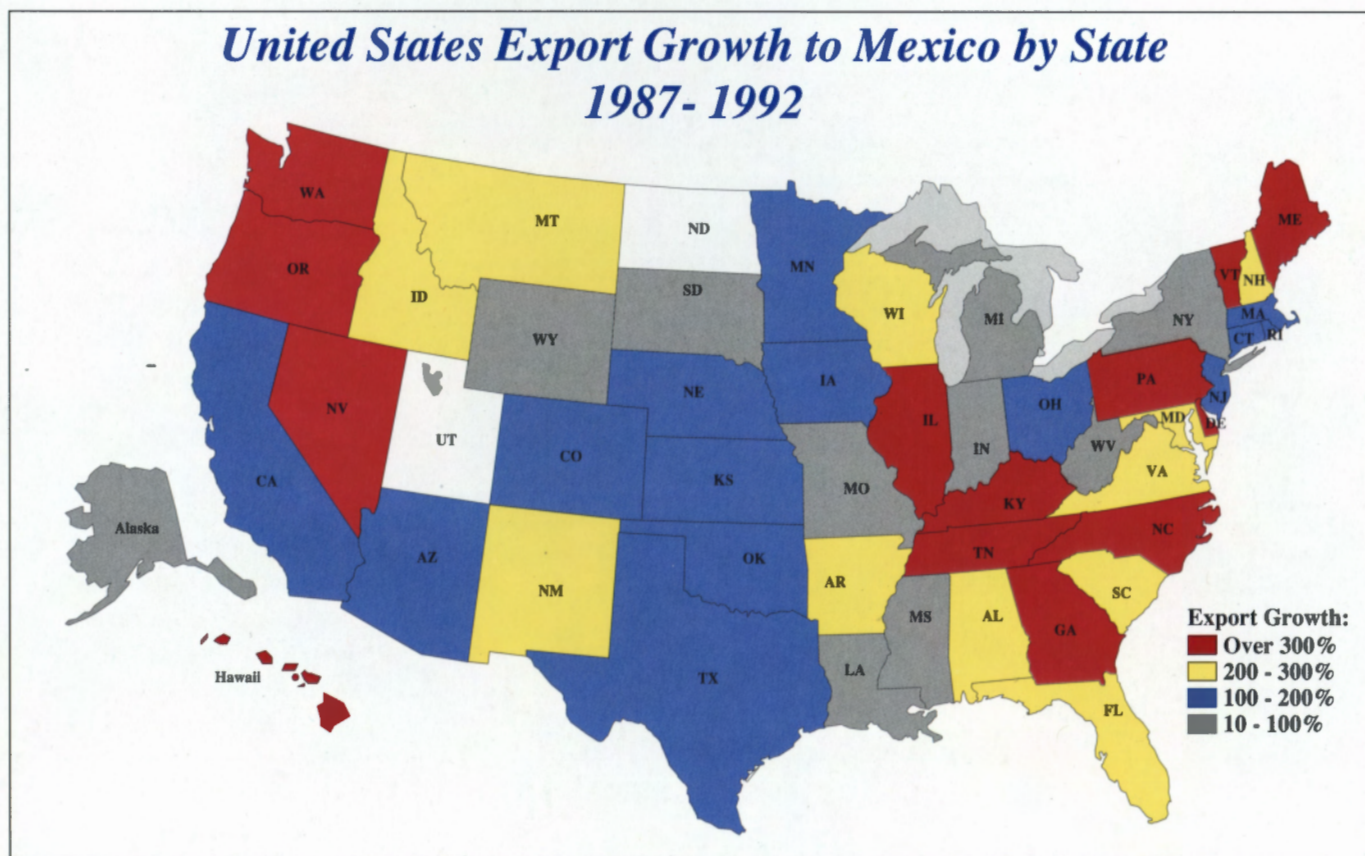
NAFTA will create:

- ★ More American jobs
- ★ More income for American consumers
- ★ Tough environmental protection measures
- ★ The potential for the largest free trade region in the world
- ★ Growth in P&G's exports to Mexico
- ★ Increases in P&G's sales in all three countries

NAFTA will increase U.S. product sales to Mexico. This means increased exports which translate into more U.S. jobs.

NAFTA will enhance environmental protection. It is the first environmentally sensitive trade agreement in history.

NAFTA contains provisions to protect and improve the environment, including the ability of each country to: raise its environmental standards; ban entry of goods that do not meet U.S. health, safety and environmental standards; prohibit the lowering of environmental standards to attract investment; and speed cross-border environmental clean-up. Mexico's pollution control laws closely reflect U.S. laws. Enforcement, which was weak, has been heavily increased. (P&G plants experience environmental enforcement visits every other month – more frequent than in the U.S.)



★ Here's How NAFTA Is Good for P&G

NAFTA will put more jobs on P&G's U.S. payroll.

NAFTA will eliminate Mexican duties over a 10-year period on more than 60 products P&G exports to that country.

NAFTA is expected to reduce P&G's long-term costs by over \$40 million per year.

NAFTA will increase P&G's exports to Mexico by more than \$100 million per year. This will increase U.S. employment by 2,000 jobs, some on P&G's payroll and some on those of our suppliers.

NAFTA will help ensure continuation of the economic reforms that have made Mexico P&G's largest market in the world outside the U.S. – and P&G does business in over 140 countries.



These P&G products made in the U.S. and shipped to Mexico represent 1,500 U.S. jobs.

★ Mexico Is A Viable Market for U.S. Goods

Mexico is the United States' third-largest trading partner. In fact, Mexico is the second largest market for American manufactured goods. Since Mexico began to lower trade barriers in 1987, the U.S. trade balance with Mexico has improved by more than \$10 billion, up from a deficit of \$4.9 billion to a surplus of over \$5 billion in 1992. We now have a large trade surplus with Mexico and we expect it to grow with NAFTA.

70% of Mexico's Imports Are Products Made In The United States



Since 1987:

- 47 states have greatly increased their exports to Mexico. This trend will continue as trade barriers fall.
- U.S. exports to Mexico have more than tripled.
- U.S. agricultural exports to Mexico have risen by 218%.
- U.S. service exports have increased by 48%.

The average Mexican now spends \$380 per year on U.S. goods and services, more than the average European (\$284), the average Korean who earns twice as much (\$360), and almost as much as the average Japanese who earns 10 times as much (\$400). In the international marketplace, Mexicans buy more U.S. goods, spending approximately 15 cents out of every dollar earned on U.S. goods and services.

NAFTA Fiction Vs. Fact

Fiction:

NAFTA will result in a massive loss of U.S. jobs.

Fact:

"Americans should not fear that NAFTA would cause a wholesale relocation of U.S. jobs to Mexico to take advantage of the lower average wage. U.S. workers (would benefit) from a net increase in jobs and income." -- Congressional Budget Office (CBO). "A NAFTA is unlikely to have the devastating effect on U.S. workers that the UAW has charged."-- U.S. Congress Office of Technology Assessment.

Fiction:

NAFTA will divert investment from the U.S. to Mexico.

Fact:

"Increase in investment in Mexico is not at the expense of investment in the U.S." (CBO)

Fiction:

There are no precedents for a free trade agreement between a wealthy and a poor country.

Fact:

The U.S. has had free trade with Puerto Rico for decades. The European community a few years ago admitted Spain and Portugal, which have income levels one third those of its major members, and recently it put free trade agreements into effect with Poland, Hungary and other Eastern European countries, which have per capita incomes at Mexican levels. None of these free trade agreements have had the dire effects predicted by some.

Fiction:

Lower environmental standards in Mexico will encourage companies to transfer production to Mexico, costing U.S. jobs.

Fact:

Mexico's environment control law, passed in 1988, is modeled on U.S. law. Enforcement, which was a problem, has been stepped up. Also, as noted by the CBO, "Differences in pollution control costs should not cause widespread movement of U.S. manufacturing facilities to Mexico, mainly because costs are a small portion of most firms' total costs."

Fiction:

Mexicans make only 50 cents an hour and cannot afford to buy American goods.

Fact:

Average wages in Mexico in 1991 were \$2.17 per hour -- up from \$1.50 in 1985-88. (P&G's wages at its Mexican plants are even higher, reflecting the prevailing wages paid by major manufacturers in the Mexico City area.) The average Mexican now spends \$380 per year on U.S. goods and services, more than the average European (\$284), the average Korean who earns twice as much (\$360), and almost as much as the average Japanese who earns 10 times as much (\$400).