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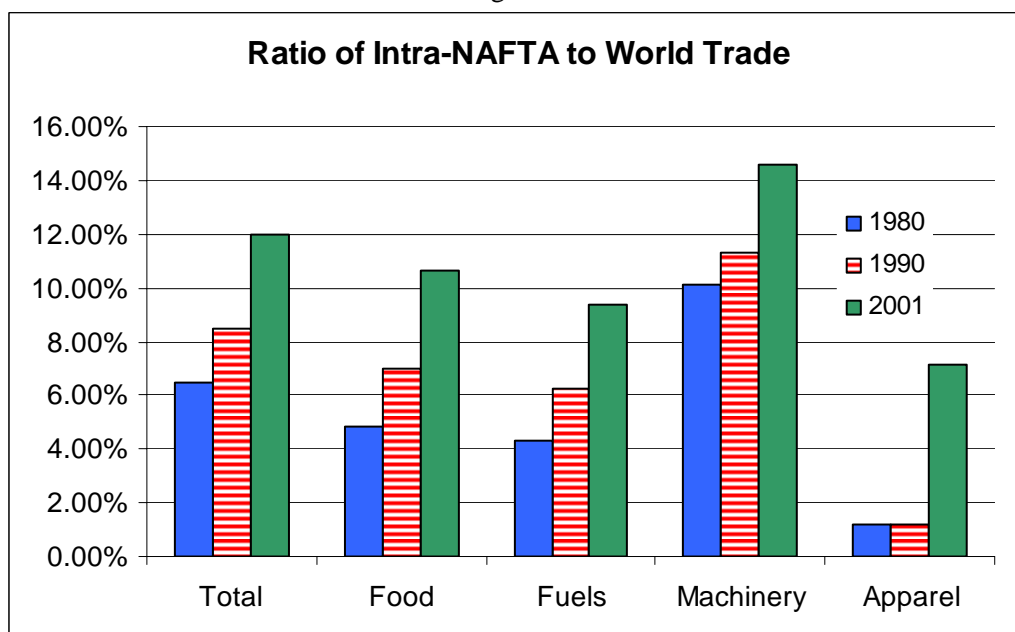
The Rise of NAFTA

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Paulette Lloyd & Suresh Sood, with Abigail Cooke¹

Within the now vast literature on globalization, two persistent themes include the rise of new regionalisms, and the fate of smaller economies being increasingly linked to global giants. While much of this discussion has focused on the European Union, the case of the North American Free Trade Agreement may be particularly instructive. First NAFTA arises at the same time as we spot the quickening pace of globalization; its fate seems more closely linked to that phenomenon than the much older EU. Second, since all three participants in NAFTA are major economies, it represents an excellent case with which to analyze the independent effects of creating more closely intertwined trade relationships. Finally, the juxtaposition of these three countries can also provide us with insights into how the linking of asymmetrically powerful economies shapes the fate of the smaller partners.

The rise of NAFTA as a global force is clear from Figure 1. As a percentage of total global trade, intra-NAFTA trade has become much more important, doubling from 1980 to 2001. In some areas such as apparel, intra-NAFTA trade was completely transformed by the 1994 agreement.

Figure 1:



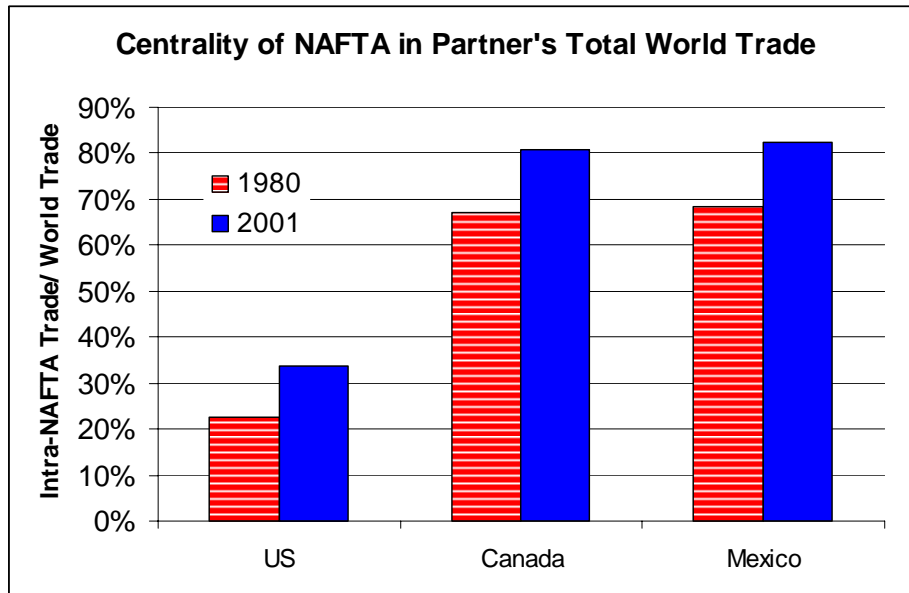
For the participating countries, intra-NAFTA trade has also become much more important. While Canada and Mexico have always depended on the United States for a significant part of their trade, these countries now depend on the other two NAFTA parties (in both cases largely the United States) for four fifths of the total value of all their international transactions (Figure 2).

¹ Princeton University, University of Washington, University of Technology Sydney & NetMap Analytics
<http://www.princeton.edu/~ina/gkg/>



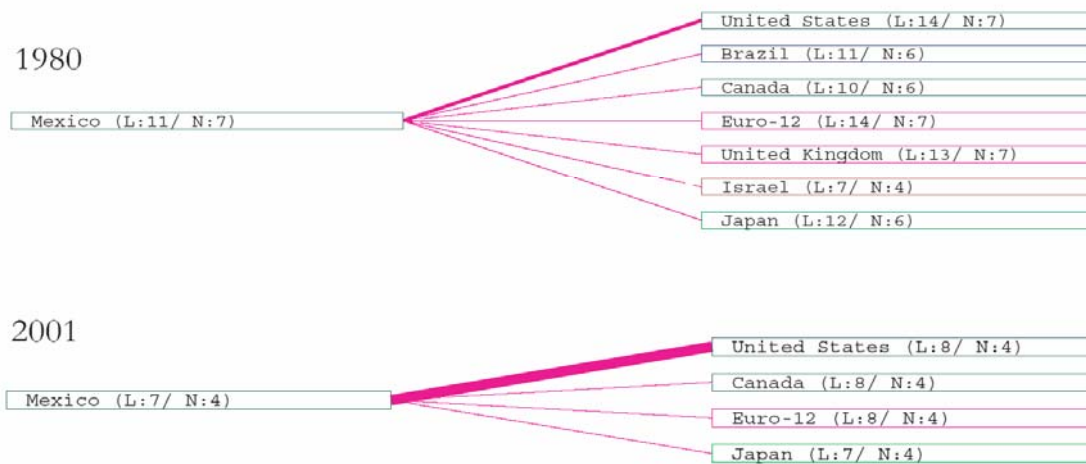


Figure 2:



A more detailed picture of Mexico's trade between 1980 and 2001 indicates that Mexico's major trading partners have become more limited and that its dependence on the US has become more pronounced.

Figure 3: Mexico's Trading Partners in All Commodities with Export or Import Values >= 1% of Mexico's World Trade



While the increasingly dense trading links within NAFTA indicate a growing regionalism, we can also note indications of regionalism in global trade. Demonstrating long term trends, Figure 4 shows that global trade has changed remarkably from 1980 to 2001. Looking at just the top 50% of world trade², we can see this increased regionalism in two ways.

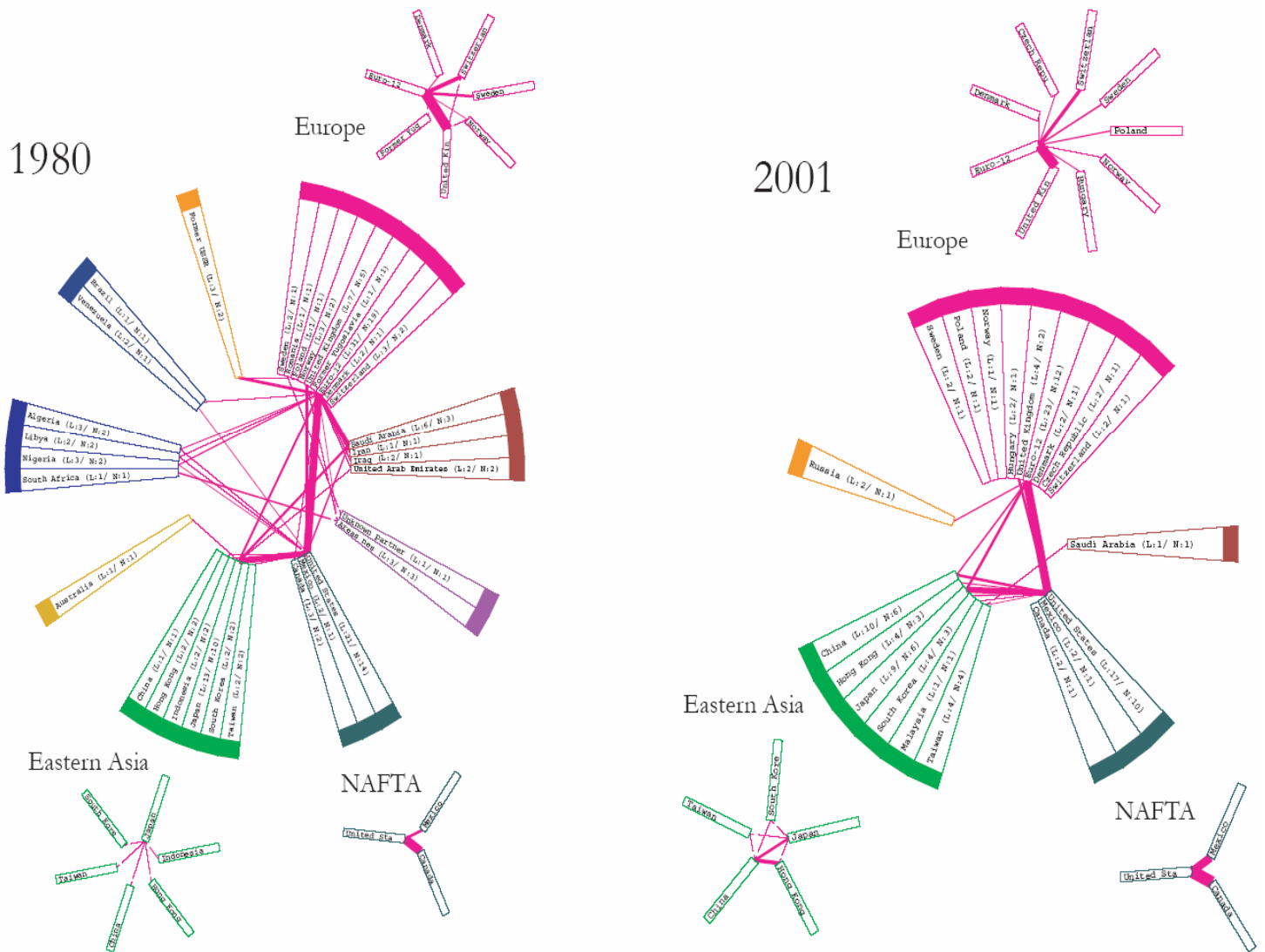
² That is, the first half of world trade on a cumulative basis which allows us to look at the largest global bilateral links.





First, the number of major players has shrunk, simplifying interregional trade so that the global trade network now resembles a triangle between East Asia, Western Europe and NAFTA (seen clearly in the very center of the figure). Just as importantly, there is much more integration within the individual regions (seen in the small clusters of countries surrounding the image of interregional trade³).

Figure 4: Top 50% of World Trade in All Commodities



³ The small clusters surrounding the central wheel duplicate the countries shown in the regional wedges of the large central wheel and map out the trade relationships within the region. This is done to show the intra-regional relationships that would otherwise be obscured in the center of the wheel because the lines connecting the inner edge of the country boxes would overlay one another.





These shifts are even more dramatic if we look at specific trade sectors. In the case of Apparel (Figure 5) we can note the continued centrality of Asian countries (but with increasing importance of China) as well as the appearance of Mexico in the US orbit. For Machinery (Figure 6), we note a similar pattern as observed in total trade: increasing regionalization.

Figure 5: Top 50% of World Trade in Apparel

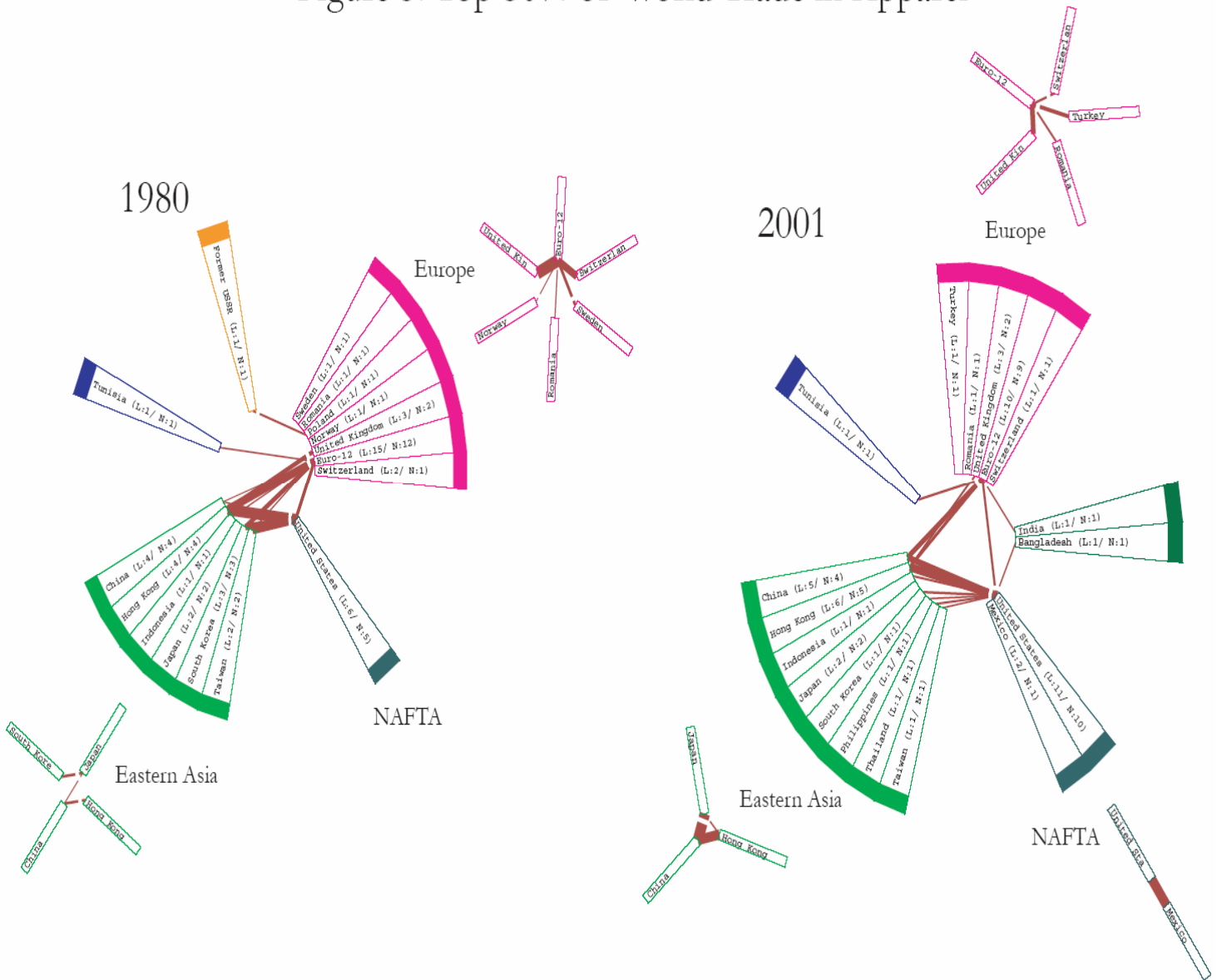
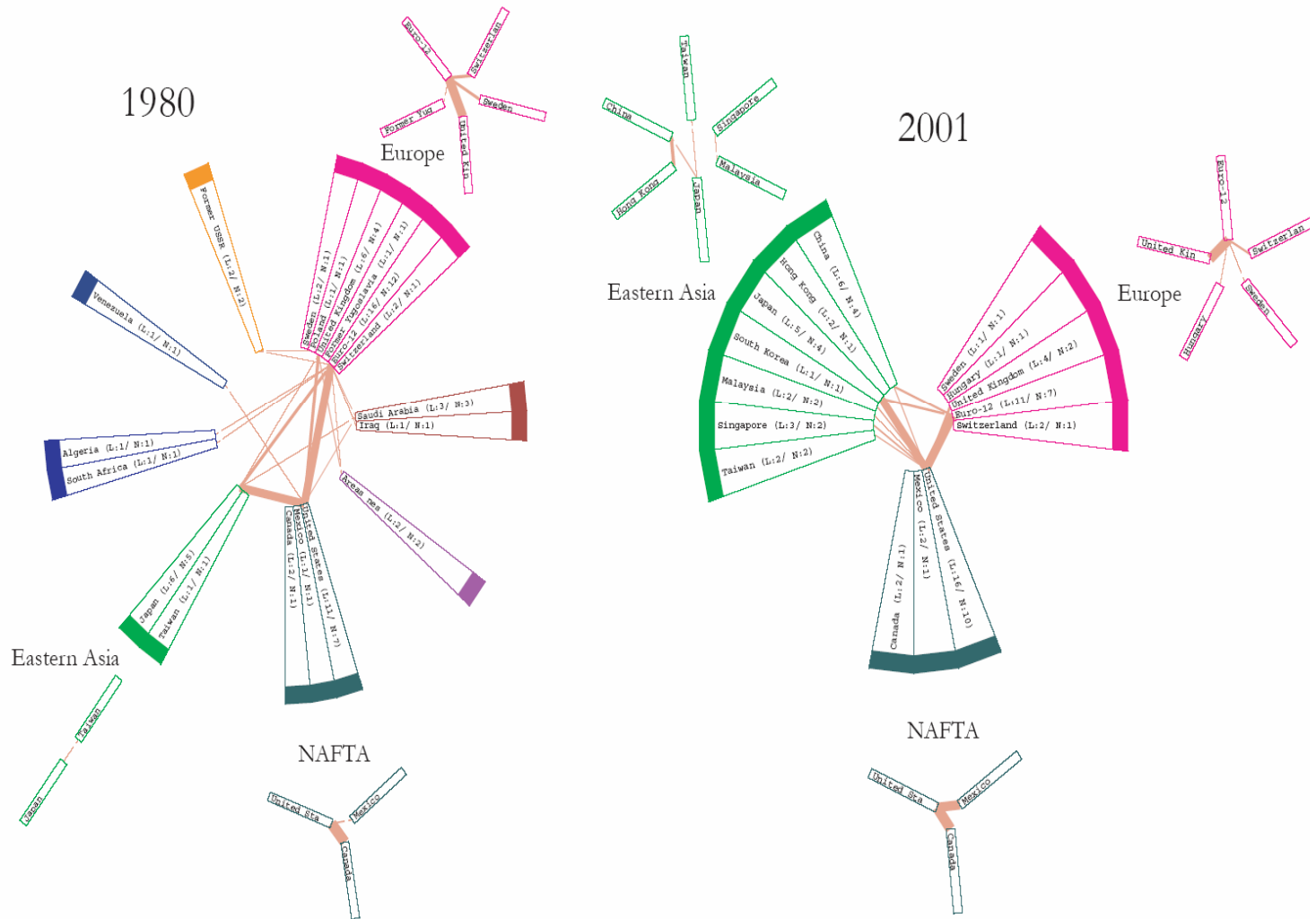




Figure 6: Top 50% of World Trade in Machinery





NAFTA and Beyond

Alternative Disciplinary Perspectives in the

December 2 – 3, 2005

Program

Friday, December 2, 2005

9:00 – 10:30 A.M.

Plenary Session

Friend Center Auditorium

**“Can Globalization be Free?”
Assessing Development in the New Millennium”**

Presenters:

Dani Rodrik – Harvard University
Fred Block - University of California, Davis
Barbara Stallings – Brown University
Saskia Sassen - University of Chicago

11:00 – 12:30

Friend Center Convocation Room

“The Changing Character of Global Institutions”

Presenters:

Miguel Angel Centeno - Princeton University
James Galbraith - LBJ School of Public Affairs, University of Texas at Austin

Respondents:

Sarah Babb - Boston University
Douglas Massey – Princeton University

2:30 – 4:00 P.M.

Friend Center Convocation Room

“Resistance and Compliance: Rethinking Civil Society”

Presenters:

Frances Fox Piven - City University of New York
Catherine Walsh - University of Tennessee

Respondents:

Deborah Yashar - Princeton University
Jon Shefner - University of Tennessee





NAFTA and Beyond

Study of Global Trade and Development

Princeton University

Program

Saturday, December 3, 2005

9:00 – 10:30 A.M.
300 Wallace Hall

“A World of Regions? New Approaches to Trade and Development”

Presenters:

Giovanni Arrighi - Johns Hopkins University
William Robinson - University of California, Santa Barbara

Respondents:

Donald Light - Princeton University
Raúl Delgado Wise - University of Zacatecas

10:30 – 11:00 A.M.
Recess

11:00 A.M. – 12:30 P.M.
300 Wallace Hall

“Transnationalism from Above and from Below”

Presenters:

Gary Gereffi - Duke University
David Kyle - University of California, Davis

Respondents:

Frederick Wherry - University of Pennsylvania
Rina Agarwala - Princeton University

2:30 – 4:30 P.M.
300 Wallace Hall

“NAFTA and Beyond: The Future Face of Development”

Presenters:

David Harvey - City University of New York
Alejandro Portes - Princeton University
Arjun Appadurai - New School University

4:30 P.M.
Adjournment

