

Abstract

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Impact of the Free Trade Agreement on the Economy and Environment of Mexico

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Although, five years on, there is still no conclusion to the debate on whether the North American Free Trade Agreement is good or bad, there are reasons to assert that the agreement has fulfilled some of its promise to Mexico. The FTA has made a big difference. The possibilities are many and the rules of the game have been changing. Enormous development opportunities have been created for some, while others have not been so fortunate.

In Mexico, there has been considerable industrial growth, foreign investment has increased and trade with the FTA partners—the United States and Canada—has undergone sustained growth. In fact, some analysts argue that the FTA gave Mexico the moral assurance it needed to make a rapid recovery from the devastating economic crisis that followed the devaluation of the peso in 1994.

Although in environmental terms there have been winners and losers, the FTA has made it possible for new technologies to be incorporated into production, since in an open, competitive economy, it simply makes no sense to have two different types of environmental technology. The FTA has also helped to ease the pressures on the northern border, with the majority of the new maquiladoras established in other regions of Mexico. In this way, the FTA served to open up new markets for environmental technologies in the country.

But all things considered, and when the gains and losses ascribed to the Agreement are tallied, one conclusion is certain: the predictions of resounding failure of five years ago may still come true if the trade agenda is not continually informed and tempered by considerations of environmental protection and sustainable development. No longer can the industrial and commercial sectors put off taking responsibility for the protection, conservation and defense of the environment; it being understood that the environment is not the heritage of any one national territory, but rather a universal good that affects the health and quality of life of every being on the planet.