

**Opening Remarks by Ambassador Rob Portman
United States Trade Representative
At the Trilateral Press Conference by Canada, Mexico and the United States
Following the Meeting of the NAFTA Free Trade Commission
Acapulco, Mexico
March 24, 2006**

Ambassador Portman: I want to thank my colleague, Sergio Garcia de Alba for his hospitality and for an excellent job chairing our meetings which were quite productive but also to welcome Trade Minister David Emerson. He offered very valuable insights to our meetings. He brings a healthy perspective from the private sector as well as in his role as Industry Minister in Canada so it was a productive meeting, David, and I had the opportunity to, again, have some very constructive discussions between countries that have strong bonds and are interested in even strengthening those bonds further.

Secretary Garcia de Alba talked a little about the impacts of the NAFTA accords on Mexico and its positive impacts in terms of trade. Let me just give you a couple of statistics. Trade has nearly tripled since 1993, since NAFTA was implemented. In fact now we have \$2.2 billion every day in trade between our three countries. And this has been a great success story. It has resulted in substantial increases in economic growth that result directly from this increase in commerce across our borders. If you look at the growth numbers the real GDP growth for all three of our countries, Mexico, Canada and the U.S. during that time period has exceeded 40%, more than 40% growth in our GDP. It is true generally that NAFTA has resulted in increased investment flows not just between our countries, but because of the North American compact we now have, more investment has come in from outside our countries, which benefits the economies of each of us.

Businesses in North America, and indeed businesses around the world, are beginning to view North America as a single market. This is very positive for our businesses. It gives us a comparative advantage as compared to other regions of the world, it makes us more competitive and as a result our consumers are enjoying lower costs, they are enjoying more choice, we have higher quality in consumer products because of NAFTA. It has provided a solid and steady framework for us to be able to provide more opportunity to our workers, to our farmers and service providers and businesses.

We're now approaching the fifteen year anniversary. In 2008, our tariff reductions will be complete. So we view this as an appropriate time today to take stock of where we are, to reflect on where we've been, but also to look forward to where we might be going. Even though NAFTA has been a reliable foundation for growth and for opportunity between our three countries, since 1993 – when NAFTA was conceived – a lot has changed. The global economy has grown rapidly, trade has substantially increased around the world, and there have been many subsequent free trade agreements concluded by our NAFTA partners that reflect some of these changes in the global economy.

When you think about it, the World Wide Web was in its infancy in 1993, now it is driving information flows. Mobile phones were a rarity. Now we all have them and use them. The U.S., by the way, only had one free trade agreement at that point. Now we have free trade agreements with fifteen different countries.

So a lot has changed and that's why we agreed today to conduct a review, as my colleagues have said, of the NAFTA with an eye toward improving and updating the NAFTA, the procedures, the levels of cooperation that have evolved in the 12 years since this agreement was negotiated. We think it should be updated further so it is a time to reenergize NAFTA and we have committed to do that.

We'll analyze how it could be updated to reflect the most advanced thinking in our subsequent FTAs, to take the best practices. Our goal is to harmonize, to the extent possible, the procedural requirements between NAFTA and the more recent FTAs in order to further facilitate trade, to offer more opportunity and economic growth.

Next week, as most of you know, our leaders – President Bush, Prime Minister Harper and President Fox – will be hosted by President Fox in Cancun. Our efforts today to enhance the NAFTA is part of the Leaders' objective to advance the Security and Prosperity Partnership (SPP) between us.

During our meetings, we also had excellent discussions about the Doha Development Round and you'll see that reflected in the joint statement. We stand together. We all agree that we must meet the promise of Doha to generate global economic growth and alleviate poverty. We know the way to do that is by increasing trade flows. This means significant reductions in trade barriers and market access across the core negotiating areas: agriculture, non-agricultural market access, and services.

Yesterday we had a very good bilateral meeting with Mexico, and with Canada. With Mexico, we've had some recent successes that have evolved through our close ties in NAFTA. When Secretary Garcia de Alba came to Washington earlier this month, we were able to sign an agreement on cement which I believe will be implemented fully next week. This is a good example of how by working together under the NAFTA framework we have been able to make some progress. We also recently forged an agreement that ensures that Mexican tequila will continue to flow to U.S. consumers. That was a recent agreement with Mexico that, again, was an example of our cooperation. Yesterday we also discussed Mexico's initiative to coordinate among federal state and local officials on further enhancements in the protection of intellectual property.

We had good meetings with Canada. We also emphasized the importance of intellectual property, particularly in copyright, data protection and border enforcement. We look forward to working cooperatively with my colleague, Minister Emerson, and his government and industries on both sides of our border to make improvements. We also exchanged views on some of our concerns about corn, based on Canada's preliminary antidumping-countervailing duty injury determination. Again, I believe we can work

together in good faith on this and other issues in part because we have this forum. Our goal is to resolve our disputes in an amicable fashion through consultations and through negotiation. I agree wholeheartedly with what David Emerson said a moment ago, by the way. If you look at the \$2 billion in trade that passes our borders every day we have relatively few disputes. Our disputes are limited to very few products and a very small part of our trade. And that's good for the producers and consumers on both sides of the border.

With Canada and Mexico we were also able to share comments about the recent and successful efforts to repeal the so called Byrd Amendment. This was a major accomplishment to move this repeal through our legislative process. This was a piece of legislation, the Byrd Amendment, which had a lot of support among lawmakers and we are very pleased this issue has been resolved.

A final observation, if I might. NAFTA, in my view, is an underappreciated asset. It's a great benefit to all three of our countries and to our North American economy and although it is a very positive partnership it sometimes gets very bad press. That's partly because I think we've allowed it to be mischaracterized without responding and so again I am pleased to hear comments from my colleagues this morning on it.

I would just make a comment from the United States' point of view. There was never that "giant sucking sound," that you remember Ross Perot promised in 1992. In fact, it's the opposite effect. Again, our economies have grown in all three of our countries. In the United States, instead of a giant sucking sound, jobs have grown. We have had over 20 million new jobs in the ten years since NAFTA. The average unemployment rate, by the way, before NAFTA in the United States was 7.1% in the ten years before NAFTA. In the ten years since NAFTA, it's been on average 5.1% and today it is 4.8%. NAFTA has been positive for us. During that same timeframe, manufacturing output has nearly doubled, manufacturing wages have increased substantially and productivity also increased dramatically. NAFTA has worked – for the United States and for our neighbors to the South and the North and this meeting yesterday and today was an opportunity for us to take NAFTA to the next step and make it more effective for the economies and the people we represent.

A NAFTA fact sheet can be found on the USTR website at:

http://www.ustr.gov/assets/Document_Library/Fact_Sheets/2006/asset_upload_file242_9156.pdf