

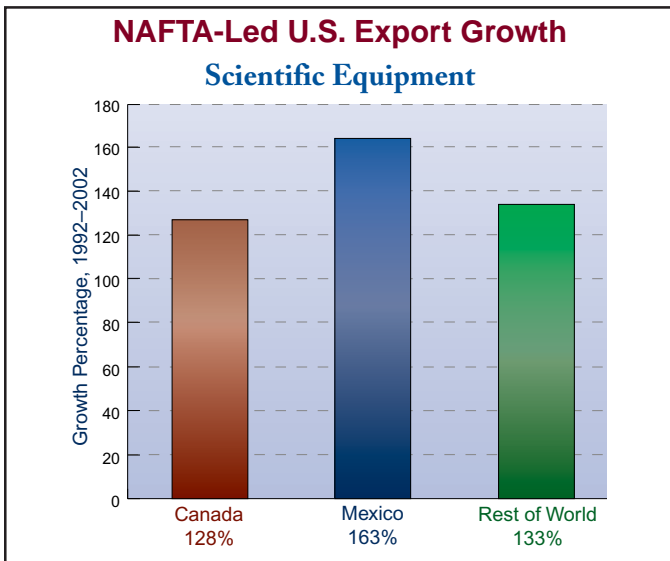


NAFTA 10 YEARS LATER

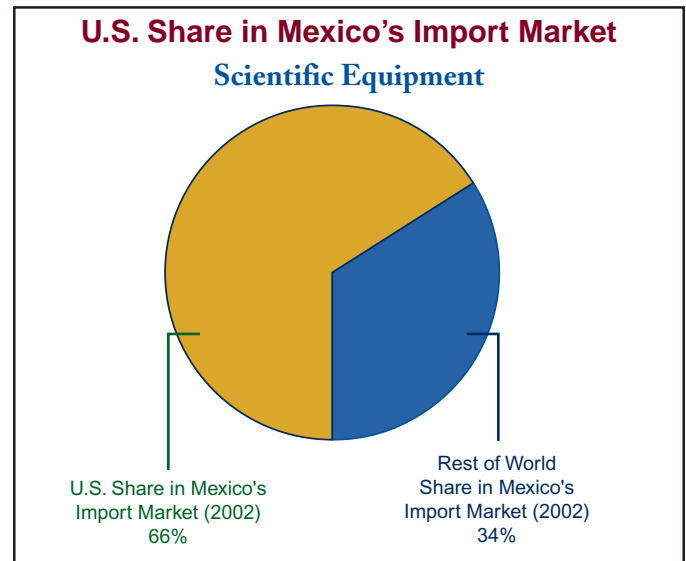
SCIENTIFIC EQUIPMENT

Export Highlights

U.S. firms exported a total of \$31.1 billion in scientific equipment in 2002, including \$4.6 billion to Canada and \$3 billion to Mexico. Together, our NAFTA partners account for 24% of total U.S. exports of scientific equipment.



From 1992 to 2002, U.S. scientific equipment firms increased exports to Canada by 128% and increased exports to Mexico by 163%.



In 2002, U.S. firms captured 66% of Mexico's scientific equipment import market and 67% of Canada's scientific equipment import market.

Industry Facts

- NAFTA eliminated Mexico's requirements on performance and exporting for assembly plant operations. As a result, U.S. firms benefit from closer economic integration through production-sharing with Mexican firms, which has contributed to increased U.S. competitiveness in this sector.
- The United States remains one of the world's largest producers of semiconductors, and a leader in high-end electronic components. U.S. firms now account for 15% of world exports in semiconductor products.
- NAFTA partners have realized benefits of the agreement as well. Mexico's exports of scientific equipment to the United States increased \$548 million during 1992-2002, to \$3.4 billion, while Canada's exports increased \$675 million, to \$1.8 billion.
- Mexico's electronics industry has realized real benefits from NAFTA. Under NAFTA, Mexico's Guadalajara region attracted many U.S. contract electronics manufacturers and assemblers that began producing parts for final products manufactured in Mexico. The U.S. and Mexican electronics sectors became more closely integrated as a result of NAFTA. In Guadalajara, 80% of all electronic component imports come from the United States, and 91% of local production is exported to the United States from this region.



Trade Barrier Elimination

NAFTA eliminated or significantly reduced all tariffs in scientific equipment for U.S. exporters. Now U.S. scientific equipment exporters enjoy duty-free access to Mexico while competing countries such as China and Japan face tariffs up to 23%. For example, U.S. exports of instant cameras and photographic equipment enter Mexico duty free while China and Japan are subject to a 23% tariff. U.S. exports of precision instruments such as manostats and voltage current regulators enter Mexico duty free, while Japanese and South Korean exports are subject to tariffs as high as 30%. This means that our exporters have a significant price advantage when selling in the Mexican market, enabling them to capture 66% of this import market.

NAFTA standardized customs procedures and increased transparency in both standards and government procurement, which significantly helped manufacturers in this sector.

Key Exporting States

Alabama, California, Illinois, Indiana, Michigan, New York, North Carolina, Ohio, Texas, Wisconsin

Success Stories

- ▶ **“Our company has benefited through lower tariffs from NAFTA and has increased sales as a result,”** says Troy Chipps, Vice President of AMS, Inc., of American Falls, Idaho. AMS is a manufacturer of scientific equipment.
- ▶ **“Left Hand Design, Inc. of Longmont, Colorado,** has benefited from NAFTA export licensing provisions into Canada, which have helped Left Hand Design enhance its international sales efforts,” says Lawrence Germann, President and CEO of Left Hand Design. The company designs precision mechanisms for the aerospace, industrial, and commercial markets.

Employment Opportunities

The scientific equipment sector employs more than 122,000 people nationwide, and since NAFTA was implemented wages have increased 37%. Cost cutting, consolidation, and the introduction of new technologies have boosted productivity in this sector.

The Sector

The scientific equipment industry consists of control instruments used in production facilities, analytical laboratory instruments, photographic equipment, and electrical test and measuring instruments used in the semiconductor and telecommunications industries