Pathways to Prosperity

TradeWorks

The Pathways to Prosperity in the Americas initiative, launched on September 24, 2008 by leaders of twelve nations in the Western Hemisphere with free-trade agreements, is dedicated to promoting economic prosperity across the Hemisphere.

Those who advocate free trade and open markets often rely on data to explain how people benefit from trade. World Bank statistics show that, Pathways countries accounted for $13.5 trillion worth of global gross domestic product in 2007, or about 34% of total global GDP.

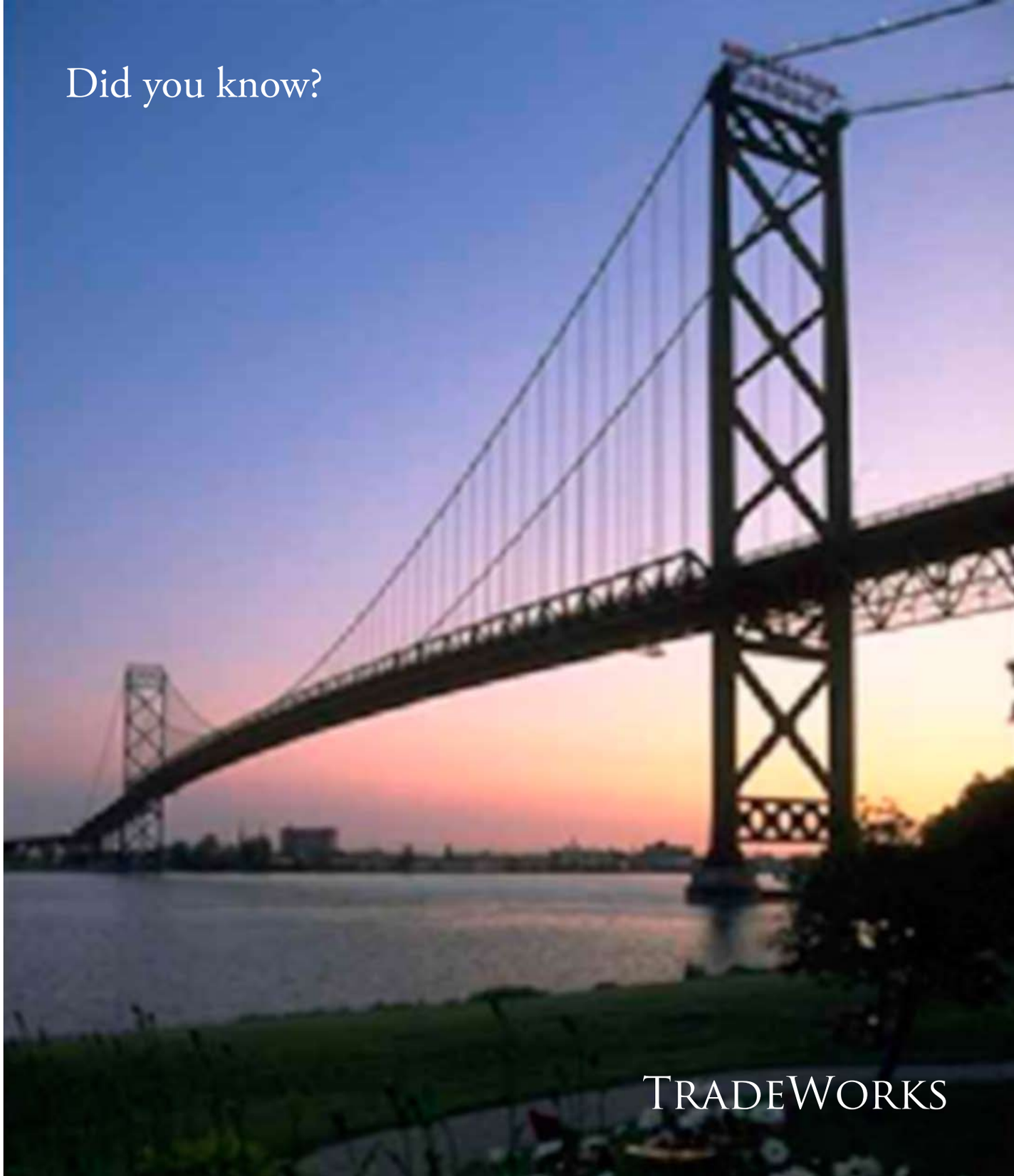
Looking at the United States, we see that in 2007, U.S. exports to the twelve "Pathway" nations totaled nearly $432 billion. That represents 37 percent of all U.S. exports. Imports from these countries reached $571 billion.

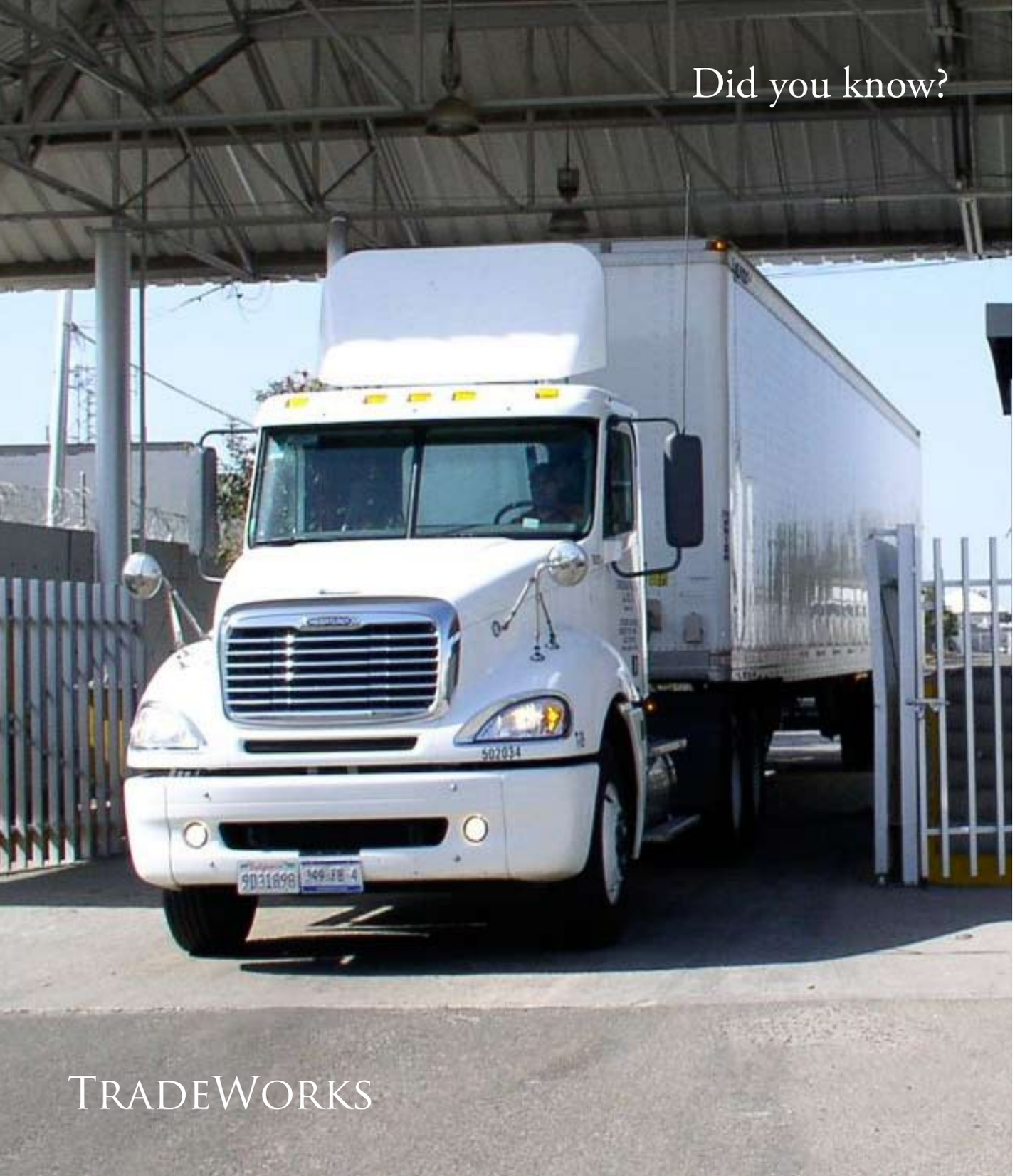
But statistics alone cannot show the tangible benefits of free trade to the people of the Americas. Children who enjoy a bowl of cereal and a banana in the morning, workers who earn more because their company exports, and the senior citizen who enjoys a cup of coffee in the morning all benefit from open markets.

Each of the free trade agreements (FTAs), whether in the first or 20th year,has led to economic growth, higher standards of living, poverty reduction and increased jobs, demonstrating conclusively the success of free trade in the Americas; trade that is both complex and expanding.

Looking beyond the data tables and graphs, how large are these trade relationships?

In 2007 trade between the U.S. and Canada over the Ambassador Bridge between Detroit and Windsor exceeded all American exports to Japan.



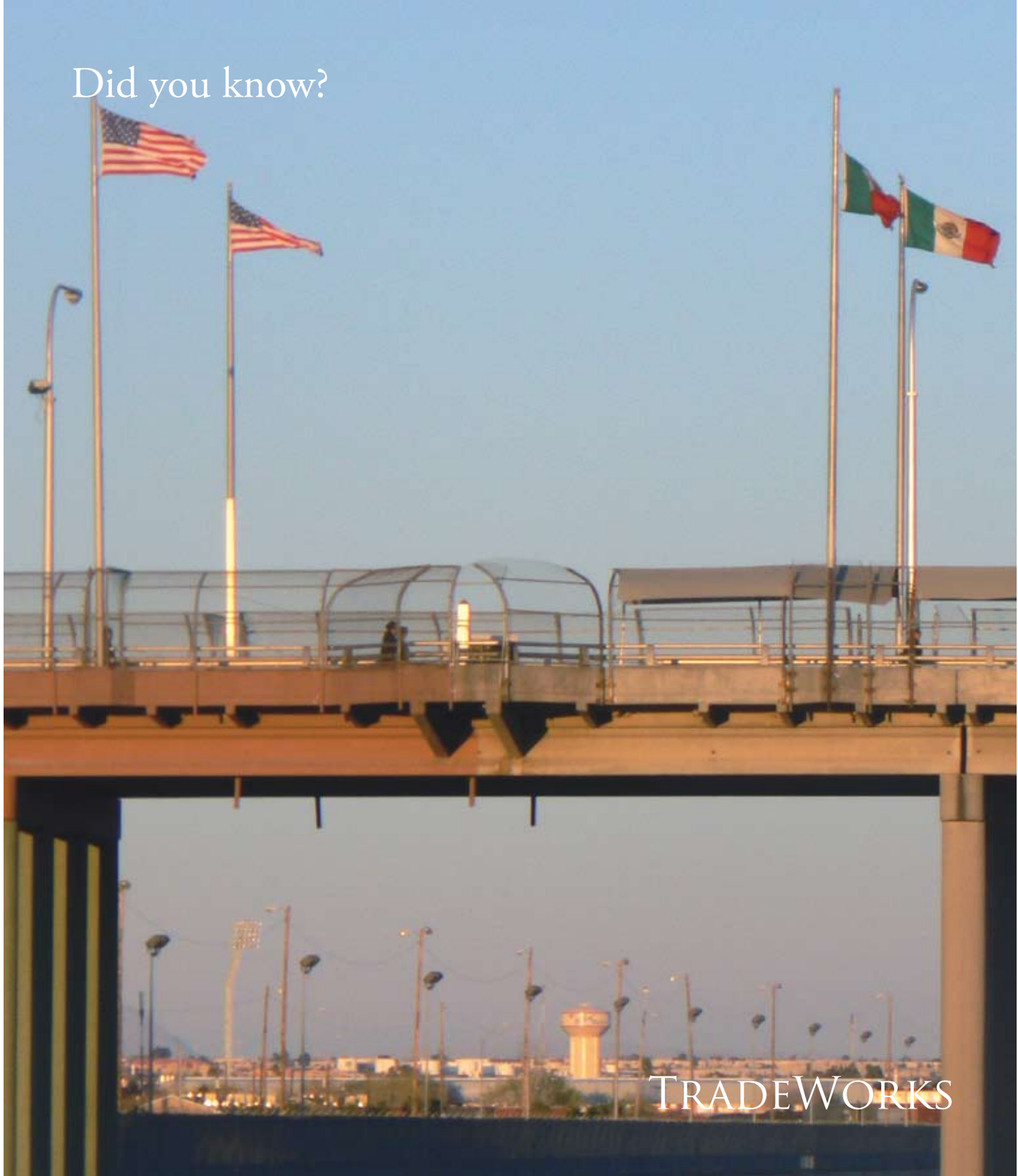


Did you know?

More produce crosses the U.S. and Mexican border post at Nogales than crosses any other border in the world, creating employment for the people loading and driving the nearly 2,000 trucks that carry over $20 million in goods each day.

Did you know?

In 2006, companies from the United States and Mexico did over $40 million of business per hour. To put this in perspective, Mexico and the United States do as much business in goods and services in a just over a month as Mexico does with all twenty-seven countries of the European Union in a year.



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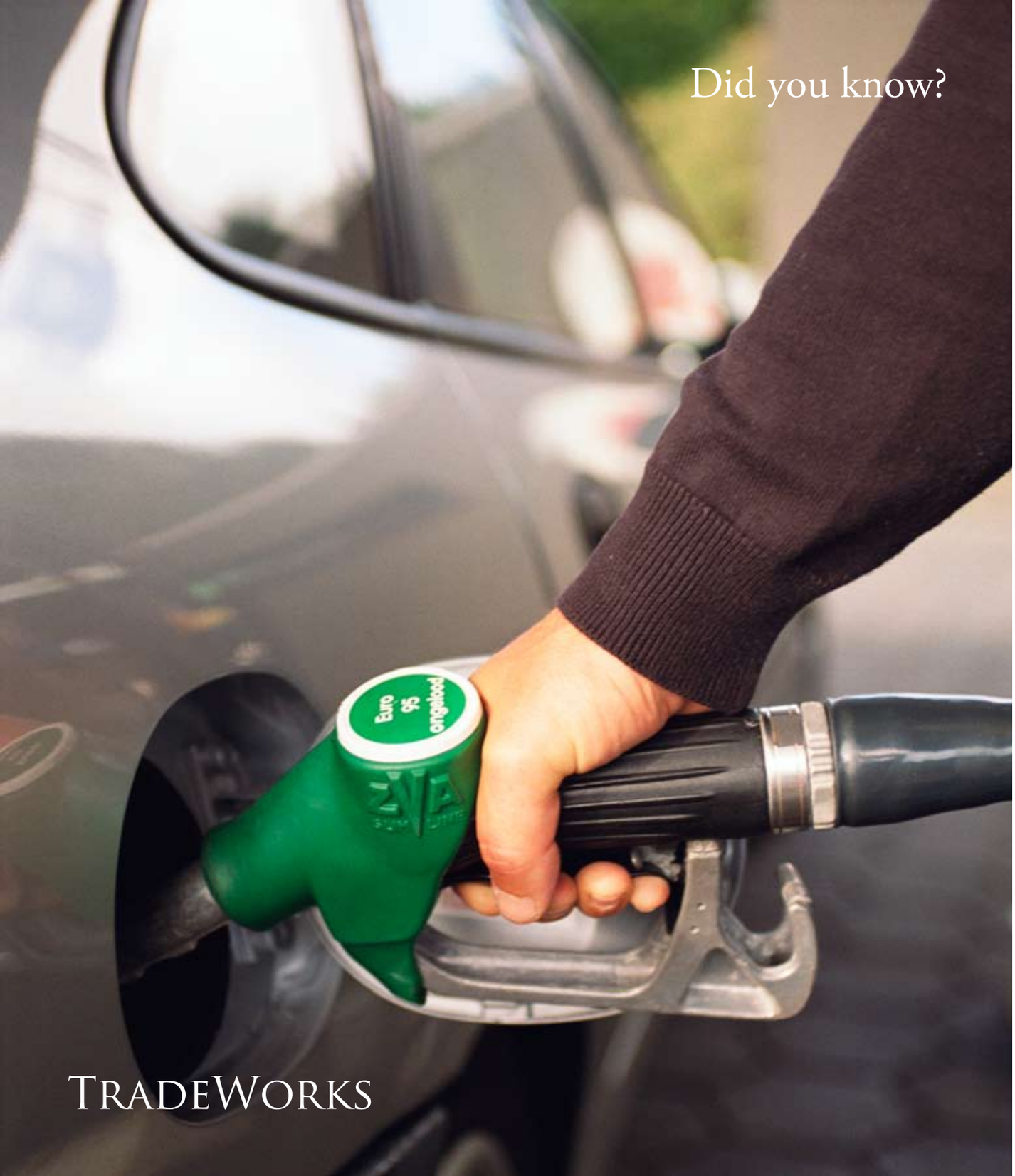

Did you know?

Cars made and sold in North America have crossed borders at least six times during the assembly process.

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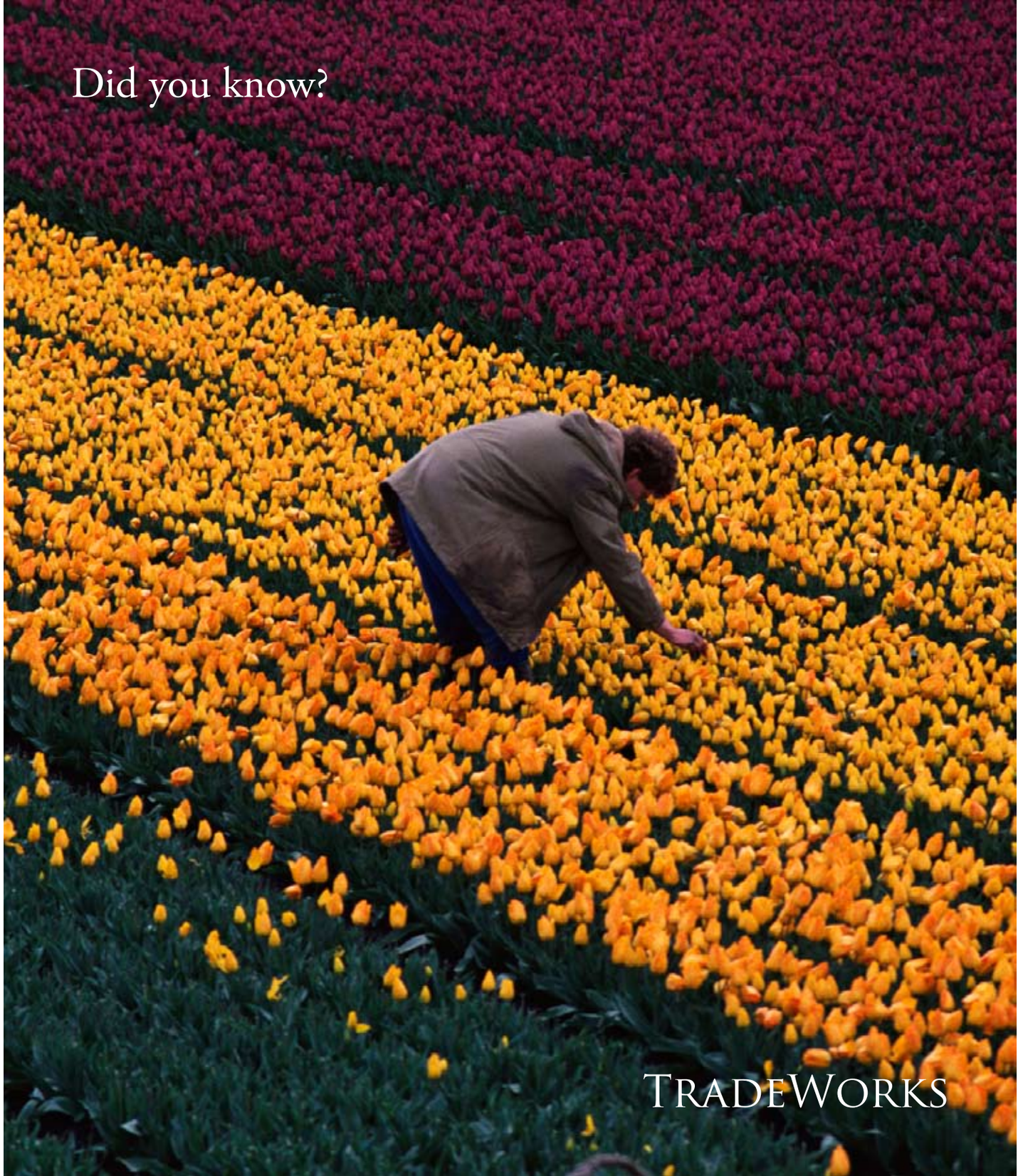
Most flowers sold in the United States come from Colombia.

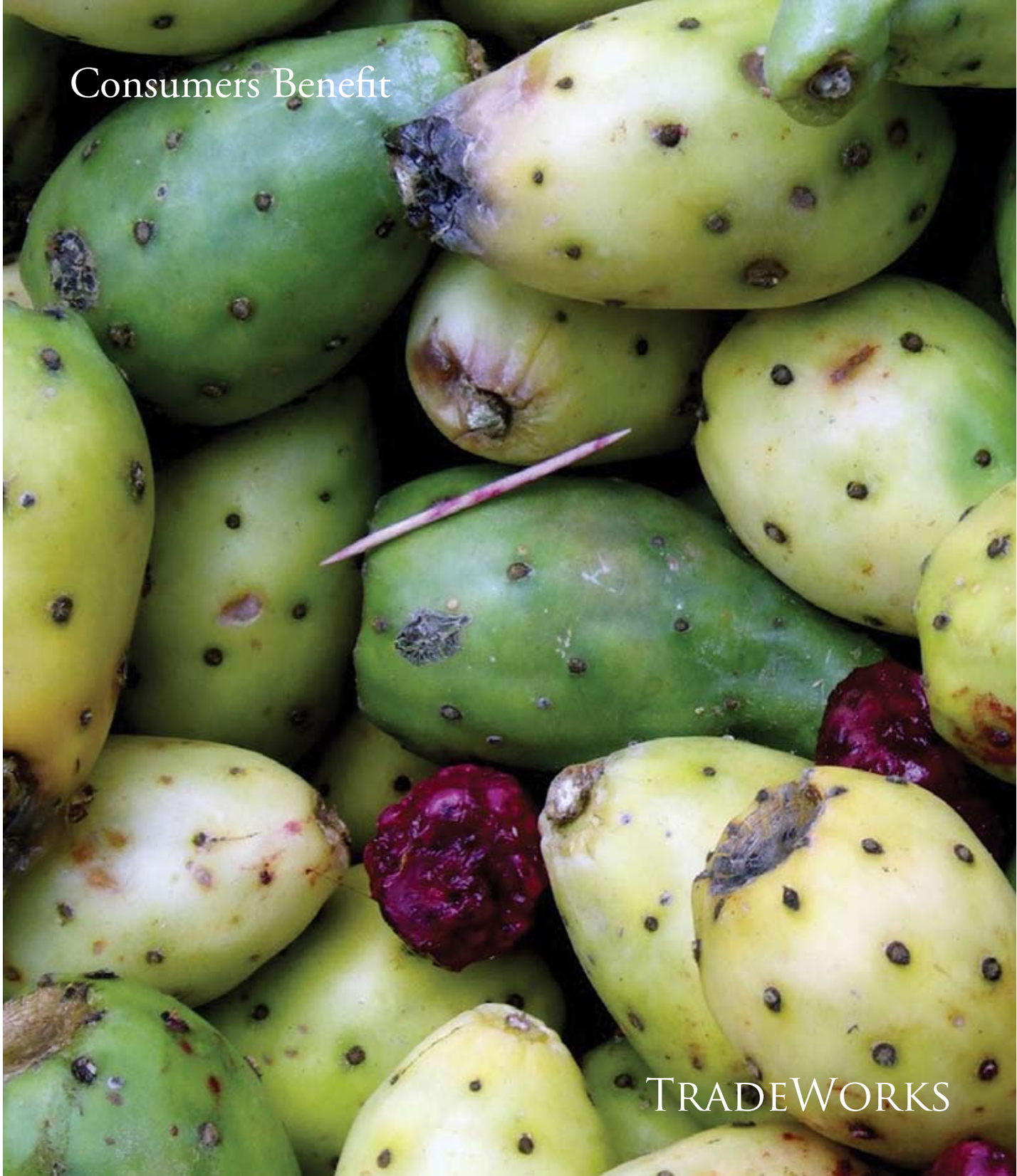


Consumers Benefit

Let's take a closer look at how the wide variety of trade among Pathway nations is reflected in the daily lives of the people of these countries.

Consumers Benefit

Chances are that the food on their breakfast tables–coffee, fruit, or cereal—comes from a free trade partner in the Western Hemisphere.



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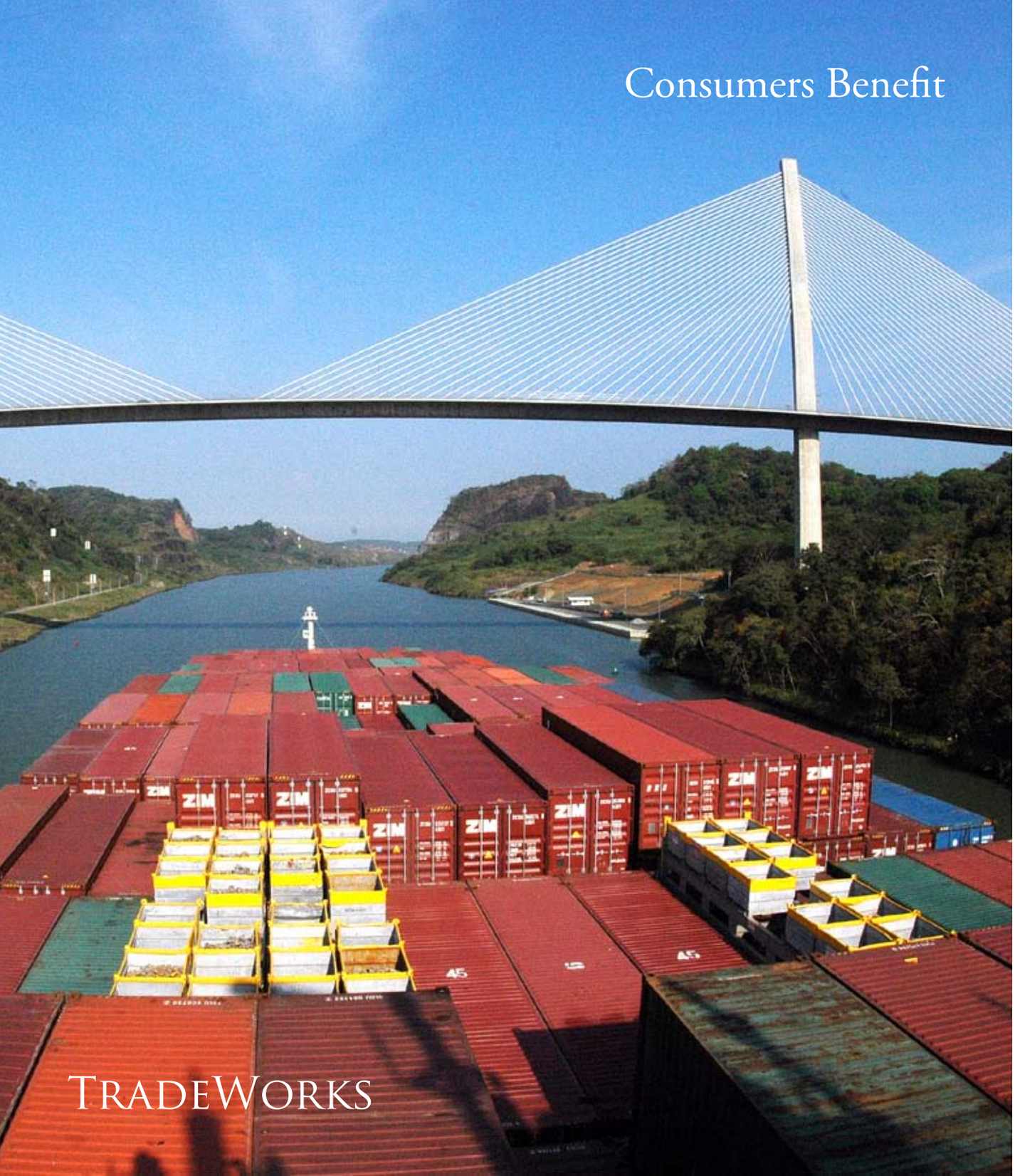
Consumers Benefit



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Free trade in the Western Hemisphere allows consumers to enjoy fresh fruit year round. Produce grown during the growing season in North America is exported south during the Southern Hemisphere's winter. When Latin America's growing season comes, the people of Canada, Mexico, and the United States enjoy in winer fresh fruits and vegetables from the south tariff free. In 2007 Latin America and the Caribbean exported over $6 billion in agricultural products to the United States alone.

Consumers Benefit

Chances are home refrigerators and stoves came from a hemispheric trade partner as well.

And the odds are even greater that the machines used to produce, process, and distribute that food were made in the United States and sold in FTA partner countries duty free.

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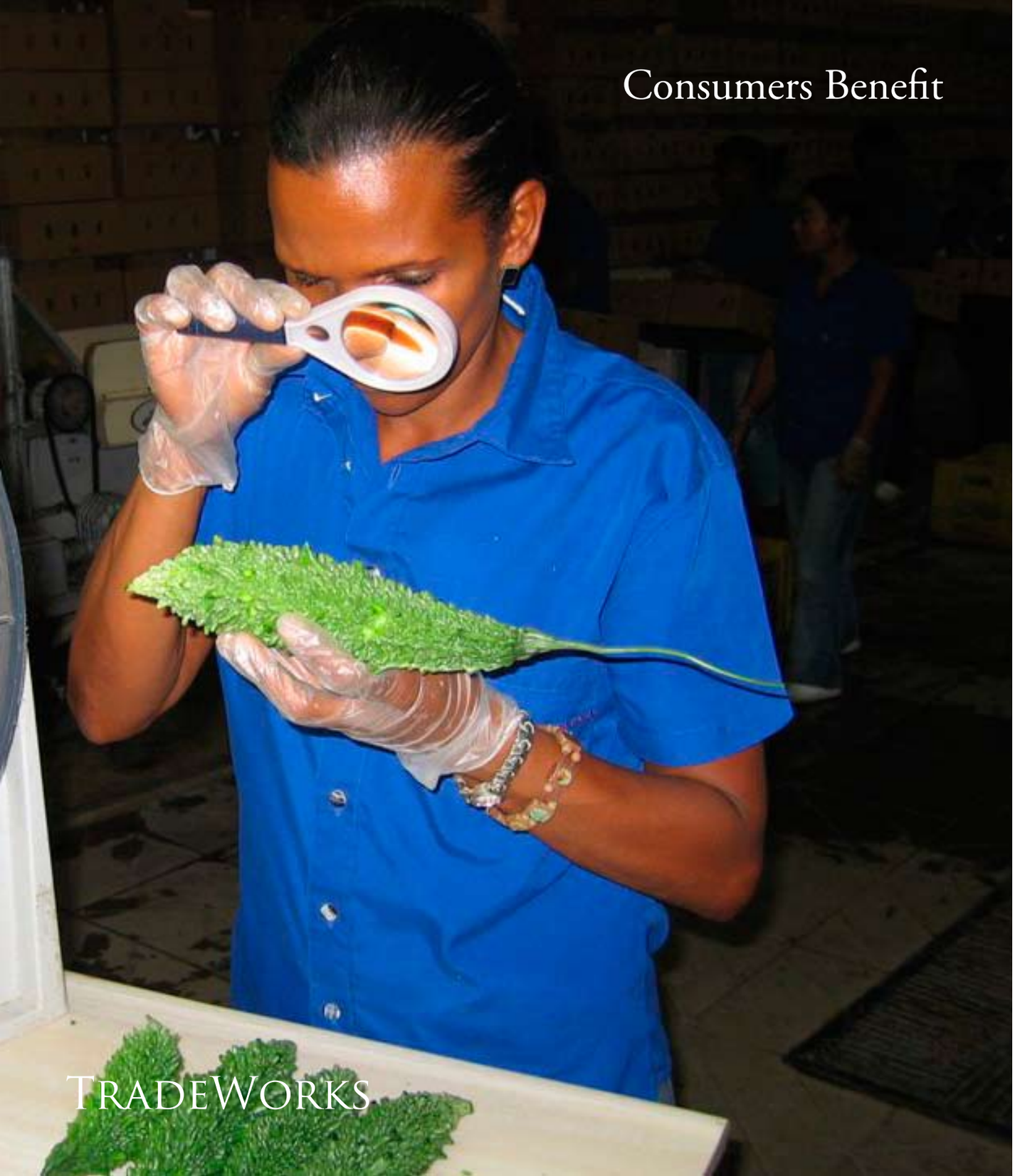

Consumers Benefit

In northern Mexico, small food processing companies are developing new products and marketing strategies to supply the expanding ethnic foods market in the United States.

Trade agreement guidelines, beyond meeting competitive standards, ensure high food quality. Consumers can be confident the food has been tested and that food processing meets high health standards.

Consumers Benefit

Because of trade agreements, many medicines cross borders at lower costs. Trade agreements also encourage pharmaceutical companies to innovate by providing strong intellectual property protections and quality controls that keep their products and production processes safe.

Workers Benefit

Each of those processes supports the hundreds of thousands of jobs that free trade creates. Rotary Corporation is a manufacturer and supplier of parts and accessories for outdoor power and agricultural equipment. The company has witnessed a 30% increase in sales to Mexico in the years following NAFTA.

Workers Benefit

U.S. companies exported over $44 billion in various types of machinery and transportation equipment to Latin America and the Caribbean and over $180 billion to Canada and Mexico last year, sustaining vital manufacturing jobs in the United States. Agricultural and construction machinery is one of the top U.S. manufactured exports to both Latin American and Canada. These countries benefit from having access to high quality and affordable machinery, which they can use to produce export goods for sale in the United States.

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Workers Benefit

Among Pathway partner nations, companies that are export oriented have witnessed higher rates of job growth than their counterparts, and tend to pay higher salaries than companies that are not involved in trade. For example, since the passage of the North American Free Trade Agreement (NAFTA), Caterpillar's U.S. employment has grown by 33 percent, and the company has increased employment at its Canada and Mexico facilities by 700 and 8,000 new jobs respectively.

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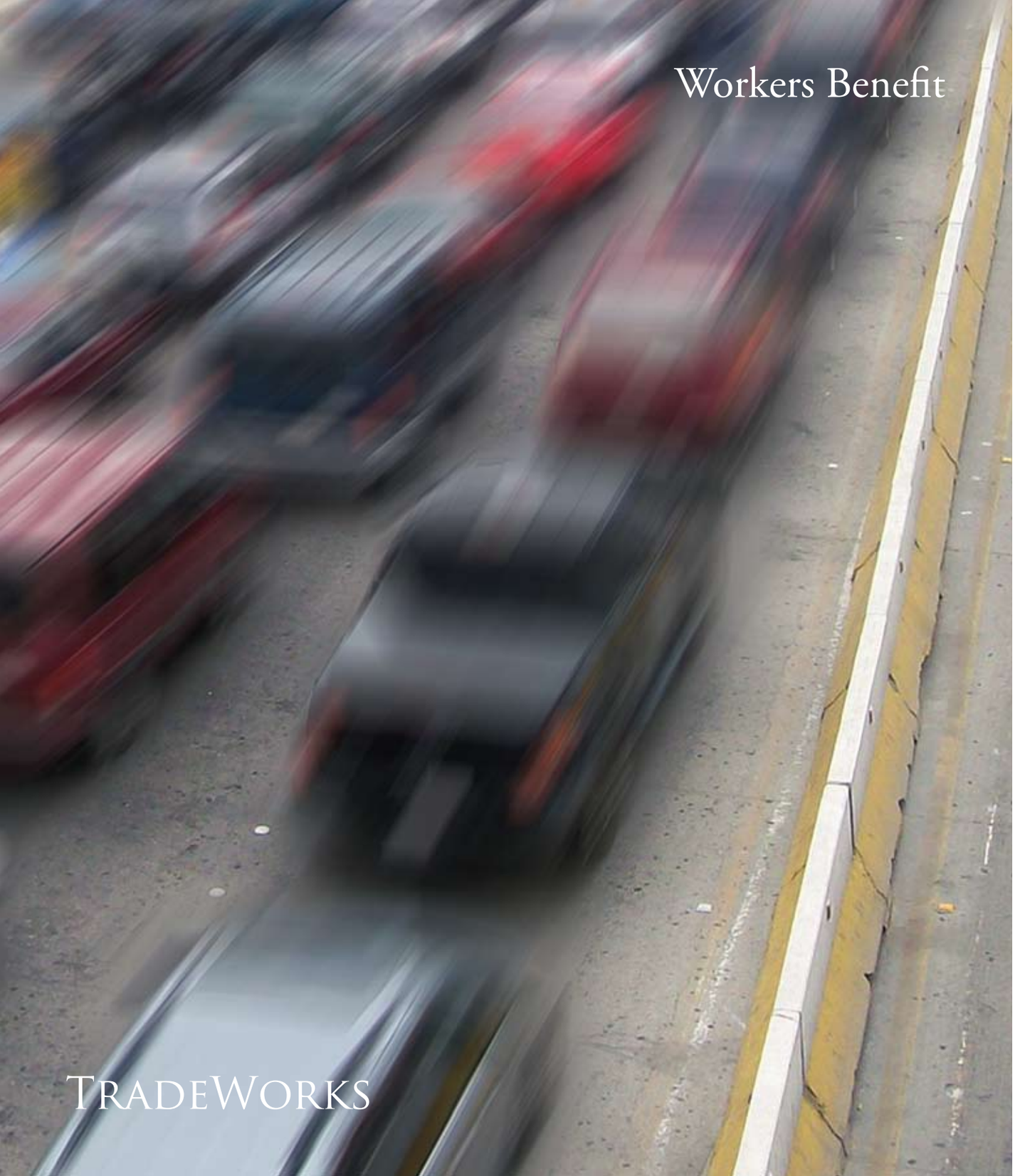
Latin America and the Caribbean exported over $65 billion of fossil fuels and over $7 billion in apparel products, many of which were made using machinery imported from the United States.



Workers Benefit

Canada exported $60 billion in motor vehicles to the U.S. last year. Many of these vehicles use engine and body parts that were manufactured in the U.S., and relied on U.S. labor at various points in the assembly process.

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Societies Benefit

Let's look beyond the statistics at some success stories that come directly from the individuals and corporations that thrive due to free trade.

Societies Benefit

Indigenous farmers in the highlands of Guatemala, most with less than an acre of land, are producing high-quality, high value-added produce for markets in the United States and El Salvador. Guatemala has become the world's largest exporter of green beans, and farm families are benefiting from the higher incomes and expanded employment opportunities generated by exports. As a result of the higher incomes generated by open markets for Guatemalans farmers, and others like them throughout the Western Hemisphere, more families are able to keep their children in school and improve their nutritional status.

Societies Benefit

Workers in one large Guatemalan agricultural cooperative for indigenous farmers earn incomes above the minimum wage for agricultural workers, and enjoy benefits including medical and dental care for themselves and their families, and literacy courses. Coop members and workers also have access to computer labs and scholarships to university.

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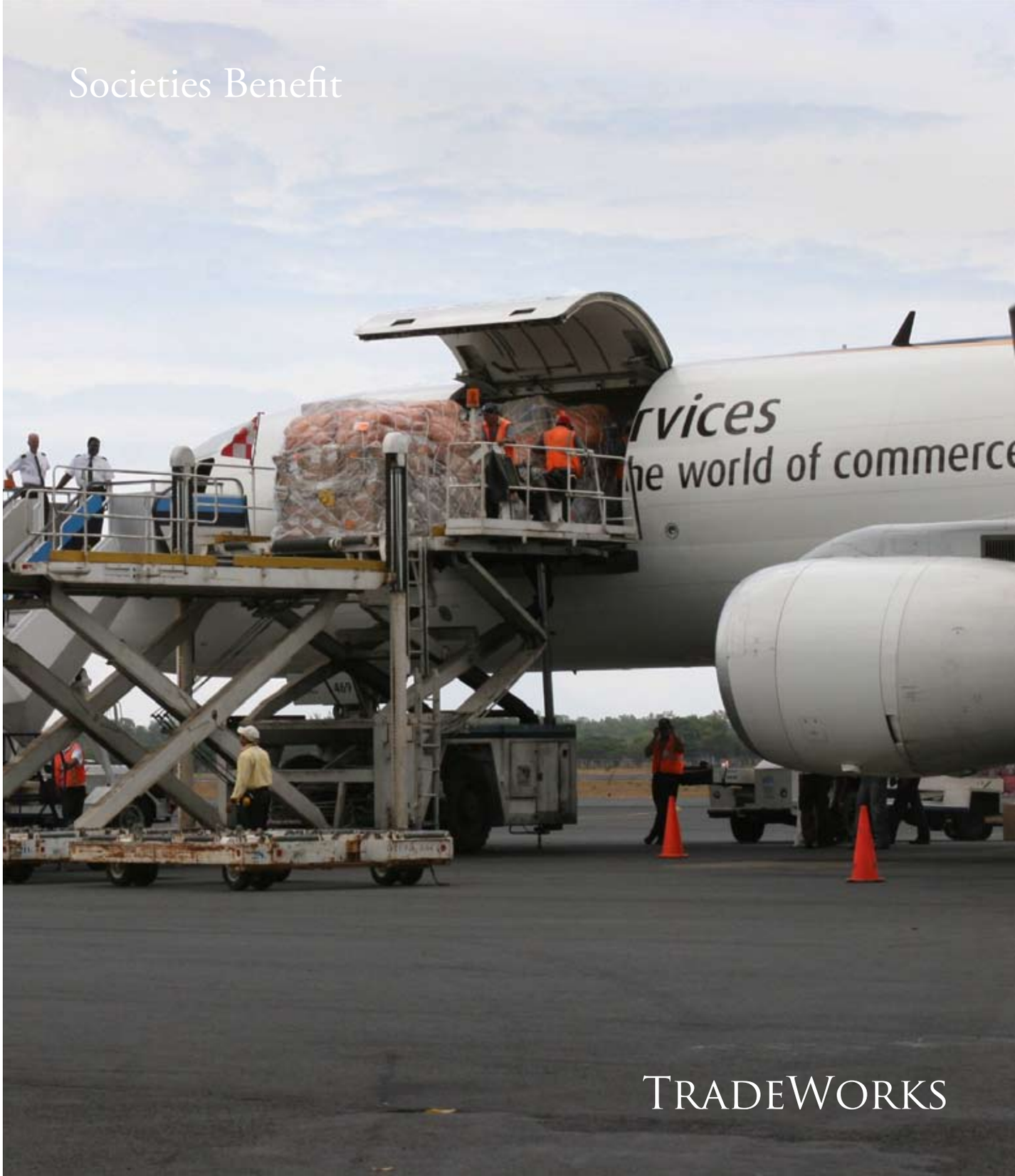
Societies Benefit

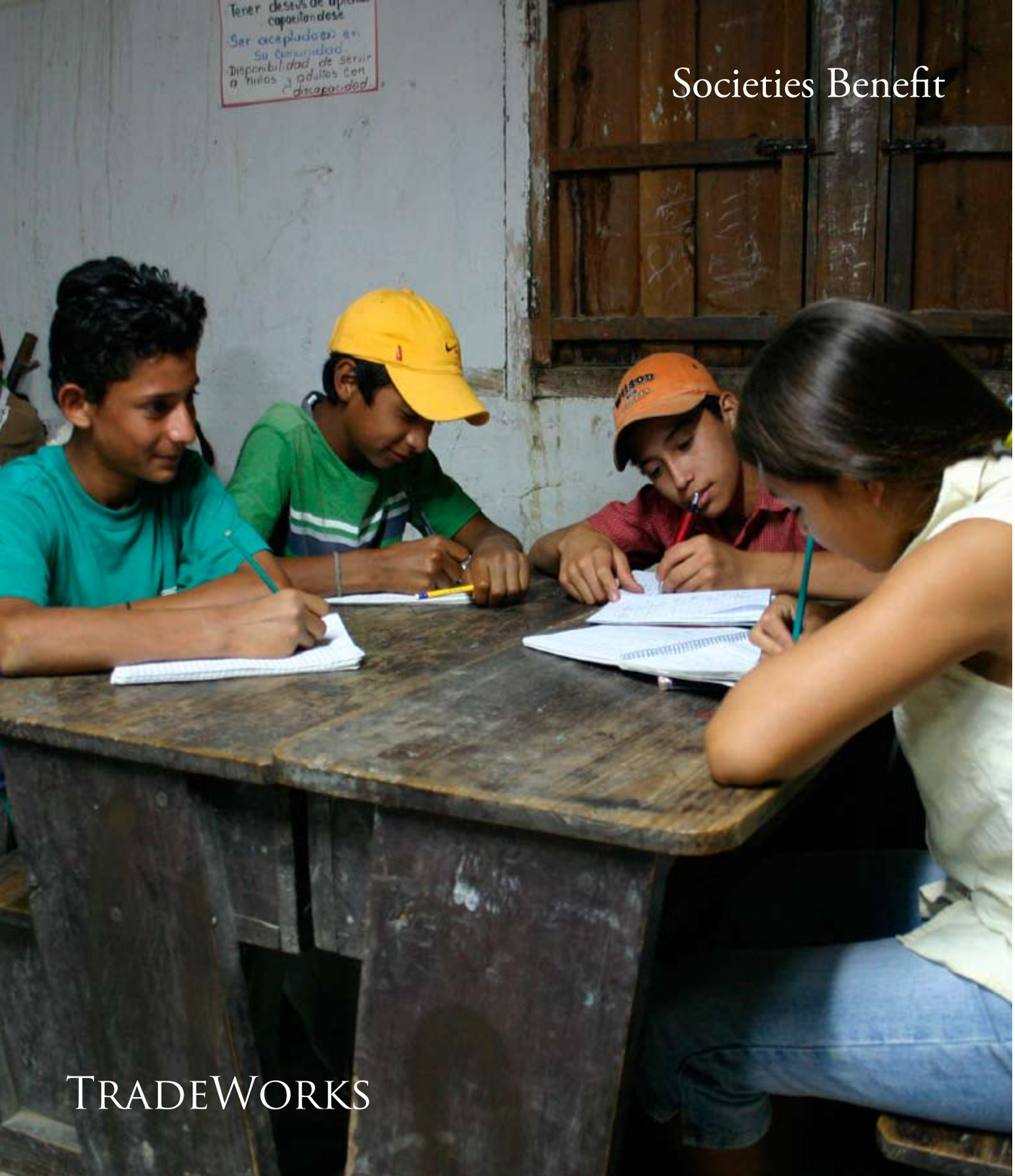
TradeWorks

Trade agreements such as the Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) fund programs to help business owners and the self-employed take advantage of trade. Thanks to a CAFTA-DR program designed to provide low interest loans to entrepreneurs, self-sufficient and small business owners are able to expand and diversify production and hire new employees, as new orders are coming in from within the region and as far away as the United States and Europe.

Societies Benefit

The expansion of trade throughout the region has spurred the growth and efficiency of international express courier services, creating new opportunities for employment and upward professional mobility for workers and managers. The managing director of one large courier facility in Mexico began her career in the company's call center, and has worked her way up to the executive suite.





Societies Benefit

Increased export opportunities have helped factories in Colombia make long term investments in their employees and their communities. For example, a major distributor of textile products in Medellin provides its employees with educational and healthcare benefits, and even offers to help pay for half of a new home.

Societies Benefit

And in another case, an innovative and successful handicraft company in Bogota is selling its products to major distributors throughout the United States. It employs war victims, former guerrillas, former paramilitaries, and handicapped individuals all of whom have been rehabilitated and given job training. These people are being provided with the opportunity to learn valuable skills to avoid the temptations of the illicit economy.

Societies Benefit

The Workers and Campesinos Union in northern Mexico runs an institute for technological training for its members and their children, to prepare them to compete in the international high tech economy.

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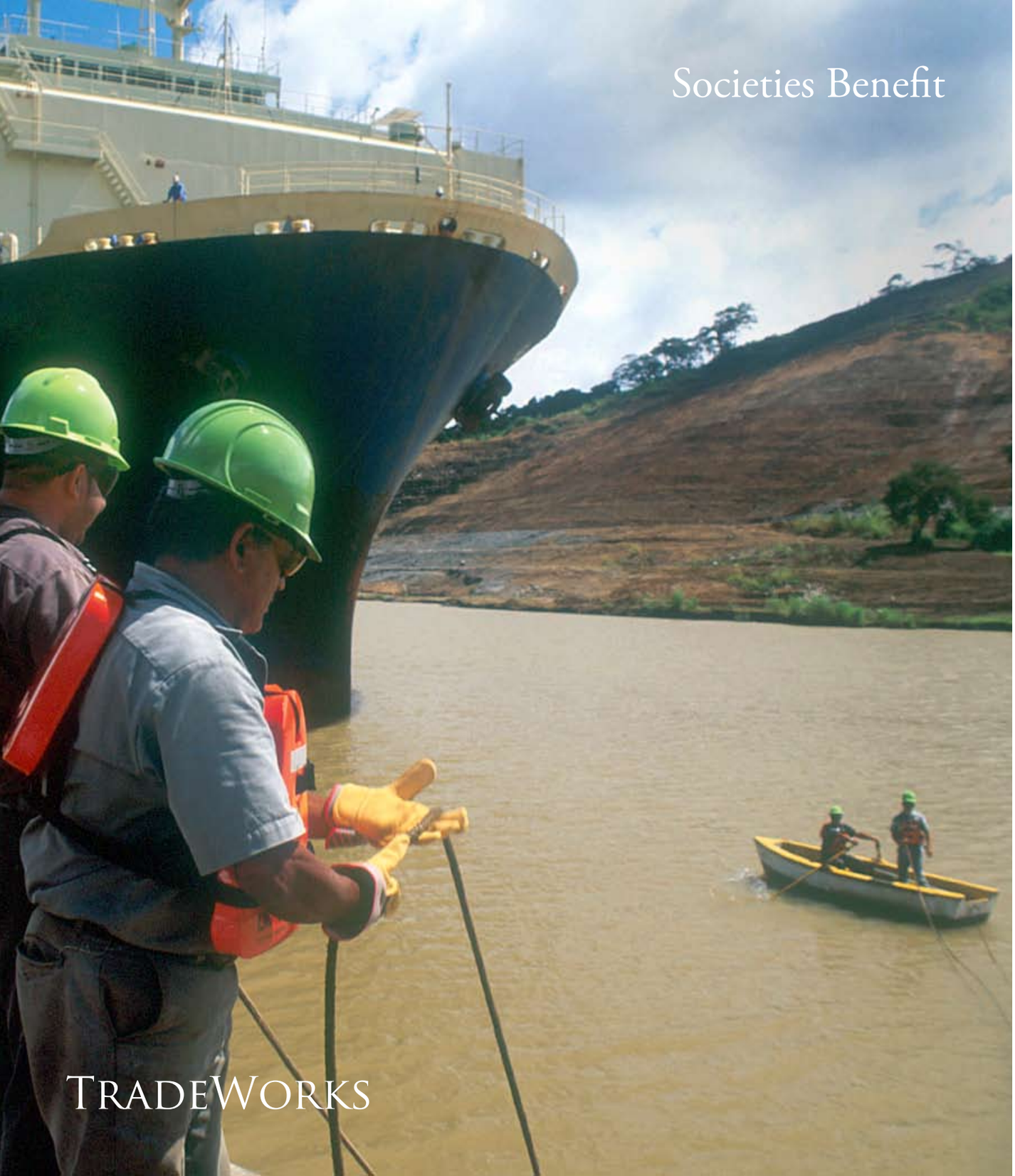
Workers Benefit

Many foreign companies recognize their responsibility to local producers to ensure they receive most of what the company pays for their product, rather than a disproportional amount paid to export agents. And they turn profits back to the communities building schools or clinics.



Societies Benefit

Trade agreements in the Western Hemisphere have encouraged countries to provide enforceable labor standards, environmental protections, and intellectual property rights. The recently negotiated trade agreements between the U.S. and Peru, the U.S. and Colombia, and the U.S. and Panama contain the most robust labor and environmental standards ever included in a trade agreement. By committing countries to the rule of law and other important reforms, trade agreements serve to ensure that the benefits of trade are broadly shared throughout our societies.

Societies Benefit

The North American Free Trade Agreement (NAFTA) is a good example of how societies benefit from free trade agreements. NAFTA has helped Canada, Mexico, and the United States to improve sectors like mass transportation by increasing efficiency and reducing environmental impact. Bombardier, Inc, a multinational corporation based in Canada, produces trains that are used in 60 countries around the globe. Bombardier pioneered the world's first hybrid train, adding fuel efficiency to an already eco-friendly mode of transportation.

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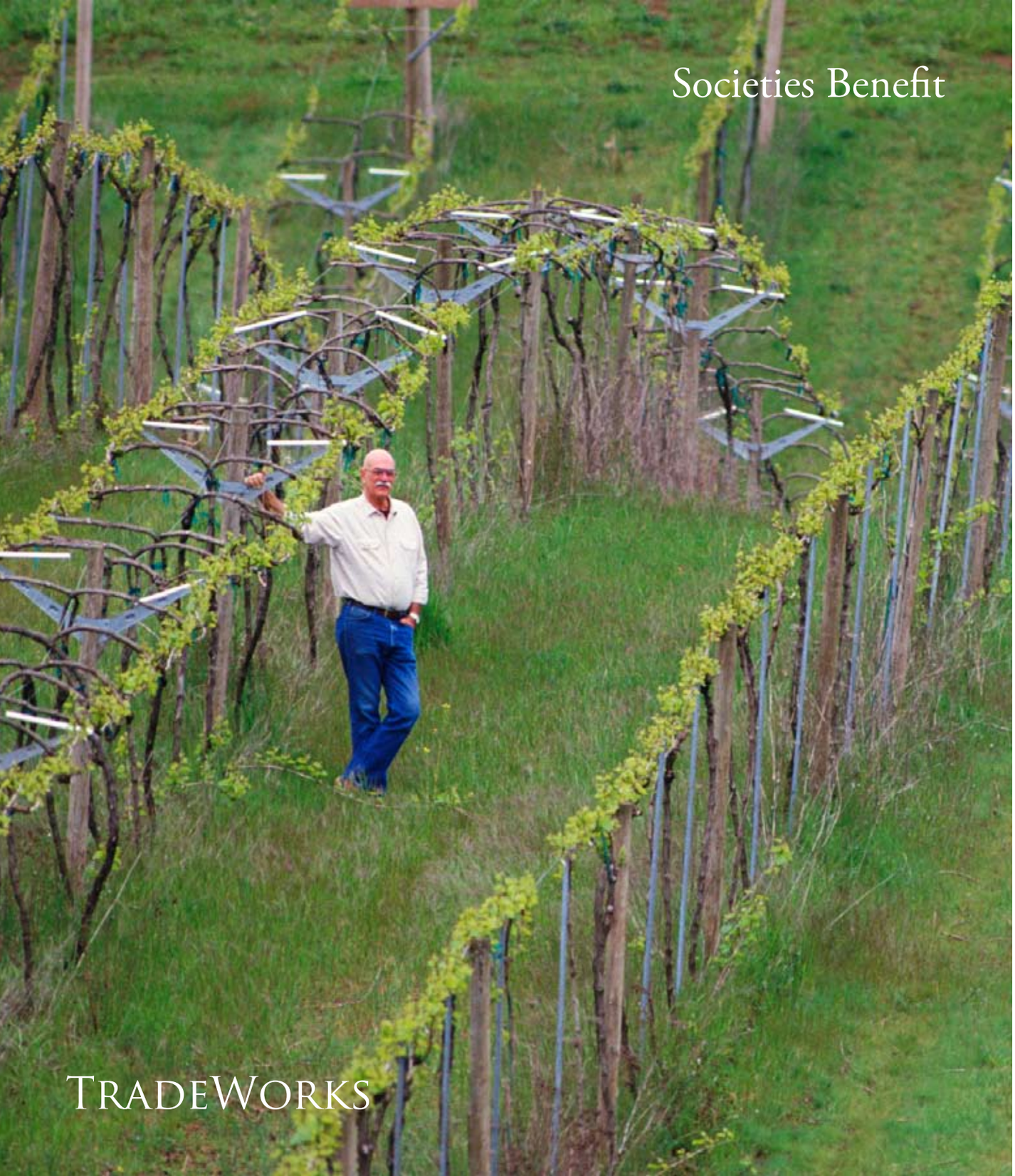

Societies Benefit

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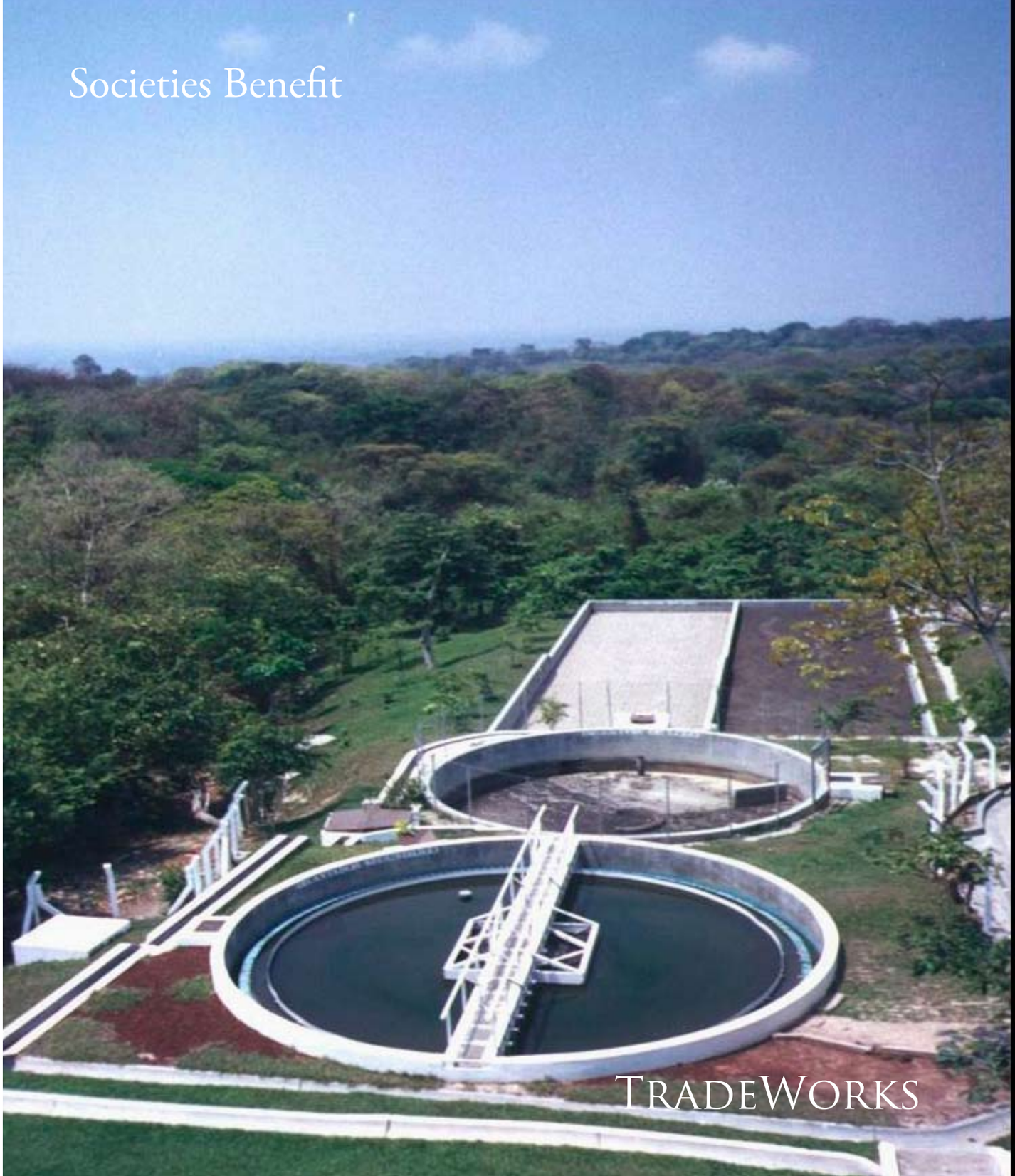
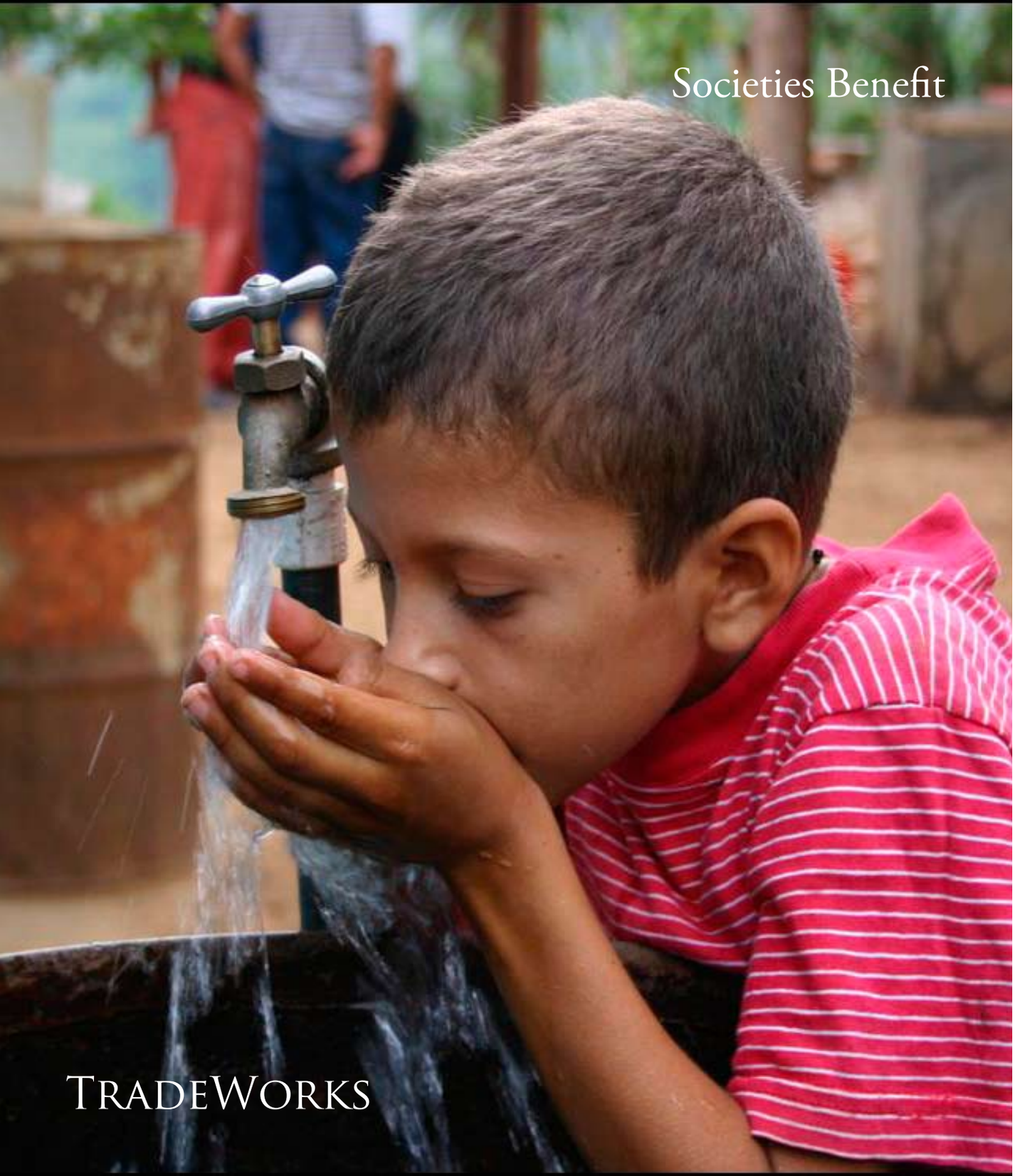
Trade agreements in the Western Hemisphere contain some of the most progressive environmental provisions in the world. A great example is the U.S.–Chile Environmental Cooperation Program, an initiative with origins in the U.S.–Chile Free Trade Agreement. The program provides exchanges of experts to share knowledge and best practices concerning protected area management, planning and operations for the goals promoting biodiversity conservation, and sustainable management of natural resources.

Through 2010, various U.S. agencies will work with CAFTA-DR countries to improve enforcement of their environmental laws. Work will focus on conducting environmental inspections, providing technical assistance to wastewater analytical laboratories, and training prosecutors, customs officials, investigators, judges, and other law enforcement officers.





Each CAFTA-DR country aims to increase the amount of domestic wastewater that will be treated by 2015. For example, El Salvador treats about 3 percent of its wastewater. It plans to increase treatment to 49 percent over the next seven years.

Societies Benefit

In Guatemala, cooperatives help small growers meet phyto-sanitary and food safety requirements, and to meet U.S. retailers' higher quality requirements. Labs at the four packing houses test for pathogens and chemical residue from fertilizer and insecticides.

Pathways to Prosperity

Ultimately, the benefits which trade brings to workers and consumers provide the foundation for economic and social development in the Americas. Poverty, inequality, and social exclusion cannot be overcome without the growth and opportunity created by free trade agreements.

Development can no longer come from within. It must be export driven. It can only come from connecting to the world, connecting to markets, and then using democratic institutions to ensure that the prosperity and opportunity that results become available through the broadest reaches of our societies.

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