

# Globalization and Sustainable Development Program News



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## Lessons from NAFTA: Ten Years of Policy Research

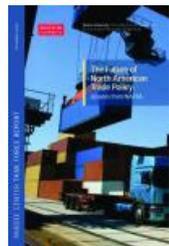
The Obama Administration in December announced its intention to negotiate "a new kind of trade agreement for the 21st century." As GDAE's Kevin Gallagher and Timothy A. Wise argue in their recent piece in [The Guardian](#), "a 21st century trade agreement should not look like NAFTA. Neither should NAFTA," and they call on the administration to abandon the failed NAFTA model and make good on candidate Obama's campaign promise to fix the agreement. (Read "[Fixing NAFTA's Flaws](#).")

Since 2000, the [Global Development and Environment Institute](#) (GDAE) has contributed policy-relevant empirical research on the North American Free Trade Agreement (NAFTA) and its impacts in Mexico. Through its [Globalization and Sustainable Development Program](#), the institute launched two critical new analyses during a week of presentations and congressional briefings in Washington in early December. This is part of the institute's effort to bring its research to a wider audience, an effort that includes the launch of this e-newsletter and a [Facebook page](#).



[Rethinking Trade Policy for Development: Lessons From Mexico Under NAFTA](#) - In this new Policy Outlook presented at the [Carnegie Endowment](#) December 9, Eduardo Zepeda, Timothy A Wise and Kevin P. Gallagher offer a comprehensive assessment of Mexico's poor economic performance under NAFTA (also available in [Spanish](#); [listen to audio](#) of the Carnegie event, which included Georgetown's

Robert Stumberg).



[The Future of North American Trade Policy: Lessons From NAFTA](#) - Gallagher and Wise joined with Mexican economist Enrique Dussel Peters to lead a Boston University task force that offers concrete recommendations for reforms to NAFTA and to the template for U.S. trade agreements. The task force included eight experts on NAFTA and trade policy and the report includes their specific proposals for reforming NAFTA's provisions on labor, environment,

services, agriculture, manufacturing, intellectual property, investment, and migration. [Read the report](#), or an [executive summary](#), published by the [Americas Program](#) (and consider supporting this valuable publication).

## Quick Links:

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## "Lessons From NAFTA" -- In the News

New York Times writer Elizabeth Malkin reported on two of the recent reports in the paper's Economix blog. "[Did NAFTA Actually Help Mexico?](#)" reported on the Carnegie paper, while "[Dumping on Mexico](#)" looked at Wise's recent Working Paper, "[Agricultural Dumping Under NAFTA](#)," which estimates the cost of US dumping at \$12.8 billion, more than half of it from low prices to Mexico's three million corn farmers. The paper is part of a larger project on Mexican agricultural policies with the Mexico Institute at the

Woodrow Wilson Center for International Scholars, which will publish its report in early 2010.

### **Advising Policy-makers**

Gallagher joined some fellow members of the State Department's Expert Investment Committee to present their [recommendations for reforming the investment provisions](#) in US trade and investment agreements at a Senate briefing Dec. 10. With announced negotiations of a bilateral investment treaty with China, the presentation drew media coverage in [Congressional Quarterly](#), [Bureau of National Affairs](#), and [Inside US-China Trade](#). Gallagher, Wise, and Georgetown's Robert Stumberg also met with representatives at the US Trade Representative's office to discuss the Task Force proposals for reforms to the template for future trade agreements, proposals that assume greater importance with the announced negotiation of the Trans-Pacific Partnership, an eight-country agreement that would be the largest in economic terms since NAFTA.

### **Foreign Direct Investment and Innovation in Mexico**

In this new [Discussion Paper](#) from the GDAE-sponsored [Working Group on Development and Environment in the Americas](#), Mexican economist Enrique Dussel Peters shows how foreign investment "crowded out" domestic investment in Mexico, resulting in stagnant levels of overall investment and growth.

**[Read more](#) on ten years of policy research on the "Lessons from NAFTA," including an online library of ten years of publications.**

### **The WTO and Global Trade: Is Development Back in the Doha Round?**

Gallagher and Wise authored [several new analyses](#) of the limited gains for developing countries from current WTO proposals. Their [Policy Brief](#) for the Geneva-based [South Centre](#) questions recent claims of benefits for developing countries, part of the institute's [Doha Projections Project](#). The publication [Puentes](#) published their related analysis, in Spanish. The new research was covered in a [Reuters article](#) on the eve of the November WTO ministerial meeting.

### **Trade, Agricultural Expansion and Climate Change in the Amazon Basin**

The climate summit in Copenhagen may have been a disappointment, but it highlighted the importance of slowing deforestation, particularly in sensitive areas. There was broad agreement on support for the U.N.'s REDD program (Reducing Emissions from Deforestation and Forest Degradation in Developing Countries). Last year, GDAE launched a research program to examine the economic incentives for the expansion of soybean cultivation and other agricultural activities in the Amazon Basin. [Read more](#) on this important new initiative, including new online publications.

### **Coming soon from the Globalization and Sustainable Development Program:**

- New blog on the Triple Crises in Finance, Climate, and Development, with leading international economists.
- Hogging the Gains from Trade: How US multinational agribusiness firms benefit from trade, agriculture, and immigration policies on both sides of the US-Mexico border.
- "Capital Controls and 21st Century Financial Crises: Evidence from Colombia and Thailand," by Bruno Coehlo and Kevin P. Gallagher, presenting new evidence on the stabilizing impact of government controls on capital flows.
- Presentations of "Lessons from NAFTA" research in Mexico.
- New book by Kevin Gallagher and Roberto Porzecanski on [China's growing impact on Latin America](#).

*The Global Development and Environment Institute's Globalization and Sustainable Development Program examines the economic, social and environmental impacts of economic integration in developing countries, with a particular emphasis on the WTO and NAFTA's lessons for trade and development policy. The goal of the program is to identify policies and international agreements that foster sustainable development.*

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