COVER PAGE AND DECLARATION

	BBA topup program
Specialisation:	**International Business**
Affiliated Center:	**CEO Business School**
Module Code & Module Title:	**IBM340-International Economics**
Student's Full Name:	**Hani Fouad Zaher Sayed**
Student ID:	**EIU2022167**
Word Count:	**24**
Date of Submission:	**21-03-2024**

I confirm that this assignment is my own work, is not copied from any other person's work (published/unpublished), and has not been previously submitted for assessment elsewhere.

E-SIGNATURE: ____ **Hani Fouad** _______________________________

DATE: __**21-03-2024**____

EIU Paris City Campus
Address: 59 Rue Lamarck, 75018 Paris, France | Tel: +33 144 857 317 | Mobile/WhatsApp: +33607591197 | Email: paris@eiu.ac
EIU Corporate Strategy & Operations Headquarter
Address: 12th Fl. Amarin Tower, 496-502 Ploenchit Rd., Bangkok 10330, Thailand | Tel: +66(2)256923 & +66(2)2569908 | Mobile/WhatsApp: +33607591197 | Email: info@eiu.ac

Table of Content

Introduction

light of globalization, countries seek economic blocs through which they can provide a decent life for their people and a high level of income. Therefore, they are keen to develop incentives for economic growth in order to keep pace with the accelerating global transformation.

This paper was about the NAFTA agreement between the three countries, about its origin, goals, advantages and disadvantages, as well as its effects on the members.

About NAFTA:

The United States was keen to establish an economic bloc with Canada and Mexico, fearing the economic power of a unified Europe, as well as the great economic growth of Japan, as well as addressing the problem of illegal immigration coming through the territory of Mexico and benefiting from oil exported from Mexico.

Therefore, it sought to establish the NAFTA agreement, which came into effect

The beginning of 1994, two years after agreeing to work on it. It aims to facilitate the transit of goods between the three countries, as well as liberalize trade and abolish customs. The value of intra-trade between the three countries has reached more than 700 riyals.

Billion dollar. Mexico also exports directly to more than twenty US states.

NAFTA services and benefits for the people

NAFTA provides several advantages to peoples, including the transfer of expertise, as well as the transfer of technology and direct investment between the three countries, as well as the protection of intellectual property and patents. It also contributes to the flow of capital and the freedom to transport goods without the obstacles of customs restrictions. It also contributes to the growth of the economy between the three countries

NAFTA encouraging the direct foreign investment, removing tariffs, lowering the prices, creating jobs, and also had some political benefits. [1)] Trade between the three members doubled in less than twenty years, from 290 billion to more than a trillion dollars annually. This helped consumers obtain goods at prices suitable for them. This also created great opportunities for businessmen to invest their money and make agreements with their counterparts among North American countries.

2019 NAFTA Trade in Goods :-

(In Billions of US$)	Mexico	Canada	NAFTA Partners
U.S. Exports to:	$256.6	$292.6	$549.2
U.S. Imports from:	$358.0	$319.4	$677.4
Total U.S. Trade:	$614.6	$612.0	$1,226.6

The impact of the NAFTA agreement on the countries that own the agreement .

The NAFTA agreement enhanced the decline in prices for imports and exports between countries. The United States benefited from this in importing fuel because it is a major importer of fuel. Also, the prices of foodstuffs decreased between the three countries, as well as the creation of new jobs between the three countries and the doubling of investments between them.

Disadvantages of NAFTA .

The negative effects on Mexico lie in the agricultural aspect, as businessmen import crops from the United States at lower prices than they are produced in Mexico. The level of environmental pollution has also increased in Mexico due to the transfer of some factories from the United States to Mexico in search of cheap labor.

NAFTA had an environmental effect especially on Mexico, mega farms are expanded and this led to deforestation. [2]

With regard to the United States

NAFTA was unable to limit the migration of illegal workers from Mexico to Mexico due to the increasing demand for migrant labor and also because of the length of the border.

Also, NAFTA did not achieve an actual partnership between the three countries due to the strength of the United States economy, as if it was a bilateral agreement between the United States and Mexico and the United States and Canada. competition beyond the NAFTA region than both Canada and Mexico. [3]

NAFTA member policies

By tow main measures NAFTA can enforce its policies, first one is Investor-State Dispute Settlement (ISDS): allows companies from any member to judge another member government in an international court to protect the foreign investment in case of policies violation. The second measure is State-to-State Dispute Settlement: This measure allowed member countries to complaint against each other to a committee of independent experts and NAFTA members will be subjected to its decisions. [4)]

The basic points approved by the agreement regarding customs regulation Movement of goods and services:

1. All goods exchanged must have industry documents of origin (product sources), verified by customs officials according to conditions.

Agreed exchange.

2. All products traded across borders must be subject to the same standards.
Or the rules for accounting.
3. The royalties granted to imports and exports are all shared.
4. Addressing the set of restrictions related to access to markets, especially with regard to the share of
Consideration - certificates - licenses - conditions for pricing imports and exports.
5. Addressing the periods related to the gradual cancellation of taxes on goods exported under the heading
North American goods.
6 Develop a set of identifications for some of the potential challenges resulting from importing and exporting.
Products between member countries, which each country can place within its national borders
In order to protect human and animal life or health, and to protect the environment and climate pollution.
7. Other measures related to exports were approved when one of the member countries of the agreement
Imposing some restrictions on the import of a product that affects its local production.
Related to reducing the standard of living for a large segment of society, such cas
To be dealt with within a period of three years or another period agreed upon that it should not be obstructed Regular channels of supply. [5]

Main NAFTA accomplish are :-

The United States benefited from the agreement to achieve some economic growth, especially in the field of the automobile industry, as the three countries cooperated to produce goods in accordance with the agreement, relying on Mexican manufacturers to do so. It also benefited from Mexico’s geographical location to export to South America.

As for Mexico, the agreement helped it accelerate economic modernization, as well as move towards industrialization and export on an increasing basis. It also attracted capital to invest in Mexico due to economic stability and the commitment of all successive governments to adhering to the agreement.

As for Canada, it benefited from the agreement in that its exports to Mexico and the United States increased, and it also attracted American investors to it.

(BRICS):

The United States emerged as a global economic power after the disintegration of the Soviet countries, which affected global politics, as it controlled many global issues from a political standpoint. However, with the beginning of the new millennium, other countries appeared to create new economic centers, such as Brazil, India, Russia, and China during the period between 2006 and 2011. After meetings between the four countries, the BRICS group emerged, in addition to South Africa

The policies of the BRICS countries are distinguished by the fact that they have a different vision from the global system in solving economic problems as well as regional conflicts. They look at cooperation, partnership and integration to find solutions and bring peace, unlike the global system led by the United States. They often adopt violent methods to resolve conflicts, unlike China, for example, whose leaders use the principle of Reform and opening up to strengthen the economy. (6)

The BRICS countries focused on cooperation, harmony and integration between them in many areas, including cultural and economic development, such as education and entrepreneurship, as well as infrastructure and energy, until the group was able to establish the Joint Development Bank.

This had an impact on the economic stability of its members, which in turn contributed to an increase in the annual income of the people of those countries

A multipolar world

In an interview with Sky News Arabia, Scott Morgan, a researcher specializing in political affairs and national security, identified the consequences of the BRICS expansion and the inclusion of new countries at a number of points:

“We see a move to a multipolar world, where there is more than one group or bloc.
BRICS' desire to add more countries is natural in my opinion, as all countries seek new markets and investments”.
“BRICS was able to create a new bank, and now there are discussions about having a new and also unified currency for the alliance.”
“The downside is that the United States may see this as an attempt by some potential members to expand the currency basket and other forms of trade away from it, or to use BRICS members as a third party in international conflicts, given the lack of immediate prospects for resolving the war in Ukraine”.

Conclusion

In this research, I discussed the NAFTA agreement between them and its effects on the three countries in terms of advantages and disadvantages, as well as its repercussions on the citizens of the three countries, as well as exchange rates and policies, as well as how to arbitrate in case of disagreement. Then I compared the NAFTA agreement and the BRICS agreement and the difference between them in policies. The BRICS agreement takes into account lending between members, so it established the Development Bank and the difference in strategy as well as the goals and the exchange rate.

References:

1-https://www.thebalancemoney.com/

2- North American Free Trade Agreement (NAFTA)

3-https://www.emerald.com/insight/content/doi/10.1108/JES-04-2021-0207/full/html?skipTracking=true

4- NAFTA chapter 11 and 20

5-Secrtaria de Economia Con Datos de Banxico En 2003las Importacion – Santiago 2004 .

6-Nawar Jalil Hashem, America and the Rising Powers: American Policy towards the BRICS Countries in the Global System, 1st ed. (Beirut: Company).