COVER PAGE AND DECLARATION

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Introduction

Economic integration is one of the economic phenomena that have increased in importance over time, as it achieves more economic, social, political and other benefits, as it is based on economic liberalization, whether commercial, monetary or financial, which achieves better investment opportunities for countries participating in economic integration and as a result, most countries of the world, whether developed or developing, have tended to participate in economic integrations so that they can achieve the greatest possible benefit, for example The United States of America to establish the North American Free Trade Area with Canada and Mexico to achieve many economic, social, political, environmental and other goals, so this research aims to study and analyze the North American Free Trade Area in terms of advantages and disadvantages, enforcement of policies and basic clauses of trade, integration achievements and their effects on member countries and other research points.

NAFTA analysis:

the benefits of NAFTA:

There are a range of multiple benefits associated with NAFTA, the most important of which are as follows:

Assisting in the eliminating of most tariff and non-tariff restrictions in the United States of America, Canada and Mexico, which in turn leads to the promotion of international trade between the region in order to address the imbalances in the structure of tariffs imposed, as, for example, the average tariff imposed by the United States of America on its imports from Mexico was 4%, While the average tariff imposed on Mexico's imports from the United States of America is 11%, the elimination or substantial reduction of those tariffs will contribute to significantly improving international trade between the United States of America and Mexico and likewise Canada.

Contributing to more capital flows between the three countries, as it helps trade liberalization to further financial liberalization between the three countries and the elimination of restrictions that negatively affect the movement of capital, thus benefiting countries through their various companies in searching for good investment opportunities in any of the three countries and carrying out the implementation of investments and moving capital from one region to another within the three countries so that the available investment opportunities can be exploited efficiently.

The positive impact on specialization and the division of labor between countries, as based on trade liberalization, investment flows and financial liberalization, the United States of America, Mexico and Canada began to specialize according to comparative advantage in different products, which in turn leads to a positive impact on the level of productivity and economic performance in the three countries after re-specialization and division of labor according to comparative advantage.

The positive impact on the economic growth rates in the three countries in the case of specialization and division of labor efficiently, because production based on comparative advantage expands the market for companies in the three countries, which in turn leads to an increase in production levels of these products, in which the countries enjoy comparative advantages, which in turn leads to an increase in the rate of economic growth in the three countries.

Other positive effects of enhancing political, economic, social and cultural stability in the three countries, given that the United States of America will support both Canada and Mexico on many issues, not just economic aspects, which means substantial returns and gains for the three countries from constructive cooperation on most issues.

the downsides of NAFTA:

Despite the multiplicity of positive effects, there are some negative effects, the most important of which are the following:

The negative effects associated with the restructure of jobs, as the change in the structure of exports and imports and the liberalization of trade and investment will necessarily lead to imbalances in the labor market that may result in the loss of many workers to their jobs and thus the increase in the unemployment rate among the types of workers in the three countries due to the change in the nature of production in each of the countries as a result of economic integration.

Negative effects on the exchange rate as a result of fluctuations in production levels and demand for different products between the three countries. Exchange rate fluctuations in these countries have negative effects on economic performance due to the lack of stability in trade and investment and thus the negative impact in the long term on the volume of trade and investment.

The negative impact on the redistribution of income between the three countries, especially in light of the fact that the size of the United States of America is much larger than the size of Canada and Mexico, and therefore it can achieve better trade, financial and investment gains, given that it has higher export capabilities and provides resources that enable it to exploit investment opportunities better, which in turn leads to an increase in income levels in the United States of America and a decrease in Canada and Mexico, which leads to a widening of the income gap between countries.

<u>the enforcement of policies in NAFTA:</u>

The policies in NAFTA are enforced through a variety of provisions, the most important of which is in the settlement of disputes between countries to ensure overcoming all obstacles affecting trade and investment issues, which is what was specified in Chapter 20, where the mechanisms for settling disputes between countries are clarified in various issues that are mostly related to trade and investment, with the aim of eliminating. These disputes are in order to enhance the freedom of trade and investment between the three countries and the absence of any obstacles to achieving the objectives and the prevalence of the spirit of constructive cooperation between the countries to improve the gains and returns of stability within the agreement.

The tightening of the enforcement of the North American Free Trade Agreement also includes the settlement of disputes that arise between investors and the state, where many disputes arise between investors and the state, such as anti-dumping issues and countervailing duty issues that are taken by member states, which in turn leads to an increase in disputes from investors towards the state's policies in dealing with them, and therefore attention has been paid to how to settle these disputes with investors quickly, efficiently.

The United States of America focuses enforcement procedures under the NAFTA on a range of important issues represented in the protection of intellectual property in order to encourage innovation and creativity in the United States of America, in addition to targeting the determination of fees in the event that the foreign government confiscates the investments of American companies. The United States of America is also interested in providing adequate support for workers' rights based on the agreement between the United States of America and the governments of foreign countries. It therefore targets the most important issues affecting trade, investment and workers' rights in the United States of America.

<u>the main items of trade in NAFTA:</u>

Although NAFTA is interested in trade liberalization and promoting investment in various products and services, it has focused mainly on a group of basic products and tried to increase the volume of exports and imports in order to expand the market range and achieve specialization and division of labor based on the comparative advantage of countries so that the benefit achieved from trade and investment liberalization between the three countries can be enhanced. I prefer without wasting resources by focusing on a large number of products in which there is no comparative advantage.

The most important basic products that have been focused on within the North American Free Trade Agreement are agricultural products, automotive industries and textile industries, and these industries are the main pillar in which transactions between the United States of America, Canada and Mexico increase, and these industries are those that are related to employment, trade and investment as they include vital products for consumers in the three countries affect production and growth rates within the country, so they have been focused on, trade liberalization and investment in them to achieve higher gains and returns, reduce cost levels, improve quality levels, expand the market for exporters and importers, increase options for consumers and other benefits.

<u>NAFTA's accomplishment and its needs to accomplish:</u>

NAFTA has achieved a range of issues that have multiple effects on the economic conditions in the United States of America, Canada and Mexico, as tariffs on exports and imports between the three countries have been abolished, which in turn has facilitated international trade and reduced the cost of international trade between member countries, in addition to other positive effects on production and investment rates as a result of the liberalization of international trade between the three countries, which is what actually happened, as the United States of America, Canada and Mexico were able to Benefit from the liberalization of trade from customs restrictions, whether direct or indirect impact.

The North American Free Trade Agreement was able to improve the efficiency of resolving disputes that arise in trade and investment within countries, which in turn facilitated many difficulties for companies, especially small companies, which were facing many difficulties and working to avoid lawsuits due to high cost and waste of time, which negatively affects the performance of these companies, and therefore these problems and difficulties were overcome by developing effective procedures for resolving disputes within the three countries.

One of the most important other issues that has been completed in the North American Free Trade Agreement is the stable environment that resulted from the commitment of the three countries to fully respect trademarks, patents and copyrights, and the absence of overlap between intellectual property rights and trade, and thus the United States of America was able to achieve its primary goal of protecting intellectual property in order to promote innovation and creativity and the absence of negative effects within the agreement on intellectual property in the United States of America, and therefore there was an environment Stable and stimulating investment as a result of the availability of adequate protection of intellectual property.

The improvement of economic conditions as a result of the North American Free Trade Agreement in the United States of America, Canada and Mexico is a strong evidence of the benefit of the agreement and the contribution of trade liberalization in improving the various economic indicators in the three countries and thus increasing the gains resulting from trade and investment liberalization, which means achieving and completing the main objective of the North American Free Trade Agreement, which is the goal of improving the economic conditions of the member countries of the agreement.

The North American Free Trade Agreement needs to expand more to include more economic and service sectors in order to liberalize trade in these multiple industries and thus increase the volume of benefit from the agreement in a larger number of products. In addition, the agreement also needs to develop cooperation between the three countries in more trade and investment issues so that the level of utilization of investment opportunities that exist in the three countries can be improved and the ability to coordinate investment and trade policies, in addition to the need for The three countries to think about developing the agreement and turning it into advanced stages of economic integration such as the common market and the unification of economic policies.

The effects of NAFTA policies on its member nations' economies:

The North American Free Trade Agreement (NAFTA) has had a positive impact on the member states of the United States of America, Mexico and Canada, where international trade has been liberalized in key industries such as textiles, automobiles and agricultural industries, and interest in increasing trade liberalization has increased further, leading to the spread of the positive effects of this liberalization in a larger number of products and thus improving the benefits associated with it.

The North American Free Trade Agreement affected the United States of America, Canada and Mexico as a result of the elimination of customs restrictions, which constitute a major obstacle in international trade between the three countries, considering that these customs restrictions lead to a significant increase in costs, which negatively affects the demand capabilities of consumers in the countries and thus negatively affects the levels of production, investment and economic growth, which was overcome in the North American Free Trade Agreement for the three member states. Trade liberalization has led to lower costs for all three countries.

The North American Free Trade Agreement (NAFTA) has had a positive impact on increasing investment rates in many products where tariffs have been eliminated, which in turn has led to increased production, increased employment, reduced the unemployment rate, thus solving many of the economic problems in the three member states and other positive effects that emphasize the importance of the agreement for the interests of the member states.

Exchange rates in NAFTA:

The exchange rate under the North American Free Trade Agreement witnessed many fluctuations in the three countries, the United States of America, Mexico and Canada, where there were increases in the value of the currency in certain periods, decreases in the value of the currency in other periods and stability in some periods, which means that the general trend of the impact of the agreement on exchange rates is the presence of fluctuations in the exchange rates of the Mexican peso and the Canadian dollar in particular towards the US dollar as a result of trade liberalization under the agreement affected the volume and quality of exports and imports, which were more directed towards Canadian and Mexican imports from the United States, which in turn led to the depreciation of the currencies of Canada and Mexico in many cases.

It can be said that the impact of the NAFTA on exchange rates is not limited to a specific effect, but it varies from period to period based on the direction of trade and investment within member countries as well as the different effects of macro conditions on currency exchange rates, and the size of the benefit from currency appreciation or devaluation depends on the competitiveness of exports and the price elasticity of demand and other matters that ultimately lead to the final impact of the agreement on exchange rates.

international trade agreement discussion:

The European Union is the most successful experience of economic integration at the global level due to the fact that it has witnessed continuous development over time so that it can reach the monetary union and issue the euro currency and deal with it within the European Union, which means reaching the highest stage of economic integration and thus continuity in success and excellence in the development of economic relations between member states.

Policies within the EU are more comprehensive than those in the North American Free Trade Area (NAFTA) because the EU has managed to reach monetary union, which entails multiple policies related to fiscal and monetary policy, movements of factors of production and other matters and issues that are on the EU agenda but not on the NAFTA agenda.

The development policies in the European Union differ from the development policy in the North American Free Trade Area in that the development of integration among European countries continued with a specific timetable through which it is determined how to move from the current integration phase to a higher integration phase; while in the North American Free Trade Area there was no development as the agreement remained in the FTA phase and there was no development and transition to a higher stage such as the common market.

The European Union includes comprehensive liberalization of various products, services and investments under unified monetary and fiscal policies, and therefore the scope of trade and investment liberalization in the European Union is much greater than the scope of trade and investment liberalization in NAFTA, in which the three countries depend on achieving their interests by focusing on specific industries without there being comprehensiveness in trade liberalization and investment liberalization in all sectors.

Dispute settlement policies between member states and between states and investors in the EU are faster based on regulated rules that all member states adhere to, while the dispute settlement in the North American Free Trade Area agreement is at a lower level than in the EU.

EU policies include more diverse areas than the North American Free Trade Area (NAFTA) on economic, social, political and environmental aspects, making levels of cooperation within EU member states much higher than those between NAFTA countries.

Conclusion:

The most important results were that the advantages of the North American Free Trade Area are concentrated in the benefits of trade liberalization, liberalization of capital movements and the abolition of customs restrictions, which contributed to improving the volume and quality of international trade between member states and the positive impact on specialization, division of labor, economic growth and other positive economic, social, political and other positive effects. While the most important downsides of the NAFTA were the negative effects on the structure of jobs, where some lost their jobs and the negative effects of exchange rate fluctuations Negative effects on income redistribution. Policies related to dispute settlement between member states and settlement of disputes between States and investors have been fully enforced, in addition to protecting intellectual property, encouraging innovation and innovation, and supporting workers' rights, The main achievements of the NAFTA were the reduction of tariffs and non-tariffs on imports and exports between countries and the enforcement of policies in many areas. The European Union has evolved gradually over time to reach the highest stage of integration, the stage of monetary union, so it is better than NAFTA in policies enforcement and evolution over time.

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