

**FOR IMMEDIATE RELEASE**

---

**David L. Smith keynotes Fibre Box Association annual meeting**  
*Assesses North American Free Trade Agreement (NAFTA) after five years*

**May 3, 1999 -- Houston, TX --** In a keynote address at the Fibre Box Association's annual meeting, economist and futurist David L. Smith provided an upbeat assessment of NAFTA five years after it went into effect.

Mr. Smith began his presentation to senior executives of the corrugated box industry, by recapitulating the key provisions of NAFTA as a mechanism for settling disputes; gradually eliminating import quotas, licensing requirements and tariffs; setting standards for international trade; defining intellectual property rights; and establishing investment and environmental standards. He then reviewed the history of NAFTA, which was signed in 1992 and went into effect on January 1, 1994. The importance of NAFTA was brought home by the observations that:

- Canada is the U.S. largest trading partner, with Mexico recently replacing Japan as number 2.
- U.S. trade (exports and imports) in 1998 totaled about \$2 trillion, almost 1/3 of world trade of which about 1/4 (\$502 billion) was between the U.S. and our two NAFTA partners, most of which revolved around autos and trucks.

Assessing NAFTA's track record after 5 years, Mr. Smith concluded:

- NAFTA was not as bad as the naysayers said it would be, nor as good as the proponents predicted
- Indisputably, two of NAFTA's primary goals appear to have been achieved:
  - + Increased trade and investment
  - + The flow of goods and services across borders has been facilitated

On the key disputed issue of the environment, opponents of NAFTA, who argued that it would result in environmental and worker health and safety degradation, seem to have the stronger case, particularly in Mexico, along whose border increases have been reported in gastroenteritis, diarrhea and hepatitis, commonly linked to sanitation and water.

Opponents' warnings of "a giant sucking sound" of U.S. jobs absorbed by Mexico appear in retrospect to have been unfounded. Only 200,000 workers have applied for certification as of October 1998 as displaced under the NAFTA Transitional Adjustment Assistance Program. Damage of job losses appear unconvincing in view of U.S. unemployment at 4.3%, the lowest in decades.

Smith observed that, like much of the rest of the Third World, Mexico is undergoing economic transformation, as primitive agriculture is replaced by mechanized agribusiness. Mexican peasantry displaced from farms must find work in factories, much as U.S. farmers did in the 1930's. By building factories in Mexico under the auspices of

the Maquilladora program and NAFTA, the U.S. is aiding in Mexico's transition to industry, reducing pressure for political unrest and illegal emigration into the U.S. from peasants who might otherwise be unable to find work.

Smith concluded his keynote address by summarizing Fed chairman Greenspan's endorsement of free trade and concern about growing protectionism in Congress, as evidenced by rejection of president Clinton's "fast track" authority, a brewing "banana war" with Europe, and limitations on steel imports.