

North American Free Trade Deal with EU Needed

Experts say a new trade agreement is needed to coordinate rules between the NAFTA countries and the European Union. At an economic conference in Montreal, Arturo Sarukhan, a former Mexican ambassador to the United States, said that American and Canadian efforts to secure free trade agreements with the EU should be continental agreements that include Mexico.

NAFTA is a free trade agreement that unites Canada, the United States and Mexico as partners. Sarukhan says that the three partners should work at free trade deals with Europe together instead of pursuing three separate treaties. He says that it doesn't make sense not to work together. The former ambassador thinks that if the three North American partners fail to unite, we could expect disruptions in the supply chain. The [aerospace](#) and automotive industries could be impacted, he says, because both EU and NAFTA countries have operations on both continents. Aerospace [manufacturing in Mexico](#) is a sector showing strong growth.

Sarukhan thinks the idea of the United States and Canada pursuing trade deals with the EU in unison with Mexico might not at first be warmly received in Washington, but he says there is no philosophical opposition from the either country. There might be some concern that the inclusion of Mexico would slow down Washington's current efforts to hammer out a deal with Brussels, but concerns are mostly about timing, not substantive disagreements, he says.

The US is concluding free trade negotiations with the EU and planning to launch the new treaty this summer. France is hampering negotiations somewhat by standing in the way of any deal with the U.S. that would damage the French film and broadcasting industry. The treaty could have far-reaching impact on the global economy because together the U.S. and EU make up about half of the world economy and conduct about a third of the world's trade.

Canada has been negotiating its free trade agreement with Europe for several years and is in the final stages of negotiations. The United States is putting pressure on Canada to conclude the process soon. The deal is expected to save exporters in Canada and the EU some \$850 million annually in tariffs. The two have yet to agree about beef imports and exports. The EU prohibits imports of beef with hormones and antibiotics.

Both the U.S. and Canada seem to be prioritizing the conclusion of their separate treaties before initiating a continental treaty together with Mexico. Mexico has already concluded negotiations on free trade with Europe and a treaty is already in force. High-tech manufacturing in Mexico is already enjoying the prosperity that comes with free trade agreements. Corporations have been drawn to Mexico's business environment because of its highly trained, well-educated and low-cost [workforce](#).

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