How U.S. Trade Policy Has Contributed to Mass-Migration to America

As a result of President Obama's recent executive actions on immigration, America is finally starting to make progress on resolving the plight of undocumented immigrants in the nation. While a legislative overhaul is still needed to provide permanent status for the undocumented population in the United States, the recent executive actions move us one step closer to that goal.

Yet at the same time we are making long-overdue progress on immigrant rights and immigration reform, our country's continued misguided approach to trade policy risks accelerating a new mass-migration to the U.S. As Robert Blecker, Professor of Economics at American University recently wrote, "Trade agreements like NAFTA and CAFTA, far from lessening migration pressures, have only increased them, and more trade agreements like TPP will only make matters worse."[i]

Below is an overview how the past trade deals of NAFTA and CAFTA accelerated mass-migration to the United States. These are lessons to keep in mind as another trade bill built on the same misguided approach, the Trans Pacific Partnership (TPP), remains on the agenda in Washington, DC.

THE IMPACT OF NAFTA ON MEXICAN MIGRATION TO THE U.S.

- NAFTA, which went into effect in 1994, removed tariffs on U.S. agricultural imports and undercut local producers in Mexico. This displaced local farmers and increased low-wage and often seasonal agricultural employment.[ii] In total, nearly 5 million Mexican farmers were displaced while seasonal labor in agro-export industries increased by about 3 million – for a net loss of 1.9 million jobs.[iii]

- The annual number of immigrants from Mexico more than doubled from 370,000 in 1993 (the year before NAFTA went into effect) to 770,000 in 2000 – a 108% increase.[iv] Overall, the number of Mexican-born residents living in the U.S. more than doubled in the years following NAFTA's implementation and peaked at 12.6 million in 2009 before levelling off especially in response to the U.S. economic crisis.[v]

- The Pew Hispanic Center estimates, "Most of the U.S. unauthorized population comes from Mexico—52% in 2012…The unauthorized Mexican immigrant population grew dramatically through 2007, reaching a peak of 6.9 million, or almost five times the number in 1990 (1.4 million)," before declining during the U.S. economic downturn.[vi]

- As professor Douglas Massey wrote after assessing the first seven years of NAFTA, "The consolidation of Mexican markets under NAFTA, in short, unleashed precisely the sort of social, political, and economic transformations that have served as engines of international migration elsewhere in the world."[vii]

THE IMPACT OF CAFTA ON CENTRAL AMERICAN MIGRATION TO THE U.S.

- Agricultural imports from the United States to three CAFTA nations of El Salvador, Guatemala, and Honduras have increased 78 percent since CAFTA went into effect, precipitating the decimation of small farming operations in those countries.

- Family farmers in Guatemala – whose livelihood has been undercut by U.S. imports and whose land is being taken by agribusiness – have been placed in a difficult position: they can either migrate to urban areas, other countries including the U.S. or become low wage agricultural workers often employed by the same corporations and land owners that displaced them.[viii]

- The specific Guatemalan-born population of the U.S. grew by 137,629 or 19% from 720,901 in 2006 to 858,530 in 2012.[ix] Emigration has been so dominant that remittances by Guatemalans who live in other countries amounted to $5.24 billion in 2013 or 10% of total Gross Domestic Product.[x] The equivalent amount for the U.S. would be $1.6 trillion. One third of Guatemala's population, almost 5 million people obtain remittances from Guatemalans living in other countries. [xi]

- Overall, according to the Pew Hispanic Center, the Central American share of the undocumented immigrant population in the U.S. jumped from 12.1% in 2005 (the year CAFTA passed the U.S. Congress) to 15.2% in 2012– an increase of 26% in seven years.[xii]

WHY TPP COULD FURTHER ACCELERATE MIGRATION PRESSURES

- By removing tariffs on textile imports from Vietnam, the TPP would displace an estimated 1.2 million workers in the CAFTA countries and Mexico along with approximately 170,000 in the U.S. according to Mary O'Rourke, an industry analyst.[xiii]

- Dr. Sheng Lu, a textile industry analyst, predicts that a flood of cheap Vietnamese imports into the U.S. market would decimate the market share of apparel made in NAFTA and CAFTA countries.[xiv]

- If TPP goes into effect, the resulting decline in employment in Mexico and Central America would further destabilize these economies, decrease employment opportunities and act as an incentive for further migration.

As Robert Blecker wrote, "The TPP could divert significant amounts of trade and jobs away from Mexico and Central America. While NAFTA and CAFTA did at first move many manufacturing jobs across the United States southern border, the job gains in Mexico and Central America were offset by other trade-induced job losses within their economies…Now these economies stand to lose even more if countries like Vietnam and Malaysia get similar tariff preferences to what the members of NAFTA and CAFTA currently enjoy. This is especially true considering that many of the manufacturing jobs that were created are simply the final assembly of parts that are imported from Asia. If companies can enjoy the same, or

better, benefits from assembling products in other Asian countries, there is no need to ship the components as far away as Mexico or Central America.""[xv]

NAFTA and CAFTA have failed to deliver on the promises used by proponents to sell the controversial deals to a skeptical country. Congress would be wise to keep this in mind as proponents of the massive 20-nation TPP are trying to sell that deal with some of the same rosy promises that we heard about NAFTA and CAFTA.

At a time when we are finally making progress on immigration issues, we don't need to advance a trade bill that threatens to accelerate new rounds of mass-migration to the U.S. TPP would be bad for American workers AND for our neighbors to the south.

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[i] Robert Blecker op-ed in Baltimore Sun, "Trade Deals Worsen Immigration Pressures," October 3, 2014: http://www.baltimoresun.com/news/opinion/oped/bs-ed-trade-immigration-20141005-story.html

[ii] There are a number of sources that examine the impact of NAFTA on Mexico including the following: Center for Economic and Policy Research, Did NAFTA Help Mexico: An Assessment after 20 Years, February 2014. Public Citizen, NAFTA's 20-year legacy and the Fate of the Trans-Pacific Partnership, February 2014; AFL-CIO, NAFTA at 20, March 2014; Sierra Club, Institute for Policy Studies, Council of Canadians, Mexican Action Network on Free Trade, Sierra Club Canada, *NAFTA: 20 Years of Costs to Communities and the Environment*, March 2014

[iii] Center for Economic and Policy Research, Did NAFTA Help Mexico: An Assessment after 20 Years, February 2014 (CEPR, 2014)

[iv] Public Citizen, NAFTA's 20-year legacy and the Fate of the Trans-Pacific Partnership, February 2014, p. 22

[v] CEPR, 2014

[vi] Jeffrey Passel, D'Vera Cohn, and Ana Gonzalez-Barrerra, Pew Hispanic Center, "Population Decline of Unauthorized Immigrants Stalls, May Have Reversed," September 23, 2013: http://www.pewhispanic.org/2013/09/23/4-national-origin/

[vii] Douglas Massey, "March of Folly," *American Prospect*, December 19, 2001: http://prospect.org/article/march-folly

[viii] The transformation of small farmers to agricultural workers has been well documented. For example, see Oxfam, *Smallholders at Risk: Monoculture Expansion, Land, Food, and Livelihoods in Latin America*, April 23, 2014 and Verite*, Labor and Human Rights Risk Analysis of the Guatemalan Palm Oil Sector*, February 2014

[ix] Migration Policy Institute, MPI Data Hub, http://www.migrationpolicy.org/programs/data-hub/charts/largest-immigrant-groups-over-time.

[x] World Bank, Annual Remittances Data, http://econ.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/0,,contentMDK:22759429~pagePK:64165401~piPK:64165026~theSitePK:476883,00.html

[xi] International Organization on Migration, Perfil Migratorio de Guatemala 2012, June 2013, p. 52.

[xii] Jeffrey Passel and D'Vera Cohn, Pew Hispanic Center, "Unauthorized Immigrant Totals Rise in 7 States, Fall in 14," November 18, 2014: http://www.pewhispanic.org/2014/11/18/unauthorized-immigrant-totals-rise-in-7-states-fall-in-14/

[xiii] Clyde Prestowitz, A Tale of Two Trade Deals, Washington Monthly, April 10, 2013.

[xiv] Just-Style, Analysis: The Potential Impact of TPP on the U.S. Textile Industry, August 18, 2014 http://www.just-style.com/analysis/the-potential-impact-of-tpp-on-the-us-textile-industry_id122605.aspx

[xv] Blecker op-ed