

Santa Fe Border Assembly and Colloquy

REILLY URGES COOPERATION BEYOND THE BORDER

The joint U.S.-Mexico border cleanup is part of a larger, collaborative approach to environmental protection being undertaken by the United States and Mexico, according to U.S. Environmental Protection Agency administrator William K. Reilly. As examples of this binational cooperation, Reilly cited U.S. assistance in responding to Mexico City's air quality and hazardous waste disposal problems and U.S. emergency assistance following the recent sewer explosions in Guadalajara. Echoing comments by his Mexican counterpart, Luis Donaldo Colosio, Reilly told the recent Border Environmental Assembly and Colloquy that "the economic growth that will result from the free trade agreement is our best hope for protecting the environment, not only in the border area but continent wide."

Reilly listed a number of U.S. actions and commitments related to the Integrated Environmental Plan for the U.S.-Mexico Border Area announced earlier this year:

- Cooperation on enforcement measures, including inspector training programs, information exchanges, and border crossing spot checks
- Commitment of \$75 million to protect drinking water and to clean wastewater from border *colonias*
- An Agency for International Development \$50,000 grant to train Mexican government officials in environmental impact assessments
- An EPA seed grant of \$50,000 to the new Border Progress Foundation
- A grant of \$127,000 to New Mexico State University to continue its Project del Rio, a water quality monitoring project involving U.S. and Mexican high school students

COLOSIO CALLS FOR TRINATIONAL ENVIRONMENTAL MEETINGS

Luis Donaldo Colosio, head of Mexico's new Social Development Secretariat, has called for regular meetings of the environmental chiefs of Mexico, the United States, and Canada, in order to "build a stronger front for the protection of our environment, adjusting to new dimensions required by the North American Free Trade Agreement." Speaking before the U.S.-Mexico border Environmental Assembly and Colloquy, held in Santa Fe on June 25 and 26, 1992, Colosio expressed his desire to build on relationships established at the recent Earth Summit in Rio de Janeiro among William Reilly, U.S. Environmental Protection Agency administrator; Jean Charest of Environment Canada; and Colosio.

Mr. Colosio also sought to allay fears that the transformation of Mexico's former Urban Development and Ecology Secretariat (SEDUE) into the new Social Development Secretariat (SEDESOL) on May 26 signaled a reduced commitment to environmental protection. On the contrary, he said, "...for the first time, ecology is being taken as a substantial component of development and social change....Urbanization and industrialization processes are to be harmonized with ecological criteria."

SEDESOL is a super-agency that encompasses Mexico's widely publicized antipoverty effort, Solidarity; the National Institute for Environment, charged with designing and implementing environmental policies and programs; and a new Environmental Attorney General's Office for enforcement of environmental standards and regulations. The new enforcement agency will also hear public complaints related to noncompliance.

Secretary Colosio renewed the Mexican government's commitment to environmental cleanup and protection in the border area, citing recent plant closures and fines levied on polluters, as well as new water treatment plants at Matamoros, Nuevo Laredo, and Ciudad Juarez. All in all, he said, the Mexican government will spend \$160 million this year for border area environmental protection.

ENVIRONMENTAL MINISTERS TO MEET

The chief environmental officials of the United States, Canada, and Mexico are scheduled to meet in mid-September, according to sources close to the U.S. Environmental Protection Agency. The purpose of the historic gathering is to begin discussions on common North American environmental issues and concerns. A place for the meeting has not been announced.

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BORDERS AND WATER

John D. Wirth

Water issues on the U.S.-Mexican border and the role of inter-basin water transfers were the main topics of discussion in a one-day Border Water Conference held June 26 in Santa Fe. Coming just after the successful Border Assembly and Colloquy, this forum on North American Water issues was sponsored by NAMI and the Transboundary Resources Center at the University of New Mexico Law School, with funding from the MacArthur Foundation.

In his keynote address, Professor Lynton Keith Caldwell discussed water in the context of continental space and regions, building from the idea that "water has long been a case of tiered or layered assumptions and priorities." All the things that water is supposed to do, but no longer can (and shouldn't), meet at the border, where current growth is unsustainable and where planning is like "fixing the plumbing in an insane asylum." Yet limits to growth are anathema to consumers in the arid West, to whom the resurrecting of old and discredited water transfer ideas such as the North American Water and Power Alliance (NAWAPA) are appealing.

In attendance were the two heads of the International Boundary and Water Commission, Arturo Herrera Solis of Mexico and Narendra N. Gunaji of the U.S., along with Keith Henry, a Canadian former member of the International Joint Commission. In keeping with NAMI's focus and mission, the discussion flowed easily from border issues to a cumulative examination of the whole. Peter Emerson of the Environmental Defense Fund, Canadian environmentalist Barry Sadler, and Stephen Mumme of Colorado State University all contributed to this continental perspective.

Helen Ingram, director of the University of Arizona's Udall Center, began the morning session with an excellent overview of how to look at water in the western states, starting with water as opportunity --"If you have water you can dream"--and concluding with issues of control in a region of inequality which has also reached the eco limits of growth. J. Chad Day of the National Resource Management Program at Simon Fraser University delivered the afternoon paper, coauthored by Frank Quinn from Environment Canada. Inter-basin water

transfers within Canada have a troubled history; massive transfers south would make little sense when the real costs are considered. Water is much discussed in Canada today, both as a politically unpopular export (treated as any other commodity) and as a test case for a new economy based on sustainable development.

Proceedings from the Border Water Conference, including the papers and excerpts from the discussion, will be available soon from NAMI or from Professor Albert Utton, Director of the International Transboundary Resources Center.

John D. Wirth is President of the North American Institute.

GULF BINATIONAL ASSOCIATION PLANNED

A binational group will soon be established to address concerns affecting the entire Gulf of Mexico region. The association will consist of the governors of the states of Alabama, Mississippi, Florida, Texas, and Louisiana in the United States, and the Mexican states of Tamaulipas, Veracruz, Tabasco, Campeche, and Yucatan. The group will be concerned with issues such as responses to oil spills, fishing, agriculture, ports, and trade. (This information is from Andy Dunigan, formerly with the International Trade Commission and now in the Mexico City office of the Texas Department of Commerce.)

BINATIONAL BORDER FOUNDATION ESTABLISHED

At the recent border meetings in Santa Fe, officials announced the formation of the **Foundation for Border Progress** (in the U.S.) and the **Fundación Progreso Fronterizo** (in Mexico), parallel organizations designed to stimulate philanthropic activity to benefit the U.S.-Mexico border region. Both groups will be governed by a binational Board of Trustees composed of government officials, business executives, and community leaders familiar with the environmental and community problems of the border area. Congressmen Jim Kolbe (R-Arizona) and Bill Richardson (D-New Mexico) serve as Honorary Chairs of Border Progress/Progreso Fronterizo.

The mission of Border Progress, according to Program Officer Gail Sevrens, is twofold: (1) To stimulate and facilitate donations directly to nonprofit groups working in the areas of environment, health, and housing along the U.S.-Mexico border, and (2) To raise funds and make contributions to such groups and projects. (Ms. Sevrens is the author of a comprehensive needs assessment of the border area published in June by the World Environment Center.) Border Progress recently received a seed grant of \$50,000 from the U.S. Environmental Protection Agency, and a variety of corporations--including General Motors, Sony, Johnson & Johnson, and Eastman Kodak--have expressed strong interest.

Foundation President Richard Opper, a San Diego environmental lawyer, says that Border Progress funds will be used to support "a variety of solutions through a variety of organizations," including low-tech and cost-effective ways to "change peoples' lives for the better," such as replacing toxic waste barrels currently used by some border residents to store drinking water or conducting educational campaigns about health and environmental concerns. Activities planned by Border Progress for 1992 include:

- Providing initial grants to nonprofit organizations
- Publication of a *Guide to Corporate Giving in the U.S.-Mexico Border Area*
- Inauguration of a quarterly newsletter
- Fundraising activities, including a major fundraising reception

Offices of the Foundation for Border Progress are located at the Institute of the Americas on the campus of the University of California at San Diego. Progreso Fronterizo will establish offices in Ciudad Juárez, Chihuahua. For information contact Border Progress Foundation, PO Box 70164, San Diego, CA 92167, telephone (619) 453-9736.

The Potential Development of a Rocky Mountain Trade Corridor

Larry Swanson

The dominant trend among the world's advanced economies is their increasing internationalization. Borders between countries are more open, trade between nations is increasing, and continental trading blocs are forming. Within these trading blocs, regions of important economic interaction and interdependency are becoming larger.

No single trading relationship between any two nations in the world is larger and more important than the one between Canada and the United States. Historically, trade between Canada and the United States has been concentrated in the East, involving trade between suppliers and buyers in eastern states and provinces. However, several factors point to considerable expansion in north-south trade among western states and provinces in the post-[U.S.-Canada] Free Trade Agreement era.

U.S.-Canada trade expansion in the West will not happen in a random fashion. Transportation grids link resources and input suppliers, manufacturers and processors, wholesalers and distributors, and retailers and consumers. The movement of materials, goods, and people involved in trade tends to become channeled into a few particularly favorable routes having particularly favorable transportation systems. As regional trade expands and becomes routine, these transportation routes become well-defined "trade corridors."

Since the adoption of the Free Trade Agreement, western states and provinces are becoming more involved in trade as exporters, importers, and movers of goods. Because trade flows to and away from growing regions, this westward shift in U.S.-Canada trade should continue. Trends in both countries indicate a westward shift in population growth. The accompanying economic expansion and diversification should lead to an increasingly diverse assortment of goods produced and exchanged by western states and provinces, as well as increasing exchange in services.

Three western continental trading corridors should emerge to accommodate expanding Canada-U.S. trade. The first is the Pacific

Coast Trade Corridor, stretching from British Columbia to California, but focused between Vancouver, Seattle, and Portland. Another is located in the Upper Great Plains region, stretching from the grain fields of Saskatchewan and Manitoba to Minnesota and the Great Lakes--channeling trade through the Red River Trade Corridor of Manitoba, North Dakota, and Minnesota.

Between these two western corridor regions, a third north-south corridor should emerge--the Rocky Mountain Trade Corridor. This corridor links a growing Alberta and its metro centers of Edmonton and Calgary to a growing U.S. Rocky Mountain region and the western "hub cities" of Denver and Salt Lake, and to growing regions further south in California, the Southwest, and Texas. Development of this corridor may be enhanced if Mexico ultimately joins with the U.S. and Canada in a larger North American free trade alliance.

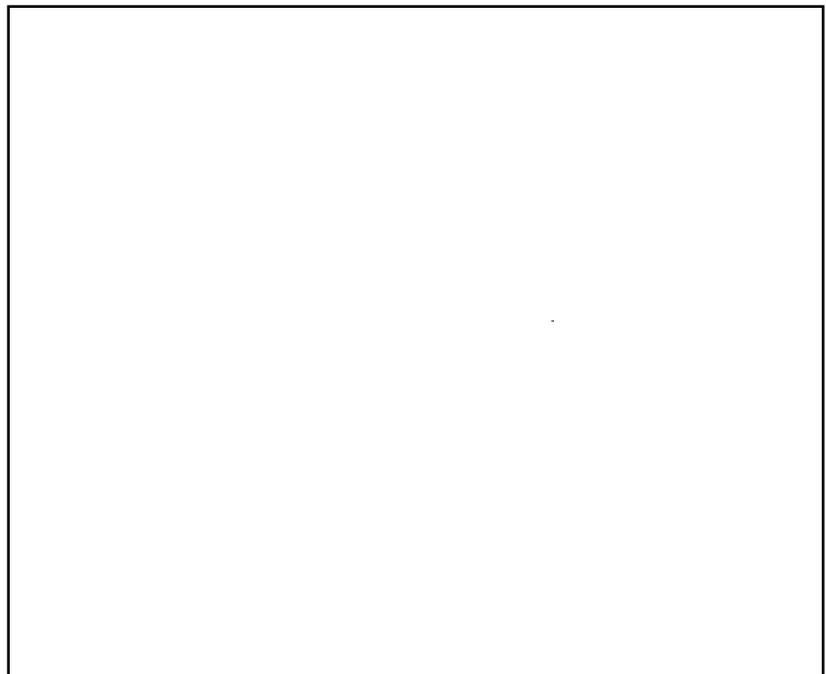
As north-south continental trading expands, the economies of cities and towns in and nearby these emerging trade corridors will grow. Increasing demands will be placed upon transportation facilities and providers. Inadequate transportation infrastructure will need to be upgraded and improved.

Provisions for this are in the the recently adopted U.S. Transportation Act ("Intermodal Surface Transportation Efficiency Act of 1991"). The Act instructs

the Secretary of Transportation to "identify existing and emerging trade corridors and transportation subsystems that facilitate trade between the United States, Canada, and Mexico" and to develop priorities and recommendations for improving "rail, highway, water, and air freight centers" within these corridor areas in cooperation with affected states and provinces. Multi-state transportation planning in the Rocky Mountain region in cooperation with Alberta and other provinces could greatly assist in furthering the development of a Rocky Mountain Trade Corridor.

Domestic trade in both the United States and Canada has historically focused along east-west axes. This geographic alignment reflected the east-to-west settlement and development followed in both countries and was further sanctioned by barriers to north-south, continental trading posed by U.S.-Canada trade barriers. As these barriers are removed under the Canada-U.S. Free Trade Agreement, attention is being given to north-south trading opportunities, without obstacles presented by national borders.

Larry Swanson is Director of Economic Analysis for the Bureau of Business and Economic Research and Associate Professor, School of Business Administration, University of Montana. This article is excerpted from a paper delivered at the Rocky Mountain Trade Corridor Conference, Lethbridge, Alberta, September 1991.



Researching North American Transportation

Efficient transportation is key to both economic development and North American integration. Economies of cities and regions are dependent on commerce, which in turn is dependent on access to roads, rail, ports, and airports. Given these relationships, it is surprising that a comprehensive approach to studying and monitoring inter-modal transportation systems in North America has not yet been implemented.

Partly to answer this need, the **Alliance for Transportation Research (ATR)** has been established as a consortium of two universities (the University of New Mexico and New Mexico State), two major national laboratories (Los Alamos and Sandia), and the New Mexico Highway and Transportation Department. Although based in New Mexico, the work of the Alliance transcends state and national boundaries.

One of the group's initial projects, for example, is a study of the emerging Rocky Mountain Trade Corridor (see accompanying article), done in cooperation with the University of Montana, the Center for the New West, and the Institute of Transportation in Mexico. While the University of Montana is monitoring border crossing traffic with Western Canada, ATR is looking at activity across the U.S.-Mexico border. As part of the study, Sandia National Laboratories are analyzing potential traffic flow and patterns from the planned border crossing at Santa Teresa, New Mexico. This new crossing lies in close proximity to major north-south and east-west surface trade routes, and an airfield there is being enlarged to accommodate Boeing 727 aircraft. Santa Teresa is seen as a likely distribution center for the movement of Pacific Rim products to *maquiladora* operations in Mexico.

The Alliance for Transportation Research is currently involved in seven areas of research:

- Data and Communications
- Ground Truth and Sensors
- High-Speed Rail and Magnetic Levitation
- Human Factors
- Materials
- Simulation
- System Architecture

All ATR research projects focus on effi-

ciency, safety, and the environment. A Barcelona Olympics Air Quality Initiative, for example, is looking at the relationship between transportation and air quality, using sophisticated backscatter lidar technology developed at Los Alamos National Laboratory. During the Olympic Games, approximately ten square kilometers of the city of Barcelona were essentially without vehicular traffic. Air pollution levels were measured before and during this period of restricted traffic flow to verify existing models. The lidar study will be combined with traffic data evaluation by a consortium of private companies from the U.S., Canada, and England. The study's findings will be applicable to cities all over the world.

Impact on air quality is becoming a primary criterion for evaluating prospective transportation systems, according to ATR Vice President Dennis Hecker, who says "Air quality will be the lever that will force us to stop building more roads and look to other modes of transportation." This is borne out by a recently published study by the World Resources Institute on the real cost of driving, which estimates the cost of vehicular air pollution as enormous.

What distinguishes the ATR from previous collaborative transportation research efforts is its systems integration approach. Private corporations are involved in every step of ATR projects, in order to ensure the rapid development of commercially viable solutions to transportation and environmental problems. Hecker points out that ATR can develop such solutions "from idea to product" in a multinational context, working in cooperation with Mexican and Canadian entities. The Geographic Information System for Transportation software (GIS-T), developed originally by Sandia Labs for national defense purposes, enables ATR to integrate information on dissimilar modes of transportation to understand the movement of goods, people, and energy as a *system*.

Canadian Airlines Eye Possible U.S. Mergers

Air Canada, after suffering losses last year of \$218 million on revenues of \$3.6 billion, is pursuing negotiations aimed at forming an alliance with US Air, the sixth-largest U.S. airline, based in Arlington, Virginia. Before consummating any such deal, however, Air Canada must stem its losses, which is the goal of newly appointed president and chief executive officer Hollis Harris. Harris, a native of Atlanta, Georgia, left Delta Air Lines in 1990 after being passed over for the top job, and spent 18 months at financially troubled Continental Airlines before joining Air Canada. Harris has implemented drastic cost-cutting measures including laying off 350 employees, restructuring management, and selling off several major assets.

Air Canada's chief rival, PWA Corp., based in Calgary, is also planning a merger—with American Airlines of Dallas. American is expected to announce shortly that the U.S. airline is acquiring a 25 percent stake in PWA's Canadian Airlines. In turn, PWA will merge its administrative, reservation, and scheduling functions with American's system. Canadian analysts fear that if both PWA and Air Canada forge strategic alliances with U.S. carriers, the result could be severe curtailment of Canadian routes that feed into U.S. hubs for most international flights. A way to avoid that possibility would have been for Air Canada and PWA to form their own all-Canadian alliance, a plan that was explored earlier this year and later abandoned.

This takes place against a backdrop of combined losses in the North American airline industry of \$5.2 billion over the past two years, and the impending threat of competition from European airlines soon to be deregulated. In addition, Canadian and U.S. officials are meeting in Ottawa to push ahead with a proposed Open Skies treaty to permit airlines in one country greater access to the other. (*Maclean's*, 7/6/92)

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NAFTA/U.S.: Assessing Potential Impacts

In what has already become a journalistic cliché, newspapers are featuring profiles of U.S. industries that would feel the impact of the proposed free trade agreement. One of the more thorough of these articles was published as part of a series entitled "A New North America" in *The New York Times*. Focusing on the glass industry in West Virginia, the article illustrates the complexity of predicting impacts in an already globalized economic environment. Workers at the Corning plant in Martinsburg, West Virginia, can expect increased job security and probable expansion as a result of tariff reductions and increased sales in Mexico, since Corning has already formed an alliance with Mexico's giant Vitro S.A. However, other small West Virginia producers of hand-made glass face possible financial ruin from increased competition from tariff-free Mexican glass. Richard Dulude, head of the Corning-Vitro joint venture, contends the Mexican products would replace imports from Europe and southeast Asia instead of competing with small West Virginia companies. Overall, the creation of a relatively free market of 370 million North American customers should result in a net increase of 100,000 jobs in the U.S. in the next decade, according to economist Gary Hufbauer at the Institute of

International Economics in Washington. According to the *Times*, "So far the issue of compensating losers (i.e., training of displaced workers and other readjustment mechanisms) has received limited attention. The reason is partly the federal budget deficit but also the Administration's position that government should not interfere in the market by helping any specific industry." (*New York Times*, 7/21/92)

The North American Free Idea Agreement

The Free Idea Agreement is an effort to encourage "a North American aesthetic dialogue" among artists of different racial, ethnic, and social backgrounds from Canada, the U.S., and Mexico. The Agreement is founded by Joe Lambert, executive director of San Francisco's Life on the Water Theater, and Mexican performance artist Guillermo Gomez-Pena. It is cited by Elizabeth Anderson, director of the Canadian studies program at Augsburg College in Minneapolis, as one of a growing number of partnerships among Canadian, American, and Mexican artists in response to "the potentially homogenizing effects of a global culture run by multinational corporations." Anderson provides a comprehensive survey of contemporary expressions of Canadian cultural autonomy in an article entitled "Oh Canada!" in the July/August 1992 issue of *Utne Reader*.

NAFTA/Canada: Economic Growth and Popular Opposition

Recent economic studies by the University of Toronto, the International Monetary Fund, and others indicate that Canada has become more competitive as a result of its 1989 free trade agreement with the United States and may soon be able to outpace all major industrial nations in economic growth. The Toronto analysis found that freer trade has stimulated growth, increased productivity, lowered the rate of inflation, and lessened the severity of the recession. Others have pointed out that the globalization of Canadian enterprises has provided an additional measure of protection against arbitrary American trade decisions. Highly publicized plant closings have been offset in part by the quiet expansion of large companies (including American multinationals) in Canada.

The United States and Canada represent the largest commercial relationship in the world, doing \$200 billion of trade with each other. More than 75 percent of Canada's exports went to the U.S. last year, while almost 70 percent of its imports came from the U.S. Exports to the U.S. account for 20 percent of Canada's gross domestic product. No other country is so economically dependent on a neighbor. The opening up of new markets in Mexico should help diversify Canada's trade and reduce dependence on the United States. Canadian exports to Mexico have so far been below \$.5 billion, although Canadian firms seem to be aggressively pursuing Mexican markets in financial services, high-tech electronics, and telecommunications.

Nevertheless, popular opposition to expanding the free trade pact to include Mexico remains strong. A recent survey by the Angus Reid Group found that 64 percent of Canadians oppose the proposed North American treaty, and 66 percent are still against the initial agreement with the United States. The provincial governments of Ontario and British Columbia have demanded that Canada walk away from the negotiating table. Free trade opponents include a coalition of labor and farm interests and social activists, who cite high unemployment and what they see as greater U.S. economic hegemony and a resultant threat to Canadian sovereignty. (*New York Times*, 7/22/92)

NAFTA Becomes A Campaign Issue

Democratic Presidential nominee and avowed free trader Bill Clinton appears to be heading toward qualified opposition to the pact, according to a recent *Los Angeles Times* article published in papers around the country. Clinton was quoted as telling a labor audience in San Francisco: "From everything we read, the treaty has a whole lot of things in it for people who want to invest money and nothing for labor practices [or] for the environment. It looks like they're going to take a dive and just go for the money, and it's wrong." Clinton's comments reflect an apparent division among his advisors; some hope that Clinton will urge passage of a "credible" agreement while promising to open new negotiations in certain key areas if elected president.

House Majority Leader Richard A. Gephardt of Missouri wrote a column appearing in U.S. newspapers on August 1, in which he urged substantial revisions to

the agreement, which he regards as seriously flawed with respect to labor and environmental provisions. Gephardt cites as precedent the congressionally mandated reworking of the 1989 free trade agreement with Canada. Gephardt concludes: "A good free-trade agreement would lower tariff barriers but also include provisions to finance needed improvements in infrastructure and protections for the rights of Mexican workers. A comprehensive accord would raise environmental and labor standards in Mexico. A far-sighted pact would include comprehensive provisions for worker adjustment and retraining--much like those operating in the newly integrated European Community--to ensure the livelihoods of American workers who are displaced by the impact of a free trade agreement. In sum, properly negotiated, this agreement could live up to its advance billing as a blueprint for expanded economic growth and social justice throughout the Western Hemisphere." (*Albuquerque Journal*, 8/1/92)

NAFTA / Mexico:

It's Already Happening

U.S. companies are acting as if the North American Free Trade Agreement already existed. This is the conclusion of a lengthy feature in *The Washington Post National Weekly Edition*. More than 250,000 of the automobiles and trucks sold last year in the United States were made in Mexico. All of GE's gas stoves are now assembled in Mexico--with 85 percent of the stoves' components shipped from the United States to the new GE factory in San Luis Potosí. The principal job-loss threat of this new economic integration is not to the United States, but rather to Taiwan, Hong Kong, Singapore, and South Korea. For example, AT&T used to make all of its answering machines in Taiwan, but has now expanded its production in a new \$200 million plant in Guadalajara. AT&T still uses Asian-made electronic components in the machines, but the company plans to shift its supply base to the United States soon.

U.S. companies have begun to shift from *maquiladora* operations to full scale factories in Mexico. Ford Motor Co., for example, manufactures Mercury Tracers and Ford Escorts for sale in the United States in a plant in Hermosillo that was judged in a 1990 Massachusetts Institute of Technology study as the highest quality auto assembly operation in the world. Three-fourths of the value of the cars--including brakes, fuel tanks, electronic components for the instrument panel, interior trim and parts of the seats--come from the United States. Overall, U.S. exports to Mexico have increased from \$20.6 billion in 1988 to \$33.3 billion last year.

While U.S. investments in Mexico have created thousands of jobs, not all Mexicans have reaped the benefits of the opening economy. "The cost has been high in terms of social justice," writes Federico Reyes Heróles. "Today the rich are richer, and the poor are poorer." A recent study at the National Autonomous University of Mexico estimated that low-end wages in manufacturing have lost 36 percent of their value since 1982, those in agriculture have lost 51 percent, and those in the civil service 41 percent. The National Chamber of Manufacturers estimates that 5.7 million Mexicans, more than one-fifth of the work force, scratch out a living in underground jobs (selling on streetcorners, carrying veg-

etable boxes in markets, washing windshields, and the like) that account for up to 10 percent of the nation's economic activity.

Similarly, many of Mexico's 90,000 small and medium-sized businesses will be unable to compete with U.S. and other foreign firms investing in Mexico. It is estimated that about 9,000 such small companies have gone under in the last two years. Salvador Garcia Linan, director of the Mexican Small and Medium Business Institute, cites the wave of U.S. franchise operations as an example of the kind of damage that is likely. He estimates that for every McDonald's or Domino's pizza that begins operations, three to six small lunch counters in a five-block radius go out of business.

NAFTA IN THE NEWS

The move toward economic integration under liberalized trade is perhaps best symbolized by the city of Monterrey, home to Mexico's two largest multinational corporations, cement producer CEMEX and glass maker Vitro, S.A. Monterrey boasts a new 250,000 square foot convention center, the most satellite dishes per capita in the world, and a new highway that will reduce driving time to San Antonio to four and a half hours. The state governor, Socrates Rizzo, observed recently, "We are moving toward the integration of Texas and northeastern Mexico in a single region." (*Washington Post National Weekly Edition*, 6/1/92, and *New York Times*, 7/24/92)

Managed Trade?

The *Wall Street Journal* also ran a long, front-page article by reporter Bob Davis with the headline, "Pending Trade Pact With Mexico, Canada Has Protectionist Air: Politically Potent Companies Get Array of Safeguards Against Europe and Asia." The article asserts that the NAFTA "creates a set of rules whereby the three countries combine to help some of their own multinational companies at the expense of outsiders." Examples cited include rules of origin that favor U.S. automakers such as General Motors over Japanese firms, and television manufacturer Zenith Electronics Corp., which will benefit from restrictions on TV sets containing foreign-made picture tubes. These trilateral protectionist measures are being defended as necessary to win NAFTA approval in the U.S. Congress and to undergird U.S. industries presently operating in Mexico. GM, for example, claims it is stuck with inefficient factories that require time to modernize in order to eventually compete with Toyota and Honda. The Journal quotes a senior trade official as saying, "You'll have a welter of arrangements, some of which look like more regulation. But that's an illusion: they're simply transitional agreements." Bernard Aronson, assistant secretary of state for inter-American affairs, says, "I don't call NAFTA protectionist. I call it staying competitive." Writer Davis comments that "whatever it is, it isn't free trade." (*Wall Street Journal*, 7/22/92)

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