Philosophy, Economics and Law Review
Vol. 4. No. 2. 2024
Received: 03.08.2024
Revised: 24.11.2024
Accepted: 25.12.2024
Journal homepage: https://phelr.com.ua/en
UDC 339.924
DOI: 10.63341/2786-491X-2024-2-36

Formation and development of regional economic integration in North America (a case study of NAFTA)

Spartak Gabroshvili*
Graduate Student
Yaroslav Mudryi National Law University
61024, 77 Hryhorii Skovoroda Str., Kharkiv, Ukraine
https://orcid.org/0009-0005-7330-0287

Abstract. The study focused on analysing the stages of development and formation of regional economic integration in North America. The methodology involved a comprehensive assessment of the evolution of integration processes and their impact on the participating states' economies, political systems, and social aspects. The research examined the legal framework and economic changes resulting from integrating the USA, Canada, and Mexico under the North American Free Trade Agreement and its modern successor, the United States-Mexico-Canada Agreement. Attention was given to various forms of regional integration, ranging from free trade areas to political unions. A key aspect of the study was the legal regulation of integration processes, including the harmonisation of national legislation with international agreements and the role of supranational bodies in ensuring compliance and resolving disputes. The study examined the economic and political prerequisites for the agreement's conclusion, as well as the legal mechanisms governing international trade, investment, intellectual property, and dispute resolution. The United States' exports to Canada increased from USD 43.5 billion in 1994 to USD 91.9 billion in 2019, while exports to Mexico rose from USD 50.8 billion to USD 256.4 billion over the same period. Similarly, imports from Canada grew from USD 31 billion to USD 202.7 billion, and imports from Mexico followed the same trend, increasing from USD 31 billion to USD 202.7 billion. Notably, the USA's exports to USMCA member states rose from USD 580 billion in 2020 to USD 860 billion in 2023, while Canada's exports increased from USD 230 billion to USD 520 billion, and Mexico's from USD 250 billion to USD 540 billion. The practical significance of the study lies in the potential application of its findings to enhance the legal mechanisms of regional integration, formulate economic and environmental policies, and support decision-making in international trade, investment, and labour standards by governments and international organisations

Keywords: regional economic integration; international trade; international agreements; legal regulation; North American Free Trade Agreement; United States-Mexico-Canada Agreement

Introduction

With its significant economic power, North America plays a vital role in the global economy. The last 30 years have been characterised by a particular emphasis on the processes of regional economic integration, in particular thanks to the North American Free Trade Agreement (NAFTA) (1992). Signed in 1992 between the USA, Canada and Mexico, this agreement became one of the largest economic integration projects in the world. In the context of globalisation, which contributes to the growth of economic interdependence between states, the issue of developing regional integration initiatives is becoming increasingly important.

Integration in North America is important for several reasons. It stimulates economic growth, removes trade barriers and improves the investment climate. In addition to the economic impact, integration processes also change the social, political and environmental aspects of the life of the participating states. Therefore, the study of such agreements is important for understanding the general trends in the development of the

Suggested Citation:
Gabroshvili, S. (2024). Formation and development of regional economic integration in North America (a case study of NAFTA). *Philosophy, Economics and Law Review*, 4(2), 36-49. doi: 10.63341/2786-491X-2024-2-36.

*Corresponding author

world economy. Analysing NAFTA's experience provides insight into how economic integration shapes the economies of the three countries and their position in the global landscape. The most common types of integration are agreements that reduce or eliminate trade barriers, and simplify the movement of capital and labour. These principles are implemented through the obligations of the participating countries at the legislative level, as well as through the creation of joint regulatory bodies and dispute-resolution mechanisms.

In the process of analysing the establishment of regional economic integration in North America, researchers paid particular attention to assessing the impact of NAFTA on the economies of the participating countries and global trade. In particular, V. Verhun *et al*. (2020) emphasised that the agreement contributed to a significant increase in trade between the USA, Canada and Mexico, which allowed the creation of one of the largest free trade zones in the world. At the same time, A.K. Kikkawa *et al*. (2019) noted that this process had a heterogeneous impact on individual industries, in particular, on the manufacturing sector of Mexico, which faced competition from the more powerful US economy. J. Berasaluce & J.A. Romero (2020) focused on the role of NAFTA in attracting foreign investment to Mexico, which became a catalyst for economic growth, but, according to the authors, could not solve the problem of economic inequality between the regions of this country. V.M. Cuevas Ahumada & R.I. López Churata (2019) believed that one of the main advantages of the agreement was the creation of opportunities for the development of entrepreneurial activity due to a more favourable institutional environment. However, this sometimes led to the displacement of less competitive local producers. F. Benguria (2023), in his analysis of NAFTA's impact on the labour market, noted that while employment growth was observed in the USA and Canada, the agreement simultaneously caused a decrease in the number of low-skilled jobs, as production moved to regions with cheaper labour. A different approach was demonstrated by X. Zhao *et al*. (2020), who studied the impact of the agreement on consumers and concluded that consumers benefited from lower prices for goods due to increased competition and optimisation of production chains. F. Gladstone *et al*. (2021) pointed out that integration within NAFTA increased environmental pressure on countries, especially in the context of industrial production in Mexico, where environmental standards remained lower than in the USA and Canada. R. Labonté *et al*. (2019) drew attention to issues related to regulatory harmonisation and noted that it often caused tension between countries due to differences in approaches to protecting the rights of consumers and workers. In a more general context, E. Eteria (2022) considered NAFTA as part of global integration trends and emphasised that its experience can serve as a model for other regions of the world, although it requires adaptation to local conditions. A. Trejo-Nieto (2023) analysed the transformation of NAFTA into the United States-Mexico-Canada Agreement (USMCA) (2018), emphasising that the changes were aimed at solving many critical problems identified in the previous agreement, such as the distribution of benefits between countries and environmental challenges.

Thus, the generalisation of previous publications has revealed the multidimensional impact of NAFTA and emphasises the importance of its analysis in modern conditions. One such aspect that has not been explored by other authors is the impact of NAFTA on social changes in the participating countries, in particular on the level of social inequality and working conditions. In addition, there is insufficient research on the relationship between political and institutional changes in countries and their impact on the effectiveness of the agreement, which is an important aspect for assessing the sustainability and possible directions of NAFTA's development.

This study aimed to comprehensively analyse various aspects of NAFTA's impact on the state-legal and socio-economic development of North American countries, as well as to assess the long-term consequences for regional economic integration. The objectives of the study were to examine the social changes caused by NAFTA, in particular their impact on the level of social inequality and working conditions in the countries participating in the agreement, as well as to study the relationship between political and institutional changes in the countries and their impact on the effectiveness of economic integration.

Materials and methods

This research employed a broad spectrum of analytical approaches and methods to assess the processes of regional economic integration, particularly through the analysis of the North American Free Trade Agreement (NAFTA) (1992) and the United States-Mexico-Canada Agreement (USMCA) (2018), and their impact on the economies of the USA, Canada, and Mexico. To evaluate the effectiveness of integration processes, both quantitative and qualitative methods were used, including a comparative analysis of economic indicators and statistical data, which allowed for a detailed assessment of changes in the economies of the participating countries.

To analyse foreign trade, export and import volumes, and structural shifts in national economies, data from the Statista database (n.d.) were used, allowing the dynamics of trade relations between the countries to be traced from 1994 to 2020 under NAFTA and from 2020 to 2023 under USMCA. Comparative analysis methods made it possible to assess changes in economic relations between the USA, Canada, and Mexico after the signing of NAFTA and compare them with the current USMCA agreement. For this purpose, a sample of indicators was used, such as the share of exports and imports in the GDP structure of each country, as well as changes in the volume of trade between countries. This approach provided insights into how economic relations evolved and the outcomes of the agreement for the three leading economies of North America.

The study also applied methods of analysing international agreements and legal acts related to NAFTA and USMCA. This included reviewing the main provisions of the agreement, such as rules of origin, dispute resolution mechanisms, issues of investment and intellectual property protection, as well as social and labour standards. These provisions were analysed from documents such as NAFTA and the North American Free Trade Agreement Implementation Act (1993). The analysis also covered changes in legal mechanisms that occurred after the modernisation of NAFTA as part of the signing of USMCA in 2018.

To study economic changes and integration processes under the USMCA agreement, the official USMCA website was used as the main source of data. This resource contains up-to-date information on the regulatory framework, economic reports, as well as statistical data on trade, investment and employment in the participating countries. To assess the impact of integration on the economies of countries, methods of economic modelling and statistical analysis were used. This enabled an examination of the long-term effects of integration by analysing the export and import of goods and services, as well as the influence of factors such as changes in labour standards, industrial development, and job creation. Particular attention was paid to the social and environmental consequences of integration. The impact of the agreement on working conditions and income levels, as well as environmental standards, particularly in Mexico, where increased production was accompanied by a deterioration of the environmental situation due to the low level of environmental protection, was studied.

Results

Regional economic integration is a complex process that involves the unification of several countries for joint economic development by eliminating barriers to trade, creating common economic spaces, and harmonising national policies. The basis of this process is the idea of increasing the efficiency of resource use and creating more sustainable economic systems within the integrated region. Integration can manifest itself in various forms. The simplest is a free trade area, which involves the abolition of customs and trade restrictions between the participating countries. The next level is a customs union, which complements the free trade area with a single customs policy towards third countries. The common market includes not only free trade but also the free movement of labour, capital and services (Yakoviyk, 2014). The economic union unites economies at the policy level, including the harmonisation of financial and social systems. The highest form of integration is a political union, where countries delegate a significant part of their sovereignty to supranational bodies. The stages of integration usually develop gradually: from the conclusion of trade agreements and the reduction of barriers to the full harmonisation of economic and political policies. Each stage requires deep cooperation between countries and institutional adaptation.

The effectiveness of regional integration largely depends on the legal framework that governs relations between participating countries. The foundation is international agreements, which record the obligations of the parties to create a free trade area, customs union or other forms of integration. Such agreements often regulate aspects of market access, tariff policy, investment guarantees, environmental standards and dispute resolution mechanisms. An important part of integration is the harmonisation of the domestic legislation of the participating countries with the requirements of international agreements (Jetschke & Murray, 2020). This includes harmonising the trade, financial, labour and environmental legislation of the participating countries to ensure the effective functioning of both the integration association as a whole and each member state. For example, within the EU, member states must comply with the provisions of EU regulations, which ensure the unity of the market. A special role is played by the European Commission, which represents supranational (pan-European) interests and is informally called the "guardian of the founding treaties", given its obligation to oversee compliance by member states with EU law. EU institutions are designed to help resolve conflicts that may arise in the process of the functioning of the integration association.

The EU is a prime example of successful regional economic, and later political, integration. Starting its operation in 1951, when the European Coal and Steel Community was created, a united Europe went through stages in its development from the formation of a customs union to the creation of a single market, and then to the formation of an economic and monetary union. This allowed the EU to coordinate national policies in such important areas as trade, transport, environmental protection and social security, creating a stable and prosperous economic zone (Hartley *et al*., 2020). The EU experience has become a model for the creation of other regional associations, which has demonstrated the importance of both economic and political integration for achieving sustainable development. One can mention such integration projects as the Association of Southeast Asian Nations and the Regional Comprehensive Economic Partnership, which are focused on the gradual liberalisation of trade and investment. These projects contributed to the reduction of trade barriers, however, unlike the EU, did not lead to political integration (Anwar, 2020).

At the end of the 20th century, integration processes spread to other regions. One such example is NAFTA, signed in 1992 (ratified in 1994), which united countries with different socioeconomic and political realities. Agreements like NAFTA reflect an adapted version of the European experience, where political integration was not the main goal. The integration models that emerged in North America, Asia and Latin America are developing taking into account the specifics of their realities and needs, which differs from European standards (Stanford, 2019). One of the important features of integration processes is the link between economic integration and state sovereignty. Within integration associations, member states deliberately resort to delegating the right to exercise certain sovereign rights and powers to the supranational level. This process usually takes place based on the principle of subsidiarity, when the institutions and bodies of the integration association are involved in the implementation of only those functions that cannot be effectively performed independently by national governments (Yakoviyk *et al*., 2018).

The signing of NAFTA was the logical result of long-term preparatory economic and political processes taking place in the region. This agreement united the USA, Canada and Mexico into one of the world's largest free trade zones, opening up new opportunities for economic and social development. It should be noted that the prerequisites for its conclusion were complex and multifaceted, including both economic and political factors. The economic conditions for the creation of the agreement arose due to the complementarity of the economies of the three countries. The USA, as the largest economy in the world, sought to find new markets for its high-tech products and reduce costs, partially relocating production to countries with lower labour costs. Mexico, striving to modernise its infrastructure and stimulate economic development, tried to attract foreign investment and create new jobs. Canada, as a major supplier of raw materials and industrial goods, tried to maintain access to the US market, as its main trading partner.

At the end of the 20th century, global economic changes became an important factor that prompted the three states to sign the agreement. The processes of globalisation and the opening of world markets forced countries to join forces to strengthen their competitiveness. For Mexico, the conclusion of NAFTA was an important stage in the implementation of the economic liberalisation policy, which began in the 1980s after structural reforms and the transition to a market economy. Political factors also had a significant impact. The governments of the USA, Canada and Mexico viewed the agreement not only as an economic instrument but also as a strategic step. For the USA, this was an opportunity to strengthen stability on the southern border, as economic growth in Mexico could contribute to reducing illegal migration and strengthening the fight against drug trafficking. For Mexico, integration with the economies of the USA and Canada symbolised the desire for modernisation and democratic reforms. For Canada, NAFTA opened up the opportunity to ensure balance in trilateral relations, protecting its own interests during negotiations with the USA (Lai, 2021).

The main points of the agreement cover a variety of economic and legal aspects governing trade, investment, intellectual property protection and dispute resolution mechanisms. One of the main goals of NAFTA was to create a free trade area, which involved the gradual elimination of tariff and non-tariff barriers between the three countries. The agreement included a clause on the gradual abolition of customs tariffs on most goods within 15 years, which contributed to the development of mutual trade, particularly in such sectors as automotive, agriculture and electronics production (Walmsley & Minor, 2021). NAFTA contributed to the significant liberalisation of trade in services and created a legal framework for the protection of investments. Investors received guarantees against discriminatory measures and nationalisation without adequate compensation. Mechanisms for the protection of intellectual property rights were also defined, in particular standards in such areas as copyrights, patents and trademarks.

International agreements on economic integration, such as NAFTA and USMCA, have significantly influenced the structure of industries that are key to the global economy. The oil and gas sector, as one of the most important in the world, has become an example of how integration has contributed to accelerating its development, growth of transnational trade and the introduction of innovations. However, this process is not limited to oil and gas: integration has created conditions for the energy transition to renewable energy sources, which is gradually transforming the dependence of states on fossil fuels.

The oil and gas industry has historically held a central place in the economies of countries such as the USA, Canada, and Mexico. Trade agreements, particularly NAFTA, have contributed to the deepening of economic ties between these countries, which ensured the unhindered movement of energy resources. For the USA, this integration meant access to cheaper raw materials from Canada (for example, oil from oil sands) and Mexico, which allowed to reduce the cost of domestic production. Canadian companies, in turn, gained stable access to the American market, where demand for oil and gas remained high, and joint projects allowed the use of joint technological innovations (Eckhouse & Zalik, 2022).

Mexico, which had significant reserves of hydrocarbons, benefited from the technologies, investments, and knowledge that became available through integration. However, its dependence on American consumers gradually increased: a significant part of Mexican oil was exported to the USA, while imported processed products, such as gasoline, provided for Mexico's domestic demand. Thanks to integration, infrastructure was also developed, in particular oil pipelines, gas pipelines and processing plants. For example, the construction of cross-border energy projects greatly facilitated the transportation of raw materials and finished products, minimising logistical costs. This particularly affected the US economy, which actively imported heavy oil from Canada for its refineries in Texas, which specialised in processing this type of raw material (Winham & Grant, 2019).

Integration has created favourable conditions for a gradual transition to renewable energy sources. In the USA, for example, trade agreements have made it possible to reduce the cost of importing necessary components for "green" energy, such as solar panels and wind turbines. Investments in research and development have become more accessible through transnational cooperation with Canada and Mexico. Canada, with its large resources of hydropower, actively exported electricity to the USA, which contributed to the creation of a common energy market. Mexico, for its part, attracted foreign investment in solar energy development projects, using its natural conditions, such as a long sunny day (Segbefia *et al*., 2023). Thus, integration has helped to lay the foundation for the growth of the renewable energy sector, which is gradually becoming the main successor to the oil and gas industry.

At the initial stages of integration, dependence on trade between the participating countries increased. The USA, Canada and Mexico mutually complemented each other in the energy sector: American demand for raw materials was ensured by supplies from Canada, and the processing capacities of the USA satisfied the needs of Mexico. This created the so-called energy triangle, which maintained balance within the region. However, the development of technologies, such as shale gas and oil in the USA, reduced the country's dependence on imports. The USA became not only self-sufficient in the production of many types of energy, but also began to export it to other countries. For Canada and Mexico, this meant the need to diversify their trading partners to reduce the risks associated with dependence on the American market (Yatsenko *et al*., 2019). In the new USMCA agreement, the emphasis has shifted: countries are trying to develop cooperation in the field of renewable energy and climate policy. The USA, as a leader in technological innovation, contribute to the integration of new solutions in the region, which opens up new opportunities for trade and cooperation.

The legal mechanisms of NAFTA became an important tool to ensure the implementation of the provisions of the agreement. The section on dispute settlement, which offered three main mechanisms, deserves special attention. The first concerned the resolution of interstate disputes through negotiations or arbitration. The second mechanism, designed for investment disputes, provided investors with the opportunity to file lawsuits against the governments of the participating countries in international arbitration. The third mechanism was focused on resolving trade disputes, such as anti-dumping measures or the application of countervailing duties. The provisions on rules of origin of goods, which determined the conditions under which products could enjoy the benefits of the agreement, played a special role. For example, cars had to contain a certain percentage of components produced in NAFTA countries to meet the requirements of duty-free trade. Although NAFTA had significant advantages, its legal mechanisms sometimes became the subject of criticism. Some participating countries considered them too complex and lengthy to apply. However, on the whole, they created a solid foundation for protecting the interests of the parties and ensuring stability in the region.

The implementation of NAFTA took place in several stages, each of which significantly influenced the economic development of the participating states. At the initial stage, after the agreement came into force on 1 January 1994, the countries focused their efforts on abolishing customs tariffs on key categories of goods. Initially, tariffs on industrial and agricultural goods were abolished, which led to a significant increase in trade between the USA, Canada and Mexico. At the same time, mechanisms for monitoring compliance with rules of origin were introduced, which allowed guaranteeing that the benefits from the agreement would be received only by goods produced within North America. The second stage was focused on deepening economic integration, in particular through stimulating investment and strengthening cooperation in strategic sectors. Joint projects in the automotive industry were of great importance at this stage, which gave the region a significant competitive advantage in the global market. However, at this stage, the first signs of economic imbalances began to appear: Mexico's growing dependence on exports to the USA and the uneven distribution of benefits between the participating countries caused numerous discussions. The third stage of NAFTA implementation became a period of new challenges. At the end of the 2000s, the global economic crisis, as well as changes in global trade, forced countries to review the effectiveness of the agreement. Growing criticism from American manufacturers, who were losing competitiveness due to the relocation of production to Mexico, cast doubt on the further existence of the agreement in its original form.

The modernisation of NAFTA took place in 2018 when a new agreement – USMCA – was signed. It came into force on 1 July 2020, reflecting changes in the economic environment and new priorities of the participating states. One of the main innovations of USMCA was the strengthening of rules of origin, especially for the automotive industry: now vehicles had to contain at least 75% of components produced within the region, which stimulated production within the agreement zone (Villarreal and Fergusson, 2020). In addition, USMCA included new provisions on the protection of labour rights, in particular for workers in Mexico, which was intended to reduce economic inequality between countries. Particular attention was paid to issues of digital trade, which were not previously taken into account within NAFTA. The agreement also provided for the modernisation of dispute resolution mechanisms and the strengthening of environmental standards. Figure 1 shows the share of exports and imports of goods and services for NAFTA countries in 1994 and 2020.

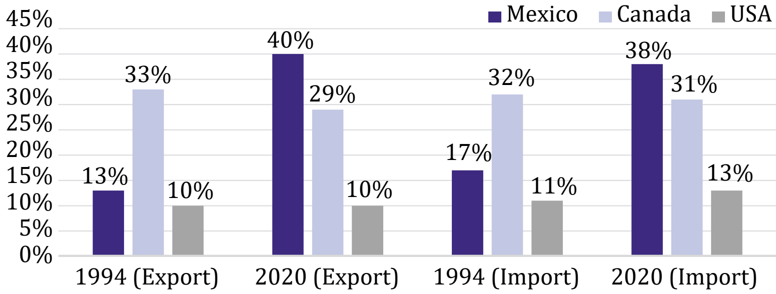

Figure 1. Share of exports and imports of goods and services for NAFTA countries in 1994 and 2020, in % of GDP
Source: developed by the author based on Statista (n.d.)

The analysis of the table shows significant changes in the structure of foreign economic activity of NAFTA countries from 1994 to 2020. Mexico demonstrated a significant increase in dependence on exports and imports, where the share of exports increased from 13% to 40% of GDP, and imports – from 17% to 38%, which reflects its integration into global and regional supply chains. Canada, on the contrary, experienced a slight decrease in the share of exports (from 33% to 29%) and imports (from 32% to 31%), which may indicate a more stable position in trade with NAFTA countries. In the USA, the share of exports remained stable at 10%, while imports increased from 11% to 13%, which demonstrates a gradual increase in the consumption of imported goods, despite maintaining a more autarkic economic structure compared to partners. These changes reflect different economic strategies and adaptation of countries to the conditions of regional integration. Regional economic integration within NAFTA, and later USMCA, had a significant impact on the US economy. As the largest economy in the region, the USA benefited from integration, as well as new challenges. Analysing the impact, several important aspects can be identified that relate to trade, production, investment and socio-economic consequences. One of the main results of NAFTA was the rapid growth of trade between the USA, Canada and Mexico. Table 1 shows the export of goods from the USA to Canada and Mexico, as well as imports to the USA.

Table 1. Export and import of goods from/to the USA to/from Canada and Mexico within NAFTA for 1994-2019, billion USD

Years	Exports to Canada	Imports from Canada	Exports to Mexico	Imports from Mexico
1994	43.5	31	50.8	31
1995	48.5	43.9	46.3	43.9
1996	51.7	55.1	56.8	55.1
1997	61.4	62.8	71.4	62.8
1998	58.3	68.3	78.8	68.3
1999	57.2	71.3	86.9	71.3
2000	57.8	84	111.3	84
2001	60.5	81.1	101.3	81.2
2002	61.5	84.7	97.5	84.7
2003	62.5	87.9	97.4	87.9
2004	66.7	96	110.7	96
2005	75.8	107.1	120.2	107.1
2006	83.4	127.2	133.7	127.2
2007	87.3	134.1	135.9	134.1
2008	89.2	140.4	151.2	140.4
2009	72.4	107.6	128.9	107.6
2010	86.1	141	163.7	141
2011	93.2	163.4	198.3	163.4

Table 1. Continued

Years	Exports to Canada	Imports from Canada	Exports to Mexico	Imports from Mexico
2012	99.2	168.4	215.9	168.4
2013	102.5	171.6	226	171.6
2014	103.7	182.2	241	182.2
2015	93.1	175.5	236.5	175.5
2016	89.6	170.9	230.2	170.9
2017	92.9	183.7	243.5	183.7
2018	95.6	200	265.4	199.9
2019	91.9	202.7	256.4	202.7

Source: developed by the author based on Statista (n.d.)

US exports to both countries increased significantly: from USD 43.5 billion to Canada in 1994 to USD 91.9 billion in 2019, and from USD 50.8 billion to Mexico to USD 256.4 billion in the same period. Imports from Canada increased from USD 31 billion to USD 202.7 billion, and from Mexico – from USD 31 billion to USD 202.7 billion, which reflects the deepening of economic integration and increased interdependence of economies. The largest increase in trade was observed in 2000-2010, after which the pace stabilised. The USA has a positive trade balance with Canada in certain years, while exports dominate with Mexico, which reflects different trade models and sectoral advantages of partners within NAFTA.

US exports to partner countries have increased significantly since the agreement was concluded, which has had a positive impact on certain industries, in particular agriculture, automotive and electronics. Free access to the markets of Canada and Mexico created new opportunities for American companies, which benefited from the expansion of export opportunities and diversification of sales markets. Another important aspect was the development of supply chains. The integration allowed enterprises in the USA to reduce costs by taking advantage of the production capacity of Mexico, where there was cheaper labour. This was especially felt in the automotive sector, where most production processes became interdependent between the three countries. This contributed to lowering the cost of production and strengthening the competitiveness of American goods in the world market.

However, integration also created serious challenges. One of the most controversial aspects concerned the transfer of production capacity to Mexico. The growing flow of capital to Mexico created pressure on the American workforce, especially in traditional manufacturing industries, such as textiles and heavy industry. This led to a reduction in jobs in the USA, particularly in regions that depended on such industries. The investment impact was also ambiguous. On the one hand, American companies gained access to a favourable environment for investment in Mexico, which allowed them to expand their business. On the other hand, such investments were often accompanied by a reduction in domestic investment in the USA, which could slow down the development of certain regions. The socio-economic impact is also noteworthy. Integration has reduced the cost of consumer goods, which has had a positive impact on the well-being of the population. However, the economic benefits were distributed unevenly: megacities and exportoriented sectors received more benefits than rural and industrial regions, which led to economic polarization.

The modernisation of the agreement in the USMCA format was intended to address some of these challenges. The new provisions on labour standards, digital trade and rules of origin are aimed at ensuring a more balanced impact of integration on the US economy. In 2022, the volume of exports of goods from the USA to USMCA countries amounted to USD 680.8 billion, which is 16% (USD 94.1 billion) more than in 2021. Imports of goods from USMCA countries to the USA in 2022 reached USD 891.3 billion, which is 20.5% (USD 151.5 billion) more than in 2021. USMCA accounted for 33% of total US exports in 2022, which confirms the importance of regional partners for American trade. At the same time, the USA's trade balance deficit with USMCA countries increased to USD 210.6 billion, increasing by 37.5% (USD 57.4 billion) compared to 2021. Thus, US trade with USMCA countries demonstrates steady growth in both exports and imports, which emphasises the importance of integration for the regional economy, but at the same time is accompanied by a growing trade deficit. Figure 2 shows the volume of exports of goods and services to USMCA partners.

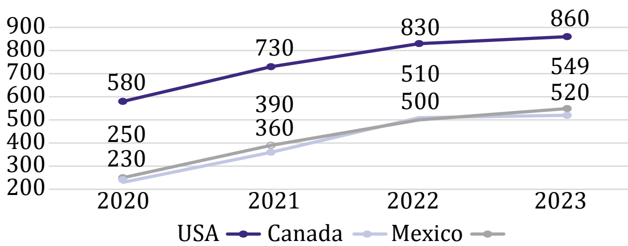

Figure 2. Export of goods and services to USMCA partners for 2020-2023, billion USD

Source: developed by the author

The table demonstrates a steady growth of exports of goods and services from countries to USMCA partners in 2020-2023. The growth of exports from Mexico

(+120% from 2020 to 2023) and Canada (+126%) is particularly noticeable, which indicates a deepening of regional integration. For the USA, export growth is less rapid (+48%), but the total volumes remain the highest, which confirms the leadership of the USA in trade within USMCA. Regional integration within NAFTA largely influenced the economies of Canada and Mexico, although the scale and consequences of this impact varied significantly depending on the economic potential, structure of the economy and the role of each country within the agreement. For Canada, NAFTA was a logical continuation of the Canada-US Free Trade Agreement, which was in effect since 1989. The main advantage for Canada was guaranteed access to the large American market, which stimulated export growth, particularly in sectors such as energy, automotive and agriculture. For example, oil, natural gas and timber became important export goods that contributed to strengthening the Canadian economy. On the other hand, integration made Canada more dependent on the American market. As of 2020, almost 75% of Canadian exports went to the USA, which created risks of economic vulnerability in the event of changes in US policy or economy. In addition, the Canadian economy faced competitive pressure, as American companies gained free access to the domestic market of Canada. This forced local enterprises to increase their efficiency and innovation potential to compete with powerful American players.

For Mexico, NAFTA became a historic milestone that allowed it to integrate into the world economy and made the country an important player in global supply chains. Integration with such powerful economies as the USA and Canada has made it possible to significantly expand the volume of exports, especially industrial products. The growth of production in Mexico was concentrated in sectors such as automotive, electronics and agriculture. In addition, NAFTA stimulated the inflow of foreign investment into Mexico, particularly in free trade zones (maquiladoras), which became centres of industrial growth. On the one hand, this contributed to the creation of jobs and increased competitiveness, but, on the other hand, there was a dependence on transnational corporations, which often used cheap labour without significant contribution to the sustainable development of the country. Despite the economic benefits, integration did not eliminate socio-economic inequality in Mexico. The benefits of NAFTA were more noticeable for the northern regions of the country, closer to the USA, while the southern regions remained less developed. In addition, trade liberalisation negatively affected Mexican agriculture, where small farmers could not withstand competition from American producers, which intensified migration flows.

Regional economic integration through NAFTA had a significant impact on social conditions in the three countries – the USA, Canada and Mexico. This was most felt through inequality, changes in working conditions and employment. Mexico, in particular, benefited from NAFTA in terms of creating new jobs, as large international corporations opened factories and plants in border areas, which helped reduce unemployment. Thus, using the example of Mexican "maquiladoras" – factories located on the South American border, one can observe a positive effect on the local economy. However, these jobs were mostly low-paying, and working conditions did not always meet high standards, which caused criticism regarding the violation of workers' rights.

In the USA and Canada, NAFTA led to significant changes in the labour market. For example, numerous production facilities were moved to Mexico due to cheaper labour. This caused a decrease in the number of jobs in industries such as textiles, leather goods and automotive, which mostly affected labour resources in the southern regions of the USA. Within the first 10 years of NAFTA's existence, the USA lost approximately 700,000 jobs, particularly in these sectors. For the USA, integration meant opening up opportunities for the relocation of production to countries with cheaper labour, which caused a reduction in jobs in traditional manufacturing sectors, such as the automotive and textile industries. At the same time, the number of jobs in high-tech and service industries, which required higher qualifications, increased. Legal regulation in the USA was aimed at protecting workers through requirements for working conditions, but competition with Mexican manufacturers led to a weakening of the positions of trade unions and stagnation of real wages for low-skilled workers. Meanwhile, under the USMCA, new rules were introduced requiring Mexico to strengthen the protection of workers' rights to level the playing field in terms of competition.

Canada was able to maintain high-quality jobs thanks to a strong social policy and labour market regulation. Its economy focused on the export of raw materials and energy resources, ensuring the stability of employment in these sectors. Canadian labour laws remain among the most progressive in the region, including collective agreements, employment guarantees and working hours regulations. This allowed minimising the negative consequences of competition with countries where labour is cheaper. In Mexico, integration had mixed results. On the one hand, the country received a significant inflow of investment in the manufacturing sector, especially in the automotive, electronics and agriculture sectors. This created millions of jobs, but many of them remained low-paying. Trade unions in Mexico, which traditionally had weak positions, were often subordinated to the influence of the state or employers. Within the USMCA, several reforms were introduced, including the creation of independent trade unions and the strengthening of labour standards. This was an important step towards improving employment conditions.

In the US, the minimum wage varies by state, but at the federal level, it remains fixed at USD 7.25 per hour since 2009. However, due to public pressure and the "Fight for USD 15" campaign, many states, such as California and New York, have decided to raise the minimum wage to 15 USD per hour. Integration has influenced employment in the manufacturing sectors, but at the same time contributed to the creation of high-paying jobs in the IT and finance sectors. In Canada, the minimum wage is also regulated at the provincial level. As of 2024, the federal minimum wage was USD 17.3, compared to USD 16.65 in 2023. Its growth has been stable over the past 10 years, which reflects high inflation and the need to maintain social standards (Federal minimum wage…, 2024). Thanks to integration, Canada was able to create conditions for improving labour productivity and maintaining competitive conditions. The minimum wage in Mexico showed the largest increase among the three countries. In 2019, it was 102.68 Mexican pesos (USD 5.4) per day, and by 2025 it increased to more than 279 pesos (USD 13.4) (Raboca, 2025). This increase was largely stimulated by the requirements of USMCA, which provided for the alignment of labour standards in the region.

The environmental consequences of NAFTA have also become an important issue. Mexico, as a country with fewer resources for environmental control, faced serious problems as a result of rapid industrialisation caused by the agreement. Although NAFTA included certain environmental standards, the reality was often far from ideal. For example, numerous factories operating on the southern border emitted toxic substances into the atmosphere and water, violating environmental regulations, which caused significant environmental pollution. At the same time, in Canada and the USA, where there are more developed environmental regulations, NAFTA stimulated environmental innovations and technologies, but these positive changes were not significant enough to compensate for the negative impact on the nature of Mexico. It was noted that the lack of an effective mechanism for implementing environmental standards at the level of all three countries led to insufficient responsibility for environmental pollution.

The transition from NAFTA to USMCA has been an important milestone in strengthening environmental regulation in North America. The new agreement has integrated environmental standards into its legally binding provisions, which affect trade and production in the USA, Canada and Mexico. In particular, Chapter 24 of USMCA covers key aspects such as the protection of marine ecosystems, the fight against illegal logging and timber trade, and the commitment of countries to maintain high environmental standards, without weakening them for the sake of gaining competitive advantages. For the USA, the agreement has become an impetus for strengthening domestic environmental legislation and investing in renewable energy. The requirements of USMCA have stimulated the introduction of policies to reduce greenhouse gas emissions in industry and transport. Canada, for its part, has not only reaffirmed its commitment to high environmental standards but has also initiated new programs to conserve natural resources and combat plastic waste. Mexico, despite significant challenges, has also begun to implement projects to reduce methane emissions and address the problems of deforestation, although the pace of change remains slow due to institutional difficulties.

At the same time, monitoring mechanisms have been introduced within USMCA, which allow countries to monitor compliance with environmental regulations and apply sanctions to violators. These tools ensure transparency and accountability in the implementation of the environmental provisions of the agreement. Particular attention is paid to cooperation in energy transformation: the USA and Canada are actively developing renewable energy, while for Mexico this process is complicated by dependence on traditional energy sources. Despite these achievements, some aspects of the agreement are criticised for insufficient ambition in the context of the global fight against climate change. For example, the agreement does not provide clear mechanisms for adapting to the Paris Agreement, although it obliges the participating countries to comply with their domestic environmental laws.

Legal conflicts between the participating countries of NAFTA have also become part of the integration. One of the biggest examples is the dispute between the USA and Canada, which arose in 2000 when the USA decided to apply anti-dumping measures against Canadian steel exports. This led to a lengthy legal process within NAFTA, as a result of which the USA was forced to lift restrictions on steel imports from Canada. This conflict underscores the importance and limitations of the legal mechanisms in place under the agreement, as while the dispute resolution system was effective, the processes could be very lengthy and complex. Another example concerns disputes between the USA and Mexico in the agricultural sector. Mexico suffered significant losses due to the USA's subsidies on agricultural products, particularly corn. Mexican farmers could not compete with cheaper American goods, which led to losses for local producers. However, thanks to the NAFTA mechanisms, Mexico was able to appeal to the trade court, although the outcome did not always meet its expectations.

Therefore, NAFTA has significantly affected the social, environmental and legal aspects of the participating countries. On the one hand, the agreement contributed to economic growth, job creation and the development of new industries. On the other hand, it led to increased social inequality, caused environmental problems and revealed shortcomings in the legal mechanisms for resolving disputes. As a result, although integration brought positive economic results, it also provided important lessons for further regional cooperation processes, such as USMCA, in which it is important to take these challenges into account.

The development of USMCA, which replaced NAFTA, has the potential to improve these aspects, taking into account the experience of previous years, and will contribute to a more stable and fair integration in the future.

Discussion

The results of the study provide a deeper understanding of the impact of regional economic integration on the economies of the USA, Canada and Mexico, as well as an assessment of the changes that have occurred since the transition from NAFTA to USMCA. This section discusses the key aspects of the impact of these agreements, in particular their economic, social and environmental consequences. One of the main conclusions is that NAFTA, signed in 1994, significantly contributed to strengthening economic ties between the three countries. The analysis of statistical data demonstrates a significant increase in trade between the USA, Canada and Mexico during the first 20 years after the agreement came into force. However, the benefits from the agreement were unevenly distributed: the US economy received significant advantages due to access to cheaper resources and labour, while in Mexico exports grew, but at the same time, economic dependence on the USA increased.

The transition to USMCA in 2020 reflected the need to modernise the previous agreement in light of changes in the global economy. The analysis of the provisions of the new agreement indicates the strengthening of regulatory requirements in the areas of labour and environment, in particular the introduction of stricter standards for the automotive industry and working conditions. This is an important step forward, especially for Mexico, where labour rights and environmental standards have long been ignored. However, the implementation of these changes requires significant resources and can be difficult for local businesses. J.G. Vargas-Hernández *et al*. (2019) studied the economic consequences of NAFTA for small and medium-sized enterprises in the USA, Canada and Mexico. They found that for the USA and Canada, there are significant benefits in reducing production costs and increasing export potential. N.S. Khan (2020) found that for Mexico the results were less clear-cut: although exports increased, many Mexican enterprises faced difficulties due to greater dependence on the American market. The current results confirm the authors' conclusions regarding economic benefits for the USA and Canada, as well as increased dependence of Mexico on the USA, but also draw attention to social aspects, in particular the deterioration of working conditions in Mexico, which the authors did not emphasise in their studies.

Changes in the rules of origin of goods and the increase in the local production component in the automotive industry had a complex effect. On the one hand, this contributed to the growth of employment in the manufacturing sectors of the USA and Canada, but on the other hand, the increase in costs for manufacturers could lead to an increase in final prices for products. It is noted that this also had a slight negative impact on the competitiveness of the region in the international market due to the increase in the cost of goods. A.L. Espino (2024) focused on the study of changes in production chains in the context of the transition from NAFTA to USMCA and noted that the new rules on the origin of goods contributed to the development of production capacity in the USA and Canada, but also increased the cost of products, particularly in the automotive sector. D. Tetreault (2022) noted that the growth of production in the USA caused an increase in the import of raw materials from Mexico, however, restrictions on processing within the country reduced the efficiency of this process. The current results confirm these conclusions, especially regarding increased costs due to changes in the rules of origin of goods, although this study focuses on the social and environmental aspects of these changes.

J.P. Meltzer (2021) explored the impact of USMCA on infrastructure development in the region. He noted that under the agreement, investments in transport and logistics infrastructure increased, especially in the border regions of the USA and Mexico. According to him, this has significantly improved the efficiency of trade, but also created an imbalance, as mainly large hubs are developing, leaving other regions without proper investment. The current results confirm that infrastructure investment is one of the positive consequences of USMCA, but also highlights the negative impact of these changes on the environment and local communities.

Social aspects also deserve special attention. The new provisions of USMCA relating to the protection of labour rights particularly affected Mexico, where minimum wage standards were introduced and trade union activity was strengthened. This has the potential to improve the living standards of workers but creates additional pressure on employers who previously used the benefits of cheap labour. T. Payan (2023) studied changes in labour markets after the signing of the USMCA, particularly in Mexico. He noted that the new labour standards have positively influenced the improvement of conditions for workers, but pointed out that the increase in the minimum wage has created additional pressure on local enterprises, especially in the textile and electronics industries. The current results also confirm that wages have increased in Mexico, but attention has been drawn to the wider context, including social and environmental aspects, whereas the author focused more only on labour issues.

The environmental consequences of regional integration are also important. The USMCA agreement strengthens the countries' commitments to comply with international environmental standards, which has a positive impact on sustainable development. However, the environmental analysis indicates that export-oriented industries, such as agriculture and manufacturing, still have significant problems with emissions and environmental degradation, especially in Mexico. In their study, N. Laurens *et al*. (2022) focused on the environmental consequences of integration within NAFTA and USMCA. They noted that compared to NAFTA, USMCA includes more stringent environmental requirements, which helps reduce the negative impact on the environment in all three countries. E. Trujillo (2023), in turn, pointed out that Mexico, due to its underdeveloped infrastructure, still has significant difficulties in complying with environmental standards. In the current study, it was also noted that environmental regulations have become stricter after the transition to USMCA, but the focus was on the problems in Mexico regarding pollution, which is associated with export-oriented industries, such as agriculture. Therefore, although the conclusions coincide, the current study focuses more on the problems of the practical application of environmental regulations in Mexico.

It is important to highlight that the modern USMCA agreement takes into account the new trends of the digital economy, including provisions relating to e-commerce and data protection. This significantly opens up new opportunities for small and medium-sized businesses, facilitating their integration into global supply chains. P. Leblond (2022) explored the impact of digitalisation and ecommerce within USMCA, noting that these aspects of the agreement contributed to the development of small and medium-sized businesses in all three countries. He emphasised that companies that actively use the latest technologies and e-commerce receive significantly more opportunities to enter the markets of the USA and Canada. Although the current study did not focus on digitalisation as deeply as in the author's article, his conclusions can be taken into account in the overall analysis as a positive aspect that complements the results on economic growth. In general, the results indicate that economic integration within NAFTA and USMCA has brought both benefits and challenges for the participating countries. The benefits include increased trade volumes, increased employment in certain sectors and improved social standards. At the same time, the uneven distribution of benefits, the increase in costs for compliance with new regulations and the risks of an environmental nature remain key challenges that require further analysis and solutions.

Conclusions

This study analyses regional economic integration, its forms, stages, legal mechanisms and economic consequences, with a focus on the NAFTA and USMCA agreements. The main objective of integration is to eliminate trade barriers, create common economic spaces and harmonise policies to ensure the efficient use of resources and the creation of stable economic systems. NAFTA, signed in 1992, was a significant step towards creating one of the world's largest free trade areas, uniting the USA, Canada and Mexico. After it came into force in 1994, the volume of trade between the countries increased significantly. In particular, US exports to Canada increased from USD 43.5 billion in 1994 to USD 91.9 billion in 2019, and to Mexico – from USD 50.8 billion to USD 256.4 billion in the same period. Similarly, imports from Canada grew from USD 31 billion to USD 202.7 billion, and from Mexico – from USD 31 billion to USD 202.7 billion.

The modernisation of NAFTA in 2018 by signing the USMCA was aimed at addressing several challenges. New provisions, such as strengthening the rules of origin of goods (for example, for cars – 75% of components must be produced in the region) and raising labour standards in Mexico, contributed to a more balanced development of integration. In 2022, US exports to USMCA countries increased by 16%, and imports – by 20.5%, which confirms the importance of the partnership, although the trade deficit reached USD 210.6 billion. A comparison of trade over the years 2020-2023 shows a steady growth of exports of goods and services between the member countries of USMCA. At the same time, the USA maintained a trade balance deficit, which indicates the complexity of balancing economic interests between countries. The growth of trade flows, however, emphasises the importance of this partnership for all parties to the agreement.

The aspect of employment has also changed significantly during the implementation of NAFTA and USMCA. New labour standards have been introduced in Mexico, which has had a positive impact on working conditions. This has contributed to improving the level of wages, especially in some areas of production, such as the automotive industry. Environmental changes within USMCA have become an important aspect after the transition from NAFTA. The agreement provides for new environmental standards that oblige the participating countries to adhere to high requirements for environmental protection. Prospects for further research may focus on a more detailed analysis of the impact of USMCA on specific sectors of the economy of each country, in particular on those that have undergone the greatest changes after the modernisation of the agreement. In addition, a promising direction is the study of environmental aspects of the agreement, in particular its effectiveness in reducing the negative impact on the environment.

Acknowledgements

None.

Conflict of interest

None.

References

[1] Anwar, D.F. (2020). Indonesia and the ASEAN outlook on the Indo-Pacific. *International Affairs*, 96(1), 111-129. doi: 10.1093/ia/iiz223.

[2] Benguria, F. (2023). The impact of NAFTA on US local labor market employment. *Journal of Human Resources*, 60(1). doi: 10.3368/jhr.0421-11621R3.

[3] Berasaluce, J., & Romero, J.A. (2020). Contribution of foreign direct investment to Mexico's economic growth during NAFTA years (1994-2019). *EfilJournal*, 3(10-11), 58-80.

[4] Cuevas Ahumada, V.M., & López Churata, R.I. (2019). The effects of NAFTA on economic growth. *Investigación Económica*, 78(308), 63-88. doi: 10.22201/fe.01851667p.2019.308.69623.

[5] Eckhouse, G., & Zalik, A. (2022). Whither hydrocarbons? The rescaling of global oil and gas markets amidst COVID-19 and a contested transition. *Environment and Planning A: Economy and Space*, 54(8), 1641-1668. doi: 10.1177/0308518X221114879.

[6] Espino, A.L. (2024). *Production networks and rules of origin: Moving from NAFTA to USMCA*. Retrieved from https://alopezespino.github.io/AleLopezEspino_ProductionNetworks_RoOs_fromNAFTAtoUSMCA.pdf.

[7] Eteria, E. (2022). Economic globalization and deglobalization trends during. *Ekonomisti*, 11(4), 44-64. doi: 10.36172/EKONOMISTI.2022.XVIII.04.Eteria.

[8] Federal minimum wage rising to $17.30 per hour on April 1. (2024). Retrieved from https://www.canada.ca/en/employment-social-development/news/2024/03/federal-minimum-wage-rising-to-1730-per-hour-on-april-1.html.

[9] Gladstone, F., Liverman, D., Rodríguez, R.A., & Santos, A.E. (2021). NAFTA and environment after 25 years: A retrospective analysis of the US-Mexico border. *Environmental Science & Policy*, 119, 18-33. doi: 10.1016/j.envsci.2020.10.017.

[10] Hartley, K., van Santen, R., & Kirchherr, J. (2020). Policies for transitioning towards a circular economy: Expectations from the European Union (EU). *Resources, Conservation and Recycling*, 155, article number 104634. doi: 10.1016/j.resconrec.2019.104634.

[11] Jetschke, A., & Murray, P. (2020). Diffusing regional integration: The EU and Southeast Asia. *West European Politics*, 35(1), 174-191. doi: 10.1080/01402382.2012.631320.

[12] Khan, N.S. (2020). Revisiting the effects of NAFTA. *Economic Analysis and Policy*, 68, 1-16. doi: 10.1016/j.eap.2020.08.001.

[13] Kikkawa, A.K., Mei, Y., & Robles Santamarina, P. (2019). *The impact of NAFTA on prices and competition: Evidence from Mexican manufacturing plants*. Retrieved from https://www.econstor.eu/bitstream/10419/201926/1/cesifo1_wp7700.pdf.

[14] Labonté, R., Crosbie, E., Gleeson, D., & McNamara, C. (2019). USMCA (NAFTA 2.0): Tightening the constraints on the right to regulate for public health. *Globalization and Health*, 15, article number 35. doi: 10.1186/s12992-019-0476-8.

[15] Lai, J.L. (2021). A tale of two treaties: A study of NAFTA and the USMCA's investor-state dispute settlement mechanisms. *Emory International Law Review*, 35(2), 259-296.

[16] Laurens, N., Dove, Z., Morin, J.F., & Jinnah, S. (2022). NAFTA and the environment: Decades of measured progress. In G. Gagné & M. Rioux (Eds.), *NAFTA 2.0: From the first NAFTA to the United States-Mexico-Canada Agreement* (pp. 157-180). Cham: Palgrave Macmillan. doi: 10.1007/978-3-030-81694-0_11.

[17] Leblond, P. (2022). *The USMCA and digital trade in North America*. Retrieved from https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4614155.

[18] Meltzer, J.P. (2021). *Developing a roadmap for USMCA success*. Retrieved from https://www.brookings.edu/wp-content/uploads/2021/09/Developing-roadmap-USMCA.pdf.

[19] North American Free Trade Agreement Implementation Act. (1993, June). Retrieved from https://laws-lois.justice.gc.ca/eng/acts/n-23.8/FullText.html.

[20] North American Free Trade Agreement. (1992, December). Retrieved from https://surl.li/zzhqtx.

[21] Payan, T. (2023). Integration through trade: Labor markets and worker rights in the USMCA. In D.A. Gantz & T. Payan (Eds.), *The future of trade* (pp. 127-151). London: Edward Elgar Publishing. doi: 10.4337/9781035315420.00013.

[22] Raboca, J. (2025). *A comprehensive guide to Mexico's minimum wage*. Retrieved from https://www.playroll.com/blog/mexico-minimum-wage-guide.

[23] Segbefia, E., Dai, B., Adotey, P., Sampene, A.K., Amoako, T., & Lamptey, C. (2023). Renewable energy, technological innovation, carbon emission, and life expectancy nexus: Experience from the NAFTA economies. *Environmental Science and Pollution Research*, 30(50), 108959-108978. doi: 10.1007/s11356-023-29983-8.

[24] Stanford, J. (2019). North American free trade: History, structure and prospects. In *The handbook of globalisation, third edition* (pp. 272-303). London: Edward Elgar Publishing.
[25] Statista. (n.d.). *North American Free Trade Agreement – statistics & facts*. Retrieved from https://www.statista.com/topics/3464/north-american-free-trade-agreement/#editorsPicks.
[26] Tetreault, D. (2022). Two sides of the same coin: increasing material extraction rates and social environmental conflicts in Mexico. *Environment, Development and Sustainability*, 24(12), 14163-14183. doi: 10.1007/s10668-021-02025-4.
[27] Trejo-Nieto, A. (2023). The political economy of a North-South trade agreement and the development prospects for Mexico: From NAFTA to USMCA. *Area Development and Policy*, 8(1), 103-124. doi: 10.1080/23792949.2022.2107034.
[28] Trujillo, E. (2023). The USMCA and the environment: Setting trends for global and regional trade. In D.A. Gantz & T. Payan (Eds.), *The future of trade* (pp. 96-126). London: Edward Elgar Publishing. doi: 10.4337/9781035315420.00012.
[29] United States-Mexico-Canada Agreement. (2018, November). Retrieved from https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement.
[30] Vargas-Hernández, J.G., Orozco Quijano, E.P., & Virchez, J. (2019). A critical analysis of scenarios for small and medium enterprisee in NAFTA renegotiations. *Small Business International Review*, 3(1), 1-18. doi: 10.26784/sbir.v3i1.151.
[31] Verhun, V., Pryiatelchuk, O., & Zayats, O. (2020). Competitive features of country associations based on the Global Competitiveness Index: The case of the United States-Mexico-Canada Agreement. *Problems and Perspectives in Management*, 18(4), 181-190. doi: 10.21511/ppm.18(4).2020.16.
[32] Villarreal, A.M., & Fergusson, I.F. (2020). *NAFTA and the United States-Mexico-Canada Agreement (USMCA)*. Retrieved from https://www.everycrsreport.com/files/20190226_R44981_8aaa20dea9fab7a1148d72c464b20bfe9800d45d.pdf.
[33] Walmsley, T.L., & Minor, P.J. (2021). Reversing NAFTA: A supply chain perspective. In P. Dixon, J. Francois & D. van der Mensbrugghe (Eds.), *Policy analysis and modeling of the global economy: A festschrift celebrating thomas hertel* (pp. 155-195). London: World Scientific Publishing. doi: 10.1142/9789811233630_0006.
[34] Winham, G.R., & Grant, H.A. (2019). NAFTA: An overview. In D. Barry (Ed.), *Toward a North American Community?* (pp. 15-31). New York: Routledge. doi: 10.4324/9780429269325.
[35] Yakoviyk, I.V. (2014). Theoretical foundations of European integration. *Theory and Practice of Law*, 2(6).
[36] Yakoviyk, I.V., Shestopa, S.S., Baranov, P.V., & Blochina, N.A. (2018). State sovereignty and sovereign rights: EU and national sovereignty. *Opción: Revista de Ciencias Humanas y Sociales*, 2(87).
[37] Yatsenko, O., Nitsenko, V., Tananaiko, T., Szetela, B., & Kobylianska, A. (2019). Trade and economic integration dominants in North America countries' interaction. *Journal of International Studies*, 12(3), 277-293. doi: 10.14254/2071-8330.2019/12-3/22.
[38] Zhao, X., Devadoss, S., & Luckstead, J. (2020). Impacts of US, Mexican, and Canadian trade agreement on commodity and labor markets. *Journal of Agricultural and Applied Economics*, 52(1), 47-63. doi: 10.1017/aae.2019.31.

Становлення та розвиток регіональної економічної інтеграції в Північній Америці (на прикладі NAFTA)

Спартак Габрошвілі

Аспірант
Національний юридичний університет імені Ярослава Мудрого
61024, вул. Григорія Сковороди, 77, м. Харків, Україна
https://orcid.org/0009-0005-7330-0287

Анотація. Дослідження було зосереджене на аналізі етапів розвитку та формування регіональної економічної інтеграції в Північній Америці. Методологія роботи включала всебічну оцінку еволюції інтеграційних процесів, а також їхнього впливу на економіку, політичні системи та соціальні аспекти держав-учасниць. В дослідженні здійснено аналіз правового регулювання та економічних змін, спричинених інтеграцією США, Канади та Мексики в рамках North American Free Trade Agreement (NAFTA) та її сучасної версії – United States-Mexico-Canada Agreement (USMCA). Акцентувалась увага на різних формах регіональної інтеграції – від створення зон вільної торгівлі до політичних об’єднань. Важливим елементом є правове регулювання процесів інтеграції, узгодження національних законодавств з міжнародними угодами та функціонування наднаціональних органів для забезпечення виконання угод і врегулювання спірних ситуацій. У дослідженні розглянуто економічні та політичні передумови укладання угоди, правові механізми, зокрема в сфері регулювання міжнародної торгівлі, інвестицій, інтелектуальної власності та розв’язання спірних питань. Експорт США до Канади збільшився з 43,5 млрд доларів у 1994 році до 91,9 млрд доларів у 2019 році, а до Мексики – з 50,8 до 256,4 млрд доларів за той самий період. Аналогічно, імпорт з Канади виріс з 31 до 202,7 млрд доларів, а з Мексики – з 31 до 202,7 млрд доларів. Вказано зростання експорту США (від 580 млрд доларів в 2020 році до 860 млрд доларів в 2023); Канади (від 230 до 520 млрд доларів) та Мексики (від 250 до 540 млрд доларів) до USMCA. Практичне значення роботи полягає в можливості використання отриманих результатів для вдосконалення правових механізмів регіональної інтеграції, формулювання економічної та екологічної політики, а також для прийняття рішень у сфері міжнародної торгівлі, інвестицій та трудових стандартів урядами та міжнародними організаціями

Ключові слова: регіональна економічна інтеграція; міжнародна торгівля; міжнародні угоди; правове регулювання; North American Free Trade Agreement; United States-Mexico-Canada Agreement