

# **After NAFTA: An Assessment of intended and unintended effects**

## **Immigration Trends After Twenty Years of NAFTA**

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# 1. Introduction

- ▶ As is well known to all of you:
- ▶ NAFTA has no provisions to allow immigration among the three countries. US Negotiators believed that the dynamic exchange of goods would foster greater economic development in Mexico, creating a significant number of Jobs and, as a result, reducing the pressures to emigrate North.
- ▶ This not only did not happen, but the flow increased due to the fact that the push-pull factors of migration have not decreased during this period.

# 1. Introduction

Main reasons for this among others:

- ▶ The significant salary gap between Mexico and Us and Canada.
- ▶ The strong interconnections which have constantly evolved during this last 20 years and have woven a sophisticated bilateral labor market, that still functions well despite that it has become much more expensive to cross the border illegally, due to the significant increase in the area's reborderization process.

# 1. Introduction

The on-going tradition of hiring Mexicans by US employers, whether with a temporary visa or under the table, has been a constant mechanism that constitutes invaluable human capital that is exported but not recognized.

In this complex regional process, agents intervene to get visas for possible jobs, while traffickers charge large sums of money for transporting irregular migrants.

# 1. Introduction

As an incentive to trade and investment, NAFTA established four nonimmigrant (Trade NAFTA or TN) visas that would be granted under 70 classifications for temporary moves of professionals and their families to:

- ▶ Business visitors,
- ▶ Merchants and investors and
- ▶ People transferred between companies.

It was not included a program for low skilled workers.

# 1. Introduction

- ▶ None of the Zedillo, Fox and Calderon and so far Peña Nieto administrations tried to explore the possibility to initiate a collateral treaty within NAFTA, as an option for medium or low skilled labor mobility, knowing that this arrangement would imply negotiations in energy (oil and electricity), that Mexico considered non negotiable.
- ▶ President Fox, for the first time, proposed a bilateral agreement in 2001 the famous “enchilada completa”, just before the terrorist attacks, which obviously did not prosper.

# 1. Introduction

It is fair to recognize that during the last 20 years Mexico's trade and foreign direct investment grew significantly. Exports from Mexico grew from \$144MD to \$1000 MD a day and direct investment to Mexico grew 10 times.

Even though Mexico did not grow as was expected for many reasons (1.4% per capita average per year), without NAFTA, the situation would have been much more difficult.

# 1. Introduction

- ▶ So the believe that a lot of jobs would be created in Mexico with NAFTA and would eventually diminish the push factors of the traditional Mexico-US migration pattern, did not respond to NAFTA.
- ▶ So, I pretend to give you a broad picture about the migration trends of Mexicans to the US during the last 20 years.



# IMMIGRANTS

## Immigrants admitted from 1994 to 2012:

- ▶ Almost 3 M (2,947,000) Mexicans entered as immigrants with a green card (more or less an average of 155,000 per year) during this period.
- ▶ In 2012, 1 million immigrants were admitted in the US, 14% from Mexico (nearly two thirds by family reunification process).
- ▶ Of the 1M admitted in 2012, 16% were admitted by the “Employment” category. India got the 1<sup>st</sup> place receiving 22% of them, Mexico got the 6<sup>th</sup> place receiving 5.5% of them almost double from 1994.

# IMMIGRANTS

## Naturalizations Trends between 1994 and 2012 :

- ▶ An increasing number of Mexicans have become US Citizens. 1.2 million got the naturalization during this period. Only in 2012, 102,00 got it, which represented 14% of the total.
- ▶ The Non-Loss of Nationality Law approved in Mexico 1997 during the Zedillo Administration was created as an incentive for legal U.S. residents to have more interest in belonging to their new country and obtaining the rights they deserve as U.S. citizens. Today 9 million US citizens of Mexican origin have 2 passports.
- ▶ Nevertheless, still nearly two-thirds of Mexicans that are in the U.S. Legally, have not yet taken this step, maybe because its costly or they do not intend to stay all their lives there.

# IMMIGRANTS

## Hispanic Population

- ▶ As you all know, the Hispanic population of the United States has grown significantly:
- ▶ in 2012 there were 53 million Hispanics (64%), or 33.7 M of Mexican origin.
- ▶ Hispanics represents 17% of the nation's total population (311 million).

# IMMIGRANTS

## Hispanic Population

- ▶ In 2012, nearly 11.4 million foreign born from Mexico resided in the US, half of them without authorization.
- ▶ Just as a reference, in 1994 the total US population was 260 M, and there were 26.6 M Hispanics (17 M of Mexican origin- 64%-).
- ▶ Therefore, the Hispanic and Mexican populations have doubled between the last 20 years.
- ▶ No doubt, Mexico is the United States' most important source of both, documented and undocumented migrants

# NON-IMMIGRANTS

## Non-immigrant population

- ▶ During the nineties, an important number of foreign temporary workers were hired in the U.S. labor market because of the sustained economic growth during that decade.
- ▶ It is important to stress that the number of visas granted annually is the reference for legal migration that is reflected by statistics given by the Department of State. Whereas The Department of Homeland Security reveals the multiple entries a visa holder does in one year, as well as those granted in previous years which get accumulated.

# NON-IMMIGRANTS

- ▶ If we compare visas issued against the total number of legal entries per fiscal year, we can find an important increase of entries per visa issued between 1990 and 2010, growing from 1.6 entries to 6.8 entries per granted visa.
- ▶ This means that non-immigrants have got more means to get more mobility than they did before.

# NON-IMMIGRANTS

## Admissions with High skilled visas:

- ▶ Nowadays, the largest share of work visas for all nationalities, goes to highly skilled workers, contrary to the widespread belief that most visas go to unskilled employment visas. This has been the case during the NAFTA era.
- ▶ That is the case for Canada also.
- ▶ In 2010, 74% of the total amount of visas were for H1-B visas, L-type for intra company transferees and NAFTA visas (TN).

# NON-IMMIGRANTS

## High skilled visas for Mexicans:

- ▶ In 1997, 2,785 H1-B visas were given to Mexicans (5,273 admissions) occupying the sixth place of the total. In 20 years they grew constantly occupying the third place after India and Canada. Nevertheless, they only represent 4% of the total in 2012.
- ▶ In terms of L visas: Canada moved from the 6<sup>th</sup> to the 1<sup>st</sup> place with 25% of them. Instead, Mexico got three times more L visas from 3.5% of the total in 1996 to 11% of visas L issued in 2012.



# NON-IMMIGRANTS

High skilled visas for Mexicans:

- ▶ Over the 20 years since NAFTA came into effect, the number of TN visas given to Mexicans in the United States has been low. Even though that they grew from 168 in 1997, to 7,600 in 2012 (which registered 82,630 admissions that year), still is a low figure compare with the tremendous dimension of trade among both countries.

# NON-IMMIGRANTS

Low skilled visas for Mexicans:

- ▶ Visas granted for unskilled workers corresponding to:
  - ▶ Agricultural workers (H2-A)
  - ▶ Non agricultural Workers, (H2-B)
- ▶ Increased almost two fold from 14% of the total in 1990 to almost 26% in 2010.
- ▶ So, Mexico is one of the countries that benefits more from this type of work visas

# NON-IMMIGRANTS

## Low skilled visas for Mexicans:

- ▶ For agricultural workers (H2-A):
- ▶ while in 1997 21,594 workers were admitted (96% of the total were Mexicans),
- ▶ For 2012 it grew 3 times to 61,324 visas issued (94% of the total were Mexicans).
- ▶ While in 1997 there were few that went back and forth, in 2012 (61,324 visas issued vs 170,395 admissions) Mexicans went more often to visit their families.

# NON-IMMIGRANTS

Low skilled visas for Mexicans:

- ▶ If we compare this data with the Temporal Agricultural Workers Program in Canada: 17,660 Mexicans were hired in 2012. it represents almost 25% of the ones that were hired in the US the same year legally, not counting the huge amount of undocumented workers that work in this sector.

# NON-IMMIGRANTS

## Low skilled visas for Mexicans:

- ▶ For non-agricultural workers (H2-B), in 1997, only 7,676 Mexicans were granted this visa. It grew outstandingly rapidly to 52,556 in 2004, decreased during the financial crisis to 30,000 in 2009 and grew again to 36,341 visas issued in 2012.
- ▶ While visas issued for Mexicans represented 49% of the total in 1997, in 2012 their participation grew to 73% of the total.

# NON-IMMIGRANTS

## Low skilled visas for Mexicans:

- ▶ Under the Canada-Mexico Partnership, during the Calderon Administration, both countries designed, a new Labour Mobility Mechanism (LMM) that enables Canadian employers to hire Mexican non agricultural workers, in any sector and in any province, for up-to 4 years. Unfortunately only 160 Mexicans got that visa in 2013.
- ▶ This represents the typical trend to get bilateral agreements instead of trying to trilateralize it.
- ▶ The lack of leadership within the three countries to go beyond NAFTA has been evident.

# UNDOCUMENTED MIGRANTS

Reinforcement policy and apprehensions

Even though it has become much more expensive to cross the border illegally, due to the significant increase in the area's reborderization process, the number of undocumented aliens living in the US has grown significantly:

- ▶ from 3.8 M in 1994,
- ▶ to 11.7 M in 2013,
- ▶ 52% of them of Mexican origin, that is 6.08 M.

# UNDOCUMENTED MIGRANTS

Reinforcement policy and apprehensions

- ▶ Since 1994, the same year NAFTA came into effect, the US government began the militarization of the border with different Operations: Gatekeeper, hold the line, etc.. which erected fencing, walls, and other barriers in the most trafficked points of the border.



# UNDOCUMENTED MIGRANTS

## Reinforcement policy and apprehensions

- ▶ In 1992, only 5,000 border patrol officers were watching the border at different points
- ▶ in 2012, 21,500 border agents with the support of an important number of national guards were hired.
- ▶ Reinforcement at the border has been brutal, increasing significantly the cost to migrate and the growing dangers of border crossing, resulting in an increase in deaths and human rights violations.
- ▶ Experience demonstrate the tougher the measures, the more likely immigrants tend to remain in the US.

# UNDOCUMENTED MIGRANTS

## Reinforcement policy and apprehensions

- ▶ In 2012, the number of apprehensions were 365,000 Mexicans -78% decrease from the 2000, -a booming year which peaked at 1.7 million apprehensions - whereas apprehensions of non-Mexicans has been growing lately.
- ▶ Several studies have shown a reduction in migration flows from Mexico to the U.S.
- ▶ The net migration flow (Mexicans who come to the U.S. minus those returning to Mexico) has reached an equilibrium point , as we never thought it could happen.

# UNDOCUMENTED MIGRANTS

This phenomenon seems to be the result of many factors:

- ▶ the weakened U.S. job and housing construction markets,
- ▶ heightened border enforcement,
- ▶ an incredible rise in deportations,
- ▶ the growing dangers associated with illegal border crossings,
- ▶ The heightened anti-immigrant attitudes and policies approved in different states
- ▶ The establishment of restrictive measures like E-Verify for employers.

# UNDOCUMENTED MIGRANTS

## Trends. Deportations

- ▶ By expanding the participation of state and local law enforcement agencies in immigration enforcement through Secure Communities and 287(g) agreements, all of them have allowed local authorities to get involved with unauthorized migrants living in different communities and states, sometimes helped by vigilante groups, and have led to an impressive increase of apprehensions and deportations of unprecedented numbers of aliens.

# UNDOCUMENTED MIGRANTS

## Trends. Anti-immigrant attitudes

- ▶ This situation has originated a very harsh anti-immigrant environment in some states, being Arizona and Alabama the emblematic ones. Those states are emblematic precisely because there are “new destinations” than the traditional ones, or their Latino population grew rapidly, and they react adversely against their evident presence.
- ▶ The results of this anti-foreign attitudes towards “illegal aliens”, have been to emigrate either to other state, voluntary return to their place of origin, or rather stay much more vulnerable.

# UNDOCUMENTED MIGRANTS

## Trends. Deportations

- ▶ The Obama Administration apparently has deported mainly “criminal Illegals”, but there have been many raids to localize undocumented aliens in their work place . Between 2009 and 2012, his administration deported 1.6 million immigrants, more or less the same amount Bush deported during his eight years as president.

# UNDOCUMENTED MIGRANTS

## Trends. Deportations

- ▶ The phenomena of return migration is a new one in Mexico and by the way, a very problematic one.
- ▶ For example, between 2010 and 2012, the US government removed approximately 205,000 mothers and fathers of US citizen children. The number of Mexican children impacted by deportations during the last years is around 650,000.

# UNDOCUMENTED MIGRANTS

## Trends. Deportations

- ▶ It is a fact that transnational families in situations of separation between the US and Mexico, needs to be attended. A reunification process is urgently needed.
- ▶ Local communities in Mexico do not have sufficient programs to help returning migrants and their families, which are returning mainly to rural areas who have limited infrastructure to respond to the complex needs of transnational families.



# UNDOCUMENTED MIGRANTS

- ▶ Trends.
- ▶ Probably, some of those deported aliens may attempt to return when the US economy improves more, because some left very close family members in different states.
- ▶ In fact in recent months, the unemployment rate of Mexican migrants has started to decrease standing at very close to the national average at 7.3%. This is because of incipient job growth in the sectors that employ around 60% of Mexican immigrants: leisure and hospitality, construction, manufacturing and wholesale and retail trade.

# UNDOCUMENTED MIGRANTS

- ▶ Aware that the large amount (11.7 M) of undocumented aliens represent a big problem, Congress has debated and approved several bills in 2006, 2007, which became frozen during 6 years and again in 2013. Latino support to democrats in the last elections were determinant.
- ▶ The Senate has proposed a bipartisan comprehensive bill that includes, among many initiatives, a legalization program with a 13 year path to obtain citizenship.
- ▶ The HR has proposed several pieces, with no intention, so far, to legalize them with a path to citizenship.

# UNDOCUMENTED MIGRANTS

- ▶ It is urgent that Congress approves a truly comprehensive immigration reform to provide opportunities for those increasing vulnerable unauthorized immigrants.
- ▶ A deportation relief is urgent for this community.
- ▶ But also it is urgent to look ahead with an strategic vision to the future needs for their labor markets establishing programs to import labor o increment visas for that purpose.

# FINAL REFLECTIONS

- ▶ The important growth of exports and foreign investment in México has been insufficient to create all the jobs needed, push wages up and reduce the pressure to emigrate to the United States as NAFTA negotiators had hoped.
- ▶ We must recognize that the recurring, prolonged economic crises that we have experienced during the period analyzed, together with the complex readjustment processes in the Mexican economy, have not benefited certain sectors, but rather have caused severe regional inequalities and there are still important wage differentials among countries, plus an increasing dependence on remittances which went from 3.5 B to 22 B during this period.

# REFLECTIONS

- ▶ No doubt, NAFTA did create a space for greater formal and informal, documented and undocumented labour mobility. Legal flows grew very importantly as well as unauthorized ones.
- ▶ It is relevant to ask ourselves what should be our next step within NAFTA. ¿Is it feasible to renegotiate this treaty, to include some immigration mechanisms?.
- ▶ Now that Mexico has approved an energy reform, ¿could it be a good opportunity for a more ambitious regional project including labour?

# REFLECTIONS

- ▶ Given the infrastructure created by NAFTA, it is essential to analyse the possibility of increasing the number of TN visas and expand the categories of professionals into middle skilled technicians and also establish a category for low skilled workers, so current undocumented workers would be allowed to adjust to the TN status.

# REFLECTIONS

- ▶ Maybe NAFTA is an ideal platform upon which immigration reform can be based, at least as it pertains to Mexico and Canada. Mexico does not have any migratory privileges, not even the “waiver” one.
- ▶ NAFTA could open the door and move towards legalization for those who have been living for many years contributing to overall US economy, and who have children with US citizenship, or “dreamers” who could get temporary visas while obtaining a permanent one.