

NAFTA Supply Chains Are Deeply Integrated

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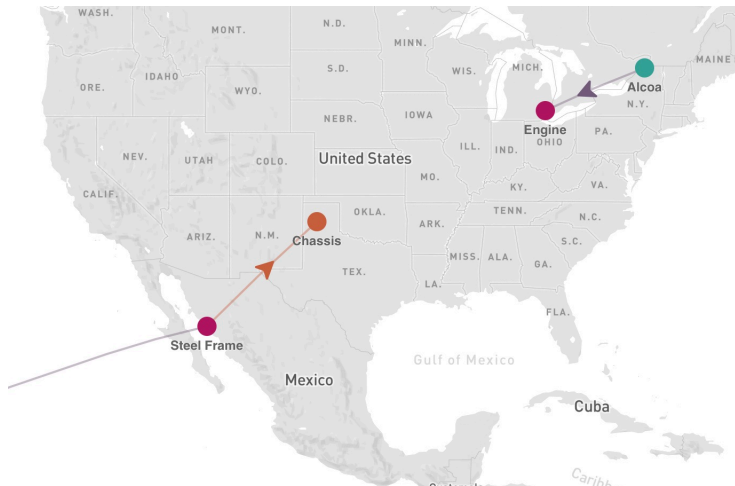
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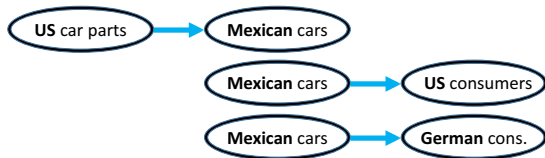


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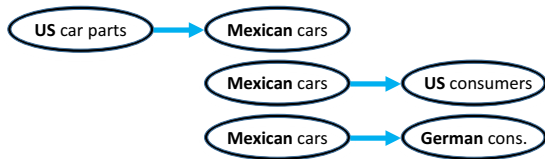
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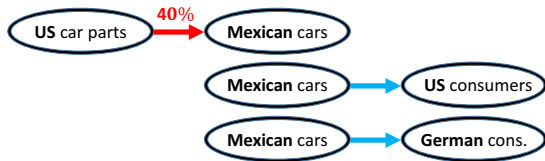
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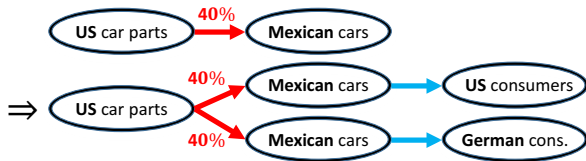
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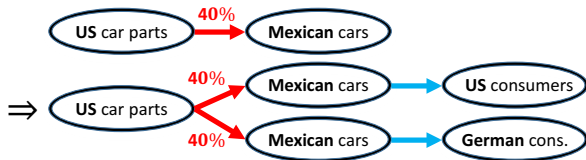
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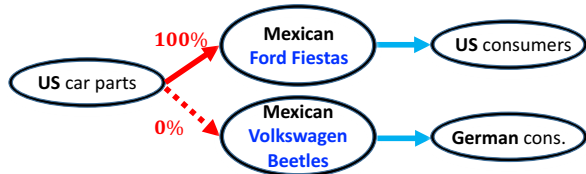


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- ▶ but, this ignores **NAFTA's supply chain specialization**



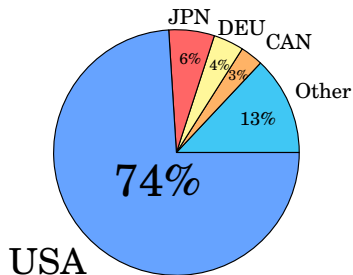
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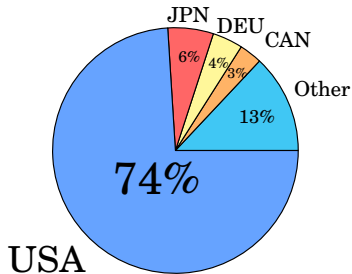
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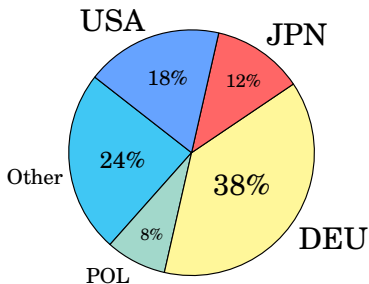
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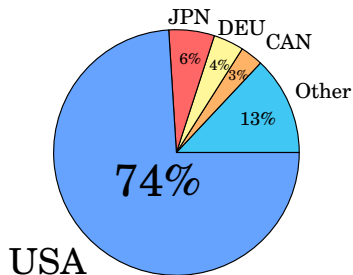
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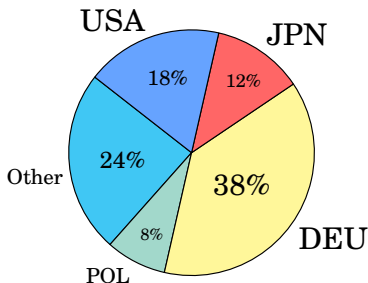
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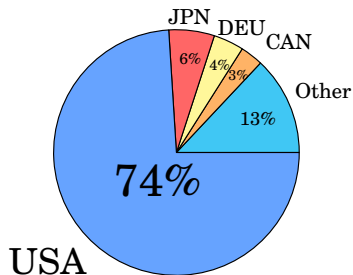


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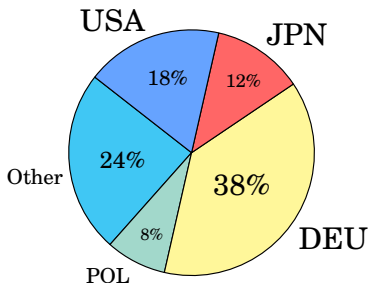
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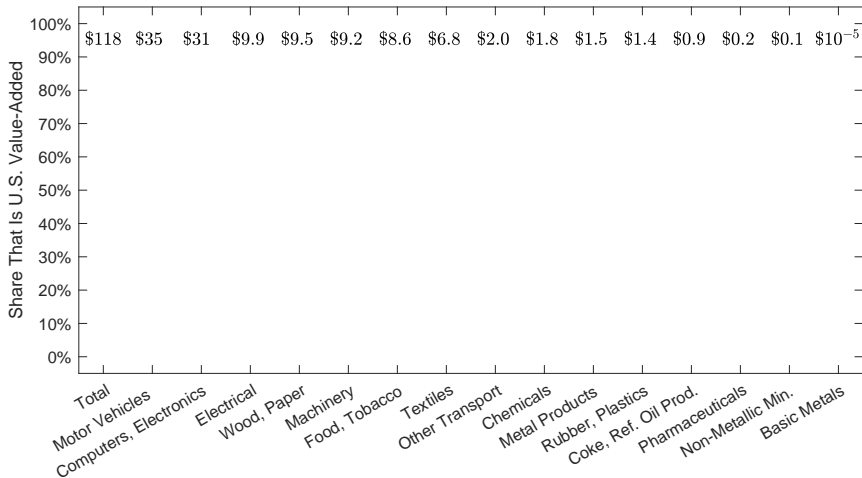
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 - ▶ But note, while informative, data doesn't trace **where value is created**

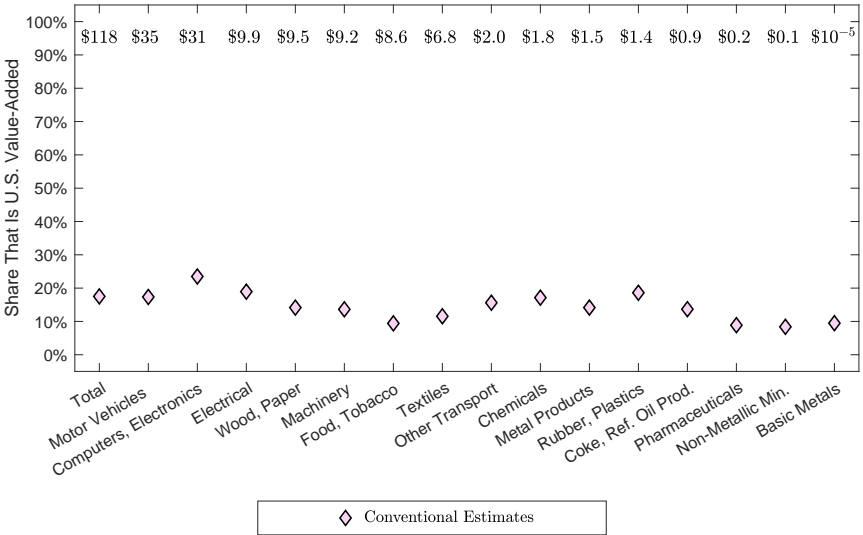
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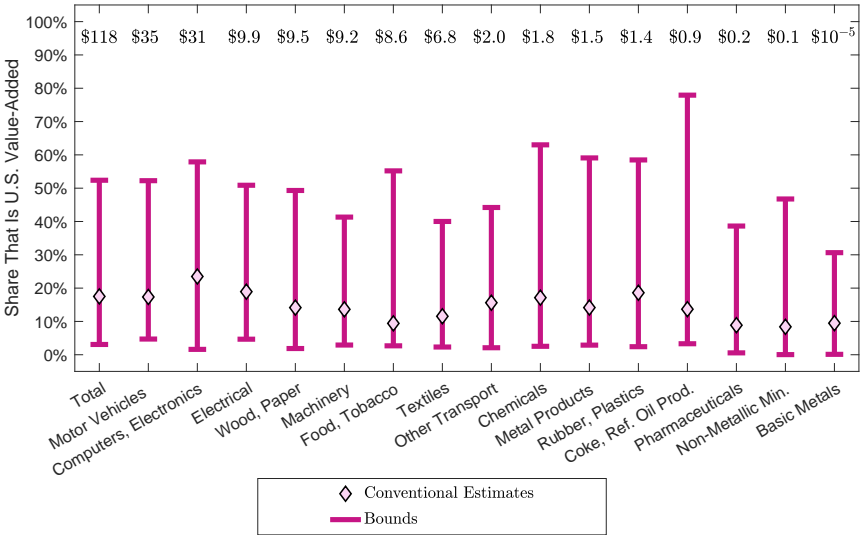
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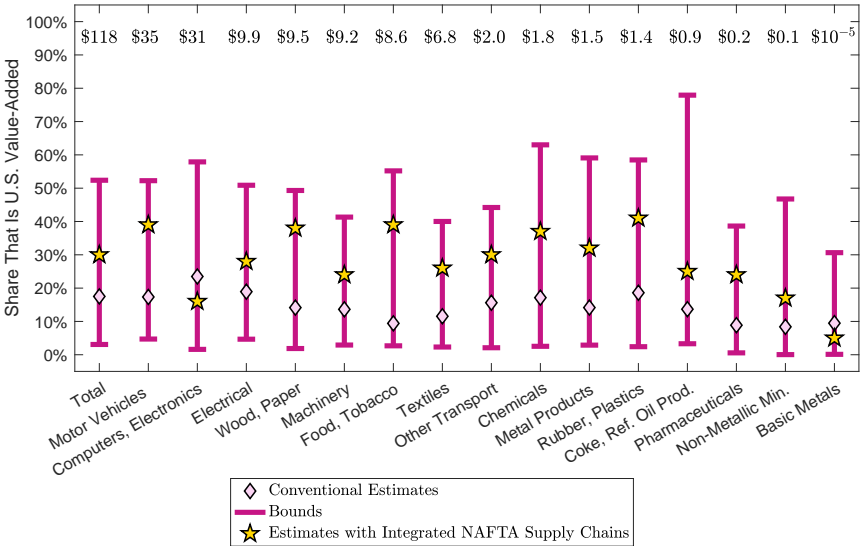
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NAFTA Economies More Integrated, ...When Measured Properly

- Accurately measuring supply chains crucial for
 - ▶ constructing value-added trade statistics
 - ▶ quantifying the implications of changes in trade policy
 - ★ ex. USMCA or NAFTA repeal
- NAFTA supply chains are highly integrated
 - ▶ lots of back-and-forth trade \Rightarrow small tariffs compound, have big effects
 - ▶ U.S. imports from Mexico have high U.S. content \Rightarrow tariffs on Mexican goods ripple up the supply chain and hurt U.S. producers