

Abstract

This bachelor thesis deals with regional integration, with a focus on regionalism and the North American Free Trade Agreement (NAFTA), which introduced the liberalization of international trade between the United States, Mexico and Canada. The Thesis examines the period between 1993 and 2016, and the main topic of the thesis is the impact of the free trade agreement on developed Canada and developing Mexico.

The thesis analyzes how the implementation of NAFTA differed between Canada and Mexico. Whether the agreement had a different impact on the automotive industry in these countries and what impact it had on the workforce and investments that played an important role in the development of the automotive industry in North America. The thesis further examines how the production of the automotive industry in this region has changed, and which country has been able to gain more from free market access.

To answer these questions, a comparative analysis and a case study were used. These methods compare trends and developments in the automotive industry in Canada and Mexico and the impacts on the automotive industry.

Based on this approach, the thesis found that NAFTA led to an increase in investment in the region, which increased automotive production. Production has shifted mainly to Mexico, which benefits from cheaper labor and favorable geographical location. These findings can be used to compare the impact of NAFTA with the new free trade agreement in North America – USMCA, which replaced NAFTA in 2020. Integration trends between a developing and a developed country can also be observed.