

Labour and Professional Mobility in the NAFTA Region

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Introduction

- Trilateral Higher Education Cooperation requires people movement.
- Canada and Mexico do not discriminate among NAFTA countries regarding visas.
- The United States discriminates against Mexico with respect to NAFTA visas.
- What does the future hold for Mexico-US labour mobility?

Temporary Entry for Business Persons (NAFTA)

- Governments shall grant temporary entry to business persons.
- “Business person” = citizen engaged in:
 - trade in goods,
 - provision of services, or
 - conduct of investment activities
- “Temporary entry” = entry without intent to establish permanent residence

Temporary Entry for Business Persons

- Principles - reciprocity, transparency, border security, protection of domestic labour and employment.
- A country may refuse entry based on national security & public health and safety.
- A country may impose a visa requirement
- US has visa requirement for Mexico

Annex 1603

- Business visitors:
 - place of business outside territory,
 - not seeking to enter local labour market
 - see Appendix 1603.A.1 for authorised activities
 - no quotas
- Traders: trade between home country and country of destination, no quotas
- Investors: establish, administer or service a “substantial” investment, no quotas

Annex 1603

- Intra-Co. transferees:
 - managerial, executive or specialised knowledge,
 - may require minimum 1 year with company in prior 3 years
 - no quotas
- Professionals
 - see Appendix 1603.A.1 for authorised professions and qualifications
 - US limit for Mexico is 5500; expires January 1, 2004.

NAFTA Professional Visas

- Canadians and Mexicans must have:
 - letter offering employment in the US
 - proof of citizenship and
 - proof of professional engagement in listed occupations.
- In addition, Mexicans require:
 - nonimmigrant visa,
 - prior petition by the employer, and
 - Department of Labor certification.
- Canadians can apply at the border,
- Mexicans must apply at American consulate or embassy.

Mexican professionals are not
using NAFTA visas

Because the requirements are as
onerous as for other visas?

Table 5: Temporary entry visas granted to skilled Canadian and Mexican workers, 1999

Source	H1A	H1B	H3	J1	L1	O1	P1	TN
Canada	26	10,235	95	5,470	13,603	885	2,508	67,076
Mexico	75	12,257	574	5,538	11,387	398	8,373	1,278

Source: INS, Non-immigrants admitted as temporary workers, exchange visitors and intra-company transferees by region and country of citizenship, Fiscal Year 1999. H1A: Registered nurses; H1B: Workers with specialty occupations; H3: Industrial trainees; J1: Exchange visitors; L1: Intra-company transferees; O1: Workers with extraordinary ability or achievement; P1: Internationally recognized athletes or entertainers; TN: NAFTA workers.

Table 5: Temporary entry visas granted to skilled Canadian and Mexican workers, 2000

Source	H1A	H1B	H3	J1	L1	O1	P1	TN
Canada	17	12,929	86	6,322	19,221	1,195	2,533	89,220
Mexico	130	13,507	307	6,295	14,516	542	9,977	2,059

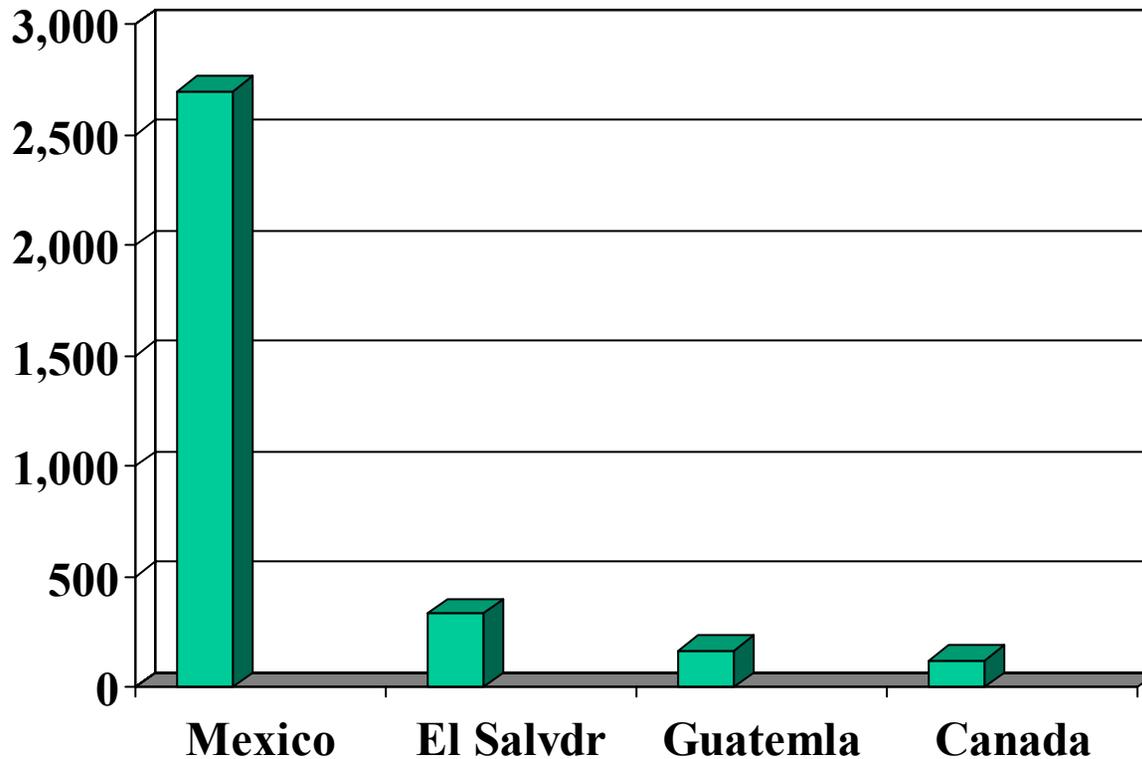
TN visas replacing Green Card for Canadian University Grads

- TN valid for one year, but can be extended indefinitely as long as the applicant maintains nonimmigrant intent.
- Canadian survey of 1995 university graduates who moved to the United States:
 - 90% entered with a temporary visa.
 - 72% used a TN visa.
 - Of those with TN visa only 22% had returned to Canada by 1999.

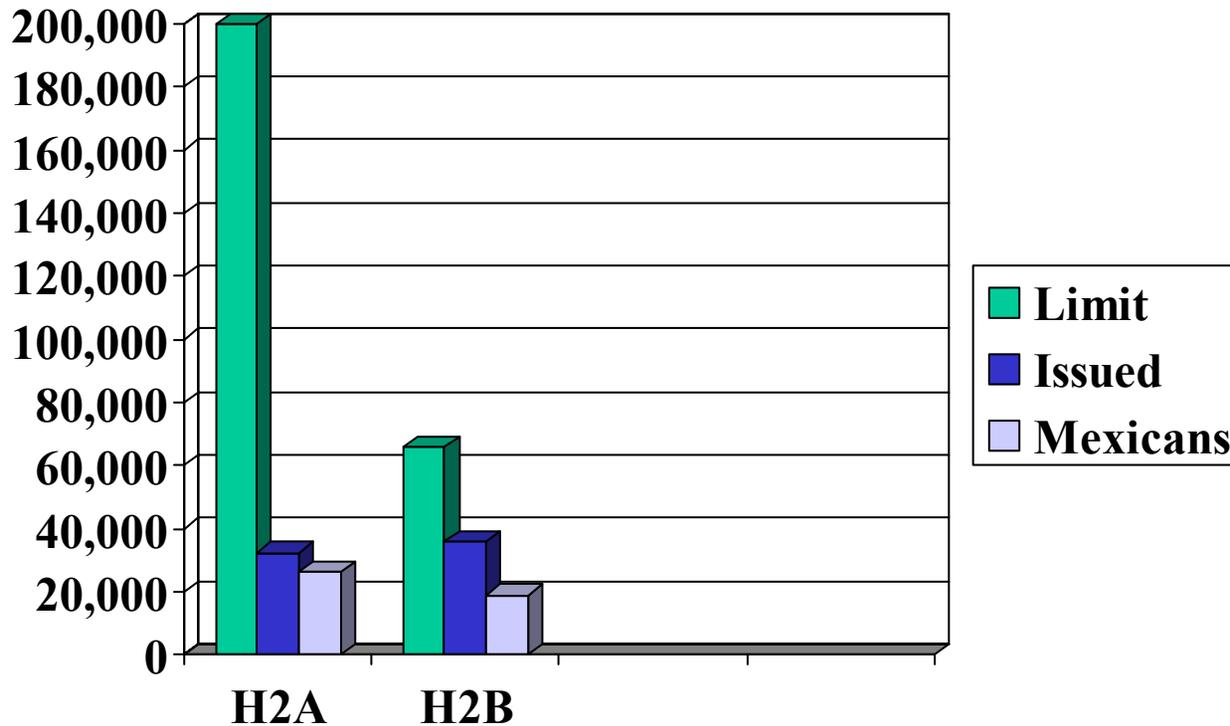
Illegal Immigration from Mexico

- 3 million undocumented Mexicans in US
- 300,000 undocumented workers cross each year
- Immigration law enforced at border, not work
- Illegal don't benefit from labor laws (USSC)
- Visas for unskilled labour require:
 - minimum wages
 - minimum labour standards
 - payment of travel expenses
 - paperwork

Est. Illegal Aliens in US, 1996 Thousands (INS, 2001)



US Visas for unskilled labor not used despite > 2m applications

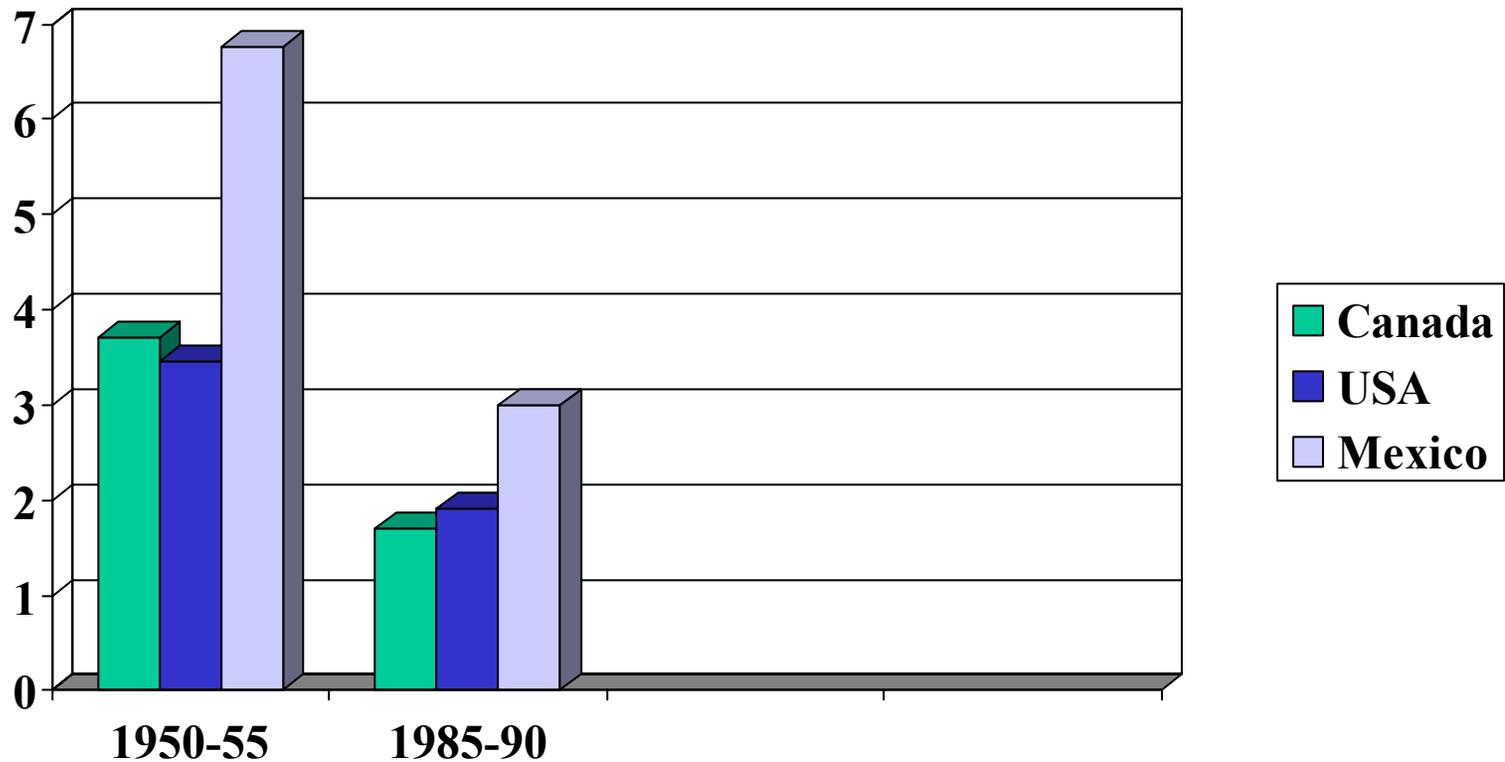


NAFTA Demographics

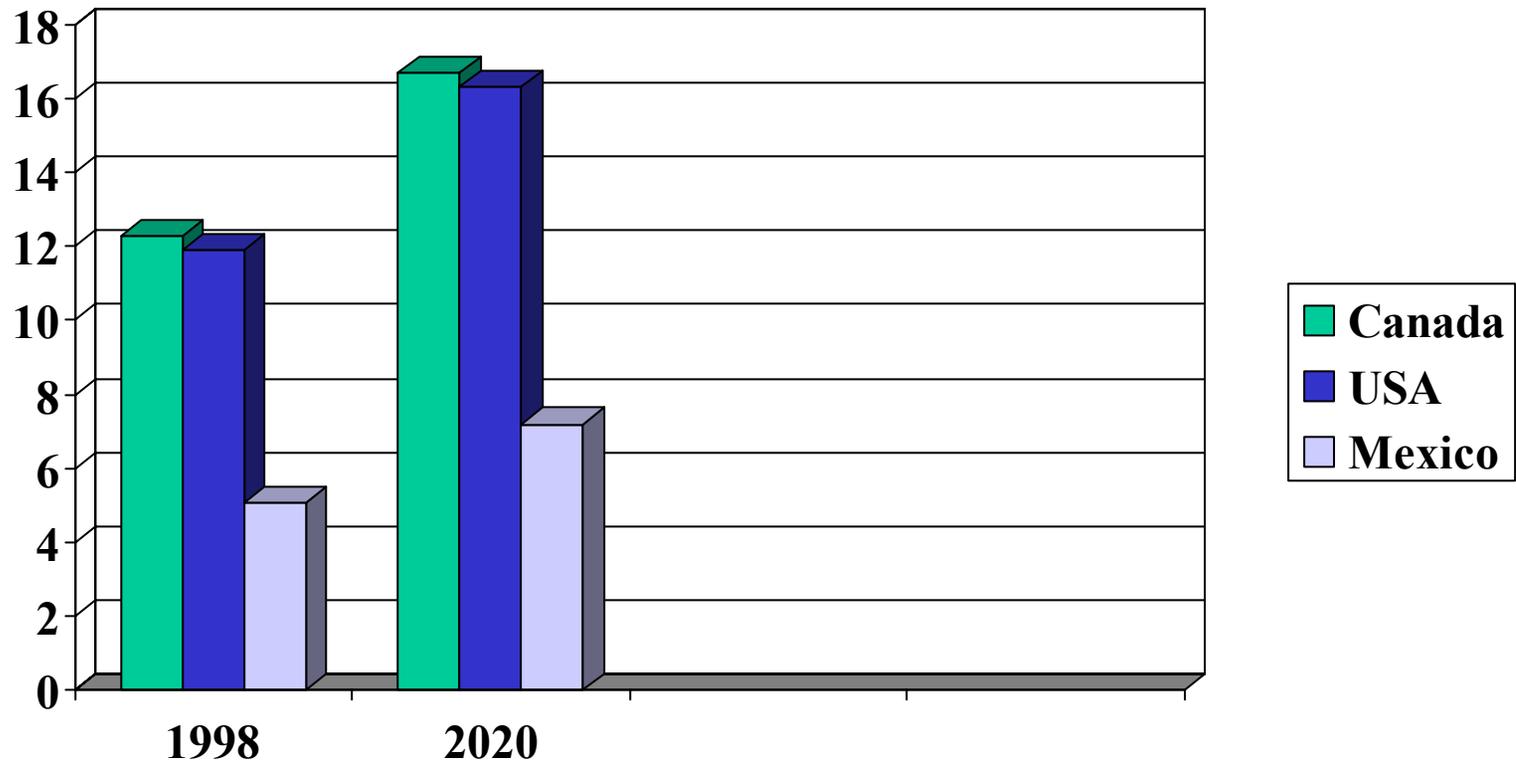
Declining birthrates make free labour movement attainable over long run, increasing demand & reducing supply

NAFTA Fertility Rates (OECD)

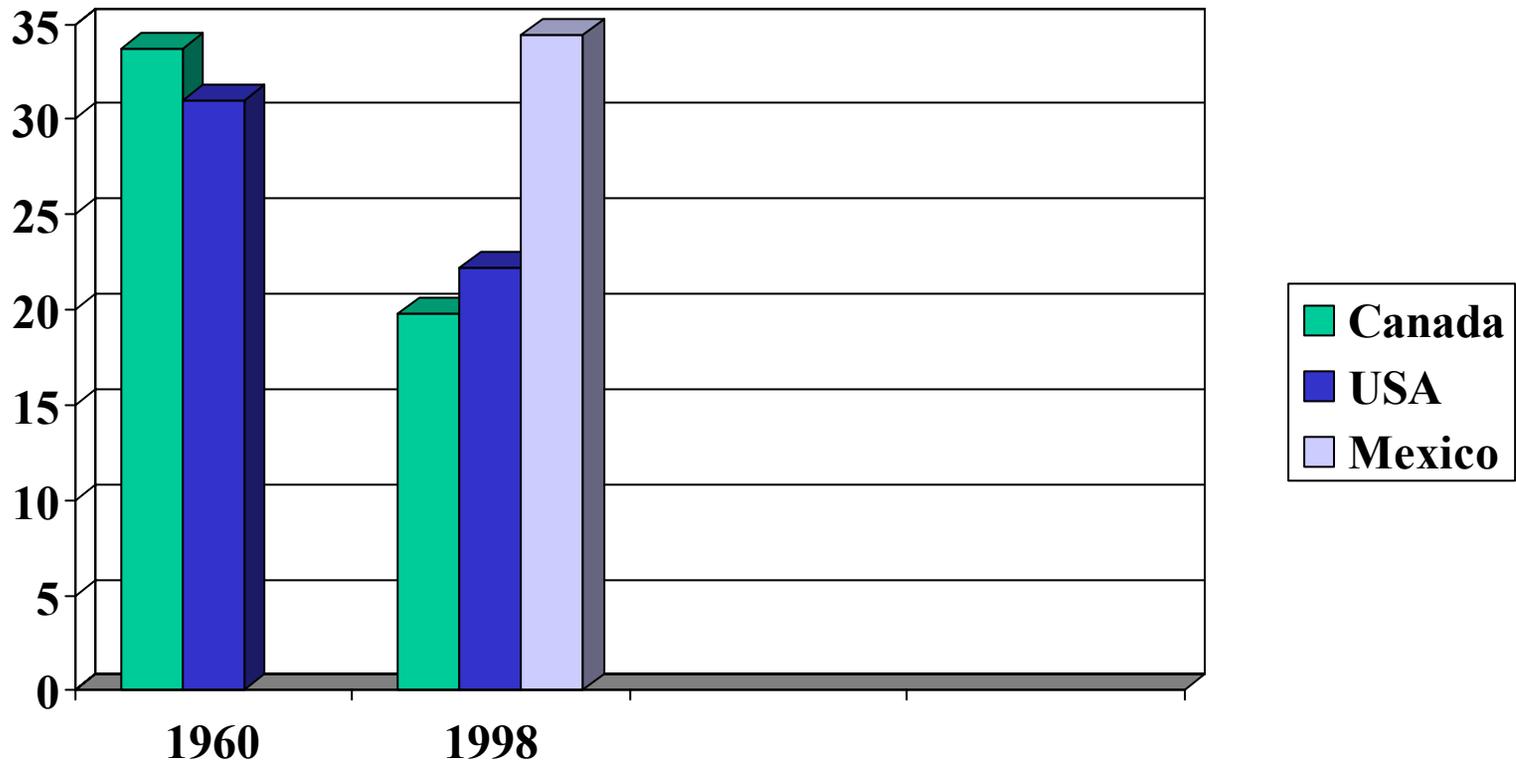
2.08 maintains stable population



Percentage of people 65+ NAFTA Countries(OECD & UN)



Percentage of people under 15 NAFTA Countries(OECD & UN)



The Wage Gap

Different standards of living make
free movement of labor unattainable
in short run

The Wage Gap

- NAFTA *should* lead to a convergence of per capita income between US and Mexico.
- The *opposite* is happening.
- 1970 - 2000, real GDP per capita rose about 60% in Mexico and about 87% in the US.
- 1981 and 1999 - US increased 48%, Mexico increased only 6.8% for the entire period.

Mexico-US vs. EU Wage Gaps

- In 2000, Mexico's per capita GDP was 16.6% of the United States.
- Greek per capita GDP was 47.3% of Germany's.
- In terms of purchasing power parity, Mexico is 25.7% of the U.S. and Greece is 65% of Germany.

Conclusion

- Illegal immigration from Mexico motivates US to impose strict visa requirements.
- Strict visa requirements without workplace enforcement encourage illegal immigration.
- US visas for Mexico need reform.
- Demographic trends favor labour mobility.
- Wage gaps do not.
- Wage gaps plus Sept 11 leave future uncertain.