Why Make a Deal?

Trace the different reasons countries enter trade agreements.

SS24.WH.17a "Explain motivations for countries to enter into global trade agreements."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB As you read, underline one reason each country wanted the agreement. Circle the words that show how the agreement could help that country.

Three Countries, One Agreement

1. Picture a truck carrying Canadian auto parts toward a factory in Michigan. At the border, its shipment must meet trade rules before it can continue. In 2020, the United States, Mexico, and Canada began using the United States-Mexico-Canada Agreement, or USMCA, which replaced an earlier agreement called NAFTA. Countries enter such agreements to make cross-border business more predictable, but they do not all seek the same benefits. Canada wanted continued access to its largest export market, the United States. Clear rules could help Canadian firms plan sales and investments, while uncertainty about future barriers could discourage them.

2. Mexico had its own reasons for agreeing to shared rules. Many factories there assemble cars using parts that cross North American borders more than once. If a car meets the agreement's rules about where its parts come from, it can enter partner countries without the usual import tariff, a tax on imports. That advantage could encourage firms to build and buy within the region. Mexican leaders also had an interest in keeping access to buyers in the United States and Canada. Larger, more reliable markets can support factory jobs, although a trade agreement cannot guarantee that any particular job will remain.

3. The United States also had reasons to make a deal rather than trade without shared rules. Its farmers and manufacturers wanted dependable access to customers in Canada and Mexico. U.S. leaders also pushed for stronger labor rules and a higher share of North American content in cars. They hoped these terms would reduce pressure to move production to places with lower wages and encourage more regional manufacturing. Those aims came with trade-offs: meeting stricter content rules can raise costs for automakers. The three governments accepted a common agreement because each expected gains, even though their priorities were not identical.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why did Canada want continued access to the U.S. market through a trade agreement?

2. Why might Mexico want cars made with qualifying regional parts to enter partner countries without the usual tariff?

3. What did U.S. leaders hope to achieve by pushing for stronger labor rules and more North American content in cars?

4. Canada and the United States both wanted reliable access to buyers. How did their stated priorities differ?

3 YOUR TURN

Your own words

Seacliff exports fresh fruit, imports machine parts for its packing plants, and uses import tariffs to fund its ports. Its neighbors propose an agreement that would lower tariffs on both products. Write four or five sentences recommending whether Seacliff should join. Explain two motivations tied to Seacliff's situation and one possible cost.

ANSWER KEY

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PART 1 · READ AND MARK

As you read, underline one reason each country wanted the agreement. Circle the words that show how the agreement could help that country. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why did Canada want continued access to the U.S. market through a trade agreement?	**The United States was Canada's largest export market, and clear rules could help Canadian firms plan sales and investments.**
2	Why might Mexico want cars made with qualifying regional parts to enter partner countries without the usual tariff?	**Tariff-free access could encourage firms to build and buy within the region, supporting Mexico's factories and their access to buyers.**
3	What did U.S. leaders hope to achieve by pushing for stronger labor rules and more North American content in cars?	**They hoped to reduce pressure to move production to lower-wage places and encourage more regional manufacturing.**
4	Canada and the United States both wanted reliable access to buyers. How did their stated priorities differ?	**Canada prioritized continued access to its largest export market, the United States. The United States sought access to customers in Canada and Mexico and also pushed for labor and auto-content rules.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Seacliff should join the agreement because lower tariffs could help its fruit reach more buyers in neighboring countries. Cheaper imported machine parts could also lower costs for its packing plants. These benefits could help fruit exporters compete and keep their plants running. However, Seacliff might collect less tariff revenue to fund its ports. Its leaders should weigh that loss against the expected gains for exporters and packing plants.

For the open task, accept a recommendation either for or against joining if it explains two motivations using Seacliff's details and identifies a plausible cost. The sample's cost is reduced tariff revenue, not competition for a machine-part industry.