



Sixth North American Process Symposium: Economic Coordination and Adaption

Friday, October 23, 2020
Virtually Hosted by the Wilson Center via Zoom

On October 23, 2020, the School of Public Policy at the University of Calgary, the School of Global Studies at Universidad Anáhuac México, and the Watts College of Public Service and Community Solutions at Arizona State University, in association with The Wilson Center in Washington D.C., joined together for the Sixth Annual North American Process Symposium: Economic Coordination and Adaption.

Participants highlighted that the purpose of the symposium is to develop concrete solutions to pressing policy problems faced by North Americans. The aim is to promote a creative dialogue that will make North America economically competitive as a region. This issue is particularly important during the COVID-19 pandemic which has made it imperative for us to think as North Americans. Participants hope the symposium will help the private sector, government, and civil society improve the economic well-being of the North American people. It is an important moment to reflect on where we are and where we want to go and how to collaboratively get there and construct a community that can promote the North American idea.

To this end, panelists associated with the federal governments of all three countries discussed issues pertaining to trilateral economic coordination in North America. Two working groups followed the panel. The first group developed policy options concerning North American coordination and competitiveness and the second dealt with the adaptation of business supply chains in North America. Participants from all three countries and a range of professions participated in the discussion.

AGENDA

10:50am-11:00am	Guests Connecting to the Event
11:00am-11:10am <i>(all times EST)</i>	Welcome and Opening Remarks <ul style="list-style-type: none"> • Eugene Beaulieu, Program Director, School of Public Policy, University of Calgary • Carlos García Fernández, Dean, Universidad Anáhuac México • Jonathan Koppell, Dean, Arizona State University • Duncan Wood, Director, Mexico Institute, Wilson Center
11:10am-12:15 pm	Panel: Trilateral Economic Coordination, Despite Everything Moderator: Earl Anthony Wayne, Former U.S. Ambassador to Mexico Scene setter: Luz María de la Mora, Undersecretary for Foreign Trade, Mexican Ministry of Economy Panelists: <ul style="list-style-type: none"> • (CAN) - Marie-France Paquet, Chief Economist, Global Affairs Canada • (MEX) - Lydia Antonio, General Director of Monitoring and Administration of Trade Agreements, Mexican Ministry of Economy • (USA) - John Andersen, Former Deputy Assistant Secretary for the Western Hemisphere, U.S. Department of Commerce

<p>12:15pm-12:45pm</p>	<p>Working Groups Sessions <i>Symposium attendees are invited to develop specific and realistic recommendations for North American cooperation as part of one of the following two working groups:</i> Group A: North American Coordination and Competitiveness Facilitator: Larry Rubin, Managing Partner for Latin America, DHR International Group B: The Adaptation of Business Supply Chains Facilitator: Ari Van Assche, Professor, HEC Montreal</p>
<p>12:45pm-1:00pm</p>	<p>Presentation and Discussion of Working Group Findings Moderators: Duncan Wood, Director, Mexico Institute, Wilson Center Christopher Sands, Director, Canada Institute, Wilson Center</p>

Panel: Trilateral Economic Coordination, Despite Everything

Marie-France Paquet discussed the economic integration of North America, positive signs pertaining to North American competitiveness, and North American supply chains. With regards to economic integration, Ms. Paquet noted the ways in which the three countries are connected economically. According to common wisdom, the US is less dependent on trade with Mexico and Canada than the other way around. However, if we dig deeper we can see that these three countries are truly interdependent. For example, the US imports 288 products for which Canada or Mexico is the only supplier

Ms. Paquet asked: what can we find that is positive amid the COVID-19 pandemic and the economic consequences it has had? The COVID-19 pandemic has illustrated that economic coordination in North America is possible, even under dire circumstances. There are various examples of this during COVID-19, including efforts to make supply chains more resilient. There have been various successful moments of cooperation, including an agreement between Canada and Mexico on agricultural workers. Agreement is important as it helps attract investment from third countries and reduces policy uncertainty. It is important that dialogue and evidence are crucial parts of this cooperation.

Supply chains are incredibly important for North America as each country needs the other to build things with intermediate inputs. Ms. Paquet went over how Global Affairs Canada analyzes vulnerabilities in supply chains and the potential benefits of supply chains. Supply chains have come to the forefront of governments' minds. To address issues with supply chains, policymakers need to come up with evidence and have strong discussions within government. To highlight the importance of supply chains, Ms. Paquet noted: "it takes 2500 parts to make a car, but only one part not to make a car."

Lydia Antonio provided an overview of the state of global trade amid the COVID-19 pandemic and the state of trade in Mexico. Since May 2020, countries have begun to focus on facilitating trade and lifting export restrictions, even though many trade restrictions remain. When the pandemic began, trade restrictions surged in an attempt to prevent the spread of the virus. Global supply chains were disrupted. Since May we have started to try to facilitate trade of essential products like PPE through international cooperation. But 85 countries have placed export restrictions on PPE and foodstuffs.

In response, Mexico has adopted the following principles of pandemic response: 1) Coordinate and collaborate to guarantee access to medicines, vaccines and medical equipment. 2) Maintain free flow of goods. 3) Promote transparency of measures implemented by governments. 4) Improve reactions to future crises. 5) Monitor compliance with joint statements on trade. 7) Facilitate trade of medical supplies and mobility of health professionals. 8) Establish communication channels at the borders between immigration and customs. 9) Create involvement with different actors in the economy. 10) Support SMEs. 11) Adopt digital solutions to efficient border crossing. Recovery will involve a great deal of trilateral coordination for pandemic response: coordinating protocols for reopening productive activities, using technology to reduce physical contact, and coordinating border crossing to secure health.

Ms. Antonio provided an overview of the implementation of USMCA/CUSMA/T-MEC¹ to date. Notably, this has included over 30 coordination meetings with counterparts. The Ministry of Economy has two working groups: one on digital trade and one on labor. Of note is the Rapid Response Mechanism for labor violations. Three of the USMCA/CUSMA/T-MEC committees have held meetings so far: trade facilitation, transportation services, technical barriers. After signing the agreement, 2,000 million dollars of new investment in Mexico has taken place, mostly car-related. Further, trade with the U.S. and Canada is recovering since May. The Mexican government is happy that industrial activity is recovering even though still far from 2019 levels. We are interdependent – when our partners are doing poorly, we are doing poorly. This requires cooperation.

John Anderson briefly spoke about his experience as Deputy Assistant Secretary for the Western Hemisphere at the U.S. Department of Commerce. He stated that he was always confident that NAFTA would be renegotiated into a new agreement. He also stated that he had acknowledged during his time as a government official that Mexican, American and Canadian private sector stakeholders had recognized more so than governments (and in many cases) the importance of maintaining a free and open trade relationship. Furthermore, he also said that, within the USMCA/CUSMA/T-MEC, there were built-in working groups so that once a new agreement was implemented, they would meet on a regular basis. He also highlighted that the trilateral renegotiation of Chapter 26 ensured that all three countries kept meeting and moving forward on implementation and other issues.

Mr. Andersen also spoke about his work in the context of the US-Mexico High-Level Economic Dialogue (HLED) during the Obama administration. He said this dialogue expanded beyond economics. However, he also expressed regret in that the group does not have the impetus it used to have. He said that in the Obama administration, the Vice President's office was a major player in this dialogue, in close coordination with the Department of Commerce, the National Security Council, and the United States' Trade Representative, suggesting cooperation only advances when it has the backing of the heads of government. His belief is that the HLED should resurface (he spoke of how the

¹ The agreement is known as the Canada-United States-Mexico Agreement (CUSMA) in English Canada, the Accord Canada-États-Unis-Mexique (ACEUM) in French Canada, the United States-Mexico-Canada Agreement (USMCA) in the U.S., and Tratado entre México, Estados Unidos y Canadá (T-MEC) in Mexico.



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US had thought of bringing Canada into the dialogue in order to enhance trilateral cooperation on many fronts). In essence, Mr. Anderson hinted that a new trilateral HLED would be a good platform to discuss new adaptations of business supply chains.

All of the panelists noted the benefits of USMCA/CUSMA/T-MEC to the North American economy. It reduces policy uncertainty, catalyzes trade, and makes North America more competitive within the global economy. Before the new agreement, NAFTA contributed greatly to making North America more stable, integrated, and competitive. It was also a selling point for attracting investment due to the fact that companies that set up shop in one country now have access to all three countries. It was noted that we need to learn from the North American experience with NAFTA and that North American economic integration is an ongoing process and did not end with the implementation of USMCA/CUSMA/T-MEC. Even so, the agreement will be crucial in the North American economic recovery after the pandemic.

Please find the recommendations of the Working Groups in a separate document.