



Central American immigrants head towards US border. Photo courtesy of: Fishman64

North America Is the Key to Central America

Matthew Rooney

America's engagement in international trade and global manufacturing supply chains is the cornerstone of the power and prosperity of the United States.

The rising chorus of voices arguing that a "go-it-alone" industrial policy will make the United States more secure and more prosperous have misunderstood this simple fact. On the contrary, attempting to decouple from international markets would make US products less competitive, causing the US to lose market share around the world, which would in turn shrink America's economy and make Americans less wealthy.

Moreover, if the U.S. were to bring the entire supply chain to the U.S., we would be taking jobs away from workers in Mexico, Central America, and the Caribbean, not just China. Chinese workers may not be able to come to the United States in search of opportunity, but we have seen how quickly Central Americans, Mexicans, and Caribbeans can make the journey when they are desperate to feed and protect their families.

A policy to strengthen the prosperity of the American people and secure U.S. borders acknowledges



Port of Balboa, shipping container port near Panama canal. Photo courtesy of: [Rob Crandall /shutterstock.com](https://www.shutterstock.com)

that North America is the cornerstone of our own industrial competitiveness. That is why we should double down on cooperation across North America. But beyond that, linking USMCA with Central America – Dominican Republic Free Trade Agreement (CAFTA)— will contribute greatly to breaking the vicious cycle of poverty, rampant crime, and institutional weakness in the Central American region that is driving much of the recent irregular immigration to the United States.

In this context, we must not forget that China has become a disruptive player in global markets and a revisionist geopolitical force. That country is seeking to exploit Central America’s weakness to challenge American predominance in its immediate region. These two core interests of immigration and the China threat, each central to U.S. national security and its future prosperity, intersect in Central America.

Building a strong link between USMCA and CAFTA presents an opportunity to strengthen U.S. interests on both dimensions. Linking those trade

agreements would ensure that intermediate goods manufactured in Central America can be used in products made in Mexico, Canada, or the U.S. for duty-free sale in the U.S. This would have the effect of making American products more price-competitive, while at the same time fostering economic development in Central America

Additionally, a trade policy strategy built on more closely integrating CAFTA and USMCA would lend powerful coherence to the U.S. effort to address the root causes of migration. Done well, it would fully engage the private sector in the region and encourage some of the investment currently feeding U.S. supply chains from China to move to Central America—benefitting U.S. manufacturers and consumers. And it would do much to put the U.S. back in its traditional position as Central America’s principal economic, security and political partner, blocking China’s efforts to ingratiate itself with our nearby neighbors.

Not incidentally, such an approach implemented well would create hundreds of thousands of jobs

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in Central America, which would encourage Central Americans to seek their futures at home instead of in the U.S. It would also drain personnel and power away from the gangs and drug cartels, now plundering the region.

Most investors leaving China are in search of a more welcoming environment, and they are finding it in other Asian countries. An initiative like the one proposed here would divert some of that investment to Central America, which in turn would strengthen the prosperity and security of the region.

By implementing well USMCA and then linking it with CAFTA, we have an opportunity to boost our own prosperity as well as that of our neighbors, while at the same time blunting China's efforts to undermine our prosperity and drive wedges between us and our regional allies. The stakes are high. We should seize the opportunity at hand to deepen cooperation across the continent.









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