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Revitalizing North America: A Shared Prosperity Agenda

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The promise of the digital economy as a driver of economic growth is a reality and continues to grow in importance as global hyperconnectivity continues to expand. Nevertheless, geography has made a comeback as a central concern in economic policy design.

The COVID-19 pandemic dislocated supply chains, while political factors, such as Russia's aggression against Ukraine and tensions in East Asia, are spurring major systemic disruptions with unforeseen consequences. Globalization lives on even as we still

struggle to manage challenges than many hoped had been resolved with the end of the Cold War.

North America, however, is ahead of the game in this complex scenario. The United States, Canada, and Mexico have worked together for nearly three decades based on the idea that prosperity, security, and, indeed, sovereignty, require solid domestic fundamentals, diversified global links, and close regional partnerships. The results have benefited all three economies and societies.



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It is imperative that North America keeps competitiveness and sustainability at the forefront to better cope with future geopolitical risk.

As NAFTA before it, the USMCA provides a framework for trade and investment and to manage disagreements in those fields. On that basis, business cultures have gradually grown closer, as have consumer preferences. Rules and regulations have converged, by design or driven by market integration. Cross-border business relationships, which once were rare, are commonplace.

The North American idea slowly but surely turned into reality and then became mainstream in the domain of trade and investment. Gradual change can go unnoticed in real time, but its impact is evident in hindsight.

A case in point is the way in which mergers and acquisitions from one country to another, in most sectors, no longer make political waves. Two emblematic companies, Televisa and Univision, are integrating into the world's largest Spanish-language media and content company without major controversy. It would be difficult to imagine a similar scenario within other regional arrangements, such

as East Asia's Regional Comprehensive Economic Partnership Agreement.

A key factor is that our three societies, in their diversity, know each other much better than before. Migration brings us together, though still under deeply flawed systems, both in the U.S. and in Mexico. It is not only Mexicans going north to find employment or pursue an education, but U.S. and Canadian citizens *moving south in search of professional opportunities, or simply of better climates and living conditions as they retire or adopt flexible working schemes. No matter the sector, an employee that speaks more than one North American language is an asset worth having.*

If the importance of intra-regional tourism was not clear before, the pandemic made it evident. Quality and breadth of tourism opportunities and amenities have steadily, and in many cases, under the public radar, increased and improved. If the mutual benefits of student mobility programs were undervalued, global tensions have brought them to the fore. The contradiction between the U.S. competing with China in most fields and having over 700 thousand Chinese students paying fees that help fund its universities is more evident than



ever. It is not only the proximity of North American neighbors, but that they have proven to each other to be reliable partners, in some cases despite of government intervention.

It is true that nativism and nationalism have grown in the region, and beyond. That is not the only story, however. Polling has consistently shown that most Mexicans hold positive opinions of the United States (57 percent in a survey by [El Financiero](#) in July 2022), as do most U.S. citizens of Mexico (63 percent in a survey by [Gallup](#) in March 2022). Feelings for Canada in Mexico are even warmer. Criticizing the neighbor may be politically convenient, but sizeable majorities see through it.

We have the tools and means to prosper together as a region. The question all stakeholders should answer is: Are we using them to the fullest? As the global economy and technology continue to evolve, standing still means losing ground. Pursuing businesses that we once lost, or jobs we used to have, means missing out on new opportunities as they emerge. Think of the potential and value in the energy transition and in addressing the environmental agenda.

A useful example is the automotive industry, along with its sophisticated auto parts sector. Regional value chains grew significantly under NAFTA, and all three countries are today among the world's top 10 auto exporters. The industry is at a crossroads as electrification, zero emission and digitally connected high-tech vehicles emerge. Without a common vision and concrete plans to implement it, gains made over the last decades would be lost.

Investors have heard it many times: Past performance is not indicative of future results. It is time for the public sector to understand and apply this mantra, as well.

The importance of a revitalized North American agenda cannot be overstated. By freely choosing to expand their cooperation and coordination, the three countries can further strengthen their sovereignty, while enhancing mutual prosperity. Setting rules and abiding by them serves the common good, as it does the pursuit of each party's individual interests. Sending clear long-term signals of collaboration to the private sector and civil society reduces uncertainty and leads to better policy outcomes across the board. It is a win-win-win value proposition. Strong and flexible cooperation and sovereignty are by no means at odds.

Investing in human capital and agreeing on a joint innovation agenda could accelerate the development and deployment of science and technology. Science and technology are a crucial to maintain North America's competitiveness and continue improving living standards. Strategic goods and services can be more efficiently produced through regional value chains, generating stable and predictable supplies while benefitting local communities. Failing to seize the huge potential that exists in clean, renewable energy would be unforgivable.

Significant steps forward can only be taken if support for them within society is both significant and vocal. NAFTA and the USMCA had behind them a strong coalition of businesses, experts, academics, and other non-governmental actors. They succeeded in bringing on board environmental and labor groups. A similar public information and advocacy effort is needed, involving our societies, the final beneficiaries of the North American idea, if we are to continue pushing ahead as a region. North America, as a concept, cannot be taken for granted.





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