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USMCA: BUILDING MORE INTEGRATED, RESILIENT, AND SECURE NORTH AMERICAN
SUPPLY CHAINS

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WELCOME:

BRAHIMA SANGAFOWA COULIBALY

Vice President and Director, Global Economy and Development, Senior Fellow, Global
Economy and Development, The Brookings Institution

INTRODUCTORY REMARKS:

JOSHUA P. MELTZER

Senior Fellow, Global Economy and Development, The Brookings Institution

PANEL 1:

CLAUDIA RUIS MASSIEU

Senator and Chief, Special Committee for the USMCA Implementation, Mexican Senate;
President, Special Commission for the Implementation of the USMCA

PATRICK OTTENSMEYER

CEO, Kansas City Southern Railroad

JAYME WHITE

Deputy United States Trade Representative

SIMON KENNEDY

Deputy Minister, Innovation, Science and Economic Development Canada

PANEL 2:

CATHY FEINGOLD

Director of the International Department, AFL-CIO

KEVIN KOLBEN

Associate Professor and Department Vice Chair, Rutgers Business School

SYLVIA ORTEGA SALAZAR

External advisor of the General Directorate, National College of Professional Technical
Education (CONALEP)

KENNETH SMITH

Partner - AGON

Mexico's Former Chief Negotiator of the USMCA

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Brahima Coulibaly: Hello everyone, if you could take your seat. Perfect. That's great. And hello, everyone. Welcome to Brookings. My name is Brahima Coulibaly, I'm the vice president of the Global Economy and Development program, and it really gives me great pleasure to welcome you all to the launch of this second edition of the USMCA Report and to all of those also online, thanks for joining us. As you know, it's been now three and a half years since the US, Mexico and Canada came together to adopt this historic agreement to build a more competitive, inclusive and sustainable North American economy. It is arguably the most significant trade agreement that any of these partner countries have engaged in since the WTO was created in 1995.

Beyond a traditional trade agreement, the USMCA provides an economic template that can really help realize the potential of an integrated and competitive North American market. Even though it is, it received broad support from various stakeholders in all three countries, I think we can all agree that success is not preordained, and some implementation challenges are to be expected. And overcoming those challenges will require strong political leadership, but also sustained engagement from all stakeholders. And the Brookings USMCA Initiative that is led by my colleague here, Josh Meltzer, represents our own institutional commitment to support the success of the agreement through independent research analysis, as well as convenings of all stakeholders.

It is toward this objective that we are really pleased to launch today the second annual flagship of the report, and this year's is entitled USMCA Forward 2023: Building More Integrated, Resilient and Secure Supply Chains in North America. And it is quite fresh off the print, it's available online, you can access it. So we chose to focus on this edition of the supply chains because they are really imperative to integrate the region's economies and therefore are really central to the success of the USMCA. It identifies five priorities to strengthen the North American supply chains. You will have the opportunity to hear from Josh, as well as our panel of distinguished experts.

So let me say that our coverage of the USMCA doesn't really end with the launch today. It will, we will continue to monitor the agreement throughout the year, including through our USMCA Tracker, which is an innovative, web-based tool to help document and track progress and conduct research and timely commentaries and organize convenings. So all of the USMCA product are actually available on a, the Brookings website. We have a dedicated web page for that, so you can find all the products there, and you can also sign up there to receive updates on the USMCA, we have a newsletter as well that we send out to those who've subscribed.

So to our distinguished panelists, thank you for being with us. We are really, truly honored by your presence in person and also virtually in the case of Senator Massieu from Mexico and Deputy Minister Simon Kennedy from Canada. We look forward to an engaging and informative conversation with you all. So before I conclude, let me express my gratitude to the International Advisory Council member and Brookings Trustee Paul Desmarais, as well as Brookings International Advisory Council member Pablo Gonzalez for their leadership and support on this initiative, without which it would have been difficult for us to bring these products to you and this work to you.

And I'd like to also thank my colleagues in the Global Economy program and the Central Communications Office for having really worked tirelessly around the clock to make sure that we meet all the deadlines and that you have the report ready by today's date that we're launching it. So let me now turn it over to Josh, who is going to moderate the remainder of the event. But thanks again for coming and look forward to a lively conversation.

Joshua Meltzer: Well, it's certainly my pleasure to welcome you here to this Brookings event today. Just a couple of points of order, if you have any, for our online guests, we've got hundreds of people enrolled online in fact, if you have any questions, you can submit them to events at Brookings dot edu or you can tweet to at Brookings Global using this hashtag at USMCA forward. I'm going to provide a few introductory remarks, I'm going to provide you a bit of an overview of the report that we're releasing today, and then we'll transition into an interesting panel discussion.

So my name is Joshua Meltzer, I'm a senior fellow in the Global Economy and Development program here at Brookings, and I lead the USMCA initiative. And today we are launching as, as Coul just mentioned the flagship report focused on building more integrated, resilient, secure supply chains in North America. And we're focused on supply chains because it is in many ways central to how North America works together economically and increasingly politically as well. Following our experience with COVID and geopolitical competition with China, supply chains are increasingly understood not only as an opportunity to increase efficiency and integration, but also as a potential source of risk.

During COVID in fact, North American supply chains perform quite well. But it also became clear how dependent North America is on critical products and supply chains based in China and elsewhere. Strengthening supply chains is also a discussion about manufacturing, about how and

where manufacturing should be reinvigorated, in what sectors and at what costs. And we'll discuss these and many other issues today.

But first, what I would like to do is also thank before I move forward, I do want to thank again the team that's kind of behind this event. Want to really big thanks to my two research assistants, Diego and Maricarmen, for really their tireless work on the event, but they've also contributed significantly to the report and to this online platform, which I'm going to get into in a minute. I also want to really extend my thanks to the comms team, the I.T. team, for all their work, to the other scholars at Brookings who affiliate with the USMCA Initiative and some who have contributed to the report, David Dollar, Santiago Levy and of course Coul as well. And I also want to extend my thanks to Pablo Gonzalez and Paul Desmarais Junior for their leadership and support for everyone who is supporting the USMCA initiative.

So let me just give you a brief overview before we get to the report of actually what is the USMCA initiative. We started this two years ago, passage of USMCA through the Congress with really overwhelming bipartisan support seemed to us an opportunity to rethink North American economic integration. This is clearly the most important economic relationship by now in North America accounts for almost a third of global GDP, 60% larger than the EU. In the first nine months of 2022, trade in goods amongst the three North American countries surpassed \$3 million per minute. Canada and Mexico are the top U.S. trading partners together accounting for more than twice what the US trades with China and the U.S. is the largest trading partner for both Canada and Mexico.

So our aim at the USMCA Initiative is to ensure that policymakers have the best data and analysis available to understand the economic and jobs impacts of trade and investment across the three countries. And with that goal in mind, we also try to look a little bit beyond the day-to-day issues in the North American context and try to visualize how together we can produce an even more competitive, sustainable and inclusive North American economic relationship. To that end, we actually have five products at the USMCA initiative and Coul has outlined those. The first, let me just, is the, I really want to point out this USMCA Tracker. We launched this, in fact, a year ago, and we spent a considerable amount of time over the last 12 months updating it.

One of the updates I do want to draw attention to is the, you can now find goods data on exports from each North American country to the other North American countries. So we can see here's just a screenshot in of example where you have U.S. exports of 268 billion to goods in Mexico

in 2021, you can see that they supported, you know, over 1,167,000 jobs. And if you add Canada into the mix, you get over 2.4 million jobs supported by US exports to Mexico and Canada in 2021. We've also got this data at the state and provincial level, so here you can see if you look at Michigan, for instance, almost 46,000 jobs were supported by exports to Mexico in 2021. And if you add in Canada, that goes up to over 107,000 jobs supported by exports from Michigan to exports to Mexico and Canada. This is why, this is additional detail you can get where we look at some of the top products. Again, sticking with Michigan at the down to the HS4 digit level and again, you can see the jobs and total jobs to Mexico and Canada, supported by very specific exports of types of goods as well.

We also have very comprehensive data on trade and investment flows at the federal level, at the state and provincial levels as well. We have, we follow all the disputes that are going on in the USMCA context, state to state, investor state under the rapid response mechanism and so forth, we cover that comprehensively and you can follow that through the different stages that each dispute goes for, goes through. And we also, to the extent possible, cover the meetings of the committee meetings, the high-level meetings and so forth. So I encourage everyone, you know, to get online, play around with that, the data is downloadable and so forth.

The next thing we have launched as well today is what we call the USMCA scorecard. And this follows implementation of USMCA by all three governments. It tracks not only the formal disputes as well as laws that may raise with USMCA compliance issues, as well as implementation of other USMCA commitments such as phased in commitments in committee meetings and so forth. We provide scores for each government that show deviations from full implementation of USMCA with zero is full implementation and negative scores are deviations from full compliance. So our current scores are, as you can see at the bottom, -54 for the US, -78 for Mexico and -21 for Canada. There's a lot of detail that can get into as you click on the tiles and so forth that provide a lot more detail about how those scores are calculated.

The third is we provide a newsletter called USMCA Insights, it's a monthly newsletter, so if you're interested at all in USMCA issues or on North American economic relations, you should subscribe. Send an email actually to Diego, my Research Assistant and you can catch him after the event, and we can put that email online as well. We do a lot of outreach and events, as one can imagine. We are a thinktank and so we host small roundtables, we host large events like this. We certainly try to understand the different views and stakeholder perspectives on North America. They're

varied and complex, and so these are some of the ways that we do that. And we also do, as one would expect, our research. We're launching this report today, but we do policy briefs, shorter analysis and so forth.

So let me get into the report, which we are launching. First, this report features contributions from a range of leaders from government, industry, civil society and academia, some of whom are going to be panelists here today. We're very pleased to include these shorter policy focused viewpoints from Canadian Industry Minister Champagne and his deputy Simon Kennedy is with us today. Mexican Senator Ruiz Massieu, who's also with us today, CEO of Union Pacific Railroad, Lance Fritz, AFL CIO President Liz Schuler, and the list goes on. We certainly see the bipartisan infrastructure law, the Chips and Science Act and the Inflation Reduction Act as seminal pieces of legislation in the US that can realize the goal of strengthening competitiveness, expanding manufacturing and building more resilient North American supply chains, so very much a lot of this report is focused on what additional investments and policies are needed to realize these opportunities.

And in fact, many of the contributors to the report make a similar observation; Canadian Minister Champagne says in his contribution that this is really a chance to seize the moment and enhance the overall North American value proposition, Senator Ruiz Messieu makes a very similar point as well. So this report has eight chapters, eight viewpoints, and they all address very distinct areas. I'm going to cover off them briefly, and then I encourage you to read the report yourself.

We have a chapter on national security by Bradley Martin from the RAND Corporation, and he makes the point that we need to identify the security risks from supply chain exposure globally and particularly from China. He identifies in his analysis how USMCA increase transparency of supply chains and be an example of how economic integration among trusted partners can succeed. David Dollar here at Brookings, a senior fellow, in his chapter just looks at what role for imports from Asia in North American supply chains, he assesses the ongoing importance of China and South and North Asia more broadly in North American supply chains and makes the point that replacing Chinese manufacturing in Mexico is just not feasible.

Just one data point, China produces about 20 times the manufacturing value added to Mexico, and data that we have so far shows that the 25% tariffs the US has on imports from China have done little to dent overall US-China trade. Some production has certainly shifted out of China to

other parts of Asia, such as Vietnam, but even here, a lot of the manufacturing remains connected to Chinese firms that are investing and supplying key intermediate inputs.

So the question I think for the US that he poses is what products and which supply chains need to be reshored? And in that context, what can Mexico do to be the most attractive destination for growth and investment needed to explain North American supply chains? And this is a common theme in the report of what type of institution building and investment policies are needed in Mexico to take advantage of this opportunity. And here David Dollar makes the observations that Mexico needs to do quite a bit to improve its investment climate, its infrastructure, its IPR and logistics, to name a few, all areas where China could still, Mexico compares quite poorly to China, but also other peer economies in Asia. And certainly USMCA has a role in making progress on all these issues.

Another chapter is written by Sylvia Ortega, who's from the National College of Professional Technical Education of Mexico, and she provides a detailed analysis of Mexico's shortcomings when it comes to education and training. And she outlines ways that USMCA and trilateral cooperation broadly can help Mexico address the skills gap. This includes innovative ideas like dual education programs, as, you know, beefing up trilateral discussions with businesses and policymakers around what's going to be needed for supply chains for instance, in semiconductors. We also have Sylvia as a panelist, and I look forward to getting into this in more detail with her.

J. Bradford Jensen from Georgetown writes about the importance of access to business services such as professional scientific management, as key inputs into sophisticated supply chains. Over 50% of the value add of manufacturing comes from the contribution of services value add, and Mexico has a shortage of domestically produced business services, which is going to require it to very much lean into importing from the United States and Canada these types of business services in the short term. But it also, I think, underscores Sylvia's point in the report about the importance of improving Mexico's educational capacity over the longer term to build a indigenous business services capacity.

Beatriz Leycegui writes about the importance of ensuring that non-tariff measures don't become supply chain barriers. She outlines various efforts to align regulation and mutual recognition amongst the three countries over time, and USMCA, importantly, includes robust new commitments to work together on a regulatory agenda. She certainly underscores that this is going to require high level political attention. So if one thinks about the transition from combustion engines to EVs with

Brian Kingston, the CEO of Canada Vehicle Manufacturers Association, talks about in the report, we're going to likely need alignment on a range of new standards and technical regulations for mining critical minerals to batteries to final assembly.

Dan Ciuriak analyzes the importance of the USMCA Digital Trade chapter from a supply chain perspective. He outlines key changes in economic paradigms from what he calls an industrial economy to a knowledge-based economy, to a data driven economy, to what he now calls machine knowledge economy characterized by advances in AI that will itself become a form of capital stock with implications for international competitiveness.

He certainly sees China as competitive in this new machine knowledge economy space, but really makes the important observation that USMCA provides North America here a very distinct advantage, which is a framework for or insurance policy for industry that ensures access to the data and technology needed to succeed in this new machine knowledge economy, which should drive investment into North America and raise the risk of investing in China. And this idea of USMCA's de-risking the investment environment is also a common theme throughout the report. But he also underscores similar points that others make in the report about the need for compliance with the USMCA, about the need for skilled workers and other complementary reforms which allow North America to attain its low-risk advantage.

Kevin Kolben from Rutgers Business School writes about the USMCA Labor chapter and how these commitments can increase supply chain resilience and reduce risk. He argues that business labor practices, consistent with ILO standards, are more efficient and resilient. So from this perspective, the USMCA Labor chapter and its rapid response mechanism are tools in building more efficient and resilient North American supply chains, and we have Kevin as a panelist with us later today. President of the AFL-CIO, Liz Shuler also makes the point that resilient, sustainable supply chains must be built on a foundation of respect for internationally recognized workers' rights.

And finally, we have a contribution from Alan Bersin and Thomas Ewing, who shed additional light on the extent that North American supply chains continue to use inputs that are made with forced labor. They discuss how federated learning can use data consistently with privacy and security standards to map supply chain global participation and raise concerns about goods from forced labor entering North American supply chain from countries such as China and elsewhere. There's a lot

more in the report, there's contributions on the importance of energy in the overall mix in terms of North American competitiveness and so forth.

So let me now turn to the panel, if I could invite Ambassador, and if you want to come on stage. Let me just briefly introduce our panelists now, and we have two panelists, obviously, in person, two online. Jayme White, I'm going to start from closest to me is a deputy United States trade representative, I think first came to D.C. to work for his member of Congress in the House of Representatives, Representative Jim McDermott, who served on the Committee on Ways and Means, which we should all know has jurisdiction over international trade and has served in the US Senate since 2009, including as the Chief Trade advisor for the Senate.

So Ambassador White has been probably at the center of most or if not every major trade issue over the last 20 years. Patrick J. Ottensmeyer is president and Chief Executive Officer of Kansas City Southern since July 2016, and also a member of their board of directors. He's also US Chairman of the US Chamber of Commerce's U.S. Mexico Economic Council and recently served as its US Chairman of the Strategic Trade Initiatives Working Group of the U.S. Mexico CEO Dialogue. Welcome to both of you online. We have Claudia Ruiz Massieu, who is not up onscreen, but is coming. But she is currently serves as senator in the Mexican Senate, which has a special committee for monitoring the USMCA implementation. Prior to that, she led the Institutional Revolutionary Party, PRI as the national chair. At the federal level, she served in Congress and the Chamber of Deputies in two occasions and as Minister of Tourism and Minister of Foreign Affairs. Welcome to her.

And last, but certainly not least, is Simon Kennedy, who's deputy minister of Innovation, Science and Economic Development in Canada. He's overseen the agency's responses to the global pandemic, working with industry to pivot towards the production of medical supplies and to build up Canadian by-manufacturing capacity, rolling out new programs to aid and business effectiveness in the pandemic. He's had various other senior roles in the Canadian Public Service, including as the Prime Minister's personal representative of Sherpa to the G20 from 2012 to 24. So welcome, Simon. What we're going to do is we're going to run through the panelists here, they're going to make short remarks. And after that, we're going to open up to a moderated Q&A and then we'll open it up to the audience. Ambassador, over to you.

Jayme White: Thank you. As the product of the Senate, I will try not to filibuster here, but I have so much to say. Basically, you know, USMCA is innovative. As you mentioned, it was extremely

bipartisan. We had labor, business and others that supported the USMCA. And I would say there are a couple of novel things in USMCA. Well, a few, bipartisan, a focus on workers and, you know, a novel mechanism to protect workers in Mexico and in the U.S. with the rapid response mechanism, the prohibition on imports of forced labor, which is derived from U.S. law. And we just saw two weeks ago ish, you know, Mexico put out its its its final regulation on that prohibition. So we have a new.

Zoom Audio: Recording in progress.

Jayme White: Prohibition on forced labor, which is really important. We actually have a real dispute settlement in USMCA, which we did not have in NAFTA, and that was an achievement. But also there's a real focus in the USMCA on workforce development. We have an SME chapter, for example, and we've held some working sessions on that, you know, in Texas a while back, it's a focus of of our work. I was in San Diego for a deputy's meeting where we talked about this. And the point of the chapter on SMEs and workforce development is not that we sit down and talk about SMEs, but that we stand up for them because they are the engine, small businesses are the engines of our economies.

But also what's baked into USMCA is and it's part of the rapid response mechanism, is it's cooperation. We don't just, the thought was we don't just write rules and negotiate rules and trade agreements to just have the rules, we have to bake in cooperation. And you've seen that with the rapid response mechanism and other instances, too. So it's, it's a relationship, we see, we talk about trading partners. We have to be a partner and they're our partners. And that requires resolving issues and working forward.

But beyond that, I want to, there's USMCA and the values embodied in it, but also over the last couple of years, there are things that we've done domestically, and this speaks to supply chains and durability and lessons learned, we had the bipartisan infrastructure bill that was signed into law. And infrastructure is key to jobs, but it's also key to trade. You know, you've got to get your, you know, your, your, your product from the farm, from the factory to a port. And if you've got an infrastructure problem or a delay that, you can't overcome those delays with just a reduction in tariffs. So that is key, and that was bipartisan, and it fits along with how bipartisan the USMCA was.

Same thing with CHIPS and the Chips and Science Act, bipartisan, and it's a reflection of partly a reflection of the experience that we've had over the last few years where we've realized if you can't get chips, you can't get cars, etc. You know, we have to win the race for the future. And then we

have the Inflation Reduction Act, which is the biggest investment in fighting climate change and fighting for future jobs than we've ever had. And I think that if you combine the USMCA with Infrastructure, Chips and Science, the Inflation Reduction Act, really, it's a theme of about how we move forward together in North America, but how we're all moving forward, because that is the underlying goal. Thanks.

Patrick Ottensmeyer: Okay. Thank you. Thank you, Josh and to the Brookings Institute for not only hosting this event, but for doing this kind of a work that I think is extremely important, I'd give a little bit of background and then, I'm Pat Ottensmeyer, President, Chief Executive Officer of Kansas City Southern, which is one of North America's largest railroad companies. Our railroad, Kansas City Southern today operates between the U.S. and Mexico, roughly a 7000-mile network, 50% of which is in Mexico. So we are very integral, picking up on the ambassador's comments about the importance of infrastructure in jobs and trade. We think we're a pretty good spokesman for that through our, our efforts to connect supply chains in North America and create investment opportunities in North America.

We are on the threshold of combining with the Canadian company Canadian Pacific subject to U.S. regulatory approval, which we expect very shortly, we will create the first truly North American transcontinental rail network connecting coast to coast in Canada, coming down through the Great Lakes, basically Minneapolis, Detroit to Chicago, to Kansas City, connecting with our network that goes south to the US Gulf Coast and then into Mexico and coast to coast in Canada. So it connects most of the major trade and population centers in North America and we think is going to be a very interesting and valuable and relevant part of the North American infrastructure that will not only take advantage of USMCA but help drive investment in North America.

Railroads are such a critical part of the supply chain infrastructure for most industrial manufactured products. And, and we're going to have a very unique franchise to support that. In addition to the features and the advantages of USMCA that, that the ambassador mentioned, there's one that I think is worth and I'm sorry if I missed it, I may have, but is the, is the renewal feature, the fact that we are really more than halfway through the initial period of USMCA. We are, we are closer to the renewal of USMCA than we are to the original entering into force. And we're not fully implemented. So we've got some work to do to, to get ahead of that and hopefully be prepared for the

implementation in, in just under three years. And these forums and the work that the Brookings Institute is doing is really important to keep what I refer to as the USMCA trade muscle tone active.

What we found with USMCA, with NAFTA is that when there was political attacks and there were many, not just Donald Trump, but political, political attacks on NAFTA, there wasn't a mechanism or wasn't adequate mechanisms and outlets like this to keep people aware of just how important these trade agreements are to our economies and our communities and our societies. So I really appreciate and value the work that you're doing here to try to do that and hopefully prevent USMCA from coming under the sort of attack that NAFTA did and dangerously escape, avoiding pulling out and, and eliminating this, this trade relationship, which covers so much more than trade.

I do, I spend a lot of time, as Josh mentioned, I am the co-chair of the US co-chair of the US-Mexico CEO dialogue, we've been active for ten years and I'll just spend a brief moment, Neil Harrington from the US Chamber is in here, it's the US Mexico CEO Dialogue sits under the CCE in Mexico and the US Chamber. We've been together for ten years. We have five working groups that focus on many of the relevant issues today, trade policy, trade facilities, facilitation investment, services, energy and climate change.

We've done a lot of good work, we've built a lot of trust, and we had the opportunity just recently in January to invite the Canadian business community through the North American Leaders Summit, and we talked a lot about expanding, modifying the US Mexico CEO dialogue to include Canada, because many of the things that are relevant for US Mexico trade or relevant for Canada trade with Mexico or with U.S. and across North America, the issues are similar, not always exactly the same, but I think particularly as we head down the path here to the first renewal extension of, of USMCA, bringing all three countries, the business leaders, we, we hope that we are a valuable sounding board for the government leaders from the private sector so that we can include that private sector voice, align our priorities and our, our efforts through the working groups with government interest in all three countries and make sure that this trade agreement continues to benefit the citizens and industries of all of North America. So I'll stop there.

Joshua Meltzer: Thank you. Thank you. Senator, over to you.

Claudia Ruiz Massieu: Sorry. Technological issues. Well, good afternoon to all of you. It is a pleasure to greet you from the Mexican Senate, I hope you're all feeling well. I'd like to thank the Brookings Institution for this invitation to participate in this launch event of the USMCA forward report,

in which I was privileged to share my views and challenges and opportunities that are in the USMCA implementation process for 2023. Special thanks to Maricarmen and to Joshua Meltzer, and of course, greetings to Jayme, Patrick and Simon.

I would like to begin by expressing one of my personal convictions. I strongly believe that a trade agreement is much more than a text. It is, of course, a legal and institutional framework that lays the foundations for integration among the countries that sign it, and that it is also underpinned by shared values and a common vision. It opens opportunities to foster competitiveness, growth and inclusive development, as well as to boost dynamics that go beyond trade: culture, education and other people to people contacts and interactions that over time make these agreements socially and politically sustainable. And I think this is something that is very important, that is also sometimes often overlooked.

Nevertheless, without constant political dialogue, without exchanging experiences, without a permanent updating effort, and without a tangible commitment in all the sectors that benefit from this economic integration, a trade agreement runs the risk of becoming a simple list of rules to order commercial transaction between these parties, which of course is not a small or unimportant thing. But last generation agreements or frontier agreements such as the USMCA is should be much more. The USMCA has been instrumental in ensuring the competitiveness of the North American region's economy in a complex and unprecedented global environment. And this is not a coincidence. It is a result of a joint effort between governments, between the private sector and civil society in our three countries.

Now, it is precisely this unprecedented context that calls upon us to expand and deepen our integration, consolidating and creating new regional value and supply chains. Events and processes like the COVID-19 pandemic, the Russian invasion of Ukraine, the trade dispute between the US and China, and the effects on the global economy have configured a series of opportunities that we must take advantage of. That is why I welcome this initiative of the Brookings Institution to offer a space for exchange in which specialists, decision makers and stakeholders can dialogue to share ideas, contrast opinions and build proposals that allow us to make this agreement, the UCMCA, a true driver of development in our countries. And I just want to end stressing something that I said before, and that is we have to build more political and social sustainability for this agreement, and that has to

do with making its many benefits tangible for people beyond experts, beyond governments and beyond directly involved, the directly involved business community. Thank you.

Joshua Meltzer: Thank you, Senator. Deputy Minister Simon Kennedy, over to you.

Simon Kennedy: Thanks, Joshua, I hope folks can hear me okay. So it's very nice to be with all of you today, congratulations to Brookings for the second report. I think it's fair to say that for Canadians, continental trade and the benefits of continental trade, it really is kind of an article of faith in economic policy circles. I mean, you know, we in Canada, you know, certainly see the substantial benefits that have come from the success of trade agreements we've had in North America. And, you know, the renegotiation leading to the USMCA, Kuzma, as they call it in Canada, I think we were very happy to see that agreement renewed and strengthened because of the recognition that there's an enormous amount of good for all three countries that come from continental trade.

What I find, you know, kind of maybe, you know, remarkable is the amount of trade that's intermediated by this agreement that that flows friction free. I mean there's a lot of attention that's made to various kinds of disputes. But, you know, we have a trillion dollars a year of trade going across the Canada-U.S. border and, you know, 99.9% of it, you know, goes ahead without really any kind of friction at all. So I think, I think the, you know, the kind of high-profile disputes are really, you know, we would like to think of those as the exception, not the rule. And it is absolutely right that the agreement will be coming up for renewal. And obviously, you know, we're very hopeful that we'll see a renewal and that will all go smoothly.

I think the more interesting point, and it may be that I'm kind of a practitioner as opposed to a kind of trade policy person, you know, career wise, but it's the context in which continental trade is taking place today, which I'm not saying anything that the audience doesn't already know, but, you know, with the experience of the pandemic and with the experience of, you know, the war in Europe and Ukraine and with some of the increasing friction that we see in particular with China, policymakers are turning in earnest to worry a lot more about the resiliency and security of supply chains. And I saw that firsthand in the pandemic.

Joshua, you mentioned at the beginning when you mentioned people's bios, my organization was directly involved in biomedical and, you know, efforts to source medical countermeasures, personal protective equipment and so on. And what we have discovered in Canada is that notwithstanding this long history of expertise and, you know, and, you know, developing the polio

vaccine and this sort of thing, we had had going back to the early 20th century, substantial capability in particular in life sciences, that the manufacturing dimension of that had eroded.

And by the time the pandemic hit— and this is something that we talk about in Canada, it's a matter of public knowledge— we had made the rounds, the government had spoken to every one of the major vaccine manufacturers to scope out the possibility of making the vaccine in Canada, transferring the technology and making it at scale in Canada. And that was not possible because we didn't have the manufacturing capability to do it. And so, you know, it's a matter of fact that we were entirely dependent on imports of vaccines for response to COVID-19. And the government has a substantial strategy to make sure that we're never in that position again.

But I think the visceral experience of the pandemic really brought home, you know, this issue of supply chain security and resiliency. And that's just been amped up by all the other events. And that plays out, obviously, not just in life sciences, but it plays out in critical minerals, in electric vehicle batteries and semiconductors and a whole range of other areas. And so I think, you know, this is going to produce significant opportunities, but possibly significant challenges actually for continental trade, because I don't think it's just necessarily the case that because there's going to be a desire to near shore and I'm sure all of this activity, that it's all just going to happen sort of automatically without a measure of stewardship and leadership on the part of governments.

And again, this is just maybe a personal reflection, but it's just to say, if you look at the Inflation Reduction Act, for example, or the CHIPS and Science Act, I mean, huge important measures by, by the government of the United States to bring these very critical activities, you know, on shore. And I would say, again, a personal reflection, I would not characterize the IRA measures as protectionist in the classic sense. And in fact, our discussion with U.S., U.S. policymakers, they'd be, they seem to be just, they would be very happy if Canada were to step up and, and take similar measures. You know, the more the merrier, let's bring all of this activity into North America. And, in fact, in IRA, when it comes to automotive, the automotive elements, the subsidies for purchases of electric vehicles are explicitly allowing vehicles made in Canada to receive the consumer rebate.

So there's nothing in the legislation per se that, you know, is designed explicitly. But the fact that, you know, to kind of shut out, say, Canadian production, but the fact that the U.S. is using its balance sheet and using its kind of heft to bring that activity to the U.S. does present a potential challenge to not just to Canada, but to Europe and others about, you know, what is our response?

How do we or do we not participate in the space? And I think, you know, when you, when you kind of go down the list of areas, there are going to be opportunities, I think, for us to strengthen continental trade.

But it's going to require, I think, smart policy choices and dialogue among governments to figure out like what is the relative, you know, what is the relative strengths and what are the relative, what are the places we can play in the supply chain where we're going to be complementary to each other and we're going to be reinforcing each other and we're not going to be maybe, you know, competing to figure out who can pull, you know, you know, investment A into, into the one country or the other. I mean, a good example of this would be in semiconductors. The U.S. has put a huge priority on semiconductors. Canada actually has niche specialty areas of expertise in design, in you know, compound photonics semiconductors, packaging, IBM's largest continental packaging facility for semiconductors happens to be in Canada.

So there are, there are going to be opportunities for complementarity, but I do think it's going to require policymakers to discuss how do we work together to kind of build these new supply chains, because I'm not sure it'll entirely kind of happen or shake out on its own. And all of the things in USMCA and all this, you talked at the beginning, increasingly, it isn't about tariffs. It's got to be about standards and regulations. It's got to be about skilled professionals and labor mobility. It's got to be about border rules and, and all of the issues around, you know, kind of friction at the border that are going to help to dictate whether these continental supply chains actually are competitive and can function appropriately. So I think that will be an area maybe worth talking about. So thanks for the chance to participate and looking forward to the conversation.

Joshua Meltzer: Thanks, Simon. There's a lot there. And I want to thank all the panelists for their introductory remarks, and I might just actually pick up on some of the almost questions you posed in your, in your, in your response, Simon, to the other panelists, which is to build a little bit more on what the Inflation Reduction Act, I mean, there's almost, I think, \$400 billion there on the CHIPS and Science Act, which is another, another \$50 billions of support for semiconductors and the infrastructure bills obviously, the bipartisan infrastructure bill is very important as well.

But you know what, what, it would be interesting just to go through the panelists, how do they see these developments? I mean, we really do think these are game changers in many respects. What are the opportunities from your perspectives? What are the challenges? What more is needed

to really maximize and realize these opportunities when we think about resilient and secure supply chains in North America? Ambassador, do you want to start with that.

Jayme White: It's a long conversation potentially. I want to pick up where, those remarks of the senator, where she talked about sustainability and what it means to have a sustainable trade policy. And for me, I think the Biden, and for the Biden-Harris administration, it's about if you want a sustainable trade policy, it's about jobs, families, communities, but also like the CHIPS Act, the infrastructure bill, same thing, that's about jobs. And the measure of, the broadest measure of an economy or a trade policy is how many jobs are supported, what's the employment rate, how are families doing in terms of wages? Can they organize and collectively bargain? So I think that part of USMCA, or USMCA helps with that, but as I want to stress, these other laws that the Biden administration has fought for and achieved also fits into the rubric of sustaining jobs and promoting jobs and promoting our future.

Joshua Meltzer: Okay. Thank you.

Patrick Ottensmeyer: Yeah, the, the comment that Simon made about complementarity is, I think, really, really key. If we could really find a way to get all three countries to, to come together to identify, take any, any supply chain EVs might be the best example as we look forward, what do each each of the three countries bring. You know, and I've been trying to really understand is it even possible for North America to, to truly become self-sufficient for EVs, given, given the the future opportunity there? Do we have all of the ingredients to, in theory, create a sustainable North American supply chain for EVs that will meet the demand of not just North America but the rest of world? So if we could really focus on getting those three countries to understand that and, and align policies to, to address what each three country brings to the, to the table, I think that would be an incredibly good starting point to make the most of this trade agreement.

Joshua Meltzer: Senator.

Claudia Ruiz Massieu: Thank you. Well, I fully agree on the need to make regional supply chains more resilient and secure, since, of course, the future of North America is one of the most productive and competitive regions depends on it. I'd like to pick up on these last comments regarding complementarities and the fact that Simon says that this is not something that's going to happen on its own, as if by magic. We do have to do things, governments have to do things, governments have to implement public policies that can really make this happen.

For example, and I'm talking about the Mexican, from the Mexican perspective, of course, I don't need to expand on how many of our government's policies have triggered, you know, the dispute mechanisms that we already have and it's good that we have them, but governments have to ensure, particularly in Mexico, that we can provide the energy, the connectivity, the logistics infrastructure and the human capital and resources that will be needed in order to make this opportunity really, you know, become something that is happening.

And it's not going to happen if we do not have more intense and truthful political dialogues and also an ongoing dialogue between the business communities in the three countries, also with the education community and academic community, because we need sometimes in some of these supply chains, we are going to have to expand the ecosystems that we already have, but we're also going to need to build new ecosystems. And that takes a lot of time and that takes a lot of shared vision and again, sustained political will to streamline processes in the same direction, to harmonize procedures in the three countries.

And also maybe we need to start talking about, if we really want to, to make the most of the complementarities that we have between the three countries, maybe also expand our vision and the scope of the agreement. But it's hard because it will mean or it should mean that we have to touch upon subjects that are politically very hot: labor mobility, you have to talk about visas, you have to talk about training and retraining your workforce, and you have to talk about things that we have chosen not to talk about and to include in our agreement, whether it is the USMCA or NAFTA before it, because they are politically dangerous issues that not go over well with almost any political base.

So I think this is something, the kind of things that we need to talk about and that are there. And if we really want to make the most of this opportunity and to really build upon our complementarities, we also need to start opening up discussions not maybe between governments, but you know, this ecosystem that is invested on the integration and the USMCA really being a tool for the region to make the most of these new announcements that, you know, the three leaders made in, in January, maybe these other communities, not the political dialogue, but the other communities that are involved in this project as a shared project ambition in three countries to start talking about some of these difficult and politically explosive issues, sort of to make progress and be ready when the political dialogue can be ready to agree to talk about these kind of things.

Joshua Meltzer: Thanks, Senator. I'm firstly, so I don't know if there are any of those points you want to come in on or if any of the panelists want to address some of the issues that the senator's brought up in her vision for USMCA in North America. But Simon, over to you.

Simon Kennedy: Well, I would maybe just and just you mentioned Joshua, the IRA and sort of some of the comments around that. I mean, maybe just to illustrate. So, look, Cana, Canada, U.S. and Mexico have been allies and friends for a long time, and nothing's going to change that. But I would say what I find so striking about the nature of continental trade, I mean, at least, at least if I think about, say, you know, Canada, U.S. trade in sectors like automotive is a degree of kind of mutual dependency and a certain kind of symmetry, you know, in, in the trade.

So for example, in automotive and I, you know, I had to negotiate this agreement one time between the U.S. and Canada on kind of border, you know, border security measures and so on. So I had a chance to go down and actually, you know, be at the border crossing in Detroit and, you know, and sort of see what goes back and forth. I mean, car parts and, and goods go back and forth six, seven times before the finished product is produced. So when you're buying a car, it may be, you know, technically coming from a U.S. plant or technically coming from a Canadian plant but like, like literally it's kind of indistinguishable as between Canada and the U.S. because the thing has crossed back and forth multiple times in the process of being manufactured. The border is there. Rules have to be followed. But for all intents and purposes, the cluster kind of straddles the border.

And we've got lots of examples like that beyond automotive. I had a long, long time ago, you know, had some work in the agricultural policy space. Lo and behold, you have the same sort of thing in the meat industry. You have the animals that are born in Canada and they're, they're raised in, you know, and cross the U.S. border and they come back to a feedlot in Canada. And like, it's amazing the degree of kind of back and forth. Now, that may not be true in all sectors, but the point being that we really do have these kind of continental supply chains and there is a lot of kind of dynamism in them.

I think the, the huge opportunity of the IRA and the huge opportunity of some of the decisions that have been made is that we are transitioning to this lower carbon economy. I see this every day. Businesses are moving quickly and investing, and the IRA is going to put significant wind in the sails of that shift in North America. And it's going to drive, it's going to drive adoption of EVs, it's going to drive, drive development and adoption of all this technology. So huge opportunity.

The downside risk in a way, is that as this whole new industry is being built, is that the, just the extent of the support provided for this activity to happen in the U.S., you know, runs the risk that it will pull activity that might otherwise naturally happen in, say, Canada or Mexico might happen in the United States. And so I do think that's kind of a challenge slash question that policymakers in, you know, in Canada and Mexico and elsewhere have to, have to figure out, which is, you know, what is our response? What do we do, you know, in the light of this?

And I do think without wanting to certainly tell our American friends what to do, there's probably also ideally a dialogue to be had kind of going downstream, which is when governments intervene in this way to sort of drive the onshoring and re-shoring of activity, is there a way to do some of this together or think through like how do we do, how do we, you know, sort of do this most efficiently? So if I take the automotive sector as an example, you know, the support in the IRA over the next ten years, for example, for battery production and module production is, is significant and it's uncapped and it's tax free. And, and there are no other conditions, at least as far as we can tell, except you have to produce the batteries. So that's a fairly substantial ongoing OpEx, you know, level of OpEx subsidy over ten years. That, that's a, that's a huge benefit for companies deciding where to set up their facilities.

So the IRA is going to, you know, influence, it's designed to, it's going to influence behavior in a substantial way across a whole range of these future industries. Well, that'll have implications for North American supply chains. And, you know, in that challenge, you know, it's a it's a positive challenge in a way, I don't want to sound like I'm complaining, but the challenge for other, the other governments in North America will be, you know, how, how do we fit into this and how do we ensure that as the supply chains emerge, we maintain that kind of cross-border dynamism, you know, that we have had, I think, historically in some sectors like automotive.

Joshua Meltzer: Yeah, thanks, Simon. It suggests that I think this pivot in a sense to more significant government involvement and direction when it comes to critical industries like EVs, batteries, semiconductors, suggests is maybe a follow on set of dialogues around subsidies and coordination, certainly amongst the three governments to make sure that we're not, you know, unnecessarily subsidizing, you know, in the same areas, that what we're doing is complementary and it's sort of working towards the same goal.

And so that might be additional kind of work that needs to happen in the trilateral sort of continental context and probably amongst allies and partners as well. We could even broaden this out to, you know, other key trading partners who are going to be, you know, looking at what happens here very closely and looking at what they're doing as well. And I don't know if any of the panelists want to come in on any of those, those points.

Jayme White: I'll chime in. The Inflation Reduction Act comes up with our trading partners all the time, including our partners in Europe. And I think the point that we always arrive at is we're pulling in the same direction. We're trying to address climate. We're trying to, you know, promote jobs, and we're all doing it in a slightly different way. But we, we have shared values, which is jobs and, and fighting climate change. And so that's the good thing. As policymakers, we have to try to figure out how our policies align with our trading partners so that we are most effective.

Joshua Meltzer: Great. Let me just take this opportunity to see if there are any questions in the audience. One over here, Diego.

Audience Member: Hi. Francisco Alvarez from Georgetown University. So it was brought up what each country brings to the table. Mexico, in this case, I would say, brings a young, technically skilled, in many cases bilingual workforce. And so for the perspective of Mexican workers, how do we ensure that USMCA doesn't become more of the same insofar as does it become just more of the same maquiladora or outsourcing model? And specific to the senator, how do we, what should legislators, what should governors be doing at the state and federal level to ensure that nearshoring this model ensures higher wages for Mexican workers? Thank you.

Joshua Meltzer: Senator, do you want to kick off any responses to that question.

Claudia Ruiz Massieu: Well, first of all, we are, as you know, implementing the more, the most ambitious labor reform that we've had in decades. And it has to do with USMCA requirements, we needed to make, you know, to make this agreement possible and to really make our partners, partners trust that Mexico is bringing to the table, you know, the similar values and similar standards with regards to, with regards to the labor unions and rights and the work, the workforce. I think we have moved on from the maquiladora model. It does not mean that there are not maquiladoras anymore, but it means that over these past 30 years we have changed in what we think we can bring to the table, we know we can bring to the table of the North American integration process. And we do have a highly skilled and trained workforce.

I recently came from a visit to Querétaro, which of course is part of the Bajío region and one of the states that has really invested on for many and for two decades now in creating an academic environment, a university environment that is specifically geared towards producing the professionals at the aerospace industry that the automotive industry are going to need if we continue to grow in this, you know, that in the way that we have been growing as the North American region. And this has to be replicated in other states.

But again, I think we have to to assimilate that USMCA of course, needs national governments, but can really have and find great allies in local governments that oftentimes in Mexico at least make the, make more and make are able to do different things and go beyond what the national government is doing or thinking about doing and partnering with not only the business community and investors specifically to develop, for example, technical universities that are going to absorb into their companies these new professionals, but also partnering with the universities themselves to make the most of these agreements.

So we have moved forward from the maquiladora model, but I think we need to do more in the special committee that I chair in the Senate that has to do with the implementation process to over, the other side of the implementation process in Mexico, the USMCA provisions. We are really working side by side with the business community, of course, with the federal government, but very specifically with the local governments, because we know that they are very, you know, because of their proximity to what's really happening, they are the ones that are willing to take more risks and invest with a much more broader vision and long-term view than probably the federal government is

Joshua Meltzer: Thanks, Senator. I've got one final question for the for the panel, unfortunately, we're going to have to wrap up after that. When we launched the USMCA initiative in the, in the first USMCA forward report which with we, which [inaudible] contributed a short viewpoint to, we frame the vision as a more competitive, sustainable and inclusive North American trade relationship. From, the question I'm gonna ask each of the panelists and just one response is what more do you think we could be doing that we're not doing today, whether it's in the USMCA context or outside of the USMCA to make North America more competitive or resilient or sustainable or all of the above. What's missing that you would like to see more of or to see started?

Jayme White: I wouldn't use the word missing, but I think implementation of the USMCA is critical. You know, within trade policy, my experience has been there has, is this perception that is

true, that we, we, we pass a trade agreement and then workers say, well, you don't enforce it. You've made all these promises on energy, on labor, on environment. And here we still have the same problems. So among trading partners, we're always going to have some disputes. It's, like I said, it's a partnership that we have to work on. But I think credibility is on the line with the USMCA enforcement. And so we just have to keep at it. And enforcement is cooperative. Sometimes we have to go to a dispute settlement panel. That's par for the course.

But we have to put to put the work in, especially because the USMCA is the foundation of the North American Trading Partnership. And we have to make sure that we, make sure that USMCA lives up to the promises, it lives up to the text on the page. And that takes work. And it takes cooperation with, with our trading partners and cooperation with Congress, too. So and stakeholders. So that's, that's my answer to that question.

Patrick Ottensmeyer: You invited an opportunity for a very selfish answer, I will say invite more private sector participation with the governments of the three countries. And I saw it firsthand. And Neil, you were there, some others. But the business discussion with the government leaders that took place in Mexico City in January at the North American Leaders Summit I thought was terrific. And it was the first time— and I've been involved with the US Mexico CEO dialogue for eight or ten years— but the first time we had the Canadians in the room. But, you know, at the end of the day, the private sector, we're hiring a lot of people, we're making a lot of investments, we're trading goods with each other. So I think greater engagement of the private sector, we are trying to find ways to be helpful to align our activities and our investment and our practices with government policy. And we just would like to see more of that. Thanks.

Joshua Meltzer: Senator.

Claudia Ruiz Massieu: Well, I think we really have to work hard on creating a sort of North American identity, that is, and in time will come to be shared by the three countries, because we're not talking about only about an agreement between three governments. We are talking about a vision that is shared or should be shared by the peoples of three different but complement countries that have very many complementarities and whose future is already dependent on this agreement. So we have to work more on building social understanding and support of the USMCA as a common heritage and also as a common tool that we all should take good care of and ensure that it helps us to reach our common potential and national potential as well.

We have to create even a common language. Just remember during the pandemic that we did not have the same definition of what is an essential economic activity was, and the supply chain of the automotive sector was interrupted because Mexico did not classify the automotive sector as an essential activity. And again, local governments went way beyond their powers, and some of them that are heavily invested in the automotive sector declared that it was an essential activity, even though the federal government had not declared it. So they opened the plants so we could continue with this production. So building a common language in order to make people understand the same thing when we talk about a specific term regarding the USMCA agreement, we have to keep on involving the business sector. We're doing fairly well in that, you know, in that area, but also in both more the education and academic communities and also the cultural sectors.

Again, we're thinking about a region that is looking to integrate itself not only economically, but because we share some values and that is why the USMCA incorporates also things that have to do the quality of life, with taking care of the environment and other types of values that are not usually part of an, a trade agreement. So more of a shared North American identity with whatever it entails.

Joshua Meltzer: Thanks, Senator. Simon.

Simon Kennedy: Well, I'm not sure it's, I was trade deputy a long time ago, but I've been out of that business for a while. I'm not sure I'm qualified to say, well, here, here's specifically, you know what we need to be paying attention to on USMCA. My sense is that where the action is going to be in the next few years is going to be around policy and strategy around critical supply chain. So we've got, you know, USMCA kind of governs the whole trading relationship. We've got to make sure that that stays on track. But where the action is going to be, I think is going to be on things like clean energy, critical minerals, AI and quantum, you know, semiconductors, defense production, frankly, I mean, even in the U.S., you know, NORAD's going to be renewed, for example.

I mean, there are going to be opportunities, I think, for, you know, for the continent to have, you know, strategic discussions around, around, around these supply chains and how they're going to emerge and how we can work together to kind of increase our, our relative security. I mean, Canada has lots of critical minerals, the U.S. has an enormous need for critical minerals. You know, there's a lot of opportunities, I think, for us to do work together in these key supply chains. So, I mean, to be honest, when, you know, policymakers I deal with, when we talk about our continental relationships, they tend to be less about the broader framework, and it's more about these specific pressure points,

you know, that are of keen interest to the White House and, you know, and Mexico City and Ottawa and all that kind of stuff.

The last thing I would say, I think I agree with the senator, I might phrase it a little differently, but I would say the impression one has certainly outside of the United States say in Canada, is that, you know, part of the brand impairment, if you like, of the previous NAFTA and so on was about— my language, not, not anybody else's— but like, you know, the hollowing out of the manufacturing heartland and jobs, you know, going to going, going offshore and this kind of stuff. And, you know, truthfully, it's amazing to see just how many jobs in each, in each of our three countries are dependent on, on continental trade. I mean, the number of American jobs dependent on trade with Canada is kind of mind boggling.

You mentioned at the beginning, I think we're the number one export market, not not not China, nor else for something like 30 something U.S. states. So there's, there's a lot of dynamism in the continental relationship, but it tends to, I think, sometimes get overshadowed with this, you know, with an understandably with, you know, you know, jobs going to China and that sort of thing. Well, with onshoring and reshoring and with the building of these new supply chains, there's going to be a manufacturing renaissance, there's going to be an opportunity to build entirely new industries. And so I do think there may be an opportunity to tell a different story line about, you know, the future trading relationship and our work together.

And that isn't to minimize the concerns that citizens have about, about, you know, losing their job to another jurisdiction. But it's just to say maybe it is an opportunity for the future of continental trade and the future of USMCA that to maybe tell a slightly different story as some of these new supply chains and new opportunities emerge, which will allow us to do a bit of a reset. Because I think when a lot of people— it's less true in Canada, I think— but, you know, when they hear kind of free trade, I'm not sure they're hearing that that's a good thing. So maybe I'll end on that.

Joshua Meltzer: It's a great note to end on. I mean, we're very much about, you know, the vision for North America and the opportunity that USMCA provides, I think to talk about that in a way which is a lot more constructive and positive than it has been in the past. So we've got the vision and we, compliance is essential and stakeholder engagement absolutely crucial part of that as well. So let me thank the panel for a very rich and informative discussion and for your time. And thank you very

much. And I will then if you want to stay around, and we'll transition to the next panel. Thank you very much.

Jayne White: Thanks so much. Good to see you.

Joshua Meltzer: Good to see you. Thanks so much. Absolutely. We're going to kick off, we're going to head straight into the in the next panel. So if everyone could take their seats, that'd be great. I'm going to just shortly introduce the panelists and then we're going to jump straight into a moderated Q&A. I'm just going to run down the list of panelists here, starting with Cathy Feingold, who is the director for the AFL-CIO's international department. In 2018, Cathy was elected deputy president of the International Trade Union Confederation, the organization representing 200 million unionized workers worldwide. In 2022, Secretary Blinken appointed Cathy to his Foreign Affairs Policy Board, where she provides input on a worker centered foreign policy agenda. And in 2020, Speaker Pelosi appointed her to the independent Mexico labor expert board that was created under USMCA to monitor and evaluate labor reforms and worker rights compliance in Mexico. Welcome to you.

Kevin Kolben, who's an associate professor and department vice chair at the Department of Supply Chain Management at Rutgers Business School, he's a recognize expert on transnational labor regulation and supply chain labor governance. In addition to his academic work, he regularly consults with and advises governmental and nongovernmental organizations such as the ILO, USAID and the European Union. He has served on the National Advisory Committee for Labor Provisions of Trade Agreements in the United States Department of Labor between 2011 and 2017 and is currently named to the US list of panelists for the USMCA's facility specific rapid response labor mechanism. Kevin, great to have you here.

Sylvia, onto the panelists up on screen, Sylvia, Sylvia Ortega Salazar is the external advisor, general directorate at the National College of Professional Technical Education of Mexico. She's a social, sociologist and educator, served as vice minister for Upper High School and Vocational Education of Mexico. She's been rector of the Metropolitan Autonomous University at Coapa, Coapa, sorry if I've done that incorrectly, General Director of the International Cooperation at the National Council for Science and Technology. She's also been Vice Minister of Basic Education in Mexico City, rector of the National Pedagogical University and General Director of the Colegio de Bachilleres and Network of Public Upper High Schools. She was the first woman rector of a public university in Mexico

and has received numerous recognitions for her achievements in public service as well and contribution to international education.

Ken Smith is Mexico's former chief negotiator for NAFTA. He's also currently a partner, partner at AGON, a Mexican consulting firm. So prior to that, as I said, he served as Mexico's chief negotiator for the modernization of NAFTA that led to the signing of USMCA, where he was responsible for a lot of the new aspects of the negotiation. He negotiated the side letters that protect Mexico against any national security measures that the US might impose against the automotive sector under Section 232. As representative of the Mexico's Ministry of Economy in the Embassy of Mexico from 2013 to 2017, he led efforts to promote Mexico's trade interests in the United States and served as the ministry's liaison with the US private and public sector stakeholders, NGOs and think tanks. Ken, great to have you here as well.

We're going to get straight into a Q&A. We've obviously got a lot of expertise up, up here. So my first question again, I'm, these questions are open to all, all panelists. One of the, one of the themes that comes out in, in the report is that in a range of key areas, Mexico lags and more needs to be done, particularly for Mexico's sake in terms of taking advantage of the opportunities presented by this renewed focus on building manufacturing and supply chains across North America. So we see certainly that the, not only does Mexico lag the U.S. and Canada, but also peers in Asia, including China. And this is particularly true when it comes to education and worker training. And Sylvia, you've written you wrote about this so manufacturing is, as we know, increasingly complex, requires skilled labor and integrating Mexico into the new supply chains around electric vehicles, batteries and semiconductors will clearly require a skilled workforce.

So my question is, what are the challenges here for Mexico in developing the workforce needed to grow its manufacturing base and to contribute and participate in the new North American supply chains? And how can Mexico, the U.S. and Canada, work together to increase access to worker training, apprenticeship and vocational education? So let me ask you that. question, If you want to respond maybe to that question first and then open it up to the other panelists who may want to come in on that as well.

Sylvia Ortega Salazar: Thank you. Sure. Let me just take a minute to thank you all at Brookings for organizing these very important dialogues that and your persistence in making us more aware of the impact and the kinds of opportunities that the USMCA brings to our region and to our

daily lives as well. As you say, there are many, many aspects of education, the educational system, that need to be revamped and reformed to act, to have the kind of human capital development that is critical to not only that building our resilient supply chains, but also to the integration of people into the supply chains.

We're very much aware of the [inaudible] of, of the education that we have provided our young children and young adults in the country. However, I think the question simply put, if we don't have the capacity to educate our young with the skills and ability needed for manufacturing and other sectors of the economy and whether it's feasible to simultaneously include out-of-school children and all the young adults in flexible educational options that may give opportunity of lifelong learning particularly. Those two things need to be done, and as with other aspects of the USMCA, and as we've seen with the other panel, the answer is yes, of course it can be done. It should be done. And I'm very optimistic that we can work relatively, at a relatively good rhythm to achieve these changes that we've seen.

And it's also important to say that it's a lot of room to cooperation as a catalyzer within a regional conceptual framework, a multi-sectorial approach, and serious systematic and informed dialogues like this. I would take some of what Senator Massieu said, we need a focus on micro regions and local actors and businesses with plans to relocate. We also need to make available all sorts of models of good quality education to those that have been traditionally excluded. And return the majority of the young and young adults and not only have they been excluded from decent education but from decent work.

At the same time, and I should end my comment there, that the fiscal expansion that we have in particularly access to college-level study in the country is a platform to build, to build on. And especially looking at the ample supply of professionals in the fields of engineering, as I say, as I note in the report, there are about 140,000 graduates in the different fields of engineering that are very relevant to the purpose of strengthening the labor force. We need more partnerships and alliances by region and by sector of the economy. It will not be business as usual of course, we need more from the industry and we need more from the education sector as well as government. Investing in people and training is what it is all about. And as it's already been noted, it's about job creation, employment opportunities and about families and the environment. Thank you.

Joshua Meltzer: Thank you. Do any other panelists, Cathy?

Cathy Feingold: Sure. I think this is critical because it's— it's very loud— you know, we have the same issue in the United States, just to be clear. And with the CHIPS and the IRA, we in the labor movement are clear that we need to be working to upskill a lot of the folks in, in the United States as well as in Mexico and Canada, it's critical that we have it throughout the region. A couple of examples, most people don't know the labor movement and the military are the two largest trainers in the country. Apprenticeship programs are critical because you can continually have workers getting the latest skills training. We don't really in the United States, it's very clunky if you want to continue to learn for example, in the labor movement, we're working on offshore wind. I mean, how do you take a worker who's been trained on, you know, one, one set of energy to a, to renewable energy?

So I think apprenticeship programs are going to be key. We need to expand them, regionally would be critical. I think there's a really interesting opportunity in our construction unions, many of them are from Central America, the leadership, Spanish speakers. So we have opportunities even to do exchanges on what are the best practices around apprenticeship programs. In the United States, we don't have a floor under workers who lose their jobs and need new skills. We need the TAA to be reauthorized. The fact that trade adjustment assistance is fought over in our country sends a message to workers that we don't really care when you lose your job, that we're not going to really dedicate and invest in you.

So we need to change that kind of debate in our country. We absolutely need policies that are going to put a floor under workers, retrain them, get them ready for all of these new jobs. And then I think we need to absolutely expand investment in the apprenticeship model, because if you just have a patchwork of programs, workers then get stuck, right? You learn this new technology and then now you have to look for next the next program. Apprenticeships allows it to be a lifelong process. So how we expand that and share best practices from Canada to Mexico, I think would be critical.

Joshua Meltzer: Great. Thanks. Anyone else want to comment on this?

Kevin Kolben: Can I ask a question or is that your job.

Joshua Meltzer: No, you go ahead, Kevin. Thanks. Yeah.

Kevin Kolben: So one thing we talk about in the university is a demographic cliff that's coming up, has that been discussed in terms of a demographic cliff for workers and is that going to affect attempts at reshoring and, what, is that a conversation?

Cathy Feingold: Well, I think that there are many workers still, I mean, we're, we're more focused that there's a lot of people who would be willing to get those jobs right. I mean, we are still in this country, there's people who need the skills, who've lost jobs, who are willing to be retrained. So I think before we talk about the cliff, we want to talk about getting those people back to work who are already willing to do that. But I think the fact that we could have a regional approach, a regional focus on getting some of this done is going to be critical.

Joshua Meltzer: I'm going to, I might circle back to this piece at the end. I do I do want to actually ask all panelists, I'll just give you a heads up, a similar question I asked all the panelists in the last session, which is one thing that we are missing or could be doing more of when you think about building more competitive, resilient and inclusive North American trading relationships, and we'll come back to them and you already touched on some of that, Cathy. But just to keep that in mind.

I do want to just sort of move keep picking up on this sort of language training piece to look more specifically at what really has been a key development in USMCA compared to NAFTA, which is the enforceability of the environment and labor chapters and the innovative rapid response mechanism in the labor chapter that allows for cases of labor violation to be brought against facilities in Mexico and sanctions applied for noncompliance. There's also the commitment that the Ambassador mentioned to ban imports of goods using forth, forced labor. One of the data points in the report that comes out is that we still have goods and forced labor entering North American supply chains. This is inconsistent with USMCA. It's at odds with the Uyghur Forced Labor Prevention Act as well. But I think these developments also broadly sort of highlight this growing focus in North America, certainly on compliance with international labor standards and human rights in manufacturing and supply chains.

So my question is, you know, what are the implications of these USMCA labor commitments for North America, for Mexico as well, in particular? And when it comes, what does it mean when we think about it from a perspective of building more integrated, secure and resilient supply chains?

Cathy, I might turn to you first and Kevin, I will turn to you after that.

Cathy Feingold: Sure. Thanks so much. I would say even beyond compliance, it's about the guardrails that we wanted to build out for both the region and the global economy. You see, the EU is also discussing similar guardrails around forced labor, transparency, due diligence. So it's really our region and the global economy that we want to build because these supply chains are very integrated.

You know, the USMCA was the first trade agreement that the AFL-CIO actually supported in about two decades. And so we fought hard, it was a really interesting political moment to work on this. But we, we felt for people that don't remember what NAFTA had. It had side agreements. And I've worked on trade policy for many, many years, bringing cases against the other trade agreements that we have. And what we learned after one infamous case on Guatemala that took eight years for us not to win over worker rights is that unless you had something enforceable, binding and timely and the timely thing was really critical because we learned from Guatemala that was a case that got drawn out for eight years is by the time you've gone eight years, what have happened to workers who've been killed, who've had been fired for trying to organize a union, they are long gone. There is no justice.

And so the new tool that was built, I think really is in line with what you're seeing is this major shift, the Uyghur Forced Labor Prevention Act, what's happening in the EU, which is to say, you know, first we're going to have dialogue and then we need something that's more powerful. Some call it a hammer, I would say, you know, the hammer is what you get to at the end when there hasn't been compliance. And so USMCA is really designed to deal with egregious worker rights violations around the right to organize a union and collective bargaining in specific workplaces. And about six cases have been brought under the rapid response mechanism. And it's actually worked. It's taken a couple of months to resolve the cases.

You see independent worker organizing, for folks not familiar with labor, the traditional model in Mexico is something called the Protection Contract Union. A company comes in and says, let me sign a piece of paper, take care of this for me. The workers never even know what's in the contract. If it is a contract, it's usually just on par with, with labor law. And so workers are able to gain as, as the company was profiting, they can't gain that profit. And that is really what the problem was with NAFTA. If wages couldn't be increased in Mexico, you couldn't raise them in the supply chains here in the United States and Canada. So I think it's really critical that we, we have this model.

One thing I do want to point out, maybe we'll get to the last question a little bit already wrapping into that is that we have some gaps in in this, we do have the forced labor gap, as you said, we still have China, products coming from the Uyghur region of China coming in. But we also have companies from other countries making massive investments in Mexico who really haven't been playing by the same rules around the rapid response mechanism.

So from Asian countries that are making massive investments, European countries, I've had to have a lot of conversations about what our expectations are. So that continues to be a challenge we have, foreign investors not understanding that when they're also investing in Mexico, the expectation is they will support as employers in Mexico, the right for workers to freely organize a union, the right for workers to bargain collectively and to really be able to have democracy in their workplace.

And the last point I would say about something that I don't think got sort of emphasized in the last panel is the IRA and these trade models are really about supporting democratic values. We see what happens when workers feel like trade policies or economic and social policies don't deliver for them. They vote in ways that are usually for many of us not seen as, as positive, because they say, why should I believe in democratic institutions if I'm working full time, I still can't feed my family. The education system doesn't provide the skills training I need, I'm not going to vote, I either won't vote, or I won't vote in a way that really reflects my best interests. So I just want to make that link because it's democracy in the workplace we're trying to build out, workers having a voice in their workplace, health and safety issues, bargaining, democracy in their country. And it goes for the same in the US and Canada.

Joshua Meltzer: Thanks. Kevin, you wrote the chapter for the report on, on the link between the labor commitments and the rapid response mechanism supply chains.

Kevin Kolben: So yeah, so I mean, leading off with Cathy or building off what Cathy was saying I think it was a great opportunity to start thinking about these issues in a different frame, which was why do we have trade and labor provisions at all? And very, I've never heard anyone try to make an argument that we need such institutions for the sake of supply chain resiliency. And so I think it would be a, it would build the case for including trade and labor provisions and having stronger ones or shaping them in certain ways if we could make a resiliency argument. I think traditionally the way that we've thought about trade and labor provisions as much in line of how Cathy's been talking about it could be, if you want to put it in a negative sense, we think about it somewhat protectionist, right, protecting jobs at home.

Now, the AFL doesn't think about that as negative, but certainly for free trade policy people, that's generally considered to be a negative, right? We might think about it in terms of in a similar way, the way the AFL often talks about it, which is unfair competition. But there are also other ways you

might think about it. I mean, now I think protectionism is taking maybe a more positive view. We're now, we're talking about it more in terms of industrial policy. We can think about positive ways in which it is a way to respond to communities that are breaking up instability, but also, it's a way to promote free trade in the sense that if you want to have sustainability, as we talked about in the last panel, you need to have support, democratic support for trade liberalization.

And as Cathy said, this is the first time the AFL's ever supported a free trade agreement, and that's because these trade and labor provisions were built up and made stronger in a way that was satisfactory to the AFL and its constituencies. And so lo and behold, more support for free trade. And so that is a resiliency argument in a sense, in that if you want to, if you are either a policymaker or a firm, you want to know that your free trade agreement with the country from whom your, your supply chains are connected to, that those free trade agreements don't dissolve the next day, right. So that is resiliency.

And we also see, I think, connected to the forced labor questions, increasingly, we see that bans on importations of forced labor are, you know, being promulgated obviously in the US, it's now a rather strong law with the Uyghur Forced Labor Protection Act. And the, if you are a firm, if we're looking at a firm perspective, again, you want to know that your goods are not going to be subject to being impounded to, you know, work, work, to, you know, getting not liquidated, as they say, in customs. So you basically want to have some kind of stability in that realm as well. And so having systems in place so that you can be ensured that the goods coming in are not made with forced labor can be helpful from a resiliency standpoint.

I could go with a few more, but I'll leave it there, we can continue the conversation if people are interested. But the basic idea is that I think if we shift over the conversation and put it in a resiliency framework, it actually could build up more support from both firms and from policy people. And so that's what this chapter was that Josh was referring to is actually the beginning of a process for me. And also, I think some of my colleagues at Rutgers to start thinking about these issues and looking at the data and seeing how we can make connections.

Joshua Meltzer: Ken, can I, I'll give you the option of coming in on this. But you obviously said on the other side, negotiating USMCA, there's, the senator spoke earlier before about this very significant labor reform that's been going on in Mexico as well. I'd be interested if you have a perspective on, on the labor piece from where you sat and where you currently sit.

Kenneth Smith: Yes, absolutely. And first of all, Joshua, thank you very much to you and to Brookings for inviting me to participate in this important panel. It's a real pleasure to be here. Well, I mean, as was mentioned, I do believe that the labor provisions in the USMCA are the most advanced in any free trade agreement. I believe that's why the AFL-CIO and other unions, unions in Mexico as well, supported the agreement fully. I mean, not only on the union democracy provisions, which are essential and that led to the rapid response mechanism, but also new worker rights protections that were not included in the, in the original site agreements, the NAFTA, much more detail on issues having to do with discrimination in the workplace, violence, obviously migrant worker protections which are very important for our Mexican population that works actively, especially in the agricultural sectors in the U.S. and Canada.

So these are strong provisions, they have teeth. We're talking about independent chapters subject to dispute settlement. That's very important. It's a very big difference vis a vis where we were in the NAFTA. These are all very positive and noble objectives. And I believe it all comes down to enforcement. And by enforcement, I mean, of course, guaranteeing that each country is actually upholding the, the spirit of what the labor provisions are trying to accomplish, which is strong worker rights protections, making sure that when the governments accept cases that these are accepted on the basis of merits and not political pressures.

As you know, for, for many, many years, the debate within the NAFTA space was whether labor, labor and environmental provisions will be used for protectionist purposes. I think we have moved beyond that discussion. I think it's, we realize that labor and environmental provisions are integral to the proper implementation and functioning of trade agreements, especially for sustainable development in the long term.

It is notable, however, that political pressure still exists because if you look at the six cases that have been presented by the U.S. versus Mexico, they all happen to be in the automotive sector. And this is, this is not a coincidence. We know that the push that the United Auto Workers and the workers in the, in the unions, in the auto sector and the weight specifically that they have in the US administration. So that's sort of par for the course, right? Obviously, we have hundreds of other sectors to be targeted, but we know that the automotive sector is in the, in the lens of US union. So, so that's going to continue to be the case.

But as long as the US or Canada or Mexico, when they analyze cases and they present them to their counterparts, are basing that on the merits of the case, I think we have a strong progress. What can we go forward with this? I think that, you know, on the next frontier, as was mentioned in this panel as well, was is the issue of forced labor and making sure that products derived from forced labor did not get into the supply chains in North America. And I think you have some tools, we have some tools in the USMCA and in the review, the comprehensive review of the USMCA in 2026 that we could, where we could advance on this issue.

I think we need to advance towards a fuller regulatory convergence on the policies to prevent products from forced labor to enter into North America. And what I mean by this have similar policies and enforcement mechanisms in the US, Canada and Mexico. Mexico just recently published their measures domestic regulations on preventing forced labor products from entering Mexico. I think they fall a bit short on the enforcement side of the mechanisms that will be in place to making sure that these things do not happen when products are coming into Mexico.

Further work needs to happen there, and I think the high-level economic dialogue, Chapter 26 on competitiveness, which allows for trilateral cooperative initiatives, could be a good place to start to have those discussions taking place not just in Mexico but in the US and Canada. So to make sure that we are all very transparent as to the regulations that we are implementing to make sure that forced labor products are not coming to North America, and also to make sure that we don't create protectionist obstacles to products that would otherwise be coming into U.S., Canada or Mexico under the benefits of the USMCA. But I think we're going in the right direction in general.

Joshua Meltzer: Thanks, Ken. Sylvia, I'm not sure if you want to come in on any of these points. No. You're on mute.

Sylvia Ortega Salazar: Just a very brief comment. Our experience in the dual education or the apprenticeship models is very revealing of the kinds of security that you can give to the young that are entering the job market to understand better the, their rights and their, and the kinds of participation that they can, that they can achieve when they belong to a union and they are sensitive to the kinds of rights and obligations. Building a culture of work it, very early on, especially for the adolescents and young adults that are entering the formal market, is going to be very relevant as most of our youth enters informal markets still. So if you want more support and sustainability to, if we

want that, then it is important that we train early on our future workers in the formal sector that we expect to see in the near future.

Joshua Meltzer: Yeah. Yeah. Thanks, Sylvia. Santiago Levy did some great work for us around the challenges moving labor in and out of the formal and informal sectors in Mexico and the fact and the challenges in reaching into the formal sector obviously is a big issue here. Let me just stick on this sort of theme and expand this out a little. This is picking up a little on the question that's come in from online, but I'm going to rephrase a little to look a little bit beyond North America to also Central and South America. The, you know, Catherine Tai, Ambassador Tai and Secretary Blinken, I believe, launched the Partnership for the Americas a few weeks ago.

And there's a vision there to level up I think some of the standards that the US where the U.S. already has trade agreements with some of these countries, some of them no trade agreements, but investment framework agreements and others, that there's going to be a process put in place and ultimately this is to bear fruit. Its outcome is probably going to be, again, part of a broader supply chain network. I would, I would expect.

I'd be interested in your perspectives on, you know, on the education and labor piece when one thinks about how does this work moving south of the Mexican border, how applicable are the USMCA standards on labor as much as you, for that part of the Americas, or what does it look like in a, you know, in a sense of bringing that part of the world up to those standards and the, any other challenges or opportunities you might want to mention? Let me, Cathy, you're nodding your head. Let me, let me turn to you.

Cathy Feingold: I just to put in the context, I think what the administration is doing is not focusing so much on free trade agreements, but on building out these economic frameworks, one in the Indo-Pacific, one with Europe, the Trade Tech Council, and then one in Latin America known as APEC. And I would say with the one in Latin America, they're starting with in countries that have free trade agreements, although we've seen some I don't know, there's some visits going out to Brazil, we'll see what happens with Brazil.

And I think there's no market access. So that does present challenges to just replicate the rapid response mechanism. We actually are brainstorming, what would it look like to have something that was binding, enforceable and timely in a context where there is no market access to take away? So stay tuned for that, we are, we have some ideas.

The other thing I wanted to say where I feel like the labor movement on USMCA, we were so focused on the rapid response mechanism, we actually didn't focus a lot on what is really important, which is the digital trade. And we just put out a piece on worker-centered digital trade because we think increasingly because we don't have national regulatory policy on digital, a lot of it's being put in to trade policy kind of through a back door that most of civil society and the labor movement weren't focused on.

So I think I'm trying to figure out what does it mean when it's digital to have labor enforcement. We see workers, you know, in Kenya who are being impacted by having to clean up social media platforms. Lots of questions. We are actually in experimental mode of what a new rapid response mechanism-like model would be, and we look forward to sharing that with you.

Joshua Meltzer: Thank you. Kevin, if you want to, no, you're good. Okay. Ken or Sylvia, do you want any observations about thinking south of the border? Your border, that is.

Sylvia Ortega Salazar: That's right. From the technological and vocational education sector, what is going on in Latin America, some, most of the Latin American countries, is a discussion on the kinds of standards that we could use for certification purposes that I think is going to be very fruitful as we move towards the definition of, from the definition of national standards to a common set of competencies that will be needed in the emerging markets.

Now, that implies large scale training and to prepare for a certification process that will be national, of course, but eventually they may give, may lead to a mutually recognized certification of those competencies. That massive training is feasible and there's very interesting progress if we utilize technology, the metaverse and the combination with the cutting-edge chat boxes, it makes a very powerful and instrument to prepare for this certification process.

So what I'm saying is that Latin America and the Caribbean base have ongoing discussions along the same lines. Our priority under vocational and training and our perspective about lifelong learning career that combines work and periods of study. So I am very optimistic that the Latin American alliance, the alliance for the strengthening of dual and practical education will achieve this type of national, regional recognition of some standards and competency.

Joshua Meltzer: Thanks, Sylvia. Ken, any, any comments on, on this question? One of the, one of the, Ken, while I, starting with you, one of the issues that hasn't come up today but does get explored a bit in the report is the importance of energy for North American supply chains, clean

energy, which is obviously going to get a huge push in the US, but also is on a similar trajectory in Canada, but, but is actually on a divergent track somewhat in Mexico because of the current administration's approach. What, I'd just, I'd like to ask you how you see the energy sector piece impacting the opportunities that are on the table when it comes to supply chains across North America? And what, what do you see happening?

Kenneth Smith: Absolutely. Thank you very much, Joshua. Well, when we talk about strengthening supply chains everywhere, but especially in North America, reliable access to a reliable access to energy from renewable sources specifically is essential. Because companies nowadays, when they make a decision where to invest, are taking into consideration many aspects, it's no longer the old tale of just looking for the cheapest wages where to invest. That's not the case anymore. And besides the fact, you know, Mexico is no longer just a low wage country. There's many countries in the world that offer lower wages, and Mexico is making a big effort to continually, as Senator Massieu was mentioning, making labor reforms that allow for a better organization for workers' ability, ability of collective bargaining tools to be able to to improve the wages in Mexico.

The name of the game today is without a doubt for international companies whether they will be able in their production processes to reduce their carbon footprint because let's face it, carbon border taxes are around the corner specifically in developed nations, and this will severely impact Mexico's competitive advantage if we don't transition to renewables at the same pace as our USMCA neighbors. I mean, one of the things that we're seeing is a lot of investment coming into Mexico, almost \$35 billion in FDI last year, which is similar to what we were receiving at the end of the last administration here in Mexico.

But the truth of the matter is that because of the certainty, long term certainty of USMCA, because of the near-shoring phenomenon, which is real, I mean, these numbers over the next decade should reach easily 45 or \$50 billion per year if we do the right things domestically. And there are many things in terms of industrial development strategies, educational strategies, upskilling, reskilling of the workforce, etc, investment in R&D. But one key piece in this is to have the ability to provide reliable access to energy and from renewable sources to companies.

I think an important element here in terms of recommendations as to how to go forward and really be able to, to, to, to turn these intentions of the leaders and the latest leader's summit that took place in January to build a North American platform for advanced manufacturing, to turn that into

reality, I think for starters, on energy, at least, we have to resolve this looming dispute on energy, these consultations that have gone on forever with the U.S. and with Canada. And there has to be the realization in Mexico that going back to a model where you try to simply strengthen state monopolies and discriminate against private participation in energy, in power production, in oil and gas, is just not going to work for the needs of the 21st century. So resolving that dispute is essential.

I think another element where we, we can work actively is by really trying to transition towards renewable energies in a way that is similar in all three countries. So I think it's a good start, the fact that the US got back to the Paris Agreement, that Mexico and Canada are part of that. But we, we really need to work on the transparency of the regulation in Mexico, getting back to the objectives of what was our energy reform in the year 2013, which is making sure that we open up areas of the energy sector to both domestic private investment in Mexico and to our trading partners and therefore bring in technology and investment in renewables. There are a lot of opportunities in solar and wind energy, in the not so distant future for green hydrogen.

So there are a lot of areas where Mexico can become a leader worldwide, but we really need to have those changes in domestic policies and at the same time continue to work within the USMCA space to have a cooperation between energy regulators, to be able to ensure that access to renewable energy will be available in Mexico. And that will definitely launch a new era, I think, of FDI attraction into our country. But I don't think anything's going to happen within the next two years. We're talking about, you know, the end of this administration for that to actually be able to take place in our country.

Joshua Meltzer: Yeah. Thank you for that. We're going to run a couple of minutes past three because we started a few minutes late. But I just want to ask, is there any, any Q&A in the audience at this point? So I'm going to turn now to, I'm just going to turn to the final question to the panelist, which I sort of flagged earlier, which is what more can we do or what are we missing, whether it's in the context of USMCA or beyond USMCA that would, you know, whether amongst governments, amongst civil society, amongst business, that would advance the objective of building more integrated, secure and resilient supply chains? I'll just run down the panel. Cathy, starting with you.

Cathy Feingold: Sure. And I think given all of the issue areas that we've covered and then on the important discussion of clean energy and we just heard a big announcement today about a major electric vehicle company entering into Mexico, we have to deal with that issue. And I would say

something that is missing is, you know, we have CEOs doing their meetings, we don't have anything that brings everyone together.

And I would just say in countries where there is stability and they're able to deal with change really easily, they have something called social dialogue. Let's bring labor, let's bring business and governments to the table to actually figure out some of these clean energy discussions, the apprenticeship conversation that we just had today, effective labor implementation. We do it in silos. We each have our, we'll go to the Biden administration, the CEOs will go to the Biden administration. Let's figure out an agenda. We're doing that with the trade tech council that, we've created a transatlantic labor dialogue. I think we could do a North American dialogue that brings together those groups to really try to solve some of these challenging issues and move it forward. That's what this is about, USMCS moving forward and, you know, we're committed to it.

Joshua Meltzer: Great. Thank you. Kevin?

Kevin Kolben: Yeah. I don't have any magic bullets, but I would focus on something that we have to remember, which is that the case for trade, while it's a done deal in policy circles and I guess in these walls, it's definitely not, the case has not been made for most regular citizens. And so if that case is going to be made, we have to really think carefully about how we make the case in a way that also responds to people's concerns and values.

I think the unfair competition idea, which has been out there for a long time, that framework is really problematic. In fact, it's built into our trade agreements. It got us into trouble in the case that we lost with Guatemala. And I think that we need to begin a process of thinking about how we can convince everyday people that trade works for them and also works for their neighbor, because that's why most people are skeptical of trade, they think it hurts their neighbor, not themselves.

Joshua Meltzer: Sylvia.

Sylvia Ortega Salazar: Right. Well, I mean, I couldn't agree more with Cathy on the relevance of social dialogue. And I think that it is more productive to have those interactions when you have a specific project, like the one that I reported and that involved Skyworks, this company that is expanding its operations in a municipality in [speaks Spanish]. That is where we can all come to the table and where we can design the kind of outcome that we want and the kind of support that we need from everybody. It is also a good, a good place to evaluate progress and to build the experience

really by working on case studies to, to demonstrate that, yes, we are able to reinvent the kinds of interactions that need to foster development and human capital training but benefits for everybody.

Let me just end on a very positive note. There are two surveys that were released, oh, less than a month ago, and that demonstrate that young folk, men and women between 18 and 24 are very, very optimistic of the future for some intriguing reason, because we have suffered a lot during the pandemic and the [inaudible] and the lost jobs and we had family tragedies, etc. But they're very positive about the future, basically, because they see job opportunities and that they see themselves as capable of premising the benefits of this reinvention or maybe invention of regions that is competitive, that is productive, but that is also prone to social cohesion and to building an identity respectful of our own values, but with a common sense of purpose.

Joshua Meltzer: Okay. Thank you. Thank you, Sylvia. Ken.

Kenneth Smith: Thank you very much. Well, I mean, I think we are seeing individual efforts by the USMCA countries some more, some less, but individual efforts to try to build these capabilities to strengthen supply chains in North America and to attract foreign direct investment in the sectors of the future. But I really believe that what is missing and what we should be working on towards the future in the region is really working on building and adopting a North American strategy for industrial development.

So the three countries doing it jointly, really tackling the challenges of, of building the supply chains of the future from, from all angles, and many of those we have discussed today. So education, research and development, innovation, access to financing, I believe a key element, especially for developing countries such as Mexico, is the development of local suppliers and linkages of SMEs, so that SMEs can go into the process of high technology manufacturing, along with big companies that are, that are establishing in our country.

I mentioned access to energy protection and labor rights, etc. So really looking at this comprehensively, not just from individual efforts of each country, but actually the three North American countries setting a path as to what should be the sustainable development strategy for the future. And we do have elements and tools within the USMCA, I mentioned already the comprehensive review in 2026. We should ensure that that exercise of the comprehensive review is actually a proactive, a positive exercise.

So in other words, avoid backtracking or discussion as to whether trade is good for the region, etc. but and not using it as a political football, which was the case in 2017, but rather focusing on, on building on what we have and I think issues, for example, of labor mobility, to look at labor mobility of professionals and specific trades within the region as a competitiveness-boosting element and not getting into discussion whether it's illegal immigration or not, which it's not. And also other areas, more stronger provisions on climate change mitigation. And I do believe energy cooperation and regulatory convergence as a whole within the North American region is what could get us to a true North American strategy for long-term sustainable development. I mean, I really think that should be a target for our three countries going forward.

Joshua Meltzer: Thank you. Well, you know, we've heard a lot, I think, over the, this afternoon about, about vision, certainly the case for trade and thinking about ways to, you know, deepen North American economic cooperation even, even further. And so we're very much all about that at the USMCA initiative. You know, we like to think we can play our small part by convening and bringing the disparate stakeholders together. I mean, I think your notion of a social dialogue is is a great one, Cathy, and I think is very important, but also with very pragmatic project specific focuses as we move beyond sort of high-level rhetoric and getting into actual implementation in issues that have an impact on the ground. So with that, I'd like to close out today's event. I want to thank everyone in the audience for their participation and of course, online as well. I want to thank the panelists for a very full and fascinating discussion. So thank you very much. And with that, call the event to an end. Thank you.