



*Unlocking North
America's potential:*

**HUMAN CAPITAL
INTEGRATION**

through the
USMCA



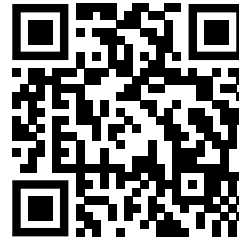


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UNLOCKING NORTH AMERICA'S POTENTIAL: LABOR MOBILITY AS AN ENGINE FOR ECONOMIC GROWTH IN THE WORLD'S MOST PROSPEROUS AND COMPETITIVE REGION

On April 17, 2024, the forum Immigration on the Road: Labor Mobility in North America was held in Mexico City. This event was a joint initiative of México, ¿cómo vamos?, the Baker Institute Center for the U.S. and Mexico, and Connecting Mexico by GEP. The primary goal was to foster an open and constructive dialogue on the challenges and opportunities for effectively integrating human capital into the North American labor market.

The main topics of this forum align with the goals of The North American Project, an initiative aimed at making the region the most prosperous and competitive in the world. This project highlights the opportunities offered by the United States-Mexico-Canada Agreement (USMCA) for North America to achieve this goal by 2050. In particular, the forum focused on two key goals: Goal 1: Shared prosperity and job creation, and Goal 5: Labor mobility and talent attraction.

To continue the conversation on the proposals discussed at the forum, we present this compendium of texts that gathers the contributions and essays of the event participants. The texts include analyses of human capital flow trends in the region, diagnostics on North America's workforce, and recommendations to ensure that jobs protected by the USMCA comply with the provisions in Chapter 23. Additionally, they reflect on the economic growth opportunities that could arise from relaxing the list of professions in Chapter 16, its potential impact on alleviating labor shortages in the United States, boosting regional competitiveness, and the importance of pursuing shared certifications among the three countries to meet labor market needs.

The current situation presents an opportunity to generate higher value-added products, given the relocation of value chains towards final markets. The discussion on leveraging all factors of production is crucial. Besides the successful flow of goods, which totaled \$1.6 trillion at the end of 2023, the USMCA includes mechanisms that allow for the integration of temporary workers, such as the H1-A, H1-B, and TN visas, which are almost exclusively part of this free trade agreement.

These texts identify the structural factors contributing to labor shortages in the United States, such as the aging workforce, declining fertility rates, and decreasing immigration rates. These problems were exacerbated by the COVID-19 pandemic,

which led to an increase in early retirements and improvements in unemployment benefits, causing more workers to stay out of the labor market longer. However, the full potential of temporary professional mobility from Mexico and Canada to increase GDP not only in the United States but in all three countries has not been fully utilized. The demand for talent will incentivize the development of more human capital, needed in both national and international labor markets.

Undoubtedly, the discussion on the integration of the North American labor market is necessary and timely in light of the USMCA 2026 report. This report could, for instance, initiate a diagnosis of the professions needed for the digital economy with sustainable supply chains in the Temporary Entry Working Group contemplated in Chapter 16 of the USMCA, ensuring that our region effectively becomes the most prosperous and competitive in the world.



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FIRST SECTION

Labor Mobility *in North America*

Earl Anthony Wayne – *Achieving North America's Labor Market Potential Requires Workforce Investment*

Tony Payan – *The Integration of Labor Markets in North America and the USMCA*

ACHIEVING NORTH AMERICA'S LABOR MARKET POTENTIAL REQUIRES WORKFORCE INVESTMENT

Earl Anthony Wayne¹



As the articles in this collection make clear, developing the potential of North America's labor market demands a deeper understanding of the demographics and economic needs across the continent. It requires much more collaboration among governments, businesses, unions, educational institutions and other stakeholders to train, "reskill," and "upskill" workforces with a wide range of capacities to meet the needs of many sectors and communities. Progress also requires numerous politically difficult changes to laws, regulations, policies and mindsets, among other steps.

The issues that must be addressed cover an immense range of challenges and involve a wide range of actors from the local, national, and international levels. For example, how to meet the relatively low skilled but substantial labor needs of agricultural and service sectors in across North America by making best use of the hemisphere's labor pools is quite different than investing to meet the demanding requirements for highly skilled and educated workers in cutting edge technology fields, such as semiconductors, that will shape economic futures.

Substantial actions in both areas are needed. And, as papers in this collection discuss, the agenda also includes how to address the need for labor mobility among and across industry sectors and countries as well as how to better manage migration flows to bring out the best results for the societies sending and receiving workers.

Focusing on Skills Gaps

This article focuses on addressing the alarming skills gaps and mismatches in North America's workforce, as key elements of the labor market shortfalls to tackle. If left unaddressed, these labor market deficits and disconnects will undermine North American economic competitiveness and sow the seeds for greater social dislocation, polarization and anti-migrant sentiment.²

Long before the pandemic and the subsequent "great resignation," employers in North America struggled to identify employees who possess the skills needed. Conversely, workers often found it difficult to acquire the education and training they needed to access job opportunities.

These mismatches continue to impede companies and sectors in Canada, Mexico, and the United States from realizing the potential inherent in the powerful production and commerce networks that their countries have been building since the early 1990s.

Skills gaps and shortages, for example in digital skills³ and emerging technologies, such as electric vehicles⁴, remain as serious challenges for the region.

The three governments agreed in May 2023 to coordinate efforts to strengthen semiconductor production, including de-

- 1 Distinguished Diplomat in Residence, School of International Service, American University; Mexico Institute Board Co-Chair, Wilson Center.
- 2 For further insights, see Sergio Alcocer and Earl Anthony Wayne, "El desarrollo de una fuerza de trabajo exitosa es vital para una gestión de emergencias competitiva y próspera en América del Norte", In Alan Bersin and Tom Long (Eds), "América Del Norte 2.0: Forjar un futuro continental", *Wilson Center*, 2024, <https://www.wilsoncenter.org/publication/north-america-20-forging-continental-future>; and Earl Anthony Wayne, et al., "North America 2.0: A Workforce Development Agenda", *Wilson Center*, 2019, <https://www.wilsoncenter.org/publication/north-america-20-workforce-development-agenda>.
- 3 National Skills Coalition. (n.d.). Digital skills corporate sign-on. Retrieved from <https://nationalskillscoalition.org/digital-skills-corporate-sign-on/?em-ci=f605b115-d89d-ee11-bea1-002248223f36&emdi=4556b1fa-e59d-ee11-bea1-002248223f36&ceid=11613005>
- 4 Beckett, Elizabeth (May 3, 2023) "New Cars, New Skills: us Automakers Increase Demand for Electric Vehicle Skills", Lightcast. Retrieved from: <https://lightcast.io/resources/blog/electric-vehicle-skills>.

veloping the workforce to support that effort as a key priority for boosting competitiveness.⁵ But this will be years long effort by governments, industry and educational institutions.

In 2024, the US Semiconductor Industry Association (SIA) reported that the industry will likely fall 67,000 workers short of projected demand for the technicians, engineers and scientists needed by 2030 if current trends continue. The SIA adds that this is only part of the 1.4 million workers proficient in technical skills that the US alone will need by 2030.⁶

While semiconductors are an area of particular focus by the three North American governments, we could detail similar challenges in many sectors.

If the region is to cope with accelerating technological changes and demands for economies to compete with China and others, to adapt to demographic workforce changes, to migration flows, and to create buffers against unexpected shocks, North American leaders must formulate and invest in a serious North America workforce development agenda that builds institutions that create regular collaboration and sharing of best practices in meeting work skills needs across a range of sectors.

USMCA and NALS (add sources as footnotes)

The US-Mexico-Canada Agreement (USMCA) identified workforce development as action area and modest collaboration

has begun as part of the USMCA's Competitiveness Committee agenda.⁷

The leaders of the three countries also made workforce development an action item in the work agendas approved by North American Leaders Summits (NALS) in 2021⁸ and 2023.⁹

That NALS agreement led ministers and private sector representatives to launched specific workforce development programs focusing the North American semiconductor industry in a June 2023 conference.¹⁰

Also, the US and Mexico made workforce development a bilateral work topic since they revived the bilateral High Level Economic Dialogue (HLED) in 2021.¹¹ They have organized specific workforce development events and projects¹², and have agreed to look at medical device supply chains as well as semiconductors.

In June 2024, the US National Institute of Standards and Technology (NIST) issued a very helpful guidebook for semiconductor education and workforce development.¹³ The guidebook can help businesses, governments, and educational entities across the continent. It provides recommendations for best practices covering workforce needs assessments; metrics and milestones; proven industry relevant training; strategic partnerships; and important worker recruitment and retention factors.

In another new program aimed at supporting workforce development in the US, the US Departments of Commerce, Labor

- 5 U.S. Department of Commerce. (2023, May 24). *Joint Statement on the Launch of the North American Semiconductor Conference and North American Ministerial Committee on Economic Competitiveness*. [Fact Sheets]. Retrieved from: <https://www.commerce.gov/news/fact-sheets/2023/05/joint-statement-launch-north-american-semiconductor-conference-and-north>
- 6 Isakowitz, Zach. (April 8, 2024). "SIA Releases Policy Blueprint to Build the Future Semiconductor Workforce", Semiconductor Industry Association. Retrieved from: <https://www.semiconductors.org/sia-releases-policy-blueprint-to-build-the-future-semiconductor-workforce/>.
- 7 Meltzer, Joshua P., Wayne, Earl Anthony, and Bitar, Diego Marroquín (July 19, 2023) "USMCA at 3: Reflecting on impact and charting the future," Brookings. Retrieved from: <https://www.brookings.edu/articles/usmca-at-3-reflecting-on-impact-and-charting-the-future/>.
- 8 The White House. (2021, November 18). *FACT SHEET: Key Deliverables for the 2021 North American Leaders' Summit* [Statements and Releases]. Retrieved from: <https://www.whitehouse.gov/briefing-room/statements-releases/2021/11/18/fact-sheet-key-deliverables-for-the-2021-north-american-leaders-summit/>
- 9 The White House. (2023, January 10). *FACT SHEET: Key Deliverables for the 2023 North American Leaders' Summit* [Statements and Releases]. Retrieved from: <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/10/fact-sheet-key-deliverables-for-the-2023-north-american-leaders-summit/>
- 10 Talbot, David, PhD (June 6, 2023). "The North America Semiconductor Conference: Summary of Conclusions and Recommended Actions," Milken Institute. Retrieved from: <https://milkeninstitute.org/report/semiconductor-conference-north-america-summary>.
- 11 The White House. (2022, September 12). *FACT SHEET: 2022 U.S. – Mexico High-Level Economic Dialogue* [Statements and Releases]. Retrieved from: <https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/12/fact-sheet-2022-u-s-mexico-high-level-economic-dialogue/>
- 12 Office of the United States Trade Representative. (2023, September). *FACT SHEET: 2023 U.S.-Mexico High-Level Economic Dialogue* [Fact Sheets]. Retrieved from: <https://ustr.gov/about-us/policy-offices/press-office/fact-sheets/2023/september/fact-sheet-2023-us-mexico-high-level-economic-dialogue>.
- 13 Chips for America (June 17, 2024) "CHIPS R&D Education and Workforce Development (EWD) Plan Guidebook". Retrieved from: <https://ssti.org/chips-rd-ewd-guidebookpdf>.

and Education expanded partnership programs aimed at expanding collaboration on apprenticeship and other training programs with companies from Japan, Korea, Taiwan Austria German and Switzerland in 2024 with "Select Talent USA."¹⁴

This is all welcome progress, but again the need is for a more comprehensive institutional and regularized approach to support such progress across business sectors.

Need a Comprehensive Work Agenda to deal with ongoing Transformations

The United States, Canada and Mexico, however, have not yet invested in a comprehensive North American Agenda to address systematically the skills gaps and mismatches that continue to hinder the competitiveness and productive potential of North America's workforces.

Over the longer term, ongoing technological transformations are likely to contribute to the creation of more and better jobs. However, during difficult transitions across many industries, companies, individuals, communities and governments need to prepare for the shocks that accompany "creative destruction," and North America needs to compete with China and others.

By joining forces, North Americans can make more and better jobs a reality and ameliorate the disruptive effects of change.¹⁵

Although technological change already posed significant challenges for the workforce, the pandemic forced businesses to reevaluate the role of technology in their workplaces, manage workers remotely, and rapidly expand internet commerce.¹⁶

The pandemic and subsequent recessions also opened serious discussions about the resilience, robustness, and reliability of supply chains across North America and worldwide.¹⁷

The Organization for Economic Cooperation and Development (OECD) estimates that 14% of jobs across its member countries could disappear because of automation in the next 15 to 20 years, and another 32% are likely to change radically.¹⁸

Core employment skills will change, increasing the demand for both "reskilling" (training for those displaced from jobs) and "upskilling" (training employees whose jobs are evolving), as well as bringing new workers into the specific industries.¹⁹

Digital literacy and foundational digital skills will be increasingly important: by 2030, for example, an estimated 77% of jobs in the United States will require the use of technology.²⁰

The emergence of ever more powerful tools using Artificial Intelligence (AI) has added additional concerns about further significant changes in jobs, skills, and the workplace across North America and internationally²¹ as part of the ongoing discussion about how governments might best manage this powerful new technology. The rapid development and use of AI are likely to complicate the elimination and emergence of new jobs and skills as part of the continuing transformation of the workplace and careers. The World Economic Forum's 2023 Future of Jobs Report highlights how technology adoption, including AI, is likely to drive job and workplace transformation over the next five years.²²

- 14 U.S. Department of Commerce. (2024, June 24). U.S. Departments of Commerce, Labor, and Education Expand SelectTalentUSA Partnership to New International Markets, Increasing Quality Jobs and Apprenticeships through FDI. [Press Releases]. Retrieved from: <https://www.commerce.gov/news/press-releases/2024/06/us-departments-commerce-labor-and-education-expand-selecttalentusa>.
- 15 OECD (2019) "OECD Employment Outlook 2019: The Future of Work". Retrieved from: https://www.oecd-ilibrary.org/employment/oecd-employment-outlook-2019_9ee00155-en.
- 16 Wayne, Earl Anthony (July 22, 2020). "The Future of the North American Workforce in a Covid-19 Scenario," Pulse News. Retrieved from: <https://pulsenewsmexico.com/2020/06/22/the-future-of-the-north-american-workforce-in-a-covid-19-scenario> ; and Wayne, Earl Anthony (May 1, 2020). "Don't Neglect Preparing Our Workers for a Post-Pandemic Economy," The Hill. Retrieved from: <https://thehill.com/opinion/finance/494951-dont-neglect-preparing-our-workers-for-a-post-pandemic-economy>.
- 17 Wood, D. and Sands, C. (May 12, 2020). "Who Is 'Us'? Thinking Like North Americans in Our Pandemic Response," The Hill. Retrieved from: <https://thehill.com/opinion/international/497305-who-is-us-thinking-like-north-americans-in-our-pandemic-response>; Wayne, E. A. (March 29, 2020). "Better Coordination Is Key to Reenergizing US-Mexico Trade," The Hill. Retrieved from: <https://thehill.com/opinion/finance/499898-better-coordination-is-key-to-reenergizing-us-mexico-trade>.
- 18 OECD, "OECD Employment Outlook 2019: The Future of Work."
- 19 World Economic Forum (WEF). (2018). The Future of Jobs Report 2018. Retrieved from: http://www3.weforum.org/docs/WEF_Future_of_Jobs_2018.pdf
- 20 Markle Foundation (October 2019) "Digital Blindspot: How Digital Literacy Can Create a More Resilient American Workforce". Retrieved from: <https://www.markle.org/sites/default/files/2019-10-24-RABN-Digital-Literacy-ReportFINAL.pdf>
- 21 Cazzaniga, Mauro, et al. (January 14, 2024). "Gen-AI: Artificial Intelligence and the Future of Work," International Monetary Fund. Retrieved from: <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2024/01/14/Gen-AI-Artificial-Intelligence-and-the-Future-of-Work-542379?cid=bl-com-SDNEA2024001>.
- 22 WEF, *The Future of Jobs Report 2023*, https://www3.weforum.org/docs/WEF_Future_of_Jobs_2023.pdf

Investing More Resources and Coordination in Four Areas

To better address these gaps and to develop the potential of the region's labor market, the United States, Canada, and Mexico need to increase and better target attention and investment to the development, adjustment, and training of their workforces and to build cross-continental collaboration.²³

North America needs an agreed strategy to develop and deploy a 21st century workforce with a *focus on four areas*:

1. promoting common approaches to work-based learning.
2. developing innovative use of transparent credentials that can be widely recognized across the region.
3. enhancing labor market data collection and transparency to help workers and businesses understand trends; and
4. creating collaborative mechanisms and fora to share lessons learned and best practices to enhance workforce development.²⁴

The implementation of this agenda depends on multistakeholder involvement, driven by collaboration among national and subnational governments, businesses, academia and education providers, unions, and nongovernmental organizations (NGOs).

Many of the most successful partnerships and results will come from practices and models established at local and regional levels and in specific sectors among a range of concerned stakeholders. But the lessons learned can likely be applied widely if fora are established for that purpose.

The three national governments should lead the way. As part of the North America Competitiveness Agenda, they should establish regular dialogues and working groups that bring together key national and subnational figures to discuss challenges and progress. The events and working groups can identify and highlight successful partnerships and programs under

way across the continent. And they can foster an ongoing conversation about how to expand and implement those successes, sponsoring regular workshops on specific topics, for example.

The key to success will be making this work an ongoing priority for collaborative action across the continent and being willing to spend more on specific work force programs. In the OECD's latest tally of total public expenditures on Labor Market Programs as a percent of GDP (2021 data), Mexico is last in 25th place, the US is second to last in 24th place, and Canada is better but still only ranked 16th among OECD members.²⁵

Under the Biden Administration, the US significantly boosted its spending on economic investment in America²⁶, including funding for workforce development with the Bipartisan Infrastructure Law, the Chips and Science Act and the Inflation Reduction Act (IRA). There is still much room for US federal and sub-federal investment in worker training programs, as is clearly the case in Mexico and Canada too.

There will be many ways to tailor specific priorities for national and regional work. Some might start by responding to the skills needs in key business sectors of regional or national importance, such as has already been discussed on semi-conductors or regarding aspects of "green" energy, for example, as the US is trying to do with parts of the IRA legislation. Policy space should be created to recognize and award specific examples of exceptional success and to publicize the needs, benefits and opportunities for upskilling and other learning programs.

Establish a Trilateral Workforce Development Taskforce

To guide and support future progress, Mexico, the US, and Canada should establish an overarching senior level trilateral workforce development taskforce with substantial private sector and academic participation to mark the path forward by investing more in proven workforce development efforts reflecting multistakeholder partnerships. There is evidence that

23 Wayne, E. A. (2024, February 20). *North American Workforce Development and Education Cooperation*. [Speech video recording]. Cross-Border Threat Screening and Supply Chain Defense. Retrieved from: <https://cbts.tamu.edu/2024/01/29/distinguished-speaker-ambassador-earl-anthony-wayne/>

24 Much of the data used to support this cooperative framework were collected and analyzed before the COVID-19 pandemic; however, the conclusions drawn from this pre-pandemic data are even more relevant in the post-pandemic context, borne out by newer studies such as the WEF's *Future of Jobs Report 2020*.

25 See the Public spending on active labour market policies as a share of GDP, OECD, at <https://goingdigital.oecd.org/en/indicator/42>

26 Boushey, Heather. (August 11, 2023). "Understanding the Economics of Investing in America: A Collection of Resources." The White House. Retrieved from: <https://www.whitehouse.gov/briefing-room/blog/2023/08/11/ia-resources/#:~:text=Working%20with%20Congress%2C%20the%20President,and%20the%20Inflation%20Reduction%20Act.>

smarter investment in these programs can have good effects on employment.²⁷

The taskforce could name working groups with participants from the public, private and academic sectors including federal and sub-federal participants to develop specific action proposals related to the four areas mentioned above and as described in the annex. An important part of effort will be to ensure that programs are effectively communicated to the public, so they reach more of the intended participants.

North America's workers, businesses and communities will benefit greatly from pursuing an active dialogue and enhanced cooperation on workforce development as part of developing the potential of the continent's rich labor market.

Annex: Detailed Discussion of the Proposed Focus Areas of Workforce Development among Mexico, the United States and Canada.²⁸

Issue 1. Expand Apprenticeships, Work-Based Learning and Technical Education

Work-based learning (WBL) or work-integrated learning programs encompass a wide range of models. Apprenticeships are a well-known example.

WBL mixes academic instruction and on-the-job learning equips individuals with relevant capabilities to meet the demands of the labor market and provides businesses with the trained employees they need. WBL approaches can address skills gaps by immediately placing workers in unfilled jobs, and the companies offering the apprenticeships can adjust the training to fit evolving needs.

WBL also provides a career path by offering workers paying jobs, certifications, and marketable skills.²⁹ However, apprenticeships and other WBL initiatives will need to evolve with the pace of technological change and workplace needs. The OECD,

for example, recommends that its member countries move away from front-loaded education systems to a model where skills are continuously updated to match changing demand.³⁰ Small and mid-sized businesses (SMEs) need special attention, as the cost of upskilling and reskilling programs are prohibitive for them. Industry or sector partnerships with existing workforce stakeholders, especially government, can help smaller organizations to better reap benefits from training programs.³¹

The federal governments of Canada, Mexico, and the United States should agree to create shared standards for the following:

1. *Define apprenticeships and other major types of work-based learning (WBL), as well as minimum criteria and quality standards.*³²
2. Agree on broad guidelines assigning roles and responsibilities to governments, industry, and intermediaries regarding the development, implementation, and funding of apprenticeships and other WBL.
3. Create a trinational career and technical education and apprenticeship task force to identify best practices to promote apprenticeships and other WBL programs.
4. Agree on elements of a marketing strategy to increase public awareness of the advantages of WBL and change negative public misperceptions of such programs.
5. Build trinational "spaces" to foster ongoing dialogue between regional stakeholders to share best practices on WBL and training, and to strengthen public-private partnerships.
6. Agree among the three countries on ways to incentivize and support companies, including SMEs, to develop training and learning programs for reskilling and upskilling their workforces.

27 Holzer, Harry J. (December 21, 2023) "Can workforce development help us reach full employment?". Brookings. Retrieved from: <https://www.brookings.edu/articles/can-workplace-development-help-us-reach-full-employment/?share=interactive-1752095>.

28 Sergio Alcocer and Earl Anthony Wayne, "El desarrollo de una fuerza de trabajo exitosa es vital para una gestión de emergencias competitiva y próspera en América del Norte", In Alan Bersin and Tom Long (Eds), "América Del Norte 2.0: Forjar un futuro continental", *Wilson Center*, 2024, <https://www.wilsoncenter.org/publication/north-america-20-forging-continental-future>; and Earl Anthony Wayne, et al., "North America 2.0: A Workforce Development Agenda", *Wilson Center*, 2019, <https://www.wilsoncenter.org/publication/north-america-20-workforce-development-agenda>.

29 Johnson and Spiker, "Broadening the Apprenticeship Pipeline."

30 OECD, "OECD Employment Outlook 2019: The Future of Work."

31 Spiker, K. (s.f) "Partnering Up: How Industry Partnerships Can Bring Work-Based Learning to Scale". National Skills Coalition. Retrieved from: <https://www.nationalskillscoalition.org/resource/publications/partnering-up-how-industry-partnerships-can-bring-work-based-learning-to-scale/>.

32 Institute for WorkPlace Skills & Innovation America (2019) "It's Time: Using Modern Apprenticeship to Reskill America," <https://www.iwsiamerica.org/itstime/>; and Urban Institute, "Center on Labor, Human Services and Population," Retrieved from: <https://www.urban.org/policy-centers/center-labor-human-services-and-population/projects/competency-based-occupational-frameworks-registered-apprenticeships>.

Issue 2. Improve the Recognition, Portability, and Transparency of Credentials

Professional credentials provide a clear sense of what skills a worker has, facilitating labor market mobility, reducing selection costs for firms, and leading to higher wages and quality of workers.

Despite those possible benefits, the current, fragmented system for credentials across and within North America forms a barrier for workers of many skills levels.³³ This is a major challenge across national borders, where various nontransferable credentials leave skilled and well-educated individuals underemployed.³⁴ Higher education and employment services are also disjointed across the continent and too often are disconnected from employer and industry needs.

Making credentials comparable, transferable, stackable, and more transparent would support North American competitiveness and to help overcome skills gaps and mismatches. Much of this is happening de facto as learners and workers seek more credentials, but this effort can be better supported by governments.

The three North American countries should work to build agreement on the following:

1. Develop a common language about credentials and competencies to facilitate understanding, quality, transferability, recognition, and the ability to stack or accumulate them.
2. Develop or strengthen national competency frameworks and aligning them to the trinational common language of credentials and competencies.
3. Develop guidelines to assess and validate informal learning and professional experience, and to identify skills associated to such experience..

Issue 3. Improve Labor Market Data Collection and Transparency

One major challenge is that neither public authorities nor the private sector and academia collect and share data on credentials, skills, workforce trends and training effectiveness. Improved data collection can allow people to make better-informed career decisions and can bring valuable transparency to the labor market.³⁵ The speed of change in the economy also increasingly requires the development of real-time labor market information platforms, databases of in-demand skills and regular evaluation of skills programs.³⁶

The following elements should be agreed upon trilaterally:

1. Develop norms to collect real-time labor market data and information in a consistent and homogeneous way so it is comparable across countries and across the region as well as easily accessible.
2. Establish a North American Workforce Observatory (NAWO) aimed at developing a trinational online platform (linked to national platforms) to serve as a hub for real-time labor market data in the three countries, and for best practices from the public and private sectors.
3. Develop guidelines to make the trinational NAWO platform and data tools openly available to stakeholders.
4. Develop guidelines for metrics to evaluate workforce development programs and propose improvements.

Issue 4. Identify, Share and Spread Best Practices

The already rapid pace of change in the three economies is likely to increase further. The result will be a complex process of massive job creation, destruction, and transformation of workplaces and work/lifestyles that has been dubbed Industry 4.0 or the "Fourth Industrial Revolution."³⁷ The pandemic has added new lessons and additional use of technology as reflected in more remote work, which opens opportunities for more cross border work. The rapid development and use of Artificial Intelligence is likely going to complicate the continuing transformation of the workplace and careers. And continued migration flows add more important considerations.

33 Alden and Taylor-Kale, *The Work Ahead*.

34 Batalova, Jeanne, Fix, Michael, and Bachmeier, James D. (2016). "Untapped Talent: The Costs of Brain Waste among Highly Skilled Immigrants in the United States," Migration Policy Institute. Retrieved from: <https://www.migrationpolicy.org/research/untapped-talent-costs-brain-waste-among-highly-skilled-immigrants-united-states>.

35 Alden and Taylor-Kale, *The Work Ahead*.

36 Vilsack, Richael and LaPrad, Jeannine (May 25, 2022). "Data for an Inclusive Economic Recovery," National Skills Coalition". Retrieved from:<https://nationalskillscoalition.org/resource/publications/data-for-an-inclusive-economic-recovery/>

37 McKinsey Global Institute. (2017) Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation. Retrieved from: <https://www.mckinsey.com/~/media/McKinsey/Industries/Public%20and%20Social%20Sector/Our%20Insights/What%20the%20future%20of%20work%20will%20mean%20for%20jobs%20skills%20and%20wages/MGI-Jobs-Lost-Jobs-Gained-Executive-summary-December-6-2017.pdf>.

The 2023 World Economic Forum's Future of Jobs reports that employers anticipate a structural labour market churn of 23% of jobs in the next five years and that 44% of workers skills will be disrupted. The WEF report estimates that 6 of 10 employees will require training, but that only half of workers have access to adequate training opportunities today.³⁸

These training and educational needs also underscore the vital importance of partnerships with educational institutions. Private, public, and academic sector leadership is needed to develop models of how to adapt to the pace of change, and workforce development needs to be better incorporated into economic and industrial policy discussions going forward.

Possible trilateral initiatives include:

1. Identify and share successful examples of private and public collaboration.
2. Agree on approaches and strategies to encourage companies to collaborate with educational institutions, trade unions, sub-federal governments, and others to better align curricula with the evolving labor market needs, better connect graduates to the labor market, and foster the modernization of educational spaces.
3. Build trinational spaces to share best practices on "Industry 4.0," lessons from the pandemic, incorporating AI, and about building partnerships that link the priorities of business, academic, and government actors. Look for ways to strengthen models of remote or distance work that can function well across the continental value chains.
4. Identify best practices for small and mid-sized enterprises to keep up with technological changes and talent creation.
5. Establish trilateral research and innovation projects in strategic economic areas across the continent through grants and scholarships.
6. Invest in evaluation to assess ongoing programs, future trends and prepare for future skills needs.

Implementing the North American Agenda

The North American Workforce Development Agenda should be a collaborative effort that includes North American governments, private sector, educational institutions, unions, non-governmental organizations, and other stakeholders. It should institutionalize forums and mechanisms to convene both federal and subnational governments and other stakeholders to

collaborate and innovate on identifying and sharing best practices.

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THE INTEGRATION OF LABOR MARKETS IN NORTH AMERICA AND THE USMCA

Tony Payan, Ph.D.¹



Introduction

This brief reflection describes the historical and contemporary conditions of the United States' and Mexico's labor markets; it raises the need to recognize, legalize, and order the real and effective integration of those markets and proposes a critical route to achieve it. This integrative solution involves the trade relationship, specifically the United States-Mexico-Canada Treaty (USMCA). However, it is argued that the effectiveness of this resource will depend on the political will of the parties to expand or modify the use of USMCA's Chapter 16 for greater and better organization of labor markets for the benefit of both countries and, potentially, for Canada as well.

United States' and Mexico's labor markets, and their interaction

The labor markets of the United States and Mexico have maintained a historical interdependence based on two factors. The first is American economic vitality, which requires a constant supply of labor, and the second is Mexican demographics, which has generated a constant surplus of labor throughout the 20th and 21st centuries, although there are some expectations that demographic changes in Mexico in the coming decades will modify this condition. This context has generated structural complementarity in both labor markets, which has manifested itself in a constant migration of Mexican citizens to the United States.²

Despite this historical and structural complementarity, labor integration between both countries has occurred erratically and has followed two different routes. One of them is the legal route that, in addition to 5.4 million authorized permanent

residents and naturalized citizens born in Mexico, is made up of a variety of worker programs with employment visas, including H1-B visas for professionals, H2-A for agricultural workers, H2-B for non-agricultural workers, and the TN visa, also for professionals. This last category of visa was initially contemplated in the North American Free Trade Agreement (NAFTA) and is currently regulated by USMCA. The second route has involved a constant flow of undocumented migration of Mexicans to the United States, which has resulted in the presence of at least 5.3 million workers born in Mexico, but without permission to work in the United States.³

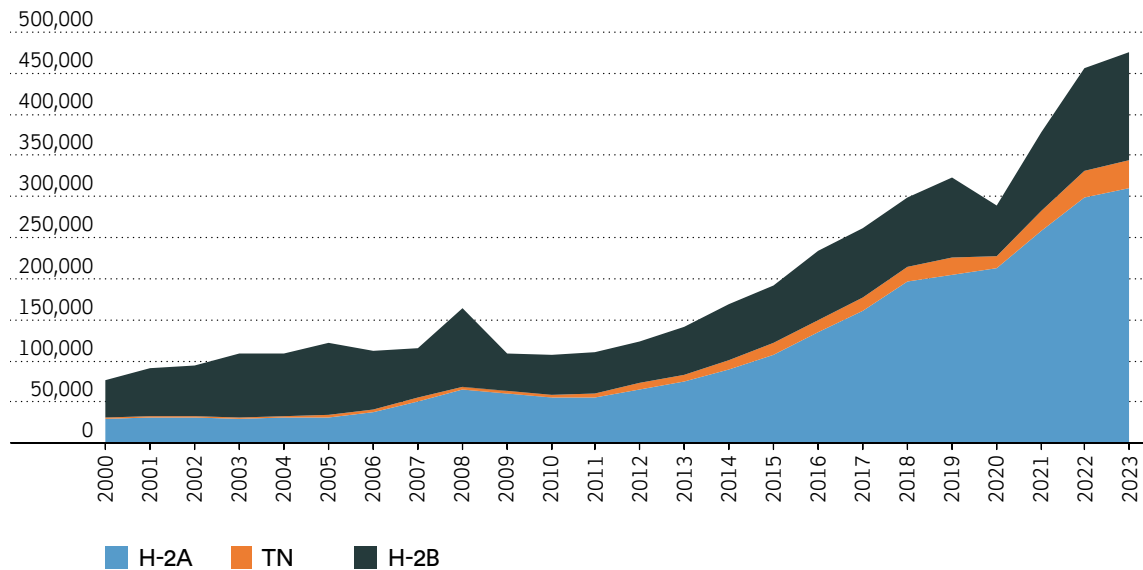
This presence of millions of documented and undocumented Mexican workers in the United States speaks for itself of the need for an integrative, legal and orderly solution to the labor markets between both countries.

1 Director, Center for the U.S. and Mexico at Rice University's Baker Institute

2 Cornelius, W. (1998). The Structural Embeddedness of Demand for Mexican Immigrant Labor: New Evidence from California. In Suárez-Orozco, M (Ed.), *Crossings: Mexican Immigration in Interdisciplinary Perspectives* (pp. 113-155). Harvard University Press.

3 Migration Policy Institute. (2019). *Profile of Unauthorized Population: United States*. <https://www.migrationpolicy.org/data/unauthorized-immigrant-population/state/us#topcountries>.

Graph 1. Illustration of the three main work visas for Mexicans in the United States, 2000-2023.



The conditions of the labor market in the US

The strength of the US economy in the post-COVID-19 period has required greater quantity and quality of workers. In the first quarter of 2024, the United States economy had 8.1 million⁴ vacancies and only 6.1 million unemployed⁵, that is, a deficit of 2 million workers. This deficit, which can become a structural problem in American labor markets, can only be covered by the addition of more workers, either by native population growth or by an increase in immigration. Neither of these routes is sufficient. The population growth rate in the US continues to slow, due to a drop in fertility rates, one million deaths from the pandemic, and the acceleration in retirement rates of the generation known as boomers. On the other hand, migratory routes remain structurally limited. The worker visa system is limited and has features that limit people's chances of entering the US labor market, including high costs and complicated paperwork.

Mexico emigrates again

The need for labor in the US labor markets is accompanied by several conditions that are beginning to encourage migration from Mexico, after having been on the decline for several years. The main conditions are the suboptimal performance of the

Mexican economy in recent years, with an average growth of just 0.8% in the last six years. This low growth is driving a new exodus of workers to the United States—approximately 48,000 Mexicans have been detained at the border monthly from 2021 to 2024.⁶ Social programs, mostly cash transfers, have not had a deterrent effect among many Mexicans who prefer to work in the United States. Furthermore, growing public insecurity is spurring the exodus of middle- and upper-class Mexican citizens, with large numbers moving their capital, their families, and their businesses to the United States—many of them on temporary or investment visas. This indicates that, in the immediate future, hundreds of thousands of Mexicans will continue looking for work and investment opportunities in that country.

The USMCA and the labor chapter: a special visa

The conditions of the United States economy—with a constant demand for workers—and the economic and security conditions in Mexico that encourage a new exodus are a set of factors that urge governments to order and regulate labor markets to avoid irregularity and benefit both countries. The critical path to achieve this is found in the USMCA, specifically in its Chapter 16.

4 Statista. (Marzo, 22). *Monthly Job Openings in the United States from March 2022 to March 2024*. <https://www.statista.com/statistics/217943/monthly-job-openings-in-the-united-states/>.

5 Bureau of Labor Statistics. (2024, June 4). *The Employment Situation*. <https://www.bls.gov/news.release/pdf/empisit.pdf>.

6 US Customs and Border Protection. (2024). *Nationwide Encounters*. <https://www.cbp.gov/newsroom/stats/nationwide-encounters>.

Now, USMCA, formerly NAFTA, is not explicitly a labor treaty. However, it contains a section inserted based on a request from the Mexican government in the early 1990s. The treaty says:

Article 16.4: Authorization of Temporary Entry 1. Each Party shall authorize temporary entry to a business person who is qualified to enter in accordance with its measures related to public health and safety and national security, in accordance with this Chapter, including the Annex. 16-A (Temporary Entry for Business Persons).

For the purposes of its implementation, the United States created the *TN visa*, with which Mexican and Canadian citizens can access the US labor market, if the applicant's profession is on the list of professions listed in the annex. The effect has been an increasing, although still limited, use of this visa, as the graph shows. What limits the use of this visa is mainly the limit imposed by the list of 63 professions, which are already out of date with the 21st century's third decade's labor reality. What makes the use of this visa easier is that, unlike other visas, its cost is relatively low, it has no numerical limits, it is renewable indefinitely, and, above all, it is a flexible labor integration instrument because it is *de facto* indexed to the economic performance of the United States. When the economy grows, job offers are generated in greater numbers and therefore there are greater requests for visas. When the economy slows down, job offers decrease and therefore there are fewer visa applications. In this sense, it is the labor market that determines how many visas are requested and granted annually.

The visa, however, has the important limitation that only 63 professions can access it, in a labor market where categories of existing professions number in the tens of thousands and the existing professions of the 21st century's economy have changed substantially after more than 30 years of the list's elaboration. Consequently, many professionals access this visa under the category of "consultant," in part because their professions do not find a place in the list of the annex, which distorts the original intention of this visa.

All of this points to the need to update USMCA's Chapter 16, which was transferred without changes in the renegotiation of NAFTA, now USMCA, between 2017 and 2020. The opportunity to do so is presented in the mandated review of the treaty by the same agreement in Chapter 34, Section 7, for the year 2026. There are, however, important doubts regarding the reopening of the treaty, due to the political environment that prevails in both the United States and Mexico. These doubts also exist in Canada, although that country has been more proactive and is already preparing several scenarios for the defense of the treaty in case it were to enter a renegotiation stage. Experts

have suggested leaving the treaty unchanged and reducing the risk of substantive modifications or even cancellation if a new renegotiation is opened. Given this fear, there is another way to modify Chapter 16, without the need for renegotiation.

On October 7, 2003, there was a decision regarding NAFTA, precisely on Chapter 16. In this decision the NAFTA Commission expanded the definition of the profession "Mathematician" to include the profession of "Actuary." Likewise, the term "Biologist" was expanded to include the profession "Plant Pathologist."⁷ The NAFTA Temporary Entry Working Group (TEWG) accepted this decision, which went into effect on February 1, 2004. The TEWG also requested to develop trilaterally agreed upon procedures for adding and removing professions from Appendix 1603.D. 1 (Professionals) of NAFTA. The three countries accepted this agreement based on the facilitation of cross-border trade in services. The Temporary Entry Working Group is led by Canada, but this proposal can be presented to the United States Trade Representative (USTR) with the coordination of Mexico and Canada and, preferably, in coordination with the private sectors of the three countries. This solution is convenient because it would not require renegotiation of the treaty.

Labor markets and the review of the treaty in 2026

In preparation for the review of the treaty in 2026, the Canadian government has already begun its work. The House of Commons ordered its first study on the issue, and included representatives from industry, trade associations, unions, civil society organizations and research centers. Ottawa hopes to formulate its position on the treaty revisions in 2025. Mexico, for its part, has begun some preparatory work for the 2026 revisions. These deliberations should include an expansion of the list of professions eligible for the *TN work visa* or even requesting that this be a negative list—specifying the professions that do not qualify and letting the labor market determine workforce integration in North America. However, if the preference is for the treaty to be revised in relation to its operation, but not open to renegotiation, the Government of Mexico must propose these modifications through the trilateral commission that made the changes to the list in 2003.

Conclusion

Given the impossibility of a comprehensive immigration reform in the United States and the evident and unstoppable integration of the labor markets of both countries, it would be a mistake not to explore such a promising route to take advantage of the complementarity of these two economies in labor markets in a legal and ordered manner. The USMCA offers a clear

7 NAFTA Free Trade Commission. (2003). *Celebrating a decade of NAFTA*. http://www.sice.oas.org/tpd/nafta/Commission/2003meeting_s.pdf.

and relatively effective path, even though either path—a complete opening to renegotiation of the treaty or a change to the list of professions through the trilateral work of the TEWG— involves significant risks. The alternative is the *status quo*— unauthorized, documented, multi-route labor integration, with inefficiencies in labor markets and irregular migration that constantly irritates the binational relationship.

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SECOND SECTION

North American Labor Market Integration *in the Context of Nearshoring*

Brenda Estefan – *The Migration Paradox*

Sofía Ramírez Aguilar – *People's Mobility for
Skill Acquisition: Micro-courses,
Multiculturalism, and a Changing Job Market*

Luz María de la Mora – *Talent in North
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Fernández Martínez – *Empowering Youth
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THE MIGRATION PARADOX

Brenda Estefan¹



The implementation of the North American Free Trade Agreement (NAFTA) in 1994 matched with an increase in migration flows from Mexico to the United States. This increase was driven by the economic crisis that Mexico had experienced that same year, and by the extensive family and social networks Mexicans had already established in the United States, facilitating crossings. Migrants were no longer only heading to California, Texas, and Illinois, but also to other states such as Colorado, Florida, Georgia, Virginia, and North Carolina.

Since the beginning of the 21st century, while the number of Mexican migrants to the United States continued to grow, it did so at a slower pace. Between 2006 and 2015, there was a drastic decrease in migration flows, even reaching a net migration of zero, meaning more Mexicans were returning to Mexico than those leaving to the United States. This was because of several factors, such as the economic slowdown in the United States following the 2008 financial crisis, a more aggressive political and social context towards immigration from Mexico, a significant increase in deportations, and demographic and social changes in Mexico, such as a decrease in birth rates and relative improvements in access to basic essential services.

However, there has been a renewed increase in migration flows from Mexico to the United States in recent years. This phenomenon could be due to the rapid post-pandemic economic recovery, but also to Mexico's persistent structural challenges, such as poverty, inequality, lack of quality job opportunities, and, especially, the growing violent atmosphere permeating the country, particularly in states like Guerrero, Guanajuato, Michoacán, and Tamaulipas.

During the second half of the last century, there was a significant paradox between the reality and U.S. border and immigration laws. The restrictions imposed by the U.S. on legal migration options were not aligned with a change in the demand for migrant workers, nor were the social and labor networks that facilitated these flows dismantled. As a result, migration from Mexico to the United States continued, but now under the status of "undocumented," according to U.S. authorities. As a result, millions of Mexicans ended up living and working in the

United States in irregular, vulnerable, and clandestine conditions.

In recent years, the complex diplomatic agenda between the two countries has been divided into two broad thematic umbrellas: economy and security. Within each umbrella, various topics are established and are usually negotiated separately to avoid stalling negotiations on simpler issues with contentious ones.

The United States has included the migration topic in the security agenda, mainly due to Washington's national security concerns following the 9/11 attacks in 2001, and the subsequent creation of the Department of Homeland Security (DHS).

To ensure national security and deter migration, Washington has focused on strengthening border security under the strategy of the three D's: "detect, deter, and detain". Border walls have been built, surveillance has intensified, and the number of agents who have been deployed to the border has increased.

The budget for the Border Patrol increased by almost 2,000% between 1990 and 2023. This budget increase has been escorted by the strategy of concentrating more resources in various "priority areas," particularly in the urban areas of El Paso and San Diego. Just when the Border Patrol gains control of one part of the border, the phenomenon shifts to another. Border securitization has not achieved the desired results in terms of reducing the flow of undocumented migrants, but it surely has increased the costs and risks that come with the crossing of the border, as migration flows have been rerouted to more dangerous crossing points.

This strategy has had other consequences on the modalities of Mexican migration. Until the late 1980s, Mexican migration was more circular, meaning that Mexicans would go to the United States, stay for a short period, and then return to their places of origin. This circular and temporary nature of Mexican migration has been lost due to the increased migration costs and the subsequent preference of migrants not to risk crossing the border back to Mexico.

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Since 2013, there has been a shift towards humanitarian migration, with an increase in asylum seekers and the emergence of migrant caravans. This has overwhelmed U.S. immigration authorities' capacities, particularly Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP). The United States responded with a more restrictive border infrastructure and increased Border Patrol personnel. In other words, they continued with the same strategy to address a phenomenon that had already changed. As expected, it was not a practical solution.

Since then, we have seen continuous back-and-forth in migration crises. Given the inability to reach a bipartisan agreement in Washington to address the issue comprehensively, the problem has been exported to Mexico through policies like the "Migrant Protection Protocols," better known as "Remain in Mexico," where non-Mexican asylum seekers are sent to wait in Mexican territory, while their cases are resolved.

It is important to note that despite strict U.S. immigration policies and the Mexican government's cooperation to curb migration flows, the U.S. economy remains dependent on Mexican labor in crucial sectors, such as agriculture and construction, creating a contradiction between the demand for workers in the country and their restrictive immigration policies.

With the healthy state of the U.S. labor market, reflected in unemployment rates below 4% during 2023, Americans today have many options to choose which jobs they want to do, often rejecting positions that pay between \$15 and \$18 per hour. Additionally, with such a low unemployment rate, it is very easy to change jobs, resulting in a growing deficit of skilled labor, particularly in professions like nursing. Currently, the United States has over 1.2 million vacancies in the healthcare sector, 200,000 vacancies for bus or truck drivers, and a labor shortage in construction and hospitality, among other sectors.

The inefficacy in securing the border and containing migration flows, and the disconnection between restrictive immigration policies and the needs of the U.S. labor market, suggest that the migration topic must be viewed from a much broader perspective rather than strictly through a security agenda.

Migration is not a problem to be solved, but a phenomenon to be managed. Therefore, fostering a close and constructive collaboration between Mexico and the United States is crucial, balancing economic needs with regional security and migrants' human rights.

PEOPLE'S MOBILITY FOR SKILL ACQUISITION: MICRO-COURSES, MULTI- CULTURALISM, AND A CHANGING JOB MARKET

Sofía Ramírez Aguilar¹



I. Regionalization and Labor Mobility in North America

In the context of the regionalization of production centers worldwide, a highly valuable tool for the commercial integration of North America is the promotion of student and labor mobility.

The countries that make up North America—Mexico, the United States, and Canada—share challenges: a rapidly aging population, mismatches in the domestic labor market, and a need to create quality jobs within their territories.

However, the subcontinent also presents solutions. Effective management of student and labor mobility can create significant opportunities for prosperity in each country. For instance, Mexico has large regions with a young working-age population that requires training in both technical and soft skills to meet the demands of the regional job market. Meanwhile, the United States and Canada have aging populations with financial resources but will need elderly care, whether provided in Mexico or their home countries. Moreover, it is essential for everyone to communicate effectively through a common language—English—and to understand each other's culture and worldview.

Drawing on the experience of the last 30 years of the European Union, whose Erasmus program of student, faculty, and labor exchange has been internationally recognized as a tool for integration and the construction of a shared regional citizenship, we can extrapolate some lessons to North America today.

II. Erasmus: Educational Measures that Triggered Deep Political Changes

The Erasmus program dates back to 1999, when the European Union countries agreed to develop a system for credit transfer (establishing a unit as a certain number of class or training hours per week) for the mutual recognition of university studies between countries. The goal was not to standardize educational systems or infringe on academic freedom or university autonomy. Instead, it aimed to acknowledge student training, thus paving the way for a new form of **student and labor mobility that continues to thrive today**.

The Erasmus program started as a form of technical cooperation that promoted dialogue between universities in different countries inside and outside the European Union, standardizing university facilities in areas such as accessibility and the inclusion of minority groups, and also sparking the creation of language service offices within educational institutions. The program always came with resources for students, but the effort resulted in institutional changes in participating universities, generating political changes and promoting European citizenship.

III. Mechanisms for Exchange in North America

The problem of the evident lack of academic exchanges between Mexico, the United States, and Canada has its roots in our failure to conceive agile and affordable student mobility schemes that promote short-term stays for lifelong job training.

1 CEO, México, ¿cómo vamos?

It is necessary to have trilateral recognition of technical, professional, and labor certifications by the three North American countries, just as the Erasmus program did in Europe since the 1990s. Mexico, the United States, and Canada must first address the teaching of English in Mexico and demonstrate to the two English-speaking countries the importance of training and studying in Mexico.

To design attractive training schemes for the region, it should not only offer courses to teach English to Mexicans and Spanish to Canadians and Americans but also be accompanied by the acquisition of technical skills and soft skills in short, affordable, and useful international stays.

It is worth highlighting the current figures of student mobility: in a region of 500 million people, only 14,000 Mexican students are in the United States, and fewer than 3,000 Americans are studying in Mexico. Putting this into perspective with the magnitude of students from other countries in the United States, it is evident that the phenomenon responds to decades of investment policies in human capital in their countries of origin, aiming for them to be educated in globally excellent higher education institutions. It is no surprise that China is in first place, India in second, Korea in third, followed by Canada, with Mexico not appearing in these top positions.

At the same time, few American students seek to study abroad. Adding the cost of student loans, the cost of travel, and accommodation can be prohibitive for Canadian or American students in traditional student exchanges. Additionally, they may not culturally recognize added value in traveling to Mexico for training or experiencing new environments, as they do consider it enriching to travel to Italy, Greece, England, France, and even Costa Rica, which offers tourism experiences and closeness to nature.

American students or workers should recognize the value of coming to Mexico due to the intense demand exerted by regional and domestic labor markets.

Just as in the United States and Canada, the demand for professional nursing staff and caregivers for the elderly who understand and speak English is increasing, so too is the number of Latino consumers in the United States, especially Mexicans or binational individuals, who might be interested in receiving medical consultations with Mexican doctors or those with experience in Mexico. This experience could enhance the sensitivity to understanding habits and cultural environments that might explain the higher prevalence or propensity for developing certain diseases due to genetic heritage or cultural traditions. The same applies to someone who wants to open a beauty salon for Latino clients in their city or a dance studio for Latin American music. Or for someone who wants to export auto parts and establish themselves as a parts distributor in

the United States, given that practically all cars are now assembled on both sides of the *Rio Bravo*.

It is evident that the regional market is better served if there is a close understanding of the neighbors. One of the most reputable programs for regional student mobility is the Fulbright García Robles program, as it has promoted the leadership of individuals capable of maintaining fluid communication between commercial partners.

According to experts in the field, although more and more Mexican students are seeking to pursue degree programs in the United States, it is time to evolve and promote different types of students, beyond those seeking to complete a bachelor's, master's, or doctoral degree. It is proposed to design, promote, and finance opportunities for many more students to enroll in short courses that develop specific skills during their stays, which can improve their employability prospects and, in the long run, offer greater productivity to their countries of origin.

When the courses are short and the stays have defined and practical objectives, we can be more efficient in the production of goods and services consumed in the region, promoting better quality and greater regional competitiveness. For example, currently, the North American consumer market offers practically the same products in all three countries. Additionally, the integration of production chains is evident. In Texas, the top four industries that export to Mexico are the same four industries that export from Mexico to the United States. This indicates true integration in production chains, so if there is also a desire to standardize salaries and the quality of life for families in all three countries, complementary and/or equivalent labor skills will be required on both sides of the border.

To achieve this, a joint strategy between industry and educational institutions must be developed to improve employability and meet the demand for workers with certain qualifications in the context of nearshoring. For example, companies investing in Mexico currently face a crisis because, despite thousands of engineering graduates each year, they are not always prepared to work in the industries and jobs arriving in Mexico.

To address this employability crisis, which on the one hand forces many higher education graduates to work in occupations for which they did not study, and on the other, deters more investment in Mexico, recent graduates must quickly update their skills in areas such as automation, big data recovery and processing, artificial intelligence incorporation into production processes, microprocessor use, and materials science, to name a few.

With sufficient knowledge of English and software development, both recent graduates and those with 20 years in the workforce can take intensive and short specialization and up-

date courses. Most Asian students in the United States are enrolled in Community colleges, which are technical schools, rather than in the most prestigious international academic universities.

Sometimes, cultural nuances can also be attractive to promote the arrival of American or Canadian students to Mexico.

American Fulbright García Robles scholars who come to Mexico want to improve their Spanish skills but also choose to study here because they want to understand the culture that comes with learning the language. They know that when they return to the United States or Canada, many of their patients, clients, and students will be of Mexican origin, so living in Mexico can be significant in their professional journey. If Mexican waiters, managers, or nurses are going to work in hospitality, care, or providing services to an American public, they should also be developing intercultural skills.

At the Immigration on the Road: Labor Mobility in North America Forum held on April 17, 2024, in Mexico City, in collaboration between "México, ¿cómo vamos?", the Baker Institute Center for the U.S. and Mexico, and Connecting Mexico, Hazel Blackmore, an expert in the field, shared three specific proposals to take advantage of the nearshoring moment, the preparations for the review of the USMCA, and the satisfaction of the regional labor market needs:

1. Design joint certifications between the three North American countries. Like the Erasmus program in Europe, the solution requires trusting that university autonomy and the quality of higher education can be very competitive in Mexico.

Higher education institutions such as Tecnológico de Monterrey and Baja California State University have success-

fully accredited the quality of their programs and courses in the United States. However, to better integrate the North American labor market, we should promote the establishment of trilateral certifying and accrediting bodies linked with industry. These bodies need to be as dynamic as the incorporation of new technologies in production.

2. Promote the design of short courses and the acceptance of microcredentials that can add to each person's skills, regardless of educational level, place of technical or professional studies, or years of experience. We must think of students as people with a permanent desire to learn new skills.

Companies cannot change their entire workforce and will seek to adapt to dynamic contexts by incorporating new technologies into which they will need to train their workforce. Workers will need new skills. **Educational institutions offering short courses will be effective and efficient in linking theoretical knowledge with practical applications.**

3. Incorporate certifications to train teachers and educators, who will pass on knowledge to their students. Basic education teachers need new tools to teach science, technology, and mathematics while fostering interest in promoting the study of engineering and exact sciences. Meanwhile, higher and technical education teachers, as they have more tools to prepare their students for the current labor market, will be able to offer better training and certifications.

These three proposals, like the Erasmus program in Europe, have the potential to increase the productive capacities of the population in North America and the power to transform industries and increase cultural and language exchange, thereby fostering citizenship in a prosperous region.

*Text prepared by the author based on Hazel Blackmore's² participation in the Immigration on the Road: Labor Mobility in North America Forum

TALENT IN NORTH AMERICA: A COMPETITIVE EDGE

Luz María de la Mora¹



Competitiveness and the future of North America depend, among other factors, on capitalizing on the region's talent. Unlike the North American Free Trade Agreement (NAFTA), the United States-Mexico-Canada Agreement (USMCA) includes provisions that consider the labor aspects of productive integration to strengthen the region's competitiveness and its population welfare. However, unlike other integration schemes such as the European Union or the Southern Common Market (MERCOSUR), the USMCA does not consider a North American labor market integration path, nor the free movement of workers within the free trade zone, which could be a barrier to reaching the region's productive potential.

How does the USMCA consider the labor integration component?

While the USMCA aims to foster regional competitiveness, Chapter 26 on competitiveness is merely a cooperation framework. It includes provisions for establishing a Competitiveness Committee to develop "cooperation activities" to "improve the competitiveness of North American exports" (Art. 26. 1. 2. and 4.). This chapter states that the Committee must develop a work plan, but does not mention talent as a factor for increasing regional competitiveness. It invites working with "other committees [and] working groups" under the Agreement (Art. 26. 1. 8.), opening the door to the possibility of promoting collaboration on temporary business person entry to enhance regional competitiveness. The Competitiveness Committee could even become "a forum for the three governments to discuss workforce development challenges."²

Unlike NAFTA, which handled labor aspects through the Labor Cooperation Agreement, the USMCA integrated Chapter 23 on labor into its text and subjected its compliance to the Dispute Settlement Mechanisms in Chapter 31. The partners committed to observing Labor Rights established in the International Labour Organization (ILO) Declaration related to trade and investment (Art. 23. 3.). It also aimed to ensure respect for workers' rights established in national laws. Each Party will adopt and maintain laws and regulations overseeing minimum wages, working hours, and workplace safety and health. However, this chapter does not furnish the free movement of workers nor the integration of the region's labor markets.

Chapter 23 is complemented by two Rapid Response Labor Mechanisms (RRM) in Specific Facilities: one, for Mexico-United States (Annex 31-A), and the second, for Mexico-Canada (Annex 31-B).³ They focus on ensuring the protection of workers' rights, particularly in Mexico, without opening any pathway for labor mobility in the region. The RRRMs were installed to "guarantee the remediation of a Denial of Rights" of workers regarding freedom of association and their right to collective negotiation.

Chapter 16 is the third chapter in the USMCA that includes regional rules for people's mobility. Chapter 16 on Temporary Entry for Business Persons includes provisions negotiated in NAFTA in the early 1990s to facilitate the free movement of service providers.⁴ With the renegotiation of NAFTA, Chapter 16 was transferred, unchanged, into the USMCA. It remained as Chapter number 16.

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2 Wayne, E. (2020, June). Mexico, North America, and Workforce Development - Remarks by Earl Anthony Wayne to the American Chamber of Commerce in Mexico. Retrieved from: <https://www.wilsoncenter.org/article/mexico-north-america-and-workforce-development-remarks-earl-anthony-wayne-american-chamber>

3 As of May 2024, the United States has initiated 24 cases against Mexico, of which 20 have been resolved through consultations, and 2 have reached the panel stage: Minera San Martín and Atento Servicios, S.A. de C.V. The first panel (Grupo México. Minera San Martín) was favorable to Mexico. In the case of Canada, the country has initiated one case that was resolved at the consultation stage.

4 This was derived from Chapter 15 on Temporary Entry for Business Persons of the 1989 Canada-U.S. Free Trade Agreement.

In this chapter, rules to allow cross-border trade in services between USMCA partners' markets through Mode 4 of service delivery are established.⁵ Specifically, it allows for temporary entry for Business Visitors from any of the three countries, without requiring employment authorization. The activities a Business Visitor is authorized to perform are defined in Appendix 1.⁶ It also provides temporary entry for three other categories: traders and investors, intra-company transferees, and professionals. For professionals, it allows market access to "a business person seeking to engage in a business activity at a professional level in a profession listed in Appendix 2," which includes 63 types of professions such as agronomist, economist, mathematician, nutritionist, or university professor, among others. It establishes the minimum academic requirements and alternative titles that must be presented. Mexican professionals wishing to access the US market, and whose professions are included in Appendix 2, can apply for a visa founded under the Agreement known as the TN visa, which does not impose quantitative restrictions, nor limits on the years it can be retained. In the case of the Canadian market, for a Mexican citizen to offer professional services, a Labor Market Impact Assessment is not required, and they must demonstrate qualifications to work in one of the 63 applicable professions, either through a degree or certification, as well as evidence of a job offer from a Canadian employer.

Chapter 16's provisions do not seek to facilitate access to another Party's labor market, nor do they apply to citizenship, nationality, residence, or permanent employment measures. The USMCA does not foresee North America's workers' free movement across its borders, nor does it propose creating an integrated regional labor market. The provisions only refer to temporary (non-immigrant) entry and require any Mexican citizen intending to do so to obtain a visa to enter the United States or Canada.

The labor market in North America shows a shortage of talent in terms of quantity and quality to meet the needs of the productive sector. For example, of the 12 million workers in the manufacturing sector in the United States, about 53% are over 55 years old. This means that, in the coming years, the country will require personnel to fill these positions and likely many others in other sectors to keep up with the development of its economy.⁷

Significant challenges are expected to meet the region's labor needs in the coming years. These challenges include global competition for talent, the automation of certain activities, and the need to adapt to new technologies and work modalities. To address challenges that affect the region, the solution also requires a regional perspective.

In 2026, the first review of the USMCA will take place. Although this Agreement does not seem to be the legal framework from which a North American labor mobility agenda can be defined, its implementation has stressed the urgent need for specialized professionals and technicians, to ensure the region's dynamism and competitiveness. North America urgently needs to develop schemes that allow some form of worker mobility to meet the existing demand. This would amplify the region's productive activity and growth, especially given the relocation of companies to the region due to the trade war between the United States and China, as well as other current geopolitical factors.

A more fluid labor market would allow companies to adapt more quickly to changes in demand, market trends, and technological advances, positively impacting their responsiveness and competitiveness against third parties, particularly Asian ones.

Labor mobility in North America has the potential to be a fundamental driver of increasing regional competitiveness. Leveraging labor mobility strategically, equitably, and sustainably will be crucial to propelling the region's economic growth, innovation, and human development, whether within USMCA's framework or outside of it.

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5 Mode 4 of service delivery refers to services provided by persons from one Party through their physical presence in the territory of another Party. This mode of service delivery includes employees of service companies and self-employed service providers. WTO. Services by Sector. Movement of Natural Persons (Mode 4). https://www.wto.org/spanish/tratop_s/serv_s/movement_persons_s/movement_persons_s.htm

6 Business Activities for Business Visitors include: Research and Design, Cultivation, Manufacture and Production, Marketing, Sales, Distribution, After-Sales Services, General Services, Commercial Transactions, Public Relations and Advertising, Tourism, Tour Bus Operation, and Translations.

7 Flores, Z. (2023, May) Nearshoring se topa con el déficit de talento técnico en América Latina. Retrieved from: <https://www.bloomberglinea.com/latinoamerica/mexico/nearshoring-se-topa-con-el-deficit-de-talento-tecnico-en-america-latina/>

LABOR INTEGRATION IN NORTH AMERICA: CATALYZING REGIONAL COMPETITIVENESS

Luis de la Calle¹



North America could become the most competitive region in the world by the period 2024-50, above Asia and Europe and, for this, the labor market is essential.

For decades, migratory flows have been a palpable reality in North America, driven by a variety of economic, climatic, security and social factors, among others. In 2020 alone, the world registered 280.6 million international migrants, 3.6% of the global population.² According to data from the UN's International Organization for Migration (IOM), the United States-Mexico border is the largest migratory corridor on the planet with 11 million annual crossings. Over the past 30 years, the number of immigrants in North America has more than doubled, driven primarily by emigration from Latin America, the Caribbean and Asia, but also motivated by economic growth and political stability in the region.

Migratory flows are a tool to enable labor mobility between economies; in addition, they could make it possible to satisfy the needs of the region's labor market. Currently, North America has a workforce of almost 250 million workers, 167.9 million in the United States³, 20.5 million in Canada⁴ and 61.2 million in Mexico.⁵ In comparative terms, North America has a fundamental comparative advantage in its demographic pyramid and its capacity to receive immigration, in contrast to its main competing regions in Asia and Europe.

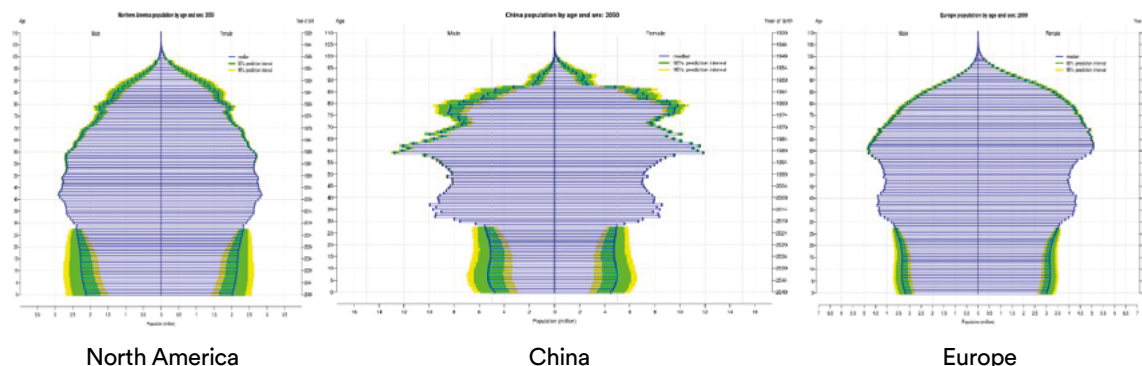
The three countries must take advantage of the complementarity between their economies and the structural strength of USMCA with the migratory and geopolitical environment to consolidate themselves as a highly competitive region.

North America has three fundamental competitive advantages:

- 1 Director and founding partner, De la Calle, Madrazo, Mancera (CMM)
- 2 World Migration Report . (May, 2024) UN - IOM. Retrieved from : <https://worldmigrationreport.iom.int/>
- 3 Federal Reserve Economic Data (April, 2024). Civilian Labor Force Level. Recovered from: <https://fred.stlouisfed.org/series/CLF160V/>
- 4 Statistics Canada (2024). Labor Force Survey, April 2024. Retrieved from: <https://www150.statcan.gc.ca/n1/daily-quotidien/240510/dq240510a-eng.htm>
- 5 INEGI (2024). Employment and occupation. Recovered from: <https://www.inegi.org.mx/temas/empleo/>

1. Better demographics and relative openness to immigration.

Population pyramid of North America, China and Europe. Expectation for 2050.



Source: UN: World Population Prospects.

2. Technological development

The ability to innovate is another of North America's strengths and migration can help boost the development and implementation of new technologies. Thus, the exchange of ideas and people's mobility, particularly in the academic and research fields, will enable the region to consolidate itself as the most innovative economy in the world.

For North America to be successful and achieve a technological leap to increase and sustain high productivity levels in the long term, a commitment to decentralized innovation is required. The exchange of ideas and proposals, trial and error and the dynamism of a decentralized market constitutes the ideal ecosystem for technological leadership, especially in contrast to the centralization to which China apparently intends to return.

North America's integration has presented different stages in its development and implementation. First in manufacturing, then in agriculture and the next stage that must be technological to be successful. The great challenge, of course, is for Mexico. Integration must progress towards an increase in both the quality and quantity of human capital. The success of the block must be based on its ability to innovate and generate ideas. This capacity for innovation falls on intellectual exchange and integration of three countries' academic systems.

An environment characterized by restrictive immigration policies that prioritize border control and increased entry require-

ments over the possibilities of both temporary and permanent stay, as well as entry and exit between countries, hinders the labor mobility required by the North American economy. It is important to implement measures in the labor regulatory framework that allow greater integration of the labor factor in the region. Various economic research shows that establishing high entry costs to the labor market, as occurs in Mexico, also increases exit costs in the United States.^{6 7} Therefore, immigration schemes such as multiple entry for workers could incentivize a temporary circular flow, allowing workers to return to their country of origin frequently rather than seeking to settle permanently. Measures such as the mutual recognition of diplomas and certifications, the expansion of accredited professions and multiple entry will promote a circular flow, increasing labor mobility and the exchange of scientific-academic ideas.

3. Energy market integration

A competitive, diversified, clean, safe, efficient and integrated energy system in the region would allow increasing the participation of North American value added in the production and export of goods and services. Seeking vertical integration in North America is essential and involves having a clean, efficient, safe and diversified energy system aimed at increasing the capacity of generating North American inputs and proximity in supply chains. The key inputs to achieve regional content are all energy intensive. North America has a fundamental advantage due to its ability to generate competitive, diversified and clean energy compared to Asia and Europe.

6 Dunne, T. et al. (2009). 'Entry, exit, and the determinants of market structure', Entry, Exit, and the Determinants of Market Structure [Working Paper]. Retrieved from: <https://www.nber.org/papers/w15313>.

7 Lieberman, Marvin. (April 2022). *Sunk Costs and Concentration in Homogeneous Product Industries*. Retrieved from: <https://pubsonline.informs.org/doi/10.1287/stsc.2022.0159>

Migration, at its core, is a social and international phenomenon that is largely explained by the supply and demand of the labor market. Demographics, economic activity, wage gaps, as well as the ties and connectivity between nations have an impact on the supply and demand of workers, creating incentives for people to migrate. According to research from the International Monetary Fund (IMF), migrants:

Tend to boost production, create new opportunities for native workers, provide the skills necessary for growth, generate new ideas, stimulate international trade and contribute positively to the long-term fiscal balance for destination countries, but they can also generate challenges in local labor markets by displacing some native workers who compete with them with a possible temporary depression of wages. For countries of origin, migration can lead to the loss of human capital, creating upward pressure on wages. However, emigration also creates a flow of remittances, it can increase international connections in the form of trade, foreign direct investment and technological transfers (IMF, 2021).⁸

In the context of USMCA, the 2026 report presents an opportunity for Mexico to present to its partners an agenda within the framework of economic integration, as a positive rather than defensive strategy, articulated by initiatives and solutions that can address the challenge of migration. The key is to convince the United States political system that by complementing its economy with Mexico and Canada, it will be able to compete successfully with Asia. Economic integration involves integrating production chains, the financial system, value chains and, of course, the labor market.

To the extent that the three countries can reduce restrictions not only over the flow of investments, goods and services, but also the orderly exchange of talent and human capital through workers' mobility and the exchange of ideas through research and technology development, the region will be able to consolidate itself as the most competitive in the world.

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EMPOWERING YOUTH TALENT

*Laura Noemi Herrera, Marco A. Fernández
and Rubén Sánchez Alvarez¹*



Introduction

The strategic relocation of international companies to Mexican territory, a phenomenon known as *nearshoring*, has placed the country at the center of an industrial and technological revolution. Sectors such as the automotive, aerospace and electronics are not only altering the country's industrial map, but they are also creating a demand for specialized talent, which must be prepared to face the challenges of a globalized and technologically advanced economy.

This industrial awakening offers a window of opportunity for the 10.5 million young Mexicans currently pursuing secondary and higher education.² The challenge lies in an inescapable reality: vocational education and training face the titanic challenge of adapting to a labor market that evolves at a rapid pace. For example, automation and technological evolution mean that 65% of today's students will work in jobs that do not yet exist, while, in a few years, 45% of the skills today considered essential will become obsolete.³ In fact, one in four people has already faced discrepancies between the skills they possess and those their job demands.⁴

Added to these challenges is a deeper one: the deficiencies in fundamental learning among young people. According to PISA Test's results (2023), at the age of 15, an alarming proportion of young Mexicans have not managed to develop the learnings expected for their age. For example, in mathematics, 66% of students have difficulties applying basic formulas and procedures to solve problems. In science, half of students face problems explaining everyday phenomena or making inferences from simple investigations. Reading competence is also no exception, with 47% of students showing an inability to identify the main idea of a text or understand inferences and relationships.^{5,6}

The lack of essential learning not only prevents students from pursuing technical and specialized careers, but also limits their ability to take advantage of continuing education programs and alternative credentials that aim to improve their employability. Such is the case of Nuevo León, where employers report that young people face significant difficulties in basic skills such as communication, mathematical understanding, English and digital skills.⁷

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- 4 World Economic Forum. (2017). Accelerating workforce reskilling for the fourth industrial revolution: An agenda for leaders to share the future of education, gender, and work. <https://www.weforum.org/whitepapers/accelerating-workforce-reskilling-for-the-fourth-industrial-revolution>
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- 6 PISA (2023). PISA 2022 Country Notes. Available at: https://www.oecd.org/pisa/publications/Countrynote_MEX_Spanish.pdf
- 7 Nuevo León Council and Education with Equity Initiative of the School of Government and Public Transformation of the Tecnológico de Monterrey. (2023). Bridging the gap from school to work. Consulted at <https://www.ieec.mx/publicaciones/cerrar-la-brecha>

Faced with the challenge of preparing Mexican youth for a constantly evolving labor market, this essay proposes some strategies to guarantee that young people can acquire these skills. First, identify and prioritize the key skills that are most in demand, to ensure that the training offered in schools and other educational centers for labor is targeted and effective. For this analysis, data from Encuesta Nacional de Ocupación y Empleo (ENOE), carried out by *Instituto Nacional de Estadística y Geografía* (INEGI) and the skills catalog from *Red de Información Ocupacional* (O*NET) were consulted. To complement this approach, a collaboration framework is proposed between the different actors involved, such as educational institutions, companies and the government for the benefit of young people to foster an environment of co-responsibility and be able to develop the identified competencies.

Transformation of the Mexican economy

Mexico's attractiveness for industrial relocation, or *nearshoring*, is based on three key pillars: its geographical position ad-

acent to the United States, the existence of 23 free trade agreements that facilitate access to international markets, and globally competitive salaries.⁸ This set of factors has not only made Mexico a preferred destination for foreign direct investment, but has also driven the growth of strategic sectors such as the automotive, aerospace and electronics. These are particularly concentrated in states within the Mexican industrial corridor, including Nuevo León, Chihuahua, Saltillo in the north, Querétaro, Aguascalientes, and Guadalajara at the center of the country.^{9 10 11}

Through a detailed analysis of strategic sectors – such as the manufacturing of automotive components, agribusiness, pharmaceutical products, electronics, aerospace, among others (DOF, 2023) – 50 professions have been identified that experienced a significant increase in the number of hires during the year 2023 compared to 2022. Among the first ten professions with the greatest growth, electrical engineering, driving mobile machinery for construction and mining, and the operation of specialized machines to sustain efficient production stand out.

Table 1. Professions associated with nearshoring that have had the greatest growth between 2022 and 2023.

Profession	Work description	Growth rate (%)
Electric engineering	They are responsible for the design, development and supervision of electrical equipment and systems.	3,920.77%
Plumbing and pipe installation	They install and repair piping systems that transport water, gas, and other fluids.	927.84%
Driving mobile machinery for construction and mining	They operate heavy equipment used in construction and mining to move materials, soil, and other objects.	367.16%
Machine operation	Responsible for managing and supervising machines in manufacturing plants and other industrial environments.	298.77%
Civil and construction engineering	They design, supervise and manage infrastructure construction and maintenance projects.	269.22%
Traffic control of other transportation systems (land, rail and sea)	They supervise and coordinate vehicle operations in transportation systems to ensure safety and efficiency.	263.87%
Assistance in industry, not previously classified	They perform varied support tasks in industrial environments that do not fit into specific categories.	225.95%

8 Economic Commission for Latin America and the Caribbean. (2022). Mexico in the North American factory and nearshoring. Viewed at: <https://repositorio.cepal.org/server/api/core/bitstreams/8b789717-769f-4208-9a8b-0db8c42bc82e/content>

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11 Juárez, C. (2023) Nearshoring in Mexico: a phenomenon that is rapidly emerging. The Logistics World. Consulted at: <https://thelogisticsworld.com/planeacion-estrategica/nearshoring-en-mexico-un-fenomeno-que-esta-emergiendo-rapidamente/>

Profession	Work description	Growth rate (%)
Assistance for land transport drivers	They assist drivers in the operation of transportation vehicles, helping with various tasks.	210.25%
Mechanics in installation, maintenance and repair of equipment	Specialized in the installation, maintenance and repair of various equipment and machinery.	132.52%
Construction support work	They assist in the execution of various tasks on construction sites.	126.74%

Source: own elaboration with information from ENOE 2022 and 2023.

Despite the high demand for professions such as those listed, a worrying discrepancy is observed: the number of students preparing in these critical areas is notably low. Added to this is the gender gap in participation in these emerging profes-

sions, where women have significantly fewer opportunities to integrate compared to their male counterparts, despite making up more than 50% of the student population in schools.

Table 2. Students with the potential to work in each of the fastest growing professions.

Profession description	Students			Women's participation
	Men	Women	Total	
Electric engineering	183,644	32,813	216,457	15.2%
Plumbing and pipe installations	678,747	461,399	1,140,146	40.5%
Driving mobile machinery for construction and mining	479,417	285,862	765,279	37.4%
Operation of machines and equipment for collecting, pumping and distributing water	167,767	48,023	215,790	22.3%
Civil and construction engineering	397,661	255,974	653,635	39.2%
Traffic control of other transportation systems (land, rail and sea)	685,435	658,212	1,343,647	49.0%
Assistance in industry, not previously classified	156,657	84,398	241,055	35.0%
Assistant drivers of motorized land transport and mobile machinery	772,301	843,805	1,616,106	52.2%
Operation of machines in general	217,141	42,946	260,087	16.5%
Mechanics in installation, maintenance and repair of equipment	517,046	291,238	808,284	36.0%

Source: own elaboration with information obtained from ENOE and the 911 format from the Ministry of Education's statistics.

Identification of a priority skills taxonomy for nearshoring

Identifying a priority skills taxonomy represents a challenge to adapt to the dynamic *nearshoring environment*. The complexity lies in discerning which are the essential skills to promote and how to classify them effectively. This challenge is aggravated by the general tendency to underestimate the potential of personal competencies, considering them merely everyday and natural, without recognizing their ability to be applied in diverse contexts and transferable to different work areas.

The identified professions and related careers demonstrate the existence of transversal skills capable of overcoming the barriers imposed by specific qualifications. These "lifelong skills", recognized for their durability and their ability to enrich people's lives in a productive and healthy way, stand out for their adaptability to different spheres of life and are not limited to a single task, sector, or discipline. This flexibility and transferability of skills, emphasized by institutions such as the BID (2022) and the WEF (2019), highlight the importance of promoting competencies that generate a positive impact on people's lives.

After analyzing the skills linked to professions with potential within the framework of the Federal Government's priorities, a set of key competencies necessary to thrive in this changing work environment was identified. Figure 1 shows the **37 essential skills we identified, associated with the fastest growing jobs, which given their frequency are associated with the opportunities and challenges presented by nearshoring.**

For example, basic or foundational skills identify the ability to communicate effectively, which is vital in a work environment where clarity and precision in interactions can make the difference between project success and failure. On the other hand, mathematical thinking stands as a key competence for making decisions based on data. Finally, mastery of English emerges as an essential requirement to navigate the global market and in which 6 out of 10 students from CONALEP, for example, recognize that they do not achieve mastery or fluency.¹²

Figure 1. Taxonomy of skills for nearshoring

Transversales			Específicas para el mercado laboral		
Basics	Complex	HSE	Digital	Technical	Physical
Communication (oral and written)	Coordination with other individuals	Service proclivity	Office (Excel, Word, Visio, powerpoint, Sharepoint)	Equipment maintenance	Good visibility
Scientific thinking	Critical thinking	Sensitivity to problems	SAP	Operations monitoring	Arms and hands stability
Communication in English (oral and written)	Information organization	Active listening	Autodesk AutoCAD	Operations and control	Handcraft
	Fluidity of ideas	Originality	Adobe Systems	Repairs	Multi Limbic coordination
	Problem solving		Adobe Acrobat	Supervision	Static resistance
	Team management		C++		Perception of depth
	Selective attention		Lenguage XML		Fingers dexterity
			SQL		Flexibility of reach
			Python		

Figure elaborated by the author.

Recommendations to achieve the skills for the future

In the current context, marked by a dynamic labor market and emerging challenges, a well-defined taxonomy of 21st century skills for youth is essential. This need implies close collaboration between governments, educators and industry to maintain relevance and effectiveness in training and decision making. Within the framework of the *Learn Evenly report - Skills for the 21st century and the transition to the labor market*, these are some of the recommendations we propose¹³:

1. **Sectoral Skills Council (skc): promote the establishment of a Sectoral Skills Council (skc) as a public-private ef-**

fort. Its main function consists of the systematization, evaluation and updating of skills.

2. **Reinforcement of essential skills through tutoring:** It is essential to improve basic skills such as **communication, mathematics and scientific thinking** from the school stage. **Remedial tutoring programs** offer personalized instruction and increase learning time.

3. **Micro courses for skills certification:** Micro courses offer **a flexible and accessible alternative to traditional higher education**, focusing on practical 21st century skills and providing certifications aligned with current labor market demands.

12 Education with Equity and Quality Initiative. (2024). Report: Learn Even - Skills for the 21st century and the transition to the labor market. https://aprenderparejo.mx/informes/hab_ml

13 Details of each proposal can be found in the report on Skills for the 21st Century and the Transition to the Labor Market by *Economía Parejo* (IEEC, 2024) at https://aprenderparejo.mx/informes/hab_ml

- Teacher training for social-emotional skills:** This strategy emphasizes teacher training in **methods that promote complex socio-emotional and cognitive skills**, known to improve student performance and cognitive development. These should be integrated into the curriculum of several subjects, instead of being isolated.
- Technical training in collaboration with companies:** this collaboration, vital in the face of rapid technological evolution, could include **dual education models** that combine theory in classrooms and practice in companies; **apprenticeship programs** to acquire specific skills in real contexts, and collaborative courses or certifications that reflect the demands of different sectors.
- Create networks to increase the participation of young women in the labor market:** the development of strategies to increase young women's presence in the labor market is recommended. These include **educational measures to promote bias-free practices**, encourage **female participation in STEM areas** – science, technology and mathematics – and strengthen skills such as leadership and self-confidence.
- Skills Information System for Youth:** This platform will include **career questionnaires** to explore career options, tools to create CVs aligned with the contemporary world of labor, a **skills matcher** that suggests relevant courses, and a **skills identifier** that links educational competencies with work needs.

Conclusions

Investing in education involves much more than the development of cognitive, social and economic skills. Recent graduates find themselves with a more challenging labor market than expected, while the expectation that education will lead to better employment opportunities fades in the face of low-paid jobs with few hours and no social security. The perception prevails that graduates lack essential skills. For this reason, it is not uncommon for employers to demand previous work experience.

While there is no single model to reform education and close the skills gap, **the proposals in this essay seek to align the interests of students, universities, and employers.** Based on evaluable experiences, these proposals seek to build on what has already been implemented and strengthen areas of consensus, marking a significant step towards a more inclusive and adaptive labor market.

The transformation in skills training transcends traditional classrooms. It is urgent to promote co-responsibility with the private sector, the main generator of employment, to review

its hiring and professional development practices. **Only with effective public-private partnerships will we close the skills gaps.**

This essay is a call to action. Educational and training systems must provide relevant skills in line with the demands of the 21st century. It is the only way to counter the disinterest and abandonment of formal learning centers by students. **It is time to radically transform our educational and training systems.** We must adapt them to a world in constant transformation.

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THIRD SECTION

Dynamics in Labor Integration: *Increasing the Use of TN Visas for Mexicans*

Nuty Cárdenas – *Challenges of Labor
Mobility in North America under TN Visas*

Karen Torres – *Regulatory Update for
Regional Integration: Extension of Periods and
Harmonization of Provisions within the
USMCA Framework*

Dana Graber Ladek – *Migration, Economic
Development, and Human Rights*

Guillermo Malpica – *Temporary Mobility
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José Iván Rodríguez – *Labor Shortages,
Immigration, and the Trade NAFTA (TN) Visa*

Mariana Raphael – *A Shared Future: Key
Understanding for Integration*

CHALLENGES OF LABOR MOBILITY IN NORTH AMERICA UNDER TN VISAS

Nuty Cárdenas Alaminos¹



With the upcoming review of the USMCA in 2026, it is proper to analyze the main advances and challenges of Mexican labor mobility with TN visas to the United States, which was considered since the original design of the treaty in 1994.² The TN (Trade National or NAFTA) visa was included in Chapter 16 of NAFTA to facilitate the mobility of people between companies, as well as qualified workers from Canada and Mexico, to the United States in four major areas: teaching, medicine, scientific, and professional. A list of 63 specific professions was created, which has not been renewed since then. Two visa categories were created: TN-1 for Canadians and TN-2 for Mexicans. From the beginning, each country had significant differences in their operating rules. In the case of Canada, the requirements still encompass having a degree, having a license, and being able to secure employment in the United States. There is no quota limit. Additionally, Canadians can easily obtain the TN-1 visa at entry points and within the U.S. territory, thanks to their right to temporarily migrate to the United States without a visa. Conversely, for Mexican workers, the visa must be processed by U.S. consular offices in Mexican territory. In addition to having a degree and a job offer, they must also obtain a labor certification from the U.S. Department of Labor. A 5,500 quota per year was set for this type of visa.^{3 4}

These last two requirements were eliminated in 2004, representing a better opportunity for labor mobility for Mexicans. Since then, the number of visas has grown exponentially, from

3,392 in 2010 to 33,361 in 2022.⁵ Along with the suspension of quotas, TN visas have advantages over other types of visas for qualified workers (such as H1N visas), such as fewer paperwork requirements and reduced processing times; they are valid for three years but can be renewed indefinitely, not to mention they also have a low rejection rate. Nevertheless, there are other considerations concerning mobility rights. These are strictly temporary visas, as holders cannot apply for permanent residence (green card) through this route, nor can they obtain citizenship. In addition, their spouses are not allowed to work.⁶

Currently, there is a favorable economic situation that presents an opportunity to promote greater labor integration in the North American region. On the one hand, Mexican workers are interested in seeking better life opportunities, whether through employment and/or higher salaries and on the other, the growing labor needs of U.S. companies. According to the U.S. Chamber of Commerce, there are 8.8 million job vacancies in the U.S. labor market, which have not been filled by nationals due to various factors, including the forced and/or voluntary retirement of more than 3 million people that came with the pandemic.⁷ Even if the 6.5 million unemployed in the U.S. entered the labor market, there would still be more than two million vacancies.⁸ In this context, TN visas represent a valuable method to stimulate labor mobility. However, there are various management challenges for workers, employers, and the govern-

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2 Rodríguez, R. (2013). El TLCAN y las profesiones. Un estado de la cuestión. *Revista de la Educación Superior*, XLII, (3): 197 – 223.

3 Ibid

4 Cruz-Piñero, R. & W. Ruiz Ochoa. (2010). Migración calificada de mexicanos a Estados Unidos mediante visado preferencial. *Papeles de Población*, 66: 103-135.

5 Payán, T. & Rodríguez-Sánchez, J. Revamping the TN Visa to get workers where the US needs them. Baker Institute for Public Policy. <https://www.bakerinstitute.org/research/revamping-tn-visa-get-workers-where-us-needs-them>

6 Tigau, C. (2017). U.S. Visas for Foreign Professionals: Insights on H-1B and TN Visas. Issue Brief. Baker Institute for Public Policy. <https://www.bakerinstitute.org/research/crackdown-high-skilled-visas>

7 Ferguson, S. (2024). Understanding America's Labor Shortage. <https://www.uschamber.com/workforce/understanding-americas-labor-shortage>

8 Ibid.

ments of Mexico and the United States to make better use of and increase the number of applicants for TN visas..

1) One barrier occurs in the visa application process. In some cases, recent graduates cannot obtain visas because, although they have university degrees in the listed professions, their knowledge does not match the distinctive skills sought by U.S. companies. In other instances, the visa-obtaining process becomes costly for applicants, as they must validate their professional degrees and/or certify their knowledge in advance. Some labor sectors in the United States (such as nursing or veterinary) require graduates in Mexico to pass a series of exams to prove they have the needed knowledge. This, despite already having a university degree listed under TN visas. These tests are generally expensive and highly difficult. As a result, many applicants desist from applying.

2) Other difficulties arise from the lack of information available during the process. These problems arise from the visa application, to its obtaining and the recruitment, until they arrive in the United States to perform the job.⁹ According to some workers' experiences, they often do not have direct contact with companies before their arrival. Instead, they are hired through recruiters who do not provide complete information about the type of work they will perform, the salary they will receive, or even, in extreme cases, they do not even know the details of their contracts, such as the number of hours and working conditions.¹⁰ Once in the United States, the type of work they have to perform does not match their actual qualifications. In some cases, they are overqualified for the job and the salary they are hired for. This is because companies, through recruiters, deliberately hire qualified workers while giving them wages and providing working conditions lower than they deserve, arguing that they do not have all the credentials required for the job.¹¹

The obstacles above could be overcome if the governments of the United States and Mexico collaborate to supervise the functioning of the visas throughout the entire process. For this, the administrations of both countries, particularly the Ministry of Labor in Mexico and the Department of Labor in the United States, require information about 1) the list of companies, number of workers, type of occupations, and the required skills and qualifications. With this information, the Mexican government can disseminate more information to universities about current profiles demanded by U.S. companies. 2) Obtain the list of recruiters hiring workers with this type of visa. Both authorities and civil society have asked the United States for a registry of recruiters to be monitored, to detect any labor rights violations regarding applicants and/or eventual workers with TN visas.

Moreover, the governments of Mexico and the United States must work on the commitment to standardize certifications and degrees, especially in priority professions, to expedite the application, issuance, and hiring process for workers through these visas, which would benefit both countries.

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11 *Ibid.*

REGULATORY UPDATE FOR REGIONAL INTEGRATION: EXTENSION OF PERIODS AND HARMONIZATION OF PROVISIONS WITHIN THE USMCA FRAMEWORK

Karen Torres¹



One of the main limitations of using TN visas is the general lack of awareness about its existence. An intensive promotional strategy, including marketing campaigns, information dissemination, and public outreach, could greatly benefit Mexicans primarily, but also Canadians. Many people are unaware that the process for obtaining this type of visa is relatively straightforward. Even individuals without a formal degree can apply under the management consultant category. If they can demonstrate a minimum of five years of professional experience in their field, they meet one of the key requirements for this visa. Another crucial requirement is having a U.S. employer, but generally speaking, the application process is accessible and straightforward for professionals with credentials and/or experience.

Despite the simplified process of this type of visa, it is advisable to seek assistance from a professional, such as an attorney. Another aspect that is often overlooked is that some companies specialize in recruiting Mexican personnel, meaning the opportunity to apply to American companies and be considered for work in the U.S. for one to four years is not yet fully utilized.

Additionally, within NAFTA or USMCA, there is a list detailing specific requirements for various professions. For example, en-

gineers need a degree, while other professions may allow for the credentialing of experience with a minimum of five years in the field.

Thus, individuals without a formal degree but with professional experience can still apply for consultant positions.

Previously, the TN visa could only be applied for one year at a time; now, it can be requested for up to four years, which simplifies the renewal process and provides greater job stability. Extensions for another three or four years can also be requested. If working in the U.S., extensions can be requested from within the country through a petition to USCIS, eliminating the need to visit a consulate. For Canadians, the process is simpler as they can apply via land and do not need to attend a consulate interview.

As foreign nationals aiming to benefit from the TN visa, it is important to stay updated. Although the information and requirements for the application are public, it is recommended to go through the process with professional guidance to avoid negatively impacting one's career or trajectory and to successfully navigate any potential issues with authorities.

Text prepared by the author based on Anaibelca Soraya Gama Rivas's² participation in the Forum "Immigration on the Road: Labor Mobility in North America"

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MIGRATION, ECONOMIC DEVELOPMENT, AND HUMAN RIGHTS

Dana Graber¹



When we talk about effective labor integration, we must talk about the guarantee of human and labor rights. The integration of migrant workers must go beyond providing administrative documents and visas. Socioeconomic integration programs must be designed to consider issues of health, education, as well as financial and social inclusion.

In this sense, one of the most relevant trade agreements for Mexico and the North American region is USMCA, in addition to being one of the great achievements in labor matters and labor rights. As an example, Chapter 23 of this agreement establishes the trilateral obligation to respect and enforce labor rights recognized in international declarations and conventions that are considered fundamental.

Specifically, article 23.3 points out four important references to avoid the violation of migrants' labor rights, among which it is established: a) freedom of association and the effective recognition of the right to collective bargaining; b) the elimination of all forms of forced or compulsory labor; c) the effective abolition of child labor and, for the purposes of the Treaty, the prohibition of the worst forms of child labor; and, d) the elimination of discrimination in employment and occupation. It is important to highlight that, in Mexico, USMCA's entry into force gave way to a series of changes and labor reforms to comply with and guarantee the above.

Considering the migration context in Mexico², in the years following the pandemic record numbers of migrants entering Mexico were recorded. Most of the foreign population that enters the country has the United States as its first destination country. However, more migrants see Mexico as a destination country. It is thus necessary to ask ourselves what are the conditions that our country has to integrate foreigners into the

formal labor market, and in this the regular channels take on special relevance.

In this sense, the International Organization for Migration (IOM), United Nations' representative for migration issues, is working in coordination with various relevant actors to promote the use of existing regular routes - passing through border posts with the proper documentation — and in analyzing the implementation of complementary pathways for the benefit of the migrant population —referring to international protection in migratory transit—, especially when dealing with migrants in vulnerable conditions, which requires a humanitarian response. Therefore, the response to the needs of migratory flows in Mexico must be built recognizing Mexico as a country of origin, transit, destination and return.

The IOM has a global strategy that seeks to foster the potential underneath migration through three fundamental objectives: i) save lives and protect migrants, ii) offer solutions to displacement and iii) facilitate pathways for regular migration that allow access to formal jobs, making them more accessible and inclusive, and avoiding risky situations that violate human rights such as human trafficking, restriction of labor rights guarantees, low-wage schemes, among others. Likewise, IOM's work is aligned with the 2030 Agenda, the Global Compact on Migration, International Labor Organization Conventions, as well as international mobility guidelines, treaties and agreements. The IOM also considers benefits of agreements such as the USMCA for the North American region.

In accordance with the changes in the economic sector and its direct relationship with migration, we believe it is essential to diversify regular routes in the face of changes in supply chains and the effect of nearshoring in the region. In this vein, if we

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² During the year 2023, the Mexican immigration authority registered more than 700,000 people in an irregular status, and compared to 2020, this number grew by more than 800%. The exponential increase following the pandemic represents significant challenges to achieve effective socioeconomic integration, both in terms of access to public services and formal and decent employment.

consider the vacancies in the United States' private sector and the need for workforce in key sectors for nearshoring in Mexico, it is imperative to answer the following questions: is Mexico prepared for the impact of nearshoring in terms of workforce needs? Does the issuance of visas match the needs of the private sector and the migrant population? Do public policies and programs reflect the needs of the economic sector?

In this socio economic scenario, the IOM strives to strengthen regular routes and analyze alternative routes. In this regard, we will mention two specific examples. The first refers to the implementation of the Labor Channeling Mechanism (MECAL, its acronym in Spanish), a comprehensive system with the objective of incorporating migrants in the formal labor market and to achieve their effective socioeconomic integration in an autonomous and sustainable manner, under the principles of pan-governmental and pan-social autonomy, as well as sustainability. The second example is the operation of a pilot program that lays the foundations for an Ethical Recruitment Corridor between Mexico and Canada, through which we have confirmed the need for flexibility to increase job opportunities for Mexican men and women abroad, while safeguarding their labor rights. Likewise, main challenges have been identified to facilitate these labor movements, including migrant working women's special needs.

In conclusion, these are some relevant ideas to broaden integration opportunities for migrant populations: (i) visas must be inserted in the framework of labor mobility programs that guarantee migrant workers' human and labor rights, their protection and their autonomy; (ii) the USMCA framework has the potential to directly impact the various economic sectors of the three countries, taking advantage of its benefits; (iii) it is essential to identify the main challenges and barriers involved in the labor integration of migrants in the three countries under the USMCA framework to provide dynamic solutions, based on evidence and with a future-oriented perspective. Furthermore, considering the impact of nearshoring, large development projects and Foreign Direct Investment: (iv) the foundations must be laid so that labor mobility programs and their visas are operated efficiently and have the necessary conditions to meet the demand.

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TEMPORARY MOBILITY UNDER THE USMCA

Guillermo Malpica Soto¹



The chapter on Temporary Entry of Business Persons (TEBP) of the free trade agreements (FTAs) between Mexico, the United States and Canada has gone through without major changes since its first appearance in the North American Free Trade Agreement (NAFTA) of 1994.² During the 26 years of NAFTA, it was a little-known chapter and, therefore, little taken advantage of, despite the enormous potential it has for constituting preferential treatment that was not extended to other United States' trading partners.

The TEBP chapter applies to measures that affect the temporary entry of people traveling for business reasons between both territories. Each of the parties to the Treaty defines what is meant by temporary, in accordance with its immigration legislation, and to define what the concept of business person refers to, four categories were established, which are incorporated in an annex to the chapter, and which constitute what is now known as NAFTA Visas or now USMCA Visas.

The truth is that, since its original negotiation in the early 1990s, the concept of temporary entry had enormous political sensitivity because, although it is not migration in a broad sense, it seems like a migration issue incorporated into a trade agreement and, in general, tends to be confused as such. As a result, the chapter incorporates paragraphs that take special care of the commitments made between the three North American countries and, particularly in the United States, the discussion with Congress was not easy. For example, from the beginning of the chapter it is made very clear that the objective is not to affect permanent employment and that measures that guarantee border security are privileged.

The benefits of having a chapter on TEBP in NAFTA and subsequently in USMCA come from the exemption, for nationals of the member countries, from prior approval procedures, labor

certification tests or numerical restrictions. This is very relevant because, for example, the United States has annual numerical limits on the granting of certain types of visas and these limits do not apply to Mexico or Canada.³

Another important advantage of this chapter is that it stopped being negotiated by the United States in 2004. In that year, the United States Congress, as part of the procedure it follows to authorize the Executive Branch to negotiate international trade agreements, prohibited the United States Trade Representative (USTR, the negotiating authority) to include provisions on migration in trade agreements. As a result, the only US trade agreements that have a chapter on TEBP are NAFTA and its successor, USMCA, as well as the US-Chile FTA, although the latter has a much lower level of coverage than the North American agreements. In other words, the erosion of the United States' trade preferences towards Mexico post-NAFTA, when our main trading partner began to negotiate more treaties, does not apply to this chapter.

Now, there are four categories that were negotiated in the annex to the temporary entry chapter, which include not only service providers, but also people related to the trade of goods and investors:

- a) Business visitors: persons who visit another country for a short stay to carry out business activities such as those described in the appendix to that annex (persons who carry out research independently or for a company, persons who will supervise the operation of certain equipment, people visiting a trade fair, people in charge of some after-sales service or tour bus operators, to name a few examples). The list in the appendix contains 19 activities, but it is an illustrative list, not an exhaustive one. The visas for this category in the United States are the H1-B Visas.

1 Executive Director, Alianza In México

2 Mexico has an TEBP chapter in all its FTAs, except in that of Israel (which does not have trade in services disciplines), in that of the European Union (although there is a chapter in the modernization of that treaty that has not come into force), in the one with the European Free Trade Association (EFTA) and in the Pacific Alliance (where the countries decided to completely eliminate themselves visa requirements).

3 A temporary numerical limit that was imposed on Mexico for one of the categories that we will see later.

- b) Traders and investors: these are people who visit another Treaty country to close an investment or a business operation. In the United States, they correspond to the E-1 (merchant) and E-2 (investor) Visas.
- c) Intra-company transfers: Refers to people who perform managerial or executive functions or that require specialized knowledge, who are transferred from the parent company in one country to a subsidiary or branch in another country. The visas corresponding to this category in the United States are L Visas and to apply for this visa, the person must have worked in the company for at least one year within the three years prior to the application.
- d) Professionals: these visas are also known as NAFTA Visas, or USMCA Visas, now TN visas, although all of the previous ones are also correct. They are granted to professionals who receive a job offer from a company in another treaty country and do not apply to independent professionals. Obtaining these visas, which in the United States are called TN, is a separate requirement from the authorization to practice professionally in a foreign country—licenses in the United States and Canada, professional titles in Mexico—, which are regulated by the authorities specialized in the professional practice of the three countries (the Dirección General de Profesiones of SEP in Mexico; the state and provincial authorities, as well as the Colleges of Professionals or Boards in the United States and Canada) and that are negotiated from the chapter of Cross-Border Trade in Services. Unfortunately, the list of professions contained in the appendix of this category (63 professions, originally) is a closed or exhaustive list

Under our treaties there is a commitment that the member countries exchange figures on how many authorizations have been granted to nationals of their trading partners, to the extent possible, disaggregating by category of business person. These figures were exchanged at meetings of the Temporary Entry Working Group, a group established by the chapter and made up of representatives of each country in commercial, immigration and professional matters. This group met regularly, at least every year, during the first ten years of NAFTA.

In addition to exchanging figures on temporary entry authorizations, which in the case of Mexico were always far below expectations, ways were sought to disseminate the benefits of the chapter, common interpretations of the categories were negotiated, and work was also done on adding professions. In this way, during NAFTA's life, the profession of Actuary and the specialty of Phytopathologist in the Biology field were added to

the list of professions. Later, a trilateral procedure was worked on to facilitate the addition of new professions in the appendix, but this procedure was never implemented in the three countries. Finally, the Working Group followed up on a limit that Mexico had for granting TN visas for ten years, corresponding to 5,500 professionals per year. This limit was always far from being reached by Mexican professional applicants in its ten years of duration and in the eleventh year it was definitely removed, in accordance with the Treaty.

For USMCA's negotiation, in the first seven rounds of negotiation, the United States did not participate with the argument that it had a prohibition from its Congress and in fact proposed the elimination of Chapter 16 of NAFTA. Mexico and Canada objected, saying that the negotiation was actually a modernization of an existing treaty, not a new negotiation, and that they could not accept a result less ambitious than that achieved in NAFTA. Mexico and Canada discussed several improvements to the chapter, such as the idea of expanding the list of professions, drawn up in the early 90s, making it an open list and even defending the idea of including some technical professions or people with certified work skills that were suggested in the negotiations of other chapters—such as welding divers in oil facilities.

The United States' refusal to have a chapter on the temporary entry of professionals with specific objectives reached the last phase of the negotiation, the ministerial negotiations, in which it was decided to keep the chapter identical to how it was written in NAFTA, to avoid accusations in the United States Congress.

Therefore, Chapter 16 of NAFTA is practically the same as Chapter 16 of USMCA⁴, which represents a great opportunity for improvement in the future. It is not clear that this improvement can be achieved in USMCA's revision in 2026, as there is much concern about opening this discussion to renegotiation. Alternatively, a reactivation of the Temporary Entry Working Group can be sought, from which improvements are proposed that go through the USMCA Free Trade Commission without going to Congress. Furthermore, some of the ideas exchanged during the negotiation between Mexico and Canada can be taken up in that context.

A more ambitious alternative that would require more lobbying in the United States is to propose a strategy to partially address the migratory pressure on Mexico's northern border through improvements in the temporary entry of certain categories of Mexican business persons who can be approved in the legislation of the United States, even outside the Treaty, in exchange for the United States addressing Mexico's sensitivi-

4 Treaty between Mexico, the United States and Canada. Chapter 16. Available at: <https://www.gob.mx/cms/uploads/attachment/file/465798/16ESPEntrada-Temporal.pdf>

ties on other issues of the bilateral relationship. This will depend on the position on migration by the Congress that is elected in 2024 and the political will to find innovative solutions to the challenges of the complex relationship between Mexico and the United States in labor, immigration, energy and trade issues, to mention only those of a mainly economic nature.

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LABOR SHORTAGE, IMMIGRATION, AND THE TRADE NAFTA (TN) VISA

José Iván Rodríguez¹



This article aims to understand the current labor shortage in the United States, stating that the decrease in immigration is a crucial factor in this shortage. As a solution, the greater use of the TN Visa is proposed. Nevertheless, changing the U.S. immigration system in the near future to have more visas is expected to be very unlikely.

Labor Shortage in the United States

In recent years, the U.S. labor market has experienced an evident labor shortage due to diverse factors. This situation started even before the pandemic, primarily due to an aging workforce, a decline in the national fertility rate, and a drop in immigration rates.

After the pandemic, this shortage increased and persisted, as many American workers opted for early retirement.² Additionally, the rise in unemployment beneficiaries in the U.S. has allowed many workers to stay out of the labor market longer, to wait for better jobs in terms of salary and working conditions.³

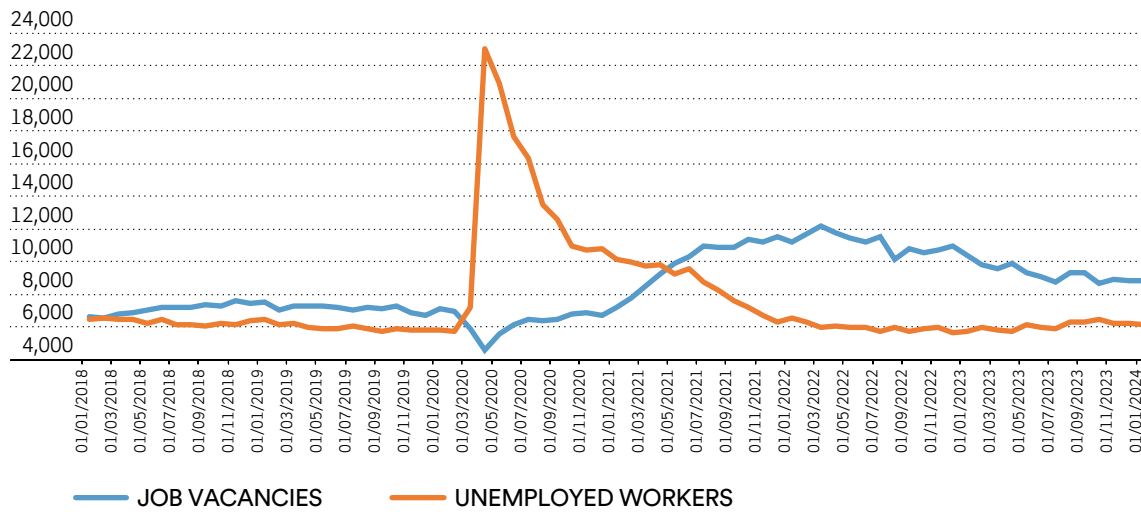
A simple way to visualize this labor shortage is by comparing job vacancies to the number of unemployed workers nationwide. Since 2018, the number of vacancies has been higher than the total number of unemployed workers. When the economy shut down during the pandemic, many workers lost their jobs, and this number increased significantly compared to vacancies. Since the economic reopening in May 2021, the number of vacancies has again exceeded that of unemployed workers. In 2023, if all unemployed workers had decided to work, there would still be, on average, approximately 3.2 million unfilled jobs. In other words, for every unemployed worker in 2023, there were about 1.5 job vacancies.

1 Research Scholar, Center for the United States and Mexico at Rice University's Baker Institute for Public Policy.

2 Miskanic, B., Petroski-Nadeau, N. & Zhao, C. (2024, May 25). To Retire or Keep Working after a Pandemic? Federal Reserve Bank of San Francisco. <https://www.frbsf.org/research-and-insights/publications/economic-letter/2024/03/to-retire-or-keep-working-after-a-pandemic/#brandon-miskanic>

3 Ferguson, S & Lucy, I. (2022, september 29) Data Deep Dive: How Government Benefits Programs Are Contributing to the Labour Shortage. U.S. Chamber of Commerce. <https://www.uschamber.com/workforce/data-deep-dive-how-government-benefits-programs-are-contributing-to-the-labor-shortage>

Figure 1. Job vacancies and number of unemployed workers (in thousands)

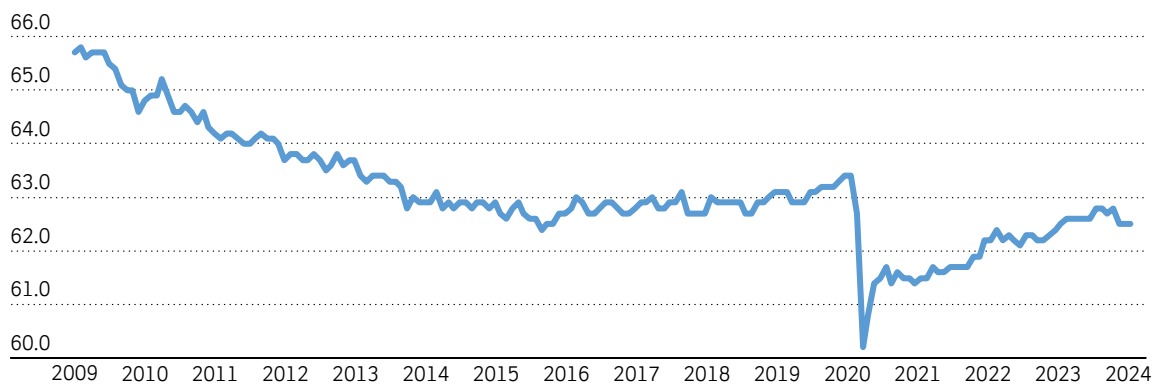


Source: Prepared by José Iván Rodríguez-Sánchez with data from BLS

The civilian labor force participation rate measures the percentage of the population working or actively seeking work. In recent years, this rate has declined significantly in the U.S. Comparing February 2020 (63.4%), before the pandemic, with

February 2024 (62.5%), nearly 2.4 million workers are estimated to be missing from the American economy. This shows that the economy has fewer workers and has been unable to fill job vacancies in recent years.

Figure 2. Labor Force Participation Rate. Period between 2009 - February 2024 (monthly)



Source: Prepared by José Iván Rodríguez-Sánchez with data from BLS

This labor shortage has increasingly put pressure on wages. With a smaller pool of workers, companies have to compete for them, and one way to do this is by offering higher wages to retain or attract new workers. Moreover, the labor shortage has caused supply chain disruptions, generating inflationary strains and impacting the U.S. economy.⁴

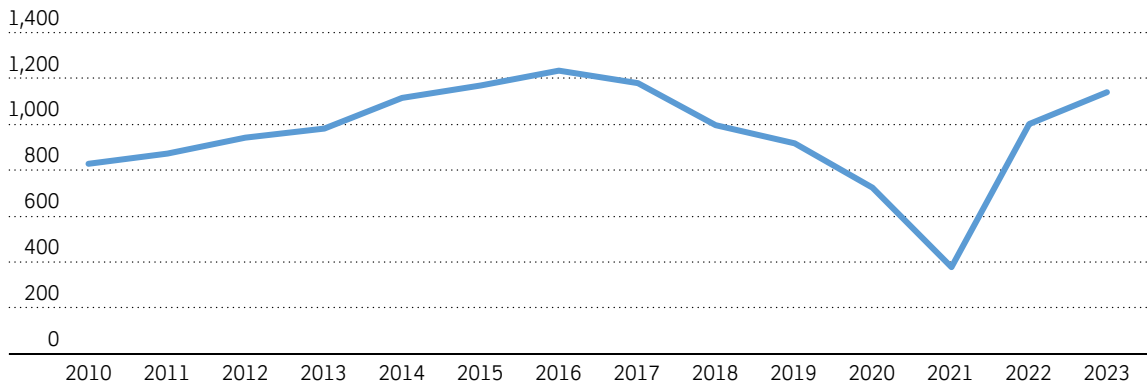
Immigration

A critical factor in the U.S. labor shortage is the decline in immigration rates. The international net migration rate to the U.S., which measures the difference between immigration and emigration, began decreasing in 2017 due to the immigration policies implemented that same year. This downward trend

4 Andrade, P., Bräuning, F, Fillat, J.L. & Joaquim, J. (2024, January 16) Is Post-Pandemic Wage Growth Fueling Inflation? Federal Reserve Bank of Boston. <https://www.bostonfed.org/publications/current-policy-perspectives/2024/is-post-pandemic-wage-growth-fueling-inflation.aspx>

continued until 2021, causing a slowdown in the immigrant population and workforce growth in the U.S.⁵ In 2022 and 2023, this rate increased again, but growth has remained below the trend observed in 2016.

Figure 3. International Net Migration Rate to the United States (in thousands). Period between 2010 - 2023 (yearly)



Source: Prepared by José Iván Rodríguez-Sánchez with data from Census Bureau y Moody's Analytics

An effective solution to the labor shortage would be to employ more foreign workers in the American labor market through the existing visa system. On one hand, these immigrants want to work; on the other, the U.S. economy requires them. Improving the immigration system would positively impact the U.S. economy, but such a step is not anticipated in the near future.

The importance of documented and undocumented immigrant workers to the U.S. economy is undeniable and widely demonstrated. For example, over the past two decades, immigrant families have contributed to more than half of the labor force growth in the U.S. Immigrant workers also contribute to the Gross Domestic Product (GDP).⁶ In 2013, it was estimated that the U.S. economy grew by approximately 11% annually due to the presence of these workers in the labor market, resulting in a contribution of \$3 trillion in 2023.⁷ It is expected that this economic impact will continue over the next decade, as the

increase in migration will contribute an average of 0.2 percentage points to the annual growth rate of real GDP.⁸

Just as the positive economic impact of immigrant workers has been documented, there is also data on the effects of their decline in the labor market. During 2020 and 2021, there was a decrease of approximately 2 million working-age immigrant workers due to the pandemic, leading to an annual loss of at least 1.1% in the U.S. economy's GDP.⁹

The participation of immigrant workers in the U.S. labor market has grown, from 14.8% in 2005 to 18.6% in 2023. Interestingly, in some fundamental sectors, their participation has increased significantly. For example, immigrants represent about 37% of the total workforce in agriculture, fishing, and forestry, 34% in construction and extraction, and 24% in healthcare support.¹⁰ In agriculture, 41% are undocumented, and 23%

5 Duzhak, E. (2023, February 27) The Role of Immigration in U.S. Labor Market Tightness. Federal Reserve Bank of San Francisco. <https://www.frbsf.org/research-and-insights/publications/economic-letter/2023/02/role-of-immigration-in-us-labor-market-tightness/#:~:text=Immigration%20policies%20enacted%20after%20January%202017%20contributed%20to%20the%20decline,in%20the%20U.S.%20labor%20market>.

6 Orrenius, P. & Smith, C. (2020, April 9). Without Immigration, U.S. Economy will Struggle to Grow. Dallas Fed Economics: Federal Reserve Bank of Dallas. <https://www.dallasfed.org/research/economics/2020/0409>

7 Borjas, G. (2013) Immigration and the American Worker. A Review of Academic Literature. Center of Immigration Studies. <https://cis.org/Report/Immigration-and-American-Worker>

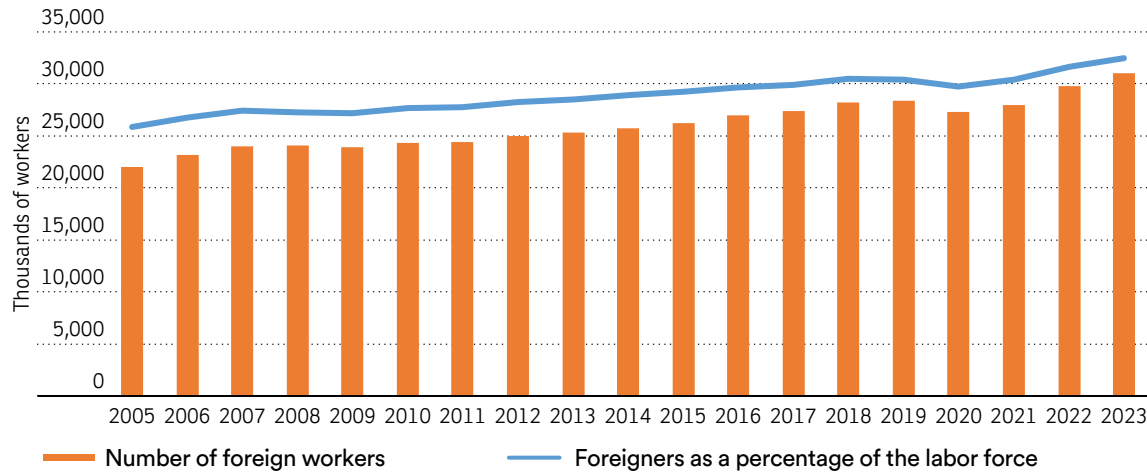
8 Congressional Budget Office (2024, February). The Budget and Economic Outlook: 2024 to 2034. <https://www.cbo.gov/system/files/2024-02/59710-Outlook-2024.pdf>

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10 Bureau of Labor Statistics (2024, May 1). FOREIGN-BORN WORKERS: LABOR FORCE CHARACTERISTICS — 2023 (News Release). <https://www.bls.gov/news.release/pdf/forbrn.pdf>

have visas, mostly H-2A visas, meaning 64% are immigrants.¹¹ In the fields of science, technology, engineering, and mathematics (STEM), they represent approximately 23%, but are also responsible for 36% of the country's innovation.¹²

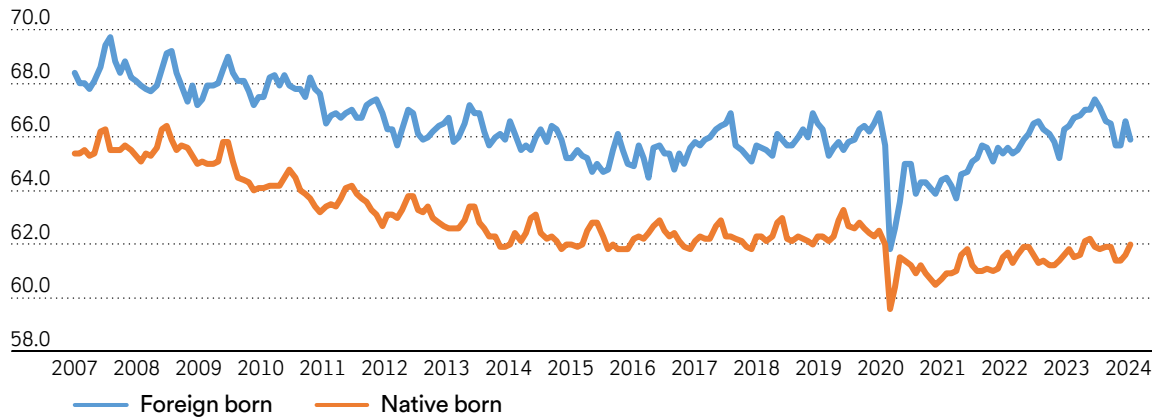
Figure 4. Immigrants in the Labor Market. Period 2005 - 2023 (yearly)



Source: Prepared by José Iván Rodríguez-Sánchez with data from BLS.

These workers not only drive the U.S. economy but also their home countries' economies by sending money to their families, contributing to greater economic dynamism. Their labor force participation rate is higher than that of U.S.-born workers. They also consume, pay taxes, invest, and generate economic growth in various ways.

Figure 5. Labor Force Participation Rate, 2007 – February 2024 (monthly)



Source: Prepared with data from BLS

11 U.S. DEPARTMENT OF AGRICULTURE (2023). Legal status of hired crop farmworkers, fiscal 1991–2020. <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=63466>

12 Anderson, S. (2023, January 12). Highly Skilled Immigrants Drive U.S. Innovation, Report Shows. <https://www.forbes.com/sites/stuartanderson/2023/01/12/highly-inventive-immigrants-also-make-natives-more-innovative/?sh=4197bf29324b> y <https://www.americanimmigrationcouncil.org/research/foreign-born-stem-workers-united-states>

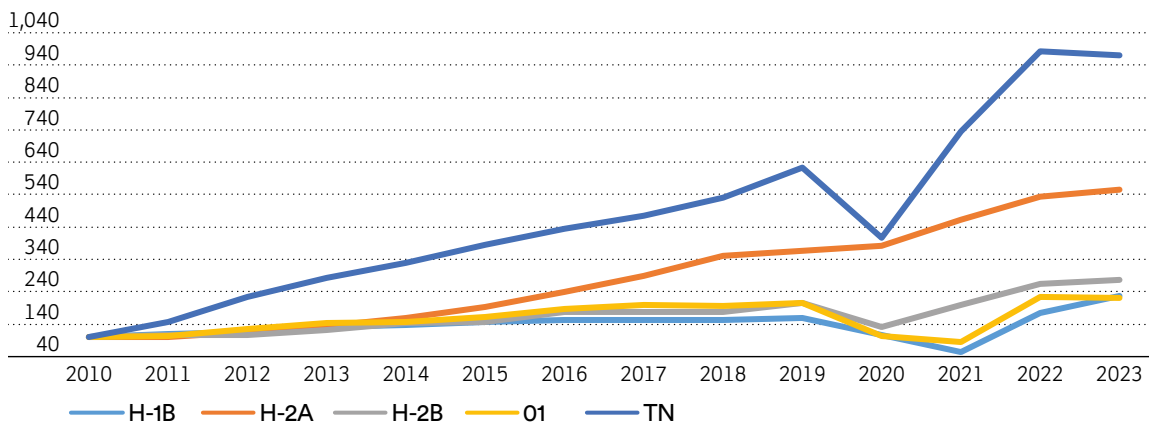
Labor Shortage in the U.S. and the TN Visa

The labor shortage has become a growing problem in nearly all sectors of the U.S. economy, such as agriculture, construction, hospitality, healthcare, technology, manufacturing, food services, and landscaping.¹³ To understand this problem, we will briefly discuss two of these sectors: healthcare and manufacturing. For the former, it is estimated that by 2036, there will be a shortage of up to 40,000 primary care physicians and up to 86,000 doctors.¹⁴ Additionally, the shortage of nursing staff is projected to peak in 2029, slightly decreasing to 338,000 by 2036.¹⁵ The manufacturing industry's shortage is

estimated to be around 2.1 million workers by 2030, significantly impacting its economy.¹⁶

One way to avoid anticipated economic losses and alleviate the labor shortage is to allow the hiring of foreign workers with some type of visa. One proposal is to use the TN visa, which has significant advantages over other types of visas. The TN visa was founded with the North American Free Trade Agreement (NAFTA) in 1994. Greater use of this visa could be vital in finding and employing qualified workers. In recent years, this visa, along with the H-2A visa, has had the highest growth rates in issuance.

Figure 6. Non-Immigrant Visa Issuances, Fiscal Year 2010 – 2023 (Index, 2010 = 100)



Source: Prepared with data from the U.S. Department of State

The TN visa serves temporary professionals from Canada and Mexico who have been admitted to the U.S. as non-immigrant workers, based on a list of 63 occupations. One issue that should be rethought is this list's design and potential update.

In recent years, immigrants arriving in the U.S. have increased their average educational level. The TN visa list generally requires a university degree, so the change in educational distribution may favor its use, even if the list is not modified.

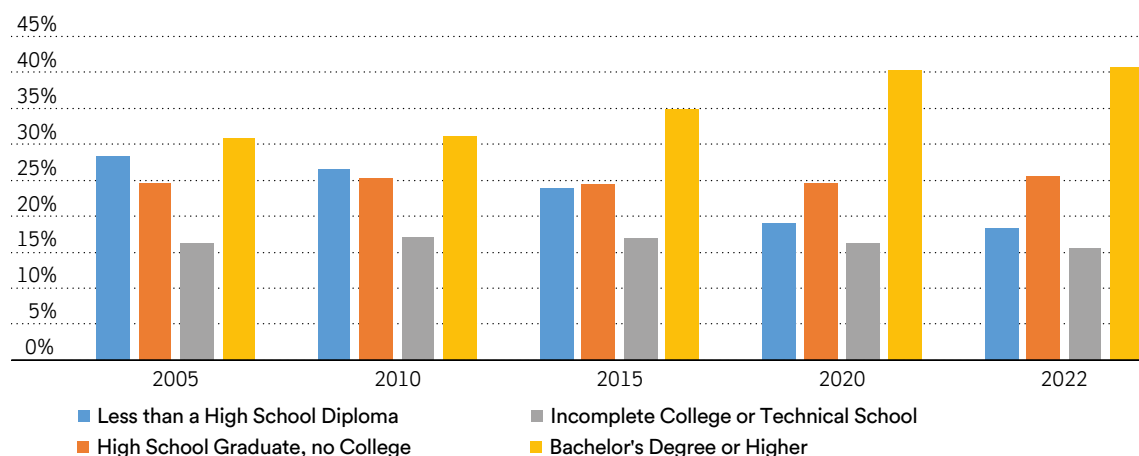
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Figure 7. Educational Attainment Distribution of Immigrants



Source: Prepared with data from BLS

Final Considerations

There is a significant labor shortage in the U.S., largely due to the immigration decline of recent years. Immigrant workers participate in essential industries of the U.S. economy, and their labor participation has grown considerably, which is unlikely to change in the near future. Since U.S. companies cannot find workers, they should consider looking abroad, leveraging existing visa systems.

The TN visa could be a great way to contribute to this process. It would be advisable to update its list to make it more flexible, considering the sectors with the most significant labor shortages. In recent years, the use of this visa has grown significantly. Increasing its use further could help in the development of the North American Region and imply positive externalities for Mexico as well. If its use is encouraged more, students considering the U.S. as a work option might be inclined to study degrees that are part of the list, and, if successful, they might seek to work in the U.S. Otherwise, they can develop those skills in Mexico, positively impacting the national economy. Further, the Mexican university system must be strengthened so that graduates can adapt to new technologies and the knowledge required by U.S. companies.

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U.S. DEPARTMENT OF AGRICULTURE (2023). Legal status of hired crop farmworkers, fiscal 1991–2020. <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=63466>

A SHARED FUTURE: KEY UNDERSTANDING FOR INTEGRATION

Mariana Raphael¹



The trade agreement between Mexico, the United States, and Canada (USMCA) has played a fundamental role in promoting economic growth, investment, and North America's integration. As the region navigates an evolving political dynamic and potential regulatory changes, it becomes necessary to promote solid risk management strategies and an understanding of the political and economic arena, to safeguard the path to regional integration.

The possibility of Donald Trump returning to the U.S. presidency has raised questions about the region's future, including doubts about USMCA's future in particular. This has fueled concerns about possible tariff impositions, rigid renegotiations, or even the interruption of the agreement as we know it. This uncertainty underscores the importance of analyzing and understanding political risks to ensure the strengthening of the North American Region.

During USMCA's negotiation, the administration of then-President Donald Trump initially proposed a five-year sunset clause unless the three parties agreed to continue it. This proposal was considered controversial as, if accepted, it would have created uncertainty, possibly discouraging investment and medium- and long-term planning. Finally, a 16-year sunset clause was agreed upon, with a review every six years, which will take place for the first time in 2026. To ensure that the agreement works as intended, this will allow the parties to extend the agreement if they wish to, it will also provide long-term guarantees, and allow reviews if the countries deem it necessary.

One of the most relevant elements in this context is the TN visa. It is a valuable tool for promoting labor integration and facilitating continuous talent flow across borders. It recognizes that the current labor market challenges are constantly changing and, therefore, require serious, focused analysis.

Despite its practicality, two main limitations in obtaining this visa have been observed over the years: the lack of information about them, and the lack of updates to the professions to which it applies. In this sense, one of the challenges is to strengthen the advertisement of this tool, including informing workers and employers of its existence and the requirements and advantages this visa encompasses. At the same time, in today's global context, it is essential to rethink the list of professions for which one can apply for this visa, so that more workers can access it and meet the current labor demand in the United States. The fact that the list has not been updated since the original agreement (NAFTA), represents a significant gap concerning the specific characteristics and needs of the current labor market. It is necessary to address these deficiencies so that TN visas can achieve their full potential to boost regional labor mobility.

Nowadays, nearshoring is a regular theme in public conversation. Specific requirements must be met for this phenomenon to meet its generated expectations. Regarding labor, the lack of skilled labor in Mexico is a pressing situation. Making labor integration in the region more dynamic is the best way to address this problem, allowing us to meet market demands and consolidate collaborative work between the three countries in favor of greater competitiveness.

Staying informed in the field requires a deep understanding of the interaction between the three countries' government policies, regulatory frameworks, and the private sector. By fostering open dialogues and collaborations between companies, policymakers, and the most relevant stakeholders, the different actors can contribute their ideas to mitigate risks, opening new opportunities for labor market integration.

Transparency is a fundamental facilitator in this effort, as timely and complete data on labor supply and demand in the three countries allow stakeholders to make informed decisions and

1 Director, Connecting Mexico

capitalize on emerging opportunities for workforce mobility. Promoting a more evidence-based dialogue will ensure that investors and companies have access to the necessary information needed to navigate the complexities of the regional labor and migration market.

Additionally, it is crucial to forge strategic alliances between governments, international organizations, educational institutions, and civil society for effective risk management and the promotion of sustainable labor integration. To achieve this, proactive measures to address labor migration, identify needs at border entry points, and streamline procedures for integrating migrants into the labor market become indispensable.

It is crucial to recognize and leverage Mexico's competitive advantages within the USMCA bloc. By identifying and promoting these strengths, job creation can be fostered, and human capital exchange facilitated, amplifying benefits for the entire region.

As political matters specialists, we cannot overlook the global context. As China's commercial expansion in the region adjusts to new paradigms, we must observe the strategic interests of stakeholders. This may involve regional and workforce dynamics, navigating the complexities of an increasingly competitive global labor market. Further, ensuring North America's consolidation as the world's most competitive region will require coordinated efforts between the three countries to face global challenges.

The path towards greater labor integration and mobility within the framework of the USMCA is a multifaceted effort that requires solid political analysis with a forward-looking vision. It demands a balance between risk prevention and mitigation, while leveraging mobility, growth, and innovation opportunities. By promoting open dialogues, we at Connecting Mexico are convinced that deep political understanding is key to generating resilient commercial strategies and thriving in a changing global landscape, aiming to deepen regional integration and facilitate human capital free flow.

A USMCA review in 2026 that disrupts or weakens North American integration could hinder the development of companies and sectors that rely on specialized labor. This could generate political and economic instability in the region, deter foreign direct investment in Mexico, inhibit migration dynamics, and present new labor mobility challenges.

As the world continues to evolve and face new challenges, Mexico, the United States, and Canada find themselves in a critical affair. Their ability to resolve labor mobility will define the workforce and regional integration trajectory, both necessary to ensure North America converges as the world's most competitive region. For Connecting Mexico, it is crucial to be an

active participant in the discussion to foster a fertile ground for smooth cross-border movements, economic growth, and multilateral cooperation throughout the region. Careful monitoring and analysis by specialists will be crucial for stakeholders to face changes and seize emerging opportunities.

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FOURTH SECTION

Vision 2050 of the *Regional Labor Integration*

José Manuel Bulás Montoro – *Challenges, Risks, and Opportunities from the Perspective of Large Multinational Corporations*

Pedro Casas Alatríste L. – *Geography and Demography Are Now Destiny*

Alexa Castro – *Labor Integration in 2050: Do We Have the Necessary Skills?*

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CHALLENGES, RISKS, AND OPPORTUNITIES FROM THE PERSPECTIVE OF LARGE MULTINATIONAL CORPORATIONS

José Manuel Bulás Montoro¹



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MÉXICO, ¿CÓMO VAMOS?

The global labor market has experienced accelerated transformation in the last decade, especially following the COVID-19 pandemic. This evolution has highlighted a significant challenge: the talent shortage. The World Economic Forum estimates that by 2030, over 85 million workers will be needed worldwide, a number equivalent to the total population of Germany alone.²

This challenge becomes relevant as it can affect not only a company's competitiveness but also cause disruptions in global supply chains. Besides the talent shortage, large companies identify four main challenges for the future labor market: demographics, geopolitics, training in the age of Artificial Intelligence (AI), and demand for flexibility.

1. **Demographics.** According to data from the Milken Institute, by 2030, there will be more people over 60 years old than under 10 in the world's primary economies.³ The population pyramid inversion will force companies to adapt their recruitment and talent retention strategies and rethink labor benefits to attract a diverse and multigenerational workforce. In addition, the extension of the working life period will require flexible retirement policies and continuous training programs, to ensure that older workers remain productive and are appropriately equipped with the latest technologies and skills.

2. **Geopolitics.** Global political and economic stability or instability directly impacts business decisions, and, consequently, influences the labor market. For example, trade tensions between the United States and China, among other geopolitical factors, have led companies to need to relocate their operations strategically. This phenomenon, also known as Nearshoring, has generated various changes in global supply chains and regional labor markets. In the context of Mexico, the Council of Global Companies predicts that Nearshoring will create over 3 million jobs in the next decade, raising questions about the country's capacity to meet this demand.⁴

3. **Training in the Age of AI.** Rapid technological evolution is causing disruptions in labor markets, which vary by industry. However, a common challenge across all sectors is training talent in the age of artificial intelligence, as technology advances faster in some cases than companies and universities can train their workforce. Addressing this challenge will require close collaboration between the public and private spheres to design cutting-edge educational curricula that are meticulously tailored to the needs of the future labor market.

4. **Demand for Flexibility.** The COVID-19 pandemic and generational change have incited a growing demand for work

1 Head of Corporate Affairs, CEMEX

2 Meineke, M. (2024, April 28) The cybersecurity industry has an urgent talent shortage. Here's how to plug the gap. World Economic Forum. <https://www.weforum.org/agenda/2024/04/cybersecurity-industry-talent-shortage-new-report/#:~:text=The%20global%20talent%20shortage%2C%20which,in%20the%20global%20cybersecurity%20industry>.

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4 Consejo de Empresas Globales (n.d.) Hacia una estrategia efectiva de relocalización de nuevas industrias en Norteamérica. Cómo aprovechar esta oportunidad única e histórica para México y la región. Retrieved from <https://empresasglobales.com/wp-content/uploads/2023/06/Nearshoring-DIGITAL.pdf>

flexibility, which has come with benefits, such as remote work gaining importance. However, this shift raises significant questions for global companies on how to maintain a strong organizational culture in a virtual environment while recruiting the best talent without geographical limitations.

To seize opportunities and address global labor market challenges, it is crucial to create conditions in North America that facilitate talent mobility. This will not only strengthen the connection between Mexico, the United States, and Canada but also make the regional market more competitive.

From this perspective, the Mexican labor market plays a fundamental role in the current and future dynamics of the North American labor market. The Mexican labor market stands out for its global competitiveness, as evidenced by the country occupying first place among OECD countries with the highest number of young technical graduates and third place with the most university graduates.⁵ This solid educational base, plus the considerable amount of young talent available in Mexico, provides the country with a significant competitive advantage, especially in the context of the growing global talent shortage. In this sense, the Mexican labor market has the potential to emerge as a crucial talent provider for its North American counterparts.

To increase regional competitiveness, North America must aim to be not only the most integrated and dynamic in commercial matters but also in labor matters. To achieve this goal, it is essential to implement concrete strategies, such as: enhancing and expanding the use of TN visas, creating North American talent certifications, and promoting educational mobility.

1. **Enhancing and Expanding the Use of TN Visas.** It is crucial to update the requirements and eligible professions for TN visas to reflect labor market needs. In this regard, a committee can be established to periodically review the professions included in these visas, adapting them to the rapid dynamism of the future labor market. This review should be accompanied by a simplification of the application and renewal processes, aiming to reduce wait times for applicants.
2. **North American Talent Certifications.** Mexico, the United States, and Canada should create mechanisms similar to the "European Qualifications Framework" and the "European Credit System for Vocational Education and Training" to

promote regional recognition and mobility in labor certifications. These certifications should cover not only highly qualified professions but also those in high demand, such as truck drivers, where, in Mexico and the United States alone, over 100,000 drivers are needed to address market shortages.⁶ Additionally, a system for recognizing competencies acquired through work experience and non-formal training should be established, ensuring that workers can validate and transfer their skills across the North American region.

3. **Promoting Educational Mobility in North America.** Educational mobility programs should be encouraged at all levels, from undergraduate to top executives. This will foster market integration and contribute to the development of a regional North American understanding. Universities and vocational training centers should work closely with companies, to design educational programs that meet labor market needs, and prepare students to face future work challenges. Furthermore, mechanisms for the recognition of credits and academic degrees between North American countries should be established, facilitating the transfer of students and professionals among the region's educational institutions. This will enable individuals to acquire relevant skills and knowledge for the global labor market and contribute to building a highly qualified and competitive regional workforce.

The global labor market's challenges, risks, and opportunities require a coordinated response from governments, companies, and educational institutions in North America. In this sense, Nearshoring and the upcoming USMCA review in 2026 represent a historic opportunity to promote strategies that facilitate mobility and labor integration in the region. This achievement will benefit both companies and workers, strengthening the region's competitiveness and economic prosperity and consolidating us as the most competitive region in the world.

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GEOGRAPHY AND DEMOGRAPHY ARE NOW DESTINY

Pedro Casas Alatraste L.¹



It is said that geography is destiny. Today, the demographic composition of countries shows, as never before, a series of significant challenges and opportunities. Aging and declining populations in major economies are generating financial pressures, productivity issues, and economic capacity constraints.

In the United States, for example, the civilian labor force decreased by half a million people last year. This is because the baby boomers (the largest generation in history) are exiting the labor market, while the younger Generation Z is replacing them. This decline in the civilian labor force will continue for at least the next ten years, until the children of millennials grow up and enter the workforce.

An additional problem to the decreasing number of workers is the increase in retirees due to an aging population. This simultaneously generates significant pressures on the public health system and the pension system.

Despite this, consumption in the United States continues to rise. Economic dynamism and growth persist. This has led to an unprecedented situation: the labor market has more job vacancies than unemployed people. In other words, even in a hypothetical scenario where 100% of the population had a job, there would still be hundreds of thousands of unfilled positions.

China faces an even greater problem. Its population is not only aging but also shrinking. Since 2017, China's birth rate has dropped by around 70%. If it is a problem today, in the coming decades, it could become a catastrophe. If not efficiently replaced by technology, China's productive capacity will significantly decline in the coming years, creating opportunities for other economies to fill those gaps.

Mexico, on the other hand, has a healthy population pyramid similar to China's 30 years ago. The average age in Mexico is

29 years old, eight years younger than the U.S. population and ten years younger than the Canadian population. Additionally, the total population continues to grow, and Mexico is one of the OECD countries that produces the most engineers. However, the new industries looking to establish or expand in Mexico – semiconductors, electric vehicles, medical devices – seek highly skilled and bilingual labor, which is not necessarily available in Mexico.

The United States wants, must, and needs to remain the world's superpower, but it cannot achieve this alone. The USMCA, the CHIPS & Science Act, and the Inflation Reduction Act are historic trade and industrial policies, with the central goal of reshoring industry in the country, anchored in North American regional integration and distancing from China and other Asian countries.

There are fiscal mechanisms, government support and investments, trade agreements, regional dialogue platforms, and industrial policies. What is missing? The people.

Migration policy in North America, as in any other region of the world, coexists in two universes that do not always operate under the same rules and logic: the political and the economic.

When we see the application of economic stimuli in the United States and the dynamism of the American economy, also driven by nearshoring, on a limited labor force, the logical consequence would be to attract labor capable of sustaining and driving this system. In fact, that has been the winning formula for the United States since its founding.

Additionally, Mexico needs to leverage U.S. knowledge, technology, and capital to propel accelerated and robust economic growth. The key lies in integrating Small and Medium Enterprises (SMEs) into regional value chains. For this, we need

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more people with binational connections to serve as bridges for investment, knowledge, and capital.

Migration and labor mobility of our talent, at least as far as the binational private sector is concerned, is an opportunity to increase competitiveness. The private sectors of both countries should bet on broader channels for the flow of talent. Concepts such as circular and seasonal migration should be explored. We must look much more into academic exchanges between both countries, primarily by facilitating access to financing and scholarships. We need to create professional certificates valid throughout the region for agile and expedited talent exchange. The next step to secure the era of North America is to facilitate the mobility and employment and educational opportunities of people between Mexico, the United States, and Canada. There is no doubt that this is the next step on the agenda.

LABOR INTEGRATION IN 2050: DO WE HAVE THE NECESSARY SKILLS?

Alexa Castro¹



Regional labor integration must effectively align the needs of labor supply and demand. However, considering North America as a whole, the needs and processes of companies and employers can be incompatible. Trade agreements like the USMCA, which include chapters to strengthen the regional labor market, highlight the TN visa as a legal avenue for the labor mobility of Mexican professionals.

Facilitators for overseas recruitment, such as Staffbridge, streamline the search for Mexican talent. Despite this, obstacles remain, such as differences in negotiation styles between countries, provincial criteria, and gaps in candidate preparation. This raises an initial question about how well Mexico is prepared to be a source of human capital for the region and the world by 2050.

One of the main challenges is English proficiency. Despite being an educational priority in Mexico for years, English proficiency has declined recently. According to the EF English Proficiency Index, in 2023, Mexico ranked 89th out of 113 countries and 19th out of 20 in Latin America.² For candidates seeking work permits in the region, not being proficient in English is the main reason for being overlooked in recruitment processes and having their permits rejected by immigration authorities. Educational institutions at all levels in Mexico must prioritize improving students' English proficiency to facilitate their future job searches.

The catalog of professions eligible for a TN visa is extensive, but the criteria for some of them are more complex and laborious. For instance, veterinary medicine requires passing an English exam with a very low pass rate, specific provincial criteria, and accreditation from only one Mexican university. For headhunters, classifying applicants' talents is crucial, as the

negotiation style in the United States and Canada is strict if the candidate does not meet all requirements. Employers do not cooperate in the bureaucratic process, increasing the difficulties for applicants, especially without intermediaries like Staffbridge.

Cultural diversity exists in the region, but by 2050, the agenda should focus on the opportunities and legal tools available to facilitate regional labor integration. The pandemic highlighted labor shortages in some U.S. occupations, such as healthcare, where around 85,000 positions remained unfilled post-pandemic. The pandemic's impact on the U.S. labor market represents an opportunity for Mexican professionals wishing to work in healthcare. Obtaining a work permit in this sector is not a major obstacle for applicants, as the TN visa list includes occupations like registered nurse, veterinarian, and dentist. The three countries still need to adapt and modernize the criteria and expand the number of universities authorized to conduct necessary exams for veterinarians and nurses to obtain permits.

The perspective and experience of headhunters in modernizing the TN visa list and criteria can and should be leveraged. To align the needs of labor markets with cultural differences, the current situation in each country must be considered. Otherwise, negative stereotypes about labor migration will remain the main obstacle to deeper integration. Agile, legal, and secure talent exportation is the major bureaucratic challenge of the coming years. Human capital ready to offer their skills abroad must be compatible with the opportunities and work permits available. With nearshoring, new professions in strategic sectors will be more crucial than ever, especially during the 2026 review.

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*Text prepared by the author based on Samantha Díaz's³ participation in the Forum "Immigration on the Road: Labor Mobility in North America."

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PERSPECTIVES FROM WASHINGTON – FROM UNLIKELY TO POSSIBLE

Andrew I. Rudman¹



Migration and labor mobility have always been controversial topics in the United States, and it is unlikely they will cease to be so. The complexity and sensitivity of the issue are underscored by the fact that the last time the U.S. Congress approved a reform to the immigration system was in 1996.² The legislative paralysis over the past nearly 30 years does not reflect a lack of interest or effort but rather the difficulty of negotiating a measure that can pass in a Congress with slim majorities.

Since the 1990s, every president has pledged to “resolve the immigration crisis.” Most legislative proposals have included a combination of measures to secure the border, such as increasing Border Patrol personnel, using technology to detect people crossing at ports of entry, and efforts to reduce or eliminate the employment of unauthorized workers. However, none of these proposals have garnered sufficient support in Congress. The reasons usually reflect the confrontation between political parties. While Republicans have insisted on stronger controls, Democrats have focused on the treatment of migrants, especially the “Dreamers,” who arrived with their families in childhood and do not know their countries of origin. In terms of the labor market, the divisions are not as stark due to the importance of unions in the Democratic coalition.

Recently, the narrative promoted by Republicans, which has gained traction in the media, has centered on border security or the “border crisis” instead of engaging in a comprehensive conversation about how to respond to the historic flows of migrants arriving in the U.S., not only from Mexico but from across the hemisphere and the world. Many migrants are now viewed by individuals and their representatives in Congress or state governments as thieves, drug traffickers, or people seeking to steal jobs from citizens or permanent residents, or a

combination of these characteristics. Compassion and recognition of the situations driving migration have been largely absent from media coverage. In terms of migrant flows, it is undeniable that reforms to the system for processing asylum seekers are essential to reduce the backlog of over three million cases, a scale that is unsustainable.³

Former President Trump and the Republicans blame the Biden administration for the border crisis. Indeed, a few months ago, a bipartisan group in the Senate, including some very conservative participants, negotiated a legislative proposal to change the rules for processing applications to make them more difficult to obtain. However, when Trump expressed his opposition just days before the Senate vote, many Republicans, not wanting to upset Trump and recognizing that there was no real chance of the measure passing in the House, voted against the compromise negotiated by their colleagues.

It is clear that for Republicans, electoral politics is more important than resolving the crisis they themselves identify as a national security issue. Trump admitted that he preferred not to give Democrats a victory than resolve what he himself identifies as a significant danger, namely the criminality of migrants.⁴ Given this situation and the slim margins in the Senate (controlled by Democrats) and the House (controlled by Republicans), it is impossible for a solution to emerge before the November elections.

Unfortunately, it is important to emphasize that after the elections, resolving the problem is even less likely. With current polarization, if the presidential election is decided in six or seven states, it is almost certain that the new Congress will also

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be divided, making it extremely difficult to secure the 60 votes needed in the Senate to move legislation on this issue.

However, this does not mean that improving labor mobility in North America, or at least between Mexico and the United States, is impossible. In the agricultural sector, a key area of regional integration since the implementation of NAFTA, there are significant opportunities for ambitious reforms. In fact, most of the fruit and vegetable cultivation and harvesting in North America is done by Mexican workers, regardless of where the produce is grown.

In the United States, there is a labor shortage in various sectors, including agriculture. The American Farm Bureau Federation, a nonprofit organization representing farmers and rural communities, estimates that there are 2.4 million jobs annually in the sector, but there are not enough workers to fill them. Additionally, 75% of the workers come from Mexico and Latin America. The domestic labor force (citizens or permanent residents) willing to work in the fields is insufficient to meet the demand. Strategies to ensure a year-round supply of fresh fruits and vegetables include increasing mechanization for harvesting, importing labor (under the H-2A temporary visa program), or importing more produce. Under the H-2A visa, agricultural laborers can work in planting, cultivating, and harvesting for a limited period in the U.S. Employers must apply for permission to employ foreign workers and certify to the Department of Labor (DOL) that there is no domestic labor willing to take the job. There is no limit to the number of H-2A visas available each year; nearly 300,000 were issued in 2022. The expectation is that the number will continue to rise in the coming years, given that resident workers in the U.S. (whether documented or not) are getting older, less productive, or retiring.

Although there is no limit to the number of visas that can be issued, there are limits to the DOL's capacity to approve applications and conduct necessary inspections to confirm the need for imported labor and ensure dignified treatment of workers. Several legal reforms could streamline the application and verification process. These reforms could be implemented in 2025 or 2026 if Congress acts in a coordinated manner and prioritizes this issue over electoral politics.

For example, the DOL could develop a rating system allowing employers with an "A" rating to self-certify their labor needs and commitment to providing adequate housing for temporary employees. Workers wishing to return to these "A" rated companies could obtain multiple-entry visas instead of applying for a visa each year. Most agricultural workers do not seek permanent residence but rather access to the labor market for

a specified period. This measure would help ensure the temporality of the work and the worker. By reducing the number of companies and housing units to inspect, the program could grow without the DOL personnel having to increase at the same rate.

Second, experienced workers who have held H-2A visas in previous years could form complete teams (including workers, supervisors, drivers, cooks, etc.) to respond to demand during harvest times, moving from one farm to another during the season. Industries like mining and oil operate similarly, sending entire teams to remote locations.

Third, the DOL could promote or facilitate the use of recruitment firms or associations for small and medium-sized enterprises that lack the infrastructure or experience to complete migrant worker applications. Larger recruitment firms have offices and HR policies that ensure better treatment of workers and more efficient review and compliance systems. SMEs could benefit from simplified processes to employ migrant workers ethically.⁵ In this third option, the emphasis would shift from the employer to the recruiter or contractor, who would also need to be rated.

Mexican farmers also experience labor shortages and resent their U.S. counterparts for attracting the best workers. Since much of the crops in the U.S. and Mexico have complementary schedules, this third reform could alleviate labor shortages in both countries if H-2A recruiters coordinated better with their Mexican counterparts.

Historically, ambitious immigration policy reforms have been nullified by partisan and electoral politics, and in the short term, or at least until the November elections, this will not change. However, with the inauguration of the new Congress, there may be an opportunity to advance new measures to facilitate the temporary entry of agricultural labor into the U.S. If representatives recognize the opportunity, the result could be an orderly system that ensures year-round access to healthy food and allows migrant workers to contribute to the regional economy and social development.

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CHALLENGES, RISKS, AND OPPORTUNITIES AT THE U.S.-MEXICO BORDER

Eduardo del Valle¹



Mexico and the United States share a 3,145 km border with approximately 60 crossing points for people and goods. Around 80% of bilateral trade is conducted by land, involving the transportation of goods via trucks and trains.

The border region is unique, hosting individuals who cross daily for work or commercial reasons, fostering intense social and cultural integration. In addition to the movement of people and commercial goods, the border dynamics encompass migration, labor, water, energy, and security issues.

Constellation Brands (CB) is a company that produces beer in Mexico using 100% Mexican labor exclusively for the U.S. market. CB's brands include Corona, Modelo Especial, Negra Modelo, Victoria, and Pacifico.

The Mexico-U.S. border forms the regional base of CB's operations. CB utilizes two of the 60 border crossings: Piedras Negras, Coahuila, with Eagle Pass, and Nogales, Sonora. In Nogales, CB transports inputs from the U.S. to Mexico and finished products from Mexico to the U.S.

The southern U.S. border has been the main route for irregular migration, primarily from Central America and Mexico. Significant migrant flows have occasionally led to the closure of some border crossings, such as Eagle Pass, a key access point for our product exchange. In December 2023, we worked with various authorities and the private sector to request the re-opening of this crossing.

From this experience, we learned the importance of close collaboration with federal and local authorities in both countries to find political solutions and regulatory frameworks that promote safer and more efficient trade for legitimate businesses. Border crossings must be modernized to improve commercial processes, and the flow of migrants should not negatively impact them. Keeping borders open and avoiding disruptions en-

ures the supply chains that support thousands of jobs on both sides of the border remain intact.

The U.S. and Mexico are main trade partners, and authorities in both countries must work closely to maintain an integrated economy. The USMCA provides the guidelines and tools needed to resolve disputes. Maintaining open communication and constant cooperation between authorities ensures compliance with trade agreements, reducing the risk of changes in commercial regulations, tariffs, taxes, and other government measures that could affect the flow of products and raw materials across the border, as well as labor and operating costs. Imposing tariffs and foreign trade taxes should also be avoided.

CB is an example of nearshoring. In the coming years, an increase in the movement of people and goods is expected, which for CB will mean working closely with governments and allies in both countries to ensure greater availability of talent, infrastructure, water, and energy to contribute to a highly competitive border. Nearshoring presents challenges and opportunities in terms of talent, social mobility, and economic pressure to expedite border trade. We have the opportunity to create a strategy that considers the necessary mechanisms to ensure sufficient water and energy, security, and infrastructure.

For CB, operating at the border means working in a naturally complex environment with risks and multiple challenges, but also with enormous opportunities.

- We are committed to long-term goals, including water and environmental stewardship as part of CB's operations;
- Our interest is to offer a high-quality product that represents Mexico;

1 Director of Government Relations, Constellation Brands (CB)

- CB has the will and capability to create opportunities for everyone, generate community welfare, and grow alongside our employees and communities.

The jobs created to produce and transport our beer are in Mexico. Our employees are the true strength of the company; their voices are a fundamental value. Constellation Brands is a competitive company with a workplace culture based on inclusion and diversity of thought. The most important value for CB is the people, including those who work directly or indirectly in our breweries and offices, as well as their families, neighbors, friends, and communities.

One of the concerns for industries near the border is the shortage and turnover of employees, which hinders the ability to retain labor. The availability of talent at all levels is a significant challenge, especially for basic positions. Many companies struggle to find personnel with the specific skills required. Another major challenge is attracting and strengthening the workforce, ensuring the availability of talent.

In 2026, the first review of the USMCA will take place, involving new administrations in Mexico and the U.S. This review will analyze the implementation and monitoring of the adopted agreements.

In the labor sector, the review will highlight Chapter 23 and the two rights established in Annex 23-A: authentic collective bargaining and freedom of association, which aim to provide greater certainty for workers. Beyond economic benefits, social benefits must be ensured. The treaty also includes mechanisms to guarantee labor rights, such as the rapid response mechanism. This review is a challenge for the three involved countries but also an opportunity to ensure the proper functioning of supply chains.

In the Mexican Congress, there are pending legislative proposals that, if approved, would impact workers' lives and companies' activities. These include:

- Increasing the minimum wage above inflation.
- Increasing the Christmas bonus from 15 to 30 days.
- Right for people over 65 to receive a pension equal to their last salary.
- Reducing the workday.
- The "Chair Law," which prohibits workers from being required to stand for the entire workday.
- Paternity leave.

If these proposals or parts of them are approved, the business sector must find new ways to adapt to the new legal framework while respecting workers' rights and remaining competitive in the region for the benefit of all. Achieving these goals requires close and ongoing collaboration with authorities in both countries and the establishment of necessary strategies and protocols to ensure that operations are not hindered.

Finally, in response to environmental and social challenges in the border region, efforts to collaborate with federal and local authorities in both countries must be intensified to build and maintain partnerships that address the water crisis and other environmental issues. Each company must take necessary actions to maintain environmental care and social welfare.

The future of companies operating in the Mexico-U.S. border region will be influenced by their ability to adapt to changes.

Challenges can represent objectives, stimuli, and risks for us; but opportunities represent the moments that call for action, this is the moment to act.

MEXICO, THE USMCA AND NORTH AMERICA TOWARDS 2050

Claudia Ruiz Massieu¹



At this point, there are enough reasons to be optimistic about the future of the United States-Mexico-Canada Agreement (USMCA) towards 2050. However, we cannot ignore the important lessons of realism from recent years that force us to recognize the challenges we will face in the next quarter of a century.

If we had asked ourselves about the future of NAFTA in 2015, we would surely have responded with optimism, and rightly so, since there were many reasons to be optimistic.

Our trade with the United States had grown almost five times since the treaty came into force, and almost seven times with Canada. The United States was already our main trading partner, concentrating 65% of our foreign trade. Canada was the second largest trading partner of the United States and Mexico the third. Furthermore, half of the foreign direct investment in our country came from our partners in North America.

In Mexico, regional integration introduced profound and lasting changes: it promoted economic openness, exponentially multiplied our exchanges and established the conditions to attract investments from all over the world. In turn, it allowed the consolidation of regional value chains in productive sectors such as the automotive industry.

A key factor for this integration's success has been the parallel institutionalization of our binational relations in their different areas. Mechanisms such as the High-Level Economic Dialogue were created with the United States, as well as the Mérida Initiative or the Bicentennial Framework, in matters of security. The Mexico-Canada Partnership was established to strengthen our cooperation on strategic issues and the three countries signed the Security and Prosperity Partnership of North America, which eventually became the North American Leaders Summit.

Despite this, in 2016 reality prevailed to remind us that regional integration is not a certainty that we can take for granted. The election of Donald Trump as president implied the assumption that conditions of relative stability could change from one moment to the next. Trump attacked NAFTA since his election campaign. And, after arriving at the White House, he decided to renegotiate the conditions of the agreement.

The Trump administration also weakened the institutional mechanisms of our binational relationship and ended the compartmentalization of strategic areas that had characterized it for years: it imposed tariffs on Mexican steel and aluminum to pressure the federal Executive to adopt immigration control measures equivalent to assuming, in fact, the role of "safe third country" for people who intended to enter the United States.

For more than two years, we negotiated a new trade and investments agreement. Thanks to a State effort, Mexico managed to defend its interests to guarantee the continuity of regional integration with the adoption of USMCA. In addition to maintaining favorable market access conditions, the new Treaty contemplated novel disciplines and established clear rules for dispute-settlement that have proven to be effective.

In 2020, the arrival of Joe Biden to the White House allowed our relationship with the United States to resume its institutional form in areas such as the economy and security. However, some erratic decisions by the Mexican government have caused unnecessary tensions with our largest trading partner and weakened our ability to favorably influence American public opinion.

Likewise, in the last four years, Mexico has been immersed in controversies motivated by fundamentally ideological government decisions, which ignore the current conditions of productive sectors, and which are contrary to USMCA's spirit and the obligations established therein. In energy, the anachronistic

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boost to fossil fuels and the imposition of advantages for state companies over private investments. In biotechnology, a vision contrary to innovation and the evolution of agri-food systems - with scientific support - that not only threatens their productivity, but also national food security itself.

In its article 34.7, USMCA foresees its termination in 2036, unless each Party confirms that it wishes to continue for another 16 years, that is, until 2052. In 2026, Mexico, the United States and Canada will convene to make a joint revision of the agreement's performance. And each State must confirm in writing if it wishes to extend it from 2036 to 2052.

In other words: the Treaty provides for the possibility that any of its members decide not to continue its validity after 2036. Beyond the legal consequences that this would imply, the decision would represent the end of the economic integration project in North America, the most important political and economic transformation in our modern history.

In this context, a possible victory of Donald Trump in the November elections puts the future of regional integration at risk. The possibility of revising USMCA in 2026 could become an opportunity to question and even rethink, again, the terms of the Treaty. The scenario is more complex if the Mexican government in charge of managing this crisis does not have the conviction, experience or technical capacity to do so adequately. Without the certainty of institutions, the uncertainty of personal political visions and decisions prevails.

The economic benefits of integration are unquestionable. However, some productive sectors —mainly in the United States— have resented the advantages of free competition as a direct threat. This motivates interests contrary to integration, which can acquire increasingly greater political weight to the point that they become decisive for the general perception of the Treaty's future.

USMCA continuity must be a priority for the Mexican State. A challenge that requires a domestic policy strategy —convening all the sectors involved, building consensus and strengthening government negotiation capacities—, and a foreign policy strategy —rebuilding our relationship with the United States, deploying a comprehensive public diplomacy effort, and deepening the institutionalization of the strategic areas of the binational relationship—.

With a State-vision, the next government must build a solid strategy to prepare our country for the review process of our main trade agreement. It is essential to evaluate scenarios, calibrate strategies, adopt forecasts and protect the productive and social sectors that would be affected by a possible adverse result.

If the Democratic Party's candidate achieves re-election, it will be urgent to recover the focus on institutional cooperation in all areas of our bilateral relationship. If Donald Trump returns to the White House, we will need an unbeatable negotiating team, in addition to building a broad network of strategic allies inside the United States.

In any scenario, it will be essential for Mexico to recover its capacity for dialogue at all levels: with the US Congress, the private sector, local governments, universities and research centers but, above all, with US society. It is essential to use public diplomacy to convince American producers and consumers of the undeniable advantages of regional integration.

If we want Mexico's history in North America towards 2050 to be a success story, we must first successfully overcome the 2026 "customs". USMCA's revision raises an uncertainty that cannot simply be ignored, especially in the face of a possible change of course in American politics starting in November.

Faced with this uncertainty, Mexico must adopt in time a comprehensive strategy that strengthens both its internal capabilities and its position in the region. Rebuilding the relationship with our partners and a firm commitment to public diplomacy will be essential to ensure USMCA's future and guarantee a prosperous, inclusive, sustainable and lasting regional integration, for the benefit of the three North American countries..

FINAL REMARKS

LABOR MOBILITY IN NORTH AMERICA: DRIVING GROWTH AND COMPETITIVENESS THROUGH EFFICIENT USE OF REGIONAL HUMAN CAPITAL

The articles in this compendium highlight the economic development opportunity that the North American region has if we manage to integrate the labor markets of Mexico, the United States, and Canada. The commercial success of the United States-Mexico-Canada Agreement (USMCA) reflects the complementarity of these countries, providing an opportunity to build a more resilient, competitive, and prosperous region. This complementarity also extends to human capital and demographic dynamics, which, if properly harnessed, can drive regional growth and improve the quality of life for its inhabitants.

The USMCA provides a solid and reliable framework that ensures certainty for economic activities in North America. This treaty is an invaluable tool for promoting labor mobility, offering a legal basis that facilitates the movement of workers and professionals in the region. Maximizing the provisions of the USMCA can create new opportunities for economic growth and cooperation. To achieve effective labor integration in North America, it is crucial to understand the demographic dynamics and specific needs of our economies. A detailed analysis of the population and labor market trends will enable us to design policies that adequately respond to the region's demands. This understanding is the foundation for any strategy aiming to leverage available human capital.

Political challenges, including existing laws, regulations, and policies, as well as entrenched mindsets, must be addressed with determination. Reforming these areas is crucial to facilitate labor mobility and ensure that bureaucratic barriers do not hinder the flow of talent in the region. Implementing flexible and adaptive policies will help overcome these obstacles and promote more agile integration.

Economic growth is a necessary condition for social progress, and leveraging regional demographics can significantly boost it. However, this growth must be sustainable and equitable to be resilient in the face of new technological challenges and those that can only be addressed in a collaborative environment.

The success of labor mobility in North America depends on close collaboration between the government, the private sector, unions, and educational institutions. This synergy is essential to create a labor environment that fosters economic

growth and competitiveness, ensuring that the policies implemented are effective and sustainable in the long term. Cooperation between these sectors will enable a coordinated and effective response to labor challenges.

By 2050, the region will face new political scenarios, technological challenges, and business needs that emphasize the necessity of a common agenda to ensure that the preparation and talents of workers are not hindered by the lack of legal avenues for their professional training abroad. Medium, large, and multinational companies with a presence in the North American region must integrate tools that facilitate the legal entry of workers into their long-term vision.

The need for continuous training, reskilling, and upskilling of the workforce is an essential component to maintain the region's competitiveness. Investing in skill development will enable workers to adapt to the changing demands of the labor market, fostering a resilient and highly skilled workforce. The existence of specific education and training programs will be key to preparing workers for the jobs of the future.

To sum up, labor mobility in North America is an unprecedented opportunity to boost the region's economic growth and competitiveness. By leveraging the framework provided by the USMCA, understanding demographic and economic needs, overcoming political challenges, fostering multisectoral collaboration, and focusing on continuous training, it is possible to unlock North America's true potential. Only through a joint and coordinated effort will we ensure that our region not only grows and prospers but also becomes a model of sustainability and equity for the world.

Adriana García

Chief economist, México, ¿cómo vamos?





*Unlocking North
America's potential:*

**HUMAN CAPITAL
INTEGRATION**
through the
USMCA

