



*Unlocking North
America's potential:*

HUMAN CAPITAL

INTEGRATION

through the
USMCA



UNLOCKING NORTH AMERICA'S POTENTIAL: HUMAN CAPITAL INTEGRATION THROUGH THE USMCA

Presentation

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North America has the opportunity to become the most prosperous and competitive region in the world, driven by its workforce. Mexico, the United States, and Canada have complementary economies in terms of trade but also in the skills of their human capital, both now and in the foreseeable future.

The social and economic transformation following the COVID-19 pandemic underscored the need for resilient supply chains close to consumer markets, accelerating the adoption of digital technologies and highlighting the importance of strategic sectors such as health and care. The future labor market in North America will require a diverse set of skills across strategic sectors, from agriculture and construction to medicine and manufacturing, with an increasing emphasis on STEM competencies.

The USMCA provides a common regulatory framework for the three countries, with specific chapters that protect workers' rights and facilitate labor mobility through temporary visas. This moment is ideal for strengthening the integration of regional value chains and taking advantage of reshoring and nearshoring opportunities, as long as there is the necessary human capital to sustain these investments.

The success of labor mobility in North America depends on close collaboration between governments, the private sector, unions, and educational institutions. This synergy is fundamental to creating a labor environment that fosters economic growth and competitiveness, ensuring that the implemented policies are effective and sustainable in the long term. Cooperation among these sectors will enable a coordinated and effective response to labor challenges.

Continuous training, reskilling, and upskilling of the workforce are crucial for maintaining 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. Specific education and training programs will be key to preparing workers for the jobs of the future.

For North America to fully develop its potential, it must leverage the demographic diversity of its countries. For ex-

ample, Mexico's demographic dividend, with a median age of 29 years, represents a great opportunity for the entire region. To seize this opportunity, greater flexibility in the integration framework of the North American labor market is required, including the reconsideration of the professions needed for 2050 and the trinational harmonization of diplomas and certifications.

The compendium "Unlocking North America's Potential: Integrating Human Capital through the USMCA" offers a multidisciplinary perspective of the challenges and opportunities for effective integration of the labor market and human capital in the region, looking ahead to 2050. This document calls for collaboration among governments, academia, and industry to develop the skills necessary for North America's economic future.

The compendium "Unlocking North America's potential: human capital integration through the USMCA" offers a multidisciplinary perspective on the challenges and opportunities for effectively integrating the labor market and human capital in the region by 2050. This document stems from the forum "Immigration on the Road: Labor Mobility in North America," held on April 17, 2024, in Mexico City. The event was a collaborative effort between "México, ¿cómo vamos?", the Baker Institute Center for the U.S. and Mexico, and Connecting Mexico. The compendium emphasizes the need for collaboration among governments, academia, and industry to develop the skills necessary for North America's economic future.



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SECTION 1. LABOR MOBILITY IN NORTH AMERICA

Achieving North America's Labor Market Potential Requires Workforce Investment



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To enhance the labor market in North America, it is essential to bridge skill gaps and boost economic competitiveness. The current labor market demands underscore the significance of developing expertise in key sectors, fostering trilateral cooperation, and adapting to technological advancements. A joint agenda aimed at reaching the workforce's full potential should prioritize ongoing investment and coordination as fundamental pillars for success.

The Integration of Labor Markets in North America and the USMCA



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The labor integration between Mexico and the United States stems from historical interdependence driven by U.S. labor demand and Mexico's labor surplus. The USMCA, particularly Chapter 16, has the potential to regulate this integration by updating the list of professions eligible for the TN visa. This can be achieved through the Temporary Entry Working Group without the need to renegotiate Chapter 16.

SECTION 2. NORTH AMERICAN LABOR MARKET INTEGRATION IN THE CONTEXT OF NEARSHORING

The Migration Paradox



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Since the implementation of NAFTA, the increase in migration flows from Mexico to the United States has been driven by economic, political, and social factors. The strict U.S. border security measures contrast with the country's reliance on Mexican labor. A comprehensive and balanced approach between both countries will be key to effective migration management.

People's Mobility for Skill Acquisition: Micro-courses, Multiculturalism, and a Changing Job Market



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Student mobility is the foundation for cultural exchange and the development of citizenship with shared civic values. To achieve this, we must move beyond traditional student mobility schemes and offer short courses, specific skills training, and educational flexibility. This approach benefits students, professionals, technicians, and experienced workers who seek to add new skills and capabilities to their careers. To take advantage of nearshoring and regional integration, it is recommended to implement micro-courses, trilateral recognition of certifications, and teacher training programs.



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

Talent in North America: A Competitive Edge



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The USMCA, successor to NAFTA, addresses regional competitiveness through labor regulations in Chapter 23 and facilitates temporary business entry in Chapter 16. However, the trilateral agreement does not truly establish an integrated labor market or free movement of workers, as seen in the European Union, which presents an opportunity for the region. Labor mobility frameworks that promote innovation and sustainable growth will be key to regional competitiveness in the future.

Labor Integration in North America: Catalyzing Regional Competitiveness



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North America aims to position itself as the most competitive region by 2050, surpassing Asia and Europe. Therefore, labor mobility and economic integration, bolstered by the USMCA, are crucial. The region has advantages, such as favorable demographics, technological innovation, and an integrated energy market. Leveraging our competitive advantages requires measures that promote the orderly exchange of talent through visas and certifications.

Empowering Youth Talent



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Nearshoring has sparked an industrial revolution in sectors such as automotive, aerospace, and electronics, increasing the demand for specialized talent and creating opportunities for young people in secondary and higher education. To ensure that education adapts to the labor market needs, it is crucial to promote key skills and encourage collaboration among relevant stakeholders. This approach will prepare young individuals and help bridge educational and employment gaps.

SECTION 3. DYNAMICS IN LABOR INTEGRATION: INCREASING THE USE OF TN VISAS FOR MEXICANS

Challenges of Labor Mobility in North America under TN Visas



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Despite the exponential growth in the use of TN visas since the removal of certain requirements in 2004, significant barriers still hinder their full utilization. These barriers include a lack of information on the application process and eligibility, high certification costs, and discrepancies in job qualification requirements, even with the facilitations provided to Mexicans and Canadians. To improve the effectiveness of these visas, greater government oversight and the harmonization of certifications and degrees is necessary.

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



Karen Torres

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The lack of awareness about TN visas calls for an intensive promotional strategy regarding their accessibility and simplified process. Many applicants are unfamiliar with the benefits this visa offers, and while professional assistance is valuable, it should not be perceived as an entry barrier. Addressing and correcting misconceptions about the application process is crucial to effectively utilizing this valuable tool for labor integration.



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

Migration, Economic Development, and Human Rights



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Regional labor market integration must ensure the human and labor rights of migrant workers. The USMCA and its Chapter 23 have been pivotal in this effort, as they have encouraged necessary labor reforms in Mexico. The IOM has undertaken initiatives such as the Labor Channeling Mechanism (by its Spanish acronym, MECAL) and the Mexico-Canada Ethical Migration Corridor, which have established regular and alternative pathways for safe and efficient migration.

Temporary Mobility Under the USMCA



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The chapter on Temporary Entry for Business Persons (TEBP) in the USMCA offers preferential treatment to nationals of Mexico and Canada relative to other U.S. trade partners. Despite this, its utilization has been limited. Political reluctance and immigration sensitivities have kept the chapter largely unchanged since 1994. Its upcoming review presents an opportunity to enhance its effectiveness without requiring a renegotiation.

Labor Shortages, Immigration, and the Trade NAFTA (TN) Visa



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The current labor shortage in the United States is linked to a decrease in immigration from countries like Mexico. Expanding the use of TN visas and broadening the list of eligible occupations could help alleviate this issue. However, the complexity of overhauling the U.S. immigration system remains a significant challenge. Immigration policies have the potential to positively impact economies and, consequently, regional economic development.

A Shared Future: Key Understanding for Integration



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The USMCA stands out as a driver of economic growth and North American integration. However, evolving political landscapes highlight the need for risk management strategies in an uncertain environment. In the 2026 review, labor mobility and the TN visa will gain importance. It is crucial to enhance their visibility, expand the list of eligible professions, and forge strategic alliances to advance toward a more integrated and prosperous market.

SECTION 4. VISION 2050 OF THE REGIONAL LABOR INTEGRATION

Challenges, Risks, and Opportunities from the Perspective of Transnational Enterprises



José Manuel Bulás
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Over the past decade, the global labor market has undergone rapid changes, introducing new challenges related to demographics, geopolitics, AI training, and growing demands for labor flexibility from businesses. In North America, effectively addressing these challenges and boosting competitiveness will rely on promoting the use of TN visas, developing regional certifications, and advancing educational mobility.

Geography and Demography Are Now Destiny



Pedro Casas Alatríste
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The current demographic profile presents both challenges and complementary opportunities. In the United States, the working-age population is shrinking, while China is facing a declining birth rate. In contrast, Mexico has a growing young population, representing a unique opportunity. Labor mobility and migration driven by educational opportunities are crucial strategies for sustaining regional economic dynamism.

Labor Integration in 2050: Do We Have the Necessary Skills?



Alexa Castro
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Regional labor integration demands effective communication between labor supply and demand stakeholders. While the TN visa links the needs of employers and workers, challenges such as applicants' proficiency in English persist. There is an urgent need to modernize TN visa criteria to capitalize on opportunities in key sectors like nearshoring and healthcare by 2050.



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

Perspectives from Washington: From Unlikely to Possible



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Migration and labor mobility issues in the United States are complex and contentious. Partisan polarization on the topic has hindered progress, and the recent Republican narrative of a "border crisis" complicates legislative solutions. However, there are opportunities to improve labor mobility in North America, particularly in the agricultural sector, by increasing the use of the H-2A visa and implementing reforms to streamline the process.

Challenges, Risks, and Opportunities at the U.S.-Mexico Border



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The northern border of Mexico plays a crucial role in facilitating bilateral trade and fostering social and cultural integration between the two countries. However, migratory, labor, and security challenges impact businesses operating in border areas, such as CB, which promote labor mobility. The 2026 review should incorporate the perspectives of companies working along the border to sustain the dynamism and strength of supply chains.

Mexico, the USMCA, and North America towards 2050



Claudia Ruiz Massieu Salinas

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The USMCA beginnings were characterized by optimism, but it has since faced evolving challenges. Key events, such as the treaty's renegotiation during the Trump administration and recent policy changes in Mexico—especially in the energy sector—highlight the political tensions that could affect the treaty's benefits. To ensure the treaty's long-term success through 2050, Mexico needs to devise a robust strategy and engage in effective public diplomacy.



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