10 años México cómo vamos

U.S.-MEXICO FOUNDATION

THE NORTH *American* PROJECT

THE

NORTH

American

PROJECT

México cómo vamos

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2025

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THE NORTH *American* PROJECT

EXECUTIVE SUMMARY

A success story nearly 40 years in the making

The process of North American trade and economic integration, initiated with the entry into force of the North American Free Trade Agreement (NAFTA) in 1994, has witnessed systemic changes in the world. Throughout these three decades, Mexico, the United States of America (USA) and Canada have shared challenges and opportunities.

Although the effects of NAFTA are evident, they were not exempt from criticism. While trade and investment certainly grew, many of the benefits were not evenly distributed. The treaty proved to be an important instrument for economic growth but did not fully tap into North America's potential.

In the 21st century, North America's objective should be to become the most prosperous and competitive region in the world. To achieve this, **Mexico, the USA, and Canada must leverage the accumulated experience since 1994** to develop and implement an ambitious joint agenda. This strategy must go beyond trade and economic matters, driving investments in talent attraction, labor mobility, and technological innovation, with the aim of strengthening regional integration and positioning North America as a global benchmark for development and competitiveness.

In light of the uncertainty prevailing, three valuable assets support this agenda. First, the three countries have a **unique trade agreement in the world that provides certainty to investments and facilitates the movement of goods and people.** Second, our **economies are complementary.** Finally, there is a **global environment and industrial policies that favor the integration and resilience of their supply chains.**

These advantages are more relevant in the current context. Major disruptors, such as the impact of the COVID-19 pandemic on supply chains, Russia's invasion of Ukraine, tensions in China-U.S. relations, and the wave of presidential elections worldwide, to mention a few examples, are redefining global trade integration processes. Although the future shape of globalization is uncertain, we can be sure that it will be much more **regional, focused on transparency, trust, and resilience.**

The time for North America is now. The region has consolidated its integration process over three decades, transitioning from the 1994 NAFTA to the 2020 United States-Mexico-Canada Agreement (USMCA/T-MEC/CUSMA). Experience has shown that **trilateral collaboration is more successful than any efforts undertaken individually.** Our messages can resonate strongly and reach farther when directed toward common goals. In other words, the region's success lies in pooling national and industrial efforts to intertwine them into an ambitious project for North America's prosperity.

North America, an ocean liner navigating the waters of a changing world

As the six-year review of the treaty approaches in 2026, telling the success story from different angles and perspectives becomes essential. This project proposes a narrative, underpinned by four key ideas: The trade exchange under the USMCA; the generation of employment and opportunities that depend on growing trade exchange; regional stability based on common rules and a solid rule of law; and the resilience of supply chains.

There is no better time to start narrating **our shared success story. The success of over 30 years of trade openness and regional integration also enables us to set common goals for the year 2050: to make North America a much more prosperous and the most competitive region in the world.**

Charting a shared path to a promising future

This common working agenda proposes **five major shared goals to achieve these objectives:**

Goal 1.	Shared Prosperity and Job Creation,
Goal 2.	Economic Growth,
Goal 3.	Intraregional and Global Trade,
Goal 4.	Sectoral, Strategic, and Infrastructure Investment,
Goal 5.	Labor Mobility and Talent Attraction.

The project presents various indicators within the goals to identify the path forward, tools for their monitoring, and a communication strategy to optimize the support of relevant stakeholders.

The goal monitoring process is complex yet adaptable. The invitation for other relevant stakeholders to join the project involves them developing their own goals, indirectly contributing to the achievement of overarching objectives.

In a way, the TheNorthAmericanProject.com proposal implies a continuous study and assessment of the North American reality – to verify progress but also to anticipate adjustments in areas where necessary.

Only ongoing dialogue and strategic planning among the public and private sectors, civil society, and academia across all three North American countries can ensure that deeper regional integration translates to greater competitiveness, more and better jobs, and true shared prosperity for the people of Mexico, the United States, and Canada.

NORTH AMERICA

IN DATA, NUMBERS AND FACTS

North America: our success story

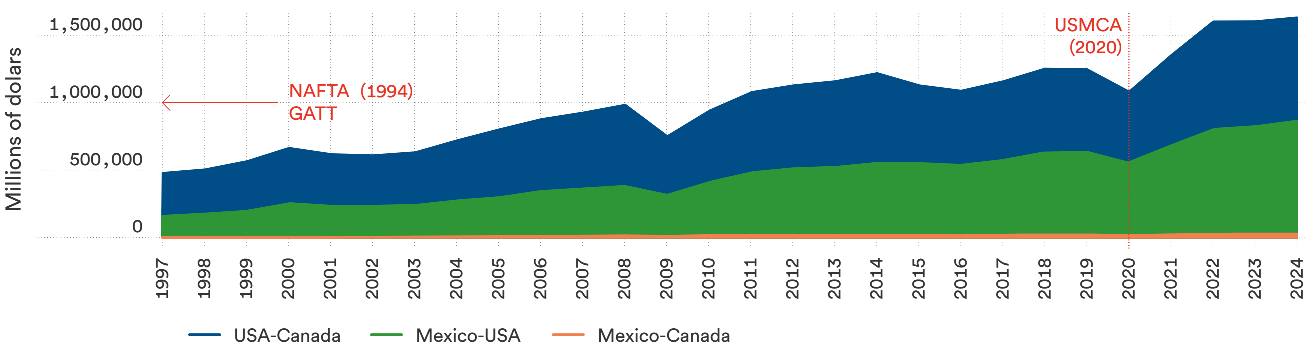
Mexico, United States, and Canada: current partners with a shared future.

We have 40 years of experience in regional trade openness.

- The regional adherence of the three North American countries to the trade rules system known as the General Agreement on Tariffs and Trade (GATT) in the 1980s marked the beginning of a tradition of trade and openness.
- From the signing of the North American Free Trade Agreement (NAFTA) in the 1990s to the implementation of the United States-Mexico-Canada Agreement (USMCA/T-MEC/CUSMA) in 2020, the region has grown in cooperation, integration and growth.
- In 2024, North America traded over $1.6 trillion USD within the region.
- In the last 20 years, trilateral trade in goods increased from 712 billion dollars to more than 1.6 trillion dollars annually.

International commerce

Between USMCA (T-MEC/CUSMA) members, yearly



Made by México, ¿cómo vamos? with data from the US Department of Commerce and INEGI

The treaty encompasses three G20 countries with diversified economies and membership in the Organization for Economic Cooperation and Development (OECD).

- In 2024, the share of the three North American economies accounts for 29% of the global GDP (IMF).
- These three North American countries **rank among the world's 15 largest economies** and possess abundant natural resources, skilled labor, and a culture of innovation.

The USMCA REGION ON THE GLOBAL STAGE

The USMCA (T-MEC/CUSMA) is North America's greatest comparative advantage.

Thanks to the USMCA (T-MEC/CUSMA), Mexico and Canada have become the United States' main trading partners.

→ Mexico and Canada are the United States' top two trading partners, and the U.S. is the main trading partner of both Mexico and Canada.

→ The United States and Canada account for 86% of all exports that Mexico makes to foreign markets.

→ In 2024, Mexico imported USD 251 billion from the United States, a figure higher than the total imports to Mexico from the UK, Japan, Germany, South Korea, and India combined for the same year.

Mexico is Canada's third-largest trading partner, only preceded by the United States and China, surpassing countries such as Germany and Japan. It also serves as Canada 's most significant export market in Latin America.

→ Trade between Mexico and Canada totaled USD 29 billion in 2024.

→ Around 1,827 Canadian companies export products to Mexico, and 17,235 import products from Mexico (Statistics Canada).

Canada and the United States traded 762 billion dollars in 2024.

→ **Canada exported nearly 19 times more products** to the U.S. than to China, 95 times more than to Germany, and 37 times more than to Japan.

USMCA (T-MEC/CUSMA) promotes supply chain resilience.

The USMCA (T-MEC/CUSMA) promotes North American market integration through nearshoring. As production chains transform and geopolitical risks become more acute, companies are seeking to bring their production centers closer to their consumers.

To harness the benefits of nearshoring, North American countries have implemented initiatives to attract even more investment.

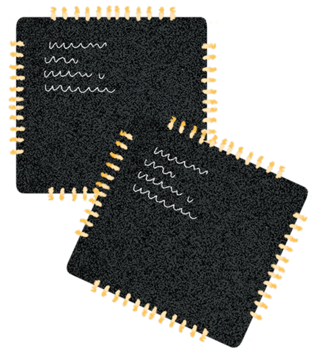
→ The U.S. industrial policy has focused on fiscal and legislative incentives to enhance competitiveness in priority sectors. The U.S. government has allocated approximately $126 billion in incentives, including those provided under the Creating Helpful Incentives to Produce Semiconductors - CHIPs Act and the Inflation Reduction Act - IRA.

→ Plan México is an ambitious industrial policy initiative aimed at increasing value-added in global supply chains, generate employment in trade-related sectors, and deepen regional integration.

→ Canada has implemented similar support measures for electric vehicle battery manufacturers and is also leveraging the potential of the USMCA (T-MEC/CUSMA) by launching the Critical Minerals Strategy (2022), with an initial budget of $4 billion USD.

CHALLENGE: Strategic sectors such as semiconductors, critical minerals, and electric vehicles are still dominated by Asian countries like China. This is why trilateral collaboration is essential to diversify processes across these industries and increase regional content.

Regional trade generates millions of jobs throughout North America.



In sectors related to manufactured goods trade (wholesale trade, transportation and warehousing, manufacturing, financial and insurance services), there are currently 56.2 million jobs across the region:

→ In Mexico, 14.9 million jobs are in these sectors, representing 25% of the country's employment in 2024 (INEGI). In the United States, 34 million jobs in 2023; and in Canada, 7.3 million (U.S. Bureau of Labor Statistics and Statistics Canada).

In North America, more than 10 million jobs directly depend on goods exports, not including trade in services or the complex dynamics of supply chains (Brookings).

→ There are approximately 5.5 million jobs in Mexico linked to goods exports within North America, representing more than 9% of the country's economically active population.

→ In Canada, around 1.6 million jobs depend on the exchange of goods with its North American partners, and in the United States, this figure rises to nearly 3.2 million jobs.

The stability and rule of law in North America allows companies to plan and invest for the long term.

Mexico, Canada and the United States are among the world's leading recipients of investment.

- In 2023, the U.S. received the most foreign direct investment globally (311 billion USD), while Canada ranked seventh (50 billion USD), and Mexico eleventh (36 billion USD) (UNCTAD).
- Almost half of the investments Mexico received in 2024 came from its North American partners (Mexico's Ministry of Economy).
  - Among the sectors that received the most foreign investment were manufacturing (54%), financial services (16%), temporary accommodation, and transportation (both 7%).

The rule of law and legal certainty are key factors in attracting foreign investment.

- The USMCA (T-MEC/CUSMA) allows economic operators to plan for the long term, and to locate their capital optimally.
- The autonomy of the authority responsible for administering justice is essential for the sustainability of investments and the economic growth that comes with it. Any impact on this autonomy could harm the business environment in the country, the quality of life, and the relationship with our main trading partners. In Mexico, clear rules are needed for the administration of justice in light of the constitutional reform of the judiciary.

The USMCA (T-MEC/CUSMA) provides certainty in an uncertain world.

The USMCA (T-MEC/CUSMA) is a modern trade instrument, capable of responding to the demands of society and providing resilience to supply chains in a changing world.

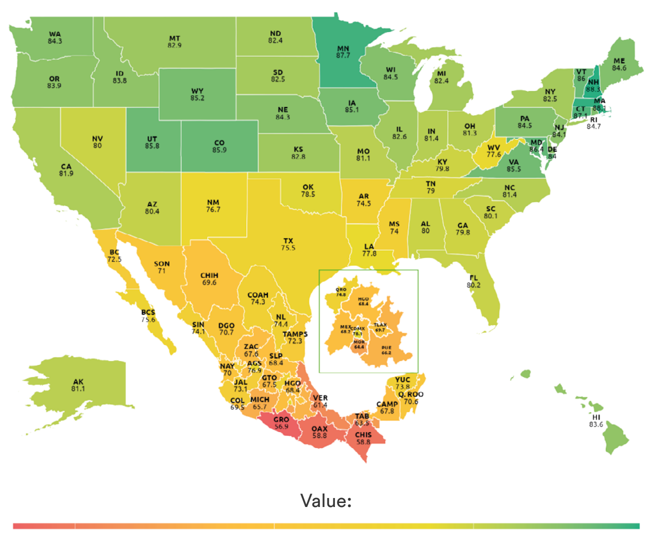
- The USMCA (T-MEC/CUSMA) incorporates transparent mechanisms for conflict resolution and rules for the development of the region, such as labor rights, environmental protection, promotion of effective economic competition, investment protection, combating corruption, and the promotion of best regulatory practices.
- Through its committees and working groups, the USMCA (T-MEC/CUSMA) promotes the participation of civil society, businesses, labor unions, academia, lawmakers, and other public officials.
- The USMCA (T-MEC/CUSMA) complements a wide variety of bilateral and trilateral dialogue and coordination mechanisms such as the High Level Economic Dialogues and the North American Leaders' Summit.

Trade openness leads to prosperity.

- Trade openness leads to prosperity. Trade openness and well-being form a virtuous circle. In Mexico, state openness has brought higher levels of social progress, leading to increased provision of healthcare, education, transportation, and urban services. Furthermore, most of the investments (both realized and announced) related to supply chain relocation in Mexico have been directed to regions with higher levels of social progress.
- The U.S.-Mexico Social Progress Index highlights how regional integration goes beyond trade, reflecting in the quality of life. At the subnational level, Mexican states connected to North American supply chains show levels of social progress comparable to those of southern U.S. states.
- In the Human Development Index (HDI, UN), Canada ranks eighteenth, the United States is twentieth, while Mexico is seventy-seventh out of 193 countries (2023–2024) (UN).

Social Progress Index

Social Progress Index USA - Mexico



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Trade is a gateway to the future

North America has the capabilities to expand **agribusiness trade** and become a net food exporting region to the rest of the world.

- In 2023, food trade within the region reached approximately USD 143 billion.
- Between 2013 and 2023, crops like corn saw a 9% increase in production in North America; however, due to climatic conditions and other factors, crops like wheat and rice experienced a decrease in production of (-)11.2% and (-)2.4%, respectively.
- The United States and Canada account for 10% of global agricultural output and represent 12% of global agricultural trade (OECD/FAO). In 2024, Mexico is consolidated as the main destination for U.S. agricultural exports, followed by Canada, displacing China to third place (U.S. Department of Agriculture).

Trade in **medical devices** in North America has doubled in the last decade.

- The total trade value of medical devices in the region (the sum of exports and imports) nearly doubled, increasing from USD 12 billion in 2013 to USD 20 billion in 2023.

Most of the global **medical device** exports come from 20 countries, including Mexico and the United States.

- In 2023, U.S. medical device exports accounted for 20.9 % of the total global export value, Germany 11.0 %, and Mexico 10.5 %, placing them in the top 5 alongside the Netherlands and China.
- Between 2013 and 2023, U.S. medical device exports grew by 41.5%, Mexico's by 146%, and Canada's by 93.1%, while imports to Mexico and the U.S. increased by over 100% and those to Canada by 44.1%.

The health of the population is a priority, and therefore, the region should strive for self-sufficiency in the **compounds, molecules,** and ingredients necessary to develop the **medicines** and **pharmaceutical** products required by the population.

- In 2023, trade in active pharmaceutical ingredients within the region was close to 15.4 billion dollars

Trade in **electrical and electronic goods** in North America has experienced robust growth over the past decade.

- In the last 10 years, trade of these products in the region has increased by 35%, from $135 billion to $182 billion USD in 2023.
- In 2023, the supply of electronics by the countries within the USMCA (T-MEC/CUSMA) represents 28% of the total imports made by these same countries.
- In 2023, the United States was ranked sixth among countries exporting electrical and electronic goods, Mexico was ranked ninth, and Canada 30th.

CHALLENGE: Asian nations such as China (31.4 % of exports in 2023), Taiwan (8.57 %), South Korea (6.22 %) and Japan (4.03 %) dominate the electronics market and have maintained that position for a decade.

North America is a hub of research, development and production of goods and services for the **aerospace** sector.

- The United States is the world's largest exporter in this sector, while Canada is the fourth largest.

CHALLENGE: Mexico faces the challenge of strengthening its aerospace industry, as it currently does not rank among the top 10 exporters in the sector.

The **semiconductor** industry has experienced significant growth, with an annual market growth of 19% compared to 2023.

In 2022, the United States led the world in semiconductor design with over 60% market share, while materials processing and production were highly concentrated in East Asia, accounting for more than 70% of global capacity. China specifically is the country where approximately 40% of global semiconductor assembly takes place.

- Between 2012 and 2022, semiconductor production capacity increased 11% in the United States and this capacity is expected to triple by 2032. In China, the growth in capacity in the last decade was more than 300%, however by 2032 it is expected to be less than for the United States (Semiconductor Industry Association, SIA).
- In the United States, the semiconductor industry employs more than 300,000 people, mainly in manufacturing and design. However, it is projected that these two areas will concentrate the largest number of vacancies by 2030, so developing the necessary skills in the North American workforce and facilitating labor mobility will be key (SIA).
- In 2023, the United States had a 50% share of the global semiconductor market, greater than that of Asian countries such as Korea with 14% and China with 7% (SIA).
- In May 2023, the US, Canada and Mexico established the first North American Semiconductor Conference to collectively strengthen the semiconductor supply chain in the region, including critical minerals and labor with the aim of increasing competitiveness of the region (U.S Embassy and Consulates in Mexico).

CHALLENGE: There is ample room to attract material processing, manufacturing, assembly, testing, and distribution of semiconductors to the North American region, which will be used by other industries within the region and around the world.

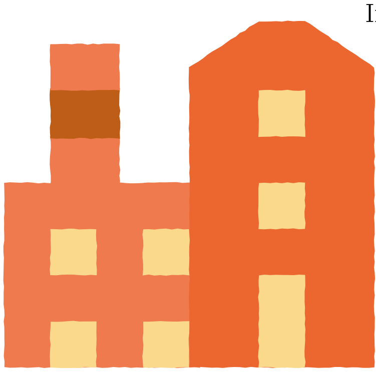
North America is highly dependent on **critical materials** such as lithium, zinc, cobalt and nickel from countries such as China, the Republic of Congo, Chile and Russia.

In 2024, mining represented 5% of GDP in Canada (Statistics Canada), 1.3% in the United States (Federal Reserve Bank of St. Louis), and 3.4% in Mexico (INEGI).

Trade in the **automotive industry** is experiencing double-digit growth.

- In 2023, the production of motor vehicles in North America exceeded 16 million units, marking a notable growth of 21% since the COVID-19 pandemic (International Organization of Motor Vehicle Manufacturers, OICA).
- The automotive industry is the largest component of total trade in North America, representing 22% of USMCA trade.

Investment in infrastructure builds confidence among investors.



Investing in infrastructure drives trade, creates jobs, promotes the development of local communities, and also strengthens the rule of law in the region.

→ Planned and well-managed infrastructure reflects a commitment to transparency, accountability, and compliance with standards and regulations. This instills confidence in investors and ensures that their investments are protected by a solid legal framework.

→ Canada ranks seventh in the international World Bank's Logistics Performance Index, followed by the United States in 17th place and Mexico in 66th place.

→ Within the World Bank's Logistics Performance Index, in the category of **infrastructure quality,** North America has shifted from 10th place to 52nd place globally between 2018 and 2023.

North America needs clean and abundant energy at competitive prices.

→ The transition to clean energy should serve as a platform for the region to meet its emissions reduction goals. The use of natural gas is a part of the process towards energy transition.

→ Excluding natural gas, currently, 24.3% of electricity generation in Mexico comes from clean energy sources (Secretariat of Energy, SENER), similar to the 21.4% in the United States (Energy Information Administration) but lower than the almost 80% in Canada.

North America must be an **innovation** hub.

→ In 2023, the U.S. was the world's fifth-largest high-technology exporter, with Mexico and Canada ranking 15th and 22nd, respectively (World Bank).

The **management of water in the region** is a common challenge, but the countries of North America face different realities.

→ Mexico faces significant water stress, which has worsened in recent years. Canada is one of the countries with the largest water resources in the world. In the United States, the situation must be analyzed from a regional perspective: the southern part of the country has traditionally experienced droughts and high temperatures, while the northeast is at the opposite end of the spectrum.

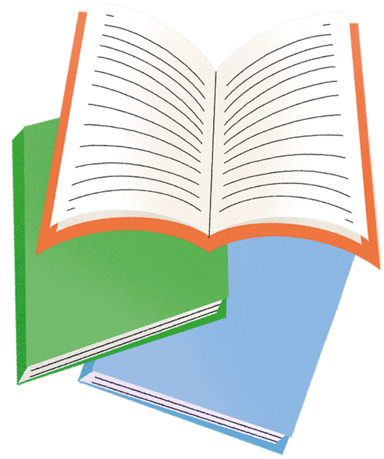
→ In 2021, Mexico had a **water stress** level (freshwater withdrawal in proportion to available freshwater resources) close to 45%, followed by the United States with 28% and only Canada with 3.7%.

→ Chapter 12 of the USMCA (T-MEC/CUSMA) provides the basis for promoting and adopting good practices in the use and care of water, through sectoral annexes.

Labor mobility and talent attraction are crucial for the production and exchange of knowledge in North America.

The region needs a framework for **labor mobility** and **talent attraction** that ensures:

1. Promoting the mobility of skilled labor within the region to meet the labor needs of each of the three countries is essential.
   - Currently, Canada's Seasonal Agricultural Worker Program (SAWP) has a limit of 30,000 visas per year for Mexico.
   - The US grants 66,000 H2-B visas per fiscal year and by 2025 an additional 64,716 were added, the majority of which are reserved for returning workers and citizens of Central American countries (U.S. Citizenship and Immigration Services, USCIS).
   - The number of temporary work visas (Trade NAFTA/USMCA) for the United States issued to Mexicans was approximately 27,317 in 2024 (U.S. Department of State).
2. Offering schemes for training and ongoing education to ensure that workers can upgrade their skills and stay relevant in the face of technological changes is crucial.
3. Promoting the attraction of highly qualified talent.
   - During 2022, the most popular destinations for Mexican students were: Canada in first position, the United States in second and Spain in third (UNESCO).
   - The most common destinations for Canadian students during that same period were the United States in first place, and Mexico is not among the first ten positions occupied by European and Asian countries (Canadian Bureau for International Education).



   - In the case of students from the United States who participated in student exchanges in 2022, neither Canada nor Mexico were among the ten most frequent destinations during that period. Mexico was in the eleventh position in that same period, but in 2023 it fell one position.
   - In the international entrepreneurs category of the OECD talent attractiveness indicator, Canada ranks 3, the United States 8 and Mexico 36.
   - In the potential startup founders category of the OECD talent attraction indicator, Canada is in first position, the United States in second and Mexico does not appear in the registry.
   - In the category of university students within the OECD talent attraction indicator, the United States ranks first, Canada sixth and Mexico thirty-fifth.

GOAL 1.

SHARED PROSPERITY AND JOB CREATION

Mapping Shared Prosperity

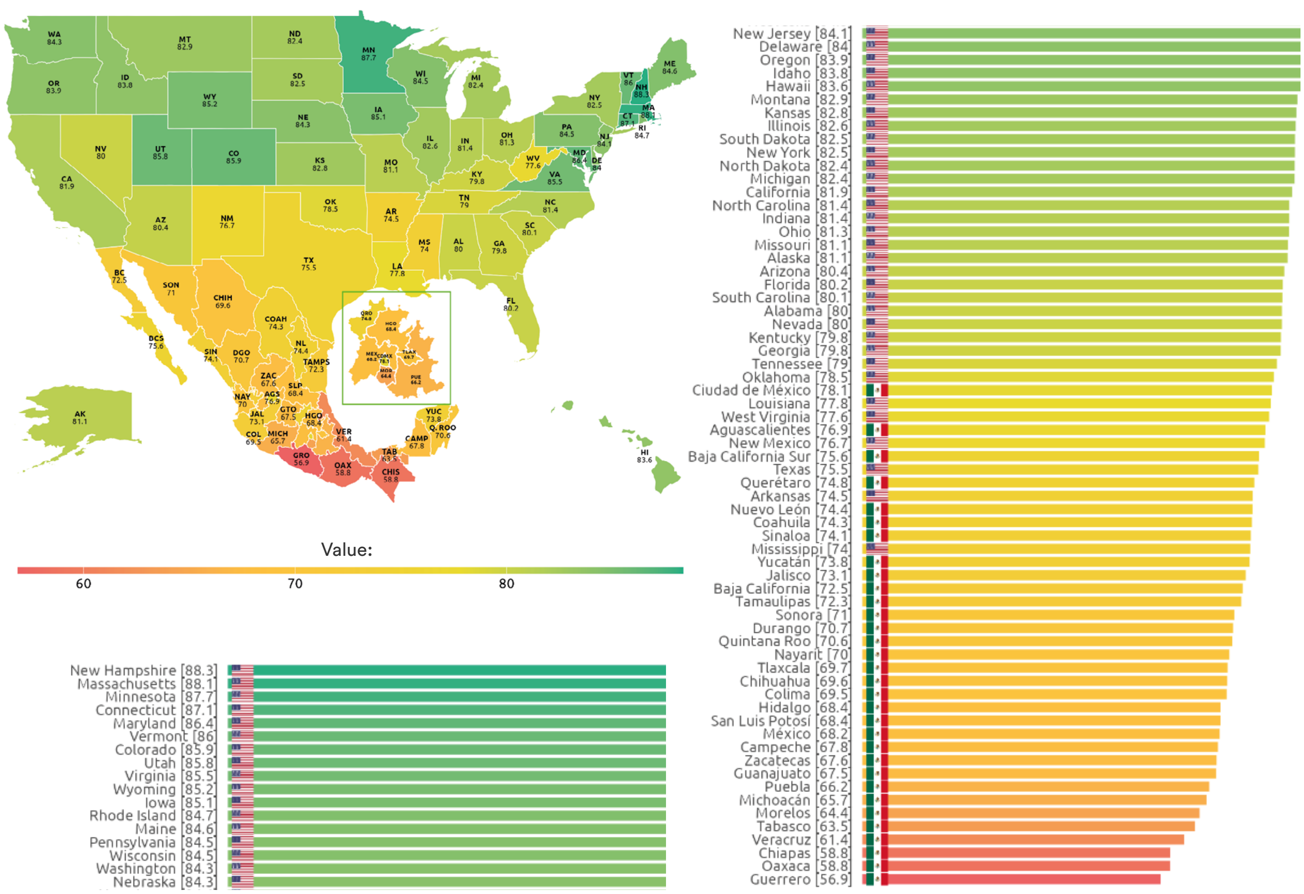
Beyond trade integration, regional integration promotes prosperity...

The **interconnections between the United States and Mexico** extend beyond their commercial interactions, suggesting a deeper **socio-economic confluence** shaped by agreements like NAFTA and its successor, the USMCA.

This integration is **evident in the southern United States and northern Mexico,** where pivotal aspects of societal well-being, encompassing healthcare and education, thrive. This observation serves to depict a multifaceted picture of collective prosperity and regional unity.

Social Progress Index

Social Progress Index USA - Mexico



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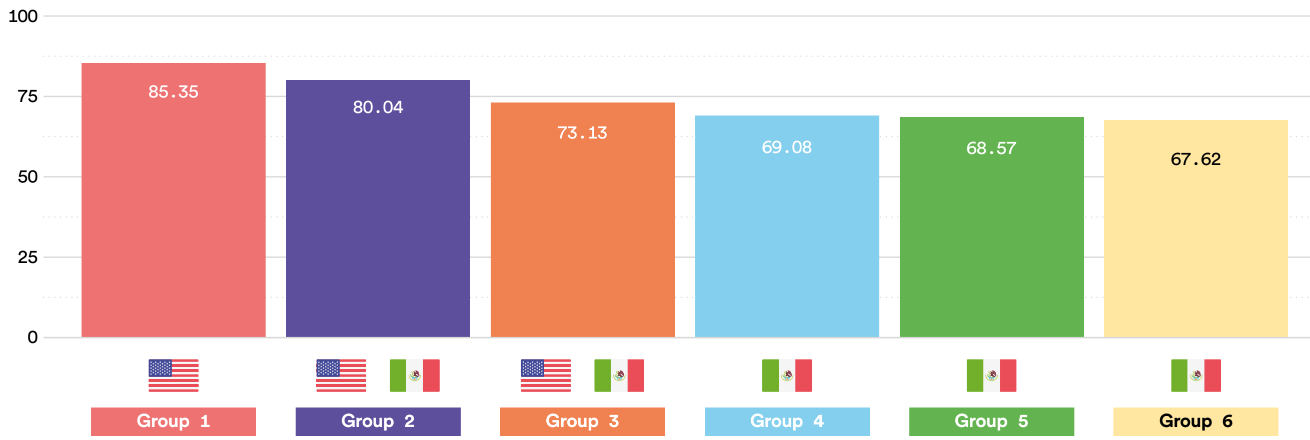
México, ¿cómo vamos?, in collaboration with the **Social Progress Imperative** and **INCAE,** presents the Shared Prosperity Map —a vivid depiction of the interconnected well-being of states across the US and Mexico. Drawing on the comprehensive Social Progress Index data from 2022 for the U.S. and 2023 for Mexico, this map offers an insightful subnational perspective on quality of life beyond economic indicators

Social Progress Index

SPI USA - Mexico



Group 1
New Hampshire
Massachusetts
Minnesota
Connecticut
Maryland
Vermont
Colorado
Utah
Virgínia
Wyoming
Iowa
Rhode Island
Maine
Pennsylvania
Wisconsin
Washington
Nebraska
New Jersey
Delaware
Oregón
Idaho
Hawaii

Group 2
Montana
Kansas
illinois
South Dakota
New York
North Dakota
Michigan
California
North Carolina
Indiana
Ohio
Missouri
Alaska
Arizona
Florida
South Carolina
Alabama
Nevada
Kentucky
Georgia
Tennessee
Oklahoma
Ciudad de México

Group 3
Louisiana
West Virginia
New México
Texas
Arkansas
Mississippi
Aguascalientes
BCS
Querétaro
Nuevo León
Coahuila
Sinaloa
Yucatán
Jalisco
Baja California
Tamaulipas

Group 4
Sonora
Durango
Quintana Roo
Nayarit
Tlaxcala
Chihuahua
Colima
Hidalgo
San Luis Potosí
México
Campeche
Zacatecas
Guanajuato

Group 5
Puebla
Michoacán
Morelos
Tabasco
Veracruz

Group 6
Chiapas
Oaxaca
Guerrero

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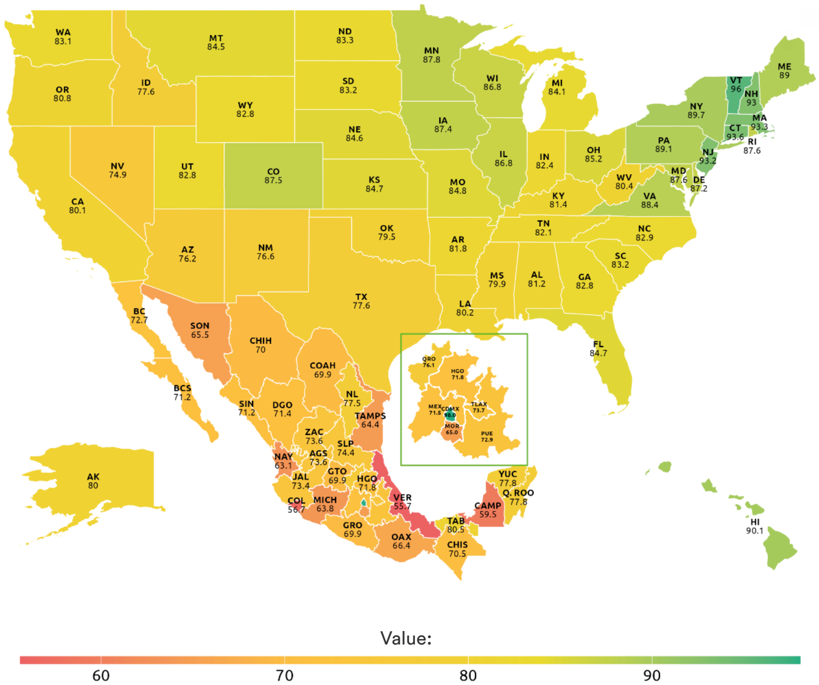
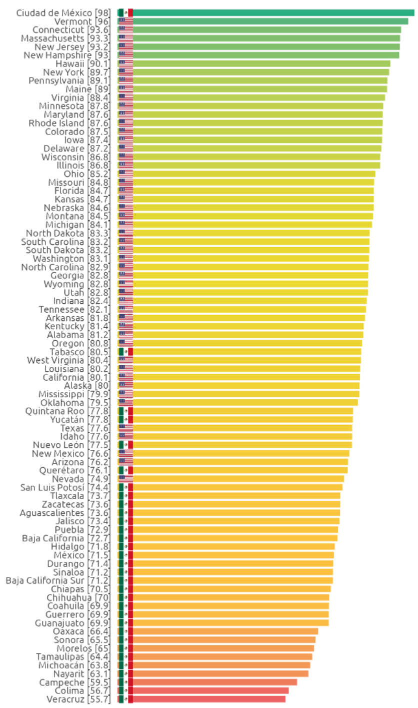
This parity in foundational education and digital connectivity sets a strong precedent for the future, where the digital economy stands out as a prime area for cooperative growth. Leveraging this synergy promises to catalyze well-being and prosperity, illustrating how the interwoven economies of the US and Mexico are poised to flourish in the coming years.

Basic education

Social Progress Index USA - Mexico





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Information and communications

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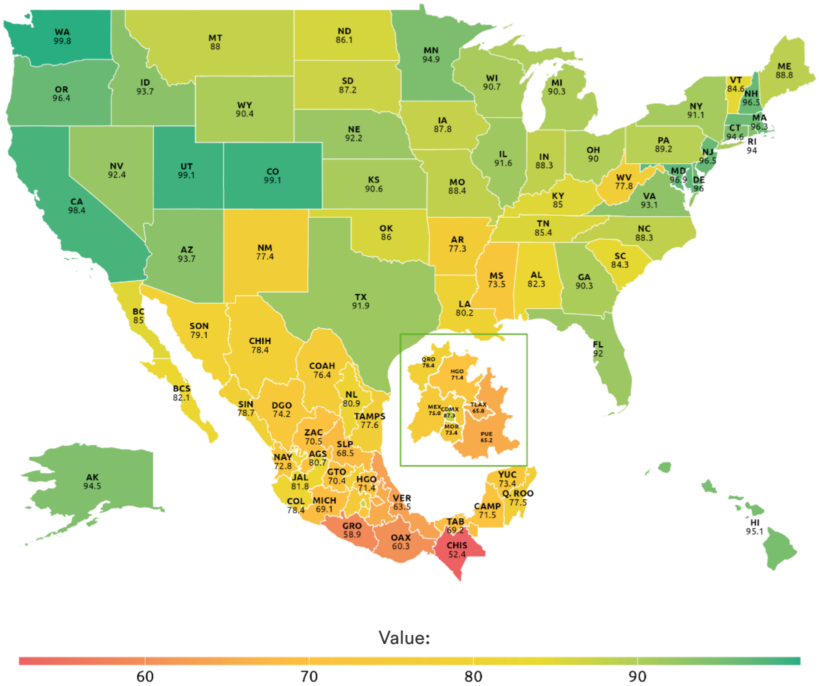

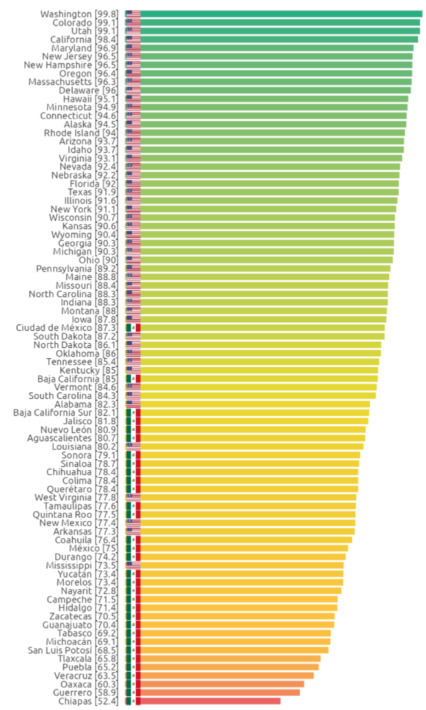

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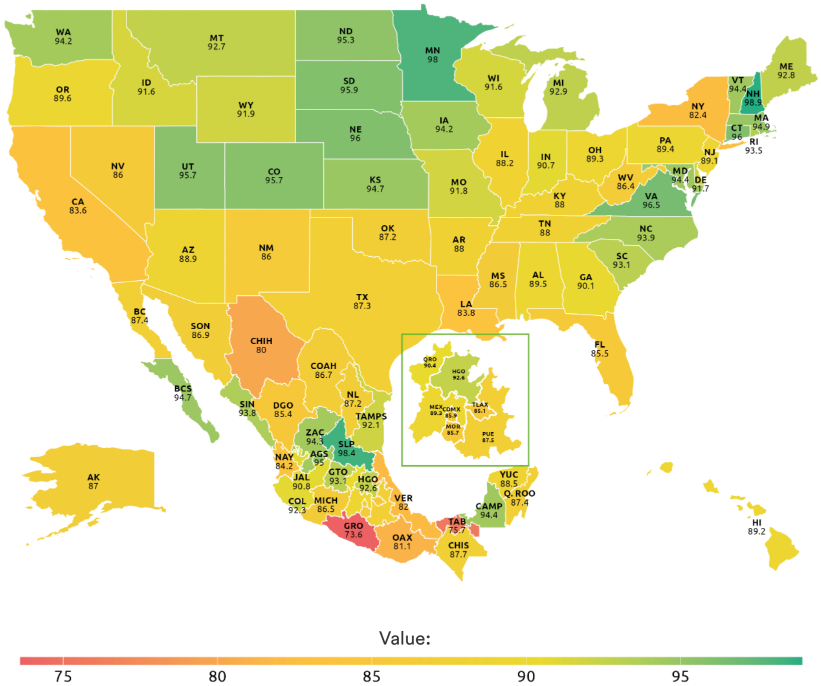
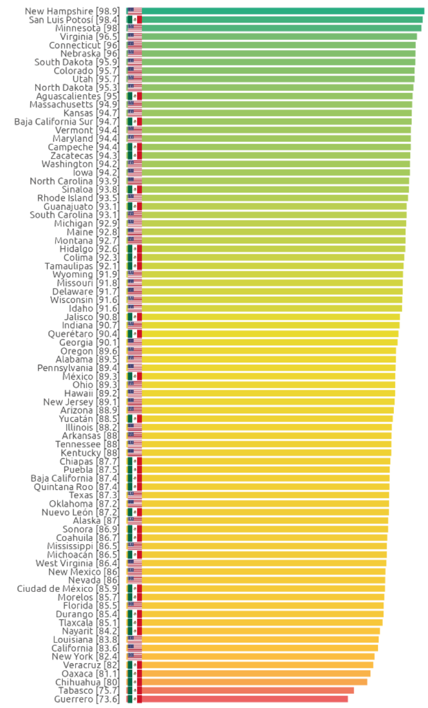
Challenges of the US-Mexico Well-being Map

As the *nutrition and medical care* component map shows, these areas remain a critical challenge but also represent significant opportunities across the U.S.-Mexico region. While there is a spectrum of outcomes, the *Baja Peninsula* in Mexico stands out, showcasing the effectiveness of its health and nutrition strategies. These results reflect a concerted policy effort that may serve as a model for other regions. It is evident that targeted policies can have a substantial impact, as demonstrated by the positive outcomes in the *Baja California Peninsula.* Learning from such successes, it is imperative to adopt and adapt these strategic measures to improve well-being throughout North America.

Nutrition and medical care

Social Progress Index USA - Mexico





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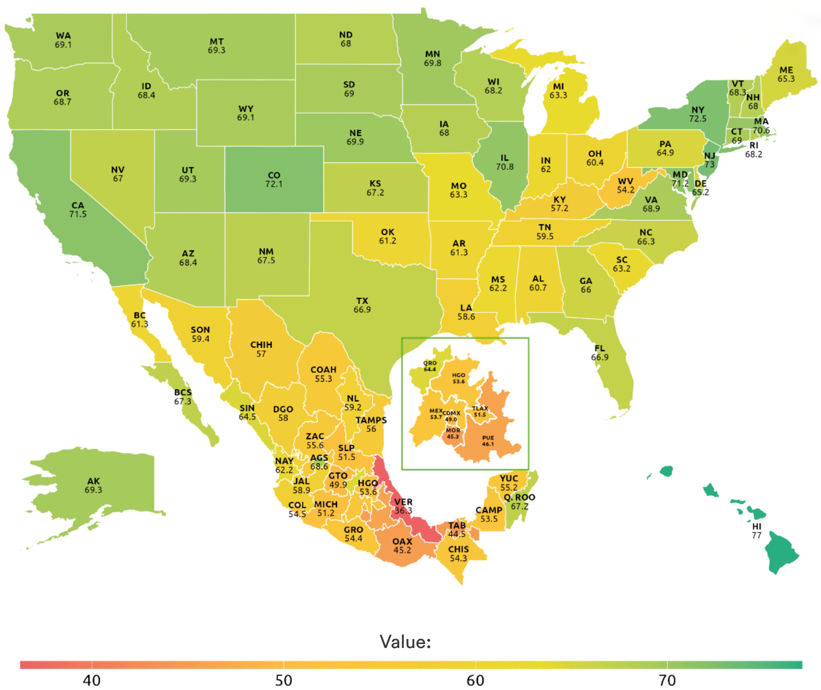
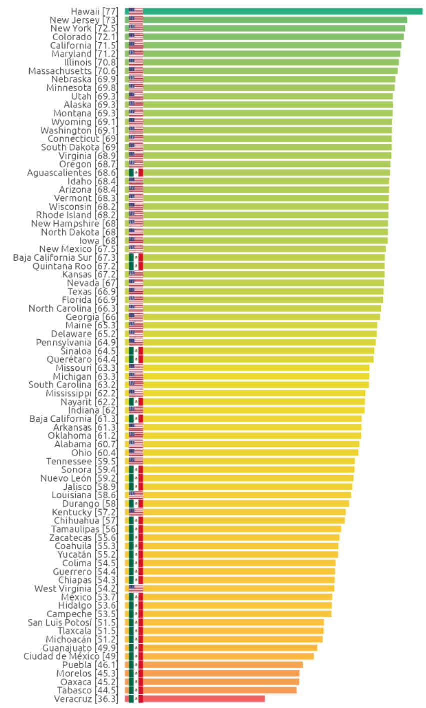
Another challenge is the "Health and Wellness" component that presents a diverse landscape of outcomes. This map offers a visual representation of where states on both sides of the border stand in terms of healthcare services and general well-being. A notable observation is the variability across regions, reflecting the different policy approaches and levels of investment in health infrastructure. While some areas exhibit robust health metrics, others highlight critical needs for improvement. The data serves as a benchmark for policymakers to identify best practices and prioritize interventions that could elevate the health and wellness of the population, thereby contributing to the overall prosperity of the region.

Health

Social Progress Index USA - Mexico





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The comprehensive data reflected in the US-Mexico Well-being Map underscores the undeniable importance of further integration between these neighboring nations. A collaborative approach not only fosters a more prosperous and competitive region but also enhances the quality of life for its citizens. As we consider the varied landscapes of health, education, and digital connectivity, it becomes clear that our shared future hinges on the deepening of these ties. By addressing disparities and building on mutual strengths, the US and Mexico can chart a course towards a dynamic and resilient partnership, one that is capable of meeting the challenges of the future and delivering benefits that resonate across borders.

Mapping Shared Prosperity

GOAL 3.
INTRAREGIONAL AND GLOBAL TRADE

Intraregional

→ The interdependence of the agribusiness markets in North America.

Global trade

→ The technological future is built in North America. USMCA, strengthening resilient supply chains and regional integration

The interdependence of the agribusiness markets in North America

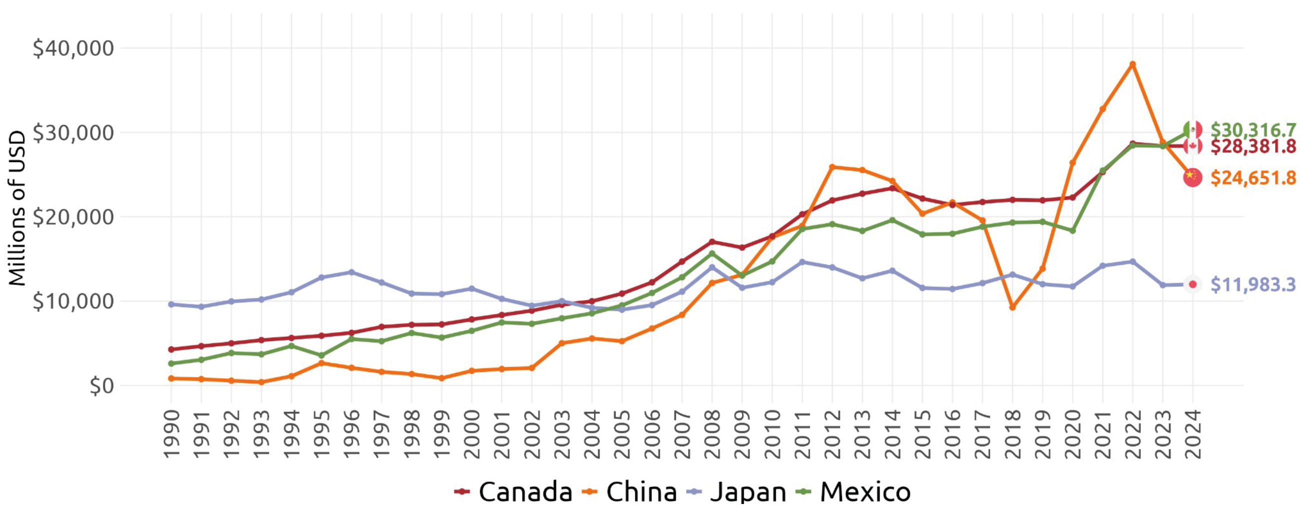
Agro-industrial trade between Mexico, the U.S., and Canada, key to food security thanks to the complementary nature of the region's crops.

Agro-industrial trade in North America, facilitated by the USMCA, plays a key role in the region's food security. Mexico and Canada are the main U.S. agro-industrial trading partners, both in exports and imports, highlighting the complementarity of agricultural products in the three countries.

Mexico, in particular, plays a crucial role in ensuring the year-round supply of fresh fruits and vegetables to the U.S., thanks to its complementary growing seasons. This relationship has become even more relevant following the reconfiguration of U.S. export markets as part of strategies to reduce its dependence on China. In this context, the USMCA partners have been fundamental for U.S. farmers.

U.S. Agricultural products exports by country

Millions of USD, constant 2024 dollars



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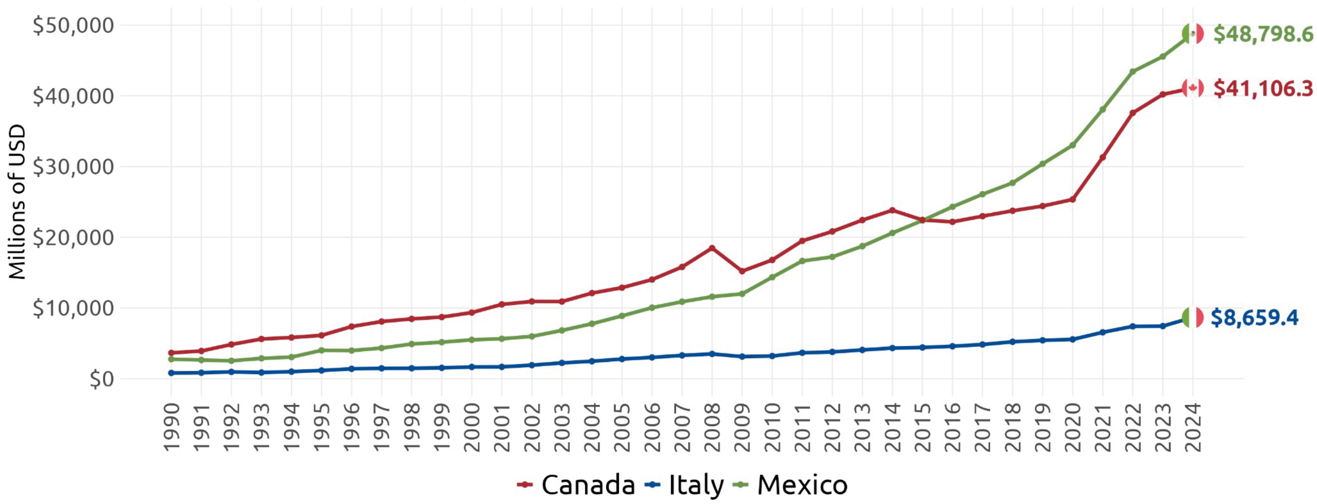
U.S. Agricultural products imports by country of origin

Millions of USD, constant 2024 dollars



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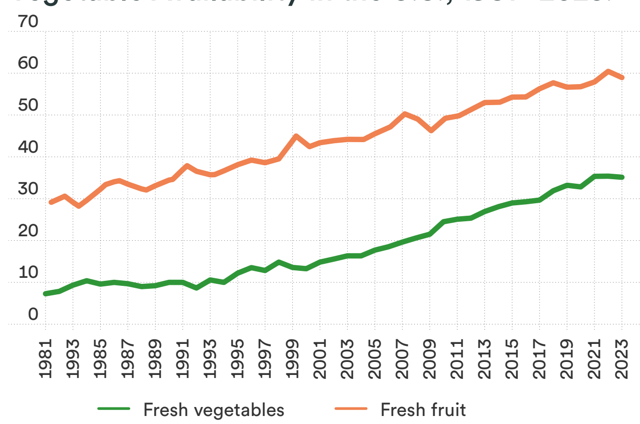
Mexico and Canada, key partners in the U.S. agricultural imports

In 2023, Mexico and Canada supplied:

→ 51% and 2%, respectively, of U.S. fresh fruit imports.

→ 69% and 20%, respectively, of fresh vegetable imports, in terms of value.

Imports as a Percentage of Fresh Fruit and Vegetable Availability in the U.S., 1981 - 2023.



Source: USDA

Graph note: Availability is calculated as production minus exports plus imports and is measured in terms of volume.

Impact of agricultural trade on U.S. employment and economy.

Agricultural jobs

- In January 2025, 2.31 million people were employed in agriculture and related sectors (Federal Reserve Bank of St. Louis, with data from the BLS).
- Between 2012 and 2022, the largest employment gains were seen in crop support services, which grew by 27,500 jobs, marking a 12% increase over the decade (USDA).
- U.S. agricultural exports supported more than 1 million full-time jobs in 2022.

Economic impact

- Every dollar of U.S. agricultural products exported generated a total of $2.09 of domestic economic activity (ERS-USDA).

Agricultural trade in the USMCA region

- U.S. agricultural exports to Mexico consist of grains, oilseeds, and meat. Mexico has been increasingly dependent on importing corn, especially yellow corn, to meet the rising demand from its livestock and starch industries (USDA). Canada, for its part, primarily imports fresh fruits and vegetables, processed products, and pork from the United States.
- Mexico exports to the U.S. and Canada: Fresh vegetables and fruits such as avocados, tomatoes, and berries (USDA). Also, beverages and distilled spirits, such as beer, tequila, and mezcal, which not only boost agricultural trade but also reinforce culinary integration in the region.
- Canada exports to the U.S. and Mexico: Grains such as wheat and canola, in addition to meat and dairy products, strengthening North American agro-industrial integration (USDA).

Tariffs and trade wars, a losing game for U.S. farmers.

Trade disputes have significantly affected U.S. farmers. The 2018–2019 trade war with China imposed tariffs that generated retaliatory measures on their exports, causing substantial losses.

- The federal government had to grant subsidies equivalent to 92% of the tariffs collected to compensate for the losses.
- Only 8% of tariff revenue represented actual net income.
- In 2018 and 2019, the Trump administration allocated $28 billion in compensation payments to farmers affected by Chinese retaliation (Council on Foreign Relations).

Tariffs and trade wars impose higher costs on agricultural producers and affect the stability of agro-industrial trade.

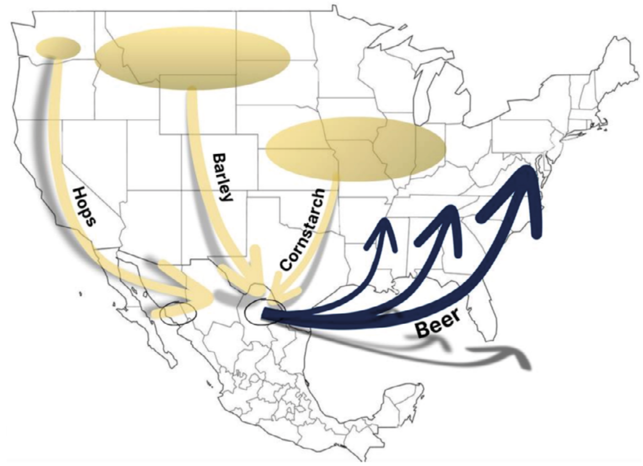
Success story: regional integration of the beer industry

The beer industry exemplifies a binational industry, US producers export key grain inputs to Mexico´s breweries, where they are processed, bottled up, and sent back to the US market for consumption.

- Barley sourced from the US includes significant quantities grown by family farmers in Idaho, Montana, and North Dakota, which is often malted before being shipped by truck and rail to Mexico's breweries.
- Other key inputs include corn starch from farms across the "Corn Belt" of the Midwest and Central Plains, and hops sourced from growers in Washington State's Yakima Valley.
- Breweries in Mexico then ship back the *Corona, Modelo, Pacífico,* and *Victoria* to consumers in the US. In 2022, the US imported $6.88 billion in beer, mainly from Mexico ($5.41 billion).

The bilateral beer trade experience

Brewary supply chain Mexico - U.S.



Source: USDA

The USMCA: key to North American food security and agro-industrial competitiveness

Agro-industrial trade in North America is a strategic pillar for food security, job creation, and the region's economic stability. The complementarity among the USMCA partners ensures the supply of fresh food, strengthens the agricultural sector, and maintains global competitiveness.

However, uncertainty stemming from tariffs and protectionist measures can affect this relationship, increasing costs and reducing opportunities for producers in the region. Promoting policies of integration and trade stability will be key to guaranteeing the resilience of agro-industrial value chains in North America.

The technological future is built in North America. USMCA, strengthening resilient supply chains and regional integration

North America, the world's technological frontier

In recent years, the trend towards regionalization has gained strength following the rise of globalization, driving the reconfiguration of value chains towards final consumption markets and vertically integrating regional supply chains to mitigate geopolitical and ecological risks, and limit exposure to tariffs resulting from trade disputes (OECD, 2017). During Donald Trump's first presidency, measures were implemented to reduce the United States' dependence on China. Meanwhile, the private sector has adopted derisking and decoupling strategies to reorganize its supply chains (McKinsey & Company).

The USMCA presents an opportunity for Mexico, the United States, and Canada to develop vertically integrated value chains (Wilson Quarterly, 2023), reducing dependence on other trade blocs, particularly in the technology sector with Asia. The trade relationship with China remains asymmetrical—unlike intra-USMCA trade, the Asian giant does not purchase U.S. products in proportion to its exports to the U.S. market. In contrast, the U.S. trade deficit with Mexico and Canada reflects the deep integration of North American value chains (Brookings, 2024).

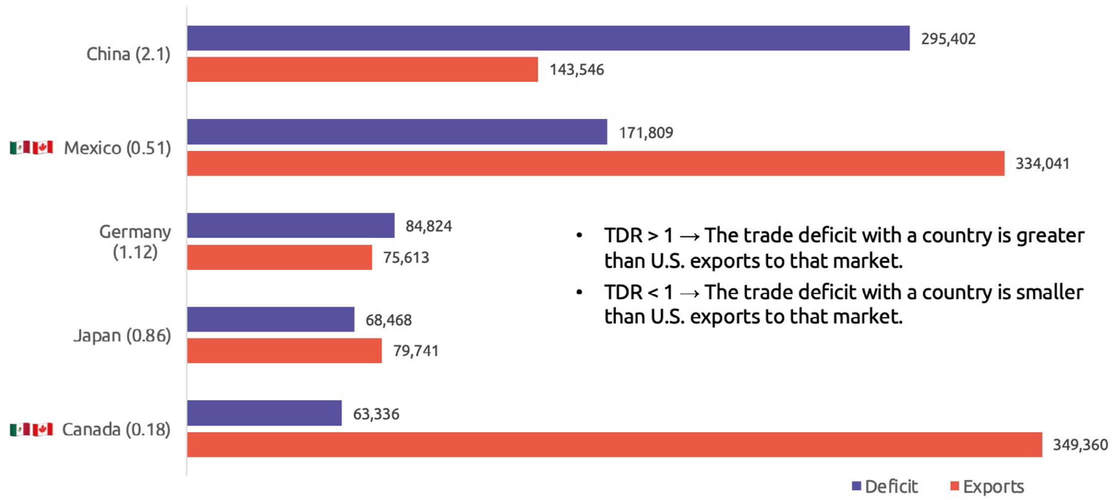
A Congressional Research Service (CRS) report on the U.S. trade deficit and trade policy (CRS, 2018) explains that free trade agreements foster intra-industry trade—the exchange of intermediate goods within the same industry between countries that hold comparative advantages in specific products. In this context, the trade of intermediate goods blurs the distinction between domestic and foreign production, reinforcing regional supply chain integration.

To illustrate North America's trade integration, the trade deficits of the United States' five largest trading partners are presented as a proportion of their exports to each country, using the Trade Deficit Ratio (TDR).

This approach goes beyond the net balance of exports and imports, providing a deeper understanding of bilateral trade relationships. By showing what percentage of U.S. exports to a specific country corresponds to its trade deficit, this metric highlights both the level of integration within supply chains and the importance of each market for U.S. exporters.

Trade deficit, exports, and trade deficit ratio of the U.S. with selected countries in 2024

Million dolars (TDR)



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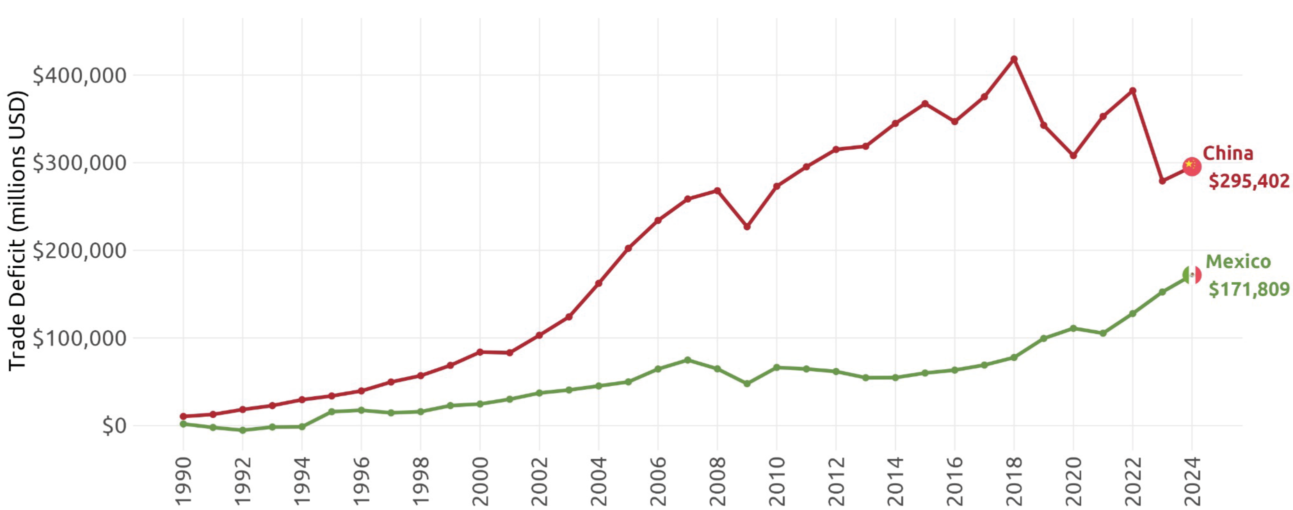
In 2024, the U.S. trade deficit with its USMCA partners amounted to 18 % and 51 % of its exports to Canada and Mexico, respectively, highlighting the deep commercial integration of North America. In contrast, the U.S. trade deficit with China was more than twice the value of its exports to the country, revealing an asymmetrical trade relationship.

US Trade deficits in goods with China and Mexico

1990-2024



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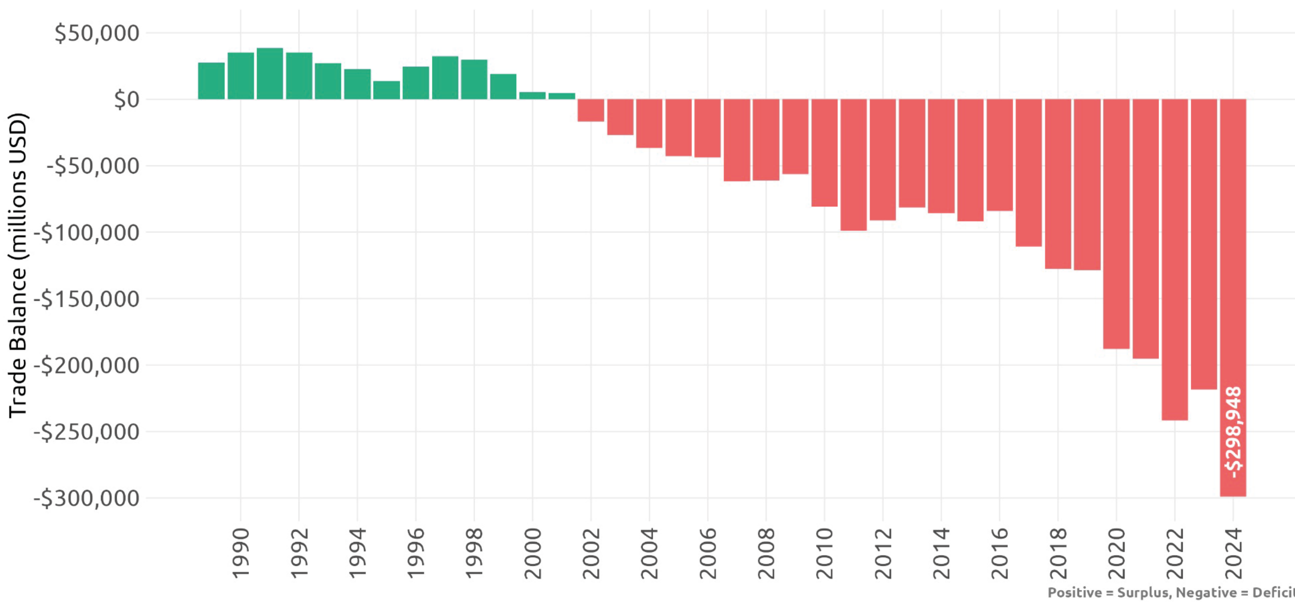
To consolidate resilient value chains and maintain North America's position as the world's most competitive region, compliance with and strengthening of the USMCA are essential (Brookings, 2024).

Building the world's most advanced technological region

The U.S. Department of Commerce publishes the Advanced Technology Products (ATP) trade balance, which shows that since 2002, the United States has transitioned from a net exporter to a net importer of technology.

US Trade balance in advanced technology products

(ATP code 0007)

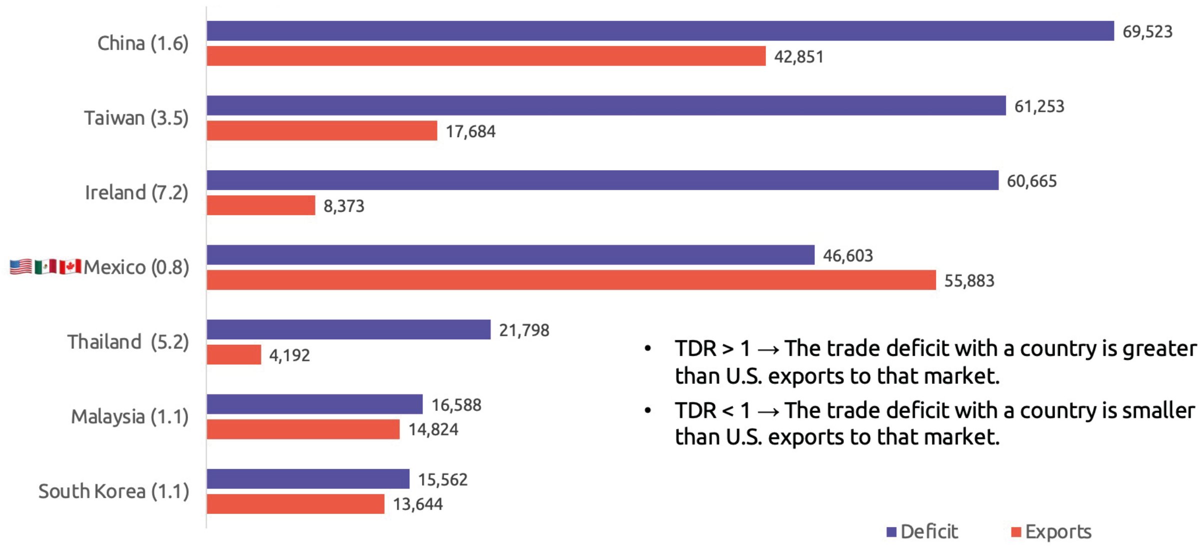


Made by México, ¿cómo vamos? with information from the U.S. Department of Commerce

Within U.S. **advanced technology products** trade worldwide, the total deficit of (-)$298.9 billion in 2024 can be analyzed by trading partner and technology product category.

Trade deficit in advanced technology products, exports and trade deficit ratio of the U.S. with selected countries in 2024

Million dollars (TDR)



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Seven countries account for 98% of the U.S. trade deficit in advanced technology products. China leads with 23%, followed by Taiwan and Ireland, each with 20%. Mexico, the United States' top trading partner and its largest export market in this category, ranks fourth, representing 16% of the deficit. The list is completed by Thailand (7%), Malaysia (6%), and South Korea (5%).

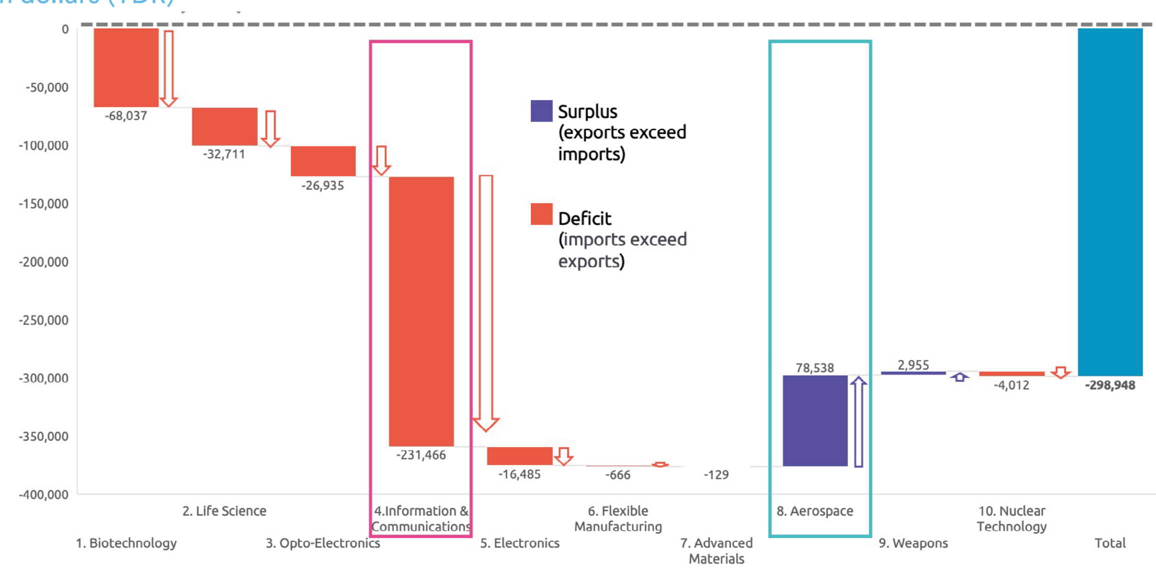
Unlike the other countries on this list, Mexico is the only advanced technology trading partner that purchases more U.S. inputs in this category than the value of its deficit. In other words, Mexico and the U.S. engage in a significant two-way trade in advanced technology products: for every $100 Mexico exports to the U.S., the U.S. exports $54 back to Mexico. This underscores North America's deep productive integration and its role in value-added manufacturing, strengthening the region's capacity to become a net exporter of technology to the world.

The Advanced Technology Products (ATP) trade balance is composed of 10 categories

ATP 1	**Biotechnology** (Genetics, hormones, new pharmaceuticals)	**ATP 6**	**Flexible Manufacturing** (Advances in robotics and industrial automation)
ATP 2	**Life Sciences** (Scientific advancements applied to medicine)	**ATP 7**	**Advanced Materials** (Semiconductor materials, fiber optics, video discs)
ATP 3	**Opto-Electronics** (Scanners, solar cells, photosensitive semiconductors)	**ATP 8**	**Aerospace** (Civil and military aircraft, turbine engines)
ATP 4	**Information & Communications** (High-capacity data processing products, radars, satellites)	**ATP 9**	**Weapons** (Military applications, bombs, launch rockets)
ATP 5	**Electronics** (Electronic components, integrated circuits)	**ATP 10**	**Nuclear Technology** (Nuclear energy production devices, reactors, and their components)

Composition of the U.S. advanced technology products trade balance

Million dollars (TDR)



Made by México, ¿cómo vamos? with information from the U.S. Department of Commerce
Graph note: The decomposition of the U.S. advanced technology products trade balance deficit represents the net balance of each of the ten categories. Deficits (when imports exceed exports in a specific category) and surpluses (when exports are greater than imports in a category) are graphed.
The total balance of the U.S. advanced technology products deficit, which reached (-) $298.9 billion dollars in 2024, is reduced by the surpluses in categories ATP 8. Aerospace and ATP 9. Weapons.

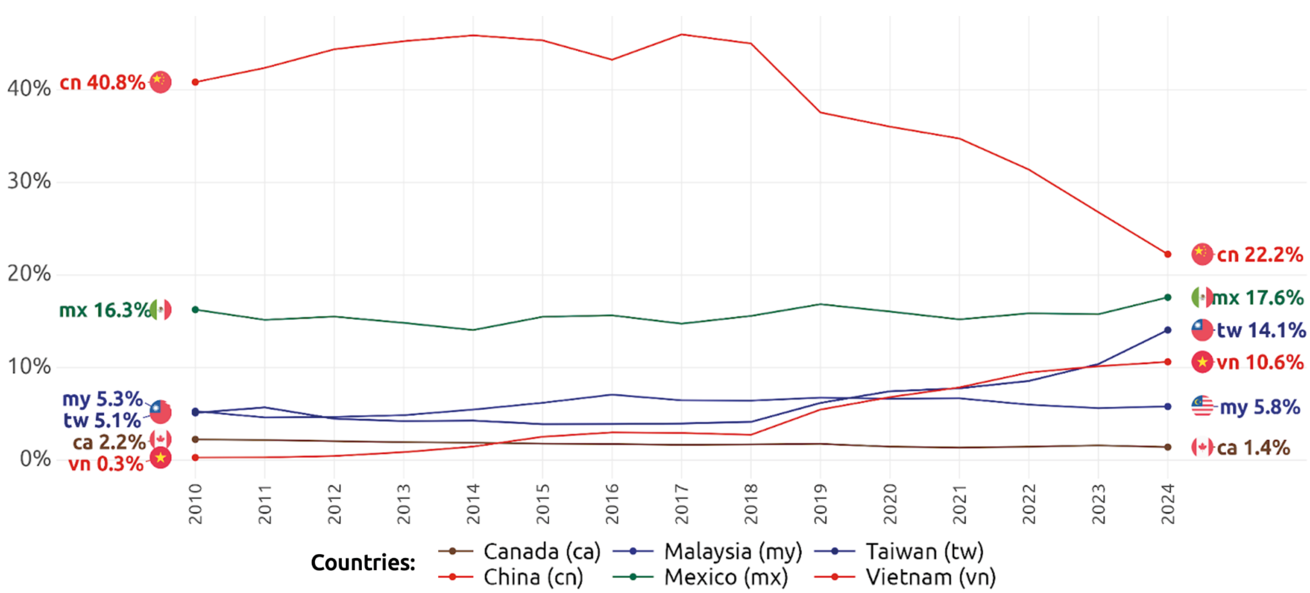
Within the U.S. trade balance for Advanced Technology Products (ATP), two categories stand out for their significant impact on the deficit: ATP 4 – Information & Communications and ATP 8 – Aerospace. The category ATP 4 accounts for 77.4 % of the total trade deficit, with a negative balance of (-)$231.5 billion. China is the top supplier, contributing to a (-)$97.6 billion deficit. Taiwan follows with (-)$57.9 billion. Mexico ranks third, with a (-)$34.8 billion deficit in this category. On the other hand, ATP 8 – Aerospace is the only category with a significant trade surplus within the U.S. advanced technology trade balance. However, the U.S. remains in deficit across most categories.

Information technology in the USMCA region

To strengthen resilient value chains in information and communications technology (ICT), it is essential to develop a robust regional supply network within the USMCA. An analysis of the origin of inputs in subsectors 334 (electronics) and 335 (electrical equipment), based on the North American Industry Classification System (NAICS), helps identify strategic trends and needs. This approach is key to fostering deeper productive integration within the region, reducing reliance on external inputs, and enhancing the competitiveness of North America's digital economy.

Share in the U.S. imports

NAICS 334: Manufacturing of computer equipment, measurement devices, components and electronic accesories



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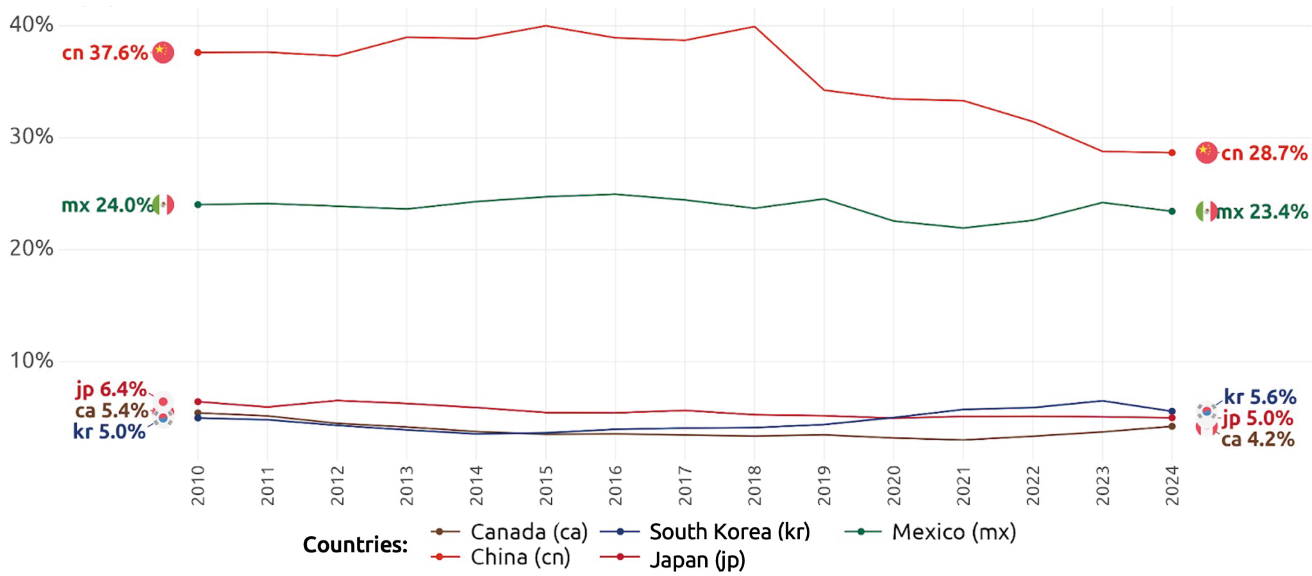
Share in U.S. imports

NAICS 335: Manufacturing of accesories, electrical appliances and electric power generation equipment



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The strategic importance of USMCA in the aerospace industry

The significance of USMCA partners extends beyond their role in supplying key inputs—they are also critical export markets and consumers. A prime example is ATP 8 – Aerospace, the only Advanced Technology Products category where the U.S. maintains a trade surplus, underscoring its comparative advantage as an exporter in this sector.

Additionally, 94% of U.S. aerospace product imports come from Canada, highlighting the depth of regional integration and its essential role in U.S. aerospace industry competitiveness.

Top trade partners in ATP8 - Aerospace (million USD)

Net buyers *(U.S. exports more than it imports)*	**Net sellers *(U.S. imports more than it exports)***
China: $10,708,339,542	**Canada:** (-) $4,671,876,390
Brazil: $8,271,632,517	**Sweden:** (-) $140,190,810
Singapore: $5,749,032,870	**Russia:** (-) $109,825,084
United Kingdom: $4,796,385,286	**Austria:** (-) $30,743,380

Made by México, ¿cómo vamos? based on U.S. Census Bureau data.

These figures reflect how USMCA regional integration enhances U.S. aerospace industry competitiveness.

North America as a global technology leader

North America has the potential to become a global technology hub, driven by integrated value chains and productive complementarities under the USMCA. The region's strength lies in combining innovation, investment, and intra-industry trade, enabling the production of high-value goods while reducing dependence on external inputs. In strategic sectors such as information and communications technology (ICT) and aerospace, regional integration has been a key driver of competitiveness and global positioning.

The USMCA not only provides a framework that facilitates trade, but also creates an environment that fosters innovation and technological development, reinforcing the resilience of supply chains. The ability of USMCA countries to adapt to economic and technological transformations will be crucial to maintaining their global leadership. Strengthening regional supply networks in key sectors will ensure that North America remains the most competitive region in the world.

GOAL 4. SECTORAL, STRATEGIC, AND INFRASTRUCTURE INVESTMENTS

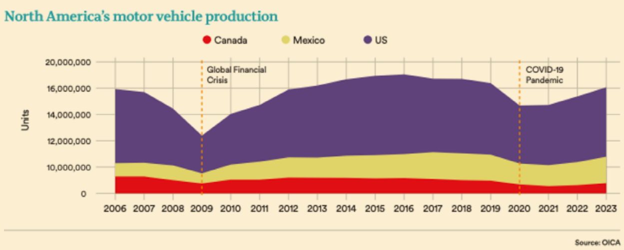
Sectoral and strategic investment: Foreign Direct Investment (FDI) as a growth catalyst.

→ The success of the auto industry

Driving North America forward. The rise of the auto industry

North America auto industry by numbers

The auto industry is the largest component of total North American trade (22% of the USMCA trade, USTR).



In 2023, North America's motor vehicle production reached over 16 million units, marking a remarkable 21% growth since the COVID-19 pandemic.

Driving the economy | Jobs

- **United States:** The auto industry employs 9.7 million people directly and supports an additional 11 million jobs through its vast supply chain (2024, USTR).
- **Mexico:** With 1 million direct jobs, the industry influences a staggering 20 million jobs across multiple sectors, demonstrating its broad economic reach (2024, AMIA).
- **Canada:** The industry accounts for 462,000 direct and indirect jobs, playing a crucial role in the country's economy (2023, StatCan).

How it started?

The integration of the North American auto industry began in the early 20th century, led by the expansion of the Ford Motor Company. In 1903, Ford revolutionized car production in the U.S. with the introduction of the assembly line, making automobiles affordable for the masses. In 1904, Ford expanded into Canada, establishing its first international subsidiary in Windsor, Ontario, just across the river from Detroit.

Following Ford's lead, General Motors and Chrysler—the other members of the Big Three automakers—also established a significant presence in both the U.S. and Canada. This development laid the foundation for Motor Alley, a region stretching from the Great Lakes to the Gulf of Mexico, where a cluster of automakers and suppliers thrived. Detroit's proximity to Canada played a crucial role in cross-border industrial development

Meanwhile, Mexico followed a different path. In 1925, Ford opened its first assembly plant in Mexico, but the government's policy of import substitution kept the Mexican market closed to foreign competition. As a result, Mexico's auto industry focused primarily on local demand, resulting in smaller-scale production, higher costs, and lower-quality vehicles.

NAFTA: Shifting gears toward integration

The turning point for the North American automotive industry came with the implementation of the North American Free Trade Agreement (NAFTA) in 1994. NAFTA fundamentally reshaped the industry by eliminating trade barriers and tariffs between the U.S., Canada, and Mexico, creating a unified market. For the first time, Mexico became fully integrated into the North American auto supply chain, transforming from a relatively isolated player to a key hub for auto parts production.

In the U.S. and Canada, the Great Lakes Corridor, from Michigan to Ontario, remained a dominant center for vehicle production, while Mexico's Bajío Corridor became a major hub for global automakers. The US-Mexico border, particularly the El Paso-Juárez and Laredo-Monterrey corridors, facilitated rapid cross-border trade. Crucially, auto parts often cross the borders of the three countries multiple times before final assembly, illustrating the deep integration of the North American supply chain. In some cases, a **car's components may cross the borders as many as eight times before becoming a finished vehicle**[1].

From NAFTA to the USMCA opportunity.

Shared prosperity through labor rights and regional content requirements

One of the major shifts from NAFTA to the USMCA is the emphasis on labor rights and worker protections. The USMCA includes provisions aimed at improving labor conditions, particularly in Mexico. A key update is the requirement that 40% to 45% of auto content must be made by workers earning at least $16 per hour. This measure is designed to create more wage parity across the region, supporting higher labor standards and discouraging the outsourcing of jobs to lower-wage regions[2].

Additionally, the USMCA mandates reforms to Mexico's labor laws to protect workers' rights to organize and form unions. These changes aim to ensure that Mexican workers can freely negotiate for better working conditions, aligning the country with U.S. and Canadian labor standards.

Another key feature of the USMCA is the increase in regional content requirements. Under the new agreement, 75% of a vehicle's components must be sourced from North America, up from 62.5% under NAFTA. This change is intended to promote local manufacturing and reduce dependency on parts from outside the region, further deepening the integration of the North American auto industry. Moreover, 70% of the steel and aluminum used in vehicles must originate from North America.

Driving innovation

The shift from NAFTA to USMCA comes at a critical time for North America's auto industry, driven by the rise of new technologies such as electric vehicles (EVs), hybrids, plugging hybrids and hydrogen solutions. As climate change reshapes priorities, North America is well-positioned to lead this transformation by leveraging its integrated supply chains and shared expertise.

Automakers in the U.S., Mexico, and Canada are ramping up EV and hybrid production, creating new jobs in battery manufacturing, assembly, and infrastructure. Hydrogen technology, particularly for long-haul transport

1 Congressional Research Service (CRS). 2021.USMCA: Motor Vehicle Provisions and Issues. United States Government

2 Gantz, David A. 2019. The United States-Mexico-Canada Agreement: Tariffs, Customs, and Rules of Origin. Baker Institute Report no.02.21.19. Rice University's Baker Institute for Public Policy, Houston, Texas.

and heavy machinery, also presents a significant opportunity for innovation.

Maximizing the potential of these technologies depends on the resilience of North America's supply chains. The USMCA fosters stronger regional cooperation, reducing reliance on external suppliers and mitigating global risks, positioning the region at the forefront of the future of mobility.

GOAL 5.

LABOR MOBILITY AND TALENT ATTRACTION

Unlocking North America's potential: human capital integration through the USMCA

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 healthcare and manufacturing, with growing 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 example, Mexico's demographic dividend, with a median age of 29 years, represents a valuable asset for the entire region. To seize it, 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 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. It is a call 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

Earl Anthony Wayne
Distinguished Diplomat in Residence, School of International Service, American University; Mexico Institute Board Co-Chair, Wilson Center
@EAnthonyWayne

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

Tony Payan
Director, Center for the U.S. and Mexico at Rice University's Baker Institute
@PayanTony

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

Brenda Estefan
International Relations Speaker and Consultant, International Political Environment Professor at IPADE, and Reforma newspaper columnist.
@B_Estefan

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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CEO, México, ¿cómo vamos?
@Sofia_RamirezA
Text prepared by the author based on Hazel Blackmore's participation in the Forum "Immigration on the Road: Labor Mobility in North America."

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.

Talent in North America: A Competitive Edge

Luz María de la Mora
Director, Division of International Trade and Commodities at UNCTAD
@luzmadelamora

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

Luis de la Calle
Director and Founding Partner, De la Calle, Madrazo, Mancera (CMM)
@eledece

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

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

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.

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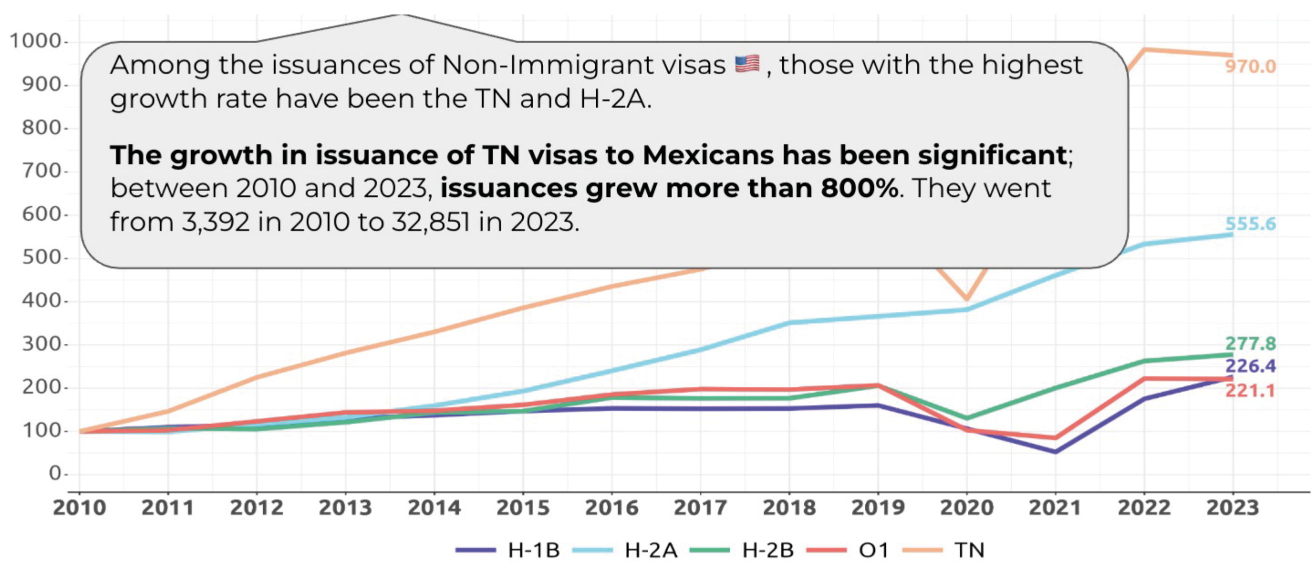
The current labor shortage in the United States is linked to a decrease in immigration from countries like Mexico. Expanding the use of TN visas and broadening the list of eligible occupations could help alleviate this issue. However, the complexity of overhauling the U.S. immigration system remains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

Non-inmigrant visas issuances

Period between 2010-2023 (index, 2010 = 100, yearly)



Prepared by José Iván Rodríguez Sánchez with data from Bureau of Consular Affairs

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

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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

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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?

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

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.

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

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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.

Unlocking North America's potential

NORTH AMERICA'S FIRST WORLD CUP: BEYOND TRADE INTEGRATION, CULTURAL INTEGRATION.

Fútbol and regional identity: making the concept of North America tangible

By Amy Glover[3]
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- The 2026 North America World Cup, a worldwide celebration en nuestra casa, is a once in a lifetime opportunity to embrace a **regional identity** that absolutely everyone can be proud of.
- Ensuring that the 2026 World Cup is a catalyst for a **North American identity** requires **vision, action** and **funding.**
- Let's spur its potential to create a lasting affirmation of a **vibrant and inclusive North American identity!**

The countries of **North America** have become economically integrated over the last thirty years, but the concept of a **regional identity still remains elusive.** We need to find new ways to transition from the policy discussions centered in Washington, DC, Mexico City and Ottawa to strategies that help c**onvince all of our citizens that by working together on the thorniest issues of the day, our countries are better off together.** When the global sport of *fútbol* – or soccer – takes center stage during the upcoming North America World Cup in 2026, it might just provide us with a way to establish a more emotional connection to our neighborhood.

Over the last several years the world has moved away from multilateral-based solutions toward greater regionalization. No doubt geopolitical tensions – armed conflicts in the Middle East, Ukraine, the strained relationship between the US and China, and a global trend toward polarizing politics – have fueled this dynamic.

Today Mexico, the US and Canada together represent 29% of world GDP and have substantial competitive advantages in areas such as energy, water, minerals and food security. What we lack, however, is **a more holistic vision of how to work together to build sustainable, prosperous and healthy societies.** Our challenge is organizational and cultural. Establishing ambitious efforts to find common solutions for shared problems is both wise and pragmatic, but national politics and parochial prejudice too often get in the way.

It is within this complex context that in 2026 the North American nations will jointly host the first ever regional World Cup. *Fútbol,* the "beautiful game," is the most popular sport on Earth, and it is also now a common sport between the three countries, with the US and Canada increasingly giving Mexico a run for its money on the pitch.

This worldwide celebration, *en nuestra casa,* is a once in a **lifetime opportunity** to build a political and cultural vision that can sustain the economic reality from the bottom up, allowing us to **embrace a regional identity that absolutely everyone can be proud of.**

3 Economist and political scientist, expert in U.S.-Mexico bilateral relations, North American citizen, and Mexican by choice.

Achieving this goal will require vision, action and funding. So let's get moving!

To take this **quantum leap in cultural identity,** however, we need to act now to **establish the narrative** and the concrete actions that will allow our connections and affinities to visibly shine. **Mexico, the US and Canada share** more than we often recognize: **art, sports, music, culinary traditions and family ties** do not stop at the border but are fused in a jazz-like synergy that can be the background tones of the celebration of competitive football.

Ensuring that the 2026 World Cup is **not just another massive sporting event,** but a catalyst for a **regional shift in thinking will require vision, commitment, and resources.**

The many organizations gathered within the NorthAmericanProject.com and at the North Capital Forum in Mexico City to exchange ideas on regional challenges can offer guidance on how to make the most of this rapidly approaching moment.

With proactive steps, we can transform this quadrennial celebration into a **lasting affirmation of a North American identity** that is vibrant, inclusive, and worthy of pride.

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