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MAKING NORTH AMERICA A PRIORITY

Alan Bersin

Catalyzed by NAFTA in the 1990's, North America emerged as a reality before Robert Pastor articulated "The North American Idea" in his widely read book. While centered in Mexico, Canada, and the United States, however, the North American Region should ultimately reach from Colombia to the Arctic and from Bermuda to Hawaii, a much broader region that Pastor originally envisioned.

Collectively, this continental and maritime bloc is endowed with unparalleled comparative advantages focused at the U.S., Canadian, and Mexican core: a half billion people with distinctly

favorable demographics; economies that generate 30 percent of global goods and services; shared production platforms with robust trade flows of more than a trillion dollars annually (17 percent of global commerce); a shared (if imperfect and now threatened) commitment to democracy and the rule of law; trade-friendly demilitarized borders; 100 percent energy independence within reach; a huge natural resource base, even beyond hydrocarbons and renewable energy sources, including enormous navigable rivers and copious amounts of arable land; and unimpeded access to the Atlantic, Pacific and Arctic Oceans.

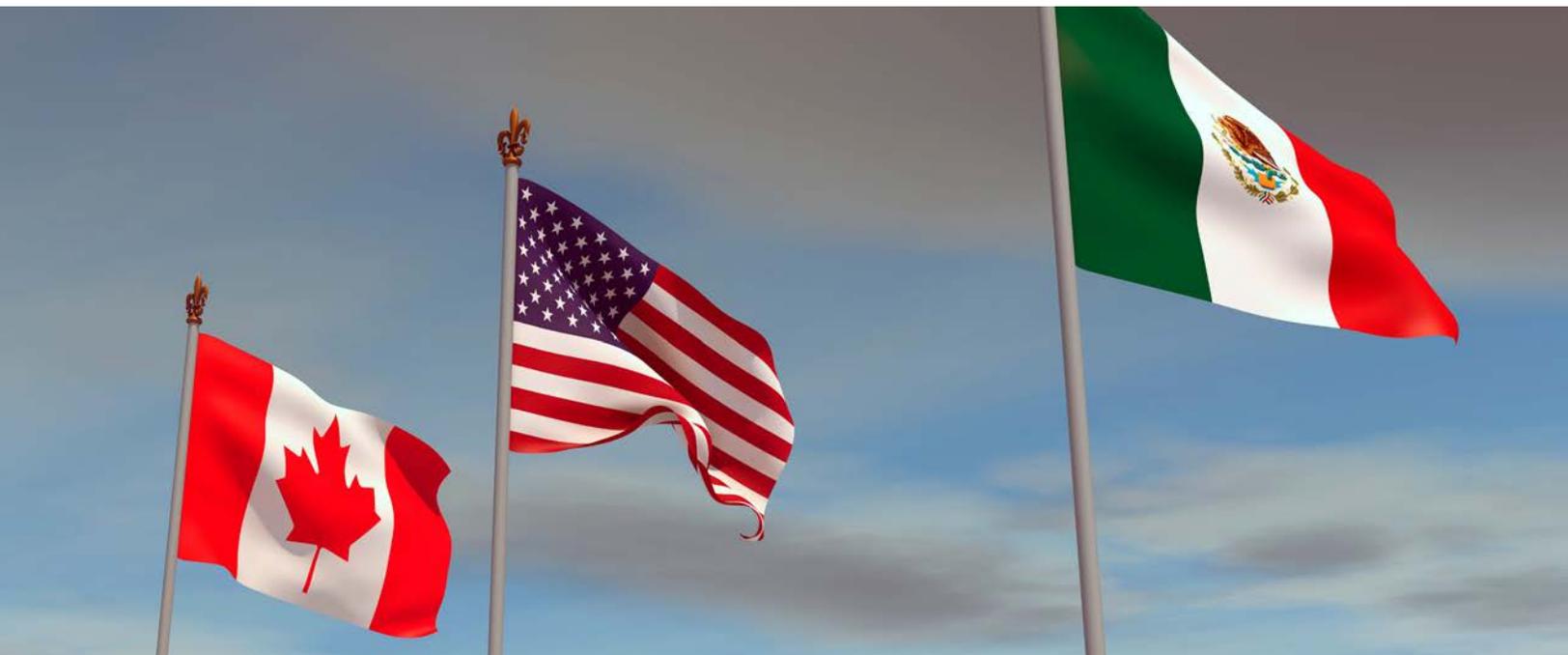


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Notwithstanding this dazzling array of assets, North America has appeared consigned to (Brazil's fate) of "being the region of the future and it always will be."

In Europe, Jean Monnet conceived of the Common Market to prevent once-incessant conflict in western Europe and boost its economic development in the wake of WWII. The European Communities and now the European Union, has been driven by governmental and intergovernmental cooperation and coordination and the establishment of extra-national bureaucracy from the outset.

However, North America has arisen largely despite official inaction and indifference. The US-Mexico-Canada regional relationship grew organically through the business community's creation of a shared continental production platform: the three countries do not engage in "foreign trade" with one another so much as they make things together. Indeed, while NAFTA provided a legal framework, it was the private sector that created the cross-border trade of over \$2 million a minute between the three countries.

Absence of political will has been the Region's bane. Senior leadership, as [Rich Sanders](#) has noted, does not perceive North America as a talisman of governing success. To the contrary, readily exploitable sensitivities (three sovereignties, three cultures and languages, and three currencies) have rendered the "North America idea" a regular source of critical populist agitation. North America keeps giving economically, but politically it remains a vulnerable target.

Despite its checkered history, now is a propitious time to reassess strategy for getting North America the attention it deserves. The accelerating splintering of the last generation's world order evident in the re-emergence of great power rivalry —highlighted by Russian aggression in Ukraine and China's pivot away from the West — presents this opportunity.

These developments, coming on top of a stubborn pandemic, have put an end to Globalization 1.0, thrown global supply chains into disarray, and ignited a frantic search for supply chain visibility

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among government regulators and the regulated private sector alike. The result is a dramatic rush to near shoring of production capacity on both ends of the geopolitical spectrum. The next stage of globalization and world trade — Globalization 2.0 — remains to be defined.

Garnering credibility for North America in this context suggests a narrow not a broad focus. We should avoid, in articulating a way forward, using phrases (alarming to many) like “regional integration,” and resist the perennial siren call for a comprehensive regional agenda encompassing everything from the environment and the arts to cybersecurity and trilateral governance.

Instead of seeking the whole enchilada, we should concentrate on the foundation underlying North America in the first place: it’s the economy, s*****! Even President Trump understood the candy this piñata yields and, with Robert Lighthizer’s skillful help crafted a credible NAFTA update (even though each country gave it a different name – USMCA, CUSMA, TMEC). The point here is to preserve, bring back, and add to the North American marketplace jobs that otherwise will be lost, and ensuring energy resilience for the future.

How often do we need to remind Americans that 12 million American jobs are supported by trade between the US, Mexico and Canada.

If this is right, then a prospective agenda for North America should not be designed by bureaucratic concoction. Instead, going not wide but deep, it should embody, as [Chappell Lawson](#) has long urged, the requirements of growing and enhancing the shared North American production platform, whose business logic and results have propelled the regional concept from the beginning and has been at the core of the support it has generated.

From this perspective, three sets of issues deserve priority:

- 1. Cross-Border Mobility of Goods and People.** Significant progress has been achieved over the last generation in expediting lawful travel and trade across the northern and southern U.S. borders. But the current status of trade facilitation remains a fraction of what needs to be done and is doable. Enlisting time and space, and big data – and the information technology now available to knit them together – holds out the promise of continental pre-clearance. Security, customs, and compliance inspections should be done on the factory floor, not at the borderline. Cross-border efficiency could pave the way to regulatory coherence, enhanced competitiveness and, in due course, to the [Schengen-like](#) border environment we need. North America has piloted collaborative border management; it should deepen that approach and become the bellwether of “ports of the future” — first at the core and then over time outward to Central America and the Caribbean.
- 2. Harmonized Energy System.** Energy independence—the ability to do work on your own power — is a laudable objective. But it can be achieved only on a continental basis. Increasingly, we share electric grids in the northwest and southwest regions of the United States with Canadian provinces and Mexican states. The same good sense commends itself both to a strategic approach to hydrocarbons and a rational transition to their replacements. Building energy independence inside out from the requirements of the shared production platform already in existence in North America seems best calculated to accelerate its occurrence. This is not the policy approach of the current government in Mexico, but it is one that hold the most promise of successful results in the long run.
- 3. Human Capital and Workforce Development.** Ever the stepchild on the agenda —always



present and never implemented— concerted development of North America’s human capital is [crucial to its future prosperity](#). The principal need here is for reliable data identifying what businesses in the three countries concretely require for their future workforce — and a plan to get there through training, education, and professional development. While this objective may be the most difficult to accomplish of the three priorities proposed here, it also may turn out to be the most important.

Finally, a word on process and evolution of the North American Idea: Let us not get bogged down,

as former US Ambassador to Canada, Bruce Heyman, counsels. In the perpetual debate about bilateral, parallel bilateral, and trilateral approaches to making progress in this space, we should move forward where we can, given the political facts on the ground, in each of the three core countries. We should let the pocketbooks of the people and what they care about most determine the sequence of progress for the foreseeable future, all the while working to better inform them about the benefits flowing from this very productive marketplace.





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