

US - MEXICO CEO DIALOGUE: A BRIDGE BUILDING



The US-Mexico CEO Dialogue was created in 2013, when Presidents Enrique Peña Nieto and Barack Obama held a high level economic dialogue. It was conceived as an initiative to gather representatives of the private sector and work on a common mission: to boost competitiveness, innovation and trade between these two countries. Since then, it has become a tool to foster dialogue among the most relevant actors from diverse sectors. I have had the opportunity to participate in this group since its creations and I believe that it can be a very effective channel to generate compromises and agreements.

When this mechanism was created, the relationship between the two mandataries boomed and the bilateral agenda was constantly broadening. Three years later Donald Trump won the presidential elections on a campaign plagued with attacks and threats towards his Southern neighbor, including xenophobe comments, threats to cancel the North America Free Trade Agreement (NAFTA), and conservative policies. Nonetheless, the CEO Dialogue did not perish. Quite the opposite, businessmen from both countries have joined forces to counterpunch a protectionist political and economic discourse. Trade has flourished to the point where Mexico became the main trade partner to the U.S. during the first quarter of 2019. Just last year trade surpassed \$350 billion. Imports and exports have grown and become more diverse, which is also reflected upon the US-Mexico CEO Dialogue. Entrepreneurs from various sectors meet twice a year, one in each country, to promote critical thinking, increase trade, identify shared priorities, and to solidify their commitment with political counterparts.





On April 11-12, 2019, the 11th Session of the US-Mexico CEO Dialogue took place in Merida, Yucatán. This event highlighted the importance of strengthening cooperation between the two countries concerning trade, energy, security, education, investments, and technology, among others. All participants showed high enthusiasm and willingness to collaborate, which yielded a stronger commitment from both parts to work together on development, investment and growth in the region.

Less than two months after that event, on May 30, 2019, President Trump publicly threatened to impose tariffs on all Mexican imports unless the Mexican government responded diligently to the increase in immigrant flows. If immigration numbers did not drastically decrease, he would set off a series of progressive tariffs, starting with 5% in June before reaching 25% in August if the situation was not resolved. This announcement brought fear and uncertainty, along with some damage to the bilateral relation, especially in commerce, politics, and diplomacy.



The threat came on the same day when both governments submitted the new Trade Agreement (USMCA) to Congress for approval. The media scandal, speculations and possible consequences brought a cloud of uncertainty over the passing of the agreement. The repercussions of altering trade between Mexico and the U.S. will affect not only Mexican exporters, but consumers in both countries. A 5% tariff on all Mexican imports would imply a \$17 billion cost, to be absorbed by

American families. A higher tariff would imply a bigger impact on consumers. Nonetheless, businessmen and political leaders in Mexico joined forces to solve this situation.



After 9 days of uncertainty, on June 7 the presidents of Mexico and the U.S. announced an agreement that would put the tariffs on hold in exchange of severe measures to control immigration in Mexico. The good news brought stability, tranquility, and certainty. However, let us not forgive that a similar incident could happen again soon. In that case, the private and public sectors must work together in benefit of the entire country. Fortunately, dialogue between these actors in both countries already has a channel immune to political volatility.