

THE FREE TRADE AGREEMENT NEGOTIATIONS



U.S.-MEXICO CEO DIALOGUE

In 2013, Presidents Enrique Peña Nieto and Barack Obama engaged in a high-level economic dialogue leading to the creation of the **U.S.-México CEO Dialogue**. It has served as the private sector's working mechanism, aimed at increasing **competitiveness** and trade between Mexico and the United States.

At that time, we had no idea that Trump would win the Presidency of the United States and propose to cancel the North American Free Trade Agreement (NAFTA), but we knew it was important to strengthen our relationship and work together to improve our levels of **productivity and efficiency**.

After 23 years of remaining in force, NAFTA has proved to be a **successful trade strategy**. The market size of these three countries as a whole and the free trade has increased the sales of goods and services, boosted the three **economies**, increased competitiveness and benefited consumers with **improvements in the quality and prices of their products**. Nonetheless, a profound analysis of NAFTA is extremely **complex** and characterized by a dynamic global environment and other aspects such as the financial crisis of 2008, the fourth industrial revolution, and the upsurge of China, to mention a few.

For example, Mexico attracted significant investments to the automotive industry due to its low manufacturing costs.

Although many jobs were lost as a result of this measure, at the same time, they increased the competitiveness of this sector in the United States, due to reducing cost in labor force. Furthermore, it must be noted that the loss of jobs in the automobile sector was **not only** as a result of NAFTA, but also to the emergence of new technology and further advances in robotics.

There are many challenges and this is a good time to deal with them. Nevertheless, during this opportunity for modernizing NAFTA, I would like to see an evolved vision of this agreement that will consider global competitiveness and new realities, (technological advancements and the role of emerging economies) in order to improve as region. For me, the question is: What combination of rules will benefit us the most and strengthen our regional supply chains?

For example, the Reynosa-McAllen territory has three international bridges, but only one allows for cargo transportation. This situation has created a bottleneck and it that takes several hours to cross. Besides, it has health repercussions on the carriers and on environmental pollution. Although we have the right infrastructure, we need to increase the number of checkpoints and the verification processes. Investing in these areas would result in substantial economic, social and economic benefits.

The USA México CEO Dialogue has been working on the transformation of the border, a subject that has contributed to the level of trust within this context. In the last meeting we announced the creation of the Economic Alliance of North America, a trilateral platform that aims to contribute to the modernization of NAFTA without actually cancelling it. At the same time, the US-Mexico Economic Council was launched as a dialogue that represents the trade interests of both countries.

The United States and Canada is taking its time in regard to this renegotiation, while Mexico would like to attain the modernization of the agreement prior to the end of the PRI's current presidential administration. I am confident that the decision-makers are equipped with the necessary tools to envision a long-term plan and I hope there is political will on all sides **so that future generations can define this negotiation as one of the most successful accomplishments of our era.**

