

WE HAVE GOOD NEWS DESPITE THE PANDEMIC



The crisis derived from Covid-19 has brought a series of negative headlines around the world. However, amid this crisis, Mexico, the United States and Canada have a reason to smile: the entry into force of the Agreement between Mexico, the United States and Canada (T-MEC). Governments cherish the ending of this important chapter in the trilateral relationship, while businesspeople benefit from the continuation of the free market in the region and the modernization of fundamental aspects. All sectors of the region will celebrate the culmination of years of negotiations. The question is: What happens now?

July 1st, 2020 was the perfect setting for this achievement. North America's trade value is over \$ 1.2 trillion, affects 500 million consumers, and represents 14 million jobs. Over 80% of Mexican exports go to the United States and Canada. It is worth mentioning that NAFTA increased regional trade by more than 600% in the last 25 years. By equalizing standards and opening markets, supply chains have strengthened. Mexico and the United States trade \$1 million every minute across the border.



We knew since March that this day would come. However, it is important to recognize the triumph, as the agreement had its moments of uncertainty. In 2016, Donald Trump's victory threatened NAFTA. At some point, Trump announced his unwillingness to ignore the trade deficit with Mexico and even threatened to abandon the regional agreement. Therefore, the obvious solution was to update and modify some parts of the treaty, along with including new mechanisms. In 2017 the negotiations began.

After two years, a dozen trips, various multisectoral meetings (businesspeople, legislators, secretaries of state, etc.), and intense lobbying sessions, in December 2019 the final version was signed. Mexico was the first to ratify it, then the United States in January 2020, and finally Canada did so in March. In July the new agreement formally began. A few days after its entry into force, López Obrador sealed the deal with his first visit abroad in almost two years to meet up with his American counterpart and celebrate this benchmark. Now what?

The political ravages and the economic impact of Covid-19 are beginning to be felt at all levels of government and industrial sectors, regardless of the country. Although the USMCA is the door to new opportunities for collaboration, companies will have to evolve to adapt not only to the changes of the pandemic but also to the new rules of the agreement. If we can go down both routes, good news will multiply.