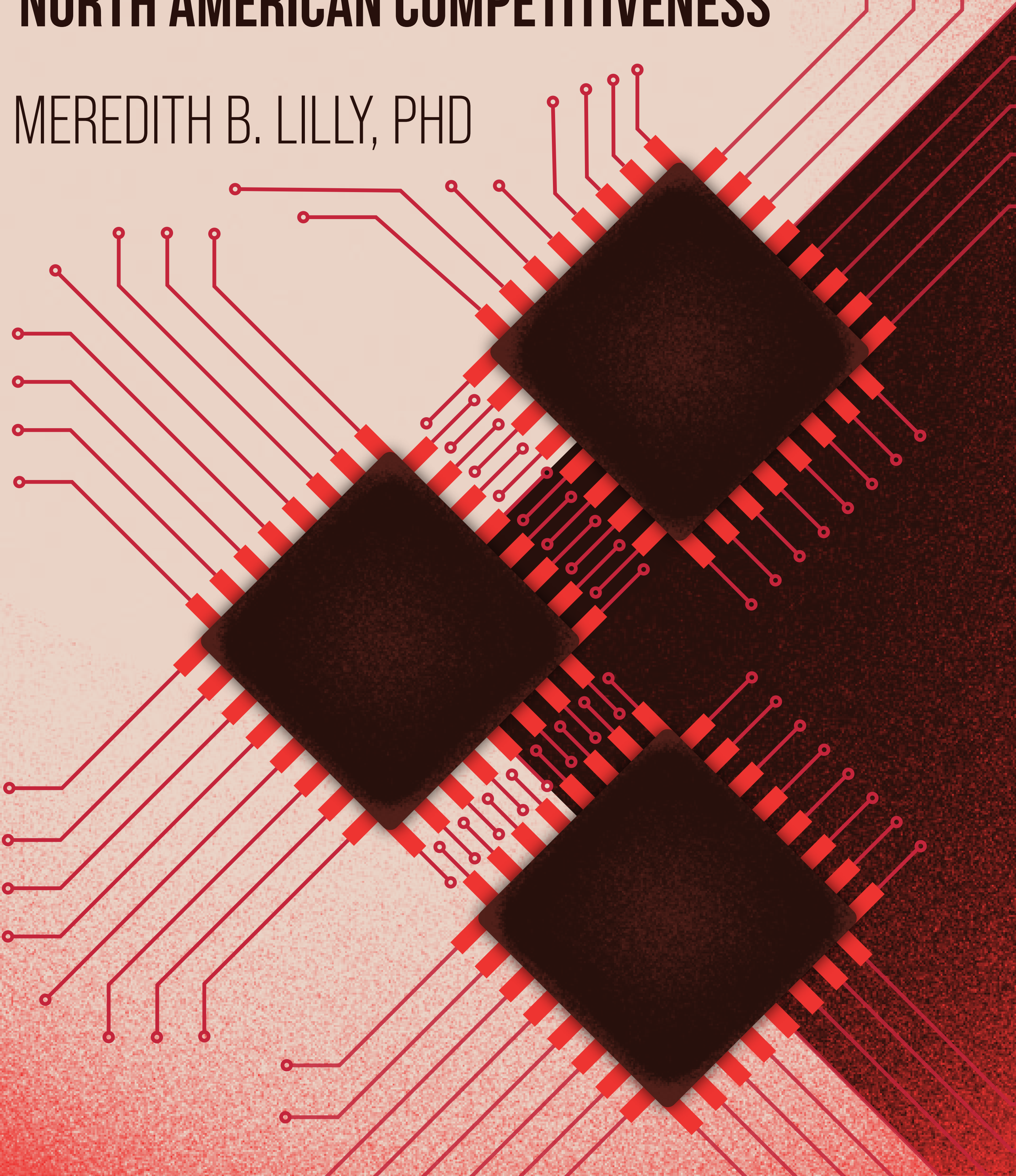
NORTH AMERICAN COMPETITIVENESS WORKING GROUP

HARNESSING NEW INVESTMENTS IN INDUSTRIAL POLICY TO ADVANCE NORTH AMERICAN COMPETITIVENESS

MEREDITH B. LILLY, PHD



This final paper draws on the discussions of the working group and papers developed to support those engagements. Though working group members were consulted on the contents of the report and its recommendations, the views and opinions expressed are those of the author.

The author gratefully acknowledges the contributions of Derek Kiy for design, graphics and layout of this document.

HARNESSING NEW INVESTMENTS IN INDUSTRIAL POLICY TO ADVANCE NORTH AMERICAN COMPETITIVENESS

Report of the North American
Competitiveness Working Group

UC San Diego Center for U.S.-Mexican Studies

May 16, 2024

Meredith B. Lilly, PhD

Simon Reisman Chair in
International Economic Policy

Norman Paterson School
of International Affairs

Carleton University, Canada

Meredith.lilly@carleton.ca

INTRODUCTION

Following the severe economic and societal disruptions stemming from the global Covid-19 pandemic, many countries vowed to 'build back better' to ensure greater supply chain resilience moving forward. This imperative took on new urgency as armed conflicts in Ukraine, the middle east and the Red Sea have strained global trade routes and the strength of those supply chains. Ongoing US-China rivalry has added further stress, with trading partners on both sides working to safeguard their supply chains, from raw materials to intermediate components and finished goods.

One response to this increasingly challenging global trading context is a return to regionalization. Nearshoring is gaining traction, the trend to reduce geographic distance, uncertainty, transportation costs and carbon emissions in supply chains [1]. Other trends include friendshoring and ally-shoring, terms used to describe the linked concepts of deepening trade ties between countries that may not be geographically close, but which share common values including a commitment to democracy, human rights, and strong environmental and labor standards [2].

In this context, the Center for U.S.-Mexican Studies at the University of California San Diego (UCSD) with support from the Future Borders coalition, George W. Bush Institute and the Mexican Council on Foreign Relations (COMEXI), convened a working group to focus on key topics in North American competitiveness. Led by co-chairs Shannon O'Neil (USA), Luz María de la Mora (Mexico) and Louise Blais (Canada), more than two-dozen experts from academic institutions, the private sector, and former government officials gathered to address key themes and issues facing the North American economy. Eight meetings took place over 10 months in 2023, and a series of research papers were drafted to explore specific aspects of the group's agenda (see

1 Banco de Mexico, 'Opinión Empresarial Sobre La Relocalización de Las Empresas Hacia México. Extracto Del Reporte Sobre Las Economías Regionales', Recuadro 2 (Banco de Mexico, June 2022), https://www.banxico.org.mx/publicaciones-y-prensa/reportes-sobre-las-economias-regionales/recuadros/%7BE243D1D1-63F5-6C86-38F0-28BD3CF33CE6%7D.pdf.

2 Salman Ahmed et al., 'Making U.S. Foreign Policy Work Better for the Middle Class' (Carnegie Endowment for International Peace, 23 September 2020), https://carnegieendowment.org/2020/09/23/making-u.s.-foreign-policy-work-better-for-middle-class-pub-82728; The White House, 'Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution', The White House, 27 April 2023, https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution/.

FIGURE 1

SUB-NATIONAL BOUNDARIES – NORTH AMERICA

■ Natural Earth

complete list of participants and associated publications).

This report summarizes the key themes and outcomes of those meetings and research papers, and offers recommendations to move North America forward as a more integrated region that can compete internationally in the 21st Century.

Confronting North American Skepticism Head On

A key challenge facing greater North American economic regionalism is ongoing skepticism about the very idea of North America. This is hardly new. Despite decades of growing economic integration between the three countries, North America comes under constant criticism from within – especially by the United States. Robert Pastor outlined these challenges in his 2011 book, the *North American Idea* [3]. More recently, Long and Bersin published the edited volume, *North America 2.0*, seeking to reenergize Pastor's vision, and offer a practical blueprint for greater integration across a range of policy areas [4]. In her book *The Globalization Myth*, Shannon O'Neil (2022) has made the compelling case that deeper regional integration does not represent a new phenomenon, but merely recognizes the trend that countries have already organized into major regional hubs, trading internationally but still relatively close to home. This is exemplified by the European Union and many Asian economies, who predominantly trade intra-regionally. O'Neil outlines the advantages that regionalism offers supply chains by reducing geographic distance, uncertainty and risk, as well as carbon emissions. She argues that the best path forward for the US is to further integrate with Canada and Mexico, to compete as a North American region that thrives internationally [5].

Yet, despite efforts to make the case for greater regionalization, North America has faced difficulties viewing itself as a region, with the U.S. its most "reluctant" member (O'Neil, 2022). Put more bluntly, the US has always pursued unilateralism in foreign and trade policy, even as it signed a trade agreement with Canada in the 1980s which was extended to Mexico via NAFTA in 1994. As McNeece puts it (2023), the US situates itself at the centre of this trilateral relationship, and regards Mexico and Canada as suppliers to US interests. As the largest economy and most populous country in the region, the US has generally had the leverage to advance its interests in this manner, leaving neighbors to either align their respective policies with those of the US or be left aside. In the last decade, both Trump and Biden administrations have advanced their respective *America First* approaches, engaging at times in openly adversarial trade actions toward Mexico and Canada. This has made Canadian and

3 Robert A. Pastor, *The North American Idea a Vision of a Continental Future* (Oxford ; Oxford University Press, 2011).

4 Alan D Bersin and Tom Long, 'North America 2.0: Forging a Continental Future', *Policy File* (Woodrow Wilson International Center for Scholars, 2022).

5 Shannon K. O'Neil, *The Globalization Myth: Why Regions Matter* (New Haven: Yale University Press, 2022).

Mexican public and private sector leaders nervous about the future reliability of their US neighbor as a trade partner, even as they seek to benefit from nearshoring opportunities that US unilateralism may present.

In addition, both Trump and Biden administrations have sought to deputize Mexico and Canada in American efforts to counter China's rise. Yet, while there is a strong bipartisan consensus in the US on China, Canada and Mexico are less certain about the appropriate direction forward. Though Canada and Mexico are prepared to cooperate, they also need the US to include them in shaping a shared regional economic approach to China, and develop attractive alternatives for long-term, stable partnership within North America.

Finally, it must be noted that Mexico and Canada have also played their own parts in reinforcing the status quo of a North America comprised of two bilateral relationships. Both countries have focused on growing bilateral relations with the US, but have not always prioritized bilateral relations with each other. Although Canada and Mexico have cooperated well on specific files (most notably agricultural labor, tourism in Mexico, Canadian foreign investment in Mexico's mining and energy sectors, and during NAFTA renegotiations with the Trump Administration), the two countries have not advanced a broad bilateral agenda that reflects the mutual level of trade and commercial importance between the two countries. Thus, all three countries share responsibility for the reality that the region has become deeply reliant on the US at the center of a hub-and-spokes model of trade between them.

Therefore, a first theme that clearly emerged from the working group discussions and papers is to question whether the foundational commitment to North America is strong enough to fully build an economic region that can compete internationally. It is essential to now clearly articulate our common interests in order to generate the commitment and momentum needed to address the big challenges facing North America. And, while the challenge is shared by all three countries, a shift in posture by the US toward its neighbours remains a barrier.

The remainder of the paper sets out three themes that could form the basis for a common regional supply chain strategy: (1) maximizing the benefits of USMCA for regional supply chains; (2) industrial policy for critical minerals, electric vehicles and semiconductor supply chains; and (3) the need to build these supply chains on foundational pillars of subnational cooperation, cross-border infrastructure, and labor skilling and mobility.

RECOMMENDATION:

To generate the commitment and momentum necessary to develop globally competitive supply chains for the new economy, the three countries should work together to develop shared opportunities for long-term, stable partnerships within North America, and which reflect common goals regarding China.

THEME 1. MAXIMIZING THE BENEFITS OF USMCA FOR REGIONAL SUPPLY CHAINS

NAFTA has already supported regional supply chain integration in several sectors, particularly automotive, aerospace and electronics. Nevertheless, US bilateral trade with both of its neighbors has continued to grow since USMCA came into force in 2020, though this is largely attributable to inflation and higher prices rather than trade volumes. In 2023, Mexico and Canada were the US's top export destinations, and bilateral goods trade with Mexico reached $799B USD and $774B USD with Canada [6]. US friendshoring efforts are also clearly having an impact in the case of Mexico, which overtook China as the US's largest trading partner in bilateral goods in 2023. That year, US-China bilateral goods trade was $575B USD, down more than 15% from the year previous. In addition, US trade with its North American neighbors is much more balanced than the US's trading relationship with China, which has historically exported four- to five- times more goods to the US than the US has exported to China [7].

Yet, bilateral trade growth between Mexico and Canada has grown much more slowly since NAFTA was signed. Even though Mexico and Canada are top 5 trade partners for the other, their bilateral goods trade reached only $40B (USD) in 2023, with Mexico accounting for 85% of exports. Meanwhile, Canadian merchandise exports to Mexico accounted for only 1% of Canada's global exports in 2023. This is improved by Canada's high levels of foreign direct investment (FDI) in Mexico's energy and mining sectors, which were $24B (USD) in 2022 [8].

Although investments in industrial policy in the US are undoubtedly responsible for reshaping supply chains for North American electric vehicles (EVs), tariff treatment is also playing a part. USMCA's more restrictive rules of origin for vehicles and auto parts encourage reshoring of manufacturing to North America. USMCA has a 75% regional value content requirement, including on core parts. In addition, at least

6 United States Census Bureau, 'Trade in Goods with Canada', 2024, https://www.census.gov/foreign-trade/balance/c1220.html#2023; United States Census Bureau, 'Trade in Goods with Mexico', 2024, https://www.census.gov/foreign-trade/balance/c2010.html.

7 United States Census Bureau, 'Trade in Goods with China', 2024, https://www.census.gov/foreign-trade/balance/c5700.html.

8 v, 'International Investment Position, Canadian Direct Investment Abroad and Foreign Direct Investment in Canada, by Country, Annual (x 1,000,000). Table 36-10-0008-01', 17 October 2023, https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=3610000801; Statistics Canada, 'The International Trade Explorer, 2023', March 2024, https://www150.statcan.gc.ca/n1/pub/71-607-x/71-607-x2019005-eng.htm.

FIGURE 2

BILATERAL TRADE VOLUMES – 2023

United States Census Bureau, Statistics Canada

70% of steel and aluminum used must also be sourced regionally, and at least 40% of the labor used in production must meet wage standards of $16/hour (USD) (with an annual inflator formula) [9].

Despite this, overly restrictive rules of origin can also backfire, potentially reducing regional content if the country's tariffs for non-trade partners are low [10]. Given that the US's global MFN tariff on vehicles is only 2.5%, many expected large North American auto manufacturers to simply pay the MFN tariff rather than reshape their supply chains to the restrictive levels needed to qualify for USMCA preferences. Some early evidence on USMCA implementation may support this. For example, Canada's State of Trade 2022 report demonstrated a 2-3% decline in the use of free trade preferences by firms on goods traded between the US and Canada from NAFTA to USMCA during its first year of implementation [11].

Nevertheless, automotive investment is growing in all three countries. This is where US industrial policy and tariff action play complementary roles. Incentives in the *Inflation Reduction Act* are clearly attracting investment to the US, and are described further in the electric vehicle section below. In addition, uncertainty regarding future tariff treatment will also encourage auto manufacturers to locate in the US. Since the first Trump administration, US vehicle imports from China faced tariffs of 27.5% (25% + 2.5% MFN tariff) as well as challenges complying with US safety and regulatory standards. In May 2024, the Biden administration further increased tariffs on imported Chinese EVs to 102.5% (100%+2.5% MFN) to counter China's unfair trade practices [12] in its EV sector. It also increased tariffs on Chinese steel and aluminum imports. Should the US impose similarly high tariffs on vehicle imports fromother countries in the future, then North American auto manufacturers will be strongly motivated to qualify for USMCA treatment. Thus, it is important to recognize the layered approach being pursued by the US to advance its competitiveness in

---

9 Hugo Perezcano Diaz, 'Trade in North America: A Mexican Perspective on the Future of North America's Economic Relationship', The Future of North America's Economic Relationship: From NAFTA to the New Canada-United States-Mexico Agreement and Beyond (CIGI, 11 February 2019), https://www.cigionline.org/publications/future-north-americas-economic-relationship-nafta-new-canada-united-states-mexico.

10 Caroline Freund, '17-25 Streamlining Rules of Origin in NAFTA', *Policy Brief*, no. 17–25 (2017): 10.

11 Office of the Chief Economist, Global Affairs Canada, 'State of Trade 2022: The Benefits of Free Trade Agreements', GAC, 31 May 2022, https://www.international.gc.ca/transparency-transparence/state-trade-commerce-international/2022.aspx?lang=eng.

12 The White House has characterized China's unfair trade practices to include state subsidies, leading to overcapacity and dumping. https://www.whitehouse.gov/briefing-room/speeches-remarks/2024/05/14/remarks-by-president-biden-remarks-by-president-biden-on-his-actions-to-protect-american-workers-and-businesses-from-chinas-unfair-trade-practices/

the auto sector, in which USMCA plays only one part.

Thus, in anticipation of further geoeconomic shifts that will increase the importance of USMCA's preferential tariffs, it is recommended that the three countries continue to improve implementation of USMCA's rules of origins in the auto sector. This includes the need for all three countries to adhere to trade enforcement and dispute settlement rulings around USMCA, including the US. This will also help prepare all three countries for USMCA's 6-year review in 2026. With respect to autos, the US should comply with the auto core parts ruling of 2023 under Chapter 31, which found in favour of Canada and Mexico [13]. Although the US has signaled its disagreement with the ruling, compliance will increase both the US's legitimacy to advance its disputes with the parties in other areas of the agreement and leverage to ensure they also comply with USMCA's rules.

THEME RECOMMENDATION:

All three parties must work to implement rules of origin on autos as negotiated in USMCA, and determined by dispute settlement proceses.

13 Meredith B. Lilly, 'Beyond NAFTA: Canada and USMCA's Initial Implementation, 2020-2022.', in *The Future of Trade: A North American Perspective*, ed. David A Gantz and Tony Payan (Edward Elgar Publishing, Inc., 2023), 152–73.

THEME 2. INDUSTRIAL POLICY FOR INTEGRATED SUPPLY CHAINS

Industrial policy in the US has been bolstered by several major pieces of federal legislation passed under Biden designed to accelerate the green transition and kickstart a new generation of investments in United States manufacturing. Most notably, the CHIPS and Science Act (CHIPS Act) offers $39 billion (USD) in financial assistance and tax credits to stimulate semiconductor fabrication in the US. The Inflation Reduction Act (IRA) is a sprawling piece of stimulus legislation, with its electric vehicle subsidies and tax credits of primary interest to Mexico and Canada. As of April 2024, 100 EV and battery storage projects have been announced in the US under the Act, accounting for $87B (USD) in investment, and projected to create over 56,000 US jobs [14]. The IRA is likely to have mixed effects on North American competitiveness, with differential impacts on each of Mexico and Canada. Overviews of both pieces of legislation and likely impacts are offered by working group members McNeece [15], and Kiy and Zapata [16].

CRITICAL MATERIALS

Awareness of China's global dominance in the extraction and processing of critical mineral supply chains such as lithium and cobalt has led the United States and western allies to reduce their dependence by securing and increasing their self-reliance in critical minerals. This is not easy. China enjoys a long head start, and has much lower regulatory standards and labor practices which have enabled it to achieve and

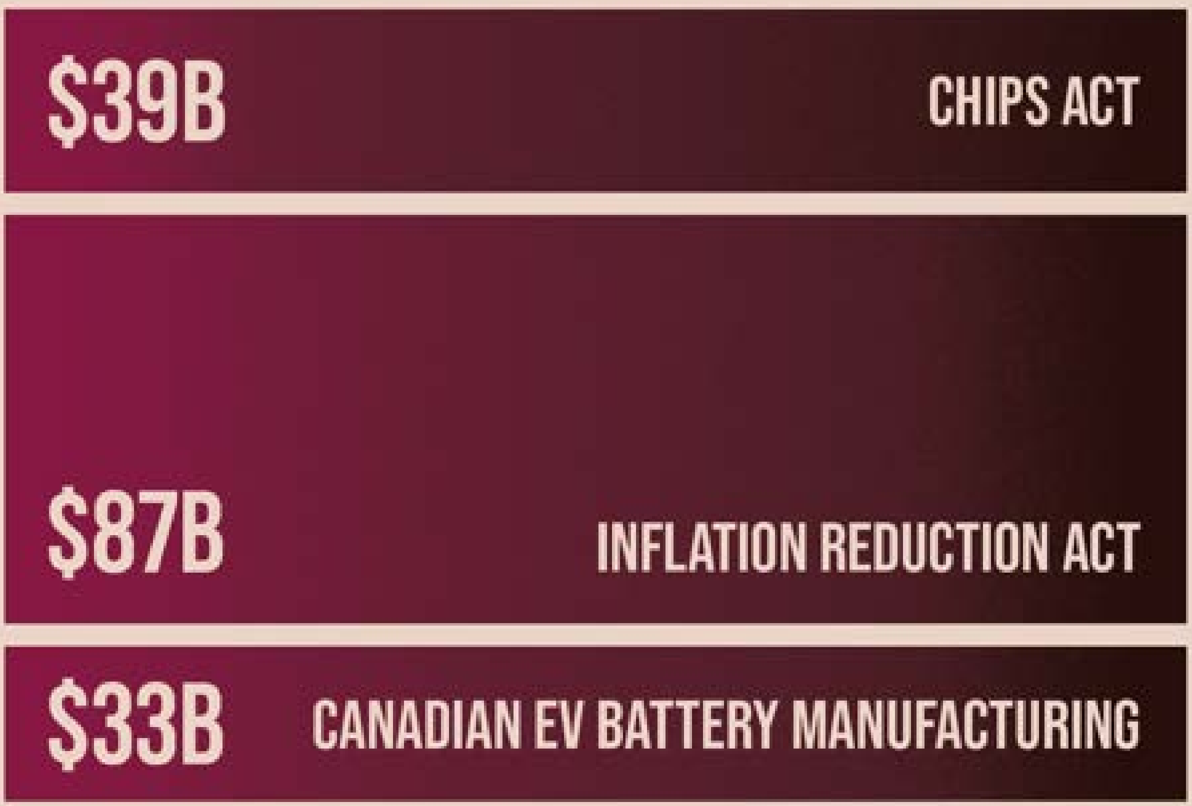
14 James Morton Turner, 'US EV Supply Chain Dashboard', April 2024, https://www.charged-the-book.com/na-ev-supply-chain-map.

15 John McNeece, 'President Biden's Industrial Policy and Prospects for North American Regionalization', North American Competitiveness Working Group, UC San Diego, September 2023, https://usmex.ucsd.edu/_files/230918_WhitePaper_JohnMcNeece_NorthAmericanCompetitivenessWorkingGroup_President-Bidens-Industrial-Policy-and-Prospects-for-North-American-Regionalization.pdf.

16 Richard Kiy and Ana Zapata, 'U.S. Industrial Policy: Impacts On The Geography Of Ev/Semiconductor Reshoring And Its Influence On Sub-National Investment & Job Growth' (North American Competitiveness Working Group, September 2023), https://iamericas.org/wp-content/uploads/2023/11/CANADA-Sub-national-nearshoring-Kiy_compressed.pdf.

FIGURE 3

US / CANADA STIMULUS ANNOUNCED TO APRIL 2024 FOR CHIPS, EVS AND BATTERY STORAGE



US EV Supply Chain Dashboard, Office of the Parliamentary Budget Officer maintain its dominant position [17]. Thus, while the US, Canada and Mexico all have domestic endowments of at least some critical minerals needed to power electric vehicles and the transition to a clean economy, serious challenges exist in realizing a continental strategy for the critical minerals sector. In Mexico, President López Obrador's steps to nationalize energy and mining resources have dampened investment from the US and Canada, both major sources of FDI for these sectors in the past [18].

As a result, the US has set its sights on Canada's mining potential, and whose firms can also qualify as domestic suppliers to the US under the *Defense Production Act* and Department of Defense contracts. Yet, despite an abundance of needed critical minerals and an early commitment by the Canadian government to succeed via its Critical Mineral Strategy, Canada faces serious regulatory challenges in enabling mines to become operational in a timely fashion. Long delays for environmental assessments, Indigenous and community consultations, and approvals by multiple levels of government have meant that projects take over a decade to become operational [19]. Combined with revisions to Canada's foreign investment security review processes in 2023 that now block investments from Chinese state-owned enterprises, Canada now faces major challenges attracting reliable foreign investors to its mining sector [20].

An additional barrier to North American cooperation on critical minerals is the enduring concern by both Canada and Mexico that Americans regard their neighbors only as a source of natural resource extraction, and intend to then create

17 Meredith B. Lilly, 'Hewers of Wood and Drawers of Water 2.0: How American and Chinese Economic Nationalism Influence Canadian Trade Policy in the Twenty-First Century', *Canadian Foreign Policy Journal*, 5 May 2020, 1–15, https://doi.org/10.1080/11926422.2020.1750444.

18 Michael Bomba, 'Potential Impacts of Advanced Manufacturing Production Credits on North American Trade' (North American Competitiveness Working Group, 2023).

19 Richard Kiy, 'Canada's Provincial Clean Tech Nearshoring Potential: A Case Study Of Ontario And Quebec' (North American Competitiveness Working Group, 2023), https://iamericas.org/wp-content/uploads/2023/11/CANADA-Sub-national-nearshoring-Kiy_compressed.pdf.

20 Innovation Science and Economic Development Canada, 'Policy Regarding Foreign Investments from State-Owned Enterprises in Critical Minerals under the Investment Canada Act', 17 August 2023, https://ised-isde.canada.ca/site/investment-canada-act/en/policy-regarding-foreign-investments-state-owned-enterprises-critical-minerals-under-investment.

downstream, well paying and high-skilled jobs in the US [21]. Yet, both Canada and Mexico have plans to benefit from their natural resource wealth by creating well-paying jobs across the supply chain for their citizens as well [22]. Thus, as the US seeks to develop critical mineral supply chains in North America, it must work in partnership with the neighbors it is relying on for success. In addition, as all three countries seek to create a resilient critical minerals sector in North America, they should exchange views on the national security concerns and regulatory challenges they share to ensure these do not become barriers to local private sector participation or trade.

ELECTRIC VEHICLES

The IRA subsidies for EVs are large enough to attract new investment to the US on their own. However, the incentives are also timed to capitalize on the transition from internal combustion engines (ICE) to battery-powered electric vehicles, when manufacturers are forced to completely retool or build new manufacturing facilities for this purpose [23]. Thus, the current moment is ripe for US incentives to lure manufacturing away from existing locations outside the US [24]. Without similar incentives, Canada and Mexico simply cannot compete [25]. Canada is particularly challenged by its high labor and production costs, high corporate taxes, and burdensome regulatory context, while Mexico is unable to match the eye-popping incentives offered by US federal, state and local governments.

Canada has responded to the IRA by matching IRA EV incentives dollar-for-dollar for a limited number of early movers, in its attempt to both retain existing auto investment and level the playing field with the US to attract new investors such as Volkswagen. Canada has enjoyed some success and has announced $33B (USD) in federal and provincial support for EV battery manufacturing in Ontario and Quebec, which matches private sector investments [26]. This funding will transform

21 The White House, 'Remarks by President Biden and Prime Minister Trudeau of Canada in Joint Press Conference', 24 March 2023, https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/03/24/remarks-by-president-biden-and-prime-minister-trudeau-of-canada-in-joint-press-conference/.

22 Instituto Mexicano Para La Competitividad A.C., 'Nearshoring: Which States Will Seize the Opportunity?' (North American Competitiveness Working Group, 2023).

23 Kiy and Zapata, 'U.S. Industrial Policy: Impacts On The Geography Of Ev/Semiconductor Reshoring And Its Influence On Sub-National Investment & Job Growth'.

24 Lilly, 'Beyond NAFTA: Canada and USMCA's Initial Implementation, 2020-2022.'

25 McNeece, 'President Biden's Industrial Policy and Prospects for North American Regionalization'.

26 Meredith B. Lilly, 'De-Risking Supply Chains through Middle Power Industrial Policy: Exploring Volkswagen's Investment in Canada' (Atlantik-Brucke Canada, April 2023); Office of the Parliamentary Budget Officer, 'Costing Support for EV Battery Manufacturing', 17 November 2023.

communities such as Bécancour Quebec which is poised to become a potential clean tech leader in EV battery manufacturing, attracting such global firms as General Motors, Germany's BASF SE, and Brazil's Vale (see companion document by working group member, Richard Kiy) [27]. It is important to note that, as of April 2024, the majority of Canadian investments remain in the planning stages, and are therefore uncertain. Meanwhile, more than half of the promised $85B in US projects are under construction or operational, increasing their viability regardless of the outcome of the 2024 presidential election [28].

Mexico has instead continued to rely on its comparative advantages in lower production costs to capitalize on the positive spillovers from US stimulus spending on Mexican greenfield investment. In particular, northern states in Mexico are well positioned to attract international investment, with Coahuila and Nuevo León offering the best conditions for skilled labor, housing, and services [29]. These states are rapidly building highways and infrastructure to facilitate exports, and empty industrial sites are being transformed into fully operational manufacturing facilities at a remarkable rate [30,31].

Thus, while US-led industrial policy under the Biden administration has not been coordinated to benefit either Mexico or Canada, three parallel national industrial plans on EVs are emerging nevertheless. Though some of the examples offered highlight the complementary potential of these plans, the lack of coordination also means that three countries are competing with each other. In particular, the pursuit of foreign investment by Canada and Mexico to build their respective industrial manufacturing EV platforms is starting to reveal cracks that could undermine continental momentum. US lawmakers are concerned about rapid nearshoring in Mexico by Chinese-headquartered companies to take advantage of USMCA preferences and IRA tax incentives, while avoiding punitive US tariffs on Chinese imports. China has become the fastest growing source of FDI in Mexico, and in Nuevo León alone,

27 Kiy, 'CANADA'S PROVINCIAL CLEAN TECH NEARSHORING POTENTIAL: A CASE STUDY OF ONTARIO AND QUEBEC'.

28 Turner, 'EV Supply Chain Dashboard'.

29 Instituto Mexicano Para La Competitividad A.C., 'Nearshoring: Which States Will Seize the Opportunity?'

30 Christopher Chivvis, 'Mexico In the Emerging World Order' (Carnegie Endowment for International Peace, 25 March 2024), https://carnegieendowment.org/2024/03/25/mexico-in-emerging-world-order-pub-92041.

31 Peter S. Goodman, 'Why Chinese Companies Are Investing Billions in Mexico', *New York Times*, 3 February 2023, https://www.nytimes.com/2023/02/03/business/china-mexico-trade.html.

Chinese investment accounts for 30% of foreign investment in the state [32,33].

Despite the US having created the policy conditions to incentivize this nearshoring, several US industry groups are lobbying Congress to close off Mexico as a route for tariff-free entry of Chinese EV models into the US, even if those vehicles are built in Mexico [34,35]. An effort is also underway to exclude IRA related Section 30-D new vehicle tax credits for companies owned or controlled by 'foreign entities of concern' including China [36]. To its credit, the Biden administration continues to encourage foreign investment in Mexico, likely recognizing the importance of economic development in the poorest of the three countries, and cognizant that the US private sector remains by far the largest source of FDI in Mexico. Instead, the Biden administration is focused on specific investment decisions, encouraging Mexico to improve its investment screening processes similar to CFIUS. During her December 2023 visit to Mexico, Treasury Secretary Janet Yellen announced a US-Mexico bilateral working group on foreign investment reviews to exchange information and best practices on foreign investment screening, with a particular focus on national security reviews [37]. Canada should join this group, and share the steps it has taken to reform its *Investment Canada Act* [38] to further

32 Goodman.

33 Luis Torres and Aparna Jayashankar, 'Mexico Awaits "Nearshoring" Shift as China Boosts Its Direct Investment' (Federal Reserve Bank of Dallas, 14 April 2023), https://www.dallasfed.org/research/swe/2023/swe2303.

34 Christine Murray, Amanda Chu, and Edward White, 'US Concern over Mexico Attracting Chinese Electric Vehicle Factories', *Financial Times*, 17 December 2023, https://www.ft.com/content/fbd270d1-c688-4300-bd4e-f1eee1869196.

35 Alliance of American Manufacturing, 'On a Collision Course: China's Existential Threat to America's Auto Industry and Its Route Through Mexico', 20 February 2024, https://www.americanmanufacturing.org/wp-content/uploads/2024/02/On-a-Collision-Course-FINAL-22024.pdf; Tanya Snyder, 'Trump Wants Higher Tariffs on Chinese Cars. Some Democrats Agree.', *Politico*, 20 March 2024, https://www.politico.com/news/2024/03/20/trump-democrats-china-car-tariffs-00147848.

36 Internal Revenue Service, 'Section 30D New Clean Vehicle Credit', Federal Register, 12 April 2023, https://www.federalregister.gov/documents/2023/04/17/2023-06822/section-30d-new-clean-vehicle-credit.

37 U.S. Department of the Treasury, 'Secretary of the Treasury Janet L. Yellen and Mexico's Secretary of Finance and Public Credit Rogelio Ramírez de la O Announce Intent to Establish Bilateral Working Group on Foreign Investment Review',, 7 December 2023, https://home.treasury.gov/news/press-releases/jy1965.

38 Innovation Science and Economic Development Canada, 'Policy Regarding Foreign Investments from State-Owned Enterprises in Critical Minerals under the Investment Canada Act'.

restrict FDI by state-owned enterprises in such sensitive sectors as critical minerals.

Nevertheless, given the acceleration of Congressional activity in this area, all three countries must grapple with the new tariff restrictions around EV vehicle imports from China directly, which will continue under both presidential candidates following the next US election. Chinese EVs sell for a fraction of the price of North American counterparts, and it is primarily due to the 27.5% tariff on Chinese vehicles imposed under the Trump Administration – and further restricted in 2024 to 102.5% under Biden – that the US has not been flooded by imports [39]. In addition, concerns have been raised about the implications of the use and operation of "connected" cars in the US containing Chinese technology. As a result, the US Department of Commerce has launched a national security investigation into EVs imported from China and several other countries [40]. If the US bans Chinese vehicles on national security grounds related to their technology, Mexico and Canada can fully expect to be subject to those same measures. A national security determination also offers no recourse to dispute settlement under USMCA. Thus, for Mexico and Canada to remain exempt from either possible measure, they should work to align with US policy in this area, scrutinize their own supply chains for banned technological content, and take concrete measures to prevent Chinese transshipment into the US [41].

SEMICONDUCTORS

The US has recognized the vital economic and national security importance of semiconductors, and recognizes the geopolitical and economic risks inherent in China's global dominance over some parts of related supply chains. Via tariffs on Chinese semiconductors together with the CHIPS Act and associated projects, the US is seeking to secure supplies of critical raw materials, and to promote diversification of manufacturing, assembly and packaging across a wider range of countries. While US financial incentives reflected in the CHIPS Act are focused on the US, there is recognition that many countries (including Taiwan) must be involved increasing scope for cooperation with both Mexico

39 Snyder, 'Trump Wants Higher Tariffs on Chinese Cars. Some Democrats Agree.'

40 The White House, 'FACT SHEET: Biden-Harris Administration Takes Action to Address Risks of Autos from China and Other Countries of Concern', The White House, 29 February 2024, https://www.whitehouse.gov/briefing-room/statements-releases/2024/02/29/fact-sheet-biden-harris-administration-takes-action-to-address-risks-of-autos-from-china-and-other-countries-of-concern/.

41 Meredith Lilly, 'US Formation of New Geoeconomic Alliances: Canada's Shifting Relevance - Centre for International Governance Innovation', 25 April 2022, https://www.cigionline.org/articles/us-formation-of-new-geoeconomic-alliances-canadas-shifting-relevance/.

and Canada [42]. McNeece notes that this is particularly likely in areas where Mexico and Canada already enjoy comparative advantages that US incentives cannot overcome [43].

For example, Canada is already a world leader in semiconductor testing and packaging, and IBM's Bromont Quebec facility is the largest in the world. Recognizing the capacity of Canada's packaging capability to accelerate the US's manufacturing plans, the two countries announced intentions to create a cross-border corridor during President Biden's 2023 visit to Canada. IBM will match support from the Canadian and Quebec governments to expand its packaging and testing capabilities for use in US supply chains [44].

US – Mexico semiconductor supply chain cooperation is also increasing. In March 2024, the US State Department announced funding via the CHIPS Act to assess Mexico's existing semiconductor industry, as well as its educational, training and capacity building needs for future joint initiatives [45]. Separately, Taiwan-based FoxConn has accelerated its investments in Mexico, to anticipate the US's need for secure hardware and servers for artificial intelligence [46]. Diversifying semiconductor and related supply chains to Canada, Mexico and other allies in this way will improve US resilience and resistance to a variety of shocks, including geopolitical events, shipping and navigational barriers, or natural disasters [47]. Furthermore, as all three North American countries focus on different aspects of these supply chains, it is essential to involve multinational enterprises with large North American footprints to position the region as a global leader in the sector [48].

---

42 Gary Gereffi, 'Navigating 21st Century Industrial Policy', Columbia FDI Perspectives, 18 September 2023, No. 366. https://ccsi.columbia.edu/sites/default/files/content/docs/fdi%20perspectives/No%20366%20-%20Gereffi%20-%20FINAL.pdf

43 McNeece, 'President Biden's Industrial Policy and Prospects for North American Regionalization'.

44 Prime Minister of Canada, 'Prime Minister Trudeau and President Biden Joint Statement', 24 March 2024, https://www.pm.gc.ca/en/news/statements/2023/03/24/prime-minister-trudeau-and-president-biden-joint-statement.

45 United States Department of State, 'New Partnership with Mexico to Explore Semiconductor Supply Chain Opportunities', 28 March 2024, https://www.state.gov/new-partnership-with-mexico-to-explore-semiconductor-supply-chain-opportunities/.

46 Yang Jie, 'U.S. Tech Giants Turn to Mexico to Make AI Gear, Spurning China', *Wall Street Journal*, 31 March 2024, https://www.wsj.com/tech/u-s-tech-giants-turn-to-mexico-to-make-ai-gear-spurning-china-8ccd27cb.

47 Caroline Freund et al., 'Natural Disasters and the Reshaping of Global Value Chains', Policy Research Working Paper (World Bank, 2021).

48 Gereffi.

THEME RECOMMENDATIONS:

The US and Mexico should expand their bilateral working group on foreign investment review to include Canada, helping to build a North American approach that can be reflected in all parts of automotive, EV and semiconductor supply chains.

To safeguard the North American integrated auto supply chain from external threats, the three countries should adopt a shared approach to ‘connected cars’ that focuses on safety and threats posed by technological inputs and capabilities.

THEME 3: SUBNATIONAL, INFRASTRUCTURE AND LABOR COOPERATION

In realizing supply chain cooperation across the three countries, working group members also focused on the importance of trilateral efforts in three supporting areas: subnational efforts, infrastructure development, and labor.

SUBNATIONAL ENGAGEMENT

Subnational cooperation offers another level on which to build long-term North American competitiveness, and which can prove vital when political headwinds at the national level undermine efforts. During NAFTA renegotiations, state and provincial leaders in all three countries were influential in advocating for modernization of the agreement rather than its termination. This report has also outlined several examples of cooperation between investors and public sector actors at the subnational level, especially in border states that benefit most from trade in manufacturing.

Yet despite these subnational success stories, nearshoring is not benefiting all regions of North America evenly. Just as there is strong evidence in the US that trade liberalization with China had long-term negative impacts on jobs and wages in parts of the US [49], all three countries must be mindful of the potential negative consequences of current nearshoring efforts for subnational regions. The Biden administration has worked very deliberately to incentivize IRA investments in the heartland regions of the US that were disadvantaged by trade liberalization. In addition, the vast majority of EV and battery storage manufacturing investments are located in Republican-led districts in those regions, helping ensure bipartisan support for the legislation [50].

There is less evidence that the other two North American countries are addressing the distributional consequences in 'have-not' regions of their countries. Kiy has documented concern from western Canada about the level of federal subsidies being concentrated on manufacturing in Canada's vote rich provinces of Ontario and Quebec. Similarly, northern Mexico has received the lion's share of nearshoring investment, reinforcing the two-speed economy that continues to leave southern

49 David H. Autor, David Dorn, and Gordon H. Hanson, 'The China Shock: Learning from Labor-Market Adjustment to Large Changes in Trade', *Annual Review of Economics* 8, no. 1 (31 October 2016): 205–40, https://doi.org/10.1146/annurev-economics-080315-015041.

50 Turner, 'EV Supply Chain Dashboard'.

FIGURE 4

US BORDER CROSSING HOTSPOTS – APRIL 2024

■ U.S. Bureau of Transportation Statistics; Natural Earth, 10m Roads and Railroads

Mexico behind [51]. Yet, many regions of Mexico face basic challenges that threaten the country's international competitiveness, including sufficient water and electricity, challenges with crime and rule of law, and housing and transportation. These are exacerbated by high levels of informality and income inequality in different regions of the country [52]. Thus, it is important for Mexico to address these issues in order to support its viability as a good place for firms to invest and do business over the long-term.

INFRASTRUCTURE

Regional economic competitiveness also relies on infrastructure, both within countries and to facilitate trade between them. North American infrastructure is falling behind, with the US ranked 12th globally, Canada ranked 32nd and Mexico 51st in a 2019 survey [53]. Other global regions are doing much better, particularly in Asia, Europe and the Middle East. The US is aware that its deteriorating infrastructure undermines economic growth, and passed the Bipartisan Infrastructure Law (BIL) in 2021 to secure over $800B in funding for roads, bridges, public transportation, and other infrastructure [54].

Ideally, some of those funds will be devoted to improving cross-border infrastructure with Canada and Mexico. It is also essential that any projects advance in a coordinated manner; all three countries can point to past examples of having advanced cross-border infrastructure on their side of the border before the other country began work, or even committed funding [55]. Thus, much improvement is needed, in a context of low political will federally in the US. State and provincial governments, as well as private sector employers can play a positive role in supporting investment and better coordination, especially in the border regions that benefit most directly from these trade flows [56]. For example, commercial airlines in all three countries have recognized the increased need to facilitate business travel between commercial and industrial centers, and new direct flights have been created between Toronto

51 Banco de Mexico, 'Opinión Empresarial Sobre La Relocalización de Las Empresas Hacia México. Extracto Del Reporte Sobre Las Economías Regionales'.

52 Instituto Mexicano Para La Competitividad A.C., 'Nearshoring: Which States Will Seize the Opportunity?'

53 Matthew Rooney and Carlo Dade, 'North America's Border Infrastructure: How It Limits Global Competitiveness and How to Fix It' (Wilson Center, 2023), https://www.wilsoncenter.org/publication/north-americas-border-infrastructure-how-it-limits-global-competitiveness-and-how-fix.

54 McNeece, 'President Biden's Industrial Policy and Prospects for North American Regionalization'.

55 Rooney and Dade, 'North America's Border Infrastructure: How It Limits Global Competitiveness and How to Fix It'.

56 Rooney and Dade.

and Monterrey, and between US cities and northern Mexico states [57].

LABOR

Many experts in the group support activities to improve labor standards and mobility across the three countries. Improving labor standards in Mexico has received a lot of support from the Canadian and US governments including through use of the Rapid Response Mechanism in USMCA. However, efforts to improve cross-border labor mobility have largely fallen victim to a US political context that is seeking to reduce cross-border labor mobility rather than facilitate it.

The US is also preoccupied with securing its borders from irregular migration and illicit drugs, primarily via Mexico but also increasingly via Canada as well. For example, throughout 2023, the US pressured Canada to address the seven-fold increase in asylum claimants seeking to enter the US from Canada since 2021. In response, Canada reintroduced some visa requirements for Mexican visitors in February 2024, despite the fact that only 6% of the asylum claimants seeking to enter the US from Canada were Mexican nationals [58].

In this difficult political context, trilateral efforts to advance North American labor competitiveness must be carefully calibrated, and advanced in a fashion that does not amplify unfounded concerns about valid and legal travel between the three countries. For example, instead of reimposing a visa that is unlikely to meaningfully stem the flow of asylum claimants into the US, Canada should join Mexican and American efforts to address the deeper, illicit roots of the problem impacting all three countries [59]. Canada has long avoided engaging in US-Mexican border challenges precisely to prevent perceived or actual spillovers at the Canadian border. Yet cooperating on these issues can improve long-term goals for greater cross-border mobility of goods and people in the future.

---

57 Kylie Madry, 'Mexico Airport Operator GAP Says Nearshoring, Fleet Expansions Fuel Growth | Reuters', 13 April 2023, https://www.reuters.com/world/americas/mexico-airport-operator-gap-says-nearshoring-fleet-expansions-fuel-growth-2023-04-13/; Renee Lerma, 'Air Canada Adds New Toronto-Monterrey Flight Route', 4 September 2023, https://mexicobusiness.news/aerospace/news/air-canada-adds-new-toronto-monterrey-flight-route.

58 Marie Woolf, David Agren, and Adrian Morrow, 'Canada Reimposes Visa Requirements for Mexicans after Surge in Asylum Claims', The Globe and Mail, 29 February 2024, https://www.theglobeandmail.com/politics/article-canada-mexican-visa-requirements/.

59 Lloyd Axworthy, Rafael Fernandez De Castro, and Fen Osler Hampson, 'Canada's Mexican Visa Move Is an Overreaction: Ottawa Has Reimposed Travel Requirements for Some – but That's a Short-Sighted Approach to the Refugee Influx', *The Globe and Mail*, 1 March 2024, 2933673509, Canadian Newsstream, https://proxy.library.carleton.ca/login?qurl=https%3A%2F%2Fwww.proquest.com%2Fnewspapers%2Fcanada-s-mexican-visa-move-is-overreaction%2Fdocview%2F2933673509%2Fse-2%3Faccountid%3D9894.

Promoting labor mobility also links directly to the challenge of seeking to capitalize on USMCA to create and strengthen supply chains across the region. For example, much attention around labor in USMCA's has been around poor wages and labor standards in Mexico, and the movement of jobs out of Canada and the US into Mexico [60]. However, less attention has been paid to the responsibility of all three governments to use domestic policy to create, attract and maintain 'good' jobs for workers. Hanson argues that a greater focus on active labor programs and tailored skill development must be pursued by the US and Canada to remain economically competitive [61].

This issue has been exemplified by the challenge of attracting semiconductor manufacturing in the US: the lack of skilled workers to fully staff such facilities is a recognized barrier to realizing their long-term viability. Successful postsecondary-industry partnerships are being developed by CETYS Universidad in the Baja California region of Mexico that are successfully placing graduates in US firms. These programs are evolving sub-nationally to address long-term labor market needs in cross-border regions such as Baja California in the US-Mexico southwest and Cascadia in the US-Canada Pacific Northwest. Bilateral frameworks to support the success of such partnerships could include improvements to reciprocal labor mobility opportunities for such skilled workers in the three countries. Recognizing the political sensitivities, any programs can be piloted in a very limited manner that fully respects sovereignty and can be limited to trade partners with temporary entry chapters in place. They can be further controlled with numerical caps, targeted by sector and facility, and can even include snapback mechanisms to freeze their use as has been used by the US when advancing innovations in rules of origin with trade partners [62]. Canada has been a global leader in advancing labor mobility for skilled workers through both its domestic policies and temporary entry provisions in trade agreements, and can share its successes with North American counterparts [63]. If the US, Canada and Mexico are serious about strengthening supply chains and competing internationally as a region, it is imperative that targeted solutions to these labor mobility challenges are piloted, tested, and successes built upon.

60 Gordon H. Hanson, 'Modern Approaches to Workforce Development', September 2023.

61 Hanson.

62 Meredith B. Lilly, 'Chapter 7: Stumbling or Striving? Canada's Pursuit of Reciprocity in Negotiating Temporary Entry in Trade Agreements', in *Canada's Fluid Borders: Trade, Investment, Travel, Migration*, ed. Geoffrey Hale and Greg Anderson (University of Ottawa Press, 2021), 143–63.

63 Meredith B. Lilly, 'Chapter 7: Reforming High-Skilled Temporary Worker Programs in Canada and the United States: Both Sticks and Carrots' in *Navigating a Changing World: Canada's International Policies in an Age of Uncertainties,* ed. Geoffrey Hale and Greg Anderson (University of Toronto Press 2021). 152-178.

THEME RECOMMENDATIONS:

North American countries should develop mechanisms at the federal level to monitor and address the distributional consequences of funding for industrial policy and nearshoring in all regions of their respective countries.

North American countries should establish subnational working groups for states/provinces engaged in North American nearshoring to share information, develop strategies for cooperation on joint initiatives including infrastructure and private-public partnerships.

Canada should support Mexico-US bilateral efforts to address illicit drug trafficking and irregular migration border crossings from the south into North America. This will demonstrate Canada's commitment to continental security and help maintain border efficiency at the US northern border with Canada.

Drawing on Canada's successful labor mobility programs for skilled workers, national and sub-national frameworks to facilitate North American labor mobility should be developed, piloted, and built upon over time.

CONCLUSION

New industrial policy in the US seeking to reshore investment and jobs offers opportunities to revitalize North America as an internationally competitive region for the future.

The US's best opportunities for domestic peace, security and economic stability will come from having strong and secure neighbors on either side. Canada and Mexico are willing and interested in working with the US to grow a truly competitive North American region for the next century, based on partnership and shared vision of success. That requires citizens in all three countries to share in the benefits, and leaders to work together to achieve those goals.

This report has laid out some recommendations to begin developing a blueprint for North American competitiveness, built on the generational opportunity being created through industrial policy in all three countries

SUMMARY OF RECOMMENDATIONS:

1. To generate the commitment and momentum necessary to develop globally competitive supply chains for the new economy, the three countries should work together to develop shared opportunities for long-term, stable partnerships within North America, and which reflect common goals regarding China.

2. All three parties must work to implement rules of origin on autos as negotiated in USMCA, and determined by dispute settlement processes.

3. The US and Mexico should expand their bilateral working group on foreign investment and national security to include Canada, helping to build a North American approach that can be reflected in all parts of automotive, EV and semiconductor supply chains.

4. To safeguard the North American integrated auto supply chain from threats, the three countries should adopt a shared approach to 'connected cars' that focuses on safety and threats posed by technological inputs and capabilities.

5. North American countries should develop mechanisms at the federal level to monitor and address the distributional consequences of federal and federal-subnational partnership funding for industrial policy and nearshoring.

6. North American countries should establish a subnational working group for states/provinces engaged in North American nearshoring to share information, develop strategies for cooperation on joint projects including infrastructure and private-public partnerships.

7. Canada should support Mexico-US bilateral efforts to address illicit drug trafficking and irregular migration border crossings from the south into North America. This will demonstrate Canada's commitment to continental security and help maintain border efficiency at the US northern border with Canada.

8. Drawing on Canada's successful labor mobility programs for skilled workers, national and sub-national frameworks to facilitate North American labour mobility should be developed, piloted, and built upon over time.

ABOUT THE NORTH AMERICAN COMPETITIVENESS WORKING GROUP:

The Center for U.S.-Mexican Studies, the George W. Bush Institute, the Future Borders Coalition (Canada), the Mexican Council on Foreign Relations (COMEXI) and the Institute of the Americas, has convened a working group to evaluate and make recommendations on the United States' emergent industrial policy and its impact on the relocation of global production chains, particularly relating to North America.

The working group proposes policy approaches to ensure that the current moment of U.S. fixation on China strengthens North American economic integration, boosting the productivity, prosperity and competitiveness of the U.S., Mexico and Canada.

Center for U.S.-Mexican Studies
School of Global Policy and Strategy

University of California San Diego
9500 Gilman Drive # 0519
La Jolla, CA 92093-0519

usmex.ucsd.edu

CO-CHAIRS

Ambassador Louise Blais, Senior Special Advisor, Business Council of Canada

Luz María de la Mora, Non-resident Senior Fellow, Atlantic Council

Shannon K. O'Neil, Vice President of Studies, and Nelson and David Rockefeller Senior Fellow for Latin American Studies, Council on Foreign Relations

STEERING COMMITTEE

Sergio Alcocer, President, Mexican Council on Foreign Relations

Laura Dawson, Executive Director, Future Borders Coalition

Cecilia Farfán Méndez, Researcher, Institute on Global Conflict and Cooperation, UC San Diego

Rafael Fernández de Castro, Director, Center for U.S.-Mexican Studies, UC San Diego School of Global Policy and Strategy

Richard Kiy, President and CEO, Institute of the Americas

Matthew Rooney, Senior Advisor, George W. Bush Institute

MEMBERS

Juan Carlos Baker, General Director, Ansley Consultores

Jon Barela, CEO, Borderplex Alliance (El Paso-Juárez-Las Cruces)

Anna Victoria Barrera, Director, Public Affairs UPS Canada

Alan Bersin, Senior Advisor, Covington & Burlin

Michael Bomba, Research Associate Professor, University of North Texas Center for Logistics and Supply Chain Management

Heather Brason, North American Trade and Supply Chains Specialist

Luis de la Calle, Managing Director and Founding Partner, De la Calle, Madrazo, Mancera, S.C.

Enrique Dussel, UNAM

Caroline Freund, Dean, UC San Diego School of Global Policy and Strategy

Gary Gereffi, Professor Emeritus of Sociology, Duke University

Sergio Gómez Lora, CEO, Business Council of Mexico Representation in the U.S.

Kyle Handley, Associate Professor, UC San Diego School of Global Policy and Strategy

Gordon Hanson, Peter Wertheim Professor in Urban Policy, Harvard Kennedy School

Beatriz Leycegui, Partner, SAI Law & Economics

Meredith Lilly, Associate Professor and Simon Reisman Chair in International Economic Policy, Carleton University

The Honorable Anne McLellan, Deputy Prime Minister of Canada (2003-2006), Former Deputy Prime Minister Canada

John McNeece, Senior Fellow for Energy and Trade, Center for U.S. Mexican Studies, UC San Diego School of Global Policy and Strategy

Tiffany Melvin, President, North American Strategy for Competitiveness (NASCO)

Valeria Moy, General Director, IMCO

Antonio Ortiz-Mena, Partner, Albright Stonebridge Group

Nicholas Saliba, Research Fellow, George W. Bush Institute

Ricardo Tavares, Senior Corporate Affairs Manager, Google

WHITE PAPERS

President Biden's Industrial Policy and Prospects for North American Regionalization, John McNeece, Senior Fellow for Energy & Trade, Center for U.S.-Mexican Studies, University of California, San Diego, North American Competitiveness Working Group, September 2023.

View report at: https://usmex.ucsd.edu/_files/230918_WhitePaper_JohnMcNeece_NorthAmericanCompetitivenessWorkingGroup_President-Bidens-Industrial-Policy-and-Prospects-for-North-American-Regionalization.pdf

U.S. Industrial Policy: Impacts on the Geography of EV/Semiconductor Reshoring and its Influence on Sub-National Investment & Job Growth, Richard Kiy and Ana Zapata, Institute of the Americas, August, 2023.

View report at: https://iamericas.org/wp-content/uploads/2023/11/U.S.-INDUSTRIAL-POLICY-Kiy-Zapata_compressed.pdf

Canada's Provincial Clean Tech Nearshoring Potential: A Case Study of Ontario and Quebec, Richard Kiy, Institute of the Americas, August, 2023.

View report at: https://iamericas.org/wp-content/uploads/2023/11/CANADA-Sub-national-nearshoring-Kiy_compressed.pdf

Nearshoring: Which Mexican States Will Seize the Opportunity, The Mexican Institute for Competitiveness (IMCO), August 2023.

Modern Approaches to Workforce Development, Gordon Hanson, Harvard University and NBER, September 2023.

Potential Impacts of Advanced Manufacturing Production Credits on North American Trade, Michael Bomba, North American Competitiveness Working Group, 2023.

NORTH AMERICAN COMPETITIVENESS
WORKING GROUP