The economies of the United States and Mexico have become inextricably linked. For both countries, the other is their top trading partner, with an annual value of $616.38 billion in 2019. Beyond cross-border trade, however, our global competitiveness is linked due to the depth of manufacturing integration. As a result, job creation and export growth are largely regional enterprises. Well over a billion dollars in commerce crosses the border each day, and the GDP of the six Mexican and four U.S. border states is larger than the GDP of all but the three largest countries in the world.

The new USMCA is the essential instrument for bilateral cooperation on economic issues, but alone it is not a viable strategy for domestic economic growth. For both López Obrador and Biden, achieving job creation and growth requires an approach that embraces the complementarities of our economies and works toward building a 21st Century economy that works for everyone in each nation.

The COVID-19 pandemic has led many companies to reevaluate their global production networks and prioritize supply chain security and resilience. Reshoring has tremendous potential to benefit both countries. Rather than relocating jobs from one country to the other, research shows that companies tend to create jobs on both sides of the border as they expand their investment in the regional economy. In the United States, some five million jobs depend on trade with Mexico, and a similarly large number of jobs in Mexico depend on trade with the United States. To expand the percentage of global GDP generated in our region and to further related job creation and capitalize on new opportunities, leaders must address issues surrounding coordination in essential industries, labor law reforms, and a lack of both high-level dialogue and clear mechanisms for local involvement in the binational economic relationship.

KEY TAKEAWAYS

→ Restore a cabinet-level economic dialogue to institutionalize cooperation and drive progress across the many facets of the bilateral economic agenda. The High-Level Economic Dialogue should be used to generate synergy between local, state, and federal actors from across numerous agencies in both countries, providing the impetus to break through bottlenecks.

→ The first component of any updated US-Mexico economic agenda must be to respond to the challenges (and opportunities) presented by the Covid-19 pandemic and related recession. The United States and Mexico must jointly design an emergency plan concerning the impact of cross-border supply chains and logistics capacity to address the current pandemic and in support of future emergency response.

→ North American governments must align their definitions of essential industries to increase their likelihood of attracting investment from businesses looking to strengthen their supply chain security and resilience.

→ Mexico’s effective implementation of labor reform is crucial to take full advantage of its proximity to the U.S. Mexico’s competitive labor costs could make it attractive as an onshoring resource.

→ USMCA provides Mexico an opportunity to take on production in the automotive sector and reduce the manufacturing dependency the region has with China.

→ The Free Trade commission must clarify the attributions and the relationship between the committees created by the USMCA and use the purview supervision mechanisms to foster trilateral cooperation on shared priorities.

→ Put sustainable development and inclusive growth at the center of the bilateral economic agenda. To maintain public support for regional integration, these shared challenges must be adequately represented.