The George W. Bush Institute – SMU Economic Growth Initiative
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# NORTH AMERICAN COMPETITIVENESS IN THE WORLD:

## GEORGE W. BUSH INSTITUTE RECOMMENDATIONS FOR THE U.S.-MEXICO-CANADA AGREEMENT COMPETITIVENESS COMMITTEE

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February 2021

George W. Bush Institute

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## George W. Bush Institute – SMU Economic Growth Initiative:

The Bush Institute – SMU Economic Growth Initiative combines the public policy expertise of the George W. Bush Institute and the academic expertise of SMU. The joint initiative draws from economic policy-making experience at the highest levels and from cutting edge academic research to identify ideas for promoting innovation, entrepreneurship, and faster, more inclusive growth through global competitiveness and sound immigration policy.

# Executive Summary

North America is the most competitive region in the world – demonstrably more so than any other economic area. The economies of Mexico, Canada, and the United States are complementary, and our industries have leaned into the advantages of integrated service sectors, supply networks, and manufacturing platforms.

The U.S.-Mexico-Canada Agreement, which came into effect in July 2020, offers a modern framework for deeper economic integration over the coming decade and introduces an important new perspective – how the North American partners compete together in the world.

The George W. Bush Institute – SMU Economic Growth Initiative convened a broad and diverse group of North American experts to discuss how the new North American Competitiveness Committee created in USMCA's Chapter 26 can prioritize its agenda and work with stakeholders to ensure our workers and producers benefit fully from the agreement while strengthening the region's competitiveness.

Specifically, we recommend the Competitiveness Committee pursue initiatives in three priority areas:

- **Prepare workers for a competitive future through a community-driven approach,** including raising skill levels and creating portable credentials, learning from community-level approaches to competitive adjustment, maximizing opportunities for digital trade, supporting culturally and economically bi-national border communities, and revisiting targeted visa improvements.
- **Deploy technologies to move digital and physical products and services more efficiently,** including creating a trilateral working group to undertake holistic infrastructure planning, gathering more and better real-time data to inform infrastructure investment decisions, exploring innovative financing options for border infrastructure, and routinely benchmarking North America's border infrastructure against the rest of the world.
- **Confront the China challenge,** including sharing information and coordinating key policies vis-à-vis China such as intellectual property rights prosecutions, use of export controls, and foreign direct investment reviews, mitigating risks to the regional supply of critical minerals, deepening regulatory cooperation to shore up North America's energy advantage, and undertaking work to map North American supply networks of "essential" goods and services with a view to developing greater resilience and effective emergency coordination.

# Introduction

North America is the most competitive region in the world – demonstrably more so than any other economic area. The economies of Mexico, Canada, and the United States are complementary, and our industries have leaned into the advantages of integrated service sectors, supply networks, and manufacturing platforms.

Our unique partnership has enabled the region to weather slowdowns in the global economy even as major emerging markets and Europe experienced serious challenges. However, as the George W. Bush Institute – SMU Economic Growth Initiative recommended in November 2016, if we are to maintain our global lead, we need a strategic plan outlining how we will work together from the highest levels of political leadership to the community level. We must redouble efforts to remove barriers to deeper integration. We must strengthen the resilience of our workforce and our economies as we rebound from the devastating effects of the pandemic while competition with a rising China intensifies.

USMCA offers a modern framework for deeper economic integration over the coming decade. But as American economist Donald Boudreaux rightly points out, countries don't trade; people trade. After the ink dried on July 1, 2020, the real work to promote the agreement's benefits to North American workers and producers – who are the backbone of the region's strength and competitiveness – began.

With this in mind, once the U.S.-Mexico-Canada Agreement came into effect, the Bush Institute – SMU Economic Growth Initiative reconvened a broad and diverse group of North American experts to discuss how the agreement can further promote North American competitiveness. This group informed the recommendations found in this paper.

## A Competitiveness Committee can help us keep our edge

**USMCA Article 26.1.1:**

*"Recognizing their unique economic and commercial ties, close proximity, and extensive trade flows across their borders, the Parties affirm their shared interest in strengthening regional economic growth, prosperity, and competitiveness."*

While the North America Free Trade Agreement was fundamentally a market-access agreement among the three countries, USMCA introduces a critical perspective – how the North American partners compete together in the world. In this set of recommendations, we focus on the new North American Competitiveness Committee created in USMCA's Chapter 26 and an initial agenda the three countries, working with all interested stakeholders, should set for themselves.

Generally, we believe the committee should not limit itself to the four corners of USMCA. It should deliberate and provide guidance on initiatives enhancing the region's competitiveness in ways that enable our workers and producers to fully benefit from the agreement.

## Establish the baseline and then measure progress

**USMCA Article 26.1.2:**

*"With a view to promoting further economic integration among the Parties and enhancing the competitiveness of North American exports, the Parties hereby establish a North American Competitiveness Committee (Competitiveness Committee), composed of government representatives of each Party."*

The Bush Institute – SMU Economic Growth Initiative maintains a unique Global Competitiveness Scorecard. Originally, it was developed to objectively measure and debunk anti-NAFTA rhetoric that held our three governments back politically from updating the agreement to reflect contemporary economic circumstances.

The Scorecard assesses rule of law, regulatory efficiency, open markets, and protections for innovation, as well as the delivery of quality education and health services to support a productive workforce. Using a holistic set of metrics, we combined these indicators to compare competitiveness among both countries and regions. This allows for a robust evaluation of the successes of first NAFTA and now USMCA because it relies on more than just the trade figures.

Further analyzing growth in GDP, GDP per capita, GDP per employed person, and employment figures for North America as a region, also allows us to better understand the economic outcomes and benefits of the "North American style" of regional integration. The bottom line is that Canada, Mexico, and the United States together outperform the world's other major regions, including the European Union, APEC in Asia, and the Pacific Alliance in Latin America, not just in terms of competitiveness, but also growth and job creation.

The Scorecard results and the ability to break down the components of competitiveness can be used in conjunction with other indices and real-time data to provide a benchmark for discussions about the contribution of the USMCA going forward.

More importantly, the Scorecard can help inform the deliberations of the USMCA Competitiveness Committee, its engagement with stakeholders, and the development of a roadmap to accelerate post-pandemic recovery and enable long-term economic growth throughout the region. For example, our analysis shows that the region's score in the Business Environment category has declined somewhat over the last decade, driven largely by the relatively slower pace of information and communication technology (ICT) adoption in Mexico, increased regulatory burdens of starting a business in the United States, and rising time and costs associated with permitting and enforcing contracts in Canada. North America's Health and Education score has seen the steepest decline in the Scorecard's indices. Diminished trust in Mexico's institutions is showing up in weaker Legal Systems scores. North America's Trade Environment score is driven by trade freedom and market efficiency. Here too, we see a decline in scores that accompanied increased security procedures at customs and border checkpoints after 9/11.

As a final example, Mexico's liberalization of foreign investment in its energy and telecommunications sectors drove up the region's score on Investment Environment, but a rollback in regulatory reforms will diminish these gains.

In sum, the Scorecard can illuminate the foundations of North American competitiveness as well as areas that require improvement. It provides an important opportunity to emphasize how the region is stronger together in the global economy than any other region working toward integration. And, when it comes time to review progress under the agreement as its "sunset" provisions kick in a short six years from now, the numbers will help tell the positive story.

*In 2005, President George W. Bush convened the first North American Leaders' Summit bringing together the Prime Minister of Canada and Presidents of the United States and Mexico. The summits enabled the leaders to strengthen the prosperity and security of their countries within the framework of NAFTA. These Summits should resume to provide leadership-level impetus to plans developed by the USMCA Competitiveness Committee.*

## An agenda for the USMCA Competitiveness Committee and its stakeholders

The Bush Institute – SMU Economic Growth Initiative recommends the Competitiveness Committee organize its work around three priority themes:

1. **Preparing workers for a competitive future through a community-driven approach**
2. **Deploying technologies to move digital and physical products and services more efficiently**
3. **Confronting the China challenge**

## Theme One: A Community-Driven Approach to Deriving the Full Competitive Benefits of the USMCA

**USMCA Article 26.1.5(c)**

*"The Competitiveness Committee shall provide advice and recommendations, as appropriate, to the [USMCA Free Trade] Commission on ways to further enhance the competitiveness of the North American economy, including recommendations aimed at enhancing the participation of small businesses (SMEs), and enterprises owned by under-represented groups including women, indigenous peoples, youth, and minorities."*

NAFTA's critics were concerned with the negative effect on cities, sectors, and workers that could not adjust to changed conditions of competitiveness. Many communities found opportunity in deeper trade and investment relationships with North American partners, but others bore the brunt of employment losses or divestment, particularly in manufacturing. Our colleagues in Canada and Mexico cited similar challenges for communities within some states and provinces that did not experience gains from NAFTA.

## Focus on raising skill levels and portable credentials, not just mobility

The largest metro economies generate the bulk of each nation's exports and attract the vast majority of jobs from foreign direct investment. The largest U.S. metropolitan areas accounted for 58% of goods traded between the United States and Canada/Mexico in 2010, according to a Brookings Institution analysis. Twenty-five U.S.-Canada metro pairs, led by New York and Toronto, and 15 U.S.-Mexico metro pairs, led by Los Angeles and Mexico City, each traded more than $1 billion in goods that year. The study has been not repeated, but it would be reasonable to assume a continued or upward trajectory in trade among major North American metro pairs.

While NAFTA and other trade agreements produce overall national economic gains, they may leave many workers in import-sensitive sectors and communities poorly positioned to relocate to industries and cities where jobs are created by new trade and investment patterns. Geographic mobility, or a relocation of labor to where supply is needed, has been declining in general, yet that trend does not fully explain why all three countries are experiencing worsening disparities in productivity and income across subnational regions.

Many studies support the view that technological change, not trade, has been the most powerful driver of productivity differences and growing income inequality among workers, with unskilled workers particularly affected by automation. Significantly, a 2019 International Monetary Fund analysis found that while both technology and trade can cause unemployment and lower labor force participation, regions hit by trade shocks tend to bounce back within a couple of years, while the effects of automation are long-lasting. The same study concluded that countries more open to trade had lower regional inequality.

North American trade has generated job opportunities in regionally integrated advanced manufacturing and logistics, where technical skills are in high demand. As companies expand and deepen their North American supply chain investments, they are generating demand for skilled workers in all three countries, but consistently cite a shortfall of job candidates with sufficient skills to meet their labor needs. Therefore, the trade community should not rely on outdated economic arguments that mobility will produce a positive "general equilibrium" outcome. Rather, a key ingredient to achieving positive effects from USMCA is more support for skills improvements to meet the competitive labor demands of a changing North American market.

The Bush Institute – SMU Economic Growth Initiative has argued that low-cost, flexible certificate and technical training programs are an effective way to enhance the skills of North American workers and that regional collaboration has many advantages. The USMCA Competitiveness Committee can promote dialogue on how to bring certification standards and training practices into better alignment with regional labor market needs. It can also enable us to deploy and scale the use of productivity-enhancing technologies and processes on which workers in all three countries need to be trained and proficient.

## Learn from community-level approaches that worked

It is also important to ask why some regions and cities adjust to import competition and thrive while others may fail to find their footing. How did Greenville–Spartanburg, South Carolina, go from relying on a waning textile industry to attracting hundreds of world-class companies – from automakers to high-tech manufacturers – and experiencing a resurgence in manufacturing jobs through international trade and investment? How are finance and business hubs thriving from delivering complex cross-border services? What policies are supporting their success?

The USMCA Competitiveness Committee could host discussions with community leaders and businesses across North America to share insights about localized pro-trade and investment strategies that have benefited successful cities, particularly mid-sized cities experiencing growth. Discussions should drill down into ways traditionally underrepresented groups and small businesses can take advantage of access to North American markets and acquire jobs in integrated industries.

## Open the door wide to digital trade

Millions of workers transferred processes and their own jobs to online and virtual communications and technology platforms during COVID-19. In many professions and industries, employees and firms began moving away from some of the largest cities in the United States and Canada. They went to other cities that score high for education levels, quality of life, and openness – as well as for economic freedom and affordability. This geographic dispersion will have lasting effects.

We believe the trend toward trade in digital products and services, along with the increased viability of working remotely, offers an opportunity to spread the benefits of increased North American trade among workers in smaller cities and communities throughout the entire region. Many studies suggest that, in addition to improving human capital, policies that boost market connectivity – physical and digital – can help alleviate geographic sources of economic disparities. In Mexico, where populations may remain concentrated in large cities, internet penetration remains around 63%, lower than in the roughly 88% in the United States and 90% in Canada.

This underscores the importance of ensuring our countries are physically and digitally equipped to take advantage of the regulatory harmonization and liberalization in digital trade offered by USMCA's new digital provisions. As part of a worker- and community-driven approach, the Competitiveness Committee should undertake to review what the United States, Canada and Mexico can do together to not only implement new digital provisions in USMCA, but to maximize opportunities for digital trade.

## Support culturally and economically binational border communities

Adjacent communities like the Cali Baja "megaregion" encompassing San Diego and Imperial counties in California and the state of Baja California in Mexico are tightly integrated with high volumes of two-way intra-industry trade. Cali Baja has become a global hub for high-tech research and development and advanced manufacturing, attracting, for example, the world's largest medical device cluster. Other top industries include highly specialized manufacturing of high-value audio and video equipment, aerospace products and parts, plastics, semiconductors, and motor vehicle parts. North American and global firms take advantage of binational coproduction, which supports high-paying jobs and contributes to economies on both sides of the border.

Services are also highly traded in Cali Baja to support advanced manufacturing in the region. Computer system design services, scientific research and development, data processing and hosting, and other professional services now comprise more than half the value of trade within the region. By focusing on improving trade and investment efficiencies in binational communities and regions such as Cali Baja, the Competitiveness Committee can support their growth, promote the development of symbiotic and skilled workforces, and help ensure their resiliency in the face of global competitors such as China.

There are many groups and coalitions that have collaborated for decades on issues that matter to border states and communities. One notable example is the Pacific North West Economic Region Foundation involving the U.S. states of Alaska, Idaho, Oregon, Montana and Washington and the Canadian provinces and territories of British Columbia, Alberta, Saskatchewan, Yukon, and the Northwest Territories. These groups live the North American economy every day and should be engaged by the Competitiveness Committee not only on USMCA implementation but also on issues that can be addressed outside the agreement to brings its potential benefits to fruition.

More immediately, we also encourage the Competitiveness Committee to shine a light on the need to safely resume normal pedestrian and private vehicle border crossings that were shut down to nonessential traffic last March due to COVID-19. Border communities rely on daily visitors who patronize their stores, restaurants and tourist attractions. Getting safely back to normal is key to the post-pandemic economic recovery of these important border communities.

## Revisit targeted visa improvements

Beyond pedestrian and private vehicle crossings, our expert group recommends the Competitiveness Committee develop a process for expanding and harmonizing U.S., Mexican, and Canadian trusted traveler programs. In particular, the group agreed on the need for skilled technicians to have greater certainty in their ability to move back and forth across North American borders to support advanced manufacturing after-sales services such as equipment repairs. This would enable workers to keep their jobs where they are domiciled while supporting integrated North American manufacturing.

# Theme Two: Jointly prioritize border infrastructure investments and speed up the use of interoperable modern technology to clear goods across North American borders

**USMCA Article 26.1.5(d)**

*"The Competitiveness Committee shall identify priority projects and policies to develop a modern physical and digital trade- and investment-related infrastructure and improve the movement of goods and provision of services within the free trade area."*

North American trade is projected to increase under USMCA. In addition, COVID-19 has accelerated the rise in consumer purchases through e-commerce platforms. The Competitiveness Committee should drive the effort to coordinate the intelligence needed to prioritize border infrastructure investments and improvements.

## Smart borders are needed now more than ever

The World Bank reports that the time and cost of border procedures, documentary compliance, and domestic transport within the overall process of exporting or importing a shipment of goods has increased substantially in all three countries over the past 10 years. As a result, North America's average percentile rank on the World Bank "trading across borders" indicator has fallen to 60% percent from 75% over the past decade.

This decline signals the need for the three countries to invest more in digitization and coordinated prescreening programs at the borders. As the effects of the COVID-19 pandemic linger, these needs grow more acute and urgent.

According to initial estimates prepared for the Bush Institute, targeted investments in border infrastructure would increase U.S. GDP by 1 percentage point within five years—an addition of $220 billion—while reducing the U.S. federal budget deficit by 1.16% of GDP after five years, a savings of nearly $250 billion.

## Make infrastructure planning more holistic

There are many government entities, jurisdictions, and private stakeholders involved in planning, approving, funding, building, and operating well-functioning border crossings.

The Competitiveness Committee should create a permanent trilateral working group comprised of federal, state, local and indigenous representatives along with private sector and academic experts. This group should generate an end-to-end border perspective: They should enable the prioritization of border infrastructure projects according to market conditions and needs while ensuring that critical internal infrastructure components such as interstate highways and bridges are ready to feed into large cross-border projects upon completion.

North American experts cited the expansion of the San Ysidro border crossing and modernization of Otay Mesa East in the San Diego-Tijuana corridor as good examples of improved coordination between the U.S. and Mexican governments. However, experts also said that the many processes for approvals, land acquisition and other decisions remain opaque. The private sector would like to see a trinational infrastructure working group develop some basic blueprints for how each government makes project decisions at the national and subnational levels.

## Gather and use more and better real-time data

As the world becomes more data-driven, gaps in the collection and use of real-time border crossing data have become more apparent. Additional and shared data would improve the governments' ability to model, analyze and forecast the volumes and routes of cargo and passenger traffic throughout North America, which in turn could inform investment and staffing decisions at border crossings while reducing costs. For example, real-time data about rising levels of fresh produce exports from Mexico would provide a basis for the U.S. Department of Agriculture to assign more entomologists to ports where inspections are forecast to increase.

A trilateral working group should analyze which technologies should be deployed to expand throughput, measure and reduce wait times, and wirelessly move information into risk assessment systems, while offering a rich source of information on which to base decisions about physical infrastructure investments. The expert group specifically cited use of nonintrusive border inspection equipment such as radio-frequency identification (RFID), transponders and X-ray technologies as priorities. It also recommended boosting internet broadband at ports to facilitate greater mobility by border and inspection agents while also enabling the transmission of data to officers in off-site locations to support faster approvals.

## Explore innovative financing

Within a trilateral working group, experts in project financing could also explore alternative models to fund major border infrastructure investments. They could include sources such as pension funds and the expansion of the Donations Acceptance Program to enable private participation in large-scale border and port improvement projects. The expanded use of digital technology could provide accuracy and transparency to the collection and dissemination of any fee- or toll-based revenue, opening the door to more public-private partnerships. The group could also engage in discussions with the U.S. International Development Finance Corporation and the existing North American Development Bank to expand multi-government backing of new projects while leveraging both public and private sources of financing.

### Benchmark against global competitors

The Competitiveness Committee could leverage the new trilateral body of experts to regularly analyze and benchmark North American border infrastructure and trade corridors against the rest of the world.

## Theme Three: Show a united front in protecting North American workers and businesses against anti-competitive practices by China

**USMCA Article 26.1.5(e)**

*"The Competitiveness Committee shall discuss collective action to combat market-distorting practices by non-Parties that are affecting the North American region."*

The adverse effects of China's aggressive drive to global economic dominance are well understood and represent a concern shared by all three North American partners.

Notwithstanding the primacy of individual bilateral diplomacy and political engagement with China, North America – by virtue of how it competes in the global economy as a region – has an economic relationship with China. Through USMCA, and in the context of preserving and protecting North American competitiveness, the three governments should develop an agenda for policy coordination in critical areas to prevent and mitigate anti-competitive practices by China.

### Share information and work to coordinate key policies vis-à-vis China

The Competitiveness Committee should prioritize ways to combat China's illegal acquisition of advanced technologies and intellectual property. The governments should develop mechanisms to share information that would strengthen the prosecution by departments/ministries of justice of intellectual property theft by Chinese firms. They should also seek to increase coordination in their use of export controls on sensitive or dual-use technologies as well as specific restrictions on exports and financial engagement with Chinese companies that have been sanctioned or blacklisted. The governments should also initiate regular discussions and information sharing regarding the conduct of foreign direct investment reviews.

Additionally, given our renewed trilateral attention to labor matters and our commitment in USMCA Article 23.6 to "establish cooperation for the identification and movement of goods produced by forced labor," our governments should immediately work together to prevent the entry into North American markets of goods made with forced labor in China.

There is also shared interest in addressing the persistent industrial subsidization of Chinese producers that threatens to undermine the long-term viability of some of our most important North American industries. Having agreed on commitments in the USMCA regarding the conduct of state-owned enterprises and subsidization, the three governments should work to widen multilateral support for their inclusion in other free trade agreements and in the World Trade Organization.

## Mitigate risks to the supply of critical minerals

A high priority for North American governments is ensuring reliable supplies of critical mineral commodities that are essential to high-tech industrial products and defense applications. Despite holding reserves, the United States and Canada do not currently mine significant amounts of critical minerals. Mexico has a robust mining industry that attracts investment from American and Canadian firms, but it is not a significant producer of the 35 minerals designated as critical by the U.S. Department of Interior.

The United States is import-dependent for 31 of 35 critical minerals and relies entirely on imports to satisfy demand for 14 critical minerals. Canada is the largest supplier of seven critical minerals and a major supplier of another seven. Concerningly, China has achieved dominance in global trade of critical minerals. In recent years, China has demonstrated its willingness to withhold access to rare earth supplies for political leverage. In some cases, China's substantial investment and unfair subsidization of mining and exports of critical minerals has driven prices to unprofitable levels for North American mining operations. North American governments are now reviewing regulations that have stifled investments in mining with the aim of stimulating sources of finance to resume mining operations and rebuild a workforce that can support the renewal of a mining sector.

Nonetheless, North American manufacturing is worryingly vulnerable to disruptions in supply from China. To reduce the region's reliance on China, the three North American governments could combine efforts to improve the mapping of critical minerals across North America, discuss ways to streamline regulatory approvals for mining permits, accelerate research and development in alternatives, stockpile in a coordinated manner, and support innovation in extraction and recycling techniques. Just as hydraulic fracturing has reduced North American reliance on foreign oil and gas, collaboration and technological advancement can accelerate independence in the critical minerals industry.

The United States and Canada have developed an extensive intergovernmental network to explore and advance these initiatives, but the USMCA Competitiveness Committee should advocate to include Mexico, which is a key player in regional coproduction of both high-tech and clean-tech products that rely on critical minerals. Combining the competitive advantages of all three governments would accelerate the region's move toward greater self-sufficiency and reduce the need to purchase critical minerals from China.

**USMCA Article 26.1.4**

*"The Competitiveness Committee shall discuss and develop cooperative activities in support of a strong economic environment that enhances a predictable and transparent regulatory environment."*

## Deepen our energy advantage

The productivity of Canada's oil sands, the U.S. shale boom, and historic Mexican energy reforms have ushered in an era of unprecedented abundance in the North American energy sector. This is a key competitive advantage in the region's trading relationship with China. The United States, Canada, and Mexico trade large amounts of energy in the form of oil and refined products, gas, and electricity, but we can expand energy trade and investment further.

Mexico's reforms in the energy sector have been pivotal to unlocking regional opportunity. But recent changes in the regulatory process for foreign investors – including obtaining permits and how long they will last – threaten to roll back achievements that have strengthened the competitiveness of Mexico's energy sector. In the United States, permitting processes were streamlined by executive orders that may also prove short-lived.

The Competitiveness Committee has an opportunity to shore up regulatory reforms that facilitate North American trade and investment in traditional energy products while also launching discussions around a regional strategy for achieving a sustainable mix of North American energy sources including water, solar and wind-generated energy.

## Develop greater resilience to supply chain risks

Although each government has a responsibility in emergencies to first protect its own citizens, the level of supply chain integration in the region should be seen as an asset: It will facilitate each government's ability to secure essential goods, whether through new production, the diversion of supplies toward emergency purposes, or by maintaining open channels of existing supply.

The Competitiveness Committee should initiate a process to map regional supply chains related to disaster relief and to define "essential" goods, services and businesses as a way to prioritize trade facilitation in emergency circumstances. The committee should incorporate lessons learned within the private sector from the bottlenecks created during COVID-19 when each government acted independently. Best practices could then be incorporated into the North American Plan for Pandemic and Animal Influenza, which has provided a collaborative framework for North American pandemic preparedness since 2009. Our network of experts has experience we would like to lend to the effort to create an "essential goods and services" checklist.

If the Biden Administration uses the Defense Production Act in the name of reducing dependence on China for critical goods and services, the governments should discuss appropriate defense production sharing agreements and expanded North American exemptions from "buy American" requirements. In this sense, North American integration should be viewed as an asset to strengthen resilience and decrease dependence on influence-seeking foreign actors. Working together helps assure that all three countries in the region maintain access to high quality, safe, and reliable supplies while avoiding unnecessary costs to North American producers and consumers in times of heightened need.

## Focus on a Strong Vision for North American Competitiveness

We urge the USMCA partner governments to seize the opportunity created by the Competitiveness Committee to develop a strong vision for North American competitiveness that places our region at the center of the global economy. Its work plan should be focused, with measurable goals, but broad and ambitious in potential impact. The kinds of initiatives we recommend would necessarily require a coordinated interagency effort, involvement of subnational government experts, and robust engagement with private sector and civil society stakeholders. But a holistic and inclusive approach that avoids adding bureaucracy to any new North American constructs will pay significant dividends. We stand ready to be part of this North American conversation and offer the support of our network to implement our recommendations and to help develop and operationalize additional recommendations that might flow from the Competitiveness Committee's work.

# Acknowledgments

The George W. Bush Institute – SMU Economic Growth Initiative thanks the North America Working Group for its support and participation in numerous discussions over the course of the last several months. Its expertise and advice were invaluable as the Bush Institute – SMU Economic Growth Initiative developed these policy recommendations.

William Anderson
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