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Canadian Foundation for the Americas
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NORTH AMERICAN LINKAGES: PERSPECTIVES FROM THE MEXICAN POLICY RESEARCH COMMUNITY

Roundtable Report

February 25-26, 2002, Ottawa, Canada

The Canadian Foundation for the Americas (FOCAL) is an independent, non-governmental organization dedicated to deepening and strengthening Canada's relations with countries in Latin America and the Caribbean through policy discussion and analysis. FOCAL's mission is to develop a greater understanding of important hemispheric issues and to help build a stronger community of the Americas.

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ROUNDTABLE REPORT**

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PARTICIPANTS

Ambassador María Teresa de Madero; Assistant Deputy Minister (Americas) Marc Lortie; Ambassador Andrés Rozental [Consejo Mexicano de Estudios Internacionales].

Jon Allen [Department of Foreign Affairs and International Trade, DFAIT]; Ana Paola Barbosa [Embassy of Mexico]; Martha Bárcena [CELAG]; David Bickford [DFAIT]; Lisa Bokwa [DFAIT]; Tamara Candido [Royal Canadian Mounted Police, RCMP]; Luis Carlos Ugalde [CIDE Mexico]; Norman Fee [Industry Canada]; Rafael Fernández de Castro [ITAM]; Janine Ferretti [North American Commission for Environmental Cooperation]; José Luis García [UDLAP]; Ana Karina González [Mexican Centre for Environmental Law]; Dave Greenhill [Human Resources Development Canada, HRDC]; Chris Gregory [DFAIT]; Claire Hardy [Policy Research Initiative]; Margaret Hill [Policy Research Initiative]; David Hooey [Solicitor General Canada, SOLGEN]; Mauricio Ibarra [Embassy of Mexico]; Allan Kagedan [Citizenship and Immigration Canada, CIC]; Darlene Keable [Canada Customs and Revenue Agency, CCRA]; Marie-France Kingsley [SOLGEN]; Hal Klepak [Royal Military College of Canada]; Cynthia Larue [Department of National Defence, DND]; Eva Lazar [HRDC]; Marcel-Eugen Lebeuf [RCMP]; Farryl Loney [Treasury Board of Canada]; Eduardo Loría Díaz [UNAM]; Laura MacDonald [Carleton University]; Donald R. Mackay [FOCAL]; Eduardo Martínez Curiel [Embassy of Mexico]; Derek McKee [Policy Research Initiative]; Emily McLaughlin [DFAIT]; David Moloney [Privy Council Office]; Isidro Morales [UDLAP]; Alfonso Nieto [Embassy of Mexico]; Claudia Paguaga [FOCAL]; Yves Poisson [Public Policy Forum]; Rogelio Ramírez de la O [ECANAL S.A. de C.V.]; Someshwar Rao [Industry Canada]; Doug Rosenthal [Natural Resources Canada, NRCAN]; Anne Routhier [Policy Research Initiative]; Ana María Salazar [ITAM]; Jorge Sanchez [Embassy of Mexico]; Lisa Shapiro [NRCAN]; Renee St. Jacques [Industry Canada]; Aaron Sydor [Industry Canada]; Marc Taschereau [Elections Canada]; Major Gudmund Thompson [DND]; Leo Vaillant [RCMP]; Caroline Vecchio [CCRA]; Michael Welsh [DFAIT]; Stacey Wilson-Forsberg [FOCAL].

BACKGROUND

The *North American Linkages* roundtable was organized by the Canadian Foundation for the Americas (FOCAL) with support from the Policy Research Initiative, the Department of Foreign Affairs and International Trade, and several federal government departments involved in the Policy Research Initiative's North American Linkages Research Project, namely: Industry Canada, Solicitor General Canada, Natural Resources Canada, Human Resources Development Canada, and the Royal Canadian Mounted Police.

At their first trilateral meeting in April 2001, Prime Minister Chrétien, President Bush, and President Fox instructed their governments to “review the trends, challenges, and opportunities facing North America at the dawn of a new century, and examine options to further strengthen our North American partnership”. While Canada-United States and United States-Mexico bilateral relationships are both well established and multifaceted, Canadians and Mexicans generally remain under-informed about each other’s position in North America.

Within this context, the February 25-26 roundtable provided a space for serious debate and dialogue between Canadian and Mexican governmental and non-governmental policy experts on emerging issues in North American relations. The debate and dialogue laid the groundwork to: 1) provide constructive advice to Canadian and Mexican policy makers involved in North American projects; 2) encourage Canadian and Mexican research on the opportunities and challenges involved in increased trilateral cooperation between Canada, the United States, and Mexico, and; 3) strengthen relations between the Canadian and Mexican policy research communities.

OVERVIEW

The *North American Linkages* roundtable gathered together several non-governmental Mexican experts with Canadian policy makers and policy researchers to discuss emerging issues within North American relations. Focusing specifically on the themes of: 1) Institutions; 2) Trade and Investment; 3) Sustainable Development and Environment; 4) Border Management; and 5) Public Security, the roundtable served to underscore those areas meriting greater bilateral cooperation between Canada and Mexico, as well as those in need of a trilateral or continental approach.

Discussions resulted in an agreement that the two countries have much to learn from one another, particularly with regard to their respective relations with the United States. It was evident throughout the roundtable sessions that Canada and Mexico have followed a different approach toward their relationship with the United States, one (Canada) favouring a more technical and practical relationship and the other (Mexico) a more political and public one. Discussions further stressed the point that, while Canadian and Mexican policy makers and policy researchers may concur on many issues, they often diverge on the direction that North American relations should take in the long term, and on the necessary steps to get there.

On the whole, the event represented a unique opportunity for dialogue between Mexican participants and representatives of the Canadian government. It served to peak the interest of Canadian participants to learn more about Mexico, and to share experiences and best practices with this NAFTA partner. All roundtable sessions underscored the importance of information gathering and sharing. North American linkages will deepen and broaden, and trust among the three countries will be built with improved accumulation and sharing of proper, comparable, and transparent information. They also emphasized the importance of public awareness and participation. It is not clear if the

societies of the three countries really want deeper North American relations, especially if this objective does not bring people concrete benefits. The societies may not even be aware that their governments are involved in this dialogue and debate.

Further research on the opportunities and challenges of a North American perspective should be encouraged, along with the continuation of the dialogue that occurred on February 25-26, 2002. Participants agreed that the next logical step to this exercise would be to organize a similar event in Mexico where Canadian governmental and non-governmental policy experts would be invited to initiate debate and dialogue with their Mexican counterparts. This idea caught the imagination of a number of participants from Mexico, and FOCAL will follow up actively on this point.

BUILDING AN INSTITUTIONAL FRAMEWORK

North American leaders have recently built a series of continental relationships in the almost complete absence of formal institutions. Can these relationships continue to evolve without the appropriate institutions to govern them? This question is a focal point of the North American debate. It is an area that policy makers and policy researchers from Canada, the United States, and Mexico will soon need to consider. Discussions during this session focused on Mexico's proposal for the institutionalization of NAFTA, the characteristics that future institutions may have, reform of the existing NAFTA institutions, and the reform of Mexico's domestic institutions.

Discussions concluded with the recommendation to Canada to consider a trilateral approach to some North American issues, as well as the limited institutional framework of some policy areas, and with encouragement to Mexico to move forward with those institutional areas in which only a start has been achieved, i.e. labour and environment. Canadian participants maintained that in lieu of creating more North American institutions, Canada should continue to work with Mexico to reform its domestic institutional structures. The most appropriate role for Canada continues to be the facilitation of Mexico's ability to face its own challenges by providing financial support when possible, and more importantly, technical assistance in the form of sharing knowledge and building capacity.

Summary:

Mexico is a vigorous promoter of an institutional framework for NAFTA. It would like to establish, among other bodies, a North American Commission that would study emerging North American issues or do "forward thinking", make recommendations to policy makers, and publicize the achievements of NAFTA. Some participants noted that neither the governments nor the private sector of the three countries have done a particularly good job of publicizing the benefits flowing from the free trade agreement. Mexico proposes that the commission be formed by a high-level group of Cabinet members from the three countries, or by non-governmental policy experts, i.e. a group of "wise persons". The idea of a North American Parliamentary group has also been presented. At

this time however, little discussion has taken place on defining precisely what these and other North American institutions would do or what are realistic criteria for their design.

The Canadian (and U.S.) preference for an “institutional light” North America came up during this session and throughout the roundtable discussions. The belief that tri-national institutions function better than existing bilateral and multilateral processes remains to be demonstrated. When Canada has a problem with one particular country, it traditionally tries for bilateral resolution. If that does not work, it goes to a multilateral route, i.e. the Organization of American States, the World Trade Organization, the United Nations. Moreover, where Mexico tends to solve foreign policy problems at the political level with more public profile, Canada works at the technical level preferring to “remain below the radar”. Canada maintains that there is no need for a formal institutional framework at this more ad hoc and informal technical level.

Participants concentrated on some characteristics that future institutions might have. Whether they should be hemispheric in nature rather than continental, in light of the negotiations for a Free Trade Area of the Americas (FTAA), and whether they should be inter-governmental rather than supra-national. Participants looked at possible institutional mandates, i.e. issues that are possibly in need of institutions or mechanisms. Emphasis was placed on those issues found at the interface of two or more policy areas that are not given space for debate and dialogue, such as environment and health. They discussed NAFTA’s success at forming an institutional anchor for Mexico. The free trade agreement essentially locked in political and economic reforms in that country so as not to be done and undone by successive administrations. Finally, the need to fix the existing NAFTA institutions was underscored. Trilateral cooperation within the framework of the North American Labour Commission and Commission for Environmental Cooperation is limited to the minimum necessary to fill their original mandates. Neither body has grown beyond its original conception. Mexico is not a vigorous supporter of either of these institutions, and it is not likely to gain much traction for its institutional objectives until it faces this fact directly.

TRADE AND INVESTMENT

Over the last eight years NAFTA successfully facilitated the deepening and broadening of commercial and economic channels between Canada, the United States, and Mexico. There is little doubt that these channels will continue to form the core of North American relations. Discussions in this session focused on next steps for NAFTA and on the failure of increased trade and investment to “upwardly harmonize” Mexico in terms of the development process.

Discussions concluded with the recommendation to policy makers in all three countries to take a closer look at NAFTA in terms of what works and what does not, while simultaneously studying the addition of other areas to NAFTA, such as energy and migration. Participants noted that times had changed since the signing of the free trade agreement and issues once considered “off the table” (i.e. energy for Mexico) were, with the passage of time, possibly ripe for further elaboration. Participants encouraged Mexico

to continue to explore the validity of a North American financial mechanism to support its development strategy, but recommended that Mexico come up with concrete details, and articulate how such a strategy could work in the North American context.

Summary:

Should policy makers and policy researchers concentrate on fixing those trade and investment areas within NAFTA that do not function properly before looking at the addition of new areas to the agreement? The United States maintains protectionist measure on certain commodities and products such as steel and wheat. Mexico, for its part, often has trouble adhering to the provisions of the labour and environment side-agreements. Chapter 11 provisions have caused controversies in all three countries. Furthermore, NAFTA has not been fully implemented yet. Difficult times are expected in the near future, as the scheduled tariff reductions get closer to zero. Mexico's agricultural sector is particularly sensitive to tariff reductions. The sector is marked by low productivity, migration to cities and the United States, foreign competition, and the legacy of land title disputes stemming from a failed agrarian reform policy.

Mexico's impending agricultural crisis turned discussions to the question of financing for a development strategy within NAFTA. Participants emphasized that while NAFTA increased trade and investment, the benefits of Mexico's economic growth had not trickled down to the majority of its people and regional development has been highly concentrated. While Mexico demonstrated remarkably high levels of economic growth over the last few years (Mexico could well overcome Brazil in the next couple of years), disparity in income actually increased making Mexico one of the most unequal countries in Latin America. Discussions underscored the inevitability of a finance for development strategy within NAFTA or within the hemispheric-level Inter-American Development Bank to allow Mexico to catch up with the rest of North America. Such a strategy would imply that the United States and Canada share the costs of Mexico's development process.

SUSTAINABLE DEVELOPMENT AND ENVIRONMENT

Sustainable development and environment is a natural trans-national issue. Environmental degradation does not respect borders. Yet, dialogue still occurs between two developed countries, on the one hand, and a developing country on the other. Discussions during this session focused on the role of the North American Commission for Environmental Cooperation (CEC) in encouraging genuine dialogue among the three countries on these issues. Discussions concluded with an emphasis on the importance of public participation in dialogue on sustainable development, and on information accumulation and sharing.

Summary:

Environmental concerns were afterthoughts to NAFTA, forced on the governments by environmental and labour groups. In response, the three governments wrote sustainable

development into NAFTA's preamble, vowed that NAFTA would not drive down the region's environmental standards, and set up the North American Commission for Environmental Cooperation. Linking trade to sustainable development for the first time in a multilateral trade agreement, NAFTA set an important precedent, challenging FTAA negotiators and the World Trade Organization to write environmental protection directly into future trade accords.

The CEC has emerged as a useful monitor of environmental trends in the region and its scientific and technical work is well regarded. Yet, it has been able to leverage only limited trilateral cooperation on broader issues. It is institutionally weak and support from the three governments is at the minimum level necessary to meet only their formal obligations. Participants pointed out, however, that the CEC has been successful at encouraging public participation on sustainable development and environment issues through its Joint Public Advisory Committee. Participants stressed that the CEC's work is dependent on the ability of Canada, the United States, and Mexico to develop procedures to acquire and share information and statistical data that is accessible, comparable and transparent.

BORDER MANAGEMENT

Achieving a balance between the seemingly contradictory policy objectives of controlling the illegal flow of goods and people, while easing border congestion for legitimate movement, regularly challenges policy makers in Canada, the United States, and Mexico. While there has been much written about trilateral approaches to border management, particularly following the September 11 attacks on New York City and Washington D.C., so far bilateral processes have remained the norm. Discussions during this session focused on the United States-Canada and United States-Mexico border relationships, and respective bilateral border management agreements. Specific topics included: security concerns, immigration, and the potential harmonization of some border procedures.

The discussions concluded with an overall agreement that while obvious differences prevail at each border, there are areas where the three countries can work together. Information sharing should be the first step. Some participants recommended that immigration and customs agencies in Canada, the United States, and Mexico should pass each other sensitive intelligence on the movement of criminals and potential terrorists. Their embassies abroad should cooperate so as to impede the entrance of these people into North America. The participants suggested that perhaps a tri-national computerized database of people entering and leaving the three countries could be set up as a tool for this type of cooperation. The harmonization of some border procedures, such as the smart card technology, may also be necessary. The trans-shipment of cargo, requiring trucks to cross both borders, has become routine under NAFTA. It makes sense to have common, compatible procedures for the sake of speed and efficiency.

Summary:

Is a trilateral approach to border management feasible when Canada and Mexico do not share a border? So far, deliberations at the government level have taken place bilaterally. In December 2001 the United States and Canada signed a border agreement containing 30 points of cooperation. The agreement called for, among other things, smart card technology that would ease the entry process in both countries for low risk, pre-approved users, and new technical procedures to clear goods in factories, rail yards and sea ports instead of waiting until they reach the border crossings. Talks for a similar United States-Mexico accord were underway between US and Mexican officials the week of March 4, 2002. While drug trafficking and undocumented immigration make the United States-Mexico border relationship more complicated, the agreements have many points in common. This has led Mexico to request more trilateral cooperation on border issues.

The policies of post-September 11 surfaced throughout this roundtable session. Today, both Canada and Mexico's border economies depend on increased cooperation with the United States on security. They are economically integrated regions where all revolves around crossing the border as quickly and efficiently as possible. Participants made particular note of the fact that the status of millions of Mexican migrants residing in the United States now depends on Americans feeling safe at home. Mexico hopes that the secure border accord will soon lead to an agreement with the United States to increase temporary work visas for Mexican labourers and an amnesty for some of the millions of Mexicans already in the United States without proper documentation. As one participant remarked, "how can the United States have a secure homeland if it does not know who is residing in it?"

Discussions further revealed that present circumstances have obligated Mexico to review its policy toward its southern border with Guatemala –a border known for insecurity, human rights abuses, and technical inefficiencies. Mexican law enforcement now keeps a closer eye on people smugglers, since the smugglers are increasingly being used by a wider range of the world's migrants. The Mexican government is also aware of the need to combat corruption. Participants emphasized that it will be difficult for the United States and Canada to work with Mexico on border controls when "for a small bribe a Mexican border official will look the other way while a dubious character comes in". Finally, the circumstances have forced Mexico to pay careful attention to the United States-Canada relationship. Participants agreed that Canada and Mexico have a great deal to learn from each other. They need to put competition factors aside and work closely together on these and other issues.

PUBLIC SECURITY

Canada and the United States are well placed to expand cooperation on public security matters based upon a solid framework of the past. Given the urgency of public security needs in North America, policy makers must now ensure that Mexico also makes a positive contribution to this process. Discussions during this session focused on Canada and Mexico's security steps following the events of September 11. They placed particular emphasis on Mexico's domestic public security concerns as a potential obstacle to North American cooperation. On the whole, post September 11 security talks were regarded as

a clear demonstration of the need for a North American security agreement involving trilateral cooperation.

Discussions concluded with a general consensus that geographic proximity to the United States -a potential magnet for terrorist attacks, drug consumption, undocumented migration, and other security threats- means that Canada and Mexico must actively cooperate with the United States, and with each other on security matters. The three countries should begin to develop a set of procedures for working together so that when another crisis does occur, the appropriate system will be in place to deal with it. Again, the critical need for information sharing between the three countries was highlighted as the first line of defence in addressing public security problems. The need for public awareness and support for these matters was also emphasized

Summary:

False rumours that some of the September 11 terrorists entered the United States through Canada made Canadian officials work fast to prove that their country is serious about fighting terrorism and other security threats. Canada passed the country's first counter terrorism law in December 2001. The law will harmonize some immigration, security and custom clearance systems with those of the United States. It will tighten rules for refugees, require stricter security checks, and grant authorities more discretion to detain people at the border. There is also talk of a Pentagon proposal for an "Americas Joint Command", a single integrated command, putting some Canadian (and perhaps Mexican) troops and warships in a continental defence structure.

Mexico for its part, quickly took steps to stem the flow of terrorist money and to strengthen control of Mexican airspace post September 11. Mutual trust and cooperation with the United States on security matters were already on a positive trend prior to that date. A major increase in high-level drug arrests and extraditions of criminals to the United States are but two examples. Yet, discussions during this session revealed that the situation is far more complicated for Mexico as it looks outward to cooperate with its NAFTA partners on public security matters, while attempting to address serious public security threats of its own. Mexico must also face a public that, for the most part, remains suspicious of the security objectives of the United States and Canada.

Participants pointed out that drug trafficking through Mexico might be on the rise. There are signs of a resurgence of coca and poppy production in Peru and Bolivia, due in part to the end of the peace process (and hence, increased militarization) in Colombia. More drugs are available to ship through Mexico. Seven of the world's eleven biggest drug trafficking cartels are Mexican. When these extremely dangerous cartel members are caught by Mexican authorities, their cases wreak havoc on the already weak judicial system. The courts are already overwhelmed with appeals stemming from Mexico's new indigenous rights and tax laws, and the assassinations of Mexican judges have become commonplace. Participants called attention to increased street crime in Mexico. People do not trust law enforcement officials, who are poorly paid and believed to be corrupt. Additionally, Mexico City has been hit with another kidnapping epidemic. Finally, the

armed forces have been asked to perform more law enforcement duties at precisely the time when it is under serious criticism from the public and media resulting from investigations into its past misdeeds.

Discussions further stressed that as the Mexican government reaches out to cooperate with the United States and Canada on continental security, it must prepare for a negative public reaction domestically. Mexico went through a wrenching national debate about how to support the United States military response to the September 11 attacks. The argument put President Fox and those who want Mexico to be an active player in support of the United States, against those who adhere to Mexico's traditional position that its national interests are contained within its borders. Since taking office in December 2001, President Fox pledged to make Mexico more of a player on the world stage and has aggressively pursued and secured a seat on the UN Security Council. The crisis was the first real test of whether the President could rally Mexico out of the past.

ROUNDTABLE CONCLUSIONS

Overall, roundtable deliberations illustrated a divergence of thought between Canadian and Mexican participants on bilateral v.s. trilateral approaches to North American relations. Participants maintained that Mexico is ready to move beyond the often heard, but inaccurate "either-or" argument that each country would be sacrificing its privileged relations with the United States if trilateralism were advanced. Participants cited the example of the German-French bilateral relationship, which became much stronger within the integrated European Union. It was not apparent, however, that Canada would be willing to adjust this competitive position. Many of Mexico's development goals could be accomplished by working bilaterally with the United States and Canada. On the other hand, there are policy areas, such as sustainable development/environment, some border management issues, and public security, where a trilateral approach would be warranted.

Conversely, all roundtable sessions emphasized the need for information accumulation and sharing as the key to a successful North American relationship. Data collection in all three countries needs to be improved. Once collected, government officials and non-government actors should develop a habit of sharing it with their North American counterparts. The need to strengthen national capacities and institutions to make cooperation in general, and information sharing in particular, more fluid was further stressed.

Finally, the need for increased public awareness and participation in North American dialogue and debate was deemed crucial. If the societies of North America are not given the space to learn about and participate in these processes, than a public backlash may be eminent. Sovereignty arguments vis-à-vis the United States are already present in Canada, particularly with respect to the country's social welfare system. In Mexico, the more open and active foreign policy has not erased a history of anti-American sentiment. That history showed its public face in the Mexican media immediately following the attacks of September 11. It is not clear at this point how far either Canada or Mexico is

willing to take the North American relationship. What is evident, however, is that the societies of both countries need to be given the chance to participate in the dialogue and debate that will go on for some time to come.