

Overcoming Obstacles on the Road to North American Integration: A View from Canada

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EXECUTIVE SUMMARY

New political circumstances in North America have caused many observers to envisage a gradual process of continental integration outside of trade and commerce. In Canada, however, the concept of a more integrated North America can be difficult to fully comprehend. With the Canada-Mexico bilateral relationship still relatively underdeveloped, North America is seen merely as the sum of Canada-United States, and United States-Mexico. As a result problems that clearly affect all three countries are dealt with bilaterally rather than collectively, and the countries demonstrate little interest in establishing operational or institutional connections with one another.

As a basic introduction to the processes of North American integration and trilateralism, this Policy Paper argues that Canada, the United States, and Mexico, regardless of asymmetry of size, wealth, and power, depend on each other for solutions to complex trans-national problems. While it is justifiable that Canada would prioritize its bilateral relationship with the United States over trilateral interactions, it is in Canada's interest to invest more time and resources in the North American relationship. The paper concludes by suggesting that Canada could maximize its influence over this relationship by considering the following measures:

- Adopt a trilateral approach to the process of North American integration.
- Establish a high-level commission to deal with trilateral policy issues.
- Articulate a position as soon as possible on the "North America" question.
- Include Mexico in thinking about North America.
- Educate Canadians about Mexico.
- Support Mexico's developmental objectives.

RÉSUMÉ

Une nouvelle donne politique en Amérique du Nord a forcé de nombreux observateurs à envisager un processus d'intégration continentale graduel en dehors des échanges commerciaux. Au Canada, toutefois, le concept d'une plus grande intégration de l'Amérique du Nord peut être difficile à saisir. Alors que les relations bilatérales Canada-Mexique sont encore relativement peu développées, l'Amérique du Nord est perçue comme étant principalement un regroupement formé d'une part, par

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le Canada et les États-Unis et, d'autre part, par les États-Unis et le Mexique. Par conséquent, les problèmes qui affectent les trois pays sont traités sur une base bilatérale plutôt que collective et les pays montrent peu d'intérêt à établir des liens opérationnels ou constitutionnels les uns avec les autres.

Comme introduction de base aux processus d'intégration nord-américaine et au trilatéralisme, ce document d'analyse politique démontre que le Canada, les États-Unis et le Mexique, peu importe leur différence de taille, de richesse et de puissance, dépendent les uns des autres quand il s'agit de trouver des solutions à des problèmes trans-nationaux complexes. Même si le Canada a des raisons valables de prioriser ses relations bilatérales avec les États-Unis par rapport à des interactions trilatérales, il est dans son intérêt d'investir davantage de temps et de ressources dans ses liens nord-américains. Le document conclut que le Canada pourrait maximiser son influence dans le cadre de cette relation en :

- Adoptant une approche trilatérale en ce qui concerne le processus d'intégration nord-américaine.
- Établissant une commission de haut niveau pour traiter des questions de politique trilatérales.
- Articulant, dès que possible, une position sur la question de « l'Amérique du Nord ».
- Incluant le Mexique dans toute approche concernant l'Amérique du Nord.
- Faisant mieux faire connaître le Mexique aux Canadiens.
- Soutenant les objectifs du Mexique en matière de développement.

RESUMEN

La aparición de realidades políticas nuevas en América del Norte ha hecho que numerosos observadores anuncien la aparición de un proceso gradual de integración continental que tiene lugar fuera de los marcos de las actividades comerciales. Sin embargo, en Canadá la idea de una América del Norte más integrada resulta difícil de comprender cabalmente. Dado que las relaciones bilaterales entre Canadá y México están aún en una fase relativamente incipiente, América del Norte suele verse no más como la suma de las relaciones Canadá-Estados Unidos y Estados Unidos-México. Por consiguiente, aquellos problemas que afectan a los tres países de conjunto se resuelven de manera bilateral y no colectivamente. Esto evidencia la falta de voluntad que existe en establecer vínculos operacionales e institucionales entre sí.

A modo de introducción básica al proceso de integración trilateral de América del Norte, el presente trabajo expone que tanto Canadá como los Estados Unidos y México, independientemente de sus diferencias de tamaño, riquezas y poderío dependen entre sí para encontrar soluciones a problemas complejos que rebozan sus fronteras nacionales. Aunque es comprensible que Canadá de prioridad a sus relaciones bilaterales con los Estados Unidos por encima de sus vínculos trilaterales, sería provechoso para Canadá invertir más tiempo y recursos en las relaciones trilaterales. Como conclusión, este documento sugiere que Canadá podría ampliar su influencia en estas relaciones mediante:

- La adopción de un enfoque trilateral frente al proceso de integración en América del Norte.
- La creación de una comisión de alto nivel que aborde los temas de una política trilateral.
- La adopción de una postura coordinada en cuanto al tema de "América del Norte" tan pronto sea posible.
- La inclusión de México a la hora de tratar cuestiones referidas a América del Norte.
- La ampliación del conocimiento sobre México de los canadienses.
- El apoyo a los objetivos de desarrollo de México.

INTRODUCTION

A more integrated North America consisting of increased interaction across a range of policy areas is an emerging topic for discussion in Canada. A maturing North American Free Trade Agreement (NAFTA), the growing interdependence of the economies and societies of the United States and Canada, and the arrival of new administrations in the United States and Mexico that prioritize long-term engagement with each other are all factors contributing to what appears to be a natural and inevitable evolution of relations.

NAFTA has brought about a remarkable expansion of trade and investment among the three countries. The agreement has eliminated many barriers to trade, led to the elaboration of clear rules of commerce, and established procedures for the resolution of disputes. The bilateral relationship between Canada and the United States is larger and more complex than ever with the two countries sharing fundamental beliefs and values, along with the world's biggest trade relationship.

Likewise, the United States-Mexico bilateral relationship is now much more amicable. Mexico has been elevated to a new level of policy-making by US President George W. Bush, and Mexican President Vicente Fox has pledged to make his country a more significant player on the world stage by attempting to cast aside traditional positions of sovereignty and non-intervention and emphasizing positive relations with the United States.

Yet, in Canada North American integration is a very difficult concept to grasp for a number of reasons. First and foremost, within the North American context, the Canada-Mexico connection is still not an obvious one. NAFTA and greater Canadian engagement in Latin America in the 1990s helped the two countries "discover" each other, but Canadians remain under-informed

about Mexico's realities. Furthermore, with both Canadian and Mexican policy priorities noticeably and justifiably focused on the United States, the potential in this bilateral relationship remains largely unrealized. Secondly, and directly related, is that discourse on North American integration rarely moves beyond the sum of the continent's two bilateral relationships (US-Canada, US-Mexico) with little convincing work having been done on why a larger perspective is needed. Canada demonstrates only minimal interest in Mexico's agenda vis-à-vis the United States, and Canada-United States interactions attract equally little attention in Mexico. This lack of

understanding results in "North American" problems being dealt with bilaterally rather than collectively, and little interest in establishing operational or institutional connections between the three countries.

Mindful of this dynamic, FOCAL sees the need to provide a space for serious debate and dialogue on the policy issues involved in the interaction of Canada, the United States and Mexico outside of trade and commerce. Within what political context is long-term continental integration being

looked at? How is North American integration defined in Canada? What is the state of trilateral cooperation between the three NAFTA partners and what policy issues lend themselves particularly well to this collective approach? Finally, how could Canada maximize its influence in a more integrated North America? As an introduction to this theme, the Policy Paper will not attempt to provide detailed answers to such questions, but rather to underscore them as areas that merit greater attention in future FOCAL activities.

THE NORTH AMERICAN POLITICAL CONTEXT

This paper maintains that the gradual integration of North America through increased trilateral cooperation is an inevitable yet complex process.

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NAFTA created a partnership of three nations, but provided it with no operational or institutional ties outside of trade and commerce. It is now up to the three partners to find the necessary political will to develop these ties. New administrations in the United States and Mexico, and a strong majority government in Canada could inject fresh energy into the NAFTA partnership. The following highlights of policy priorities set out during last year's elections in Canada, the United States, and Mexico suggest few parallels between the three administrations. Many observers argue, however, that geographical proximity, shared democratic values, and open market economies are enough to warrant greater trilateral consultation and cooperation on policy issues. The following highlights also serve to play up the importance of understanding what is going on in all three countries, since domestic policies in Canada are influenced by circumstances in the United States and Mexico and vice versa.

Canada's Liberal Agenda:

1. **Enhance Quality of Life:** Invest in healthcare, protect the environment, pay down the national debt, implement a tax cut totalling \$100 billion CAN by 2005.
2. **Research and Development:** Create new ideas and learn the skills necessary in the "new economy". Supply funding and tax breaks for education, invest in internet technology and the "connectivity" concept, and commit \$2.4 billion CAN to the Canadian Foundation for Innovation.
3. **Foreign Policy:** Continue Canada's value-based foreign policy to protect lives around the world and create global opportunities for Canadian businesses and workers. Emphasize free trade (including the negotiation of a Free Trade Area of the Americas, FTAA) and the renewal of the country's immigration and refugee policies.

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4. **National Unity:** Foster the highest degree of cooperation with provincial and territorial governments. Protect citizens from losing Canada in another referendum process.

(Source: Liberal Party Red Book 2000)

The United States' Republican Agenda:

1. **Heighten National Security:** Implement a missile defence system, commence a review of military budgets and priorities, anti-drug policy, and border security. National security also extends into economic areas, such as the plan for achieving the continent-wide security of energy supply.
2. **Importance of Markets and Less Intrusive Government:** Pass an important tax reduction of \$1,350 billion US to be implemented over the next eleven years.
3. **Continental Energy Policy:** Invest in new supply sources (build new refineries, power plants, and distribution networks). The United States is 58% dependent on foreign oil.
4. **Education:** Increase accountability for student performance; reduce bureaucracy and increase flexibility; target funds to improve schools and enhance teacher quality; empower parents.
5. **Free Trade:** Commit to trade promotion authority to negotiate FTAA by 2005.

(Source: Report of the Public Policy Forum Executive Study Tour: The New Dynamics of North America: Implications for Canada of New Administrations in the US and Mexico May 9-15, 2001, and US Presidential web site)

[<http://www.whitehouse.gov/president/>]

Mexico's PAN (Fox) Agenda:

1. **Consolidate Democracy:** Continue process of second-tier democratic reforms, eradicate corruption, improve public safety, decentralize responsibilities to the states.
2. **Economic Development:** Support investment and free trade, micro-credit for small and medium-sized enterprises, energy sector reform and regional development.
3. **Social Justice:** Reduce poverty, respect human rights and indigenous rights.
4. **Fiscal Reform:** Collect more taxes (crucial to raise the money needed to support social development). Some estimates calculate that revenues equal less than 50% that is owed.
5. **Education:** Invest in education and vocational training, human resource development.
6. **Revise Foreign Policy:** Cast aside Estrada Doctrine on non-intervention, advocate democracy and human rights at international level, engage actively in world affairs, develop positive relations with the United States.

(Source: Report of the Public Policy Forum Executive Study Tour: The New Dynamics of North America: Implications for Canada of New Administrations in the US and Mexico May 9-15, 2001, see also, High Expectations for Mexico: Responding to the Priorities of a New Government, FOCAL 01-02)

As expected, these policy priorities shifted during the last year. The recent terrorist attacks in New York City and Washington D.C. brought heightened national security concerns to the top of the agendas of all three countries, and foreign and military policy now eclipse many domestic concerns in the United States. Canada's Liberal government, for its part, has not used its majority position to propose bold new concepts or policy directions, and Mexico's President Fox is caught in a legislative quagmire. Having unleashed tremendous expectations, he now faces

enormous economic, social, and political challenges with a recessing economy and no party majority in the Congress or states.

NORTH AMERICAN INTEGRATION: HOW IS IT DEFINED IN CANADA?

Bilateral Perspective- Canada-United States Integration:

In Canada's policy community, proposals to widen NAFTA beyond its original three members to include Chile and eventually other countries (i.e. a hemispheric free trade area built on a NAFTA plus model) have been articulated from the onset of NAFTA negotiations. An abundance of critical thinking about deepening NAFTA beyond trade and commerce has also been done with regard to the vital Canada-United States relationship.

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Aware of Mexico's developmental realities, some Canadian experts advocate a "North America at Two Speeds" approach to integration. They argue that Canada and the United States have developed economies and mature institutions. They also have similar international roles, responsibilities and memberships, and a longer history of managing integration through policies and joint institutional arrangements. Therefore, they should proceed bilaterally with an explicit challenge to Mexico to seek convergence with the standards set in their relationship. *(Source: Chris Sands, Center for Strategic and International Studies speaking notes for a presentation at the conference "North American Linkages: Opportunities and Challenges for Canada" sponsored by Industry Canada, June 21, 2001).* For other experts, integration with Mexico matters to Canada primarily because of the close ties it has with the United States and the centrality of the latter to Canada. In this argument, any consensus reached at the bilateral level between the United States and Mexico will have repercussions on Canada as the third member of a North American community.

Mexico's Trilateral Vision- "Pushing the Envelope":

A trilateral approach to North American Integration is a more recent phenomenon in Canada. The concept is increasingly on the table at numerous federal and provincial government departments and is increasingly on the radar screen of the Canadian media, academics and research institutes. Mexican President Vicente Fox and his Special Envoy and Ambassador at Large Andrés Rozental are the concept's strongest proponents. Mexico's "Vision 20/20", as it is known, seeks to engage Canada and the United States in a three-way discussion on the future of North America. Fox has proposed that initiatives be undertaken toward the long-term (20 to 30 year) goal of an integrated sub-region loosely modeled on the experience of the European Union (EU). The vision includes a customs union requiring the three countries to adopt a common external tariff, improved policy coordination, common monetary policies, mobile pools of labour, and perhaps most urgently, fiscal transfers that enable richer nations to help the poorer ones.

Spreading the Benefits of NAFTA More Equally:

The centrepiece of Mexico's vision 20/20 is the proposal to extend the benefits of NAFTA to disadvantaged regions and to small and medium-sized companies through the use of fiscal transfers. NAFTA fostered a few tentative steps on the environment and labour rights, and a small North American Development Bank was established to implement environmental management projects along the United States-Mexico border. But, on the whole, the trade agreement incorporates no special provisions for Mexico. President Fox argues that inequality within NAFTA will inevitably require that some kind of financial transfer mechanism be put in place. Without this investment, it is unlikely that Mexico will fulfill its development potential, even in the long-term. The consequences of Mexico

lagging behind the rest of North America would most certainly include an underdeveloped market for Canadian and US exports, an increased immigration flow northward, more drug trafficking, enhanced crime and corruption, and overall difficult relations.

President Fox suggests complementing NAFTA with a Development Fund of between \$10 and 30 billion US to be administered by an international financial institution such as the Inter-American Development Bank. Proponents of this fund make comparisons with the EU

social cohesion funds that enabled Spain, Portugal, Ireland and Greece to meet the convergence criteria for economic and monetary union, and the simultaneous investments in infrastructure to accelerate their development. They also make reference to Canada's method of fiscal transfers to less prosperous provinces and territories. For its part, Mexico has already begun

implementation of the Plan Puebla-Panama designed to pull the area of Southern Mexico and Central America out of poverty. The Plan will facilitate the construction of infrastructure and establish chains of production. It will also set up joint programs for trade, education and training along with tourism and development.

Canada's Reaction:

Mexico's vision 20/20 was met with polite scepticism in Ottawa when President Fox began marketing the idea here in August 2000. Canadian policy makers were quick to point out that the EU is not the best model for the North American experience. The EU grew out of a forty-year period of trial and error. Its members are more equal in size and power than North America, with more narrow income disparities. NAFTA is a free trade area. The EU passed that stage decades ago on its way to becoming a customs union (common external tariff), a common market (free movement of capital, goods, and labour) and finally an economic and monetary union (Source: Robert A. Pastor,

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Toward a North American Community: Lessons from the Old World. Institute for International Economics, August 2001). Policy makers also demonstrated unease with Fox's grandiose "vision". The Canadian government tends not to look 20 or 30 years down the road, preferring to take a more incremental and pragmatic approach to policy making. This, perhaps natural tendency, has – according to some observers – been very much the personal hallmark of Prime Minister Chrétien. Nevertheless, Canada appears to be willing to take small steps toward achieving Mexico's long-term goal since each step will bring the country closer to development.

**TRILATERALISM:
INTEGRATION
ISSUE-BY-ISSUE**

Many experts argue that Canada, the United States, and Mexico should build on the successes of NAFTA to find other areas that could bring mutual benefit to the citizens of all three countries. Trilateral cooperation on specific policy issues will open possibilities for increased integration. The coming into effect of NAFTA in 1994 created the underpinnings for trilateral cooperation between Canada, the United States and Mexico on issues outside of trade and commerce. Such cooperation evolved rapidly at the state/provincial and local levels, and even more so at the more informal level of civil society. While very difficult to measure, relationships have been built between parliamentarians, government officials, business associations, universities, churches and cultural institutions. Non-governmental organizations (NGOs) from the three countries have established a wide web of networks, collaborating on a variety of issues, including: environmental protection, labour issues, human rights, women's issues, indigenous issues, and economic and social development. Many of these NGOs share a common concern about the consequences of NAFTA and the path that continental integration is following.

Since the United States is the biggest economy in North America, many fear that trilateral cooperation will cause both Canada and Mexico to give into pressure to harmonize their domestic institutions and policies to the ones of their powerful common neighbour.

Some progress has been made in this area at the foreign policy level, but any steps taken have been cautious and perhaps even half-hearted. Former Foreign Affairs Minister Lloyd Axworthy, former Secretary of State Madeleine Albright, and former Foreign Secretary Rosario Green signed a **Framework for a North American Partnership** in 1998 that dealt with such areas as development cooperation, disaster preparedness, culture and education, youth initiatives, and environmental issues. The three ministers discussed further collaboration at trilateral meetings in 1999 and 2000. As Director of the Liu Centre for the Study of Global Issues at the

University of British Columbia, Lloyd Axworthy continues to promote trilateral cooperation between Canada and its North American counterparts.

Prime Minister Chrétien, President Bush, and President Fox held their first trilateral meeting during the Quebec City Summit of the Americas in April 2001 where they undertook to deepen a sense of community, promote their mutual economic interest, and ensure that NAFTA's benefits extend to all regions and social sectors. The three leaders discussed working together to develop and expand hemispheric and global trade, and

promote broader international cooperation. They also announced the creation of a North American Energy Working Group. Foreign Minister John Manley, Secretary of State Colin Powell, and Foreign Secretary Jorge Castañeda have yet to hold a formal trilateral meeting.

Natural Partners?

Membership in NAFTA does not necessarily make Canada, the United States, and Mexico natural participants in three-way discussions. Canada traditionally prioritizes bilateral solutions to foreign policy problems, or involves more interlocutors from the hemisphere to counterbalance positions in a multilateral setting. The powerful US Congress makes the United States a difficult participant in trilateral meetings

along with a tendency toward unilateral decision-making. Power relations also hinder trilateral cooperation. Since the United States is the biggest economy in North America, many fear that trilateral cooperation will cause both Canada and Mexico to give into pressure to harmonize their domestic institutions and policies to the ones of their powerful common neighbour.

While Mexico is presently the strongest supporter of trilateral relations, it is completely understandable that bilateral discussions with the United States would take precedence over trilateral deliberations. Also, many observers are quick to point out that Mexico's enthusiasm for trilateralism is a very recent political position. Under the PRI, Mexico saw NAFTA as a tool for market access only. Once NAFTA was negotiated, the country appeared to be content with the agreement and re-focused its attention elsewhere. Furthermore, Mexico's foreign policy has never – at least in the Canadian definition – been seen as “constructive”, particularly in multilateral institutions. Canada may be waiting to see the staying power of the country's new foreign policy before initiating trilateral discussions with Mexico. It is also important to note that trilateral initiatives are now more likely to be delayed by Mexican Congress, as it grows more and more commanding and unpredictable in the country's new democratic climate.

Trans-National Problems:

Much of this state of affairs is unlikely to change, with no argument having been given as to why it should. Nevertheless, the simple reality remains - the three countries, regardless of asymmetry of size, wealth and power, depend on each other for solutions to complex trans-national problems. Each naturally sees its “North American” problem as urgent and unique. Physical security concerns and security of energy supplies, for example, look very different on the northern side of the US border than on the southern side. However, short-term bilateral solutions (referred to as “fire

brigade diplomacy” by Mexico's Andrés Rozental) could be avoided if the problems were confronted collectively.

Security Concerns:

Rather than diminish trilateralism as an important foreign policy area, recent events in the United States could induce the addition of security to the trilateral agenda. While the United States-Canada and United States-Mexico border situations are very different, cooperation between the three countries encompasses a new sense of immediacy. A trilateral security zone would create

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a geographic space with common security rules where stoppages and delays at internal borders would be avoided. Canada, the United States and Mexico are now discussing plans to standardize airport security controls, implement joint border customs checkpoints, and cooperate on intelligence and information sharing on the movement of potential terrorists and criminals. Common entry controls for immigrants and refugees may also be discussed. Efforts to establish a

continental security zone, however, are not likely to succeed without hard bargaining and heated debate.

While not reflected in the Canadian media, Mexico above all is keen to cooperate with the United States on the enhancement of security measures. The unprecedented bilateral negotiations between Presidents Bush and Fox on the status of Mexican migrants in the United States became the unfortunate victim of US jitters about an unchecked influx of foreigners. Fox hopes that if Mexico plays its part in making the American people feel safer, then talks for a migration deal can resume. An agreement with the United States would strengthen Fox's political capital by allowing him to deliver on one of his campaign promises and would demonstrate his effectiveness as President. Canada has also offered to cooperate with the United States by enhancing its own domestic security, but not necessarily day-to-day procedures. The Canadian

government recoils at harmonizing domestic policies with those of the United States, particularly its more open immigration and refugee policy. Canada has the largest per-capita intake of refugees in the world and accepts many claimants who would not be considered refugees in other countries. Global acceptance rates are in the range of 10-15%, while for Canada it is around 50-60%.

Beyond the threat of terrorism, the security challenges faced by Canada, the United States, and Mexico respect no tidy distinction between foreign and domestic domains. Illegal immigration, drug trafficking, small arms and people smuggling, organized crime, money laundering, corruption, and environmental degradation are issues that are trans-national in nature. They require the three countries to strengthen and broaden collaboration to find feasible solutions. Collective measures would include trilateral law enforcement units, the establishment of trilateral commissions to investigate corruption and money laundering, and trilateral cooperation on the extradition of suspected criminals. Canada and Mexico could also find themselves in a strategic position to encourage the United States to replace its annual practice of certifying countries for their cooperation in the drug war with a cooperative or multilateral certification mechanism.

Security of Energy Supplies:

The three administrations are beginning to work together through a North American Energy Working Group to develop a region-wide approach to energy development. The push for a regional approach comes as the Bush administration seeks to increase US energy sources through more oil and gas exploration and the construction of refineries, pipe and transmission lines. The United States' Continental Energy Policy (referred to by Canada as the Enhancement of North American Energy Markets)

aims to facilitate the energy trade in North America, and to ensure that the United States can satisfy its needs from friendly and secure sources. Demand for energy in the United States continues to grow, but the supply is not sufficient.

Mexico faces its own energy crisis. The Fox government estimates the country needs investment of \$70 billion US in this decade to boost oil production and another \$25 billion US

to bolster the electricity sector. The country is the world's fifth crude oil producer, but has been forced to import high priced US gas to meet domestic requirements despite its massive resource. The Mexican Constitution virtually forbids foreign control of the energy sector, leaving the state-owned electricity and oil industries lacking investment capital. Some US and Mexican officials have floated the idea that in return for oil and gas imports from Mexico, the United States might pay for the development of infrastructure in the Mexican energy sector.

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Canada, an energy supplier, seeks to export more oil and gas to the United States and to encourage a greater role for Canadian companies in Mexican oil and gas exploration and production. Recent indications are that Mexico is looking to Canada as a counterweight to the United States, which is politically less popular in Mexico's nationalistic energy sector. Medium-sized Canadian companies are less threatening to the PEMEX monopoly on oil and gas.

CONCLUSION: MAXIMIZING CANADA'S INFLUENCE IN THE INTEGRATION PROCESS

Political integration between Canada, the United States, and Mexico will evolve slowly and naturally from economic integration, personal and professional interactions, and increased trilateral cooperation. However, it would be completely unreasonable to expect Canada to put trilateral North American relations before bilateral

relations with its powerful and uniquely important US neighbour. After all, Canada is highly dependent on access to the US market. About 70% of Canadian GDP crosses the border and 50% of Canadian manufactured exports are inter-company trade with the United States. Yet, it is in Canada's interest to invest more time and resources in the North American relationship. There are a number of foreign and domestic policy issues that warrant a coordinated, collective North American response. Two such issues, security concerns and energy supplies, were underscored in this paper. Canada could maximize its influence in the integration process by considering the following measures:

- **Adopt a trilateral approach to the process of North American integration.** The approach should be used when policy issues lend themselves particularly well to trilateral cooperation. It should be driven by, but not exclusive to the Department of Foreign Affairs and International Trade. Government departments with "functional" responsibilities (i.e. Transport Canada, Heritage Canada etc.) should continue to seek out and strengthen their contacts with Mexican and US officials when designing both policies and programs. Face-to-face meetings on a trilateral basis should become a regular feature of government-to-government contact.
- **Establish a high-level commission to deal with trilateral policy issues.** Ideally the commission would be comprised of Cabinet-level officials from Canada, the United States, and Mexico along with non-governmental advisors. Such a commission could be chaired jointly by the three Foreign Affairs Ministers who could oversee a series of functional or thematic projects. The commission might also task non-governmental entities to study and report on emerging issues that are primarily trilateral in nature.
- **Get the message out.** Canada needs to articulate a position as soon as possible on the "North America" question. The Canadian government did not issue an adequate public response to Vicente Fox's overtures during his visits to Ottawa in August 2000, and April 2001. This silence resulted in much detailed speculation in Canadian newspapers on integration, including articles on "seamless" or "disappearing borders", "backroom talk" in Ottawa on deepening NAFTA, much exaggerated sovereignty and cultural identity arguments, and the "continentalist tendencies" of the Liberal Party. Work should begin immediately on a major speech to be delivered by the Prime Minister that would address the trilateral issue in a strategic way. Such a speech could provide Canadian officials with a reference point vis-à-vis their day-to-day activities.
- **Include Mexico in thinking about North America.** North American solutions to problems that are clearly trans-national in nature will not be found if Mexico is missing from the equation. Moreover, trilateral relations will not grow if the Canada-Mexico bilateral relationship remains underdeveloped. This paper therefore reiterates a policy recommendation made in "High Expectations in Mexico: Responding to the Priorities of A New Government" (*Source: FOCAL February 2001*). Canada's foreign policy toward Mexico essentially needs a shot in the arm. It needs to do a better job adjusting to changes in Mexico, be flexible enough to anticipate further reform in the country, and it needs to be consistent so as to develop a relationship that is not shaken up every time a crisis occurs there. Canada should also ask to be consulted on United States-Mexico bilateral negotiations.
- **Educate Canadians about Mexico.** Canadian society as a whole should be made more aware of Mexico's realities through educational programs and a more informed media. At the government level, federal and provincial departments have recently expressed interest in learning more about the intricacies of the Mexican political system. Alberta is getting ready to establish a local office in Mexico and a Quebec office is already open. Perhaps selected Mexican state governments should be approached and encouraged to establish similar offices in major Canadian cities.

- **Support Mexico's developmental objectives.** While a development fund cannot be established overnight, Canada should do everything possible to support Mexico's objective beginning with capacity and institutional building in that country. Mexico's level of development makes it ineligible for Canadian International Development Agency (CIDA) funding on a bilateral basis. Nevertheless, strong Canadian support and participation in President Fox's Plan Puebla-Panama could have a positive spill over effect, particularly in the underdeveloped southern regions of Mexico

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Books:

- Anthony DePalma, *Here: A Biography of the New American Continent*. Public Affairs, 2001.
- Robert A. Pastor, *Toward a North American Community: Lessons from the Old World*. Institute for International Economics, August 2001.

Journals and Papers:

- FOCAL, *High Expectations for Mexico: Responding to the Priorities of a New Government*. FOCAL, February 2001.
- Public Policy Forum, *Executive Study Tour Report: The New Dynamics of North America: Implications for Canada of New Administrations in the US and Mexico*. Public Policy Forum, May 9-15, 2001.
- Policy Research Initiative. *Horizons: Mexico* Volume 4, Number 4. Policy Research Initiative, September 2001.
- Policy Research Initiative. *ISUMA Canadian Journal of Public Policy Research: North American Integration* Volume 1, Number 1. Policy Research Initiative, September 2000.
- National Policy Association. North American Committee Calls for A Task Force on North America in *Looking Ahead* Volume 23, Number 2. National Policy Association, July 2001.

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