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Parameters of Partnership: Taking a New Look At The U.S.-Mexico Relationship

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The U.S.-Mexico relationship has traditionally been defined in terms of moments in time or place, with the use of words such as “crossroads”, “spirit” (eg. Houston or Guanajuato) or “challenges” (Limits to Friendship, Distant Neighbors, etc). Rarely however is there an opportunity to stand back and look at this unique nation-to-nation link from the perspective of what exactly it is that we want and expect from each other. The current state of our bilateral ties provides a good opportunity for proposing novel approaches in deciding how to define, man-

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age and project the relationship between our two countries in ways that better respond to our individual and joint interests.

Since the events of 9/11, the U.S.-Mexico relationship has been running on autopilot. Most urgent issues are being dealt with in one way or another, but there is little preventive diplomacy or forward planning. There is no contingency scenario for what might happen at the border were there to be another terrorist attack on the U.S. The Binational Commission and other mechanisms of the relationship are a distant expression of what they once were. Neither the Bush nor the Fox administrations have defined what they want out of the relationship and where the priorities should be.

In a recent nationwide poll conducted by Comexi in Mexico, people were asked to describe how they felt about the U.S., its policies and its attitudes toward Mexico. It did not come as much of a surprise that a majority of those surveyed expressed admiration for their neighbor to the north and a desire to have comparable standards of living, but the overall pragmatism with which the sample viewed the need for a positive relationship with the U.S. did raise a few eyebrows among the elites. Far from being preoccupied with intangible concepts such as sovereignty or independence, a large number of those surveyed expressed a clear preference for a relationship that res-

ponds to their day-to-day interests, rather than to abstract principles. This translates into a *good* relationship, based on mutual respect, which can deliver tangible benefits to Mexico and its people, especially the millions who migrate to the U.S., or who live there permanently.

What then should be the basic parameters of the bilateral relationship? How can we ensure that temporary junctures do not continue to dominate how we relate to one another, and that both countries take clear steps towards a more permanent, mutually beneficial partnership? For discussion purposes, this paper proposes a set of concrete measures that both governments could take to signal their commitment to such a genuine two-way partnership. These fall fundamentally in the categories of attitudes, reciprocal trade and investment rules, movement of people, cooperation on security, the duty to protect our citizens against crime and illicit drugs, a shared energy and natural resource strategy, the tackling by both countries of the development gap between Mexico and its other two NAFTA partners and, last but not least, the commitment to move toward a more competitive and prosperous North America.

Perceptions are nine-tenths of the equation. If both Mexicans and Americans are educated by their leaderships that the time has come for a new relationship, much of the initial move-

ment necessary to achieving it will have been accomplished. This requires a change in attitudes on both sides of the border. The example of how President Salinas was able to change a Mexican mind-set of historical suspicion and reluctance to deal with the U.S., and successfully negotiate a hugely ambitious free trade agreement is one which we need to update with a similar effort now that NAFTA has been around for over a decade. The coalitions that were built up with such great effort and cost to get the trilateral agreement approved were unfortunately abandoned once the treaty was concluded. These need to be revived and strengthened, particularly in the business sectors of both countries, since these have been the greatest beneficiaries of the expanded trade and investment that has resulted from NAFTA. At the same time, both governments need to overcome their political reluctance to embrace further integration and sell it to their citizens. If there is a short-term political cost to confronting the naysayers and detractors of integration, then it should be borne now, lest it consume much greater political capital later. All sectors of both countries that have benefited directly from economic integration will need to participate in this change of attitudes.

In addition to re-building coalitions, governments need to take simple steps to confirm the new partnership to its

principal stakeholders: our citizens. The best way to achieve this in the short term is to adopt simple initiatives, which can later be built upon with bigger and bolder ones. This requires moving forward on the two major fronts that constitute the most important issues for both our populations: migration from Mexico to the U.S. and the security of the North American homeland against external threats.

The Comexi-WWCIS project has purposely excluded a detailed discussion on migration issues, mainly because these have been amply dealt with in multiple fora over the four years since George Bush and Vicente Fox took office. The events of 9/11 constituted a major setback for the efforts to define a new bilateral migration relationship that would address the real issues and attempt to bring order, legality and predictability to the economic and social forces that move Mexicans to migrate to the U.S. in search of economic opportunity.

However, 9/11 did not change any of the realities of the migration phenomenon. Approximately 400,000 Mexicans still move illegally into the U.S. each year, while the economic and social factors that attract them remain and become even stronger. Labor mobility still contributes enormously to the wealth of many regions in the U.S. and to the individual prosperity of Mexican workers and their families back home. The constantly growing social networks among the Mexican communities in the U.S.—and between these and their hometowns in Mexico—will make it even harder to control or limit the numbers of people who cross the border today as easily as Americans move from one part of a town to another. This fact,

although hesitantly recognized by the Bush administration, needs to translate into a negotiated migration agreement that engages both countries in setting up a temporary worker program and taking steps towards regularizing the situation of millions of Mexicans who are already in the U.S. The essence is simple: in exchange for a significant increase in the numbers of Mexicans that can work and travel to the U.S. through legal and efficient channels, the Mexican government would make its best effort to ensure that the greatest number of its citizens use these routes and are effectively discouraged from crossing illegally.

There are other measures that could easily be taken immediately to simpli-

fy life for the average citizen. All those Mexicans and Americans who legitimately travel between both countries (as well as Canadians) should be issued a special, biometrically secure North American passport or travel document that would allow them to freely move among the three NAFTA countries in a speedier and less intrusive manner than citizens of other countries. The document would not replace national passports, but would be a way of identifying frequent business travelers, academics, tourists and others who have been vetted by all three countries and are classified as *bona fide* visitors. This would free up resources to help move the remainder of our migratory flows through legal channels.

NAFTA visas should be significantly expanded, especially between Mexico and the U.S. More professions should be included, and students who have also been vetted ahead of time should be exempted from the costly and time-consuming measures that have been put into place to shield the U.S. from external threats.

A decision to remove Mexico and Canada from current immigration quotas that still formally apply equally to all foreigners would be a clear signal to our citizens that the new partnership will simplify their lives and allow them to benefit from the integration mechanisms that already apply to goods and services. Customs and immigration pre-clearance at major

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ports of entry and airports in all three countries would also be a visible step to put Mexico on the same level as Canada is today. If NAFTA is about trade and investment facilitation, then other aspects of a closer economic relationship should translate into benefits that all can profit from.

Finally, there needs to be an unequivocal public statement by both presidents to the effect that a new partnership is being established, and that many aspects of the bilateral relationship will be brought under it. If repeated often enough and translated into action, people will eventually get the message.

In the post-9/11 environment it is clear that security concerns are para-

mount and take precedence over all other aspects of international exchanges. The challenge we face is to ensure that security is enhanced without impacting negatively on the many millions of dollars and people that move between our countries. A series of mechanisms and cooperative efforts to achieve this are already in place, but there is still more to do in impressing upon all that we will never be secure as individuals unless we are also safe collectively. In the case of Mexico, the U.S. and Canada, this means a North America with its northern and southern perimeters equally secure. Third-country nationals who enter the region should be able to travel freely within it, once they have been vetted by any one of the three

of the U.S. defense umbrella without contributing to it, even though such a contribution initially has to be modest and commensurate with Mexico's resources and abilities.

Finally, the excellent record of the past few years in cooperating with the U.S. on counter-narcotics operations and the fight against international crime needs to be further expanded and institutionalized. Having accepted the fact that we are much better off working together on these issues than individually, and setting aside outdated concepts of sovereignty and unilateralism, Mexico needs to make these efforts public and engage its population in supporting them. There needs to be a sea change in attitudes toward coop-

petitiveness *vis-à-vis* other economic entities and groupings. The actual pace of our integration has moved more quickly than the framework provided by NAFTA, while governments have acted for the most part as passive respondents to the forces of market-driven convergence. Now we should seize the initiative, agree on a shared vision of how the partnership should evolve and adopt a concrete action plan for realizing this vision over the next decade.

The reinvigoration of Europe, the dynamic growth of Asia and further steps toward the creation of new groupings in other regions of the world means that Mexico, the United States and Canada all face an unprecedented competitive challenge. It is clear that one of the most important measures that can lead to greater competitiveness is increasing and enhancing the comparative economic and social advantages between Mexico and the U.S. Freer movement of goods, services and people within North America, together with the adoption of common strategies *vis-à-vis* third countries, would serve to increase efficiency and lower costs. We need to aim for a "Made in North America" label that is globally recognized as synonymous with quality, cutting-edge technology and competitive pricing.

Bold initiatives are called for along the lines of NAFTA itself when it was first put forward in the 1990s. Some of these could relate to the creation of a North American customs union by 2010, developing a joint approach to smart regulation as a parallel to our Smart Border agreement, reforming outdated and inefficient national rules, developing common processes for approving sanitary, pharmaceutical and licensing procedures, as well as address-

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countries under similar rules and enforcement standards in each. This would contribute to de-pressurizing North America's internal land borders and allow resources to be shifted toward controlling the real external threats against us. Mexico needs to accept that any threat to the U.S. is also a threat to our own security and as a result must be faced together. The same holds true for Canada. Mexico also needs to discard prejudices and historical baggage related to past conflicts with the U.S. and accept to discuss and participate in the common defense of the region. This means working with institutions that have been set up by the U.S. and Canada to protect North America. We can no longer assume that we are part

erating with the U.S. on issues which also affect Mexico's national security. Our 2004 survey indicates that a majority of Mexicans recognize this fact and are willing to accept it if it means they will be more secure and less vulnerable to external threats such as terrorism.

There are a host of issues that were left unresolved by NAFTA and which have continued to add unnecessary burdens and costs to our bilateral and trilateral economic exchanges. These need to be resolved. Regulatory issues, common standards and certifications, external tariffs, non-tariff barriers and sanitary exclusions are just some examples of areas where more work needs to be done if we are to maintain com-

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ing the many differences that still plague the adoption of common standards among us. On the freedom-of-movement front, a joint migration agreement is the only way forward, one which recognizes the economic and social realities of the phenomenon and addresses the need for labor in the U.S., the supply of labor in Mexico, the numbers of Mexicans who are already in the U.S. without papers and the development needs of those regions that are the source for most of the Mexican migrants who cross into the U.S.

There are many proposals on the table in both the U.S. and Mexico, but the more urgent task is for both governments —at the highest political level— to reaffirm the commitment to work together on this issue. Unilateral solutions on either side of the border are doomed to fail just as they have in the past. Bilateral migration needs to be perceived as an overall benefit, not as a negative. Giving more Mexicans opportunities at home, and establishing order in the immigration chaos that prevails today, is a task for both countries within the concept of a partnership. The movement of labor is vital to our prosperity, both in terms of the demand in the U.S. for immigrant workers and the growing billions of dollars that they send back to Mexico. Like many other components of a new partnership, this issue is a difficult political bullet to bite on both

sides of the border. However, the ultimate benefits outweigh the costs, and these should be privileged over the difficulties.

On the institutional front there is also a pending agenda. In our desire to differentiate NAFTA from the European model back in 1994, the institutional structures needed by any multinational effort were by and large ignored. It is time to revisit this issue and create a

basic framework within which the U.S.-Mexican —and North American— agenda can be further developed and followed up. Bilaterally, a strengthened Binational Commission, periodic encounters at the foreign minister level and the High-Level Contact Group that was set up to deal with border issues at the local level needs to be revived and enhanced. In addition to both governments, other actors need to play a po-



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licy-making role: state governors, mayors, legislators and think tanks should all be involved in drafting the parameters of the partnership.

Finally, Mexico's development gap needs to be addressed jointly, as well as in a North American framework. Unlike the model of enormous resource transfers to the less developed new members that took place at each of Europe's successive enlargement stages, we need to come up with a different strategy. The objectives, however, are the same: to invest in the infrastructure and upward harmonization that will

make us more competitive. Whereas the Europeans charged their wealthier taxpayers with this burden, in North America we need to develop a strategy that is responsive to our realities and potential. A North American Investment Fund, giving real substance to the bilateral partnerships for prosperity, and other innovative mechanisms should be developed and strengthened. It is clear that trade and private sector investment alone cannot bridge the gap and that more is needed.

Accelerating Mexico's development is a challenge that all three NAFTA part-

ners must work together to address. Domestic policy reform in the fiscal, energy, good governance and labor sectors is a prerequisite to any major effort to obtain a commitment from the two developed NAFTA partners to invest in reducing Mexico's lag.

These reforms need to be actively pursued by the current and future administrations as a matter of the utmost urgency. Once enacted, the changes that ensue will, in and of themselves, act as genuine catalysts for considerable increases in the flow of financial resources to Mexico. **MM**

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