

NORTH AMERICA BECKONS

February 13, 2014

*“There is a tide in the affairs of men.
Which, taken at the flood, leads on to fortune...
On such a full sea we are now afloat...”
Shakespeare: Julius Caesar*

President Peña Nieto of Mexico shortly will host Prime Minister Harper and President Obama in Mexico for the North American Leaders Summit. Expectations are not high that the leaders will seize the very real opportunity to propel the continent towards global economic paramountcy.

A failure to hammer out a big and ambitious agenda would be to neglect the obvious – that North America would be transformed for the better if our three countries chose to collaborate more deeply.

The ground-breaking Canada-United States Free Trade Agreement of 1989 and the North American Free Trade Agreement of 1994 (NAFTA) were triumphs of vision and political will – *carpe diem* moments in the history of the continent. They established an ambitious North American economic architecture and ushered in a heady period that saw business lead a major expansion of continental trade and investment.

The tragedy of 9/11 dealt a devastating blow to NAFTA’s evolution and to the lofty dreams of a more integrated North America. The United States understandably moved quickly to secure the homeland. The creation by Congress of the mammoth Department of Homeland Security “thickened” the borders and impeded commerce. So-called “smart border” agreements negotiated by the United States with Canada and Mexico did little to relieve the tightening.

Some of us saw in the tragedy of 9/11 an opportunity to build a new North American paradigm through enhanced trilateral security cooperation and a *NAFTA plus* economic architecture. Presidents Bush and Fox and Prime Minister Martin endeavoured to do just this by launching the ambitious Security and Prosperity Partnership (SPP) in 2005. An adjunct of the SPP, the North American Competiveness Council (NACC) brought the views of business leaders directly to the heads of government.

What has become of these bold innovations? Precious little. The NAFTA, once a shining example of leading-edge statecraft, now is tired and unappreciated. The grand design envisioned by the SPP has fallen into oblivion – a victim of partisan politics, bureaucratic overload and leadership neglect. Since the NACC fell by the wayside, the business leadership of the three countries, which played a decisive role in the realization of the NAFTA, now comes into contact only sporadically. While it is true that work on the trilateral agenda continues in areas such as border

facilitation, regulatory cooperation, health and emergency management, and security and defence cooperation, this is the stuff of incrementalism – a far cry from the vision and ambition that occupied the continent’s political chambers and boardrooms in decades past. At the same time, the competitive challenges from fast-moving Asian economies intensify – changing the game for all of us.

The time to make up for years of neglect and lost opportunity is now. At a recent meeting of the North American Forum in Mexico City, we referred to this as seizing “*North America’s Moment*”. As we go on the offensive, we have some powerful advantages. The continent continues to be home to the world’s most innovative thinking and entrepreneurial spirit. Demography is on our side and we benefit from a skilled and mobile workforce. Our resource base is massive and recent technology offers the promise of continental energy independence. Manufacturing is making a comeback as well, particularly in Mexico. A stronger, more resilient United States economy is revving up once again. A stable and confident Canada is on the march. And Mexico’s promise is brighter than ever with far-reaching, bipartisan-backed reforms underway in fiscal management, energy liberalization, competition policy and education. Adding to the continent’s advantage is an alignment of public opinion - in all three countries there is majority support for expanded free trade and economic cooperation in the neighbourhood.

When President Obama and Prime Minister Harper meet with President Peña Nieto in Mexico next week, they should celebrate the twentieth anniversary of the NAFTA as a monumental achievement. They should signal their desire to build on this achievement by signing a *Pact for North America*. The Pact should reflect both ambition and realism, e.g. achieving productive and competitive paramouncy for North America in the global economy by 2020.

This would require removing all tariff and non-tariff barriers within the North American economic space; establishing an integrated ground, air and sea transportation network linking our three countries; more rapidly replacing outdated border management with new technology; creating a single continental energy market with the free movement of all energy products; establishing environmental standards and regulations across our three countries; and developing a strategy for innovation that marshals cooperation among our industrial, scientific and education communities. Lastly, our three countries should adopt a protocol to guide co-operation in major trade negotiations – e.g., the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership.

Our leaders should not miss the opportunity to reset the North American agenda. A *Pact for North America*, followed quickly by a timetable for achieving its goals, would spur other continent-building initiatives on the part of premiers and governors, interparliamentary groups, and the business and education communities. It would also foster a genuine North American dialogue that over time would lead to an opening of minds on the broader goal of creating what my friend the late Professor Robert Pastor called a *North American Community*.

To paraphrase Shakespeare, the tide of opportunity is powerful and the conditions and rationale for action could not be more compelling. To the Presidents and the Prime Minister I say *carpe diem!*

Thomas d'Aquino is Co-Chair of the North American Forum, Chief Executive of Intercounsel^{Ltd.}, and Distinguished Lifetime Member of the Canadian Council of Chief Executives, Canada's CEO organization which he led from 1981-2009.