

POLICY BRIEF

**RECOMMENDATIONS
FOR THE NEW
ADMINISTRATION**

The North American Nexus

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One of the greatest responsibilities President Trump and his administration will have is to define a coherent foreign policy strategy that enables the United States to effectively pursue American interests abroad and successfully manage the daunting challenges of the 21st century. The policy issues are many, including bolstering our global alliances; structuring effective relations with the growing economies of Asia; strategizing key relationships with countries such as Russia and China; moving from conflict management to conflict resolution in the Middle East; and addressing transnational challenges such as terrorism and radical jihadism, climate change, and global health.

The United States will not succeed unless it is operating from a very strong national base. There is much to do on this score. Globalization and technological change have produced winners and losers. The United States must address the inequalities in our society that may be the product of both. Doing so requires strong economic growth, and creating jobs and raising wages for many deprived Americans. It is a given that a strong economy and a solid sociopolitical position will enhance the ability of our country to successfully address our foreign policy interests. But too often, our leadership loses focus on the opportunities in our own neighborhood.

THE OPPORTUNITY

The Trump administration should consider adopting a renewed North American strategy. With due diligence to border security, especially with Mexico, we must depart from focusing largely on our territorial borders as the limits of our political and economic potential and embrace our position as an integral part of North America along with Canada and Mexico. Our three countries, acting in concert, can emerge as the global superpower of the 21st century, in sharp contrast to an emerging China, Russian ambitions, and a Europe challenged from within. This is not a formula for an economic union, but for strategic coordination that goes beyond presidential summits to achieve, jointly, economic and social prosperity and enhanced mutual security of all our borders and people.

Together, the United States, Mexico, and Canada comprise an enormous market of nearly 500 million people and a \$20 trillion dollar economy. Canada and Mexico are America's number one and number three trading partners, respectively, with Mexico poised to take the number two spot from China in the next few years. Jointly, the three states present a formidable manufacturing platform, comparable and even superior to any other in the world, including China. As a result of NAFTA, labor markets, companies, supply chains, laws and standards have become increasingly



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This policy brief is part of a series of recommendations from the Baker Institute for the incoming president's administration.

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integrated across North America's borders. President Trump has been critical of NAFTA, and there may be areas for renegotiation in the agreement, such as labor, intellectual property, work visas, and rules of origin. Still, a modernized and fair agreement can serve as a valuable catalyst for increased prosperity and the achievement of foreign and domestic policy priorities on this continent.

Energy is clearly a major opportunity. The abundance of unconventional energy resources has already transformed North America's position in global energy markets, even without an integrated approach across Canada, the United States, and Mexico. Collectively, North America stands on the precipice of forever changing the global energy landscape and, closer to home, transforming energy access across the continent, especially when considering the geographic diversity for siting natural gas and renewable electricity options. The flow of energy across borders must be a tenet of North American energy policy, as a more united strategy toward North America's economic and energy landscapes would position these three countries to consolidate socioeconomic power on this continent, and enable them to encourage, by their example, democracy, the rule of law, and peace and security beyond North America.

OVERCOMING OBSTACLES

This is not to say that a coherent North American strategy will be an easy task. Political obstacles remain, as well as questions about the scope of a North American strategy, particularly Mexico's role in security issues inside and outside of the Western hemisphere, and the opportunities for an increased role for Canada within NATO. Economically, we must continue to be vigilant to ensure that competition remains strong and monopolies are kept in check. These are important questions. They should

be asked and answered by these three partner nations together, as all three have much to gain from a deeper, more comprehensive North American strategy. Integration engenders long-term success, whereas isolation leads to just that, isolation, and worst of all, failure.

After a campaign that so clearly signaled the need for economic renewal and political leadership, the next administration is in a unique position to take bold steps to accomplish this mandate. Increased coordination between the United States, Mexico, and Canada will be critical for achieving American foreign policy priorities in the years ahead and should be a tenet of the Trump administration's foreign policy.