



Make NAFTA Great Again



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Let's make the North American Free Trade Agreement great again. NAFTA is already pretty great, but this 23-year-old agreement can be modernized and made even better.

The key will be to find value-adds to areas that will result in benefits to the US, Canada and Mexico.

Understanding that Canada and Mexico seem committed to maintaining the trilateral nature of the agreement, the US – meaning our governments at all levels, and the nation's business community – must work together to identify those areas that unquestionably benefit our country, but that are also beneficial to Mexico and Canada.

The administration has expressed skepticism at multilateral trade deals, and instead wants to pursue bilateral arrangements as a general rule. This will not be beneficial for us when it comes to our North American neighbors.

Why?

The US-Canada-Mexico trading relationship is now highly integrated with parts and supplies zipping across the border multiple times. We're in business together across three countries.

If you don't believe it's a good idea to put up trading barriers between, say Connecticut and New York, it's also not a good idea to put up barriers between neighboring states like Arizona and Sonora. And just as Arizona and Sonora are developing a [MegaRegion concept to drive regional economic development](#), we should carry that same thinking writ-large for all of North America.

Here we have the largest trading bloc in the world, and it's made up of freedom-loving democracies with similar values. That's something to be celebrated and strengthened.

It would be an economic and national security disaster to weaken this area, and in effect strengthen China, which does not share our values on trade and is certainly not an ally.



From left to right: Jaime Molera, Ruben Alvarez, Eduardo Garcia of [CONCANACO](#), Glenn Hamer, and Jose Andres Garcia

Here's the good news: Having just returned from a trade mission to Mexico City with Ruben Alvarez and Jaime Molera of the firm [Molera Alvarez](#) – with the assistance of José Andres Garcia, the city of Phoenix's representative in Mexico City – I am optimistic that there is a path forward to update NAFTA in a way that is a win-win-win. We met with key business leaders and associations heavily engaged in Mexico's efforts to look for productive ways to update the agreement. They welcome the conversation with their NAFTA partners on where the three countries should head next.

Some of the specific areas that are ready for an update:

Intellectual property protections. The dead-as-a-doornail TransPacific Partnership has some provisions in it, such as updating IP protections, that are unquestionably useful and could be integrated into NAFTA. If we're going to engage in cross-border trade, we must start with a base of understanding that our manufacturers' trade secrets will remain secure.

Reduce customs regulations. The new US administration is aggressively and encouragingly on a deregulation spree. Let's tap that enthusiasm in the trade sphere. There is plenty of work to be done to harmonize the bureaucratic and sometimes byzantine customs processes of international commerce. Let's take what's going on in Arizona with the speedy 24-minute wait times resulting from [binational cargo inspections](#) at the Mariposa port of entry in Nogales as a perfect example of how cutting red tape leads to better outcomes.

Recognizing e-commerce. The NAFTA reboot must also acknowledge the revolutions that have occurred in our economy in the past two decades, including the advent of electronic commerce. Tens of thousands of cross-border transactions are taking place every day with the tap of a button or click of a mouse. A 21st century trade agreement should have a framework that is aligned with the modern way of doing business.

Energy. Mexico instituted a major opening of its energy industry in 2013, and it's already opening markets to US companies. UNS Energy, parent company to Tucson Electric Power and Unisource Energy Services, is preparing a new 150-megawatt (MW) [interconnection](#) that would connect the US electric grid in southern Arizona with electric facilities in northwestern Mexico. Talk about a winner if North America works together to meet its energy demands and becomes less reliant on crude from the Middle East and places like Venezuela.

Services. As the US economy becomes more service-oriented, there are great opportunities. The deregulatory reform in 2013 in Mexico of its telecom sector opened things up for US companies like AT&T to expand their reach. That same experience can extend to

other sectors of the professional service economy, like financial and legal services.

Currency manipulation. While this is not an issue with the three NAFTA countries at this point, developing language that could be used in agreements with countries that do engage in this practice could be a useful precedent and ensure that all three partners are speaking with one voice.

Expanded academic partnerships. Arizona State University, the University of Arizona, and community colleges such as those in the Maricopa Community College District, are all active in Mexico. Much of the angst in the US and the world that gets directed towards trade stems from a mismatch between educational systems and the skills today's economy needs. A more collaborative and formalized approach to education is key to preparing the trilateral talent pipeline.

Infrastructure. The US administration wants to do big things on infrastructure, Canada is a leader in public-private partnerships, and Mexico is updating its transportation system to facilitate freight mobility. The next generation NAFTA can establish a mechanism for ensuring our nations' infrastructure – including our busy ports of entry – can keep pace with increased trade flows.

State-owned enterprises. Here, like currency manipulation, this is less of an issue for North America, but good language would be particularly useful in terms of how to approach countries that are heavily subsidizing industries.

Arizona is the state best poised to lead the charge to rebuild the bipartisan pro-trade coalition and provide useful ideas for a NAFTA 2.0.

Governor Doug Ducey and Sonora Gov. Claudia Pavlovich maintain the best binational relationship between governors of border states. Senators John McCain and Jeff Flake are the two most pro-NAFTA senators. Phoenix Mayor Greg Stanton had been a model mayor in promoting trade with Mexico. And our business community is united in doing more with Mexico.

With Mexico far and away Arizona's largest trading partner and Canada our second most important market, a strong pro-trade posture is not a luxury item for us. It's essential.

Glenn Hamer is the president and CEO of the Arizona Chamber of Commerce and Industry.

The Arizona Chamber of Commerce and Industry is committed to advancing Arizona's competitive position in the global economy by advocating free-market policies that stimulate economic growth and prosperity for all Arizonans. <http://www.azchamber.com/>.