



**GETTING PAST THE BILATERAL-TRILATERAL DEBATE:
A PRAGMATIC FUNCTIONALIST APPROACH
TO NORTH AMERICA**



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**Getting Past the Bilateral-Trilateral Debate:
A Pragmatic Functionalist Approach to North America**

By

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EXECUTIVE SUMMARY

Since NAFTA came into effect in 1994, there has been an off-and-on debate in Canada about whether to actively support trilateral cooperation or downplay regional ties and concentrate on bilateral relations with the US. The launching of the US-Canada “security perimeter” talks in late 2010 signals victory for the advocates of bilateralism, but we may soon come to regret giving up on the trilateral option. This policy paper reviews and rejects some of the most common arguments for greater engagement with Mexico and trilateral diplomacy. It then makes the case for a more limited, ad hoc, approach to the regional agenda that explicitly adopts the “two speeds” model, and switches back and forth pragmatically between trilateral and bilateral options on an issue-by-issue basis.

“Well,” an American academic muttered to me a few months ago, “you [Canadians] finally got what you wanted. [Trilateral] North America is finished, and we’re back to two bilateral relationships.” That was over-drawing things a little, but it wasn’t too far off. Canada signed on for North American Free Trade Agreement (NAFTA) and the Security and Prosperity Partnership (SPP), but was always seen by the US and Mexico as a regional foot-dragger. Eventually, the trilateral agenda unraveled; the SPP had its plug pulled in 2009, and the leaders’ summit was quietly cancelled for 2010, then again for 2011. More importantly, the terms of the debate over the regional agenda have apparently shifted. After NAFTA, trilateralism was almost-universally seen as the default option, and the burden was on skeptics to justify any move (back) to bilateralism. Over the last few years, though, bilateralism has made a comeback, and now the burden of proof is on the advocates of trilateralism. The launching of the US-Canada “security perimeter” talks in 2010 emphatically confirmed this new regional reality.¹ So at least some Canadians got what they wanted, but will they regret it in ten or twenty years? Some of the arguments made for strengthening ties with Mexico and sticking with trilateralism are clearly problematic, but there is still a case to be made for doing so, albeit in a relatively circumspect and pragmatic way.

One of the lessons drawn from the SPP experience was that while Mexico was enthusiastic about trilateral diplomacy, it was unable, or unwilling, to undertake some of the more integrative forms of policy coordination that Canada and the US wanted to pursue, particularly on security issues. Many in Ottawa were, therefore, receptive to some version of what Christopher Sands called “North America at two speeds,” as a way to maintain the trilateral option, but move forward quickly with the US on issues that were most urgent for Canada.² Others wanted to strip away the trilateral covering however, and pursue a more nakedly bilateral strategy. And the Harper government seems to have been receptive to these latter arguments, in keeping with its broader move to downplay multilateral diplomacy and work through “coalitions of the willing.”

The Obama administration’s handling of the “perimeter security” agenda over the last year suggests that Ottawa can continue to insist on bilateralism and Washington will grudgingly go along. Just because it can do so, however, does not mean that it should. Instead, Canada should try to move back toward the two-speed trilateralism of the mid-2000s, if it can, but not in the same way and not for the reasons most often given in the contemporary policy debate.

A few of these conventional arguments for regionalism are just red herrings. Robert Pastor has argued that Canada’s disinterest in North American trilateralism is contrary to its traditional commitment to international multilateralism, but as Kim Richard Nossal has pointed out, Canada’s multilateralism has always been selective and virtually non-existent when it comes to “neighbourhood” issues.³ Similarly, the argument that Canada is obligated to support Mexico “as a NAFTA partner” ignores the fact that NAFTA is just a trade deal (albeit an ambitious one), and that virtually no one in any of the three countries recognizes it as a basis for this kind of broad moral obligation. One might think that the sheer scale and brutality of the violence in Mexico over the last few years would be enough to trigger Canadians’ internationalist reflexes, and stir a popular impulse to “do something” for Mexico. Some Canadians do want to see their government do more in Mexico, but polls suggest that

¹ Duncan Wood, “Perimeter Security in North America: Mexico’s Latest, Greatest Rejection and the Emergence of a Two-Speed Region,” *Simon Chair Blog (CSIS)*, February 22, 2011. <http://csis.org/blog/perimeter-security-north-america-mexicos-latest-greatest-rejection-and-emergence-two-speed-regio>

² Christopher Sands, “North America at Two Speeds,” *North American Integration Monitor (CSIS)* 1:2 (November 2002). <http://csis.org/files/media/csis/pubs/0211.pdf>

³ Robert A. Pastor, *The North American Idea: A Vision of a Continental Future* (New York: Oxford University Press), pp. 152-154. Kim Richard Nossal, “Canadian Policy Toward Mexico: Pastor’s Puzzle Reconsidered,” *North American Dialogue Series (CEDAN/ITESM)* 13 (January-June 2010). http://cedan.ccm.itesm.mx/wp-content/uploads/2010/08/north_american_dialogue_no13_kim_richard_nossal.pdf

most are indifferent, and that media coverage of the violence there has tended to reinforce a sense of distance from Mexico.⁴

If Canada is to be more engaged with Mexico, and to recommit itself to trilateralism, then it will not be because it is pressed to do so by the US, by the business community, or by voter demands, but rather because policy-makers in Ottawa make a strategic choice based on careful assessment of Canada's long-term interests. The Canadian International Council's "Open Canada" report raises three mutually-reinforcing rationales for such a choice, each of which is at least somewhat problematic, but point us toward a more compelling strategic calculus.⁵

Canada could pursue engagement with Mexico in order to protect and extend established economic interests in Mexico. Merchandise trade with Mexico has grown rapidly since NAFTA came into effect, and Canadian companies do have a substantial presence in some sectors of the Mexican economy, notably mining, banking, automotive and agriculture. However, these impressive growth rate numbers are based on starting from virtually nothing, and exports to Mexico still represent less than 2% of the Canadian total for 2010.⁶ Moreover, the major Canadian investments in Mexico are not put at risk by the recent turmoil there, nor are new diplomatic breakthroughs with Mexico likely to lead to significant commercial breakthroughs.

Alternatively, Ottawa could pursue engagement with Mexico as a way to showcase Canada's renewed capacity to make a difference in the world. In fact, Mexico's security and development challenges today seem tailor-made as a testing ground for the kinds of special skills and resources that Canada sees as its own distinctive contribution to international order, including some honed through hard experience in Afghanistan: e.g., coordination of security and development, police reform and retraining.

But there has never been any shortage of these kinds of opportunities in the Americas, and Canada has historically shied away from most of them, mainly to avoid getting mixed up in tensions between the US and its Latin American neighbours. Now, however, some argue that greater engagement with Mexico, particularly with respect to the fight against drug trafficking, represents an important opportunity for Canada to gather goodwill and attention in Washington. When the US and Mexico launched the Mérida Initiative in 2007, Ottawa offered diplomatic support and symbolic financial contributions, but stayed at arm's length to avoid getting sideswiped by fights between Washington and Mexico City, or tangled in a "war on drugs" strategy it didn't necessarily agree with. US policy-makers would probably have welcomed more substantial Canadian contributions, and might still welcome support in specific areas (e.g., police training). If there was a window for Canada to score points in Washington, it seems to be closing as the US and Mexico are gradually, awkwardly, finding ways to coordinate their efforts on borders and organized crime, and in the process building up their own bilateral security regime.⁷

Beyond these more problematic rationales, there are still at least two kinds of solid reasons for Canada to pursue greater engagement with Mexico and to make an effort to keep

⁴ For example: Victor Armony and Jack Jedwab, "Canadians Largely Indifferent to Latin America and the Caribbean," *Focal Point (FOCAL)*, July 2011. <http://www.focal.ca/en/publications/focalpoint/474-july-2011-armony-and-jedwab>

⁵ Canadian International Council, "Open Canada: A Global Positioning Strategy for a Networked Age," June 2011, pp. 51-55. <http://www.opencanada.org/wp-content/uploads/2011/06/Open-Canada-A-Global-Positioning-Strategy-for-a-Networked-Age-GPS-Panel.pdf>

⁶ Industry Canada, "International Trade: Canadian Economy," November 2011. http://www.ic.gc.ca/eic/site/cis-sic.nsf/eng/h_00029.html

⁷ Claire Ribando Seelke and Kristin M. Finklea, "US-Mexico Security Cooperation: The Merida Initiative and Beyond," Congressional Research Service Report, August 15, 2011. <http://www.fas.org/sqp/crs/row/R41349.pdf>

trilateral dialogue alive. First, just as Canada reluctantly signed on for trilateralism in the early 1990s in order to ensure that NAFTA didn't undercut Canada's bilateral trade deal with the US, it should keep its hand in the regional game today in order to make sure that US policies with respect to Mexico don't have adverse effects on the US-Canada agenda. One part of this is coming to grips with the gradually-coalescing US-Mexico security regime forming around the Mérida Initiative (and, to a lesser extent, Mexican engagement with NORTHCOM). Another part is the whirlwind of Congressional and state-level immigration and border security initiatives directed at the US-Mexico border. Both could have unforeseen and undesirable effects on the policy priorities and resources of the Department of Homeland Security, NORTHCOM, and other US departments, which Canada might be able to mitigate through trilateral engagement.

Second, while it is clear that there really are two distinct bilateral agendas, there are a number of emerging policy challenges out there that affect all three countries (albeit in different ways), and might be best managed through trilateral coordination. Though Canada's trade and investment stakes in Mexico are trivial by comparison with those in the US, it does have a strong stake in Mexico's long-run political and economic development. Growth and stability in Mexico will create commercial opportunities for Canadians, but more importantly will strengthen North America as a regional economy, with greater economies of scale and complementary resource and labour markets. Stagnation and disorder in Mexico, on the other hand, will aggravate a variety of governance problems, mainly for the United States, but to a lesser extent for Canada as well.

- **Trade and investment** are the parts of the agenda where we are essentially "locked in" to trilateralism through NAFTA. Though the US is not likely to be very receptive in the context of the ongoing "jobless recovery," there is still room for Canada to make common cause with Mexico in pushing the US to adhere to NAFTA commitments, and to move the trade agenda forward by streamlining rules of origin and moving toward best-available regulatory standards on a sector-by-sector basis.
- **Energy**, on the other hand, is clearly two separate bilateral agendas, because there are two very different transnational energy networks, each with its own problems. But all are interested in shaping US energy choices, and US choices in each bilateral context can often have profound implications for the other. Again, the main reason for Canada to be receptive to any proposals for trilateral energy talks is to keep an eye on US-Mexico bilateral talks, and safeguard its existing energy relationship with the US.
- **Environment** is not one issue, but many, some of which ought to be managed bilaterally, but most trilaterally or through global multilateral regimes. Canada should work with the US to try to strengthen the NAFTA spin-off Commission for Environmental Cooperation (CEC), but insist on safeguards to ensure that any new oversight and enforcement mechanisms do not become a mechanism for back-door protectionism. Among the key areas for renewed trilateral efforts in this area are containment of pandemic outbreaks, food safety, conservation of migratory and endangered species, and fisheries.
- **Security cooperation** is an area where the two bilateral agendas have begun to fuse together in recent years, driven by the growth of genuinely transnational challenges. Drug traffickers in Canada have long had indirect relationships with their Mexican counterparts through complex regional distribution networks. Those connections have deepened over the last decade, as Mexican cartels have displaced Colombians as the primary suppliers to the North American market. And there are reports now that these indirect connections might be partially displaced by direct

connections, as Mexican gangs begin to operate in major Canadian cities, particularly Vancouver.⁸

It was once enough to rely on second-hand intelligence from the US on these issues, but now Ottawa should be trying to establish new mechanisms for sharing information and coordinating efforts with high-level Mexican military and law enforcement officials, in a way that is timely, reliable and secure. Bilateral cooperation with Mexico, moreover, is not enough; Canada should seek to involve itself more actively in the Mérida Initiative itself, in order to try to reinforce political stability in Mexico and its Central American neighbours, moderate US excesses, and anticipate and contain illicit flows of drugs, guns and cash into Canada. While Ottawa should be attentive to the effects on US-Canada border dynamics, the overall focus should be on contributing to Mexico's long-term political and economic development, through the sharing of expertise on legal and law enforcement reform, counter-terrorism and public safety strategies.

- **Immigration** is an important exception to the general argument made above. Anything related to illegal immigration is politically poisonous in the US these days, and driven by domestic pressures with virtually no consideration for diplomatic implications. Ottawa should keep track of US policies aimed southward, but generally keep a low profile on immigration and labour mobility issues, and focus on its own bilateral negotiations with the US in this area.

Given these varied challenges, Canada should maintain its focus on the broader regional context and support the renewal of trilateral dialogue, but do so in a way that recognizes trilateralism's inherent limitations. There is not much to be gained by pursuing trilateralism for its own sake. But even less is gained, and much may be lost, when Canadian policy-makers brush off Mexico, dismiss trilateralism out of hand, and wax nostalgic about the US-Canada "special relationship." Talking openly about a two-speed regime might be seen as bad manners by some Mexicans, but it is – or should be – much less offensive than just turning our backs on them altogether. The rule of thumb going forward should be one (trilateral) region, two speeds and many initiatives. Some of those initiatives should be trilateral and some bilateral, depending on which governments are ready, willing and able to pursue a particular form of policy coordination at that time. Two-speed regional cooperation may be more demanding, and sometimes more frustrating, than the good old-fashioned bilateralism that Canadian policy-makers are used to, but it is a firmer foundation for dealing with a continent that is gradually becoming more and more regionalized, whether we like it or not.

⁸ Wendy Stueck and Josh Wingrove, "Mexican Drug War Behind Vancouver Gang Violence: Police," *Globe and Mail*, March 3, 2009. <http://www.theglobeandmail.com/news/national/article975025.ece>

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