

**MANAGING TRADE AND THE ECONOMIC IMPACT:  
PROVOCATIVE IDEAS FOR 2030  
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NAFTA has reached an age where, if it were a person, it could vote, drink, drive and join the military. What will this creature do as it matures into its thirties and forties – supposedly the most productive years of human existence?

This short essay offers several ideas, all intended to be provocative. They are guided by a single vision: in 2030, the movement of persons, goods, services and investment should not be much more difficult between Mexico, the United States and Canada than it is today between Sonora and Chihuahua, or between Arizona and California, or between British Columbia and Alberta.

To keep my feet closer to the ground, at the end of each provocative idea, I suggest a more immediate actionable measure.

**North American Passport**

Qualified citizens of each country should be eligible for a North American passport, renewable every 10 years. What privileges would this document bring? The holder could cross the borders through dedicated speed lanes (all equipped with Global Entry style electronic machines). They could be employed in each country (including government employment except for positions reserved on a negative list) or hold political office, without the need for an additional visa, as well as be eligible for public benefits, such as medical care and adult training.

The definition of “qualified” is critical. In addition to the normal criteria of law-abiding, economically secure, reasonably healthy and linguistically fluent for holders, the passport might be launched with numerical quotas for each country (to be expanded over time).

*Actionable measure:* Persuade Bill Gates, Carlos Slim, and David Thomson to sponsor a commission of past national leaders to study the issue – say Ernesto Zedillo, Bill Clinton, and Brian Mulroney.

**Recognition of Professional Credentials**

A tripartite federal body should be created to encourage and, if necessary after consultation and deliberation, compel mutual recognition of credentials issued by various federal, state and provincial licensing authorities. This thorny task will take years, but greater labor mobility for skilled professionals

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is the starting point for creating a single North American labor market. The combination of a North American passport and mutual recognition of professional credentials can be seen as the “great leap forward” from today’s NAFTA TN visas.

*Actionable measure:* For NAFTA TN visas, expand the listing of professional categories and skills, the visa duration (say 5 years rather than 3), allow the visa holder to change employers, and create a fast track to citizenship.

### **Border Infrastructure**

Congestion and inadequate investment are the norm at major border crossings. The Ambassador Bridge saga is perhaps the worst example, but the San Diego/Tijuana crossing is a nightmare all its own. This set of problems should be addressed by creating border infrastructure agencies, mandated to ensure adequate bridges, roads, footpaths and inspection stations for speedy crossings, and empowered to levy fees and exercise eminent domain over territory within their jurisdiction. Each agency would be managed by a board, appointed by the governors and prime ministers of adjacent states and provinces. The respective federal governments should make annual financial contributions to the agencies, determined by an appropriate formula.

*Actionable measure:* Create a real-time website, updated hourly, that posts the average border crossing duration for each of, say, 20 major border cities.

### **Trusted Truckers**

The big idea is to make trucking, rail and air freight firms responsible for the contents of their cargo shipments, with random checks and audits by government officials. Responsibility means enforcement of product standards, guarding against contraband, payment of taxes (e.g., VAT and GST), etc. Speed lanes for qualified shippers already exist at several crossings, but these should be enlarged. Border checks should be reserved for a diminishing number of non-qualified shippers.

*Actionable measure:* Dramatically improve crossing times at the trusted trucker lanes on the Ambassador Bridge.

### **Single Energy Market**

Free flow of all forms of energy – petroleum, natural gas, wind, solar, nuclear, and electricity itself – should become the North American goal. As well as connecting their pipelines and power grids, the three nations should work to harmonize their climate policies. This means common carbon taxes and common abatement standards for reducing CO<sub>2</sub> and methane emissions. The last thing we need is a complex set of border adjustment to compensate for different climate measures in North America.

*Actionable measures:* Approve the Keystone XL pipeline. Improve the structure of electrical transmission fees so that carriers have a strong financial incentive to upgrade and connect the grid across borders (and between states and provinces). Do the same for natural gas pipelines between Mexico and the United States. Provide incentives for foreign firms to engage in deep water and shale drilling in Mexico.

### **Services Trade**

The United States and Canada are service economies to a much greater extent than their self-images as frontier farmers, hard rock miners, and steel workers would recognize. Mexico is moving in the same direction. Behind the border barriers to service barriers, especially Modes 3 and 4 (through foreign

direct investment (FDI) and the movement of natural persons), should be demolished. Many barriers reside in state and provincial legislation: national treatment should be rule except for service activities scheduled in negative lists, which must be far shorter than those agreed in NAFTA.

*Actionable measures:* All three countries should energetically promote the International Services Agreement. On a reciprocal basis, the United States should allow Medicare dollars to be spent for health care provided in Mexico and Canada.

### **Government Procurement**

The states, provinces and federal governments effectively reserve considerable amounts of government procurement to local firms, both for goods and services (e.g., road construction, data processing, and training programs). NAFTA and the WTO Government Procurement Agreement made limited inroads but the exceptions exceed the coverage. The “Buy America” restriction linked to stimulus funds (the American Recovery and Reinvestment Act of 2009) was particularly offensive. In 2030, open procurement should be the rule, not the exception, and a speedy dispute panel should be established to enforce the agreement in real time.

*Actionable measures:* States and provinces should be permitted by federal authorities to negotiate cross-border compacts to open their own government procurement on a reciprocal basis.

### **Investment Rights**

Citizens of each country, and their beneficially owned business firms, should have equal investment rights, including in “sensitive” sectors, such as media, airlines, shipping, mining and coastal real estate. These rights should extend both to establishment and mergers and acquisitions: public scrutiny for competitive or security issues should be no greater than for citizens or domestic companies.

*Actionable measures:* National ownership requirements should be eliminated for North American airlines. Cabotage should be permitted on the east and west coasts of North America and the Great Lakes by bona fide North American shipping firms.

### **SPS Standards and Agricultural Inspectors**

To facilitate agricultural trade, the countries should establish a single commission with the delegated power to promulgate common sanitary and phyto-sanitary standards (SPS) for meat and produce crossing the borders. When common standards cannot be agreed, mutual recognition should be second alternative.

North American agricultural inspection should be conducted by a single agency, recruited from all three countries, and based some distance from the capital cities (the NORAD model).

*Actionable measures:* Country of Origin Labeling (COOL) should be replaced by a North American label. Common meat standards should be agreed. The agricultural inspection forces should delegate larger numbers to serve in partner countries (following the pattern of crop inspection in Mexico and meat inspection in Canada).