

SETTING THE STAGE – THE ISSUES

ROBERTA S. JACOBSON¹

I would venture that most participants in the Border Symposium have been thinking about North America for a long time, and I am grateful for this community of practitioners and thinkers. This year I have been heartened, as the Assistant Secretary of State for Western Hemisphere Affairs, by the growing number of academics, economists, journalists, and political figures who recognize and highlight North America's critical role in the changing global economy – and its contribution to economic prosperity here in the United States. Recent opinion articles have highlighted North America's potential. A great diplomat and friend of North America, Ambassador John Negroponte, joined by Representative Kay Granger and my former colleague, Ambassador Charles Shapiro, wrote in the *San Diego Union-Tribune* that “rebalancing our global priorities will prove incomplete without a renewed commitment to our North American neighbors. The Mexican and Canadian economies are not only our largest export markets, but also joint production platforms. We build goods together, and we must do more to advance cross-border trade.” In the *Washington Post*, former Treasury Secretary Larry Summers included North American energy as one element of a jobs-centered “Growth Agenda We Need.” To achieve the greatest economic and environmental benefits, Summers emphasized that “the transformation of the North American energy sector needs to be accelerated.”

North America's Role in the Global Economy

This resurgence of interest in North America's role, two decades after the passage of NAFTA in 1993, should not surprise anyone. As we continue to emerge from the economic downturn, our three deeply integrated economies – often called the “North American platform” – are key to the competitiveness of our hemisphere in the global economy. The trade and investment statistics are well known and impressive: Canada, the United States, and Mexico have the largest and most integrated trading relationship in the world, a testament to generations of hard-working, innovative citizens. We are more than just good neighbors; we are partners in an integrated enterprise whose success in the larger world depends on our successful collaboration with one another. In some ways, our continent's “new” economy will look “old,” as rising wages in Asia spark a revival of manufacturing in North America. Our leader-level border initiatives – *21st Century Border Management* with Mexico and *Beyond the Border*

¹ Roberta S. Jacobson was sworn in as Assistant Secretary of State for Western Hemisphere Affairs on March 30, 2012. Previously Ms. Jacobson was the Acting Assistant Secretary since July 18, 2011. She served as Principal Deputy Assistant Secretary for Western Hemisphere Affairs from December 2010 until July 2011, with responsibility for regional political and economic issues, management and personnel, and regional security issues. In addition to her role as Principal Deputy Assistant Secretary, she was the senior coordinator for the Citizen Security initiatives in the Western Hemisphere. From June 2007 until that date, she was Deputy Assistant Secretary for Canada, Mexico and NAFTA issues in the Bureau. She served as Director of the Office of Mexican Affairs from December 2002. From 2000-2002, she was Deputy Chief of Mission at the US Embassy in Lima, Peru, and between 1996 and 2000, Ms. Jacobson was director of the Office of Policy Planning and Coordination in the Bureau of Western Hemisphere Affairs, covering issues such as civil-military relations, human rights, foreign assistance, and counternarcotics throughout the hemisphere. Ms. Jacobson has also served as Coordinator for Cuban Affairs within the Bureau of Western Hemisphere Affairs, executive assistant to the Assistant Secretary (1993-94), special assistant to the Assistant Secretary (1989-1992), and at the National Security Council (1988). Ms. Jacobson holds a Masters of Arts in Law and Diplomacy from the Fletcher School of Law and Diplomacy (1986) and a Bachelor of Arts from Brown University. She also worked for the United Nations from 1982-1984 in the Center for Social Development and Humanitarian Affairs. She is the author of articles on “The Committee for the Elimination of Discrimination Against Women” in *The United Nations and Human Rights* (Oxford University Press; 1990) and “Liberation Theology as a Revolutionary Ideology.”

with Canada – and our trusted cargo shipper programs facilitate the secure, efficient, rapid flow of goods that is crucial to North America’s economic competitiveness. In the global marketplace, all three countries are looking to the Pacific Rim – both the American side and the Asian side – as important markets for the future. All three governments have joined negotiations for the Trans Pacific Partnership (TPP) – an ambitious, high-standard, regional trade and investment agreement among 11 nations – recognizing that the Pacific region includes some of the world’s fastest-growing economies, and nearly 40 percent of world trade. The TPP will allow our manufacturers to draw on the existing supply chains fostered by NAFTA to export goods to the other eight TPP countries and their 200 million consumers.

Energy

As with trade, changes are under way in the North American energy sector. U.S. energy consumption historically has outstripped production, making the continent as a whole a net oil importer. Given our new understanding of the natural resource endowments of the United States and its neighbors, it now appears that North America has the potential to become energy self-sufficient – or even to become a net energy-exporting region. Canada has the third largest proven oil reserves in the world, 11 percent of the global total, due to its oil sands deposits. Although recent years have seen a fall in Mexican oil production, Mexico’s substantial remaining oil and gas reserves can be developed with additional capital and expertise. President Peña Nieto has made energy reform a priority for his administration. If he is successful, the expected oil and gas production growth in all three countries will further strengthen North America’s energy security. For our part, the Obama Administration looks forward to implementing a U.S.-Mexico trans-boundary hydrocarbons agreement that will benefit both countries by facilitating oil and gas exploration and development in the Gulf of Mexico and strengthening regulatory cooperation. The emphasis all three countries have placed in recent years on renewable forms of energy – from expanding wind and hydropower in Canada to solar energy in Mexico – will further strengthen our energy security and create new business opportunities.

The North American Leaders’ Summits

The creation of the North American Leaders’ Summit has hastened North American integration. Since the first summit in 2005, the two presidents and the prime minister have met about every year. Trilateral cooperation initially focused on security and prosperity, particularly on how to increase economic integration and trade while strengthening our common security in the post-September 11 context. Today, our North American partnership has extended into new areas, including regulatory cooperation, health, and emergency management. The leaders also discuss security challenges in the Western Hemisphere and elsewhere in the world. President Obama hosted his fellow leaders at the White House for the most recent North American Leaders’ Summit in April 2012, where they focused on regulation, secure supply chains, energy and climate change, continental competitiveness, and citizen security, among other topics. We look forward to the next North American Leaders’ Summit, which Mexico will host.

Fruits of Trilateral Cooperation

Between summits, our governments pursue the objectives laid out by leaders. Our ministers of foreign affairs, health, trade, and now defense regularly meet trilaterally, and as these multiple trilateral tracks show, the potential for cooperation is vast. North American economic competitiveness must remain a pre-eminent focus for our governments as we continue to grow our economies and add jobs. Regulatory cooperation is a component of this work, and has brought together our experts to ensure unnecessary differences in our rules do not hinder continental trade. We should consider ways to support our private sectors and trade associations as they cooperate to advocate more effectively for their members. Innovation is essential to North American competitiveness, so we should evaluate

potential initiatives in the areas of science, technology, and education. In the areas of energy and the environment, we have cooperated on renewables, energy self-sufficiency, and other common approaches to climate change, and we have collaborated on positions in the Major Economies Forum and the Climate and Clean Air Coalition to Reduce Short Lived Climate Pollutants. In the area of public health, our cooperation with Canada and Mexico has been extensive and fruitful. Our three countries are united in planning for infectious disease outbreaks, especially those of pandemic potential, and we continually exercise and improve our trilateral disease communications, surveillance, and response mechanisms, taking into account what we have learned from past outbreaks in North America. Our security and defense cooperation has become even closer, and last year our leaders announced a new North American dialogue with the countries of Central America. This year we continue to work together to advance the important initiatives that emerged from the 2012 Summit of the Americas, particularly the Small Business Network of the Americas, which will create a region-wide network of small-business development centers to increase trade opportunities and job growth. Finally, as we look beyond our hemisphere, we consult regularly on global security challenges, and positions in international forums and multilateral institutions.

Stakeholders

This is an ambitious agenda, requiring sustained attention at all levels of our governments. As we prepare for the next North American Leaders' Summit, and as our ministers and other officials continue their regular engagement on ways to improve the quality of life in our region, input from experts, practitioners, academics, business owners, and others in the private and non-governmental sectors is valuable. Some observers, such as Professor Robert Pastor at American University, have been vocal advocates of the "North American idea" for many years. Others are just beginning to focus on North America's potential, as global economic factors change, long-held views erode in the face of new realities, and new possibilities for engagement emerge. Practical feedback from stakeholders, and input from North Americans across all walks of life on new areas for collaboration, are essential as the three governments capitalize on the evolving global economy, deepen cooperation, and ensure a more secure and prosperous life for all our citizens.