

## **Obama may have learned from summit**

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The U.S.-Mexico-Canada summit earlier this week was almost universally described in the media as a photo-op, with no substantive results. I don't think so: It may have been a major step in helping to convince President Barack Obama about the need of greater North American integration.

Judging from what I hear from people close to the two-day summit in Guadalajara, Mexico, Obama -- who had been critical of the 1994 North American Free Trade Agreement (NAFTA) during the campaign -- came out of it more willing to consider joint North American responses to common economic, crime, environmental and public health problems.

### **SWINE FLU**

What may have opened Obama's eyes about the need for greater regional collaboration? Among other things, fear of the swine flu pandemic.

U.S. officials expect millions of new cases of the H1N1 flu this winter, as the flu season arrives in the Northern Hemisphere. They fear that a massive spread of the virus in the United States could abort what they see as a possible economic recovery late this year or early next year.

With one million people crossing the Mexico-U.S. border just by land every day, there is not much the United States can do to fight the spread of H1N1 pandemic if Mexico fails to do so. At the Guadalajara summit, Obama and his two North American counterparts agreed to have their health ministers meet next month to devise a joint strategy to fight the pandemic.

But Obama also heard strong arguments in support of strengthening North American economic integration. At the end of the summit, Obama publicly stated that he is no longer considering a renegotiation of NAFTA. And the three countries also agreed to hold three cabinet-level meetings -- including the one on the H1N1 pandemic and one on infrastructure issues -- before next year's North American summit in Canada.

Among the things that Obama heard from his counterparts in Guadalajara:

- Canada and Mexico together buy eight times more U.S. goods than China. While North American trade has tripled since NAFTA went into effect 15 years ago, the growth rate of regional trade has slowed since 2001, largely because of increased

border restrictions.

- U.S., Canadian and Mexican exports are losing market share in the global economy. While the three North American trade partners together accounted for 19 percent of world exports in 2000, they made up only 12.7 percent in 2008. The U.S. share alone dropped from 12 percent to 8 percent over the same period.

- Asian and European countries have signed new free trade agreements and strengthened existing ones in recent years. In North America, meantime, no new roads or border crossings have been built over the past seven years, which is increasing transportation costs along the border and making North America less competitive globally.

- To become more competitive and get out of the economic crisis sooner, NAFTA members should build new border crossings, ease obstacles to trade and harmonize production and labeling rules. If U.S., Mexican and Canadian companies could produce goods with labels that are valid in all three NAFTA member countries, they reach 450 million people living in North America instead of being confined to their home markets.

## **OPPORTUNITY**

Asked about the outcome of the summit, Rafael Fernandez de Castro, the top international advisor to Mexican President Felipe Calderón, told me that it may have helped Obama to see an economic opportunity in North American trade.

“We have a choice: We can allow economic integration to proceed naturally, or we can actively speed it up and manage it so as to become more competitive in the global economy,” Fernandez de Castro said. “President Calderón made that point four or five times during the talks, and I think that President Obama understood it.”

## **'EDUCATING OBAMA'**

**Robert Pastor, co-director of American University's Center for North American Studies and a champion of North American integration, told me that “the real benefit of this summit was to begin educating Obama about the core issues that define the idea of a North American community.”**

My opinion: If Obama went to this summit thinking he would discuss bilateral issues with his two colleagues and came out of it convinced that the three countries have a lot to gain by creating a more closely knit North American community, it was a success. We may see the results of the Guadalajara summit when the “three amigos” meet again in Canada next year.