



2026 GLOBAL CONFERENCE

LEADING IN A NEW ERA



THE TRILLION-DOLLAR TRIANGLE: NORTH AMERICA'S NEXT ECONOMIC ERA

Kenneth Smith Ramos 00:00:16

Well, good morning, everybody. My name is Kenneth Smith Ramos. I'm a partner at AGON consulting firm, former chief negotiator for the USMCA for the government of Mexico. And it's a great honor to welcome you to our session, "The Trillion-Dollar Triangle: North America's Next Economic Era." And we have a great lineup here of trade and economic experts from the region. Let me introduce them very quickly. We have Ruben Coppel Bernal, vice president of financial services for Grupo Coppel, chairman of BanCoppel and Afore Coppel.

Ruben Coppel Bernal 00:00:47

Hi.

Kenneth Smith Ramos 00:00:48

We have the Honourable Mary Ng, former minister of international trade of Canada and senior fellow at the Milken Institute. We also have Kristen Silverberg, president and chief operating officer of the Business Roundtable of the United States. Welcome. And Rob Wildeboer, cofounder and executive chairman of Martinrea International. So, as you know, the US, Mexico, and Canada constitute one of the world's most competitive regions in the world and production corridors. And we have a trade agreement between the three countries that is worth \$2 trillion for the three countries. It is an agreement that came into effect in July 2020, it's been in place for almost six years, and it's generated enormous investment and trade flows in the region. And, of course, as you know, in 2026, the USMCA review is taking place, and therefore the

economic future of North America enters a key phase. So, the goal of today's session is to talk about how North America can leverage this USMCA review in order to strengthen trilateral competitiveness, harness the strength of all three countries, and all of this is happening in a complex geopolitical environment, a complex turn towards protectionism in the world, as well as in North America. And so the idea here is to figure out together, and with the help of our experts, how to best leverage what we can expect from the review, what we can expect in terms of how to strengthen competitiveness in the region. There's also a big, important event happening in almost a month, which is the FIFA World Cup in our region. Mexico, Canada, and the United States are hosting it. And there will be quite a bit of an increase in investors, demand for infrastructure investment, tourism flows, and general economic activity. So, let us launch this session. I can remind you that there's a QR code, so if you want to send questions to the panel, we'll be filtering them in and introducing them as we go along. But let me just jump right in there with the first question for Ruben. If you want, Ruben, if we could start talking about from the perspective of how you're seeing the importance of the USMCA in your experience, specifically for Mexico. Why is the USMCA so important for Mexico, and what is the enormous potential that can be extracted from this so that Mexico continues to be one of the top recipients of foreign direct investment? What does Mexico need to do to reach its full potential in that sense?

Ruben Coppel Bernal 00:03:29

That's a great question. It's not only important for Mexico, it's very important for the region. And you were saying tendency of protectionism. I would say supply chain and material supply. We need that security in the region as well. We can't depend on the entire world, and in our region, we have enough energy resources, minerals, land, labor, and we have a huge market in this area, and we need to—we should take advantage of this whole market and this whole development that can happen here. We just really need to work together to make that happen. In this case, I've seen Mexico and how it's grown with the free trade agreement, how it's been easier and easier to invest in one country, to sell in the other, to import it, to export, and every day is \$2.5 billion at least from Mexico to the US, and that's still growing. It's been very stable for the past two decades, basically. I mean, the growth has been stable, it basically works. What do we need to do? Of course, we need more infrastructure in Mexico. We ran out of industrial parks. We've built them out. We ran out of energy because we're using it all. So, all those investments are happening as fast as possible, but of course, we need to do it faster. I mean, we need more roads, more water, more energy, more electricity, and it's not only the federal level, but even in municipality. And then, when it's cross-border, it gets even more complicated because we have different tariffs, different taxes, different laws, and all that has to be taken into account to make it a much more efficient infrastructure and much more efficient era. Also, and that's without getting into roads and trains and how do you make them align within the three countries, not just individual countries and states.

Kenneth Smith Ramos 00:05:22

Of course. So, a lot of strengthening of domestic public policy in order to make things happen, right?

Ruben Coppel Bernal 00:05:26

Yes.

Kenneth Smith Ramos 00:05:26

In terms of investment attraction. Let me jump to our uppermost northern neighbor, to Canada. A question for Mary. One of the major strengths of the NAFTA and the USMCA has been, of course, its trilateral nature. And do you believe that this structure can survive under the current review of the USMCA? And do you believe that the distancing between the heads of state of the US and Canada could be resolved in time so that the USMCA review may conclude successfully and hopefully trilaterally by 2026?

Mary Ng 00:05:59

So, my answer would be yes. And the reason for that is I think that the case for North American competitiveness is not something that—all three countries are going to want to throw away. As Ruben said, we have a very strong trilateral relationship that has benefited all three countries economically. We do over a trillion dollars' worth of trade between Canada, US, and Mexico. I would say Prime Minister Carney has a very respectful relationship with the president.

Rob Wildeboer 00:06:29

Yes, he does.

Mary Ng 00:06:29

But at the same time, it's about preserving this important relationship with the United States and with Mexico, but it's also to do more with our allies as well. As trade minister, I often talked about Canada having access to over 65 percent of the world's economy through our existing FTAs, or free trade agreements. But no question, the strength of an integrated North America supply chain and North America competitiveness in our capability of just operating together and how we have built that integration so that we can be competitive over decades now, has served our people, it's served our countries, and I think we need to stay clear-eyed to that. And I believe all three countries are doing that, irrespective of the context that we live in right now. And I think being here at a forum like Milken, where so many business leaders from across the three countries can actually have conversations like this to try to figure out how we can play our useful part in it, is something that we're going to have to keep doing. We just can't stop doing that.

Kenneth Smith Ramos 00:07:46

Absolutely. And you raise a great issue, which Ruben also touched upon, which is the impact on competitiveness that working trilaterally has had throughout the years. Now, let me turn to Kristen, especially talking about your view of how do you see the evolution of trade in North America, taking into consideration that we are witnessing certainly a major change in the way the region is approaching international trade, US trade policy, and what we're seeing worldwide is that trade has become more fragmented and increasingly regionalized in the world economy. What is your sense of this evolution of trade in North America, and where do you think it's heading?

Kristen Silverberg 00:08:27

Yeah. Well, thank you, Ken. Business Roundtable is an association of about 250 CEOs of large US companies. And in the last few years, a couple big things have happened from their perspective. One is USMCA came into effect, of course, as Ken was saying. It really modernized the rules-based framework that we're operating under. It now covers things like intellectual property protections, digital trade. There were lots and lots of reasons to be enthusiastic about investing in North America before USMCA, as Ruben was saying, including our energy environment, large markets, and industrial base. But USMCA really gave investors added confidence about investing in the region. And then at the same time, companies started accelerating their move to regionalize supply chains. This was partly a reaction to COVID supply shocks, geopolitics, trade tensions. All of those things made companies start to think about the resilience and security of their supply chains, rather than only thinking about cost and efficiency. So, there was sort of a push-pull. There were a bunch of factors that were pushing US companies to reconsider their reliance on some markets, and also there was the pull from this new North American framework. The end result of all of that has been that USMCA is sort of evolving from a traditional trade zone to what is really this massive co-production platform.

Kenneth Smith Ramos 00:10:05

Yes.

Kristen Silverberg 00:10:06

So, when you think about the data, 70 percent of the imports into the US from Canada and about 60 percent from Mexico are intermediate goods that are used for producing something in the US. We're really bringing things in that US manufacturers use for assembly. About 50 percent of the trade with Canada and Mexico is inter-firm, so these are companies trading with their affiliates, moving things around their operations. Rob, I think your company actually is a great example of that. In some sectors, like autos, components can move back and forth across the border three to five times. When we import something from Mexico, about 15 percent of the value of that product represents US content. So, this is really a production platform more than it is kind of an old-school trade deal, and all of that is very important for our members. For many years, China had a key strategic advantage. Chinese manufacturing had this key

advantage, not only from lower costs and from heavy state subsidies, but because China offered this centralized, massive production platform, and we are now in North America building our own advantage by having this production platform that's really creating a lot of incentives for our companies to invest in North America.

Kenneth Smith Ramos 00:11:30

Thank you very much, Kristen. And you touched upon two key topics here, which is the relevance of co-production within North America, the integration of different production clusters, and intra-industry trade, which I think is a great segue for a question for Rob, related specifically to his area of expertise, of course, among many, which is the North American automotive sector. Which is a sector which undoubtedly is under severe competitive pressure from different regions of the world, but primarily from China. And what do you think are some of the strategies in the context of the review that is taking place, the opportunity that we have to strengthen our industrial base in North America? What should Mexico, Canada, and the US pursue as strategies in order to come out on top of this tremendous challenge, not just for the auto sector, but for manufacturing in general?

Rob Wildeboer 00:12:19

Good question. Great comments. We make parts for cars. We make parts in Canada, US, Mexico, also China, also Europe. We're really good at it. I want to start by saying that the United States is blessed with the four best neighbors in the world, the Atlantic and the Pacific, Canada to the north, and Mexico to the south. And that relationship has allowed North America to be a very powerful region, which exponentially improves US productivity and competitiveness around the world by utilizing its neighbors. And that's typified most in the auto sector. And I'll talk about China in a second. We can compete with China. We do in China and elsewhere in our company. But what I've been saying in the context of the auto industry is we have to do five things in order to have a competitive auto industry that can export to the rest of the world and be efficient. The first one is you need to maintain free trade in parts, which we have, but also assembly. Assembly in Canada and Mexico. A Canadian-assembled vehicle, 90 percent of vehicles made in Canada go to the United States market with over 50 percent US product. So, a tariff on a Canadian-assembled vehicle, essentially, it hurts production. In Michigan, people cheer when someone in Windsor is making assembled vehicles. The second thing, and related to that, is rules of origin. The US has raised the issue that the rules of origin in the USMCA are too loose, and I agree with that. Mexico and Canada may disagree, but ultimately, you have to have tighter rules of origin, or at least rules of origin that you can't just drive a truck through. Third, and related to that, is the penalty for not complying with rules of origin should be more than 2.5 percent. So, what happens is people say, "I don't have to comply with the rules of origin because my exchange rate goes down and I've got the opportunity to go forward." Number four, our industry actually supports tariffs against certain countries. So, tariffs against Europe, where there's no American parts or Canadian parts or Mexican parts, or against Japan, or against Korea, are actually not a bad thing because they will ultimately encourage more production in North America. So, in North America, people buy about 19.5 million vehicles, somewhere between 19 and 20 million. So, about 16 million in the United States. Canada, close to two million. Canada's a big market, fifth or sixth largest auto market in the world. And Mexico is somewhere approaching 1.5 million. Mexico also buys a lot of used cars from the

United States. But we only produce 15 million. So at the end of the day, there's a huge gap. And at the end of the day, if you can encourage more production in North America, let's say two million vehicles over the next three or four years, that's 10 assembly plants. And every assembly job creates five to nine spinoff jobs in parts, and communities, and everything else, and that's really cool. And then the fifth thing is I think you keep China out because they cheat. And I've been saying that. I was saying that in Mexico at a time when BYD was supposedly putting up assembly plants. There's no assembly plant in Mexico. There will not be an assembly plant in Mexico. And at the end of the day, the reason is that if I compete with a Chinese supplier here, I got to pay for my land, I got to pay for my building, I got to pay interest on what I pay for my equipment, and, you know, it's a rigged game.

Rob Wildeboer 00:15:42

If I tried to pull the stunt of subsidization in Canada and tried to ship something to the United States, it doesn't work very well. Just ask the lumber guys. So, I think that will actually, in essence, make us competitive, and I think that in that context, it'll make us strong. And there's one other thing. I was at a wonderful panel yesterday talking about supply chain for defense, and the US is obviously spending a lot on defense. Canada has agreed to spend 5 percent of its GDP on defense, and the defense supply chain in North America and in the United States, quite frankly, is not particularly efficient. It's bloated, and we've seen the president say that. Says we should start looking at the auto industry in that context. Last week in our plant in Canada, Hanwha, which is one of the largest defense contractors in the world, signed a memorandum of association with the Auto Parts Association of Ontario for making parts for defense. They want to sell submarines to Canada. So, in that context, the auto industry is the largest manufacturing industry in the world. It's the largest in the United States. It's the largest in Mexico. It's one or two in Canada because we make a lot of food processing as well. But you should keep that. That's an advantage that you're going to need when we build an industrial base, and so screwing around with the USMCA and rules of origin is not good politics. It's not good business. It's not good policy.

Kenneth Smith Ramos 00:17:14

Thank you, Rob. So, if I could summarize a little bit of your position, I think that we would agree that the idea would be for manufacturing to reduce or eliminate tariffs as much as we can amongst ourselves—

Rob Wildeboer 00:17:24

—Yeah.

Kenneth Smith Ramos 00:17:24

Basically within North America, make sure that we have strict rules of origin, and that we ensure that the benefits of the agreement stay within the region, right?

Rob Wildeboer 00:17:34

Yeah. I'm talking about auto, and I think you could probably make a different case for certain sectors, you know. The United States criticisms of Canada are not always wrong. They've woken us up. But I do believe that you have to understand the strengths of what we do, and the reality is we will be the most powerful economic region for the 21st century if we get our act together because we have everything. We have people, we have resources, we have land, we have safety, we have geography, and we have a political system that, quite frankly, rewards capitalism and provides freedom.

Mary Ng 00:18:12

Mm-hmm.

Kenneth Smith Ramos 00:18:12

Absolutely. I'll get back to the China question with a question for everybody, as a matter of fact, because it is clear that China is the fourth participant in this review and this discussion on North America without being in the room, right?

Rob Wildeboer 00:18:25

Exactly.

Kenneth Smith Ramos 00:18:25

So, that's something that I think we should touch upon a little bit deeper. But I'd like to get back to what Ruben was mentioning. I think it's very important to look at domestic public policy in each one of the North American countries as a driver to competitiveness, as important, I wouldn't even say just complement, but it has to go really hand-in-hand with trade liberalization, with the strengthening of the relationship between the three countries. And a very specific point where you have a lot of expertise, Ruben, has to do precisely with the banking services, the banking sector. So, the digitalization of financial services does provide a great opportunity worldwide, not just in our region, to improve the efficiency of banking services, payment systems, and, specifically in Mexico, there's interesting things happening. And so, what is Mexico doing on this front, and what are some of the key public policies that you believe can help develop the sector in Mexico?

Ruben Coppel Bernal 00:19:20

Okay. It's gaining traction in Mexico, digital payments. There's always the idea of what happened in India, what's happening in Brazil, what's happening in Africa, of how payments change and how you get rid of cash very fast. But that's not happening yet. Still, 72 percent of payments are made in cash. On the, basically, Black Friday of last November 72 percent of the purchases were in cash. That happens in our stores as well. Credit cards and debit cards account for about 20 percent of the payments, 30 percent, depending on what they're buying and the amounts they're buying. In the bank, we have about 22 million active accounts, and we have about 40 million SPEI transactions. SPEI is kind of the SWIFT, but the local SWIFT in Mexico, and it's growing 40 percent a year, so it's tremendous. So it's millions of transactions basically every day, for one peso, for 10 pesos, for 1,000 or 20,000 or whatever, and you just do it in your app and it's pretty quick. But you do need to have the whole account, like the 16-digit number, and people put it in. Or, you can put in the phone number if you're registered in another database, et cetera. So, that's working very well. Now, the government with the National Digitalization and Transformation Agency and Telecom, probably didn't get that name right, but they're working very hard on this, and they want digital payments to work. They did a QR code, as you can see here, but they did a QR code called CoDi back in 2018. It didn't really have traction. It was too early for the market. Us, as a company, we actually tried to plaster a whole little town of CoDi to see if it would catch up. Like, every store, we managed to put a CoDi, a QR code. It didn't work. And it has a lot of advantages and disadvantages, what we have today, and they're trying to fix it with a great conversation, and they're open to the opinions of banks and regulators as well to figure it out. If you get an international SWIFT, well, you get the money. You don't know from where, you know what, you have an account. But it's not tied to a transaction like a normal credit card transaction is, so you need more information than that. And you also need more security because you don't want just anybody sending you money, especially in this money laundering world that we have to be very careful. So, you need to block that as well. Those are on the table. September is the date that they have for this new system to start working. But there are still many things playing on the table because you need the new regulation. You need the new sort of account that's level one, two, three, basically, and it needs to be level two, but with more information than what we have today, and then level four is too much information. But then you need to have all the stores accept it. So, how do you get in Walmart's and all the big retailers' pipeline for you to put a QR in your cash out, which if QR is the way we want to go. But I think we are on the right track for that. It's working. And also in the digitalization agency, they're working also very hard on doing nationalizing or standardizing the most painful permits when you're building and when you're purchasing, et cetera. It's a national effort. It's going to be very hard, but as long as they really start getting traction, it's going to be fantastic and much faster. If you want to do a factory or a plant, you need to buy the land, get permits of water, energy, environmental impact, and all that. So, if that actually works, it's going to make things much faster. I do think, I feel that they're on the right track. Of course, it's going to take a while, but they really have an interest in more investment and more agility and, of course, more digital payments and digital transactions.

Kenneth Smith Ramos 00:23:26

Absolutely, and to the degree that you're able to digitalize, to make the economic processes more efficient, you become more effective in attracting investment, retaining it, and financial inclusion. And in fact, the Mexican government just yesterday published a decree where they're looking precisely to look for a digitalization of many of the processes that involve permits, authorizations, government processes to allow for elimination of red tape. Let's hope that's implemented correctly because it can really go a long way

towards bringing all these government processes up to level with what's going on in, certainly, in our neighbor countries and in the rest of the world.

Ruben Coppel Bernal 00:24:04

Yes, and I feel the public is ready up to a point because they're using this suboptimal system in digital payments. But very fast are adapting and using it more. I'm sure with a better system, it's going to be much faster, the adoption, and hopefully more financial services being provided with more data.

Kenneth Smith Ramos 00:24:25

Wonderful.

Rob Wildeboer 00:24:26

I would comment that if it comes to red tape, Mexico is a lot better than Canada or California. I think we can learn something there.

Ruben Coppel Bernal 00:24:35

Well—Well, it's good to hear. Good to hear.

Kenneth Smith Ramos 00:24:38

Yeah.

Ruben Coppel Bernal 00:24:39

Thank you.

Kenneth Smith Ramos 00:24:40

Turning to Mary, getting back to the main issues that should be addressed in the USMCA review, you know. We've talked a lot about tariffs, are they going away? Are they staying, Section 232? But there's a lot of elements that make up, as you well know, such an agreement of this nature. So, what do you think Canada's priorities in the review should be? In other words, what are some areas of the agreement that could be improved, modernized, modified? And also, within this question, if you could address the very ambitious program of trade diversification that Prime Minister Carney's administration is implementing, and how that complements or distances, or what impact does it have in North America as well?

Mary Ng 00:25:28

So, maybe I'll just take a step back for a second. I mean, we're heading into a review period, and the reason it's a review and not a full-scale renegotiation is because, as Kristen said earlier, we modernized this trade agreement six years ago, and it's an excellent agreement. We have interoperability and a framework that encourages more competitiveness and more business within the North American economies in an effort to be a behemoth in North America. So, I think our starting point should be that this is a really strong agreement because we worked really hard many years ago at modernizing an agreement. And I totally agree with what you said, Kristen, which is creating a co-development, co-manufacturing, a platform for doing business in North America. Picking up on the point that you just said, Ruben, around interoperability, around digital, that is probably an area where it is just an opportunity to do more in light of the digital nature of our businesses at the moment, and I don't know that you need to necessarily sort of rewire that into the agreement, because I actually think that it's already in there around the provisions for IP and digital and so forth. But Rob talked about rules of origin. There's no question that we probably need to look at what that might look like for North American competitiveness in today's context. It was only a couple of years ago when we were very aggressive, all three countries, at building what a future automobile is going to look like in the context of an electric vehicle. So, what do rules of origin look like in electric vehicle that is very different than what we negotiated in 2018, 2019? So, I think that there probably are tweaks that are useful, and I would say that those tweaks are things that are really under the hood. What is it that actually we could do that facilitates an ease of moving goods through the border? What can we do for greater interoperability between the three countries? What can we do domestically in Canada that removes trade barriers among our provinces so that we can actually be stronger across Canada, and then that contributes to the North American region? And on diversification, geography and the integration of our supply chains, my view is that we will always be, if we do it right, as Rob and others have said, a strong North American competitive economy. That's what we should be working on. But there are also strengths around the world with our partners in Europe or our partners like the Japans or the Singapores, the Koreas, where we also have trade agreements. So what does that really mean? It means that there's a rules-based trading order in Western democracies that Canada collaborates and work with, and we negotiate these trade agreements codifying those kinds of rules that are complementary to the USMCA. So that's where we should be working. We should look for—I mean, the pandemic was a really good example. Understanding our vulnerabilities in our own resilience, our ability to get supplies, our ability to move those goods and supplies, particularly critical ones within our region and among partners where we can count on them and not have to be vulnerable is, I think, sort of at the basis of what a diversified trade architecture could really look like. It really is rules-based trade in North America with reliable partners who respect the rules-based trading order, and that actually deal with things, as Rob had said earlier. I mean, in Canada and in US and in Mexico, you are pricing in the cost of production. You are

pricing in the cost of your labor. You're pricing that in. So, we've got to be able to compete with others on those same basis in North America and around the world.

Kenneth Smith Ramos 00:29:54

Absolutely. And to your point, the Mexican government is also engaging in a program of diversification. Obviously, the US is always going to be our number one trading partner, but there is a big push to finalize a modernized trade agreement with the European Union, which was, in fact, ready eight years ago, but for many reasons was not implemented or ratified. And strengthening the CPTPP relationship with those countries is very important. So, I think both Canada and Mexico are looking to strengthen relations within North America, but also look at the rest of the world as a very important complement.

Mary Ng 00:30:29

And I think that strengthening, you heard Prime Minister Carney talk about this, that strengthening of that capability among middle powers actually helps, my own view, the North American relationship and the relationship between Canada and the United States. If we're going to be competitive in a rules-based system, the Americans are going to need all of us as much as we need America. And if you look at the world, that's the world we live in. So, how do we wire that in?

Kenneth Smith Ramos 00:31:00

And to your point on interoperability between the three countries, all of those items that perhaps right now are not in the front pages because we're so busy talking about whether the tariffs go away or Section 232, but we should encourage our governments, I believe, to talk about those elements of efficiency that help the agreement operate.

Mary Ng 00:31:18

Yeah.

Kenneth Smith Ramos 00:31:19

Technical barriers to trade, regulatory convergence when it comes to technical industrial standards, science-based sanitary and phytosanitary measures, or those elements that do not necessarily have to do with the market access per se, but that are essential to get real market access and customs procedures that are efficient between the three countries.

Mary Ng 00:31:41

So, as one of the three cochairs, the three ministers meet every year to actually review how well the implementation of the agreement works, and that's exactly the work that gets done. It's under the hood. My own view was it would be great if we actually did much more input from businesses to make sure that as we're reviewing those chapters, in how well they work, how well they're being implemented, we could do a lot better if we actually did that much more closely with businesses in that implementation. I thought we were doing pretty well, and one of the chapters that we had to deal with coming out of COVID was exactly that issue. We realized how things got stuck in the face of emergencies. So, the three countries actually spent a year looking at how goods got stuck and where things were not working, and really did try to fix that. And I think you've got to pay attention to that in implementation, because you're absolutely right. It isn't just about the tariffs and the rules and whatever. It matters a lot in terms of under the hood, how does this thing really work and what can governments really be doing about that? And some of the stuff is just regulation. Some of the things are just things that the three countries do weirdly different on science and vital sanitary or whatever, which sort of just never made sense. Right?

Kenneth Smith Ramos 00:33:15

Absolutely. Thank you. Now, turning to Kristen, we know what some of the key priorities for the Trump administration are for the USMCA. We've heard Ambassador Greer's report to Congress, the trade agenda came out for the United States. But what do you consider for the US CEOs to be the most important topics that should be addressed as part of the review of the agreement? It's a similar question to the one I asked Mary. So, what can be improved? What should we be concentrating on?

Kristen Silverberg 00:33:45

Well, first, we agree with Mary that USMCA is a very good deal. We worked really hard to make sure there was support in Congress for it. But still, we think there's room in these discussions for improvement, and in a number of areas, we agree with the Trump administration's objectives. The Trump administration has focused on getting the parties aligned on how we deal with non-market economies, particularly China, and we think that's very welcome. We could be more aligned on export controls or investment screening mechanisms. Mexico's consideration of an investment screening mechanism like the US CFIUS is a great example of that. We could have stronger customs enforcement to make sure there's no circumvention. We could even think about common tariffs in particular areas. So, anyway, this area of aligning on non-market practices is one we're very supportive of. We're very supportive of the Trump administration's focus on compliance with the existing agreement, and we think of this as sort of a win-win place. There are some areas, issues that the US is raising with Mexico, for example, Ken, that we think are, you know, important to the US because we want compliance with the deal, but also great for Mexico because they'll make Mexico more attractive for foreign investors. So, we're certainly supportive of that. And we also think there are some new opportunities for new wins. The Trump administration has focused on how we can use USMCA to really help secure better supply chains around critical minerals, and that's a great topic for discussion. But as the USTR starts to make some progress on all these areas, and my sense is they are making progress on a lot of them, we have a couple things we come back to, which is, one, at the end of this process, we should really return to true preferential duty-free trade. I agree with Rob on that. We think that's very important. And second, we think it's critical that we keep the trilateral nature of the deal,

as Mary was saying. That's very important in some sectors like autos and aerospace. And just by way of background, the administration is trying to leave the existing agreement in place but negotiate two separate protocols. And the ways—way that the trilateral structure would be stressed is if the rules that apply to US-Mexico in terms of tariffs or rules of origin or anything are wildly different than the ones that apply to Canada. And, so we're really pressing the administration to try to keep this as a trilateral deal where there's smooth trade across both borders.

Kenneth Smith Ramos 00:36:34

I think it's very important, your point on the architecture, so to speak, the structure of the agreement to remain trilateral, because you can have that umbrella of the architecture of a trilateral deal and have these bilateral protocols. And I think it is interesting that nowadays we're not seeing, and this is from what we're hearing from the negotiators, we're not seeing a position by the US government which talks about reopening text, changing substantive commitments within the chapters, which for one thing, would create severe complications within the US because that would require to take it for approval to Congress. But I think on the positive side is that there's a lot of things that you can do on the cooperation side, whether you want to call it side letters, MOUs, that complement the agreement. You touch upon the issue of critical minerals, which is essential, and the US is launching this multilateral agreement that, at least between Mexico, Canada, and the US, I think could be a way forward, talking about how do you develop those sectors of the future. So, those are interesting developments, and I hope that over the next few weeks, we're going to have a round, the first official round between Mexico and the US at the end of May, that we'll have more clarity as to what issues the US will put on the table specifically. Now, I have questions regarding to what degree can you make changes on rules of origin to make them stricter without really changing the rules of origin chapter, but that's something that the governments are going to have to face when they sit down. But turning to you, Rob, on the issue of the priorities that you see for Canada. We have heard from the Canadian government that it would not be in a rush to complete a review of the USMCA if this was to involve maintaining or increasing tariff or establish additional trade barriers in the region. But at the same time, is it realistic to believe that the Trump administration, it's also a question for Mexico also, is it realistic to believe that the Trump administration will eventually back down on the tariff issue? And if that doesn't happen, what is plan B for Canada, in your opinion?

Rob Wildeboer 00:38:37

Well, good question. You know, I was a lawyer, and they said there's two things you should never have to see. One is the making of trade agreements, and the other is the making of sausage. I think you're kind of seeing that here. We're in violent agreement on a lot of what we're talking about here. So, I'm going to go a little rogue. Canada, at the end of the day, is the US' largest customer. I think largest investor. Our pension funds have \$1.4 trillion in the United States. And to a certain extent, when President Trump came in and the US actually made some criticisms of Canada, I'd say the majority of Canadians probably agreed with him. They said your border has become a mess, which it was, and we've been working on the border. You're soft on crime, which is true, and we're getting tougher on it, including with fentanyl. You haven't spent money on defense, which is true, and we've now committed 5 percent. You're not defending your Arctic, which is true. It's our Arctic, and we'll defend it. You haven't unlocked your energy, which is true,

and we're working on unlocking our energy stuff that the world wants. And you have inter-provincial trade barriers, which probably cost you about 10 percent of your GDP, which it's harder to trade between British Columbia and Ontario than it is to trade between Canada and Mexico or Canada and just about everybody else. And so, we're dealing with that. And in the context now we have some discussions with USMCA. The last two weeks, I was at a Business Council of Canada meeting, which includes the CEOs of about half the market capitalization on the Toronto Stock Exchange. Many companies with tremendous investments in the United States, very successful in the United States. We're very bullish. The Canadian stock exchange, Toronto stock exchange has outperformed Nasdaq and the Dow over the last year and a half because people want what Canada wants. And also at OG100, which is growth companies. And the consensus in the room is this is the best thing that's happened to Canada, the threats on USMCA we've seen in a long time because we've been asleep. One person said, "this is like the adult children being kicked out of the basement by their parents to go and live on their own a little bit." And the comment was, "the only problem here is the parents are batshit crazy sometimes."

Rob Wildeboer 00:40:57

But the reality is that we have that. And I would say, if I was prime minister, I would say, "Look, we're going to do a deal that is good for Canada. We're not going to sign a bad deal, or we're not going to sign a deal. And you can huff and puff and do all that type of stuff, but we're not going to sign a deal that's not good for Canada. We have to focus on the mutual benefits here." And I would remind people that in the context of history, we've been dealing with people south of the 49th parallel for 300 years. We've been dealing on trade issues for a long time. In 1776, we decided to stay separate from the States. In 1812, President Madison thought it was a good idea to take over Canada. We had a War of 1812, which Canada won. We had to give back Detroit at the end of the year, but we defended our territory. In 1865, the biggest standing army in the world was the Union Army, and there was a determination to essentially annex parts of Canada, and a tariff-free zone turned into a 30 percent tariff on the Canadian provinces. The answer to that was creating our country in 1867 by putting a railroad north of the Great Lakes, which is almost impossible to navigate, and create a country. For 121 years, we did not have a free trade agreement with the United States. Any politician that promoted one was killed at the polls. And in 1988, we finally signed a free trade agreement. In 1965, we signed the Auto Pact, which was free trade in goods and services in the automotive industry, which showed the benefit of the supply chain and gave Americans also access to a pretty strong Canadian market. 1988, we signed a free trade agreement because of an agreement forged by Brian Mulroney and Ronald Reagan, who were great friends. They sang "When Irish Eyes Are Smiling" together—

Rob Wildeboer 00:42:49

—In front of a big audience and everything else. And when Congress refused to enter into a free trade agreement, Ronald Reagan says, "We're going to do this for Brian, and we're going to force it." So, that's how we got free trade. And then in 1993, we added Mexico because Brian Mulroney had a good relationship with George Bush Senior, and Bill Clinton put it in. So, at the end of the day—and by the way, now we have USMCA in 2017 and '18. I was heavily involved in the discussions for the Canadian side and a little bit for the Mexican side. And at the end of the day, we started with NAFTA, and the US was here,

Canada was here, we ended up here. And Jamie Dimon of JPMorgan called it NAFTA 2.0. But it improved and modernized, and it's been nothing but successful for the United States and both countries, and Mexico since that time. In our industry, it's added 60,000 jobs and \$34 or \$35 billion in revenue. So, ultimately, we're going to take that and say, "this is a mutual agreement that we're going to have to benefit from because Canada has stuff that the world wants." We are the richest nation on Earth on a per capita basis in terms of resources and everything else. The tragedy of Canada is we're so rich, and we have enough hardworking people that we can just about blow every single government policy and still have a good life. But we are waking up. The whole country is waking up, and it's very positive. We talk about AI. This is a conference, basically, an AI conference. I think I'm the first guy to mention AI 45 minutes in here. But AI was developed in Toronto. Geoffrey Hinton won the Nobel Prize for it. We're pretty big in AI up there. We're pretty big in technology and all that type of stuff. And ultimately, I think America needs friends, but Canada has something that is really good in the world. Any poll you get about if you didn't live in your own country, where would you want to live, Canada's number one.

Kenneth Smith Ramos 00:44:50

Mm-hmm.

Rob Wildeboer 00:44:51

And we have something that is incredibly valuable, which is a competitive advantage, where if you shake hands, you have a deal. And that is incredible credibility that we have that I think we've got to really, really emphasize in the context of these discussions. I think it's very important to the United States. It's very important to Mexico. It's very important to our people. I have 2,000 people work for me in Canada. I have 4,000 in the United States. I have 8,000 in Mexico. We owe it to the people of whom we're fiduciaries to make sure that that works, and we stop at nothing to do that. And so I think that's the lesson of this discussion.

Kenneth Smith Ramos 00:45:27

Wonderful. Thank you very much, Rob. There's a question from the audience related to investment and whether investment is pausing and waiting to see how the review goes before making more plans in North America. So, are we seeing a handbrake on the North American economy because of the uncertainty of the review? This is a question for all of you, but I'll start with a specific point related to this to Ruben, and then hopefully all of you can comment on the question. But, you know, Ruben, the Mexican government has emphasized the need for private investment to complement government investment in key areas such as infrastructure, energy, telecommunications, and other key sectors. So, do you believe this will succeed, and what does Mexico need to do to make this public-private investment model work? Because we need to foster more Mexican investment, Mexican private sector investment, but continue to attract foreign investment. What needs to happen to get that done, do you think?

Ruben Coppel Bernal 00:46:23

We need to create certainty. I mean, business people can go through volatility, can go through anything, but uncertainty is a key issue. And to your previous question about, is this review of the free trade agreement stopping or slowing down investments, I don't have enough information, but I don't feel so. I don't think so because there's certainty that it's going to continue, and I see this review as an opportunity. Like in any industry, you have, in any sector, you have an opportunity to fix, improve, and if we don't get into agreement this year, well, we have next year. It goes on for many years until we can really get an agreement on something that's really good for all three parties. That would be the first one. And then in uncertainty, I think, that is the big question that business people have in both sides or the three sides in the three countries, and it's "what's going to happen with infrastructure?" "What's going to happen with these private-public deals?" If you're investing privately, everything has been working very well. We're in a little slow down right now, but the public-private, they're restarting again with a lot of intent to do it right this time and to actually comply with all the contracts we have in the past to make them work and make them continue. There's a lot of investment in power, in energy that are going to continue, but we need more investments. Again, we ran out of energy, basically. We're using it all, and we need more plants. And how are these public-private partnerships working out today? There's one that happened. AFOREs, the pension funds in Mexico, bought a group of power plants that the government had bought, and the agreement was great. It took 12 months of lawyers and bankers and government officials to make it work, this pool of energy plants, basically. And we put in the rules, and the AFORE put in all the money, all the Mexican workers, the pension funds put on all the money, and it's there. So, we just need to replicate that in many other sectors and industries, in roads, in—well, we need a lot of roads, I'm going to say. Roads and infrastructure and energy are the most important things. And I feel and I see that there's really a much faster motion in this in the government. It's important, it's happening, and I know that we're going to start seeing things this year. And that's going to give more certainty to investors and more certainty to growth and investment.

Kenneth Smith Ramos 00:49:03

Wonderful. Thank you, Ruben. Mary, Chris, and Rob, thoughts on investment. Is it slowing down? How to boost it?

Mary Ng 00:49:10

Well, it's interesting because the CEO of Invest in Canada is here. I feel like she should answer this question.

Mary Ng 00:49:15

But, look, Canada's taking the view that we should do what we can control, and some of the things I talked about earlier, which is removing inter-provincial barriers, major projects in energy infrastructure, in rail, port infrastructure, all of those things need to be done in Canada. Those are the things that are under the hood that need investment, that governments can create certainty to by saying, "These are the projects we're going to do. We're a stable place to attract investment." And that's exactly what the government is doing, on energy, on infrastructure, and on agri-foods, that sort of thing. The prime minister is having an investment summit where he's bringing in the world's investors to Canada in September. I hope lots of people here will be a part of that. But for us, I hear from businesses all the time, they absolutely want stability, they want certainty. But we can also create that certainty as well by simply just declaring that there are some things that we must do as a country and we're committed to doing them. We're putting those projects out, and we want to attract investment, and there's good return on that investment if you come into Canada.

Kenneth Smith Ramos 00:50:32

Wonderful. Thank you.

Kristen Silverberg 00:50:33

We don't see it slowing for this reason, and in part because our members think, and we agree, that we're going to get to a good outcome. It's going to be rocky on the way there, but we are pretty confident this is going to land in a place that's acceptable for all three parties. The place where we're pressing in terms of incentivizing more investment in the US is on permitting reform, is on our own domestic policies. The US is one of the most expensive places in the world to build, and in part because we have this Byzantine process of getting permitted for going through federal environmental reviews. It frequently takes longer to get through the permits than it does to actually do construction.

Kenneth Smith Ramos 00:51:14

Sure.

Kristen Silverberg 00:51:15

It can take about four to five years for a dollar that somebody wants to invest in infrastructure to end up in the economy. And so that's really where we're putting our effort, is trying to get our own house in order in terms of how you build things in the US.

Kenneth Smith Ramos 00:51:30

Wonderful. Rob, how do you see it?

Rob Wildeboer 00:51:32

Yeah, I'd say there was a pause, but I think there is investment. The United States is a great place to invest, subject to that it has to get better, but there's a lot of investment dollars going in. Canada's major issue, according to every business leader, it's like 50 percent what's the biggest problem in Canada, it's overregulation. We can't get s**t done. We've got to get stuff done better.

Rob Wildeboer 00:52:00

We've got to lower our taxes and everything else. But the United States is a very good place for us to do, and the interesting thing for a lot of Canada's economy is because so much is exported to the United States, if the United States is healthy, we're pretty healthy too, and that's certainly true on the auto side. With respect to Mexico, we built our first plant in 2002. We have 17 plants, 8,000 people. It's been a great place to go and get stuff done. I do think that there's some things Mexico has to work on. Their tax system is in shambles and has to be fixed, but there are enough people willing to work on it. And it's a wonderful—the attitude of the Mexican people is absolutely spectacular. So, it's a wonderful place to work. Similarly with the United States and similarly with Canada, we've got a lot of hardworking people. In our industry, you see, borders don't exist. That's the natural way we make things. They don't exist within companies. You know, the best thing for us to move people around, so when we have a launch in Saltillo, we can bring our experts from Michigan. When we have something in Canada, we bring people from Mexico, and so forth. And the borders are artificial constraints that we'd like to lower those, but we do take advantage of, I think, a good investment environment. And I think the positivity and optimism at this conference typifies that. I think the United States is going to roar, and I think the rest of us can benefit from that.

Kenneth Smith Ramos 00:53:26

Wonderful.

Ruben Coppel Bernal 00:53:27

And I'd like to quote you on the getting stuff done. When I hear this and how you need to make it more efficient to build in the US, when you hear that, I mean, those are things that everybody knows. And when you're talking about, yes, the tax system is very strict right now in Mexico. We need infrastructure, we need digital payments, we need investment, and to have a clear public-private investment platform. Those are things that are on the table in Mexico right now.

Rob Wildeboer 00:53:59

Yeah.

Ruben Coppel Bernal 00:53:59

We're talking about them. There is a new digital, again, digital efficiency department that reports to the president right now, and the Secretary of Finance is pushing this. So, all of the things are, which—again, it's an opportunity again. It's on the table. They're talking about actually helping buildings go faster and have faster permits. Are we going to fix it all at once? Is it going to take a month or 10 years? I don't know, but at least it's on the table, so I am very optimistic about that. And if we get half of the things right, it's going to be fantastic. And I'm—

Kenneth Smith Ramos 00:54:36

—Wonderful. Now, we're coming close to the end of the session, but I would be remiss if I didn't ask you a question regarding China specifically, because I think when we talk about the future of North America, the strengthening of competitiveness in the region, we have to talk about how North America relates to the rest of the world. And as I mentioned, the fourth participant who's not at the table in this discussion on the USMCA review is China. And when I speak to the business community in Mexico, there seems to be a consensus saying there may be, at least vis-à-vis the US, a coincidence in the opinion that we need to do something about China, whether it's on the constructive side, building a better relationship, reducing trade deficit with China, and also on the defensive side, combating unfair trading practices and finding the capability to deal with this competitive pressure in different sectors, primarily in manufacturing, and doing it in a joint fashion. So, let me put the question to the four of you, if you could have your views on the topic. What do we need to do about China? How should it be approached from a North American perspective? There's the defensive elements of it, erecting barriers, but sometimes we feel that erecting barriers is the easiest part, right? You can raise tariffs; you can impose restrictions on trade from China. But how do you build those capabilities in North America to attract and retain investment in those sectors of the future to really reduce dependency on China towards the future? So, in any order in particular you would like.

Rob Wildeboer 00:56:09

All right. I'll take a go. We adopted EV policies, which were kind of silly at the time, that helped promote a technology that came through where the supply chain came through China. That's not very smart when you have a rival in that context. But I do think we have the ability to develop those things. We've got to get less regulation and so forth. I actually think that, you know, we have to recognize there are two large places in the world, there's China and non-China. We have to ally in North America with those people who compete with China. But at the same time, we can trade with China on certain things. There are certain

things that are red that you don't allow investment and trade. There are certain things that are green that you do. And there's certain nebulous areas you got to deal with in between. But at the end of the day, you need pressure points. So, China has pressure points on critical minerals. Well, remove them. United States has actually discovered a very good pressure point on China now called oil through the Hormuz Strait. So, the next time we get, "Hey, maybe we're not giving you critical minerals," maybe they don't get oil. That's actually geopolitical realism as far as I'm concerned. Canada has basically said, "Look, we will deal with China in certain ways." The prime minister was there, signed an agreement, probably went too far on cars, but at the end of the day, there's a dialogue, right? We live in a world together. I go back to what Ronald Reagan said to Mikhail Gorbachev way back in the '80s, say, "Listen, if we were invaded by Martians or aliens, would you come to our aid?" And I think we share a planet, and so there's certain things that we should be able to work out.

Kenneth Smith Ramos 00:57:47

Wonderful.

Kristen Silverberg 00:57:49

When USMCA was negotiated, the rules of origin discussion was really about autos. This time it's much broader. The Trump administration has raised issues around pharmaceuticals and chemicals and electronics. I agree with you; it's really complicated how you do that without disrupting the underlying agreement. And the issues in each of those sectors are wildly different. There isn't a one-size-fits-all. But in some areas, like the chemical sector that's facing massive oversupply from China, that's going to have to be part of the discussion. So, anyway, I think tackling rules of origin, at least around the chemical sector, is going to be a part of it.

Kenneth Smith Ramos 00:58:28

Interesting. Wonderful.

Mary Ng 00:58:30

So, in Canada, no question, our trade with the United States and Mexico, very, very strong. But China is a market for industries like our food exports and other sectors where you can do business with China. And I think what we're trying to do is we're trying to calibrate what we can. And in other areas, the element of fair that actually deals with issues like overcapacity, the issues of economic security that deals with issues of technology, are things that we just have to be able to step through as a country, and I think we are, and I agree. You've got to be able to have dialogue and work through this with all of your geopolitical partners.

Kenneth Smith Ramos 00:59:23

Wonderful. Ruben?

Ruben Coppel Bernal 00:59:27

China and Mexico have, like five banking license. They're doing a good job. They're banking their own companies usually. And then there were big car tariffs recently last year, and we're very aligned with the US administration on tariffs against China. But trade hasn't really slowed down. The tariffs, they're just being, I'm going to say, put a little bit of order in what's going on here, and we're basically, the way I see it, we're fixing our relationship with the USMCA, and then put China on hold, see how that is going to go. But they were going to put a car plant in Mexico. Looks like they're not doing it right now. Hopefully, they will invest someday. But I think we need to put order in that. It's also—I mean, in our company, we import a lot from Asia. Of course, China is very important for us in the supply chain for the Mexican consumer in the end. Like, what are you buying and where is it made? In the end, you want the best quality at the best price that you can find in the world.

Kenneth Smith Ramos 01:00:31

Well, thank you. That will bring us to the end of our session. Just in conclusion, I think I can say that fortunately, everybody who's up here on stage at least feels confident that there is a potential good outlook in terms of finishing a USMCA review that is successful for North America, successful for all three countries, so that we can keep having, in effect, an agreement that for now three decades, if you put NAFTA and USMCA together, has brought enormous benefits to our region. So, we should definitely concentrate on maintaining and strengthening and taking the opportunity, as was mentioned, not just to focus on tariffs and Section 232, but how can we actually increase the competitiveness of the region. I really want to thank our panel of experts for being here today, all of you in the audience, and let's hear a round of applause for our participants. Thank you. Thank you.

Announcer 01:01:22

We hope you enjoyed the discussion. Please make your way to your next session.

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