



NALS 2023

NORTH AMERICAN LEADERS' SUMMIT

Media Brief

On January 9–10, U.S. President Joe Biden and Canadian Prime Minister Justin Trudeau will meet in Mexico City with Mexican President Andrés Manuel López Obrador for the 10th North American Leaders' Summit, or NALS.

The Summit could not come at a more opportune time. North America's largest countries, which together represents a third of global GDP, face challenges ranging from a looming recession to soaring migration levels that require regional collaboration.

In this brief, we offer journalists a series of fact sheets on trade, immigration, security, and other key issues and opportunities for the trilateral relationship, providing context for coverage as these three leaders come together.

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Background

Often dubbed the “Three Amigos Summit,” the **North American Leaders’ Summit** (NALS) first took place in 2005 in Waco, Texas. Nearly 18 years later, the heads of state of Canada, Mexico, and the United States will come together January 9–10, 2023 for the **tenth round**.

This will be the second summit after a five-year hiatus. In 2021, NALS resumed with leaders pledging steps on complex challenges: ending the Covid-19 pandemic, fostering competitiveness, and coordinating a regional response to migration and security.

In this media brief, Americas Society/Council of the Americas (AS/COA) and the U.S.-Mexico Foundation (USMF) collaborated to produce fact sheets for media on these and other topics we expect the three leaders to address at the Mexico City summit and beyond, including trade, immigration, security, pandemic recovery, and climate change. In addition, we share a brief overview of the 2026 North American World Cup—the first to be coordinated by three countries and an example of what the region can build by working together.

Trade & Economic Integration

Three decades of trade partnership. The trade relationship between the three countries deepened significantly in 1994 with the North American Free Trade Agreement (NAFTA) passage. In mid-2017, renegotiations began, leading to the July 2020 entry into force of the U.S.-Mexico-Canada Agreement (USMCA). The new pact includes significant updates to NAFTA, including higher regional **rules of origin** for the auto industry, a **rapid response mechanism for labor disputes**, and stronger [enforcement provisions](#). The accord also updated or [incorporated](#) new digital trade, anti-corruption, and environmental provisions. In addition, USMCA includes a **sunset clause** that terminates the deal after 16 years unless each party expresses interest in continuing. There is a planned [joint review](#) every six years after implementation.

Regional integration has made North America an economic powerhouse. The region accounts for [a third of global GDP](#), and its combined GDP has more than doubled over the past decade.

- The U.S. traded more than [\\$3 million per minute](#) in goods with its neighbors from January through October 2022. Mexico and Canada were the top U.S. trade partners in 2021, accounting for [double the U.S.-China trade volume that year](#).

- Roughly [79% of Canadian exports](#) to the U.S. are incorporated into U.S. final goods. Around [40% of the value of Mexican exports](#) to the U.S. are made up of U.S. components.
- More than half of the total exports from Mexico to the U.S. can be attributed to [five border states](#) (Nuevo León, Chihuahua, Tamaulipas, Coahuila, and Baja California).
- More than [5 million jobs in the United States](#) depend on trade with Mexico.

Nearshoring and the future of the North American supply chains. Electric vehicles are expected to be a boon for North American economic growth. Last year, the U.S. signed the [Inflation Reduction Act](#) and [CHIPS and Science Act](#) into law, creating tax incentives for electric vehicles, batteries, and other products manufactured in North America.

- Already, [the manufacturing sector](#) is crucial to growing Mexico's economy. Mexico experienced a nearly [30% increase in FDI](#) year on year during the first nine months of 2022. The United States and Canada are Mexico's two largest foreign investors, accounting for **39% and 10%** of FDI in the country, respectively. The manufacturing sector was by far the largest recipient at **36% of FDI**.
- During U.S.-Mexico meetings in September 2022, U.S. Commerce Secretary Gina Raimondo stated: "We have already heard from all the semiconductor companies that as they build new manufacturing facilities in America, they would like to see the rest of their [supply chain in North America](#)... Mexico specifically."

A spotlight on a new era of trade disputes. Still, USMCA's new enforcement procedures have sparked a surge in trade disputes. Over the course of NAFTA, there were [77 trade disputes](#) among parties—just over three per year—compared with **17 under the USMCA already**.

- Since 2021, [17 trade disputes](#) have been initiated. Nine are state-to-state; two are investor-state; five are on labor; and one is environmental.
- Of the 17 disputes: **The United States** has presented nine against Mexico and two against Canada. **Canada** has triggered three against the United States and one against Mexico. **Mexico and Canada** jointly requested to establish a dispute settlement panel to address the U.S. interpretation of regional value content in the auto sector.

The **three most-watched cases** involve (1) U.S.-Canadian disputes against Mexican energy policies, (2) the Mexican banning of GMO corn, and (3) the U.S. interpretation of auto rules of origin.

1. The dispute over Mexican energy policies. On July 20, 2022, Washington requested dispute settlement consultations with Mexico due to its discriminatory policies against U.S. energy companies in favor of Mexico's state-owned electric company CFE and its state oil firm PEMEX. A day later, Canada joined in support of the U.S. challenge.

- Under the USMCA, after 75 days of consultations, the affected parties could have requested a dispute panel paving the way for retaliatory tariffs against Mexico. But, once that point was reached in October 2022, officials agreed to go [beyond that period](#), arguing that dialogue had narrowed their differences.
- On December 12, 2022, the trade leaders of the three countries published [a working outline](#) to solve issues, with the Mexican economy ministry saying it is committed to accelerating the process to create certainty for investors.
- The outcome of the consultations is **pending**. For a detailed explanation of the dispute's timeline, check an [IMCO](#) infographic.

2. The dispute over corn. On December 31, 2020, López Obrador presented a [decree](#) banning imports of genetically modified corn for human and possibly animal feed consumption by 2024.

- Mexico is the **largest importer of corn in the world**, and [9 out of 10 corn cobs](#) that it imports come from the United States. Kansas, Nebraska, and Missouri [export more than 95%](#) of the yellow corn they produce to Mexico.
- In 2021, yellow corn exports employed almost [45,000 workers in the United States](#).
- Based on a [World Perspective study](#), in the first year of the ban, non-GMO corn prices would rise **48%**, and Mexico would pay an **additional \$571 million** for imported corn. The price of tortillas, a Mexican food staple, would **rise 16%** on average. Mexico's GDP would fall by **\$11.7 billion** over 10 years, and economic output would be reduced by \$19.4 billion.
- **U.S. response:** In November 2022, after meeting with López Obrador in Mexico, U.S. Agriculture Secretary Tom Vilsack released [a statement](#) saying: "The U.S. government would be forced to consider all options, including taking formal steps to enforce our legal rights under the USMCA" should Mexico move forward with the ban. In December 2022, after a meeting in Washington with the Mexican Economy Minister Raquel Buenrostro, U.S. Trade Representative Katherine Tai [stressed the need](#) to avoid disruptions in U.S. corn exports to Mexico.
- On December 12, 2022, the National Corn Growers Association sent [a letter](#) to Biden asking for a deadline to initiate a dispute settlement process.

3. The dispute over auto rules of origin. On January 6, 2022, the Mexican government called for a dispute settlement panel against the U.S. interpretation of the auto sector's rules of origin. Days later, Canada joined the request.

- The two countries argued more vehicles should be considered for duty-free shipping and disputed how to measure the percentage of a vehicle built in North America. Under USMCA, core parts must use **75% regional content**, up from the 62.5% under NAFTA.
- On December 8, 2022, the [panel backed Mexico and Canada](#) over the United States. The panel's final report on the matter is expected to be released within 30 days of the November 14 preliminary ruling.

Immigration

Immigration on the rise. In a sign of how important the topic of immigration is to the United States in the context of NALS, on January 4, Biden told journalists that he [intends to visit the U.S.-Mexico border](#) during his trip to Mexico for the summit. Then, on January 5, 2022, Biden announced his country will expand a migration parole program started in October 2022 to admit as many as [30,000 migrants](#) a month from Cuba, Haiti, Nicaragua, and Venezuela who have eligible sponsors. The program previously covered only 24,000 total Venezuelan migrants. Still, other newly announced measures empower the government to [expedite the removal](#) of migrants who cross the U.S., Mexican, and Panamanian borders unlawfully.

- **Migration levels are breaking records.** U.S. Customs and Border Protections (CBP) logged a record-breaking [2,378,944 border encounters](#) (expulsions and apprehensions) in the 2022 fiscal year (FY), representing a **37% increase** over FY2021—already a record-breaking year—and more than **five times** the total for FY2020.
- **A new challenge for North American migration policy involves shifting dynamics.** In FY2022, migrants from beyond Mexico and Northern Triangle countries accounted for [43% of encounters](#) between ports of entry on the U.S.-Mexico border, **up from 4%** just five years earlier. Venezuelans, Cubans, and Nicaraguans accounted for a larger number of migrants during that period than did Salvadorans, Guatemalans, and Hondurans.
- **Mexico is also facing a rising migration challenge.** The country has seen an exponential rise in asylum seekers from 2,134 in 2014 to [118,478](#) in 2022.
- **Despite challenges, a new framework exists to address the challenge.** During the 2022 Summit of the Americas, 21 governments committed to [addressing root causes of migration](#) in the **Los Angeles Declaration**. Under that umbrella, Mexico and the United States will create [two working groups](#), one to strengthen visa programs and to protect labor rights for U.S.-based Mexican workers and another to protect migrating youth. The Mexican government also announced it will expand its Border Worker Visitor Cards program for Guatemalans, [doubling its issuance to as many as 20,000 visas](#). Canada plans to provide [\\$55.9 million](#) to promote job creation in Latin America and spearhead capacity-building programs in Costa Rica and Panama for refugee integration.

Recent U.S. policies seeking to stem migration flows. During the Trump administration, the United States implemented two measures to turn back migrants, both of which led to protracted legal battles. In addition, Deferred Action for Childhood Arrivals, or DACA, remains trapped in legal challenges.

- [Migrant Protection Protocols](#) (MPP)—known as Remain in Mexico—allowed the U.S. government to send migrants back across the southwest border while their asylum

claims were processed. In all, some 70,000 migrants were sent back under MPP, sparking large settlements in the border region. Although the Biden administration sought to end MPP, legal rulings have led the program to come in and out of existence, with a federal judge in Texas pausing attempts to end the program in December 2022.

- **Title 42** is a public health measure implemented during the Covid-19 pandemic that allows the United States to block the entry of migrants based on the rarely used Public Health Service Act of 1944. The vast majority of Title 42 cases occur at the U.S. border with Mexico and, since its initial implementation in March 2020, [2.5 million people](#) have been expelled. In December 2022, the Supreme Court ruled by a vote of 5-4 that Title 42 would [remain in effect](#) until it issues a final ruling on the measure's legality. The Supreme Court is slated to hear [arguments in February 2023](#). Meanwhile, on January 5, 2022, the Biden administration announced that it will use Title 42 [to expel unauthorized migrants](#) to Cuba, Haiti, Nicaragua, and Venezuela, adding that Mexican authorities had agreed to accept up to 30,000 migrants a month from these countries.
- An October 2022 ruling by a Texas court prevents new applications for [DACA](#). However, existing recipients remain protected from deportation and can renew their status. Some 81% of DACA recipients, or nearly [481,000 people](#), are Mexican.

A need for workers. Despite measures seeking to stem migration, the massive North American labor demand is undeniable. Canada's economy lost an estimated [\\$9.6 billion in 2021](#) due to a nationwide labor and skills shortage in the manufacturing sector. In the same year, in the United States, more than [47 million workers quit their jobs](#) during what is known as the Great Resignation, contributing to a gap of [11 million job openings](#) but only 6 million unemployed workers. Meanwhile, [2 in 3 Mexican employers](#) reported difficulty finding talent in 2022.

- At a time when **Canada** is experiencing [1 million job vacancies](#), the country's government seeks to welcome [1.45 million new immigrants](#) over the next three years, with the goal of hitting a record 500,000 newcomers in the year 2025. New Canadian census figures show permanent residents now account for **23% of the country's population**. Per government figures, immigration now accounts for [nearly 100%](#) of the country's labor force growth. In 2022, close to [26,000 Mexican agricultural workers](#) obtained a temporary working visa in Canada under the Seasonal Agricultural Worker Program, or [SAWP](#).
- **Mexico** has experienced a wave of U.S. entries over the past decade. In 2019, [10.5 million entries were registered](#). The number of U.S. citizens who consider themselves digital nomads rose from 7.3 million people in 2019 to [15.5 million](#) in 2021, and Mexico has become one of their top destinations; the number of U.S. citizens who attained temporary resident visas in Mexico during the first nine months of 2022 was [85% higher](#) than during the same period of 2019. In the case of Canadians, the increase was **137%**.

- As of the end of 2021, [2 million fewer](#) working-age immigrants had come to the **United States** than if immigration flows had remained unchanged by the pandemic. That's exacerbating the labor shortage in the United States, especially in sectors like hospitality where **30–40%** of workers are foreign born and the U.S. faces a shortage of **1.6 million workers**. The U.S. announced in October 2022 that in FY2023 it would double the existing cap of [H-2B visas](#) for temporary non-agricultural workers to 65,000, of which 20,000 will be for people from Central America and Haiti. In FY2021, the United States issued 258,000 short-term seasonal H-2A visas, or roughly [five times as many](#) as a decade earlier. Still, the U.S. immigration backlog and slow processing times remain a challenge; the United States admitted [26,000 refugees](#) in FY2022, well short of the country's cap of 125,000 refugees.

Security

A rebranding of security cooperation. U.S.-Mexico security cooperation long fell under the umbrella of the [Mérida Initiative](#), which was first announced in 2007 and involved \$3.3 billion in U.S. security assistance to Mexico. Over time, Mérida's focus shifted from providing military equipment to strengthening the [rule of law](#) and resilient communities based on “shared responsibility.” But bilateral security cooperation grew tense in 2020 when the United States arrested a former Mexican defense minister on drug trafficking charges. Mexico's Congress responded by passing [a law restricting](#) foreign law enforcement agents' operations in Mexico, even though the United States released the minister. Meanwhile, Mexican homicide rates had [reached new heights](#) while U.S. drug overdose rates broke records. Mexico's foreign minister declared Mérida “[dead](#)” in July 2021.

- In October 2021, the two countries launched the High-Level Security Dialogue (HLSD) and unveiled Mérida's replacement: the **Bicentennial Framework for Security, Public Health, and Safe Communities** with [three overarching goals](#): protecting both countries' citizens, preventing transborder crime, and dismantling criminal networks.
- A statement released after a second HLSD in October 2022 [emphasized fentanyl and arms smuggling](#) as top bilateral concerns.
- Canada works with the other two countries through the [North American Drug Dialogue](#) (NADD), which has served as a mechanism for addressing trilateral drug threats since 2016 by bringing together [law enforcement and health officials](#) from the three countries.
- The White House's [National Security Strategy](#), released in October 2022, makes mention of trilateral goals, stating: “Our priority is to work with Canada and Mexico to advance a North American vision for the future that draws on our shared strengths and bolsters U.S. global competitiveness.”

The opioid challenge. The Bicentennial Framework's [action plan](#) identifies a public health response to substance abuse as the first area for cooperation, shifting away from a tough-on-crime approach. Of the 108,000 drug overdose deaths in the United States in 2021, [over 71,000](#)—roughly two-thirds—involved synthetic opioids, primarily fentanyl.

- The U.S. Drug Enforcement Administration seized [50.6 million fentanyl-laced fake prescription pills](#) in 2022, up from 20.4 million in 2021. Together with the seizure of 10,000 pounds of powder, the DEA estimates it seized enough fentanyl for **379 million** potentially deadly doses. [DEA laboratory analysis found](#) that **6 in 10** fake prescription pills contained lethal doses of fentanyl in 2022, compared with 4 in 10 in 2021.
- The DEA has identified Mexico's Sinaloa and Jalisco (CJNG) Cartels as "[primarily responsible](#)" for producing the fentanyl flowing into the United States, using precursors sourced from China and other parts of Asia. As of 2019, [71% of counterfeit tablets](#), including fentanyl, seized in the United States follow production methods used in Mexico. Evidence suggests marijuana legalization in several U.S. states and increasing U.S. consumption of synthetic drugs has pushed drug-trafficking organizations [into the fentanyl trade](#).
- **Bilateral measures and steps to address the challenge:** Following the second HLSD, Mexico and the United States agreed to create an action plan targeting synthetic drugs. Mexican seizures of fentanyl have quadrupled from 2019 to 2021, and the country has expanded its "chemical watch list" for precursors from [14 to 72](#). Per the White House's 2022 [National Drug Control Strategy](#), U.S. and Mexican agencies have been working together through NADD to improve port security. In December 2021, Biden inked **two executive orders**—one that built on existing sanctions targeting TCOs and the other to create the [U.S. Council on Transnational Organized Crime](#). **Mexico has arrested several prominent TCO leaders**, most notably co-founder of the Guadalajara Cartel and FBI's most-wanted criminal fugitive **Rafael Caro Quintero** and—just days before the January 2022 NALS—[Ovidio Guzmán](#), a high-ranking member in the Sinaloa Cartel and son of Joaquín "El Chapo" Guzmán.

Mexico continues to raise concerns about arms trafficking. Mexico experienced [nearly 36,000 murders in 2021](#), meaning homicide rates were more than triple where they stood prior to the Mérida Initiative. With over [two-thirds of homicides attributed to firearms](#)—despite Mexico's [comparably restrictive gun laws](#)—weapons smuggling, particularly of assault rifles and military-grade weapons, from the United States is a top concern for the Mexican government.

- The U.S. Department of Justice's Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) found that [70% of firearms](#) recovered in Mexico from 2014 to 2018 could be traced back to the United States.
- In August 2021, the Mexican government [filed a \\$10 billion lawsuit](#) against major U.S. gun manufacturers and distributors for [fueling the trafficking of guns](#) to drug cartels

and other criminals in Mexico. Per Mexican Foreign Minister Marcelo Ebrard, the sued firms account for [340,000 of the roughly half a million guns](#) trafficked from the United States into Mexico yearly. A Boston-based federal court [dismissed](#) the suit, which was the first brought by a foreign government against U.S. gunmakers in September 2022. Mexico says it [will appeal](#).

- The Mexican government [filed a second lawsuit](#) in October 2022 in a Tucson-based federal court against five U.S. gun shops and distributors in U.S. border states. ATF found that **35%** of U.S.-sourced firearms in Mexico could be traced back to [Texas, California, and Arizona](#).
- **Bilateral measures and steps to address the challenge:** U.S. agencies have backed efforts to build Mexico's eTrace capacity, leading to a nearly [40% increase](#) in the number of gun traces that Mexico submitted from 2017 to 2022. In 2020, the ATF launched [Operation Southbound](#), coordinating with other agencies to disrupt arms trafficking to Mexico.

Other areas of security collaboration

- **Cybersecurity:** In August 2022, the [U.S.-Mexico Working Group on Cyber Issues](#) committed to a series of measures to deepen cybersecurity cooperation. [During the 2021 NALS summit](#), the three countries pledged to hold a trilateral cyber meeting to address security-related issues and ransomware. In October 2022, Mexico's defense ministry suffered a [major hack](#) that made **millions of classified documents** and emails public.
- **Border Security:** In 2010, the United States and Mexico launched the [21st Century Border initiative](#) to improve border security and trade. Washington's Bipartisan Infrastructure Law included [\\$34 billion for 26 projects](#) on the U.S.-Mexico border, while Mexico has committed **\$1.5 billion** to border infrastructure from 2022 to 2024.

Pandemic Preparedness

Lessons learned from Covid-19. The prior NALS took place in November 2021 at a time when all three countries [had vaccinated significant portions](#) of their populations but just prior to a pandemic wave of contagion. That period saw the [largest spike in case counts](#) thus far, not just in the region but in the world. Covid-19 has claimed nearly **1.5 million lives** in North America.

- During the 2021 NALS, the three countries agreed to increase commitments to the Covid-19 Vaccines Global Access (COVAX) facility. So far, the three countries have shipped, donated, or announced a total of [1.45 billion doses](#) to COVAX.
- The three countries have [committed](#) to revising the [North American Plan for Animal and Pandemic Influenza \(NAPAPI\)](#). Initially launched in 2007 and first tested by the 2009 H1N1 pandemic, NAPAPI provides a framework for regional collaboration around pandemic preparedness.

Climate Change

Collaborating on climate. With shared ecosystems, North America has long had accords aimed toward joint efforts to protect the environment and climate change. Building on agreements in conjunction with NAFTA, the USMCA features [an environmental chapter](#) that the parties declare to be the “**strongest, most enforceable environmental obligations of any trade agreement**” and including measures on fisheries, endangered species, forest management, and air quality.

- All three countries are among [the world's largest emitters](#) of carbon dioxide with the U.S. ranking as the world's second-highest with **5 billion metric tons** in 2021, Canada ranking eleventh with **545 million metric tons**, and Mexico ranking fifteenth with **407 million metric tons**. They are all **signatories of the Paris Climate Agreement**, which requires them to set a National Determined Commitment (NDC) to reduce emissions. At a COP27 press conference with U.S. Special Presidential Envoy for Climate John Kerry, Mexico announced updates to [its NDC](#) to reduce emissions by **22–35%** from business-as-usual levels by 2030. The [U.S. NDC](#) involves a reduction of **50–52%** below 2005 levels by 2030. [Canada's NDC](#) is a reduction of emissions by **40–45%** below 2005 levels by 2030.
- At the 2021 NALS, the three countries [pledged](#) to reduce methane and black carbon emissions by **60–75% by 2030** and committed to conserving **30% of North American land and waters** by 2030. All three countries are signatories of the Global Methane Pledge. In 2022, North America produced [20.9 million tons](#) of methane, with both the United States and Mexico in the global top 10 highest emitters.
- The three countries have also made **sector-specific commitments**. For example, they have a shared goal to achieve a [50% sales share](#) for zero-emission vehicles in 2030.

2026 World Cup

A tournament of firsts. Canada, Mexico, and the United States [won the 2018 bid process](#) to host the 2026 World Cup together, marking the first time three countries will do so. This will be the largest World Cup in history, with a record 48 countries ([45 qualifying teams plus the three hosts](#)), an increase over the maximum of 32 countries thus far.

- **16 cities across North America will host games.** [Canada](#) (2): Toronto, Vancouver. [Mexico](#) (3): Guadalajara, Mexico City, Monterrey. [United States](#) (11): Atlanta, Boston, Dallas, Houston, Kansas City, Los Angeles, Miami, New York/New Jersey, Philadelphia, San

Francisco Bay Area, Seattle. [No stadiums](#) will be built for this 23rd edition of the World Cup.

- At the time of the World Cup bid, Canada was slated to host 10 matches, Mexico 10 matches, and the United States 60 matches, although this is subject to change.
- Per [a study conducted for the bid](#), the North American World Cup can generate **\$5 billion in economic activity** for the region, support roughly **40,000 jobs**, and create a net benefit of up to **\$480 million** per host city.
- Operations teams from the [three countries traveled to](#) and met in Qatar during the World Cup in December 2022. There they met with authorities and World Cup organizers to observe and understand best practices for security logistics.

About

U.S.-Mexico Foundation

The U.S.-Mexico Foundation is a binational non-profit organization dedicated to fostering bilateral cooperation and understanding between the United States and Mexico.

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Americas Society (AS) is the premier forum dedicated to education, debate, and dialogue in the Americas. Council of the Americas (COA) is the premier international business organization whose members share a common commitment to economic and social development, open markets, the rule of law, and democracy throughout the Western Hemisphere.

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