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The role of subnational actors in North America during the NAFTA renegotiation

Roberto Zepeda - Jorge Virchez
Universidad Nacional Autónoma de México – Mexico City
Laurentian University – Greater Sudbury (Canada)

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Abstract

This article analyzes the economic relations of subnational states in the United States with Mexico and Canada during the period of the North American Free Trade Agreement (NAFTA) but also during the negotiation and ratification of the United States, Mexico, Canada Agreement (USMCA). The first part considers the theoretical debates on the international economic relations of subnational states, highlighting the economic paradiplomacy, as well as the endogenous and exogenous factors that encourage these processes. The second part examines such economic relations, particularly exports, imports and integrated supply chains from a subnational level, looking at the cross-border region in North America. The third part concentrates on the analysis and presents the main results and conclusions.

Keywords: NAFTA; USMCA; subnational governments; paradiplomacy; North America.

Parole chiave: NAFTA; USMCA; governi subnazionali; paradiplomazia; Nord America.

1. Introduction

The intentions of President Donald Trump to implement protectionist policies such as restrict or terminate international free trade agreements have seen opposition in some subnational entities of the United States, but also in several economic sectors such as agriculture, energy, automotive, among others. These actors would be strongly affected if NAFTA were terminated.

This article analyzes, from a subnational perspective, the potential economic impacts of an eventual rupture of NAFTA, mainly in the United States. We apply a methodological strategy that considers two major dimensions. The first one includes a literary review to identify theoretical approaches to assess the international activities of subnational governments, highlighting the paradiplomacy approach. The second part comprises a detailed analysis of official information, reports, and statistical data generated by both U.S. national and sub-national governments. Considering this information, we observe, from a subnational perspective, the levels of international trade and the number of jobs in the United States that depend on the trade relationship with Mexico and Canada. Similarly, the position of these countries as main export destinations of the U.S.: subnational states. Finally, the paradiplomatic efforts of governors and premiers in favor of NAFTA and against the positions adopted by President Trump are emphasized.

2. The effects of economic integration and automatization in North America

The election of Donald Trump in the U.S. presidency can be seen as a confusing response from the American working class that has been affected by decades of economic policies characterized by free trade agreements, the exodus of jobs to countries with lower labor costs, and the automation or robotization derived from technological innovation. Donald Trump was elected using an anti-immigrant and anti-free trade discourse. In that narrative, free trade agreements result in the loss of jobs for U.S. workers and must be cancelled, such as the Trans-Pacific Partnership (TPP), or must be renegotiated such as the case of NAFTA.

The states of the industrial region of the United States (Wisconsin, Michigan, Indiana, Illinois, Ohio, Pennsylvania) have been affected by globalization and automation generated by technological innovation applied to production processes. White workers have seen a daunting picture in recent decades, facing the exodus of jobs to non-unionized areas of the country and other countries with lower labor costs. The number of manufacturing jobs fell from 19.5 million in 1979 to 11.5 million in 2010, then a slight recovery and reached 12.3 million in 2016. Most of the loss of jobs in the manufacturing sector is due more to technological innovation than free trade. Ball State University attributed approximately 13 percent of manufacturing job losses in 2000-2010 to free trade and the rest to the increasing of productivity due to automation (Miler 2016).

Workers' discontent was seized by Trump during the presidential campaign, promising actions to return jobs that had disappeared in the industrial and manufacturing sectors. Among the proposals, Trump has not been able to build a wall on the U.S. Southern border with Mexico to prevent the entry of migrants, criminals and illicit drugs. However, he has restricted immigration levels and deported millions of undocumented immigrants from the U.S.

Since the 1980s, Mexico has implemented a series of neoliberal economic policies that were consolidated with the onset of NAFTA in 1994; this economic model has exerted both positive and negative effects. The rapid interchange of information and mobility of people and resources facilitated by new information technologies, transportation, and neoliberal economic policies has led to integration of the global economy. Mexico's exports have increased markedly during the NAFTA period, and it has received greater flows of foreign investment. In the same period, there has been a reduction of inflation rates, and recurrent economic crises have almost disappeared in the country.

On the other hand, during the NAFTA period (1994-2018), Mexico has been characterized by low economic performance, increased poverty, and marginalization, which translates into scarce job and study opportunities for millions of young people. Mexico has millions of young people who neither work nor study (*ninis*). By early 2018, according to INEGI[1] National Occupation and Employment Survey (ENOE by its Spanish initials), there were about 6.6 million young *ninis*, aged between 15 and 29 years old, who neither work nor study Mexico. In addition, the employed labor force in the informal sector was, according to recent data, about 60% of the total labor force.

The results of neoliberal policies and NAFTA in Mexico have been low economic growth and recurrent economic crises that have created an environment characterized by precarious jobs, informality, unemployment, and high levels of social and economic inequality.

[1] National Institute of Statistics, Geography and Informatics.

NAFTA has not been a panacea for Mexico's economic development. Although it has helped increase Mexico's exports to the United States and Canada, it has not been the driving force behind dynamics of economic development. Similarly, it has not alleviated social problems such as inequality, poverty, and high levels of social marginalization and widespread violence in most of the national territory.

However, due to the current conditions of dependence of the Mexican economy on that of the United States, an eventual rupture of NAFTA would be very harmful for Mexico in the short-term. About 80-85 percent of Mexico's exports are sent to the U.S., and around half of its imports come from the U.S., while the U.S. is the largest investor in Mexico. In addition, the automotive sector, one of the most active in recent years, depends on integrated supply chains, which have resulted in greater competitiveness and have made North America one of the most dynamic manufacturing platforms in the world. Mexico has benefited from these processes, since it has attracted a large part of the production of automobiles and auto parts, which has moved from Canada and the United States.

3. Economic paradiplomacy

Increasingly, subnational states take part in decision-making on economic policy adopted by national governments, such as the negotiation and implementation of international trade agreements. Economic paradiplomacy refers to the involvement of subnational states in international activities to promote their economic interests, i.e. exports and imports, as well as tourism and the promotion and support of productive activities to attract foreign investment and transnational corporations.

Lecours (2008) distinguishes three layers of paradiplomacy. The first concerns economic issues; subnational governments seek to develop an international presence to attract foreign investment, international companies to the region and explore new markets for their exports.

Regarding the paradiplomatic action of sub-national governments in the United States, Kaiser (2005) argues that the level of international participation is related to the degree of integration of regional economies into global markets. This means that U.S. sub-national entities have intensified their international activities in parallel with increasing global competition. This situation is most relevant in those federal states whose regional economies either depend heavily on export markets or in which industries based on scientific innovation and high technology play an important role. Such industries, e.g. biotechnology, telecommunications, pharmaceuticals, etc. have rapidly internationalized in recent years as a result of the globalization of markets and technologies.

Paquin (2010) notes that sub-state actors have become aware that their political power and sovereignty – in other words, their ability to formulate and implement public policies –, are subject to negotiations in multilateral fora. This phenomenon is magnified in Europe by the European integration process and in North American countries by the North American Free Trade Agreement (NAFTA). Thus, there has been a notable increase since the 1960s in the number of sub-state actors that are interested and actively engaged in international issues.

Kincaid (2013) observes an important role of the U.S. governors in the ratification process of free trade agreements signed by the central government. The governors, for example, were remarkably active in supporting President Wiliam Clinton's efforts to obtain congressional approval of the NAFTA in 1993 and the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994; forty governors publicly supported NAFTA and approximately the same number of governors supported GATT.

Quebec's international activities have focus on economic paradiplomacy, considering the support of this province for Canada's free trade agreements. Rioux (2015, 152) found out that the two political parties that have governed Quebec, the *Parti Québécois* (PQ) and the *Parti Libéral du Québec* (PLQ) supported the Canada - United States Free Trade Agreement in 1988 (CUFTA), and NAFTA in 1994, based on 'free trade nationalism', arguing that this would emancipate Quebec from its economic dependence on inter-provincial trade.

The U.S. states and Canadian provinces are discovering that, given their economic power and social legitimacy, they can influence the federal government's positions on relevant international issues, such as world trade, security, human rights or environmental problems (Cornago 2010).

Brown (2013) asserts that while economic and trade integration has given subnational governments more influence in decision-making, it is also clear that they have not been constitutionally empowered to take on that task. State and local governments (including their national lobby associations) were actively involved with the U.S. administration in the negotiation and implementation of CUSFTA and NAFTA, and indirectly subnational interests continue to be channeled through Congress.

With respect to Canada, various judicial decisions have conferred the provinces the power to decide on the implementation of international treaties that affect their jurisdictions. Paquin (2010) highlights that, in Canada, the conclusion of international treaties has followed two fundamental steps: (1) the conclusion of the treaty, i.e., its negotiation, signature and ratification; and (2) its implementation. The first stage corresponds exclusively to the federal government. The second step, that is, the adoption of legislative measures necessary for the implementation of a treaty as a matter of domestic law, corresponds to both federal and provincial governments.

In Mexico, the paradiplomacy activities of subnational states was limited during the NAFTA negotiation. NAFTA was promoted by the National Governors' Conference (CONAGO by its Spanish initials), with important U.S. subnational actors. For example, in July 2017, the President of CONAGO, Miguel Angel Mancera, participated in the National Governors Association (NGA) summit in Rhode Island. During the event, he underlined the commitment of Mexico's governors to defend the interests of Mexican companies and workers in the NAFTA renegotiations and called for an integrated North America without tariffs. In addition, in October 2017 he met with the President of the U.S. Chamber of Commerce, Thomas J. Donohue, expressing that CONAGO promotes a renewed NAFTA, with updated rules and stronger trilateral cooperation.

During the NAFTA renegotiation process, Justin Trudeau, the Prime Minister of Canada and several Premiers conducted paradiplomatic activities to promote the benefits of NAFTA and visited U.S. states with which they enjoy a strong trade relationship. Canada is the main export destination for 33 U.S. states, and Michigan is Canada's main partner in a commercial relationship driven by the automotive and energy industries.

As we have seen, the involvement of sub-national governments in the United States and Canada in international negotiations has achieved prominence in recent decades, especially during the NAFTA renegotiation. It is evident that sub-state governments do not have explicit constitutional powers to negotiate and sign international agreements. Nevertheless, in Canada the provinces have the leverage to implement those agreements that affect areas under their jurisdiction. In the United States, subnational states have influence in the ratifying process of international agreements through their lobbying in congressional committees.

4. The relevance of NAFTA from a sub-national perspective

The examination of the outcomes of NAFTA in the United States, from a subnational perspective, reveals that the most vulnerable states, considering the percentage of their total exports to NAFTA trading partners (Canada and Mexico), are: North Dakota (84%), Michigan (65%), South Dakota (62%), Missouri (56%), Ohio (52%). All of them with more than half of their exports directed to both Canada and Mexico. With respect to the total amount of exports, the states most dependent on their neighbors and trading partners are: Texas, California, Michigan, Ohio, Illinois, Indiana, New York, Pennsylvania, Tennessee, and Arizona; which exported to Canada and Mexico more than 10 billion dollars in 2017. Notably, Texas exported more than 112 billion dollars to both countries in that year (*Tab. 1*).

The trade relationship with Mexico is one of the most important for the United States, as it is its third trading partner (after China and Canada); it is the second country for exports and origin of U.S. imports. According to recent data, Mexico is the main export destination for six U.S. states: California, Texas, Arizona, New Mexico, Kansas and Nebraska. In addition, Mexico is the second export destination for 22 states and is third for 5 states. In other words, 33 states of the United States have Mexico among their three main trading partners (Kiersz 2017).

It is important to note that the four border states of the United States represent 25% of the national GDP of that country. In fact, California would be the sixth largest economy in the world and Texas would be the fourteenth largest economy in the world. In addition, Mexico ranks first as the origin of imports from states such as Texas, Michigan, Arizona and Utah. In the case of Mexico's exports to Michigan, there are integrated supply chains in several sectors, with the automotive industry being the most important. In other words, Mexico plays an important role in the economic prosperity and the creation of tens of thousands of jobs in these subnational states. The products exported by the six sub-national states of the United States that have Mexico as their main export destination are the following: California and Arizona export mainly aircraft ($7,142 and $2,178, respectively), Texas exports refined oil ($26,365) and New Mexico exports mostly electronics ($714) (Desjardins 2018).

According to a recent study (Rogers *et al.* 2017), a NAFTA rupture would have diverse regional impacts in the United States, Canada and Mexico. For example, in the United States, the industrial Midwest and the Great Lakes regions are economically dependent on NAFTA.

Table 1. – Exports and jobs linked to the U.S. trade relationship with Canada and Mexico, by sub-state, 2017.

Sub-state	Exports to Canada and México ($)	Percentage of exports sent to Canada and Mexico	Jobs supported by trade with Canada and Mexico
Alabama	6,729,644,064	33%	173,700
Alaska	520,929,964	12%	26,200
Arizona	10,397,691,885	47%	236,000
Arkansas	1,848,683,352	32%	105,500
California	41,444,191,579	25%	1,513,800
Colorado	2,398,450,265	32%	225,300
Connecticut	2,693,193,007	19%	157,800
Delaware	685,692,124	15%	38,900
Florida	6,280,625,143	12%	754,900
Georgia	9,363,021,878	26%	395,500
Hawaii	72,865,753	6%	60,900
Idaho	1,174,555,137	24%	61,400
Illinois	25,339,803,968	42%	526,400
Indiana	16,367,063,521	47%	253,500
Iowa	5,657,232,182	47%	138,400
Kansas	3,650,775,585	36%	120,100
Kentucky	9,712,270,811	33%	161,200
Louisiana	8,366,375,533	17%	163,000
Maine	1,396,235,882	49%	55,600
Maryland	1,865,187,878	20%	246,600
Massachusetts	5,497,262,550	21%	311,800
Michigan	35,521,184,708	65%	366,900
Minnesota	6,387,591,448	33%	247,500

Mississippi	3,220,806,685	31%	103,400
Missouri	7,780,972,730	56%	250,400
Montana	650,803,960	48%	41,900
Nebraska	2,672,091,141	42%	87,600
Nevada	1,872,077,536	19%	112,800
New Hampshire	997,384,902	24%	58,900
New Jersey	8,930,369,676	29%	365,900
New Mexico	1,693,375,346	47%	66,900
New York	15,574,174,219	21%	836,600
North Carolina	9,344,097,635	31%	390,700
North Dakota	3,500,887,562	84%	33,000
Ohio	25,526,205,076	52%	463,200
Oklahoma	1,931,283,903	39%	123,400
Oregon	2,461,861,705	11%	154,000
Pennsylvania	13,616,769,734	37%	513,300
Rhode Island	735,209,841	32%	43,200
South Carolina	5,591,082,995	18%	180,500
South Dakota	753,787,114	62%	39,500
Tennessee	13,155,514,913	42%	261,300
Texas	112,539,315,942	48%	970,900
Utah	2,059,996,479	17%	121,300
Vermont	1,314,314,536	44%	29,600
Virginia	3,972,826,853	24%	341,700
Washington	8,931,647,696	11%	276,300
West Virginia	1,715,380,064	34%	57,100
Wisconsin	9,641,057,484	46%	249,600
Wyoming	223,773,443	20%	21,500

Source: Exports from U.S. government sources via www.naeconomicalliance.com; jobs data from bussines roundtable via http://businessroundtable.org/resources/nafta-facts-0.

The economic prosperity of these states that are the center of automotive manufacturing such as Michigan, Ohio, Indiana, and Illinois depend largely on the NAFTA structure. Similarly, grain and livestock exporting states such as South Dakota, Iowa and Nebraska direct much of their products to their NAFTA partners. Cross-border investment in automobiles, steel, machinery, and agriculture is a key driver of the economies of the Midwestern states, which would be affected in the event of a NAFTA rupture, as companies may reconsider their plans for expansion and modernization.

In addition, the southern automotive manufacturing belt of South Carolina, Georgia, Alabama and Mississippi have taken advantage of NAFTA for their economic success, while states along the border with Mexico that have an intense cross-border trade relationship depend heavily on Mexico for their economic prosperity as hundreds of thousands of jobs rely on such a relationship. The U.S. regions least dependent on NAFTA are the northeast and northwest, although the northern states that share a border with Canada have a strong trade relationship with this country.

With respect to the case of Canada, in the event of a NAFTA rupture, the entire country would be affected. The province of Ontario, which is the center of the Canadian automotive industry, would be substantially affected. In provinces such as Alberta, Saskatchewan and Manitoba, whose economies are based on the energy and agricultural sectors, they also depend heavily on the relationship with the United States under NAFTA. Economic growth and prosperity, generating thousands of jobs in these Canadian provinces, rely on the relationship with its southern neighbor, the United States, accelerated by the trade agreement. In addition, U.S. demand for crude oil and natural gas would be a blow to the growth of Canada's dynamic energy industry concentrated primarily in Alberta, Saskatchewan, and Newfoundland and Labrador.

The NAFTA renegotiation process highlights that political power is not concentrated in the U.S. President, but that several checks and balances oppose the executive branch's decisions. Moreover, diverse organized social actors as well as business chambers, among other non-governmental actors, played an important and decisive role in the direction of the NAFTA modification. During the negotiation process, when President Trump stated that the best option was to abandon NAFTA, the U.S. Chamber of Commerce, the country's most important private lobby, warned him of the terrible consequences of an eventual rupture of the North American treaty.

In a statement, the U.S. Chamber of Commerce states: "Trade with Canada and Mexico is a significant driver of U.S. economic growth, and with a track record of two decades to examine, it is clear that the North American Free Trade Agreement (NAFTA) has created substantial new opportunities for U.S. workers, farmers, consumers and businesses".

Furthermore, approximately 125,000 small and medium-sized enterprises export to Mexico and Canada, and these countries are by far our largest export markets. The most important thing is that trade with Canada and Mexico supports 14 million jobs in the United States. The business community supported the opportunity to update the agreement, and during the NAFTA negotiations, the U.S. Chamber of Commerce approved the modernization of NAFTA.

The Chamber has published an updated version (until May 2017) of its report on the benefits of the North American Free Trade Agreement (NAFTA). These benefits for the United States are described below:

- trade with Canada and Mexico generates nearly 14 million jobs in the United States, and nearly 5 million of these jobs are supported by the increased trade generated by NAFTA;
- NAFTA-fueled trade expansion supports tens of thousands of jobs in each of the 50 states and more than 100,000 jobs in the case of 17 states;
- since NAFTA took effect in 1994, trade with Canada and Mexico has nearly quadrupled to $1.3 trillion; the two countries purchase more than one-third of total U.S. exports of goods and merchandise;
- NAFTA has been beneficial to U.S. farmers and ranchers, contributing to a 350% increase in U.S. agricultural exports to Canada and Mexico;
- Canada and Mexico are the two main export destinations for U.S. small and medium-size companies; more than 125,000 of these companies exported their goods and services to Canada and Mexico in 2014.

In addition, in any decentralized federal system, subnational governments have an important role in the ratification of international agreements negotiated by the head of the executive branch of the central government. According to the nature of NAFTA, it has to be ratified by the Senate because it is an international agreement, and by the House of Representatives because it is a trade agreement. In this ratification process, senators represent the states in an equitable manner (there are 2 senators per state) and play a decisive role. If most subnational states benefit in economic, commercial, productive terms from NAFTA, then they do not have to ratify a decision of the President and his negotiating team that goes against their interests.

During the NAFTA renegotiation process, not only the U.S. Chamber of Commerce, but also the governors and other sub-national actors of Texas, California, Arizona, and other states and productive sectors spoke out for and against the President's position of abandoning NAFTA.

Although the ratification of the United States, Mexico and Canada (United States, Mexico, Canada Agreement, USMCA) by the legislative powers in each of the member countries is pending; in the United States, it will have to be approved by a majority in the House of Representatives and the Senate; in Canada, by the Parliament and in Mexico, by the Senate of the Republic.

5. Results of the renegotiation

The results of the NAFTA renegotiation may be detrimental to Mexico, but beneficial to workers in the U.S. and Canada. This is due to the increase in labor costs and low productivity in Mexico, which will generate the transfer of part of its automotive production to the United States and Canada.

The disruption of existing supply chains can affect the competitiveness of the automotive industry, as it undermines the competitiveness of U.S. production. Increased inputs create problems for the industry. In summary: the USMCA modifications represent a step backwards compared to the current NAFTA.

This leads us to suggest that, more than an achievement, the new agreement represents a relief for Mexico because it was possible to avoid a commercial war with our main commercial partners. In a context of trade war, it represents a short-term achievement to maintain NAFTA, but it is a signal for Mexico to seek a diversification of its markets.

The lessons for Mexico include the reduction of economic dependence on the U.S. In addition, to strengthen its national industry, the internal market, as well as to promote the energy and agricultural sectors. Consequently, it is pertinent to increase investment as an engine of growth and economic development.

5.1. *Challenges and opportunities*

Labor became a central issue in the renegotiation of NAFTA, which the United States and Canada used to pressure Mexico to improve its labor standards. This involves not only labor laws, but also their enforcement, compliance and sanction. The United States and Canada claimed that wages in Mexico are significantly lower, and for that reason companies in the manufacturing sector, especially the automobile sector, move to Mexico. This translates into the loss of hundreds of thousands of jobs in the United States and Canada, generating a trade deficit in the United States in its trade relations with Mexico of just over 60 billion dollars.

According to various sources, there is an enormous disparity in wages in the manufacturing sector among the countries of North America. In the United States and Canada, the average hourly wage in the sector is around \$20, both well above Mexico's \$3.4 in this sector.

Regional integration in North America has not advanced in the institutional sphere, as in the style of the European Union, from the national governments of the three countries. However, institutional and cooperation relations between sub-national governments have expanded in several areas, developing collaborative networks that are crucial to understanding the emerging dynamics in the region. According to information from the Ministry of Foreign Affairs (SRE) in Mexico, there are about 120 inter-institutional agreements between non-central governments of Mexico and their counterparts in the United States, most of which are with border states and with those that house a migrant population of Mexican origin.

In addition, relations between border states have intensified in a series of forums, conferences and cooperation schemes between the states of both countries that share the border. In this case, the border, rather than being a point of geographic division, becomes a point of interaction and cooperation to address common problems, including trade and people flows. Much of the trade relationship between Mexico and the United States occurs between states in the border region and represents a crucial part of the relationship between the two countries.

The ten states in the border region are California, Arizona, New Mexico and Texas on the U.S. side. On the Mexican side, they are Baja California, Sonora, Chihuahua, Coahuila, Nuevo León and Tamaulipas. This region would be one of the world's main economies.

The commercial relationship between Mexico and the United States is even more intense in the border region. The four U.S. states bordering Mexico together export to Mexico about 55% of all exports from that country. In addition, these states facilitate that the majority of Mexico's exports to the United States, around 80% of the country's total, are stored, transported, among other services, so that exports cross the border region and are distributed throughout the length and breadth of that country. All of the above has been strengthened by NAFTA, and millions of jobs depend on this trade relationship, in addition to cross-border trade and tourism.

6. Conclusions

In this article, we have analyzed the potential impacts on U.S. subnational states in the event of a NAFTA termination. As we have seen, this agreement has accelerated trade integration over the past two decades. Integrated supply chains have been created in various productive sectors, whereas most of U.S. states depend on Canada and Mexico for actual their exports and imports. Similarly, hundreds of thousands of jobs depend on these economic relations.

A large share of U.S. states exports is directed to their NAFTA trading partners; for example, some subnational states send more than half of their total exports to Canada and Mexico. A NAFTA rupture would be devastating for the economies of these states. On the other hand, with respect to the number of jobs generated by the trade relationship under NAFTA with Canada and Mexico, several U.S. states such as California, Texas, New York, Florida, Illinois, and Pennsylvania would be severely affected. As we can see, about 12.5 million jobs in the United States depend on the NAFTA framework. These U.S. states sustain their economic prosperity by the trade relations with their neighbors and trading partners under NAFTA. Many of these states have opposed President Trump's protectionist and anti-free trade policies. In this context, we see a long process to ratify the new U.S.-Mexico-Canada Agreement that replaces NAFTA, especially in the U.S. Congress.

The new USMCA represents a step backward from NAFTA. We can see greater restrictions on free trade between the three countries in the region, because the Trump administration has a critical view of free trade agreements and tried to restrict trade in the region by raising the threshold of regional content in the automotive industry and labor issues. In the automotive industry quotas are imposed on regional content and subordinate labor to production, affecting the level of production and long-term employment in a sector that was experiencing a boom in recent years in Mexico. The percentage of automotive production in Mexico has increased, especially since 2005. In the United States and Canada, this same percentage has been declining.

As mentioned above, Trump's mercantilist vision focused on reducing the trade deficit with Mexico, which determined the results of the provisions of the new agreement. Due to the economic dependence of Canada and Mexico on the United States, the great lesson is the option of redirecting its commercial relations to other countries and regions, which is likely to materialize in the long term. Canada and Mexico are in favor of maintaining NAFTA because of the concentration of their trade with the United States; however, the pressures of the U.S. to protect its productive sectors and its intention to reduce trade deficits may lead both countries to seek to reduce their dependence.

The democratic political transition in Mexico presents an opportunity to reformulate the bilateral agenda with the United States, which has deteriorated precisely since the rise of Donald Trump to the presidency of the United States. The issues of trade, security and migration will define the type of relationship between the two countries. These issues generate problems, but they can present an opportunity to reformulate the bilateral agenda and strengthen the cooperation with the United States, fostering bilateral cooperation in security and migration, while seeking trade diversification and strengthening the internal market in Mexico.

Considering the mentioned above, we can suggest that the role of subnational states in North America has been determinant as they have been capable to influence the decision-making process regarding international trade treaties such as NAFTA and USMCA. Therefore, the studies on subnational actors is increasingly more relevant to understand the sphere of international relations and the contemporary process of globalization and economic integration.

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