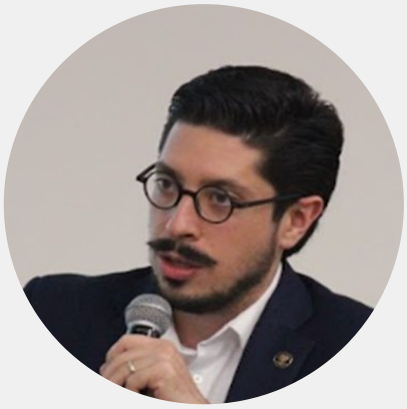
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We are entering North America 2.0, poised for renewed growth and collaboration

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Pedro Casas Alatriste of AmCham Mexico delves into the chamber's efforts to enhance U.S.-Mexico trade relations, support key industries, and promote sustainable growth amid Mexico's political transition.

What are the key issues the American Chamber of Commerce is addressing in Mexico, particularly in an election year for both countries?

The American Chamber of Commerce in Mexico, representing nearly 1,500 companies that collectively contribute to almost one-fifth of the national GDP and employ around 10 million people, has been steadfast in its mission to foster a thriving environment for U.S.-Mexico trade and investment since its founding in 1917.

In the current geopolitical landscape, Mexico faces significant challenges and opportunities. The ongoing trade tensions between the US and China, conflicts in Russia and Ukraine, and the aftermath of the COVID-19 pandemic have all impacted global trade dynamics. Additionally, the US's pivot towards a "Made in America" policy has inadvertently positioned Mexico advantageously, particularly through the concept of nearshoring. This strategic shift, often referred to as ally shoring, presents Mexico with both substantial opportunities and inherent challenges. To harness these opportunities, the Chamber collaborates closely with the Ministry of Economy,

targeting four key industries that align with U.S. industrial policy and Mexico’s strategic capabilities: electric vehicles, medical devices, semiconductors, and the agro-industry. Complementing these efforts is a fifth initiative, the investment enablers group, which addresses broader economic issues that can either promote or impede investment.

Energy is a critical focus area; there is a pressing need to invest in expanding capacity, improving distribution and transmission, and transitioning to greener energy sources. Infrastructure development is equally vital, encompassing enhancements to railways, ports, airports, border facilities, and telecommunications to ensure robust connectivity. Human capital remains a cornerstone of Mexico’s competitive advantage, necessitating continuous development of the high-skilled workforce to meet the growing demands of increased investment. Security and the rule of law are indispensable in maintaining a stable business environment. Additionally, water usage is a significant concern, requiring effective management to support industrial and economic activities. By addressing these critical areas, the American Chamber of Commerce aims to create an environment conducive to attracting investment and fostering sustainable economic growth, particularly during this pivotal election year.

How has the concept of nearshoring evolved within the medical devices sector, and can you provide recent examples of its impact?

Nearshoring, particularly within the medical devices sector, is indeed not a novel concept. It has been a longstanding strategy, yet its prevalence and significance have surged notably in recent times. This resurgence can be attributed to several factors, including geopolitical shifts and the imperative for more resilient supply chains.

A clear indicator of this nearshoring trend is the unprecedented levels of foreign direct investment (FDI) Mexico has experienced over the past three years, consistently breaking records. Additionally, the demand for industrial real estate has soared, resulting in national vacancy rates plummeting below 2%, compared to the ideal range of 5-7%. In key regions such as Nuevo León and Chihuahua, availability has reached a critical point of 0%. The absorption of industrial space has doubled over the past two years, with approximately 50% of this new demand stemming from Chinese companies. This significant shift highlights the realignment of global value chains towards Mexico.

Furthermore, the American Chamber of Commerce has observed a dramatic increase in inquiries from companies seeking to invest in Mexico. Our Trade and Investment Center, dedicated to

assisting both member companies and new entrants, has seen a tenfold rise in requests—from approximately 8-10 per month to over 100. This surge reflects the growing interest of small and medium-sized enterprises in establishing operations in Mexico. These examples illustrate that while nearshoring is not a new practice, it has gained extraordinary momentum, driven by the evolving global trade environment and the strategic advantages Mexico offers to international investors.

How well are U.S. healthcare and life science companies represented within the American Chamber of Commerce in Mexico?

U.S. healthcare and life science companies are exceptionally well represented within the American Chamber of Commerce in Mexico. We have most, if not all, of the major American companies in this sector among our members. Additionally, AmCham Mexico represents not only American companies but also Mexican and international companies that are integral to the U.S.-Mexico trade relationship. This includes small and medium-sized enterprises that are part of the supply chain for American and European companies with significant operations in Mexico.

AmCham Mexico operates through four offices located in Mexico City -the headquarters-, Monterrey, Guadalajara, and the newly opened office in Hermosillo, the first new office in 50 years. Across these locations, we manage 30 working committees, with 17 distinct topics covered, including a highly active health committee. This committee addresses a robust agenda, focusing on industry governance, regulatory issues such as those involving COFEPRIS (Comisión Federal para la Protección contra Riesgos Sanitarios), and various other healthcare-related matters.

Our health committee’s work is intricately linked to broader economic goals, particularly in the context of nearshoring. The COVID-19 pandemic underscored the importance of a healthy population as the foundation for economic competitiveness and growth. Discussions on economic prosperity, human capital development, re-skilling, and up-skilling are moot without a healthy workforce. Thus, we view healthcare as a critical component for the future competitiveness of the Mexican economy.

What opportunities and challenges do you perceive for companies operating in Mexico’s healthcare sector?

The healthcare sector in Mexico presents a myriad of opportunities and challenges, which we categorize into four key pillars. Firstly, the governance of the healthcare system is paramount.

Effective governance ensures the system operates with efficiency and transparency, addressing critical issues such as regulatory compliance and administration. Strengthening governance mechanisms can significantly enhance the overall healthcare landscape.

Secondly, the rule of law is vital for fostering a stable and predictable business environment. The implementation of the USMCA (United States-Mexico-Canada Agreement) is particularly significant, as it establishes the legal framework for trade and investment between the U.S. and Mexico. Ensuring robust protection of intellectual property and other legal safeguards is crucial for the healthcare sector's stability and growth.

Thirdly, regulatory issues demand focused attention. Streamlining regulatory processes to facilitate seamless trade between the U.S. and Mexico is essential. COFEPRIS (Comisión Federal para la Protección contra Riesgos Sanitarios) plays a central role in this context. While COFEPRIS faces well-documented challenges, our proactive and collaborative approach has cultivated a strong relationship with the agency. We focus on presenting constructive proposals and sharing data to drive improvements, rather than merely pointing out deficiencies.

Lastly, investment in the healthcare industry is critical. Mexico faces significant health challenges, and there is an urgent need to invest in both the healthcare infrastructure and the overall health of the population. Addressing these health deficiencies requires substantial investment to enhance infrastructure, improve access to care, and elevate the quality of services provided.

In summary, while governance, legal stability, regulatory frameworks, and investment needs pose significant challenges, they also present substantial opportunities for growth and improvement in Mexico's healthcare sector. By addressing these areas proactively, we can help create a more robust and efficient healthcare system that benefits both the industry and the broader population.

How do you foresee the political transformations and business environment evolving in Mexico and the USA?

Mexico's political trajectory appears relatively predictable, continuing along the lines of the current administration's fourth transformation project. President-elect Claudia Sheinbaum has been transparent about her plans to advance social policies focused on cash transfers and to complete significant infrastructure projects, particularly in the southern regions. Her agenda includes substantial investments in ports, railways, highways, and border infrastructure, which are promising developments for Mexico's economic landscape.

Sheinbaum’s administration is expected to maintain fiscal prudence, adhering to low-spending policies while investing more in technology and intelligence to bolster national security. A notable shift is anticipated in energy policy, where Sheinbaum’s expertise in clean energy, underscored by her academic background from Berkeley, signals a move towards sustainable energy solutions. This shift is crucial for aligning Mexico’s economy with global trends in developed markets.

Importantly, the forthcoming administration is likely to foster a more collaborative relationship with the private sector. During the campaign, we maintained consistent engagement with Sheinbaum and her team, which has been fruitful. A highlight of this dialogue was our interactions with Dr. Kershenobich, the next Minister of Health. His receptiveness to our policy recommendations and commitment to ongoing discussions indicate a promising future for the healthcare sector and potentially other industries. As for the United States, the political climate remains highly uncertain, making it challenging to predict future directions. The current situation is dynamic, with fluctuating polls. Consequently, it is too early to provide a definitive outlook on the political and business environment in the USA.

Which sectors do you anticipate will be most significantly impacted by the T-MEC review in 2026?

The T-MEC review in 2026 will address two primary areas: the content of the agreement and its implementation. Firstly, we will revisit the text of the agreement to identify any provisions that were poorly written or did not produce the intended results. Secondly, we will assess the implementation of the agreement, recognizing that well-designed provisions may not have been executed effectively. These two aspects will form distinct but interconnected discussions.

In terms of the written agreement, two significant topics are likely to take precedence: electric vehicles and artificial intelligence. These areas were not adequately addressed when the agreement was originally negotiated in 2017-2018, as they were less prominent at that time. Consequently, the current text does not adequately cover these rapidly evolving sectors. To address this, I anticipate that the governments involved will seek to incorporate new provisions through parallel letters, Memoranda of Understanding (MOUs), or similar mechanisms, rather than reopening the agreement itself, which would require congressional approval and could be a lengthy process.

Regarding the implementation of the agreement, several industries are expected to be at the forefront of discussions. The energy sector in Mexico will be a major focus, given the ongoing

consultations and disputes in this area. Similarly, the dairy sector in Canada will be scrutinized. The auto industry, particularly the rules of origin, will also be a significant topic, especially since the United States lost a panel decision to Mexico and Canada but has yet to comply with the ruling. Additionally, biotech and genetically modified organisms (GMOs), specifically GMO corn imports to Mexico, will be critical issues on the table. These sectors—energy, dairy, automotive, and biotech—are poised to be the most impacted by the upcoming T-MEC review, reflecting both the evolution of the global economy and specific areas of contention between the member countries.

How is the American Chamber of Commerce preparing its members for potential changes arising from the T-MEC review?

We are indeed taking proactive measures in anticipation of the T-MEC review, focusing on preventing unnecessary changes rather than simply preparing for them. Our strategy involves engaging with key stakeholders in both the U.S. and Mexico to ensure the USMCA is implemented smoothly and favorably.

This year, we have made several trips to Washington, D.C., to educate and inform U.S. stakeholders about various industries and the positive impacts of the USMCA. We have hosted delegations of U.S. Congress members, staffers, and government affairs leaders from numerous companies in Mexico. Similarly, we maintain close collaboration with current Mexican authorities to ensure continuous dialogue and cooperation.

In Mexico, we actively participate in the “cuarto de junto” a legally mandated practice that requires the Mexican private sector to be consulted during trade negotiations. This best practice, established during the USMCA negotiations, has been widely acclaimed globally. We are engaging with the new Minister of Economy, Marcelo Ebrard, to ensure we remain proactive and constructive in our approach. Our primary focus is on defending the USMCA and ensuring its continued successful implementation across North America. By fostering strong relationships and sharing well-informed recommendations, we aim to uphold the integrity of the agreement and maximize its benefits for all parties involved.

What drew you to this role, and how have you prepared yourself to effectively lead such a prominent chamber?

My journey to this role was somewhat serendipitous. While completing my master's degree in international development policy at Georgetown University in Washington, D.C., I was approached with this opportunity. Prior to this, I worked at the Business Coordinating Council (Consejo Coordinador Empresarial), the largest national business organization in Mexico, representing nearly 80% of the private sector. There, I served as the foreign affairs coordinator and played a significant role in the USMCA negotiations from 2018 to 2020. My professional background has always been deeply intertwined with the U.S.-Mexico relationship, covering various aspects from trade to policy and migration.

During my time in D.C., I also collaborated with the U.S.-Mexico Foundation, initially as a fellow focusing on migration and other policy issues. This extensive experience across different facets of the U.S.-Mexico relationship uniquely positioned me for this role. When the opportunity presented itself, the transition felt natural and well-aligned with my career trajectory.

In preparing for this role, I rely heavily on the exceptional team around me. We have a dynamic and dedicated group of professionals, many of whom have been with the Chamber for years. Their expertise across various subjects is invaluable. Our approach involves leveraging the knowledge of our committees, which consist of experts from our member companies. They provide essential intel and data, which our in-house team processes, reaching consensus on the needs and priorities of different industries. This information is then distilled and presented to me, enabling informed discussions with CEOs, Mexican authorities, and U.S. counterparts.

Effective communication is also crucial. Alejandra, our communications visionary, offers strategic insights that I follow to ensure our messaging is impactful. This collaborative and structured approach extends to all aspects of our operations, including sales, HR, and finance, ensuring that the Chamber runs efficiently and effectively.

What would you like your final message to be for our readers?

My final message is that we are witnessing a historic era for North America, including Mexico. We refer to this as the "North American era" because it signifies a significant and enduring period, unlike a moment, which is fleeting. We believe we are entering North America 2.0, following the first phase that began in the 1990s with the original signing of NAFTA. Now, with the implementation of USMCA and global shifts, North America is poised for renewed growth and collaboration. Companies and investors around the world are placing their bets on Mexico and North America as a whole. The health and science industry is integral to this transformation, and

our efforts are dedicated to ensuring that this new era brings widespread prosperity and development.

Our goal is to ensure that this progress benefits everyone, leaving no one behind. This includes integrating the South-Southeast regions of Mexico and empowering small and medium-sized enterprises (SMEs) to join global value chains. By enhancing their capacity to grow and generate more earnings, we aim to translate these advancements into improved living conditions for the entire Mexican population. This inclusive approach is essential for achieving sustainable and equitable growth in the North American era.

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