

US-Mexico Presidents Shake Hands on Cross-Border Trade Talks

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On July 12, 2022, President Biden and President Lopez Obrador issued a joint statement following their historic meeting in Washington, D.C. While much of the discussion at the meeting focused on migration, environment, labor relations, and supply chains, a significant effort was made to address the economic opportunities through enhanced cooperation among the United States, Mexico, and Canada. While this economic cooperation will primarily focus on trade in goods, it is likely that the countries will also address services trade, including with respect to insurance, to better align the regulatory environment, both in the investment and cross-border context.

The second paragraph of the joint statement sets the tone for possible significant accomplishment in the economic context:

The foundation of North American competitiveness is the United States-Mexico-Canada Agreement and we reaffirm our commitment to its full implementation ... including by ... actively collaborating with stakeholders in the private sector and civil society. ... We look forward to working on this ... at the 10th North American Leaders Summit (NALS), which will take place in Mexico at the end of the year.

The framework for ongoing negotiations reflected in the joint statement suggests that the upcoming North American Leaders' Summit, at some level, will focus on enhancing the United States-Mexico-Canada Agreement (USMCA), particularly in the context of goods trade, while also potentially expanding the services trade provisions originally addressed in NAFTA. This could result in modification of the annexes to the USMCA dealing with insurance, possibly in the cross-border context, and the revision of the USMCA to foster the development of financial services.

In addition, the joint statement discussed the next U.S.-Mexico High-Level Economic Dialogue (HLED) to be held in September, with the objective to support trade and commerce, and create an

environment to encourage investment. One of the key objectives of the upcoming HLED, consistent with its work plan, will be to promote competitiveness and encourage the integration of the two countries' economies. The work plan reflects as a goal:

Developing effective approaches to deepening regulatory cooperation, to remove unnecessary regulatory barriers to trade, reduce costs to business ... and improving the coherence of their overlapping authorities.

While it is unclear how the framework for these upcoming negotiations will be structured, and the private sector's role, a possible reduction in barriers to trade in insurance resulting from these meetings inevitably would be a welcome development for U.S. life and health insurance companies, particularly if advances can be made in the cross-border insurance regulatory scheme.

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