Toward a North American Industrial Strategy:

THE CASE FOR A NORTH AMERICAN INDUSTRIAL COORDINATION COUNCIL (NAICC)

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Executive Summary

North America stands at a critical moment of industrial transformation. As global supply chains evolve and strategic sectors become increasingly important for technological advancement, the United States, Mexico, and Canada have an opportunity to strengthen regional integration by building a framework for more effective industrial coordination.

While NAFTA and, later, USMCA created a powerful foundation for regional economic integration, neither established the institutional architecture needed to align industrial development across the continent. The result has been a growing coordination gap, exposed by recent policy misalignments, tariff volatility, and missed opportunities in critical areas such as electric vehicles, semiconductors, and clean energy. The April 2025 implementation of reciprocal tariffs by President Trump's Administration, followed by rapid reversals and exemptions, underscored the instability that arises when national policies operate without a regional lens.

The NAICC would help achieve balanced trade within North America, ensuring wealth creation and manufacturing capabilities are distributed across the region in ways that strengthen the continental middle class while reducing collective dependence on extra-regional sources.

A coordinated approach would deliver distinct advantages to each partner nation:

For the United States:

- Secure access to critical minerals and manufacturing capacity, essential for high-tech industries
- Preserve technological leadership while addressing workforce constraints.
- Reduce vulnerability to global supply chain disruptions in strategic sectors.
- Expand the talent pool for high-skilled manufacturing positions through standardized continental certifications.

For Canada:

- Expand markets for resource exports through value-added processing.
- Attract investment in advanced manufacturing linked to U.S. innovation.
- Ensure regulatory alignment that preserves Canadian standards while enhancing market access.
- Strengthen domestic workforce development through alignment with continental skill standards.

For Mexico:

- Accelerate technological upgrading in manufacturing and production processes.
- Secure, stable investment flows beyond electoral cycles
- Leverage demographic advantages to continue as an essential production hub.
- E workforce skill development through adoption of standardized, industry-recognized certifications.

Executive Summary

This paper proposes the establishment of a North American Industrial Coordination Council (NAICC), a permanent, trilateral institution designed to translate integration into industrial strategy. The NAICC would serve as a platform for aligning national policies, strengthening regional supply chains, and ensuring that innovation, investment, and workforce development efforts mutually reinforce across the continent.

Organized through five specialized divisions focused on strategy, resilience, innovation, skills, and regulation, the NAICC would preserve national sovereignty while enabling joint action where it matters most.

With the 2026 USMCA review on the horizon, the time to act is now. This proposal is not a final blueprint but an invitation to begin building the institutional foundations North American competitiveness requires through open, inclusive, and forward-looking dialogue.

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I. Introduction

Imagine a North America where innovative technology from Silicon Valley seamlessly combines with Canadian natural resources and Mexican manufacturing expertise to create products that outcompete any global rival, not through protective tariffs but through a coordinated industrial strategy that leverages our continent's unique strengths.

When NAFTA negotiations concluded in the early 1990s, elements of a continental industrial policy were considered but ultimately not incorporated, as the agreement focused primarily on regional economic integration. This coordination opportunity has become increasingly relevant as North America faces strategic economic challenges extending beyond traditional trade relations.

The recent fluctuations in trade policy, illustrated by tariff implementations followed by policy adjustments and exemptions, create uncertainty for businesses, shifting their focus toward contingency planning rather than strategic growth, which affects the competitive advantages built through three decades of integration.

This moment calls for institutional innovation, the deliberate creation of new governance structures, and coordination mechanisms to address complex, cross-cutting challenges. While the United States-Mexico-Canada Agreement (USMCA) modernized the regional trade framework when it replaced NAFTA in 2020, it did not establish a comprehensive mechanism for strategic industrial coordination across the three countries.

We propose establishing the North American Industrial Coordination Council (NAICC) to address this coordination gap, which Section III analyzes in detail. This permanent institution would be dedicated to aligning the industrial strategies of the United States, Mexico, and Canada, positioning North America to compete more effectively with other major economic blocs, particularly China and the European Union.

The timing for establishing this Council is particularly favorable given the current geopolitical and economic context. Global supply chains are undergoing significant restructuring in response to growing trade tensions, recent tariff implementations, and the strategic imperatives of supply chain security. Many companies are reconsidering their global production networks, with shifts toward regional manufacturing bases that balance efficiency with resilience.

Indeed, the increasing vulnerability of regional integration was starkly demonstrated in April 2025, when the United States implemented a series of baseline tariffs intended to address global imbalances. These measures initially included 25% duties on Canadian and Mexican imports, triggering immediate reciprocal actions. Within weeks, a complex patchwork of exemptions and counter-exemptions emerged, creating unprecedented uncertainty for businesses operating across North American borders.

Recent trade-linked employment exposure modeling by the Texas A&M International University, Sanchez School of Business Texas Center, revealed the scale of this vulnerability. Over 4.3 million U.S. jobs and 4.1 million Mexican jobs are potentially exposed to disruptions in cross-border commerce. A similar study for Canada is upcoming. This research series demonstrates the fragility of current arrangements and the absence of institutional mechanisms to prevent such damaging policy collisions.

However, unilateral trade measures alone cannot address the fundamental structural challenges of workforce constraints, technological transformation, and deeply integrated supply chains. Capturing the full potential of this manufacturing evolution requires coordinated policies, infrastructure development, and workforce strategies across all three countries, which is precisely what the NAICC would provide.

This paper presents the second in a series of proposals for strengthening North American integration under USMCA 2.0. Building on previous work proposing a Binational Customs Agency to address border efficiency and security concerns, this analysis explores the broader challenge of strategic industrial coordination. Together with an upcoming third proposal focused on digital infrastructure, these recommendations form part of a comprehensive framework for reimagining North American economic architecture as we approach the critical 2026 USMCA review.

The NAICC recognizes that economic and national security are inseparable in today's global environment. Manufacturing capabilities, supply chain resilience, and technological leadership are not merely economic concerns but fundamental security imperatives. Recent assessments by organizations such as the Australian Strategic Policy Institute have identified that the United States lags behind strategic competitors in 57 of 64 critical technologies essential for future economic and military leadership.

By coordinating industrial development across North America, the NAICC would strengthen the region's capacity to maintain leadership in technologies essential for defense readiness while reducing dependence on potentially vulnerable global supply chains. The Council's approach recognizes that a strong manufacturing base is vital not only for middle-class prosperity but also for preserving technological sovereignty in an era of intensifying strategic competition.

This proposal is not a prescriptive design but a foundational vision to spark trilateral dialogue on how North America can evolve from trade integration toward strategic industrial coordination.

Before examining why North America specifically needs coordinated industrial strategies, it's essential to understand what industrial policy means in today's global context and how it shapes economic development.

II. What is Industrial Policy?

Industrial policy refers to a set of strategic government actions aimed at shaping the structure and trajectory of a nation's or region's economy. Unlike laissez-faire approaches that leave outcomes to market forces alone, industrial policy recognizes that governments can and often must play an intentional role in fostering innovation, building productive capacity, and guiding investment toward sectors deemed essential for long-term competitiveness, security, or societal goals.

At its core, industrial policy seeks to answer a fundamental question: *What kind of economy should one want to build, and how do they get there?*

Industrial policies take many forms. Some are direct, such as subsidies, tax incentives, or public procurement supporting specific industries. Others are indirect, involving regulation, workforce training, infrastructure investments, or coordination platforms that reduce uncertainty and align private sector efforts. In many cases, the most effective industrial policies are not about picking winners but about mobilizing resources, setting clear priorities, and creating a predictable environment for long-term investment.

Globally, the revival of industrial policy is no longer theoretical. The United States has launched a new generation of sector-specific initiatives, including the CHIPS and Science Act, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act, all designed to strengthen domestic capabilities in semiconductors, clean energy, and advanced manufacturing (Meltzer & Coulibaly, 2023). The European Union's Green Industrial Plan and Important Projects of Common European Interest (IPCEI) initiatives exemplify regional coordination across member states in sectors like batteries, hydrogen, and digital infrastructure (Eisl, 2022). In Asia, coordinated public-private efforts have long driven industrial leadership in South Korea, Japan, and, increasingly, China (Anbashi, 2023).

If done well, industrial policy does not crowd out markets; it activates them. It creates shared visions of economic transformation and provides the scaffolding that private actors can build upon. However, industrial policy also requires discipline. It must be data-informed, adaptive, and collaborative, ensuring public goals are achieved efficiently and equitably.

The need for coordinated industrial policy becomes even more pressing in a deeply integrated economic region like North America. Without alignment, national efforts risk duplicating investments, fragmenting supply chains, or unintentionally disadvantaging neighbors, undermining the regional competitiveness they seek to enhance. This is precisely the coordination gap the proposed North American Industrial Coordination Council (NAICC) aims to address.

With this understanding of modern industrial policy approaches, we can now examine why North America's unique integration makes coordination not just beneficial but essential for maintaining regional competitiveness in an era of strategic economic competition.

III. Why North America Needs a Coordinated Industrial Policy

Over the past three decades, the economic relationship between the United States, Mexico, and Canada has evolved from loosely connected national markets into one of the world's most deeply integrated production platforms. Trilateral trade under NAFTA and now USMCA has surged from $343.1 billion in 1994 to more than $1.6 trillion in 2024. However, this growth reflects more than just the exchange of finished goods; it represents the emergence of complex, cross-border production networks where components and materials often cross borders multiple times before reaching the end consumer.

The North American auto industry illustrates this perfectly. A typical vehicle assembled in the continent includes parts that cross borders eight or more times during production. This level of integration has generated substantial economic benefits, supporting an estimated 14 million U.S. jobs (U.S. Chamber of Commerce, 2017) and millions more across Canada and Mexico.

The 2020 transition from NAFTA to the USMCA modernized the regional trade framework with new provisions on digital trade, labor standards, and intellectual property. It also introduced tighter automotive rules of origin that raised North American content requirements from 62.5% to 75%, and new wage floors intended to rebalance gains across the three countries. Yet despite this progress in regional economic integration, North America would benefit from a more comprehensive approach to industrial policy coordination.

Complementary Strengths, Uncoordinated Strategies

The case for a coordinated North American industrial strategy begins with a simple but powerful observation: the United States, Mexico, and Canada each bring distinct and complementary assets to the table. When aligned, these differences form the basis of global competitiveness. Yet today, they operate largely in parallel, not in concert. Recent research indicates that without proper coordination, even well-intentioned industrial policies can lead to inefficiencies and missed opportunities across borders (International Monetary Fund, 2024).

The United States remains a global innovation engine. It invests more than $900 billion annually in research and development, houses world-leading semiconductors, biotechnology, aerospace, and advanced manufacturing firms, and benefits from deep capital markets fueling entrepreneurship and commercialization. The U.S. brings unmatched technological firepower to any regional strategy.

Canada, by contrast, holds the resource keys to many emerging industries. It is a global leader in hydroelectric power. It is among the world's top producers of critical minerals like lithium and nickel, essential inputs for electric vehicles and clean energy storage. Canada also has a highly educated workforce, strong ESG credentials, and advanced aerospace and cleantech manufacturing capabilities. These strengths position it as a responsible and secure provider of the raw materials and clean energy North America needs.

Mexico, meanwhile, offers industrial scale and demographic dynamism. It is one of the world's leading automotive producers and a vital hub for electronics, medical devices, and aerospace assembly. With a median age of 29 and a growing skilled labor force, Mexico injects youthful energy and long-term labor capacity into North America's industrial ecosystem. Its geographic proximity to the United States and ongoing nearshoring trends further enhance its strategic role in the regional supply chain.

Comparative Advantages of USMCA Partner Countries

To visualize how these national capabilities complement each other across the continent, we can examine the distinctive strengths of each USMCA partner. Figure 1 summarizes the complementary strengths across the three USMCA partners, highlighting how the NAICC would leverage these distinct national advantages to create a more competitive North American industrial platform.

COMPARATIVE ADVANTAGES OF USMCA PARTNER COUNTRIES

	United States	Canada	Mexico
Innovation and R&D			
	$900B R&D investment Leading research universities Innovation ecosystems	Strong research collab. Government innovation support Specialized tech. clusters	Growing engineering talent Technology Adoption Innovation Ecosystems
Natural Resources			
	Energy production Agricultural capabilities Some critical minerals	Abundant critical minerals World's 4th largest oil producer Hydroelectric power	Lithium deposits Solar and geothermal potential Silver production
Manufacturing Capabilities			
	Advanced manufacturing Specialized high-tech sectors Industry 4.0 leadership	Aerospace strength Automotive components Clean tech manufacturing	Cost-competitive production Automotive assembly hub Skilled manuf. workforce
Demographic Advantages			
	Large consumer market Highly educated talent Median age: 38	Highly educated workforce Immigration friendly policies Median age: 41	Young population 60 million workforce Median age: 29

Figure 1: The United States brings technological leadership and innovation capacity, Canada offers critical natural resources and advanced manufacturing capabilities, and Mexico provides manufacturing prowess and demographic advantages—creating a powerful combination when coordinated effectively.

Each country's industrial base is important, taken individually. But taken together and deliberately coordinated, they represent one of the world's most formidable economic combinations.

Innovation, resources, and production capacity are all present across the region. What's missing is the connective tissue: a framework that aligns strategies, synchronizes investments, and leverages complementarities.

The NAICC would facilitate complementary specialization across North America, allowing each country to focus on areas of comparative advantage while ensuring the continent as a whole maintains comprehensive industrial capabilities. Rather than three countries competing for the same investments, this approach would create a more efficient and resilient industrial ecosystem where production is strategically distributed to maximize continental competitiveness and worker prosperity.

Without coordination, the risk is not simply inefficiency; it is erosion. Each country may pursue similar goals with conflicting tools, duplicating efforts in some areas while leaving gaps in others. Fragmented industrial strategies can create friction, reduce supply chain resilience, and ultimately leave North America less competitive in the global race for industrial leadership.

This erosion has real consequences for working families across the continent. A coordinated North American industrial strategy would strengthen manufacturing capacity across the continent, creating higher-quality jobs with better wages and benefits. By aligning workforce development with industrial needs, the NAICC would help rebuild a strong middle class across all three countries, addressing the concerning trend of wage stagnation and income inequality that has affected North American workers in recent decades.

Industrial policy coherence has become increasingly urgent in an era of geopolitical uncertainty, technological disruption, and shifting demographics. The proposed NAICC is not about erasing national differences but leveraging them through structured, strategic collaboration.

Bridging the Coordination Gap: The Role of the NAICC

Another coordination challenge involves how innovation value is measured and allocated when R&D occurs in one country and manufacturing in another. Disparate accounting standards, transfer pricing regulations, and tax incentives create friction in cross-border innovation. Companies developing technology in the United States while manufacturing in Mexico face complex valuation challenges that can impede integration and fair distribution of economic benefits. The NAICC would address these issues through harmonized frameworks for measuring innovation, coordinated tax policies, and standardized approaches to transfer pricing, ensuring that value created through continental collaboration is recognized correctly and equitably shared.

Despite the deep economic integration across North America, current coordination mechanisms fall short of meeting today's strategic challenges. As global economic competition intensifies and supply chain vulnerabilities are laid bare, the absence of effective coordination has become a strategic liability.

Each North American country has recently launched ambitious but isolated national industrial policies:

- The United States passed the **CHIPS and Science Act** ($280 billion) and the **Inflation Reduction Act** ($370 billion) to support semiconductor manufacturing, clean energy, and advanced industries.
- Canada introduced a **Critical Minerals Strategy** and has expanded its support for aerospace, automotive innovation, and clean technology.
- Mexico is advancing its nearshoring agenda through infrastructure corridors, new special economic zones, and incentives under **Plan Mexico**.

While each of these strategies has merit, they are being developed without sufficient consideration of the deeply interdependent nature of the North American economy. This fragmentation has led to avoidable friction, as exemplified by the initial design of the U.S. electric vehicle tax credits under the Inflation Reduction Act, which excluded Canadian and Mexican production until diplomatic interventions led to policy revisions.

Recent tariff volatility offers another cautionary example. In April 2025, the U.S. implemented baseline and reciprocal tariffs, including temporary 25% duties on Canadian and Mexican imports, followed by rapid reversals and exemptions. This policy turbulence forced companies to operate in a state of emergency planning, diverting resources from strategic investment.

Existing institutional mechanisms have proven inadequate to address these coordination challenges. While USMCA includes a Competitiveness Committee under Chapter 26, this mechanism has been limited in its scope and impact. The Committee lacks the staffing, funding, and consistent engagement necessary to function as an effective strategic planning body. Though it has addressed specific technical issues, private sector participation remains largely consultative rather than structural, creating a significant gap between policy development and business realities. These constraints have prevented the Committee from serving as a broader forum for shaping a coherent continental industrial strategy.

High-level political forums such as the North American Leaders' Summit (NALS) and the Ministerial Committee on Economic Competitiveness (NAMCEC) offer promising avenues for trilateral dialogue. However, their impact has been constrained by the absence of institutional permanence. With no dedicated secretariat or sustained follow-through, their initiatives risk becoming rhetorical rather than operational.

Bilateral mechanisms, such as the U.S.-Mexico High-Level Economic Dialogue (HLED) and the U.S.-Canada Regulatory Cooperation Council (RCC), provide targeted cooperation venues. Yet, these mechanisms are not designed to support continental-scale industrial strategy. Furthermore, without Mexico's inclusion in many regulatory or technological planning processes, these bilateral arrangements often reinforce rather than overcome fragmentation.

Even sector-specific efforts show similar limitations. While promising in their scope, initiatives such as the North American Semiconductor Conference and the Critical Minerals Mapping Initiative remain largely ad hoc, with no formal structure to integrate them into a broader strategic framework.

As North America's global competitors advance their coordinated industrial strategies, China with its Made in China 2025 initiative and massive investments in critical technologies, the EU with its Green Deal and Important Projects of Common European Interest (IPCEI), the region risks falling behind in strategic sectors that will define 21st-century prosperity and security.

What North America needs today is not another one-off working group or high-level communiqué but an enduring institution capable of orchestrating long-term industrial strategies across borders. The proposed North American Industrial Coordination Council (NAICC) is designed precisely to meet that need.

Rather than replacing existing efforts, the NAICC would serve as an umbrella platform, connecting, amplifying, and aligning disparate initiatives under a shared strategic vision. It would complement the USMCA Chapter 26 Competitiveness Committee by providing the institutional depth and private sector engagement the current framework lacks.

It would be staffed, resourced, and accountable, providing continuity across political transitions and stability for private sector investment. Most importantly, it would offer a continental lens, enabling the U.S., Mexico, and Canada to function as neighbors and strategic partners in building a globally competitive industrial base.

The proposed **North American Industrial Coordination Council (NAICC)** would fill this gap by providing:

- A platform for aligning national efforts with regional priorities.
- A forum for anticipating and responding to global competitive pressures.
- A structure to engage stakeholders from industry, labor, and civil society.
- A mechanism to reduce policy friction and foster investment confidence.

In a deeply integrated region like North America, uncoordinated industrial policies are no longer just inefficient but self-defeating. The NAICC represents a pragmatic, flexible, and forward-looking response to the challenge of shared competitiveness. It offers a way to preserve national sovereignty while enhancing collective strength.

Promoting Balanced Trade and Shared Prosperity

A key objective of the NAICC would be to ensure that North American industrial integration delivers balanced economic benefits across all three countries and strengthens the continental middle class. While integration under NAFTA and USMCA has generated substantial aggregate growth, the distribution of these gains has been uneven, both between countries and within their societies. The NAICC would address this challenge through several mechanisms:

Strategically Distributing Industrial Capacity

The NAICC would work to ensure that critical manufacturing capabilities are distributed across the continent in ways that leverage each country's strengths while preventing excessive concentration in any one region. Rather than having one country specialize solely in raw materials, another in manufacturing, and a third in design and innovation, the NAICC would promote the development of complete value chains within North America, where each country participates across multiple stages, from inputs to final products.

For example, in the semiconductor industry, this might involve coordinating investments so that Canada's raw material production connects to Mexican component manufacturing and U.S. advanced fabrication in ways that create higher-value employment opportunities throughout the supply chain. This approach would help prevent the hollowing out of middle-class jobs in any single country while enhancing collective resilience.

Aligning Workforce Development with Industrial Opportunities

The NAICC's Workforce Development Division would coordinate training programs, credential recognition, and skills development initiatives to ensure workers across North America can participate in high-value segments of integrated supply chains. By anticipating industry needs and aligning educational investments accordingly, the Council would help create pathways to middle-class employment in emerging industries across all three countries.

The Workforce Development Division would establish the North American Standards Skills Council (NASSC), modeled after the successful Manufacturing Skill Standards Council (MSSC) in the United States. Building on the work of the North American Strategy for Competitiveness (NASCO), which has worked on tri-national workforce development initiatives, the NASSC would advance existing efforts to create standardized credentials and facilitate worker mobility across borders. This trilateral body would create a harmonized framework for credential recognition, standardized training curricula, and cross-border skills verification. Like the MSSC, which has effectively addressed skills gaps through industry-recognized credentials in manufacturing, the NASSC would focus initially on strategic sectors identified as priorities for North American coordination, gradually expanding to additional industries. This approach would directly support workforce mobility, ensure training alignment with industry needs, and strengthen the continental labor market's responsiveness to emerging technologies and production methods.

This coordination would be particularly important for addressing the growing skills mismatch that has contributed to wage stagnation and inequality. Through targeted programs in regions facing industrial transition, the NAICC would help ensure that the benefits of new investment reach communities that have previously experienced economic dislocation.

Reducing Collective External Dependencies

By systematically identifying and addressing North America's dependence on extra-regional sources for critical inputs, the NAICC would create opportunities for balanced trade growth across the continent. Currently, all three countries rely heavily on imports from Asia and Europe for many essential components and materials, creating significant trade deficits and vulnerability to supply disruptions.

The NAICC would develop strategies to reshore or nearshore production of these items within North America, distributing new investments and production facilities across all three countries based on comparative advantages and development needs. This approach would strengthen continental self-sufficiency and create new export opportunities as North America develops more complete and competitive industrial ecosystems.

Enhancing Small and Medium Enterprise Participation

A balanced North American industrial strategy requires participation beyond large multinational corporations. The NAICC would develop specific programs to integrate small and medium enterprises (SMEs) into continental supply chains, with special attention to underrepresented regions within each country. This would include supplier development initiatives, access to technical assistance, and financing programs that enable smaller firms to meet the standards required to participate in advanced manufacturing networks.

By broadening participation in key industries, the NAICC would help ensure that regional integration's benefits reach a wider range of communities and strengthen the small business sector, which remains essential to middle-class formation across North America.

Measuring Inclusive Outcomes

The NAICC would incorporate metrics beyond aggregate trade and investment figures to track its impact on balanced development and middle-class prosperity. These would include indicators such as:

- Geographic distribution of high-value manufacturing employment across the continent.
- Wage growth in strategic sectors across all three countries.
- SME participation rates in key supply chains.
- Reduction in regional inequalities within countries
- Skills development and workforce mobility outcomes.

By monitoring these indicators and adjusting strategies accordingly, the NAICC would ensure that industrial coordination serves continental competitiveness and inclusive economic development across North America.

Through these approaches, the NAICC would transform the nature of North American integration from a process primarily focused on market efficiency to one equally concerned with balanced development and shared prosperity. This shift represents a necessary evolution as the region seeks to strengthen its competitive position while addressing the economic anxieties that sometimes undermine support for integration among those who have not fully shared its benefits.

Having established the strategic imperative for coordination, we now turn to the institutional mechanism that could address this gap: the North American Industrial Coordination Council (NAICC). The following section outlines a practical framework for translating this concept into an operational reality.

IV. The North American Industrial Coordination Council: Structure and Operations

The success of the North American Industrial Coordination Council depends on a coherent organizational design that balances governance oversight with operational effectiveness. Drawing on international precedents and the unique context of North American economic relations, we propose an integrated structure that connects high-level direction with specialized implementation capabilities.

Comprehensive NAICC Organizational Structure

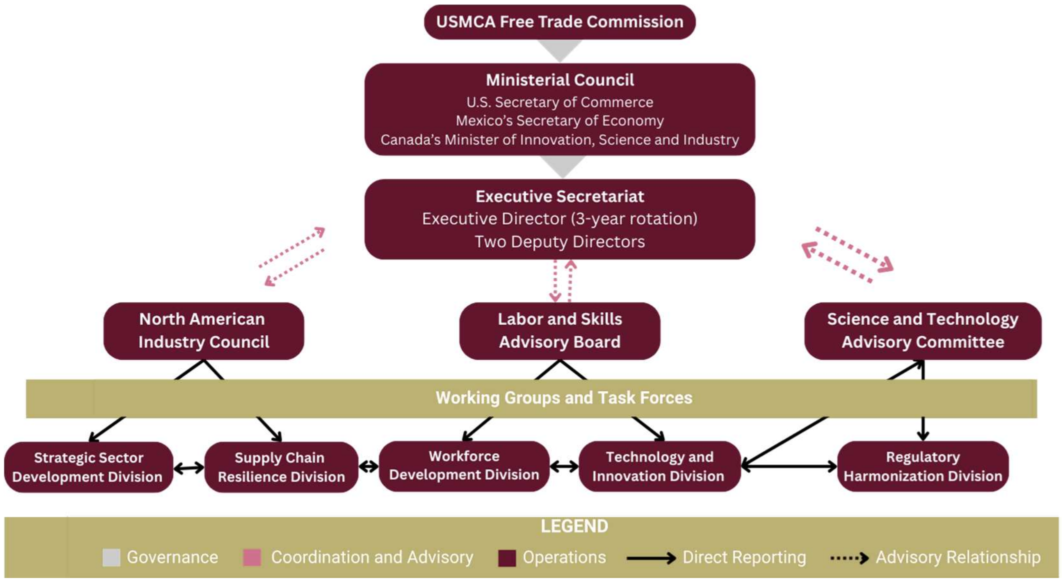

Figure 2: Proposed Organizational Structure of the North American Industrial Coordination Council. This three-tiered governance model is adapted from successful multilateral institutions while incorporating features specific to North American economic integration. The structure balances high-level direction with specialized implementation capabilities and ensures diverse stakeholder input through dedicated advisory bodies.

Integrated Organizational Framework

The NAICC would be established as a trilateral institution under the USMCA framework with a three-tiered structure. Figure 2 above illustrates this proposed organizational structure, which balances strategic direction with operational capabilities while ensuring inclusive stakeholder participation. This design draws inspiration from successful multilateral institutions but is specifically tailored to the unique context of North American economic integration and the complementary strengths of its three member nations.

At the top, a **Ministerial Council** comprising cabinet-level officials from each country (U.S. Secretary of Commerce, Mexico's Secretary of Economy, and Canada's Minister of Innovation, Science and Industry) would provide strategic direction. The Council would meet semi-annually to set priorities and ensure alignment with national policies. The Council would report annually to the USMCA Free Trade Commission, with decisions made by consensus to preserve each country's sovereignty.

A permanent **Executive Secretariat** would manage day-to-day operations to support this leadership body. Led by an Executive Director (rotating among the three countries on a three-year basis) and two Deputy Directors (from the other countries), the Secretariat would implement Council decisions, coordinate activities across divisions, manage research and analysis, monitor progress, and serve as the primary liaison with other USMCA committees and external stakeholders.

To ensure diverse stakeholder input, three **Advisory Bodies** would provide specialized expertise:

- The **North American Industry Council** would bring together representatives from major industries across all three countries to provide insights on competitive challenges, identify regulatory barriers, and propose areas for cooperation.
- The **Labor and Skills Advisory Board** would include representatives from labor organizations and educational institutions to address workforce implications, identify skills gaps, and monitor labor standards.
- The **Science and Technology Advisory Committee** would convene researchers and innovation experts to identify emerging technologies, recommend R&D priorities, and advise on technology transfer strategies.

The operational activities of the NAICC would be executed through five specialized **Operational Divisions**, each addressing a critical dimension of industrial coordination:

1. The **Strategic Sector Development Division** would develop and implement strategies for priority industries, mapping capabilities, identifying opportunities for complementary specialization, and coordinating investment strategies.
2. The **Supply Chain Resilience Division** would address vulnerabilities in critical supply chains through risk assessments, early warning systems, contingency planning, and transparency initiatives.

3. The **Technology and Innovation Division** would strengthen North America's innovation capacity by identifying priority areas for collaborative R&D, coordinating funding, facilitating technology transfer, and developing standards.
4. The **Workforce Development Division** would focus on building human capital through needs assessments, coordinated training programs, credential recognition, and labor mobility initiatives.
5. The **Regulatory Harmonization Division** would address regulatory barriers by identifying misalignments, developing harmonization proposals, coordinating approaches to emerging technologies, and streamlining compliance processes.

Specialized Working Groups and Task Forces would address specific sectors or cross-cutting issues, bringing together government officials, technical experts, and private sector participants. Initial Working Groups would include:

- Semiconductor and Electronics Working Group
- Critical Minerals and Clean Energy Working Group
- Automotive and Electric Vehicle Working Group
- Biopharmaceutical and Medical Supply Chain Working Group
- Aerospace and Defense Working Group

NAICC Operational Divisions Interaction Framework

Operational Integration

The effectiveness of the NAICC depends on seamless coordination across its five operational divisions. Rather than functioning as siloed units, these divisions would form an interconnected system where outputs from one division inform and enhance the work of others. Figure 3 provides a visual representation of this dynamic ecosystem, illustrating how information, priorities, and solutions flow continuously between divisions to create a comprehensive approach to industrial coordination.

For example, the Strategic Sector Development Division's identification of critical capabilities would inform the Supply Chain Resilience Division's vulnerability assessments. Similarly, the Technology and Innovation Division's research priorities would guide the Workforce Development Division's skills initiatives, while the Regulatory Harmonization Division would address policy barriers identified by all other divisions.

This integrated approach would ensure that the NAICC addresses industrial coordination holistically, with each division contributing unique expertise while working toward shared objectives of enhanced competitiveness, resilience, and prosperity across North America.

Figure 3: Operational Integration Model of the NAICC's Five Divisions. This diagram illustrates how the five specialized divisions would function as interconnected rather than isolated units. The circular flow demonstrates how outputs from each division inform and enhance the work of others, creating a holistic approach to industrial coordination.

V. Implementation Framework

The successful implementation of the NAICC would require a carefully sequenced approach that builds trust and demonstrates value while addressing complex coordination challenges. This section outlines how the Council would translate its vision into practical action.

Identifying and Prioritizing Strategic Sectors

The NAICC's success would depend on its ability to focus efforts where coordination delivers the greatest impact. Rather than attempting to coordinate across all industries simultaneously, the Council would employ a disciplined, evidence-based approach to sector prioritization, ensuring resources are directed toward industries where North American collaboration offers distinctive advantages in global competition.

1. Selection Criteria

The prioritization process would begin with a rigorous assessment framework that balances economic potential with strategic imperatives. Sectors would be evaluated against multiple dimensions:

- Strategic importance for economic security and national defense
- Vulnerability to supply chain disruptions
- Potential for job creation and economic growth
- Complementary capabilities across the three countries
- Competitive potential relative to other global regions
- Technological and innovation intensity
- Contribution to shared priorities (e.g., decarbonization, digital transformation)

This multi-faceted approach would ensure that the NAICC addresses both immediate vulnerabilities and long-term opportunities, balancing defensive measures with proactive development of emerging industries.

Building on Existing Regional Mapping Initiatives

The NAICC would not start from zero in identifying strategic opportunities across North America. Recent initiatives have already begun the vital work of mapping regional capabilities and supply chains that could serve as building blocks for a more comprehensive continental approach.

A notable example is the work of the Fundación México-Estados Unidos para la Ciencia (FUMEC), which, in collaboration with USAID, recently developed the "Mapa de Ruta: Oportunidades para el Nearshoring de Semiconductores en México" (Roadmap for Semiconductor Nearshoring Opportunities in Mexico). This initiative identified six Mexican states, Aguascalientes, Baja California, Chihuahua, Jalisco, Querétaro, and Tamaulipas, that already participate in semiconductor supply chain activities, along with six additional states with the potential to develop capabilities in this sector.

The roadmap addresses infrastructure, supply chain integration, workforce development, innovation, entrepreneurship, and sustainability, creating a comprehensive framework for strategic development that aligns with the NAICC's proposed approach.

The NAICC would expand upon such initiatives by broadening their geographic scope to include all three countries, deepening the analysis to identify specific complementarities across borders, and creating mechanisms to translate findings into coordinated investment and policy decisions. This would transform isolated mapping exercises into a dynamic tool for continual strategic alignment across the continent.

2. Initial Priority Sectors

Leveraging the complementary strengths analyzed in Section III, five sectors emerge as clear candidates for initial coordination efforts, each representing areas where fragmented national approaches have proven particularly costly:

- **Semiconductors and Advanced Electronics:** Addressing the continent's vulnerability in chip manufacturing and packaging while building on existing R&D strengths. The recent experience with semiconductor shortages demonstrated the costs of dependence on distant supply chains, while North America's combined research capacity offers a foundation for revitalized production.
- **Critical Minerals and Clean Energy Technologies**: Developing secure supply chains from extraction to manufacturing for materials essential to energy transition. The complete value chain would leverage the country-specific strengths detailed earlier.
- **Electric Vehicles and Advanced Mobility:** Coordinating the transformation of North America's automotive sector toward electrification and autonomous capabilities. With the automotive industry already deeply integrated across borders, a coordinated approach to this transition is essential to maintain the region's historical strength.
- **Biopharmaceuticals and Medical Supplies:** Strengthening regional production of essential medicines and medical equipment. The pandemic revealed dangerous vulnerabilities in medical supply chains that a coordinated approach could address while leveraging the research and manufacturing capacities across all three countries.
- **Aerospace and Defense:** Building on existing integration to strengthen North American civil and defense aerospace capabilities. This sector's existing collaboration patterns provide a strong foundation for deeper coordination.

3. Sectoral Roadmaps

For each priority sector, the NAICC would facilitate the development of comprehensive roadmaps that translate high-level vision into actionable steps. These roadmaps would serve as the bridge between strategy and implementation, detailing:

- Current state assessment of regional capabilities and gaps
- Vision for North American leadership in the sector
- Specific objectives and metrics for success
- Sequenced actions required from each country
- Investment priorities and funding sources
- Regulatory and policy changes needed
- Workforce development requirements
- Technology development and deployment strategies
- Implementation timeline with clear milestones

Unlike previous coordination efforts that often remained at the level of general principles, these detailed roadmaps would provide the concrete guidance needed for aligned action. The roadmap development process would itself serve as a catalyst for relationship-building among stakeholders across the three countries, creating networks of experts prepared to implement the resulting strategies.

These roadmaps would be living documents, regularly revisited and refined based on implementation experience, changing market conditions, and emerging technologies. This adaptive approach would ensure the NAICC remains responsive to evolving priorities while maintaining continuity in its long-term vision for North American industrial development.

Measuring Success and Impact

The NAICC would track key success metrics across all initiatives to ensure accountability and demonstrate progress. These would include intra-regional trade balance, growth in manufacturing employment across all three countries, wage growth in key industrial sectors, reduction in dependence on extra-regional suppliers for critical components, and the distribution of manufacturing capacity across North America. These metrics would be reported annually to stakeholders and inform ongoing strategy refinement.

With strategic sectors identified and roadmaps developed, the NAICC would need concrete mechanisms to translate priorities into coordinated action across all three countries.

Coordinating Joint Initiatives and Investments

The NAICC would facilitate coordinated action across the three countries through several concrete mechanisms, each designed to maximize impact while maintaining flexibility and respecting national sovereignty. These mechanisms would transform strategic priorities into tangible results.

- **North American Industrial Investment Fund**

  A dedicated trilateral investment fund would provide resources for strategic projects that strengthen continental competitiveness. Unlike traditional government funding programs that operate in isolation, this fund would create synergies across borders.

  For example, the fund could support initial steps toward a North American Battery Alliance, with coordinated investments that leverage Canadian mining resources, Mexican manufacturing capabilities, and U.S. technological expertise. The fund would include provisions to ensure benefits reach underserved regions across all three countries.

- **Regulatory Alignment Process**

  The NAICC would address regulatory fragmentation through a systematic alignment process focused on reducing barriers while maintaining appropriate standards. This process would identify divergences that impede integration and develop harmonization proposals through inclusive stakeholder consultation.

For instance, in emerging sectors like electric vehicles, the NAICC could facilitate discussions on charging standards that would enable seamless operation across North America, reducing compliance costs while expanding market opportunities.

- **Research and Innovation Networks**

  The NAICC would foster continental innovation by connecting research institutions across all three countries in priority technology areas. These networks would pool expertise, share facilities where appropriate, and coordinate workforce development.

  Initial collaborative projects might focus on areas of shared interest, such as biomanufacturing or advanced materials, where each country brings complementary capabilities to the research enterprise.

Through these coordinated mechanisms, the NAICC would translate strategic priorities into concrete action, leveraging the complementary strengths of the three economies to build truly continental capabilities in priority sectors.

Continental Skills Certification System

The NAICC would address workforce development challenges through the North American Standards Skills Council (NASSC), a specialized body operating under the Workforce Development Division. The NASSC would:

- Develop standardized, industry-recognized certifications in priority sectors that would be automatically recognized across all three countries, eliminating qualification recognition barriers currently impeding skilled worker mobility.
- Create a digital credentialing infrastructure that allows workers to seamlessly verify their qualifications when seeking employment anywhere in North America.
- Harmonize training curricula and assessment methods across the continent, ensuring consistent skill standards while accommodating regional educational approaches.
- Establish specialized certification pathways in emerging technologies critical to North American competitiveness, such as semiconductor manufacturing, battery production, and biopharmaceutical processing.

This continental certification approach would directly support the balanced development of manufacturing capabilities across North America by ensuring that workers in all three countries have access to standardized, high-quality training aligned with industry needs. It would also significantly reduce hiring friction for companies operating across borders, supporting the growth of truly integrated North American supply chains in strategic sectors.

Having established both the institutional architecture and implementation pathways for the NAICC, we can now consider this proposal's broader implications for North American economic integration and outline concrete steps toward realization.

V. CONCLUSION AND NEXT STEPS

The North American Industrial Coordination Council represents a timely and necessary evolution in continental economic relations. Section III demonstrates that the current coordination mechanisms fail to address today's strategic challenges. The NAICC provides a structured approach to bridge these coordination gaps, enabling North America to compete more effectively in an era of intensifying global economic competition.

Key Outcomes of the NAICC Approach

The NAICC framework outlined in this proposal would operationalize the country-specific benefits detailed in Section III, transforming theoretical advantages into tangible outcomes through structured coordination. Rather than each country pursuing isolated industrial strategies, the Council would ensure that complementary strengths are leveraged systematically across North America to achieve several critical objectives:

- **Enhanced Global Competitiveness:** through coordinated approaches to strategic sectors where fragmentation has diminished North American leadership
- **Greater Supply Chain Resilience:** by systematically addressing vulnerable points in continental production networks
- **Accelerated Innovation:** through shared research initiatives that build on existing centers of excellence across all three countries
- **Policy Alignment:** that transforms potentially competing national industrial strategies into complementary approaches with greater collective impact
- **Inclusive Growth:** that ensures industrial development benefits reach workers and communities across all three countries, strengthening the North American middle-class

Recommendations for the 2026 USMCA Review

The upcoming review of USMCA in 2026 provides a natural opportunity to institutionalize the NAICC. To prepare for this process, we recommend the following immediate steps:

1. **Establish a Trilateral Preparatory Committee** The three governments should establish a high-level committee to develop detailed proposals for the NAICC's structure, mandate, and operations. This committee should include representatives from trade, industry, and economic ministries, with support from technical experts in key sectors.
2. **Launch Stakeholder Consultation Processes** Each country should initiate comprehensive consultations with industry, labor, academia, and civil society to gather input on priorities for the NAICC. These consultations should be coordinated to ensure comparable input across all three countries.

3. **Develop Sectoral Pilot Projects** Rather than waiting for the formal establishment of the NAICC, the three governments should launch pilot projects in 1-2 priority sectors to demonstrate the potential benefits of coordinated approaches. These pilots could focus on issues like semiconductor packaging, critical minerals processing, or EV battery supply chains.
4. **Begin Mapping Exercises** Building on successful initiatives like FUMEC's semiconductor supply chain mapping in Mexico, the three countries should expand efforts to comprehensively map capabilities, vulnerabilities, and opportunities across all priority sectors identified in this paper. This would involve integrating existing work, such as FUMEC's semiconductor roadmap, the North American Semiconductor Conference's findings, and critical minerals mapping, into a unified continental framework. These expanded mapping exercises would identify specific value chain nodes where each country possesses comparative advantages, catalog existing infrastructure and workforce capabilities, and pinpoint strategic gaps where coordinated investments could yield the most significant returns. This preparatory work would provide the NAICC with an essential data foundation for evidence-based decision-making from day one of its operations.
5. **Draft Legal Framework** Legal experts from all three countries should begin developing the necessary amendments to USMCA to formally establish the NAICC, define its mandate, and ensure its sustainability beyond political transitions.
6. **Secure Initial Funding Commitments** The three governments should make preliminary commitments to fund the NAICC and its initiatives, establishing the principle of shared investment in continental industrial development. These commitments would be formalized during the USMCA review process.

A Vision for North American Industrial Leadership

North America is at a critical juncture as the global economy and international trade undergo fundamental restructuring. The choices made in the coming years will determine whether the continent emerges as a cohesive, competitive industrial powerhouse or faces gradual erosion of its manufacturing and technological leadership.

The North American Industrial Coordination Council represents a pragmatic evolution in continental economic relations that builds on the successful integration achieved under NAFTA and USMCA while addressing the limitations of these frameworks in an era of strategic competition and technological transformation.

The NAICC would build on the bipartisan success of the USMCA, which demonstrated that major economic initiatives can achieve broad support with thoughtful engagement across political lines. Despite a highly polarized political environment during the USMCA process, the final agreement received support from approximately 90% of both Republicans and Democrats in Congress. This achievement came through intensive stakeholder engagement and a shared recognition of the need to modernize North American economic relations.

Through a similar approach of inclusive dialogue and focus on concrete benefits for working families, the NAICC could develop into an institution with deep roots in the economic aspirations of all three countries.

By establishing the NAICC through the 2026 USMCA review, the United States, Mexico, and Canada can create a foundation for shared prosperity in the 21st century. The three countries can leverage their complementary strengths through coordinated yet flexible approaches to industrial development while addressing everyday challenges.

The vision presented in this paper is ambitious but intentionally open-ended. While the framework offers one possible pathway, its core purpose is to initiate a sustained dialogue on how North America can move beyond trade facilitation toward strategic industrial cooperation. With thoughtful design, political commitment, and inclusive engagement, the NAICC can become the institutional bridge that ensures our continent remains competitive, resilient, and prosperous in the decades to come.

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