



**U.S.-MEXICO  
FOUNDATION**

---

**ADVANCING LABOR MOBILITY  
BETWEEN MEXICO AND THE  
UNITED STATES: A TIME OF  
OPPORTUNITY**

DECEMBER 2021

---

**PREPARED BY**  
GERÓNIMO GUTIÉRREZ &  
DIEGO MARROQUÍN

# INDEX

1. Presentation .....	3
2. Executive Summary .....	5
3. Introductory Context .....	7
4. The Case for Advancing Labor Mobility .....	12
5. Proposals .....	20



"We are committed to addressing the root causes of migration and investing in the region prioritizing cooperation for development to create economic opportunity for all. We are looking to promote regular migration pathways through labor mobility programs, especially in the agricultural sector, including the intent to develop a dialogue to share expansion plans, best practices, and lessons learned temporary worker visa programs"

- North American Leaders Summit Statement, November 2021.

# PRESENTATION

**The U.S.–Mexico Foundation (USMF)** is a bi-national non-profit organization dedicated to fostering cooperation and understanding between the United States and Mexico. For the last few years, the USMF has centered its work on promoting a permanent and constructive dialogue among relevant stakeholders on topics of bi-national interest such as trade, supply chain resiliency, ally-shoring, workforce development, building bilateral institutions, and immigration. In this regard, the USMF has been involved in different research projects that further our mission and are relevant to the present context of the bilateral relationship and its future.

Few issues are as crucial to the bilateral relationship as immigration. Here lie some of the most salient challenges but also some of the richest opportunities for the bilateral relationship. Indeed, for several decades now, managing immigration has been a significant concern for policymakers, academics, and civil society on both sides of the border. Moreover, the opinion of the United States concerning Mexico and vice versa, and general perceptions of the bilateral relationship itself, are very much influenced by what happens on migration and how governments respond to it. This is why, as in other areas of the bilateral relationship, the USMF intends to promote informed dialogue between Mexico and the United States.

The USMF sees legal, regular, and orderly immigration as a driver of innovation and a tool to increase the competitiveness of countries and the well-being of their populations. Accordingly, the USMF has set out to inform debate and generate research on the topic throughout this year.

Recognizing that people move from Mexico to the United States and vice versa, the USMF has produced and published two reports bearing the same title: “[More Openness and Fewer Barriers](#)” in January and July of 2021. These reports intend to educate Mexican stakeholders about the benefits that migration brings to a country. Similarly, in April of this year, the USMF produced a [survey](#) on “Entrepreneurial Migration to Mexico.” These reports are relevant given that Mexico has quickly transformed from being mainly a country of origin and transit to one that is also a destination for an increasing number of people. As reported by the National Institute for Statistics, Geography and Informatics (INEGI), Mexico’s foreign-born population is relatively small at one million –75% of them were born in the United States. <sup>1</sup>

---

<sup>1</sup> INEGI. “Encuesta Nacional de la Dinámica Demográfica (ENADID) 2018. Diseño conceptual,” 2018.

During the past years, attention from both governments has focused on the regional dimension of immigration –on addressing the high numbers of migrants, mainly from Central America's Northern Triangle countries, but also from other nations, who traverse Mexico to reach the US' southern border. This focus is not only understandable, but necessary. Accordingly, as part of their ongoing dialogue and engagement, the López Obrador and Biden administrations have discussed ways to address multinational migration and its root causes. To this effect, during the 2021 North American Leaders Summit (NALS), Mexico, Canada, and the United States committed to investing in the region, prioritizing cooperation for development to create economic opportunities. However, the dimension of the multinational migration phenomenon should not preclude governments and stakeholders to work on US-Mexico immigration, especially considering that currently, different factors provide a time of opportunity to update the bilateral immigration framework. As set forth in the NALS statement, regular migration pathways should be promoted through labor mobility programs.

As part of the overall objective of fostering binational dialogue on immigration, the USMF has produced the report: “Advancing Labor Mobility Between Mexico and the United States: A time of Opportunity,” centering on labor mobility from Mexico to the United States and providing a series of policy recommendations for both governments to consider.

Enrique Perret  
Executive Director  
U.S. – Mexico Foundation

December 2021

# EXECUTIVE SUMMARY

Mexico and the United States have strived to regulate and facilitate bilateral labor mobility but have faced a series of regulatory and political hurdles. As a result, a complex and ever-changing irregular labor market has existed between Mexico and the United States. Moreover, during the past years, attention from both governments has focused on the regional dimension of immigration.

Over the last 20 years, there have been intermittent discussions and proposals to create a US-Mexico guest worker program. The context of such discussions remains difficult. Nevertheless, careful consideration of the present conditions of the bilateral relationship suggests a unique opportunity to advance US-Mexico labor mobility:

- 1. Geography continues to deepen economic, social, and family ties that bind both countries together.**
- 2. The US population is rapidly aging while in Mexico the number of people most likely to look for work will continue to grow for the next 25 years.**
- 3. Over the past two years, US concerns about a worker shortage have increased with the United States, Mexico, and Canada Agreement (USMCA), workforce development ranks high on the regional competitiveness agenda.**
- 4. Mexico is providing an unprecedented level of cooperation on regional migration issues that can be leveraged in bilateral negotiations.**

Increased unauthorized migration has resulted in a correspondingly increased enforcement effort. Without sufficient legal avenues for labor mobility this effort has, in the view of many analysts, broken the circular pattern of migration that previously existed between Mexico and the United States, especially for people living close to the border

When plans for a US-Mexico guest-worker program are discussed, one key factor stands out. As of 2020, Mexico accounted for 62% of the primary categories of non-immigrant working visas issued by the US State Department. Future proposals should probably focus on improving the existing framework rather than creating a “stand-alone” program with a new visa category.

First of all, Mexico should make clear its objective to work with the United States in better regulating labor mobility between the countries through temporary work visas for Mexican nationals and urge the United States to establish and institutionalize a dialogue to set objectives

and parameters through a Memorandum of Understanding (MOU). Since 1984, Canada and Mexico have benefited from such an arrangement through the Mexican Seasonal Agricultural Work Program (SWAP). An MOU could integrate a permanent interagency work group with authorities from both governments to improve labor mobility, with a focus on the main existing non-immigrant work visa categories (H-1B, H-2A, H-2B, and TN visas).

Temporary worker visas are demand driven. The process starts with the US private sector advertising and making petitions for foreign workers. However, labor mobility and the efficiency of US non-immigrant visa programs can be improved by better matching private sector labor demand with available and willing workers in Mexico. Both countries should consider establishing a bilateral information system to publicize temporary worker options and to facilitate matching the demand and supply of temporary workers. Finally, consideration should be given to alternatives to incentivize circularity by encouraging voluntary saving by Mexican workers through the National System for Retirement (SAR for its acronym in Spanish).

With USCMA well into its second year, a series of measures focused on facilitating bilateral labor mobility could help both countries capitalize from their unique geographical connection, complementary demographics, and current labor market dynamics. In Mexico and the United States, both today's labor gaps and the jobs of the future require stakeholders on both sides of the Río Bravo (Grande) to come together to eliminate barriers to labor mobility. These measures, alongside the establishment of an institutionalized dialogue around the bilateral immigration framework, represent a unique opportunity to secure regional growth, competitiveness, and prosperity in North America.

# INTRODUCTORY CONTEXT

For a century, the governments of Mexico and the United States have strived to successfully regulate and facilitate bilateral labor mobility. Early attempts date back to the Mexican Revolution (1910). However, the first institutionalized effort materialized in response to the US need for labor and raw materials during the First and Second World Wars. The rapid expansion of the US economy after the Great Depression, resulted in the creation of the temporary worker Bracero Program (1942 to 1964). As a direct result of these efforts, over five million Mexican nationals worked in the United States under short-term contracts, most in the agricultural sector.

As explained by the Center for Global Development’s report “Shared Border, Shared Future: A Blueprint to Regulate U.S.-Mexico Labor Mobility,” economic, social, and demographic shocks between the 70s and the 90s stimulated a significant movement of Mexicans into the United States for work purposes.<sup>2</sup> This movement occurred without regulation or with insufficient legal alternatives to do so. Large numbers of Mexicans were simply looking for a job, and these workers responded to demand for labor in different sectors of the US economy. During this period, several efforts to reinstate some form of labor mobility regulation were initiated but failed, primarily because of political opposition on either side of the border.

As a result, for decades now, a complex and ever-changing irregular labor market has existed between Mexico and the United States. The number of US Border patrol apprehensions of Mexican nationals on the southern US border, frequently used as a proxy for overall unauthorized immigration and the size of the irregular US labor market, rose dramatically from about 220 thousand in 1970, to over 1.5 million in 1986, just as Congress passed the landmark Immigration and Reform Control Act.

Increased unauthorized migration resulted in a correspondingly increased enforcement effort. From the 1993 “Hold the Line Operation,” to building a border wall in 2017, the US government has taken different enforcement actions to achieve operational control of its southern border. More strict enforcement without sufficient legal avenues for labor mobility has, in the view of many analysts, broken the circular pattern of migration that previously existed between Mexico and the United States, especially for people living close to the border.

---

<sup>2</sup>. Center for Global Development. “Shared Border, Shared Future: A Blueprint to Regulate US-Mexico Labor Mobility.” Accessed November 8, 2021. <https://cgdev.org/publication/sharedfuture>.

With the implementation of the North American Free Trade Agreement (NAFTA) in 1994, both governments expected that irregular migration from Mexico into the United States would slow down. While this issue is still up for debate, the fact remains that yearly apprehensions of Mexican nationals decreased from a peak of around 1.6 million in 2000 to a little over 200 thousand in 2020.<sup>3</sup>

One criticism of NAFTA was that, after fully liberalizing the flow of goods, services, and capital between Canada, Mexico, and the United States, it failed to create a comprehensive scheme to regulate labor mobility. In that sense, NAFTA stands in contrast with the experience of the European Union, which created almost full labor mobility between its members. With those two factors as background, in 2000, Presidents Vicente Fox and George W. Bush undertook the last major attempt to regulate labor mobility from Mexico into the United States.<sup>4</sup> However, the terrorist attacks of 9/11 completely changed the bilateral agenda and US foreign and domestic policy priorities, making it impossible to achieve significant results.

Even if it failed to increase labor mobility, the US-Mexico rapprochement under the Bush and Fox administrations pointed in the right direction. It recognized the need to regulate labor mobility between the two countries given growing economic ties, significant income disparities between both nations, and the pull and push factors created by demographics, sluggish economic growth in Mexico, and labor demand in the United States.

Over the last 20 years, there have been intermittent discussions and proposals to create a US-Mexico guest worker program. However, the context of such discussions remains difficult for at least four key reasons:

- **The regional dimension of immigration has taken precedence.** Since 2014, and throughout two different administrations in Mexico (Peña Nieto and López Obrador) and three in the United States (Obama, Trump, and Biden), dialogue and cooperation on immigration have centered on dealing with a very high number of nationals from Central America's Northern Triangle (Guatemala, Honduras, and El Salvador). In addition, migration patterns have changed, with an increasing number of people seeking asylum

---

<sup>3</sup>. Quoted figures come from data from the Department of Homeland Security.

<sup>4</sup>. Leiken, Robert S. "Border Colleagues: On Migration, Bush and Fox Belong on the Same Side." *Brookings* (blog), November 30, 1AD. <https://www.brookings.edu/opinions/border-colleagues-on-migration-bush-and-fox-belong-on-the-same-side/>.



and whole families and unaccompanied minors reaching the border instead of individual males.<sup>5</sup>

- **It is hard to decouple a guest worker program from comprehensive immigration reform.** For a long time, debates around comprehensive immigration reform in the United States have comprised three elements: strengthening enforcement and border security, creating a pathway to regularize the status of an estimated 11 million unauthorized immigrants living in the United States, and developing improved schemes for temporary workers.<sup>6</sup> Unfortunately, for political reasons, these elements are often seen as inseparable, making it hard to advance a guest worker program without the other ingredients in place.
- **After the 2000 Bush-Fox attempt, Mexico has been cautious to engage their US counterparts with a bilateral labor mobility proposal.** If creating a new temporary guest worker program remains a daunting challenge, it is even more so when doing it for a particular country. As explained above, the talks during the Fox administration to achieve the “whole enchilada” —the analogy used to describe Mexico’s proposal at that time— were unsuccessful. Consequently, successive Mexican administrations have been reluctant to develop a new comprehensive proposal as part of the bilateral agenda. Instead, Mexican efforts have concentrated on consular protection measures and public diplomacy campaigns to highlight the contributions of Mexican migrants to the US economy and society.

---

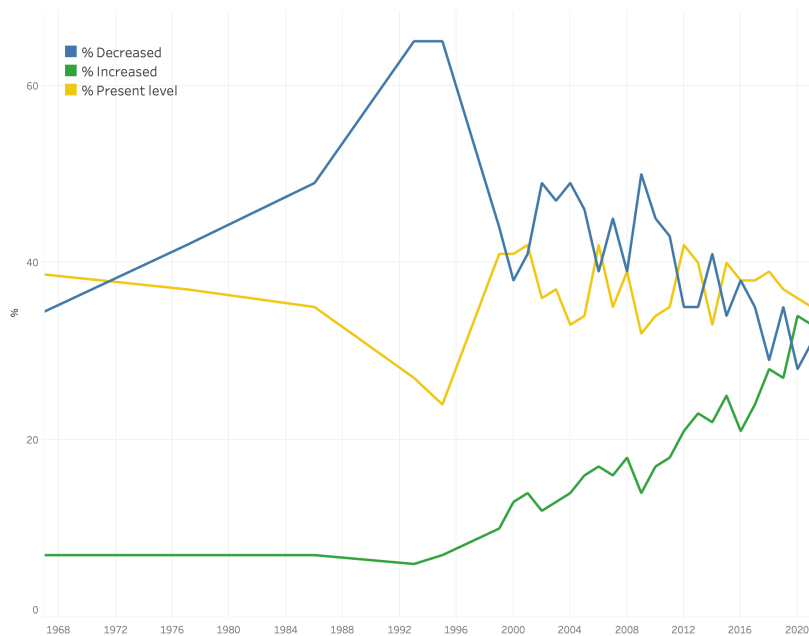
<sup>5</sup> For further reference see for example: CNN, Priscilla Alvarez. “Kamala Harris Came in to Solve Issues in Central America. But the Problem Is Now Much Bigger.” CNN. Accessed November 8, 2021. <https://www.cnn.com/2021/10/15/politics/kamala-harris-border-migration/index.html>; Batalova, Jeanne Batalova Erin Babich and Jeanne. “Central American Immigrants in the United States.” migrationpolicy.org, August 6, 2021. <https://www.migrationpolicy.org/article/central-american-immigrants-united-states>; Bolter, Andrew Selee, Ariel G. Ruiz Soto, Andrea Tanco, Luis Argueta, Jessica. “Laying the Foundation for Regional Cooperation: Migration Policy & Institutional Capacity in Mexico and Central America.” migrationpolicy.org, April 13, 2021. <https://www.migrationpolicy.org/research/regional-cooperation-migration-capacity-mexico-central-america>; Hipsman, Muzaffar Chishti, Faye Hipsman Muzaffar Chishti and Faye. “Increased Central American Migration to the United States May Prove an Enduring Phenomenon.” migrationpolicy.org, February 17, 2016. <https://www.migrationpolicy.org/article/increased-central-american-migration-united-states-may-prove-enduring-phenomenon>; Selee, Andrew. “Opinion | On Migration, Will the Americas Succeed Where Europe Could Not?” *The New York Times*, October 27, 2021, sec. Opinion. <https://www.nytimes.com/2021/10/27/opinion/americas-immigration-migration.html>;

<sup>6</sup> Budiman, Abby. “Key Findings about U.S. Immigrants.” *Pew Research Center* (blog). Accessed November 8, 2021. <https://www.pewresearch.org/fact-tank/2020/08/20/key-findings-about-u-s-immigrants/>.

- Political polarization in the United States hinders solution-oriented debates.** By different measures, political polarization in the United States has reached very high levels, with immigration serving as a wedge issue. For example, a 2021 national Gallup poll suggested that 75% of US adults consider immigration a good thing relative to 21% that think it is bad. The same poll showed that 68% of US adults think immigration should be kept at present levels or increased –against 31% that believe otherwise–. However, two-thirds worry about illegal immigration.<sup>7</sup> Additionally, views on specific immigration reforms have become more clearly aligned with partisan divisions, making it harder to reach an agreement on either immigration reform or guest worker programs.<sup>8</sup> Figure 1. shows the change over time in the response of the US population to the question: “In your view, should immigration be kept at its present level, increased or decreased?”

**Figure 1. Attitude of the US population towards Immigration Levels (%)**

In your view, should immigration be kept at its present level, increased or decreased?



Source: Gallup Inc (2021)

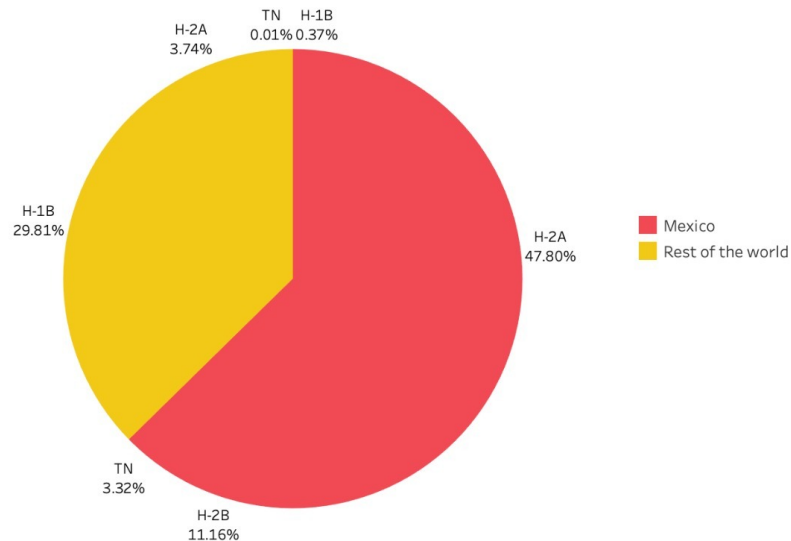
<sup>7</sup>.Gallup Inc. “Immigration.” Gallup.com, July 10, 2007. <https://news.gallup.com/poll/1660/Immigration.aspx>.

<sup>8</sup> . National Immigration Forum. “Polling Update: American Attitudes on Immigration Steady, but Showing More Partisan Divides.” Accessed November 8, 2021. <https://immigrationforum.org/article/american-attitudes-on-immigration-steady-but-showing-more-partisan-divides/>.

When plans for a US-Mexico guest-worker program are discussed, one key factor stands out. As of 2020, Mexico accounted for 62% of the primary categories of non-immigrant working visas issued by the US State Department (H-1B, H-2A, H-2B, and TN visas).<sup>9</sup> In view of this fact, any future proposal for a bilateral guest worker program should start with the question of whether a solution should take the form of a “stand-alone” program with a new visa category, or to rely on the available set of work visas –of which a significant portion already is assigned to Mexico. Figure 2. show’s Mexico’s share of non-immigrant work visas in 2020.

**Figure 2. Number of authorized non-immigrant working visas in the United States, 2020**

Number of H-1B, H-2A, H-2B, and TN visas issued by the US Department of State



Source: US Department of State, 2020

Bilateral negotiations during 2001 and 2002 to establish an “immigration agreement,” and subsequent proposals, such as the one put forward by the Center for Global Development’s Working Group in 2016, favored “stand-alone” programs. Nevertheless, experience has proven that this is a very complex approach, especially considering the four challenges mentioned above. Given that Mexico already holds a significant portion of non-immigrant working visas, this report centers on how it can take further advantage of the existing framework, considering the particularities of the Mexican case and the present context of the bilateral relationship.

<sup>9</sup> In general, H-1B (specialty occupations), H2-A (temporary agricultural workers), and H2-B (temporary non-agricultural temporary workers) are considered guest worker programs. TN visas, sometimes referred to as NAFTA visas for professional workers, are restricted to Mexican and Canadian nationals. Yet, they are included in this calculation since they resemble the criteria used for H-1B visas, of which Mexico obtains a minimal number. TN visas, however, do not allow the holder to apply for permanent residence.

## THE CASE FOR LABOR MOBILITY

As noted above, guest workers have been part of the US labor force for over a hundred years. In 2020, the foreign-born population accounted for 17% of the civilian US labor force.<sup>10</sup> Foreign-born workers were more likely to be employed in service occupations, natural resources, construction and maintenance, production, transportation, and material moving occupations. Foreign-born workers were also less likely than native-born workers to be employed in management, professional, sales, and office occupations.<sup>11</sup>

Many studies discuss both the advantages and disadvantages of guest-workers in the United States. On the one hand, they talk about foreign workers satisfying the demand for certain types of labor. On the other, they highlight the potential adverse effects of guest workers on wages and domestic workers' job opportunities. Unfortunately, given the lack of consensus on the topic and current US political conditions, achieving significant changes in the bilateral immigration framework continues to be an uphill battle. Nevertheless, careful consideration of the present context of the bilateral relationship suggests a unique opportunity to advance US-Mexico labor mobility.

**Geography plays an increasingly prominent role in US-Mexico immigration dynamics.** Geography alone cannot determine destiny, but it does have a significant effect on it. The fact that Mexico shares a 1,954-mile border with the United States has always shaped these countries immigration agendas, especially given that the US-Mexico border is the world's busiest with nearly 529,000 individuals entering the United States each day in 2019.<sup>12</sup> However, often overlooked is the fact that this condition continues to deepen economic, social, and family ties that bind both countries together.

---

<sup>10</sup> 17.0 Percent of U.S. Labor Force in 2020 Was Foreign Born, down from 17.4 Percent in 2019 : The Economics Daily: U.S. Bureau of Labor Statistics." Accessed November 30, 2021. <https://www.bls.gov/opub/ted/2021/17-0-percent-of-u-s-labor-force-in-2020-was-foreign-born-down-from-17-4-percent-in-2019.htm>.

<sup>11</sup> "Labor Force Characteristics of Foreign-Born Workers Summary." Accessed November 8, 2021. <https://www.bls.gov/news.release/forbrn.nr0.htm/labor-force-characteristics-of-foreign-born-workers-summary>.

<sup>12</sup> Budiman, Abby. "Key Findings about U.S. Immigrants." *Pew Research Center* (blog). Accessed November 8, 2021. <https://www.pewresearch.org/fact-tank/2020/08/20/key-findings-about-u-s-immigrants/>.

Unlike other countries in the region with similar macroeconomic indicators, political regimes, and regulatory environments, Mexico partakes in a unique dynamic with the United States through its shared border. The US State Department estimates that the border region represents a combined population of approximately 15 million people,<sup>13</sup> and a combined GDP (of all nine US and Mexican border states) equivalent to the output of the world's third or fourth largest economy.<sup>14</sup> In 2016 Mexico remained the top origin country of the US immigrant population (over 11 million Mexican-born US residents).<sup>15</sup>

**The US and Mexico have complementary demographics, but not forever.** Demographics in Mexico and the US are complementary and favor increased labor mobility. On one hand, the 328-million strong US population is rapidly aging. The US Census Bureau estimates that, by 2034, adults aged 65 and up will outnumber children under 18 for the first time in the country's history.<sup>16</sup> Similarly, the Urban Institute forecasts that, by 2040,<sup>17</sup> 20% of the US population (80 million people) will be age 65 or older, up from about 12% in 2000, and that the number of people aged 85 and up, the age group associated with the highest medical expenses, will almost quadruple, increasing pressure on an already constrained social insurance system.

The “graying” of the US population also means that there will be fewer workers to pay taxes and support US social insurance programs. The US Social Security Administration projects that, by 2040, there will be 2.1 workers per Social Security beneficiary, down from 3.7 in 1970 and 5.1 in 1960.<sup>18</sup> Reznik et al. (2006) has estimated that, for social security tax revenue to equal payments, that is, to operate as a pay-as-you-go system, the US Social Security System needs at

---

<sup>13</sup> United States Department of State. “U.S. Relations With Mexico.” *United States Department of State* (blog). Accessed November 8, 2021. <https://www.state.gov/u-s-relations-with-mexico/>.

<sup>14</sup> US-Mexico Foundation, Center for Binational Institutions. “Opinion | Sub-State Diplomacy & Institutions in US-Mexico Relations.” *Mexico Today Is Your Top Source for News about Mexico* (blog), September 29, 2021. <https://mexicotoday.com/2021/09/29/opinion-sub-state-diplomacy-institutions-in-us-mexico-relations/>.

<sup>15</sup> Budiman, Abby. “Key Findings about U.S. Immigrants.” *Pew Research Center* (blog). Accessed November 8, 2021. <https://www.pewresearch.org/fact-tank/2020/08/20/key-findings-about-u-s-immigrants/>.

<sup>16</sup> Bureau, US Census. “The U.S. Joins Other Countries with Large Aging Populations.” *Census.gov*. Accessed November 9, 2021. <https://www.census.gov/library/stories/2018/03/graying-america.html>.

<sup>17</sup> Urban Institute. “The US Population Is Aging,” December 16, 2014. <https://www.urban.org/policy-centers/cross-center-initiatives/program-retirement-policy/projects/data-warehouse/what-future-holds/us-population-aging>.

<sup>18</sup> Reznik, Gayle, Dave Shoffner, and Dave Weaver. “Coping with the Demographic Challenge: Fewer Children and Living Longer.” *Social Security Administration Research, Statistics, and Policy Analysis*. Accessed November 9, 2021. <https://www.ssa.gov/policy/docs/ssb/v66n4/v66n4p37.html>.

least a 2.8 worker to beneficiary ratio. Their projections also suggest that, due to demographic changes, the US Social Security Trust Fund will be exhausted by 2040. Without immigration, aging and its associated effects would require a painful rethinking of US government spending priorities.

Conversely, within Mexico's 126-million strong population, the number of people aged 25 to 49 (those most likely to look for work in Mexico and abroad) will continue to grow for the next 25 years.<sup>19</sup> In the last ten years, Mexico's population has increased 12.2% with a current average age of 29 years, almost ten years younger than the latest average in the United States, where the size of the 25-49 age bracket hit its maximum a quarter of a century ago.<sup>20</sup>

**US demand for immigrant workers is becoming more acute.** Over the past two years, US concerns about the so-called labor mismatch have increased. The United States currently has a record 10 million job openings, with 8.4 million workers unemployed.<sup>21</sup> Before COVID-19, the US economy had expanded for 126 consecutive months, the longest growth spell on record. The unemployment rate stood at 3.5%, the lowest level since 1969.<sup>22</sup> However, in less than two years of pandemic recession, the unemployed population increased by 2.6 million. At the same time, the number of unfilled jobs remained stubbornly high. In 2021 total vacancies reached their highest levels in 20 years and, despite robust wage growth, at least 1.7 million workers retired

---

<sup>19</sup> Consejo Nacional de Población. "La Situación Demográfica de México 2015." Accessed November 9, 2021. [http://www.conapo.gob.mx/work/models/CONAPO/Situacion\\_Demografica\\_De\\_Mexico/2015/HTML/files/assets/basic-html/page-1.html#](http://www.conapo.gob.mx/work/models/CONAPO/Situacion_Demografica_De_Mexico/2015/HTML/files/assets/basic-html/page-1.html#).

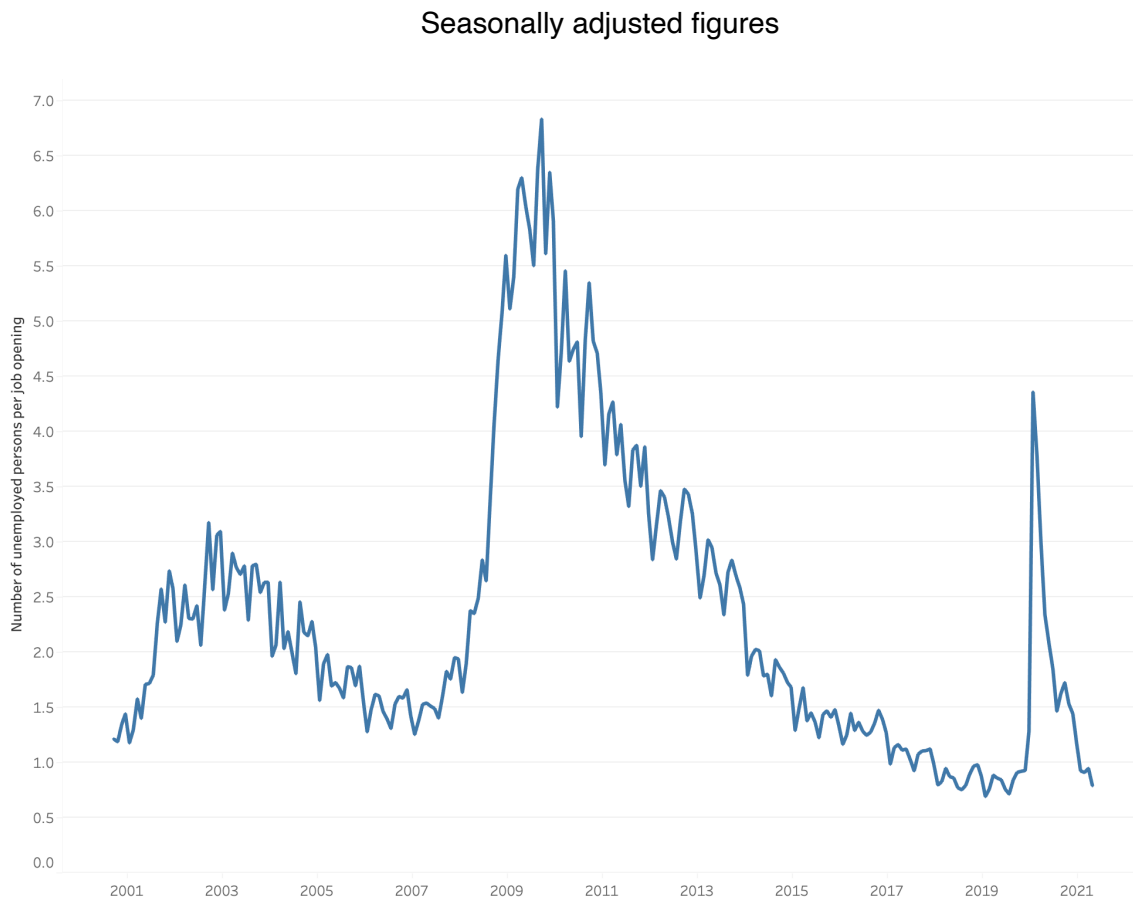
<sup>20</sup> Consejo Nacional de Población. "La Situación Demográfica de México 2015." Accessed November 9, 2021. [http://www.conapo.gob.mx/work/models/CONAPO/Situacion\\_Demografica\\_De\\_Mexico/2015/HTML/files/assets/basic-html/page-1.html#](http://www.conapo.gob.mx/work/models/CONAPO/Situacion_Demografica_De_Mexico/2015/HTML/files/assets/basic-html/page-1.html#).

<sup>21</sup> Long, Header, Alyssa Fowers, and Andrew Van Dam. "Why America Has 8.4 Million Unemployed When There Are 10 Million Job Openings." *Washington Post*. Accessed November 9, 2021. <https://www.washingtonpost.com/business/2021/09/04/ten-million-job-openings-labor-shortage/>.

<sup>22</sup> M, Edwards, Roxanna; Smith, Sean. "Job Market Remains Tight in 2019, as the Unemployment Rate Falls to Its Lowest Level since 1969 : Monthly Labor Review: U.S. Bureau of Labor Statistics." Accessed November 9, 2021. <https://www.bls.gov/opub/mlr/2020/article/job-market-remains-tight-in-2019-as-the-unemployment-rate-falls-to-its-lowest-level-since-1969.htm>.

early.<sup>23</sup> Figure 3. shows how the number of unemployed persons per US job opening decreased over the years.

**Figure 3. Number of unemployed persons per job opening in the United States, 2001-2021**



Source: US Bureau of Labor Statistics, 2021

A 2021 survey commissioned by the US Chamber of Commerce found that, compared to the average of the past two decades, there are half as many available workers in the United States for every open position. The same survey indicated that 91% of state and local chambers of

<sup>23</sup> Davis, Owen, Bridget Fisher, Teresa Ghilarducci, and Siavash Radpour. “The Pandemic Retirement Surge Increased Retirement Inequality - The New School SCEPA.” Accessed November 9, 2021. <https://www.economicpolicyresearch.org/jobs-report/the-pandemic-retirement-surge-increased-retirement-inequality>.

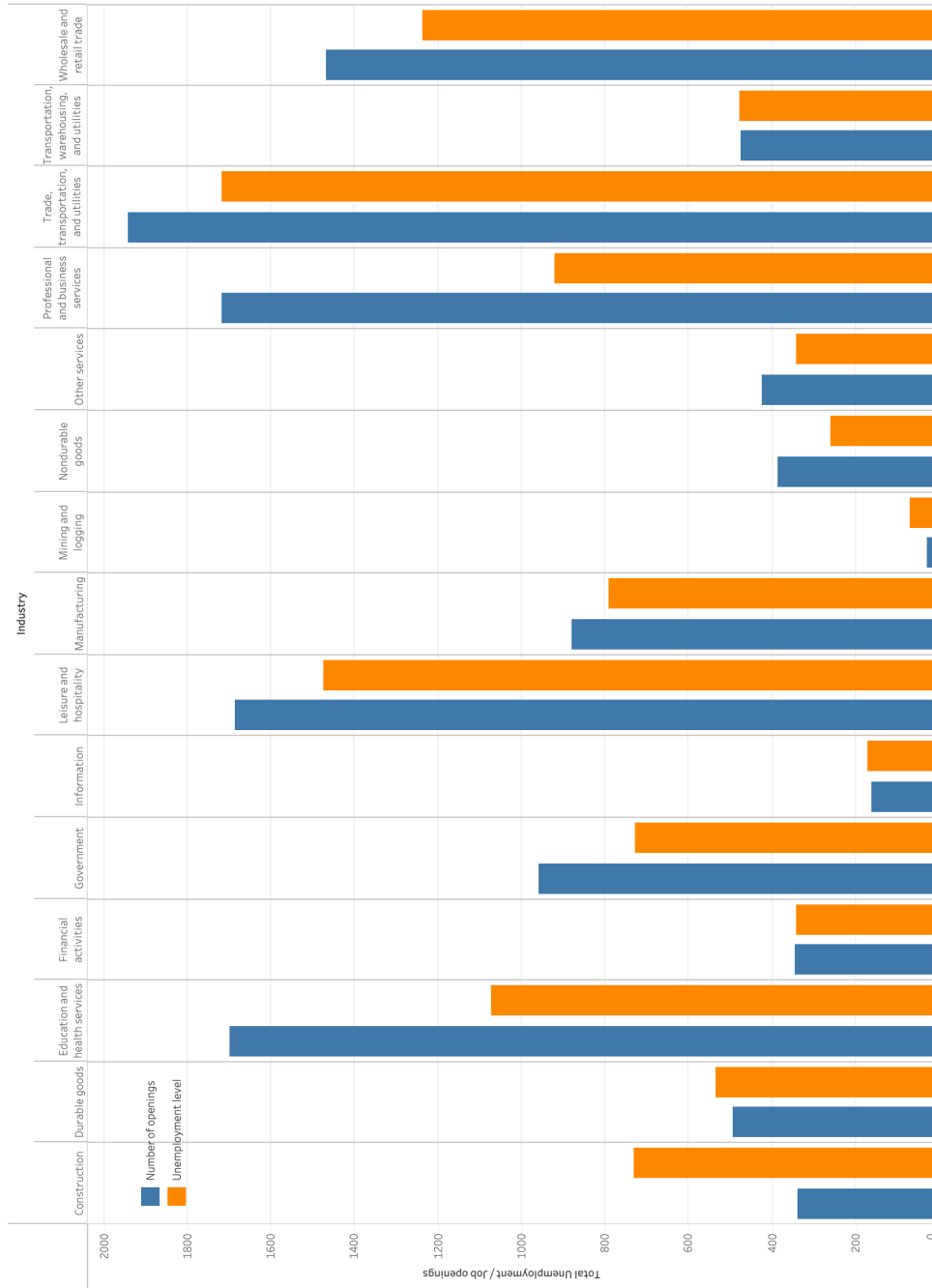
commerce reported that worker shortages were “holding back their economies.” COVID-19 has aggravated this trend.

The fundamental characteristic of the lack of workers in the United States is an imbalance between the industries that have the most openings and the number of unemployed people who worked in those industries before the pandemic. Data from the US Labor Department show that in 2021, sectors such as education, health, business, manufacturing, and professional services have more openings than job seekers (see figures). Adding to that, a 2021 survey by the Pew Research Center found that 66% of the unemployed have “seriously considered” changing their occupation or field of work, a much higher percentage than that experienced during the Great Depression of the 1930s. Many have already indicated they don’t want to return to their old jobs.



**Figure 4. A shortage of workers in the United States**

Total job openings and unemployment levels per US industry, thousands



Source: US Bureau of Labor Statistics / Current Population Survey (Household Survey), 2021

A similar picture is present in the agricultural sector, where immigrants represent roughly 73% of the US labor force. The American Farm Bureau Federation estimates show that US agriculture needs 1.5 to 2 million hired workers each year.<sup>24</sup> H-2A visas for agriculture have increased fivefold since 2005. Yet, they only supply about 10% of US farm labor.<sup>25</sup>

There is also a strong US demand for high-skill workers in the United States. According to a 2020 ManpowerGroup survey, in the last ten years, talent shortages in the US have more than tripled, with 69% of employers struggling to fill positions, up from just 14% in 2010.<sup>26</sup> Similarly, a 2021 Study by the New American Economy found that the United States does not have enough high-skilled workers to meet its demand for computer-related jobs. To help fill those gaps, domestic employers are seeking immigrant talent.<sup>27</sup> Furthermore, research by Dimmock et al. (2019), Gosh et al. (2014), and Kerr and Lincoln (2010) indicates that higher shares of H-1B visas for foreign non-agricultural workers are linked to increases in innovation (patents), venture capital funding, productivity, firm size, and profits for employers. In other words, highly skilled immigrant workers can help the US economy reemerge more quickly from the pandemic-induced economic downturn.

**With USMCA entering into full force, workforce development ranks high on the regional competitiveness agenda and goes hand in hand with labor mobility.** In June of 2020, after roughly three years of negotiations, USMCA was implemented, substituting for the North American Free Trade Agreement (NAFTA). In a particularly adverse context for international trade, USMCA attested to the resiliency of North American economic integration and, more importantly, created a platform from which the three countries could take advantage of the current restructuring of world supply chains.

---

<sup>24</sup> . The American Farm Bureau Federation. “Economic Impact of Immigration.” Accessed November 9, 2021. <https://www.fb.org/issues/immigration-reform/agriculture-labor-reform/economic-impact-of-immigration>; WD.us. “Immigrant Farmworkers and America’s Food Production - 5 Things to Know.” Accessed November 9, 2021. <https://www.fwd.us/news/immigrant-farmworkers-and-americas-food-production-5-things-to-know/>.

<sup>25</sup> Bier, David J. “H-2A Visas for Agriculture: The Complex Process for Farmers to Hire Agricultural Guest Workers.” Cato Institute, March 10, 2020. <https://www.cato.org/publications/immigration-research-policy-brief/h-2a-visas-agriculture-complex-process-farmers-hire>.

<sup>26</sup> ManpowerGroup. “U.S. Talent Shortages at Ten Year High: To Attract and Retain the Best Talent Employers Need to Understand What Workers Want.” Accessed November 9, 2021. <https://www.prnewswire.com/news-releases/us-talent-shortages-at-ten-year-high-to-attract-and-retain-the-best-talent-employers-need-to-understand-what-workers-want-301000757.html>.

<sup>27</sup> Envoy Global. “Covid-19’s Impact on the American Economy.” New American Economy Research Fund. Accessed November 9, 2021. <https://research.newamericaneconomy.org/report/covid-19-specialty-skills-impact-on-economy/>.

The vision for USMCA goes beyond how much the three countries trade and invest among themselves, and now extends to the ways they can become more efficient and stronger economically while jointly producing goods and services. As pointed out by a Mexico Institute report on workforce development, roughly 50% of internal trade in North America consists of intermediate goods, meaning that the three countries literally build things together.<sup>28</sup> However, the same report notes that “the skills gaps and mismatches across the three North American countries will increasingly harm economic and industrial performance.” By addressing these problems, increasing labor mobility between Mexico and the United States can make coordinated workforce development efforts much more effective to the benefit of both countries.

**Mexico has provided an unprecedented level of cooperation on regional migration issues that ought to be recognized in bilateral immigration agenda.** As discussed earlier, regional migration through Mexico and into the United States has attracted the bulk of attention of both governments since 2014, when the first surge of Central American nationals reached the US-Mexico border. Since then, authorities on both sides of the border have worked together in developing initiatives to address the root causes of migration.

Moreover, during the last three years of the López Obrador Administration, the Mexican government has taken unprecedented steps to prevent immigration to the United States. Among other measures, Mexico’s newly created National Guard has deployed over 27,000 of its members to aid Mexican immigration authorities on enforcement tasks throughout the country,<sup>29</sup> and Mexican authorities have pledged to strengthen their asylum capacity, admitting thousands of migrants to Mexico while their asylum claims are processed in the United States. Higher levels of cooperation on border enforcement should provide Mexican officials more influence in bilateral discussions.

---

<sup>28</sup> Mexico Institute. “North America 2.0: A Workforce Development Agenda | Wilson Center.” Accessed November 9, 2021. <https://www.wilsoncenter.org/publication/north-america-20-workforce-development-agenda>.

<sup>29</sup> Mexico Today. “Mexico’s Border Troop Surge Reaches Record High.” *Mexico Today Is Your Top Source for News about Mexico* (blog), July 6, 2021. <https://mexicotoday.com/2021/07/06/mexicos-border-troop-surge-reaches-record-high/>.

# PROPOSALS

This report's previous sections have made the case that the United States and Mexico would benefit from a more comprehensive framework for regulating labor mobility and, despite evident difficulties, certain conditions present in the bilateral relationship suggest that the time is right to engage stakeholders in updating the current bilateral immigration framework. Additionally, we argue as well that Mexico is a natural candidate and has specific qualities that make its guest workers more attractive vis-à-vis those of other nations. In particular, over the years and given current labor shortages in the United States, a Mexican guest worker program has been naturally growing. The following paragraphs discuss several proposals that, in our view, deserve thoughtful consideration and that would certainly be enriched by further debate.

**(1) Mexico should make clear its objective to work with the United States in better regulating labor mobility between the countries through temporary work visas for Mexican nationals.** In September 2021, President López Obrador sent a letter to President Biden ahead of the High-Level Economic Dialogue (HLED) urging immediate action on development in the Northern Triangle countries through social programs conducted by the Mexican Government and in the Mexican State of Chiapas.<sup>30</sup> The letter also suggested that participants in those programs could be offered, in the medium-term, temporary working visas in the United States. However, the letter did not specify whether if Mexico considers that its nationals should also receive such visas.

During the 2021 NALS, the governments of Canada, Mexico, and the United States, committed to creating pathways to labor mobility through the promotion of seasonal worker visas, increasing industry education about the programs and their regulations, and expanding centralized migration resource centers in Central America. If the Mexican government seeks to improve labor mobility, it should build a clear, albeit careful, narrative and make it part of bilateral discussions. This narrative should center on improving the existing framework for providing temporary visas for Mexican workers.

**(2) Mexico and the United States should establish and institutionalize a dialogue and set objectives and parameters through a Memorandum of Understanding.** It is the sovereign right of any country to establish and enforce its own immigration system. Mexican authorities should observe this principle as part of any attempt to improve the regulation of labor mobility

---

<sup>30</sup> Presidencia de la República. "Carta del presidente López Obrador al presidente de Estados Unidos, Joseph Biden." gob.mx. Accessed November 9, 2021. <http://www.gob.mx/presidencia/documentos/carta-del-presidente-lopez-obrador-al-presidente-de-estados-unidos-joseph-biden?tab=>.

with the United States. However, the fact that a considerable number of Mexican nationals work legally and temporarily in the United States, and that both countries could benefit from an improved immigration architecture, call for the establishment of an institutionalized dialogue precisely to improve this framework.

Since 1994, Canada and Mexico have benefited from such an arrangement through the Mexican Seasonal Agricultural Work Program (SWAP). Within Canada's existing legal framework, this model allows authorities from both countries, in coordination with producers from the private sector, to match supply and demand for workers and address operational and labor right issues in a systematic manner. The SWAP program began in 1974 with 203 Mexican nationals and reached 26,399 of such workers in 2019.<sup>31</sup> SWAP operates in nine Canadian Provinces: Alberta, British Columbia, Prince Edward Island, Manitoba, New Brunswick, Nova Scotia, Ontario, Quebec and Saskatchewan. The Mexican Labor Ministry is responsible for operating the program in Mexico in cooperation with the Ministry of Labor Affairs and its consular network in Canada. In the present context, a Memorandum of Understanding could integrate a permanent interagency work group with authorities from both governments to improve labor mobility, with a focus on the main existing non-immigrant work visa categories (H-1B, H-2A, H-2B, and TN visas).

**(3) Leverage the North America dimension by expanding the use of TN visas and improving their operation.** USMCA grants Mexican nationals' temporary entry into the US to engage in business activity at professional level in different categories of occupations. The use of TN visas by Mexican nationals has grown consistently over the years to reach a level of over 20 thousand in 2019 and provide a relatively simple avenue that regulates US-Mexico labor mobility. Expanding and improving the use of TN visas could be particularly helpful in sectors of the US economy that exhibit high demand for skilled workers such as health and medical sciences, computer science, and engineering in general.

TN visas are regulated by Chapter 16 of the USMCA (Temporary Entry for Businesspersons) and its corresponding Annex 16A and Appendix 2. Modifications of those regulations, including for example categories of professionals which can apply for the TN visa, would require a renegotiation of the agreement.<sup>32</sup>

Nevertheless, important aspects of the TN program are left for governments to design and implement. In particular, Chapter 16 creates a working group that should meet once a year and that is specifically responsible for developing measures to further facilitate temporary entry of

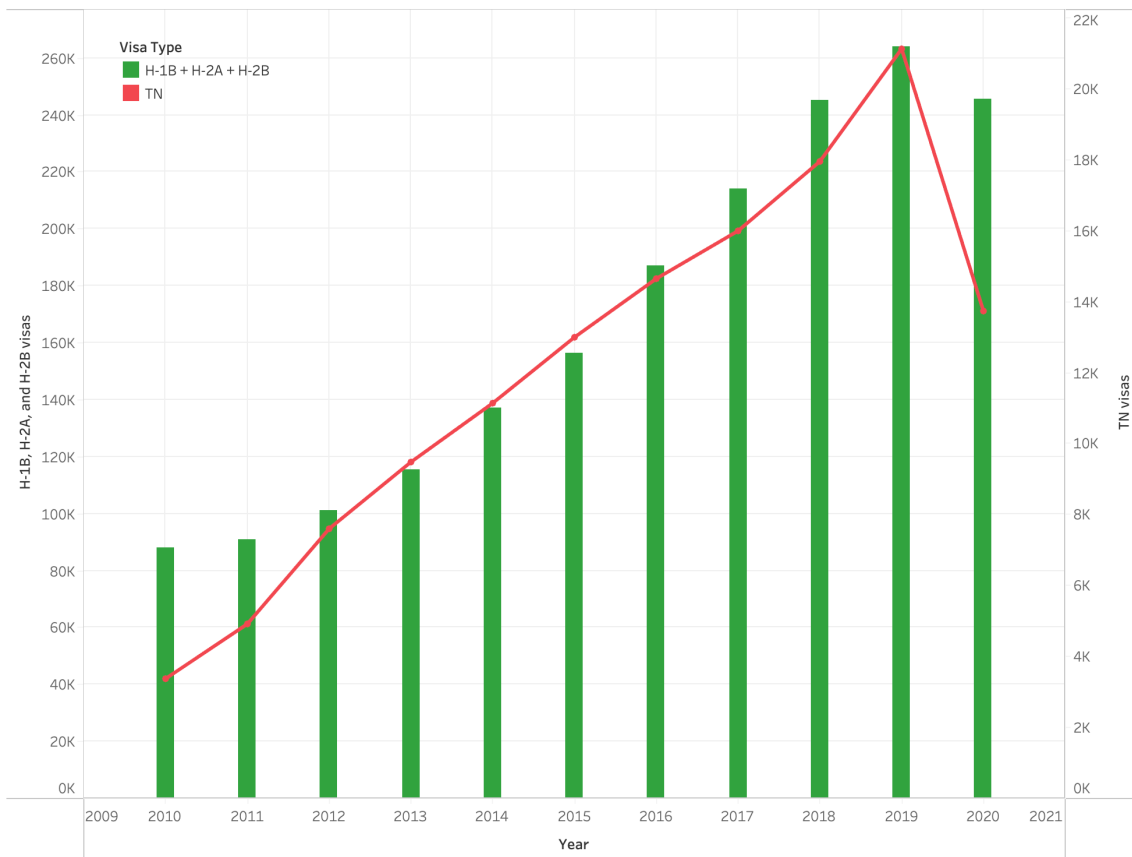
---

<sup>31</sup> Secretaría de Relaciones Exteriores. "El Programa de Trabajadores Agrícolas Temporales México - Canadá (PTAT)." gob.mx. Accessed November 9, 2021. <http://www.gob.mx/sre/acciones-y-programas/el-programa-de-trabajadores-agricolas-temporales-mexico-canada-ptat>.

<sup>32</sup> However, the agreement includes specific provisions for its review on the sixth anniversary of its entry into force (2026).

businesspersons on a reciprocal basis, and to promote the use of technologies related to processing of applications. Two important steps that could allow the expansion and facilitate de use of TN visas by Mexican nationals are exploring Chapter 16’s alternative minimum education requirements, in addition to the baccalaureate or *licenciatura*, especially for technical professions, and, on a reciprocal basis, extending the duration of the visa and its yearly renewal requirement. Figure 5. Shows the distribution of working visas for Mexican nationals through the years and highlights TN visas growth potential vis-à-vis other working visas with caps (H-1B and H-2B).

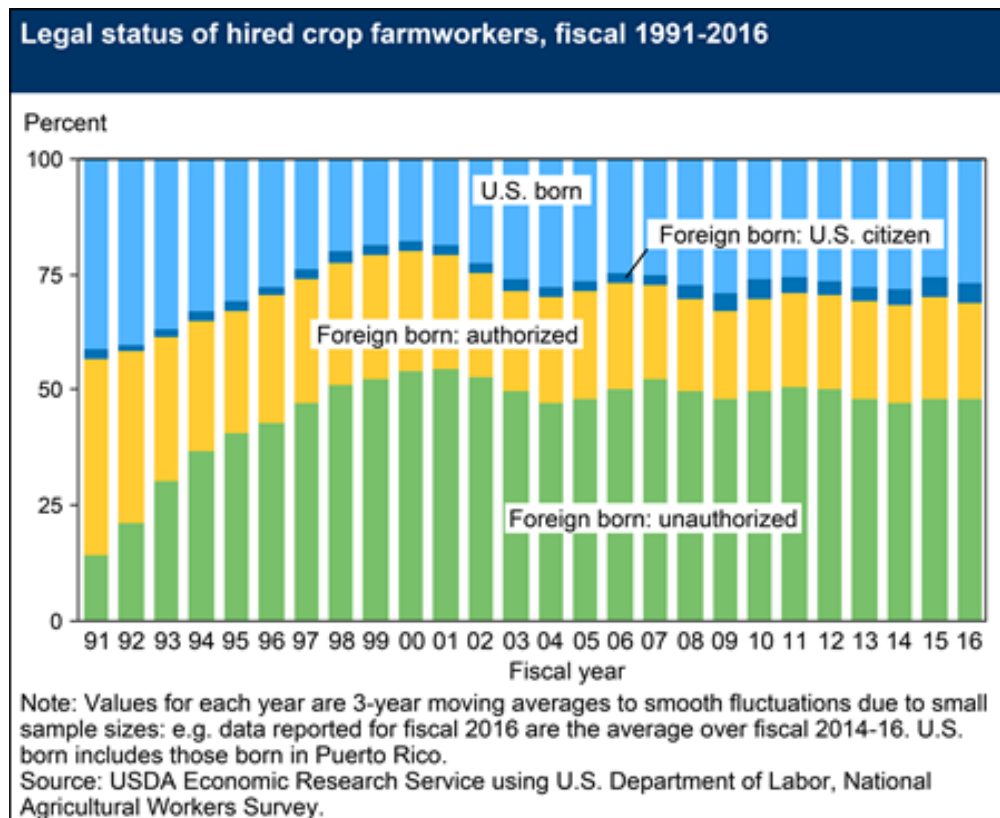
**Figure 5. Main Non-immigrant Working Visas for Mexican Nationals**



Source: US Department of State

**(4) Simplify and promote the H2A visa program.** In 1986 the US government created the H-2A Temporary Agricultural Program—often called the H-2A visa program—to allow foreign nationals to work temporarily in the agricultural sector. As explained earlier, Mexican nationals account for over 90% of the H-2A visas issued annually for temporary work in the US agricultural sector. While the program is not capped by legislation or regulation, US farmers are finding it increasingly difficult to hire the workers they need. Yet, the program supplies only about 10% of farm labor. Moreover, according to the United States Department of Agriculture, roughly half of all hired US crop farmworkers lack legal immigration status.<sup>33</sup>

**Figure 6. Legal Status of hired Crop Farmworkers 1991-2016**



Taken from: USDA Economic Research Services, 2016

These facts suggest that the program could be streamlined to expand its reach. Several studies have analyzed the specific changes that would increase the use of H-2A visas. For example, a detailed assessment by the Cato Institute notes that the program involves multiple agencies, costly fees, and over 200 rules that reduce program participation and make it harder for

<sup>33</sup> “USDA ERS - Farm Labor.” Accessed November 9, 2021. <https://www.ers.usda.gov/topics/farm-economy/farm-labor/#recent>.

US farmers to hire US and Mexican workers. The Cato study suggest that the H-2A program could be improved by “making H-2A visas available to year-round industries and streamlining its rules and regulations.”<sup>34</sup>

**(5) Streamline and uncap the H-2B program.** The H-2B program exists to prevent temporary non-agricultural jobs to go unfilled when US workers are not able or willing to take those jobs at prevailing wages. The annual H-2B cap of 66,000 visas was established more than three decades ago after the Immigration Act of 1990, and has not been reviewed ever since, despite increasing employment needs in the United States. If the cap were to be removed, H-2B workers could help reduce labor shortages, helping US employers fill jobs in several industries. This would also increase demand for labor elsewhere. For example, in 2007 US Congress exempted returning foreign workers from the visa cap, formally doubling the size of the program. As a result, Mexico went from 33 thousand to 60 thousand authorized H-2B visas in 2008.

Additionally, streamlining complex H-2B application processes and eliminating requirements for foreign workers to leave the United States for 90 days after three years would help reduce employee turnover and ease administrative burdens on employers. On this score, during the COVID-19 pandemic, the US Citizenship and Immigration Services Agency eliminated this requirement for workers in the food supply chain.<sup>35</sup> This revision could be extended to other sectors of the economy.

**(6) Create a bilateral information system to publicize temporary worker options (BIS-TWO).** As discussed throughout this report, temporary worker visas are demand-driven. The process starts with the US private sector advertising and making petitions for foreign workers. However, labor mobility and the efficiency of US non-immigrant visa programs can be improved by better matching private sector labor demand with available and willing workers in Mexico.

Mexico’s Ministry of Labor operates the National Employment Service (SNE for its acronym in Spanish) since 1978. The SNE relies on different digital tools, programs and job fairs to facilitate matchmaking, including for job openings abroad. Mexico and the United States should explore alternatives to create an information system to improve matchmaking in their respective private sectors.

---

<sup>34</sup> Bier, David J. “H-2A Visas for Agriculture: The Complex Process for Farmers to Hire Agricultural Guest Workers.” Cato Institute, March 10, 2020. <https://www.cato.org/publications/immigration-research-policy-brief/h-2a-visas-agriculture-complex-process-farmers-hire>.

<sup>35</sup> Bier, David J. “H-2B Visas: The Complex Process for Nonagricultural Employers to Hire Guest Workers | Cato Institute.” Accessed November 9, 2021. <https://www.cato.org/publications/policy-analysis/h-2b-visas-complex-process-nonagricultural-employers-hire-guest-workers>.



**(7) Incentivize circularity by encouraging voluntary saving by Mexican workers through the National System for Retirement (SAR for its acronym in Spanish).** In 1997, Mexico’s pension system for private sector employees was amended from a pay-as-you-go scheme to a defined contribution structure based on individual accounts managed by private agents –known as AFORES. Currently the SAR manages 69 million individual accounts for which Mexicans receive proceeds from their mandated retirement contributions, as well as voluntary savings. For many Mexicans these accounts are their most important financial asset.

In order to receive visas, existing regulations require that temporary workers prove their “nonimmigrant intent” to the State Department by “demonstrating permanent employment, meaningful business or financial connections, close family ties, or social or cultural associations, which will indicate a strong inducement to return to the country of origin.” The CATO Institute has pointed out that “for workers who have few economic assets tying them to their home country and are seeking temporary jobs in the United States, close family ties to their home country may be their only way to demonstrate nonimmigrant intent.”<sup>36</sup>

In that sense, one way to incentivize the return of Mexican nationals that use non-immigrant work visas is to make available a means for these workers to save in their own Mexican retirement accounts. Rapid development of FINTECH has made easier and less expensive to transfer money between accounts –even international accounts. It is now possible for a Mexican national working on a temporary basis in the United States to contribute to their retirement account by telephone and debit card. Through strong US-Mexico cooperation in financial matters it is increasingly possible to facilitate the circularity of Mexican guest workers in the United States. Additionally, Mexico’s SAR manages about 15% of total savings in Mexico and is an important source to finance development efforts.

In conclusion, with USMCA’s one-year anniversary, a series of measures focused on facilitating bilateral labor mobility could help both countries capitalize from their unique geographical connection, complementary demographics, and current labor market dynamics. In Mexico and the United States, both today’s labor gaps and the jobs of the future require stakeholders on both sides of the Río Bravo (Grande) to come together to eliminate barriers to labor mobility. These measures, alongside the establishment of an institutionalized dialogue around the bilateral immigration framework, represent a unique opportunity to secure regional growth, competitiveness and prosperity in North America.

---

<sup>36</sup> Bier, David J. “H-2B Visas: The Complex Process for Nonagricultural Employers to Hire Guest Workers | Cato Institute.” Accessed November 9, 2021. <https://www.cato.org/publications/policy-analysis/h-2b-visas-complex-process-nonagricultural-employers-hire-guest-workers>.

*En memoria de Óscar Bitar Haddad*

*This document was prepared for the U.S.-Mexico Foundation  
by Gerónimo Gutiérrez and Diego Marroquín.  
Designed by Paola Bertrán (USMF)  
and sponsored by:*

