



Navigating the Future of Canada–Mexico Relations in a Changing North America

In our latest Finpro Canada feature interview, we sit down with Eduardo Suárez Mogollón, Vice-President of Latin America Economics at Scotiabank, to explore the forces reshaping the economic and financial relationship between Canada, Mexico and the United States.

Eduardo brings a particularly valuable perspective to the conversation. His career has spanned Mexico's Finance Ministry, emerging-markets strategy and corporate credit, before moving to Scotiabank, where he focuses on Latin American economics. He also holds an MBA from the Rotman School of Management in Toronto, with a specialization in financial engineering, and a bachelor's degree in economics from the University of Warwick.

With North American trade policy, nearshoring, FX volatility, monetary policy divergence, and cross-border investment all evolving rapidly, we asked Eduardo what Canadian financial professionals, investors, treasurers, and businesses should be watching next.

Finpro Canada: Hello Eduardo, and thank you very much for meeting with Finpro Canada.

Eduardo Suárez Mogollón: Hello, and thank you for having me.

A Two-Market Perspective

Finpro Canada: You have worked on both sides of the Canada–Mexico relationship — including Mexico’s Finance Ministry, emerging-markets strategy and now Latin America Economics at Scotiabank. What does that dual perspective allow you to see about the Canada–Mexico financial relationship that might be missed when looking at either market in isolation?

Eduardo Suárez Mogollón: I think one of the dynamics that is critically important, and that makes Canada and Mexico natural partners, is **demographics**.

As you know, Canada is further along in the aging process than Mexico—perhaps by 20 years or so. This means that Canadian pension funds are generally entering a more mature stage. Many have already accumulated significant pools of assets and are now beginning to transition from a period of accumulation toward one of greater asset distribution and portfolio optimization.

Mexico is at a very different point in that cycle. Given its demographics, combined with the pension reform introduced in 2020, Mexico represents one of the fastest-growing—and one of the few remaining large—pools of domestic savings in the world. Mexican pension funds are expected to grow their assets under management from approximately **US\$600 billion to more than US\$1 trillion by 2030–2032**.

That creates a very interesting natural synergy between the two countries. Mexican pension funds can benefit enormously from the experience and expertise of Canadian pension funds, which I would consider among the most sophisticated institutional investors in the world. At the same time, there is significant potential for an exchange of assets, investment opportunities, expertise, and knowledge between the two markets. I see this as one of the first and most important areas of potential collaboration.

The second major opportunity is the broader **North American partnership**.

We are living in a world that is increasingly fragmenting into economic and geopolitical blocs. In that environment, North America is arguably one of the strongest and most strategically important economic partnerships in the world.

North America is the economic bloc with the highest per-capita income, one of the largest economies globally, and one of the most important regions for international trade. It is also one of the world's major centers of innovation and has an enormous accumulation of financial savings and net financial assets.

Perhaps most importantly, among the world's five or so largest economic blocs, **North America has some of the most favorable demographic characteristics**. Canada, the United States, and Mexico bring together different stages of demographic and economic development, and that creates opportunities for complementarity rather than simply competition.

I think that integration will continue to deepen and flourish, and the **financial linkages between Mexico and Canada have significant room to grow**. We are likely to see faster integration of the pension systems and investment markets, as I mentioned, but I also expect trade and other economic relationships to accelerate the broader integration between the two countries.

Ultimately, I think the combination of **capital, demographics, innovation, trade, and economic integration** creates a very strong foundation for Canada and Mexico to deepen their relationship. The financial connection between the two countries is still relatively underdeveloped compared with the potential that exists, and I believe we are likely to see that relationship become increasingly important in the years ahead.

Finpro Canada: Where do you think Canadian investors and financial institutions most commonly misunderstand Mexico?

Eduardo Suárez Mogollón: I would say one of the more complex dynamics for Canadian investors is understanding how to manage risk in Mexico.

Some Canadian investors who have been active in Mexico for a long time understand this very well. We have several examples, including major Canadian institutional investors and financial institutions, that have learned how to navigate the complexities of investing in an emerging market like Mexico.

The important thing to recognize is that every emerging market is different. The risks and complexities you encounter in Asia are different from those in Latin America, and even within Latin America, every country has its own particular characteristics.

Mexico, for example, has relatively well-developed capital markets by regional standards. At the same time, investors have to navigate issues such as security, a complex judicial environment, regional differences, and other aspects of the local operating environment.

Learning how to navigate those realities is part of the investment process. And I think this is where having a trusted domestic partner becomes extremely important—not simply as a financial partner, but as someone whose interests are aligned with your own, who understands the local landscape, and who can help you assess the risks and opportunities on the ground.

That local knowledge can be particularly valuable when determining which partners to work with, which opportunities to pursue, and even which regions of the country make sense for a particular investment. Mexico is a very heterogeneous country, and the risk profile can vary considerably from one region to another.

So there is definitely a learning curve. Some Canadian investors have navigated it extremely well; others are still learning, and some are only beginning that process. But I expect that more investors will have to develop that local understanding as the opportunities continue to grow.

We are already seeing significant potential in areas such as infrastructure and power, both in Canada and Mexico, and I think these sectors will create increasingly attractive opportunities for cross-border investment.

Finpro Canada: Would one example of that type of domestic partner be a financial institution like Scotiabank?

Eduardo Suarez Mogollon: Absolutely. That's one of the natural roles we see ourselves playing. Our CEO, Scott Thomson, often talks about the North American corridor, and one of the things he highlights is that we are one of the few banks with fully developed operations across all three North American countries.

That gives us a unique perspective on the corridor and allows us to help our clients and partners navigate opportunities across Canada, the United States, and Mexico. That's really the role we would like to play: helping Canadian investors understand the Mexican market, manage the local complexities, and connect the two markets more effectively.

USMCA: From Certainty to Annual Reviews

Finpro Canada: The 2026 USMCA review has moved North America into a new period of recurring review and uncertainty. From an economist's perspective, what changes when businesses and investors have to make

long-term decisions while the rules themselves are subject to ongoing review? Which sectors or investment decisions are most exposed to this uncertainty?

Eduardo Suárez Mogollón: I think this question has a lot of angles, but the first thing I would say is that, even if USMCA changes, I believe Canada and Mexico will remain the countries in the world with the strongest access to the U.S. market.

There are simply too many economic interests on all three sides of the border anchoring that relationship. The three countries have roughly **\$1.8 trillion in annual trade**, and the integration goes far beyond merchandise trade. Around **half of the international tourists coming to the United States come from Canada and Mexico**, roughly split between the two countries. The U.S. also depends heavily on its neighbors for food, while Canada is particularly important to U.S. energy markets.

Those relationships create a powerful economic anchor. I often think about it almost like gravity: there can be volatility and political uncertainty, but the underlying economic forces continue to pull the three countries together.

The three economies are also highly complementary. Canada, the U.S., and Mexico have very different strengths, resources, demographics, and areas of specialization, which makes them natural economic partners.

So, from a long-term perspective, I am fairly comfortable that North American integration will continue.

That doesn't mean the next few years will be easy. Businesses and investors need certainty to make long-term decisions, and I think we could see a couple of years of recurring discussions around the agreement. That uncertainty is particularly important for sectors requiring large, long-term investments, such as **automotive, energy, infrastructure, manufacturing, and critical minerals**.

But I also think there is a positive side to having these discussions. The North American economy is changing very rapidly because of **AI, energy demand, new energy technologies, critical minerals, and the changing role of data**. Having the three countries regularly sit down and discuss how to make North America more competitive could actually be beneficial.

We may go through a volatile and sometimes stressful period, but I believe the economic interests on all three sides of the border are simply too significant. **The short-term rules may change, but the long-term forces driving North American integration remain very strong.**

Can North America Stay Integrated?

Finpro Canada: There is growing pressure to rethink North American supply chains and reduce dependence on individual trading partners. How realistic is it for Canada, Mexico and the U.S. to meaningfully decouple — and what would be the economic cost if the region became less integrated? Could today's trade tensions ultimately accelerate regional diversification rather than reverse integration?

Eduardo Suárez Mogollón: Yes. I think science has established that an apple will fall to the ground because of gravity in a fairly predictable way. I think the same logic applies to the integration of these three economies.

Just Mexico and Texas alone have around **\$900 billion in bilateral trade every year**. And I would argue that, for the Republican Party, there are probably few states more important than Texas because of its importance to the U.S. economy.

So I think the economic actors on all three sides of the border simply have too much at stake for the integration to disappear.

Finpro Canada: And what about Prime Minister Carney's movement toward Europe, China, and other markets, and his efforts to engage with those different partners?

Eduardo Suarez Mogollon: I think it's always wise to diversify. You and I have both worked in finance for decades, and we understand this basic principle of risk management: you always want to have more diversification and more opportunities for growth.

North America is a huge and growing market, but having access to more markets means more opportunities for business. So I don't think those things are necessarily at odds with each other.

I think there will be discussions around diversification. Mexico has gone through those discussions in the past, and the U.S. has as well.

During the Obama administration, for example, there was a push to establish the Trans-Pacific Partnership, which ultimately evolved into the CPTPP. I think there will always be a need—and a desire—to diversify our trading relationships.

Not every country can provide everything that we need, and we will always need to trade with jurisdictions outside of North America.

So I think diversification is a good idea, but it is not necessarily at odds with deeper North American integration.

Mexico and the Nearshoring Opportunity

Finpro Canada: Mexico has become one of the central beneficiaries of the reshaping of global manufacturing and North American supply chains. What is different about this nearshoring cycle compared with previous waves of investment into Mexico, and what will determine whether it becomes a durable investment cycle? Where do you see the biggest opportunities for Canadian capital — infrastructure, manufacturing, energy, logistics, private credit or something else?

Eduardo Suárez Mogollón: After 30 years or so of covering the Mexican economy and seeing one “miracle” and one “disaster” after another, I've become a bit of a skeptic. I have a somewhat different view of what Mexicans often call the Mexican miracle.

I became an economist in the 1990s, when Mexico was supposed to become Canada. I'm still waiting for that one.

Then, when China joined the WTO in 2001, the expectation was that Mexico would disappear and that Mexican manufacturing would be destroyed by Chinese manufacturing. It didn't happen.

I became head of investor relations for the Mexican government in the early 2000s, when structural reforms were expected to push Mexico's growth rate to 5%. I'm still waiting for that one.

Then the rise of the BRICS was supposed to displace the U.S., and Mexico was expected to become an afterthought. It didn't happen.

Then came the so-called “Mexico Moment” in 2013, when another wave of reforms was expected to transform Mexico and, once again, we were supposed to become Canada. I'm still waiting for that one as well.

Then came Trump 1.0, when NAFTA was supposedly going to be destroyed and Mexico's manufacturing sector was expected to suffer dramatically. And then, more recently, we had the rise of nearshoring.

I've come to think about Mexico a little differently. It's no longer about Mexican miracles or Mexican disasters. It's about opportunities.

What I think has happened over the past 30 years is steady progress. Mexico hasn't been meaningfully transformed by a series of miracles, nor has it been derailed by the disasters that were repeatedly predicted.

Instead, about half of Mexico has been very successful at tapping into global value chains. This is the part of Mexico that has benefited from being close to the United States, having strong logistics, and producing a very large number of engineers. Mexico is, in fact, one of the world's largest producers of engineering graduates.

Sadly, about half of Mexico has not managed to tap into those opportunities to the same extent.

The result is a country that, at the aggregate level, grows at a fairly mediocre pace, but that masks two very different realities: a part of Mexico that is booming, and another part that still has significant work to do.

You can see the transformation clearly in manufacturing. Around the time NAFTA came into effect in the 1990s, Mexico exported roughly the same amount of manufactured goods as all of Latin America combined. Today, that figure is approximately 2.8 times as large. Clearly, something very significant has been transformed.

The unfinished task for Mexico is to find a way for the other half of the country to tap into those global value chains and participate more fully in the opportunities created by integration with North America.

And that's how I think about nearshoring. For me, nearshoring is really just a new name for a process that has been happening for the better part of 30 years. It's a very trendy and catchy phrase, but ultimately, businesses still depend on the same fundamentals: access to markets, infrastructure, logistics, talent, energy, and other factors of production.

Part of Mexico is already very well positioned for that process and has been taking advantage of it for decades. The other part still has a lot of homework to do if Mexico is going to fully realize its potential.

The Financing Opportunity

Finpro Canada: If nearshoring continues to drive investment in Mexico, what financing needs are likely to grow fastest? Where can Canadian banks, private equity, private credit, fintechs and capital-markets firms play a larger role? What is missing today from the Canada–Mexico financial ecosystem?

Eduardo Suarez Mogollon: I think Canada is uniquely positioned to participate in this opportunity. Canada has tremendous expertise in many of the areas where Mexico has significant needs, particularly **power and infrastructure**.

Mexico is currently in what I would describe as an almost critical situation in the power sector. We have the lowest power-generation capacity relative to demand that the country has had since around 1980, so we need significant investment.

Canada has expertise not only in the construction and operation of power infrastructure, but also in financing and investing in infrastructure. Canadian pension funds and private equity investors have developed tremendous expertise in this area.

I think there is a particularly interesting synergy between the two countries when you combine that expertise with the **rapidly growing pool of capital in the Mexican pension system**. Mexico has the capital, but we don't necessarily yet have the same degree of expertise that Canada has in determining how to deploy those resources effectively into long-term infrastructure investments.

The Mexican government has recently unveiled a significant infrastructure and power-sector plan involving public-private partnerships, and I think there will be substantial opportunities as a result. We've already seen major global investors such as **BlackRock, Apollo**, that are talking about and pursuing opportunities in this space.

But I would argue that Canada is probably one of the three best countries in the world for Mexico to partner with in this area. There is a natural complementarity between the two countries: **Mexico has growing capital needs and investment opportunities, while Canada has capital, expertise, and decades of experience in infrastructure investing.**

Of course, Mexico has to do its homework. We need to develop structures that give investors greater certainty, and we need to be willing to offer returns that are proportional to the risks investors are taking.

But I think the opportunities are enormous. Ultimately, we need to get all the relevant players around the table—governments, investors, pension funds, infrastructure companies and financial institutions—and have a productive discussion about how to address these challenges and deploy the capital that Mexico needs.

If we can get that right, **the potential for a much deeper Canada-Mexico partnership in infrastructure and energy is very significant.**

FX: CAD, MXN and a More Political Market

Finpro Canada: CAD and MXN are both heavily influenced by U.S. policy, but they respond differently to commodities, domestic growth, monetary policy and risk sentiment. How should corporate treasurers, asset managers and FX professionals think about currency risk when political headlines can move markets as quickly as economic data? Are there particular indicators or market signals you think investors should be watching more closely?

Eduardo Suarez Mogollon: I would look at this from two different angles.

The first is that, unless I'm a hedge fund or an investor whose business is to actively trade the FX market, I like to think about it from the perspective of a business—or even a bank. I ask myself: **How much movement in my key financial variables can I tolerate before my core business is put at risk?**

Once I understand that level of risk, those are the exposures I want to hedge. Then I look for the most efficient, cost-effective, and secure way to get that protection.

I think that's the first principle: **FX risk is something that needs to be managed professionally and consistently, rather than treated as a bet on where the currency is going.**

The second angle is more about timing. Obviously, this is much harder to predict, but people like buying things when they're on sale. If I want to buy a new computer or a new sweater, I'm probably going to wait for Black Friday.

And this is one of the challenges Mexico faces at the moment. I would argue that, by many measures, the Mexican peso is relatively expensive—perhaps **10% to 30% overvalued**, depending on the methodology you use.

That's something investors need to take into account when they think about entering the Mexican market. From an FX perspective, I wouldn't describe Mexico as the most attractive entry point at the moment.

However, if the underlying investment generates a sufficiently strong return, a 10%, 20%, or even 30% currency overvaluation can potentially be absorbed over several years. That's particularly relevant when you're talking about very long-term investments such as **infrastructure, power, and other real assets**.

So I would say that, from a currency perspective, **Canada may currently offer the cheaper entry point, while Mexico is on the more expensive side**. But that doesn't necessarily determine whether an investment makes sense. The key is understanding the underlying return, the currency exposure, and how much FX risk you are actually willing to take.

Managing Policy and Headline Risk

Finpro Canada: For corporate treasurers and portfolio managers, the challenge is increasingly not just forecasting the next economic number but managing uncertainty around tariffs, trade policy and political rhetoric. How should firms adapt their FX and risk-management frameworks to this environment? Does this make more active hedging, longer-dated hedges or scenario-based risk management more important?

Eduardo Suarez Mogollon: I think this is a very complex question because tariffs are highly dependent on the industry and, in some cases, on the individual company.

Some companies have enough pricing power and, depending on the elasticity of demand, for example, to pass the cost of tariffs on to consumers. We've seen evidence, particularly in the United States, that tariff shocks have generally been passed through to consumers. But that's not true for every company. Some businesses simply don't have the bargaining power or pricing power to pass those costs through, and for them, the impact can be quite significant.

More broadly, when it comes to financial variables and the volatility they can create, I'm by nature a cautious person. I always try to have as much insurance as I reasonably can on my personal side, and I tend to apply the same philosophy to businesses.

There's a saying in Spanish: **“Zapatero, a tus zapatos”**—roughly, *“Shoemaker, stick to your trade.”* I think companies should focus on what they do best: their core business. The external factors that can materially affect that business should be managed and, where possible, hedged.

Thankfully, financial markets have evolved significantly, and today companies can obtain protection against many of these risks. That allows management teams to focus their energy on what they actually need to be good at—**running their core business and creating value—rather than taking unnecessary risks on variables outside their control**.

Canadian Investment in Mexico

Finpro Canada: Canada is a major source of foreign investment in Mexico, particularly in areas such as mining, energy and infrastructure. With regulatory and judicial reforms underway in Mexico, how should Canadian institutional investors assess the balance between opportunity and legal or policy risk? What would make you more constructive on the next wave of Canadian investment into Mexico?

Eduardo Suarez Mogollon: I'm one of those people who says, **"There are no bad risks; there are bad prices."**

If I have what I consider the worst company in the world paying me a 12% return, and the best company in the world paying me 2%, the risk-return equation can look very different. If the average restructuring costs you 40%, for example, the higher-yielding investment could potentially withstand a significant number of adverse events before becoming less attractive than the lower-yielding one.

So the first thing I would say is that, as risk increases because of uncertainty, **if the compensation I receive is proportional to that additional risk, I'm comfortable taking an appropriately compensated risk.**

Having said that, there are legitimate concerns around Mexico's judicial reform and the changes being introduced to the judicial system. A number of experts have expressed concerns, and even if you take a more constructive view of the reform, we still need to see how the new system works in practice.

One advantage for international investors is Mexico's extensive network of trade and investment agreements. Depending on the investor and the applicable treaty, there can be protections through mechanisms associated with agreements such as USMCA, CPTPP, and Mexico's agreements with the European Union and other jurisdictions. International arbitration can therefore provide an additional layer of protection for certain foreign investors.

But my core philosophy is quite simple: **I like investments where the risks are appropriately compensated—and, ideally, where I am being compensated more than appropriately for the risk I'm taking.**

That's ultimately what investing is about: not avoiding risk altogether, but making sure **the price you pay and the return you receive adequately compensate you for the risks you're taking.**

Banxico vs. the Bank of Canada

Finpro Canada: Mexico and Canada are operating with different domestic economic structures and monetary-policy challenges. How do differences between Banxico and the Bank of Canada's policy paths affect MXN and CAD, cross-border capital flows and fixed-income opportunities? Where do you see the most interesting relative-value opportunities for investors?

Eduardo Suárez Mogollón: I'm a big believer that one of the best variables for forecasting currency movements in the short term—say, one to two years out—is the **carry-to-volatility ratio**. Central banks are key in that regard.

If you look at the period when the Mexican peso was essentially a top-three-performing currency in the world, from roughly 2021 to 2025, I think the variable that explains that performance quite clearly is the carry-to-volatility ratio. Mexico hiked interest rates aggressively, taking them to more than 11%, while volatility in the

peso declined significantly. That combination helped explain why the peso consistently ranked among the top-performing currencies during that period.

On Canada, I think lower yields were one of the factors that contributed to the Canadian dollar weakening. So, on that front, I think the **Bank of Canada and Banco de México** played very important roles. Both were conducting monetary policy in ways that I believe were appropriate for the inflation and growth dynamics of their respective economies. One way to look at it is that both countries managed to avoid any major financial disturbances during a particularly volatile period.

The divergence between the two currencies, however, can be clearly explained by the difference in interest-rate dynamics and the resulting carry.

In terms of how the two central banks interact, my perception from the outside—and to some extent from firsthand experience—is that the Bank of Canada and Banco de México have always had a very strong relationship. I think the Bank of Canada, in many ways, has been a pioneer in global central banking, and I have seen firsthand the strength of the relationship between the two institutions.

I worked for five years under a former Banco de México governor, and I had the opportunity to see him interact with Prime Minister Carney when Carney was a central banker. What struck me was that their relationship went beyond the formal agreements and institutional cooperation around regional financial stability, including the BIS and other international forums.

There have also been strong personal relationships between the two central banks. They constantly exchange information and perspectives, and I believe that close relationship continues to this day.

Mexico's Role Beyond USMCA

Finpro Canada: At Scotiabank, your regional mandate extends across Mexico, Chile, Peru and Colombia. For Canadian firms looking to expand their Latin America strategy, why should Mexico be viewed not only as a North American manufacturing hub but also as a gateway into the wider Pacific Alliance and Latin American markets? What lessons from Mexico could Canadian companies apply when entering Chile, Peru or Colombia?

Eduardo Suárez Mogollón: I have always seen an opportunity for Mexico to play a bigger role in bridging the gap between North America and Latin America.

For a long time, we pushed that idea through the **Pacific Alliance**. Sadly, I think a fantastic project has not reached the potential it could have had. As you know, we have seen changes in political alignment across the region, frictions between countries, and some measures that could have been taken to deepen integration still have significant room to grow.

I actually talked about this on a podcast this morning. I think the investment industry needs to rethink the way we look at the world. We are still largely stuck in a framework of **developed versus emerging markets**, but I think that framework belongs to a different era.

It made sense in a world of globalization, where trade flowed from point A to point B regardless of where those countries were located, and where the WTO and other institutions were driving a broad push toward global integration.

Increasingly, however, the reality facing businesses is pushing companies and investors to think in terms of **economic blocs**. As investors, I think we need to start thinking that way as well, rather than simply dividing the world into developed and emerging markets.

When I'm looking at winners and losers, I should increasingly be thinking about **Bloc A versus Bloc B**. Where do I want to place my chips?

I think the real economy is going to continue moving in that direction, and that will eventually force the financial industry to realign the way we think about investments.

And I think that could actually help push greater integration with Latin America. At some point, we may stop thinking about separate emerging-market benchmarks and start seeing broader benchmarks for industries across the Americas—with companies from Brazil all the way to Canada participating in the same benchmark, particularly as supply chains become increasingly integrated across economic blocks.

That is one of the forces that could push us toward a much broader, **Americas-wide integration**, strengthening the connections that exist today between the North American and Latin American economies.

Finpro Canada: So, if I understand you correctly, you're saying that the real economy is going to push the financial industry to rethink how we group countries and think about investments?

For example, if I'm investing in power—which you mentioned earlier—could we eventually see a broader Americas-wide power benchmark, rather than simply looking at North American power?

Eduardo Suarez Mogollon: I think in power, we may see more integration between North America and South America as separate blocs, but you could still have benchmarks that include power generators in Argentina, Chile and Brazil alongside companies in North America.

As an investor, you could then decide which ones you want to overweight or underweight. The important point is that the way we divide the world into investment blocs is changing.

We used to think about the world horizontally—**North versus South, developed versus emerging**. I think we're increasingly going to start thinking about it vertically.

Asia could be one bloc, Europe another, and the Americas another.

So I think we're going to have to rethink how we group countries together into investment blocs, because the economic relationships between countries are increasingly being shaped by supply chains, trade, capital flows and geopolitical alignment—not simply by whether a country is considered developed or emerging.

What the Market Is Missing

Finpro Canada: With so much attention focused on tariffs and U.S. policy, what important development in Mexico, Canada or the broader Latin American economy do you think is currently being underappreciated by financial markets? If you could put one issue on every Canadian investor's radar for the next 12 months, what would it be?

Eduardo Suárez Mogollón: I really believe the **Americas are the best economic bloc in the world**.

I said earlier that North America is arguably the strongest region, and I think the fundamentals are very compelling. We have enormous natural resource endowments, favourable demographics, and, if you look at

UN population projections, North America is arguably the only large economic bloc expected to maintain positive population growth all the way to 2100.

We also have the highest income and net financial assets per capita of any major economic bloc in the world.

But if you broaden the story to include South America, the picture becomes even more interesting.

Look at the energy reserves in Argentina and Venezuela—they are incredible. You also have countries that are increasingly opening up to business and investment. Then you have the extraordinary mineral and hard-metal endowments of Chile, Peru, Brazil and Argentina, as well as relatively young populations across much of the region.

A number of countries in the Americas have also moved toward defined-contribution pension systems, particularly Chile, Colombia, Peru and Mexico. Brazil, meanwhile, has very large domestic savings pools.

That's actually one of the things I hope President Milei eventually addresses, because, in my view, it is one of the missing pieces of the puzzle for Argentina to reestablish itself as a critical destination for global investment.

But overall, when you look at the Americas, I think we are incredibly fortunate. **We were born in the most attractive hemisphere in the world, at what I believe is a very favorable time.**

The Next Three to Five Years

Finpro Canada: Looking three to five years ahead, what will the North American economic map look like if current trends continue — and what should Finpro Canada members be doing today to position themselves for that environment? What is the single most important strategic recommendation you would give to a Canadian company or investor looking to build durable exposure to Mexico and Latin America?

Eduardo Suárez Mogollón: I think the evolution of North America will involve the removal of many of the internal barriers that still exist today. A lot of the decisions being made in Canada are moving in the direction of eliminating internal barriers to trade, and I'm optimistic that we will see North American integration continue to flourish.

At the same time, many countries in South America are moving toward greater openness. We're even seeing some countries question **Mercosur**, because one of the flaws of Mercosur as a bloc is that it can limit its ability to establish partnerships with other economic blocs. That limitation is increasingly being questioned.

We're currently going through a period where, in some parts of the world, borders are becoming more restrictive for both trade and human movement. But I think the long-term trend for humanity is for our economic and political groupings to become **larger, not smaller.**

A few hundred years ago, Europe was divided into fiefdoms. Then you had kingdoms, then countries, and today you have the European Union. I think the broader trend is that humans become increasingly connected to one another over time.

It's not a linear process. We have hiccups, and I think we're going through one of those hiccups right now. But I believe the long-term trend toward greater integration in the Americas will continue.

The Pacific Alliance, for example, had an interesting concept of opening borders and making it easier for professionals from member countries to move and work across the region. That actually worked.

If you visit our Scotiabank offices in Mexico today, it almost feels like you're walking into a Latin American United Nations. Well, I should say an **American** United Nations, because we also have Americans and lots of Canadians. But I think that slow blurring of borders is the broader trend for the hemisphere.

We may be moving backward a little bit right now, but I believe the long-term trend will eventually reassert itself.

Mexico, for example, used to have dozens of different languages. We still have a remarkable diversity of languages, but Spanish has become the dominant language.

I think the long-term trend for humanity is toward greater integration, among other things, because technology makes it easier to understand what's happening elsewhere in the world, communicate with people, and move from one place to another.

The process isn't always linear, but the direction over the long run has been toward greater connection and integration.

Finpro Canada: Thank you very much for your time and for sharing such thoughtful, broad-ranging insights with us, Eduardo.

Eduardo Suárez Mogollón: Thank you. It was a great pleasure speaking with Finpro Canada.

Editor's Closing Takeaways

Our conversation with Eduardo Suárez Mogollón highlights a fundamental reality for North American capital markets: despite recurring political noise and trade review friction, the economic "gravity" connecting Canada, Mexico, and the United States remains extraordinarily powerful. Rather than viewing cross-border relationships through isolated or temporary political lenses, Canadian financial leaders must recognize the structural complementarities that make the Americas the world's premier economic bloc.

Key Strategic Takeaways for the Finpro Community:

- **Demographic & Capital Complementarity:** As mature Canadian pension funds transition from asset accumulation toward distribution, Mexico represents one of the world's fastest-growing domestic savings pools—projected to expand from \$600 billion to over \$1 trillion in AUM by 2030–2032. Pairing Canada's world-class institutional management expertise with Mexico's expanding capital base creates an unprecedented cross-border co-investment opportunity.
- **Bridging the Mexican Infrastructure Gap:** Mexico faces critical power generation shortages and pressing logistics needs. Canadian investors, private equity firms, and infrastructure operators—who possess decades of global experience in energy, power, and real asset development—are uniquely positioned to partner on emerging public-private partnership (PPP) structures.
- **Shift from "Emerging vs. Developed" to "Vertical Economic Blocs":** Traditional investment models dividing the world horizontally into "developed" versus "emerging" markets are becoming obsolete. Capital allocators should increasingly analyze opportunities through vertical regional blocs (the

Americas vs. Europe vs. Asia) connected by supply chains, energy networks, and geographic alignment.

- **Disciplined Risk-Pricing & Local Partnerships:** Navigating Mexican judicial reforms and local operating environments requires two elements: insisting on investment yields that properly compensate for policy uncertainty, and embedding local, on-the-ground corridor partners, such as Scotiabank, who understand regional operating realities.

The Bottom Line: Eduardo's perspective reminds us that nearshoring is not a temporary trend, but the continuation of a 30-year economic integration process. While the upcoming 2026 USMCA review may bring short-term headline volatility, the underlying demographic, resource, and manufacturing synergies across North America are too vast to disrupt. Canadian institutions that look beyond short-term trade noise and actively construct disciplined, corridor-wide strategies will be best positioned to capture the long-term growth of the Americas super-bloc.