

How Cross-Border Partnerships Strengthen America's Entrepreneurial Edge

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Although it may appear that unilateralism is increasingly de rigueur, nations have been and remain interdependent. The U.S. is no exception.

U.S. alliances with other nations serve as powerful catalysts for innovation and entrepreneurship through several critical mechanisms. The pooling of complementary resources, expertise, and market access creates exponential value that countries cannot achieve alone. These partnerships leverage network externalities where cross-border innovation ecosystems increase available

capital pools, improve matching between investors and entrepreneurs based on expertise rather than geography, and accelerate knowledge transfer across different economic contexts.

Innovation networks offer transformative advantages that extend far beyond traditional organizational boundaries, creating powerful ecosystems for collaborative growth and breakthrough solutions.

Data scientist Sarah Lee, writing in *Number Analytics*, cites the key factors that have driven the growth of innovation networks in recent years:

- Globalization and the increasing complexity of technologies
- The need for companies to access new markets, technologies, and expertise
- The rising costs and risks associated with Research & Development (R&D)
- Government policies and initiatives to promote innovation and entrepreneurship
- The growing importance of open innovation and collaborative research

Innovation networks fundamentally accelerate the pace and quality of innovation by bringing together diverse expertise and resources. These networks enable companies to share costs and risks associated with R&D while accessing new technologies and expertise from partners. The collaborative approach creates environments where new ideas and moonshot-type innovation can flourish, often delivering more sustainable streams of innovation than internal efforts alone. By leveraging collective intelligence, innovation networks facilitate accelerated product and process innovation. Companies can tap into partners' capabilities to bring new perspectives and unexpected benefits to their development cycles. For example, tire manufacturer Michelin works with partners and suppliers to find solutions to industry problems, often sharing these solutions with the broader ecosystem.

Within this milieu, cross-border alliances serve as critical enablers for expanding innovation networks globally, creating bridges between different innovation ecosystems, and facilitating knowledge transfer across national boundaries. For example, in the automobile industry, the Renault-Nissan alliance is most notable, as the French and Japanese automakers maintain a long-standing alliance, demonstrating the globalization of the auto industry. The telecom sector provides another example with Siecor, a successful joint venture between Corning and Siemens to produce and commercialize fiberoptic cables, bringing together Corning's fiber technology and Siemens' capital and distribution networks. Another example is the partnership between Uber and Spotify (a Swedish company), which enhanced customer experience by integrating Spotify's music service into Uber rides, leveraging Uber's large user base and Spotify's technology.

By breaking down geographic barriers, companies can access new markets, pool resources internationally, and gain diverse perspectives from different cultural backgrounds. By teaming up with partners from different countries, organizations can tap into untapped markets and expand their customer base while combining expertise, technologies, and resources. Still another advantage of alliances is firms' ability to transfer and integrate innovative resources within multinational partnerships.

Policy and infrastructure integration is yet another benefit. Cross-border alliances gain from policy frameworks such as trade agreements that facilitate collaboration. The USMCA provides an important framework for investment, ending uncertainty and enabling continued integration of North American markets. These agreements create enabling environments for cross-border innovation by reducing regulatory barriers and facilitating movement of talent and resources.

Thanks to technology—cross-border data flows in particular—geography is no longer destiny, for the most part. In that regard, alliances that foster innovation and entrepreneurship continue to proliferate, regardless of politics and foreign relations. USMCA partners Canada and Mexico are vivid examples.

One of the most significant U.S.-Canada innovation network activities is the partnership between NY CREATES (based in Albany, NY) and C2MI (MiQro Innovation Collaborative Centre) in Bromont, Quebec. This collaboration, formalized through a memorandum of understanding in April 2024, focuses on semiconductor research, innovation, and workforce development. The partnership created the Northeast Semiconductor Manufacturing Corridor (NSMC), bringing together more than 100 participants from New York, Vermont, Massachusetts, Quebec, and Ontario. It includes more than 50 industry leaders, 25 R&D organizations, and more than a dozen economic development corporations and governmental bodies.

The key features of this relationship are a cross-border semiconductor R&D collaboration spanning advanced logic technologies, quantum computing, memory systems, and heterogeneous integration. It also features shared workforce development initiatives leveraging Albany NanoTech Complex's 300mm semiconductor research capabilities with C2MI's expertise in Bromont. Additionally, the relationship also strengthens the strategic alignment with North American semiconductor supply chain resilience goals.

As for cross-border innovation alliances with Mexico, the University of California (UC) system's Alianza MX provides a superb example of a comprehensive U.S.-Mexico innovation network. Established in 2019, this system-wide initiative integrates three preexisting programs to develop and strengthen binational partnerships. Key components include a joint research fund that provides at least \$25,000 per year over two years to UC teams, with matching funds from Mexican partners. Research focus areas span artificial intelligence, migration, public health, climate change, and industrial transformation. Top Mexican universities are active in the endeavor, including Tecnológico de Monterrey, Universidad Autónoma de Ciudad Juárez, and Universidad Nacional Autónoma de México (UNAM). Recent collaborations include AI-powered shoreline change prediction for the Cali-Baja region and tuberculosis diagnosis using artificial intelligence tools, demonstrating practical applications of cross-border innovation.

Another collaborative endeavor that merits attention is the Border Solutions Alliance, which is a comprehensive five-university collaboration addressing challenges along the U.S.-Mexico border. Participants include the University of California San Diego (lead institution), New Mexico State University, the University of Texas El Paso, Arizona State University, and the University of Arizona. This alliance focuses on smart-technology solutions for trans-border community issues that include health, energy, infrastructure, environment, and productivity challenges. The

collaboration has hosted virtual data challenges and convocations bringing together diverse groups from both countries to solve pandemic-related border challenges.

U.S. alliances with other countries can prove to be mutually beneficial in advancing innovation and entrepreneurship. Even alliances among adversaries, such as U.S. cooperation with China in scientific research in health and energy, and with Cuba on marine and coastal protection, can achieve positive results. In the corporate world, rivals can form alliances such as that between Apple and IBM, where Apple's mobile platform is combined with IBM's deep experience in business software and services.

As with all alliances, the prime motivation will be pragmatism rather than altruism. What remains to be seen is how the latest technological game-changer—artificial intelligence—will impact the landscape of alliance formation and operation.

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