



Working with Mexico



**E. Anthony Wayne
Career Ambassador (ret.)**

Mexico Institute, Wilson Center

School of International Service, AU

waynea@gmail.com

www.eawayne.com

March 2022

Important Ties with Mexico



- **U.S.-Mexico ties touch more U.S. lives daily** than any other country via trade, border connections, tourism, family ties, and illicit flows.
- Some **37 million Mexican-Americans**: 11% of the U.S. population.
- The **1990-mile border** (3,201 km) creates overlapping security, economic, family and environmental interests.
- **2010-2016**: government-to-government **collaboration** unprecedented.
- July **2020**: new U.S., Mexico, and Canada **trade accord launched** (USMCA).
- **2021-22**: Rebuilding cooperation on migration, new efforts on cross-border crime, rebuilding trade, implementing USMCA, looking at enhanced competitiveness.

Serious Challenges to Address

U.S. drug demand and cross-border criminal networks

Boost commerce and jobs;
build resilient supply chains

Manage Central American,
Mexican, “other” migration

Recover from COVID 19; Build a
21st century border

Security & Justice Cooperation:
New Bicentennial Framework

Environmental Challenges,
Energy Policy Differences

Negative public perceptions;
stakeholder dialogues

Reduce Violence & Corruption

Don't forget potential terrorism

Importance of U.S.-Mexico Trade

Mexico is the U.S.'s:

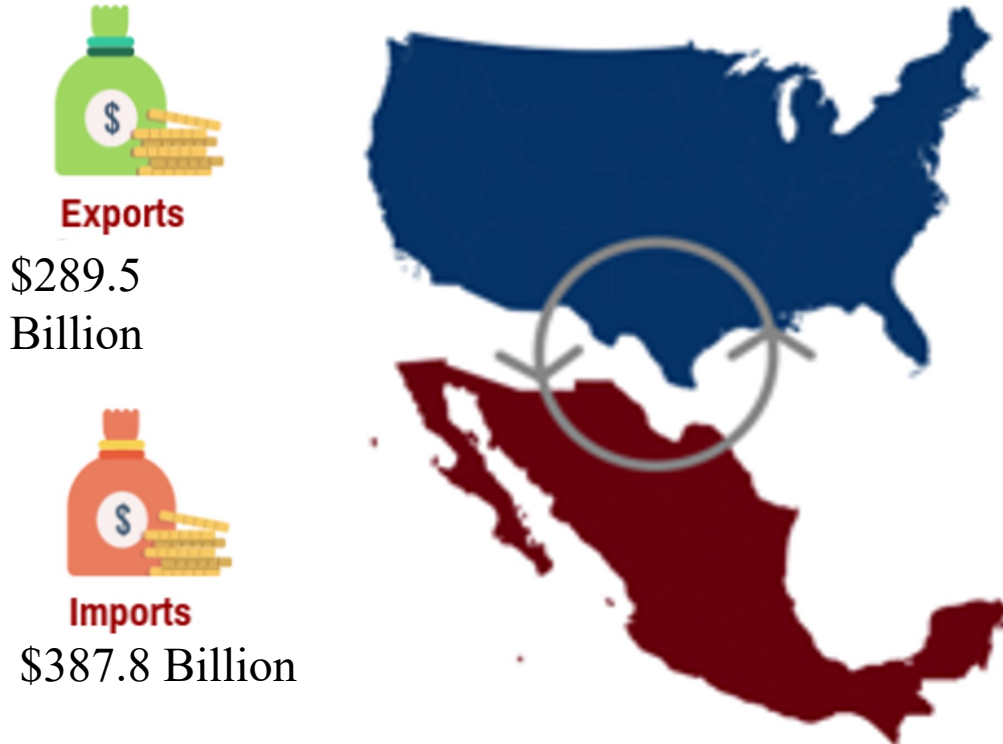
- **2nd largest export market (2021)**
- **2nd largest supplier of imports (2021)**
- **2nd largest Ag export market: \$19 billion in 2018**
- 1st or 2nd export market for 28 U.S. States
- 1st export market for U.S. Southern Border States

In 2021, Mexico was the U.S.' second largest trading partner at 661 billion dollars of trade between the two countries, behind Canada but ahead of China. (China was #1 in 2020, Mexico was #1 in 2019.)

For Mexico, US accounts for 80% of Mexican exports and 39% of GDP



U.S.-Mexico Trade



2019 Trade in goods and services:

\$ \$677.3 Billion

US and Mexico trade over
1 million dollars per minute

U.S.-Mexico Border Crossings

Pre-pandemic: each day over

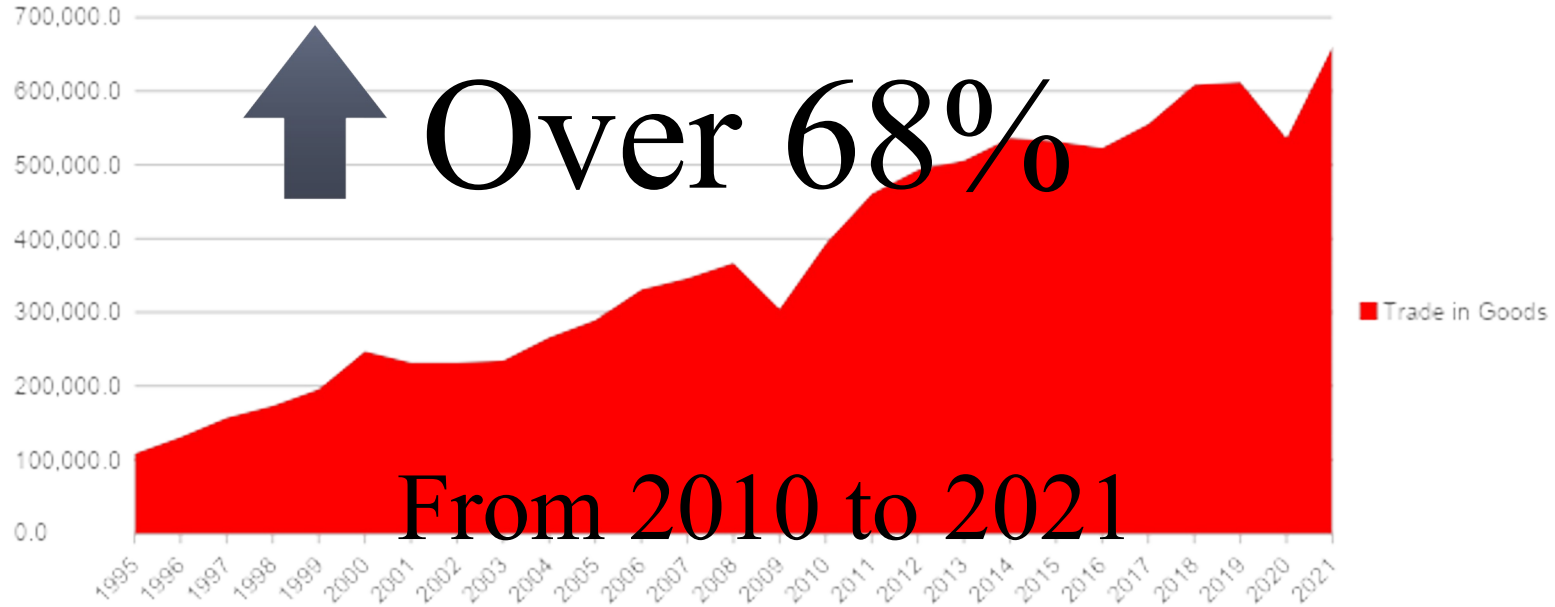
1 million

border crossings



U.S. Trade with Mexico has multiplied by 6 since 1995

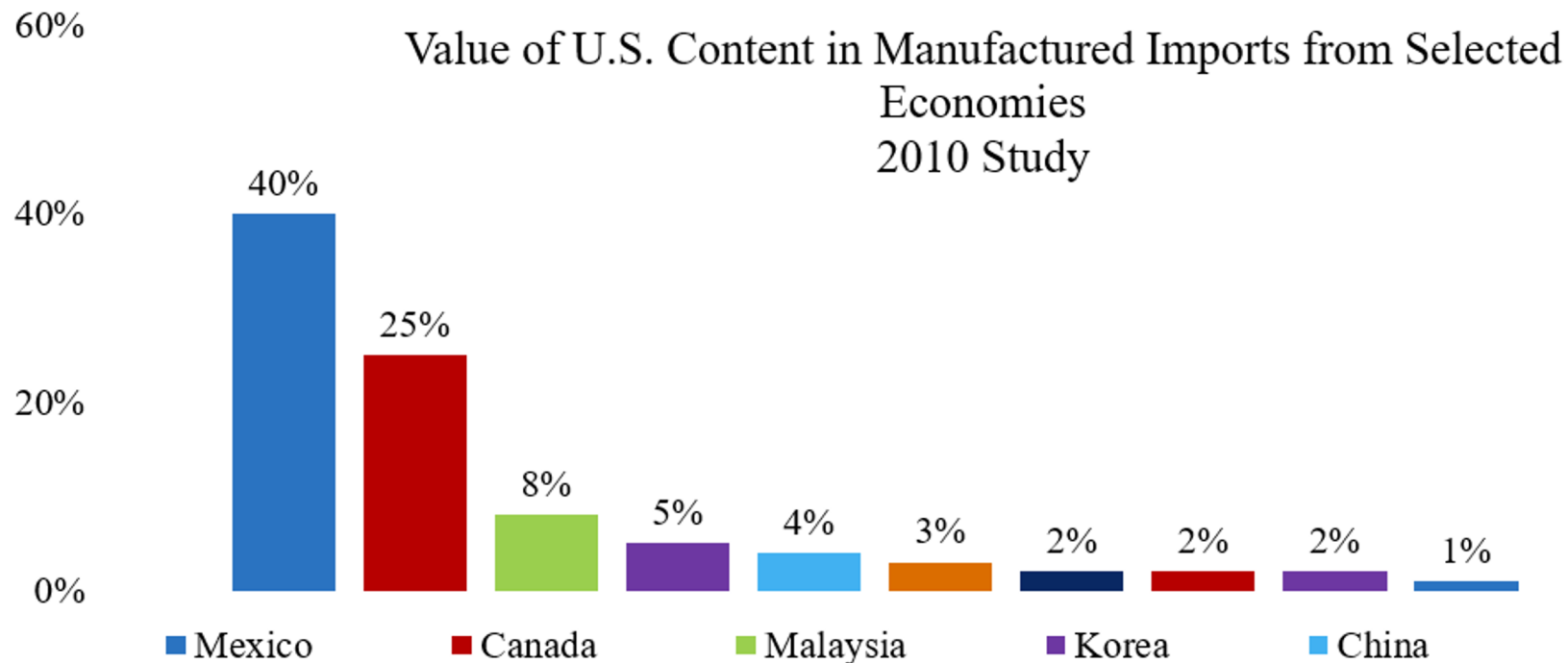
- The U.S. sells **more** to Mexico than to all the **BRICS** countries together



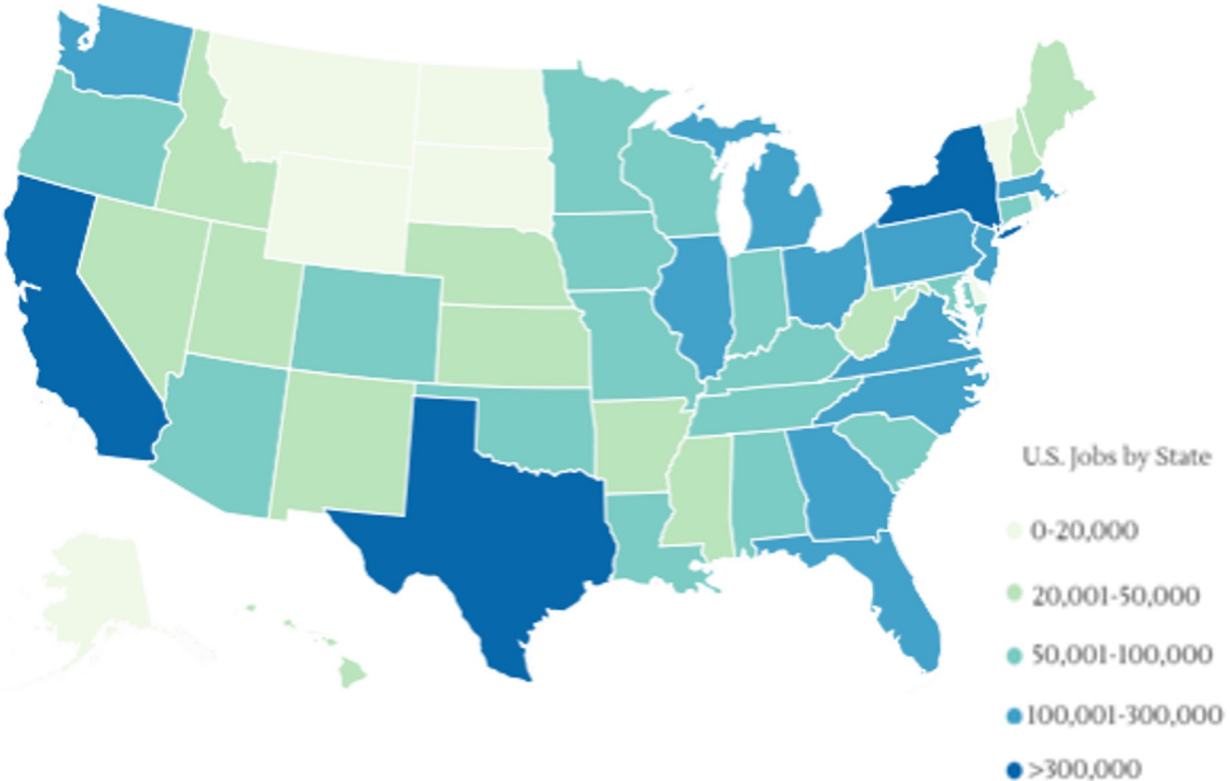
2021 year total: Canada Tops Mexico \$664.8 vs \$661.2 billion in goods trade



More U.S. Content in Imports from Mexico and Canada



Mexico trade and investment supports over 5 million U.S. jobs

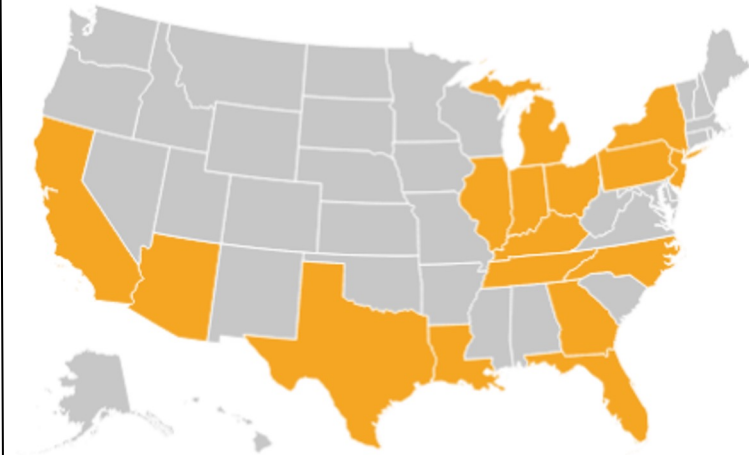


Some 5 million US jobs depend on trade and investment ties with Mexico (2017), compared to an estimated 700,000 jobs in 1993.

Source: Trade Partnership, 2019; Clinton Administration Statement on the NAFTA, 1993

Rank Order: Top U.S. States' Trade with Mexico 2018

State	Volume \$USD (Billions)	State	Volume \$USD (Billions)
Texas	174	Indiana	9.3
California	71.6	Florida	8.6
Michigan	61	Pennsylvania	7.7
Illinois	21.2	Louisiana	6.8
Arizona	15.7	North Carolina	7.6
Ohio	14.5	Kentucky	7.4
Tennessee	11.7	New Jersey	7.3
Georgia	9.9	New York	6.4







U.S.-Mexico Border States

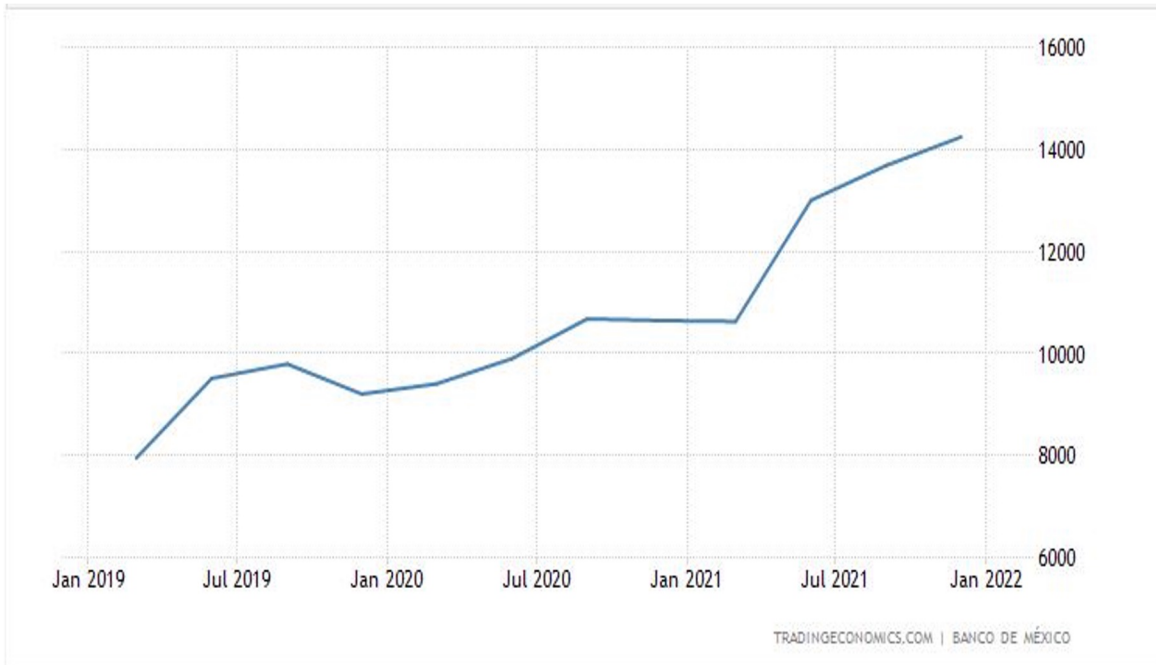
- In 2018, the U.S.-Mexico Border States' GDP reached **\$5.3 trillion**
- GDP from both sides of the border would constitute the **3rd largest economy in the world.**



Largest economies in the world (2019)

	United States: \$21.43 trillion
	China: \$14.14 trillion
	Japan: \$5.15 trillion
	Germany: \$3.8 trillion

Big Jump in Total Remittances to Mexico from US - Money sent back to family and friends in Mexico rose during pandemic.



- Mexico's Central Bank estimates that **95% of the remittances** to Mexico come from the **United States**.
- In **2021**, remittances set a record of **US \$51.6 billion**: a **27%** increase from 2020. Continue to rise in 2022.
- In **January 2022**, remittances totaled \$3.93 billion, a 19.6% increase from January 2021.

Border Management: Licit and Illicit Flows

Moving toward Co-Management of the Border



U.S.-Mexico Visitors (Pre-Pandemic)

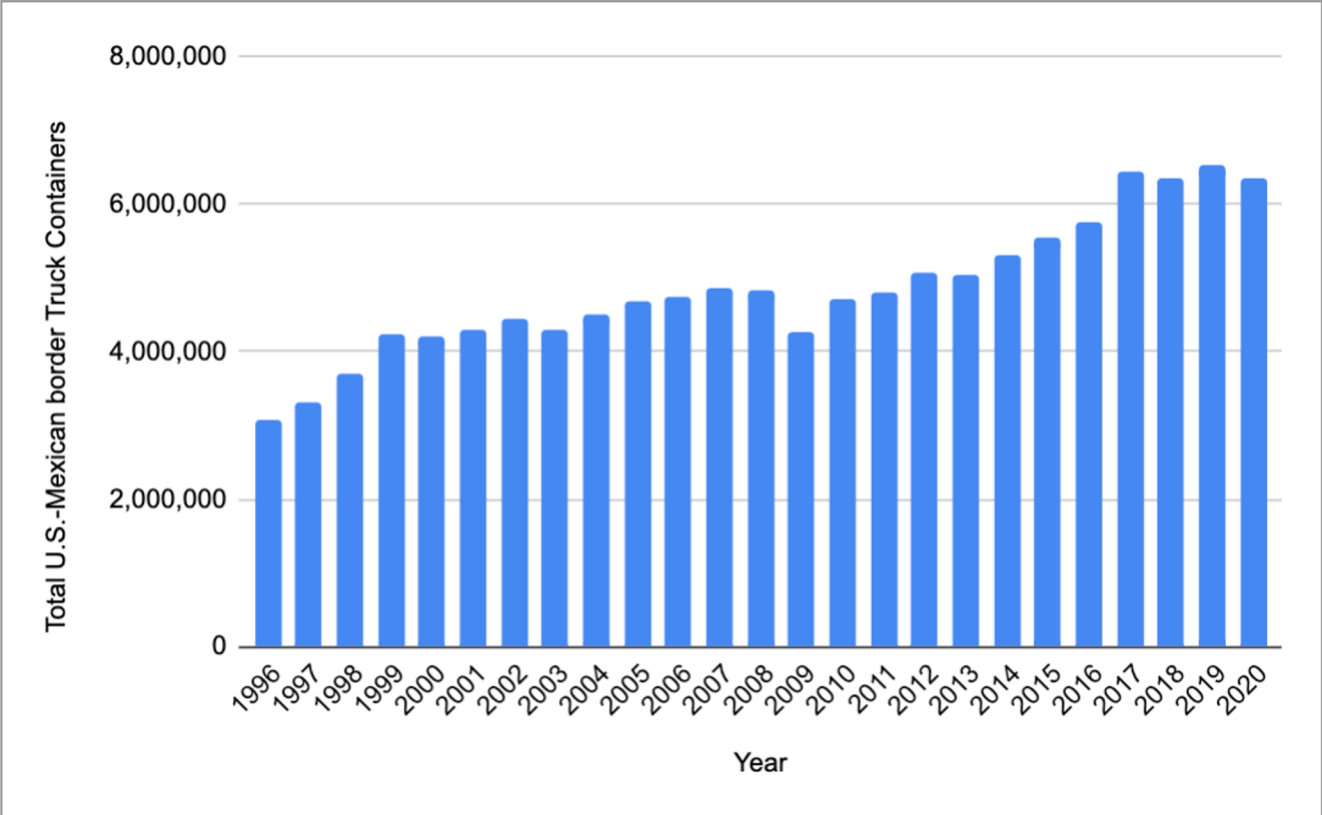
In 2019, overnight visitors from the U.S to Mexico totaled **39.9 million**: **40.0% of U.S. overseas tourism.**

Overnight visitors from Mexico to the U.S. totaled **18.4 million** in 2018.

Together, these **55 million visitors** spent over **\$41 billion.**

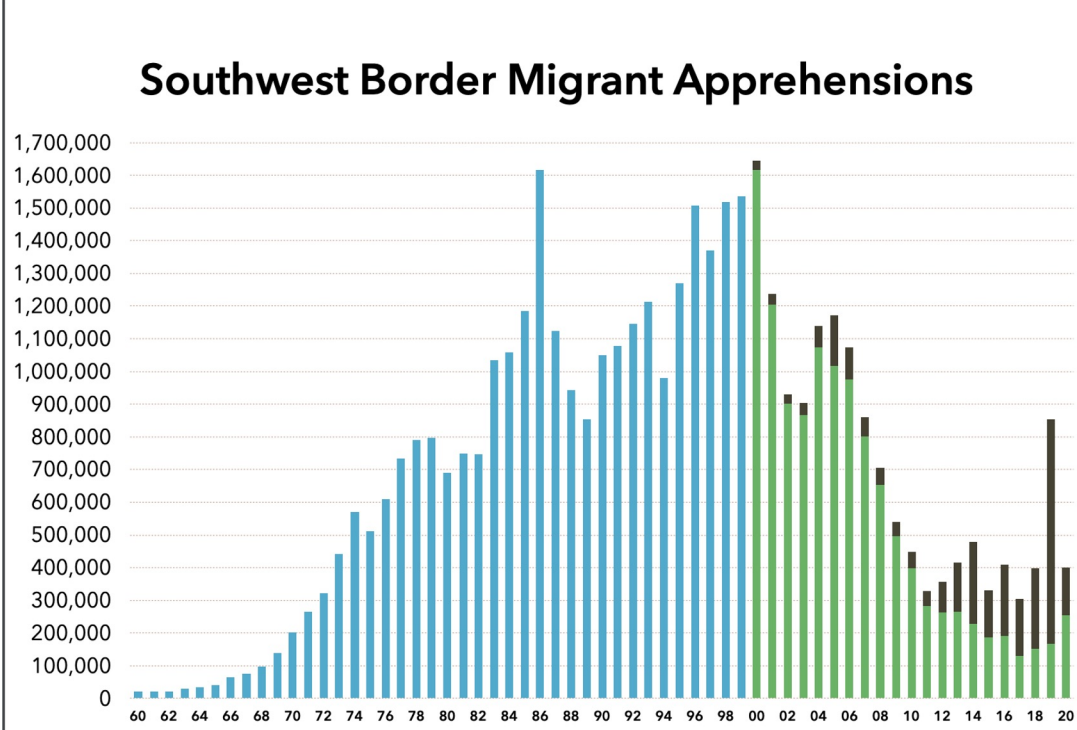


Trucks Crossing the U.S.-Mexico Border



Source: Bureau of Transportation Statistics, 2017

Southwest Border Migrant Apprehensions



■ All Nationalities ■ Mexican ■ Non-Mexican

Source: U.S. Border Patrol <http://bit.ly/2K3gMyo> <http://bit.ly/2JZYDw>

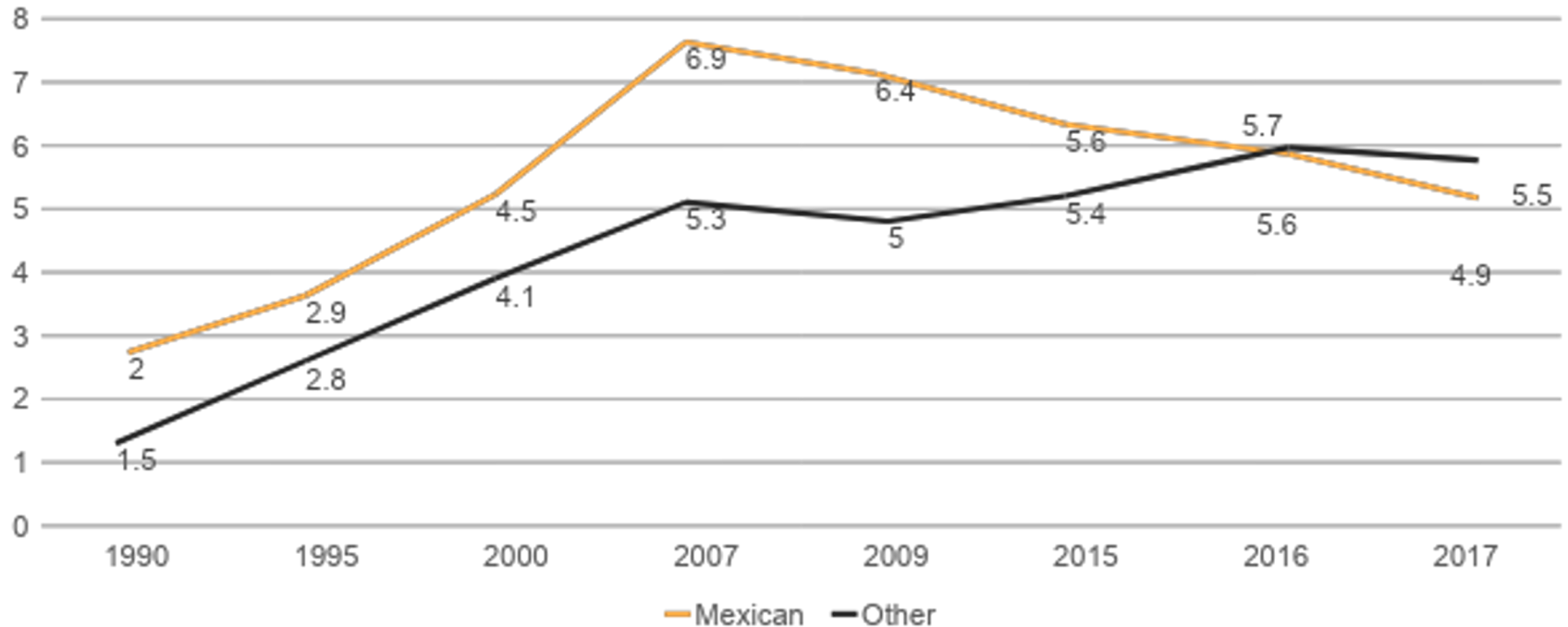
Mexican Migrant Flows Net-Zero Until COVID

- **Undocumented Mexican immigrants in the U.S. began to decline around 2007.**
- **Net migration from Mexico** to the U.S. significantly dropped over the last 25 years.
- As recently as **FY2011**, Mexican nationals made up 86% of all SWB apprehensions and then began to decline until COVID.
 - After **FY2013**, Mexicans accounted for less than half of total apprehensions.
- **Mexicans apprehended started to rise again in FY 2020 when Mexicans accounted for 63%** of the apprehensions at the southwest border (400,651).
- Mostly single adults and most were returned immediately.
- Why? Looking for jobs due to **pandemic recession and some flee criminal violence in Mexico.**



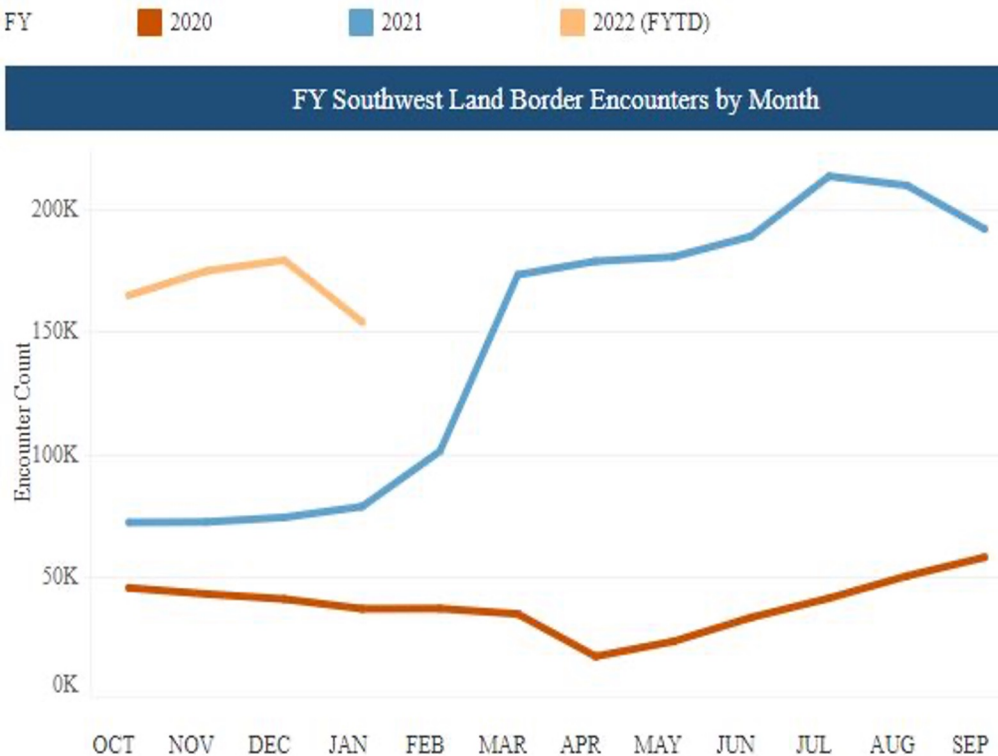
Source: U.S. CBP 2019, Congressional Research Service 2019.

Unauthorized Immigrants in the U.S. - near 11 million



Slight Decline in U.S.-Mexico border apprehensions

Apprehensions at the SW Border FY 2020 – January 2022

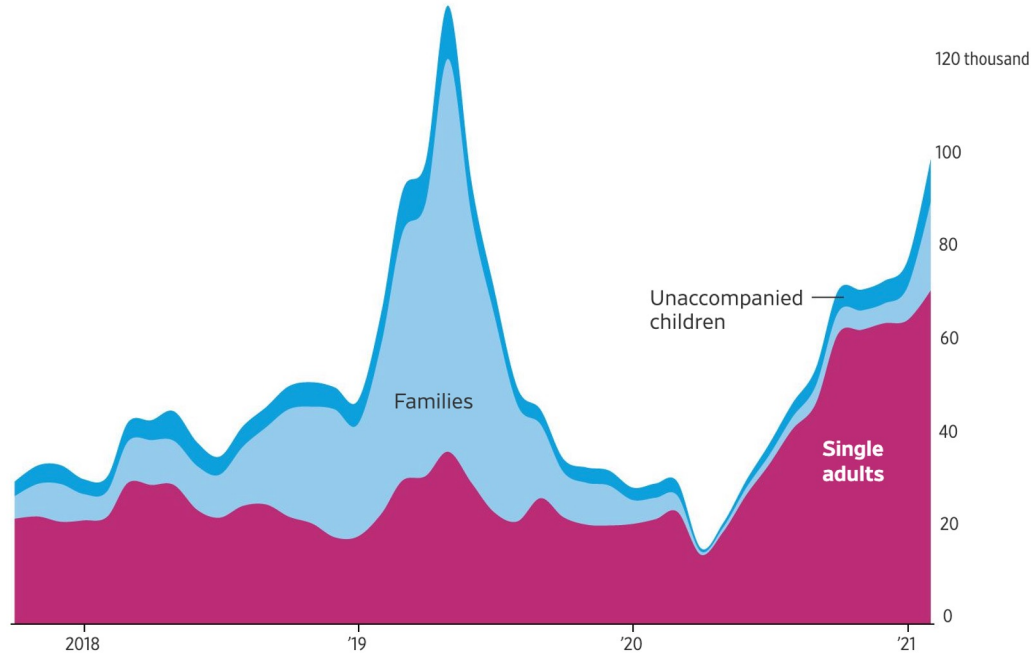


- FY 2020, 400,651 apprehensions (COVID 19)
- **FY 2021, 1,660,000 apprehensions.**
- **FY 2022, high numbers so far: Oct-Jan 672,838.**
- Fewer families, more adults, more Mexicans, more from elsewhere.
- Many rapid returns (60% of those under Title 42 citing Covid concerns)
- More repeat apprehensions (28%)

Migrants Detained at the Mexican Border- FY 2021

Migrants detained at the Mexican border

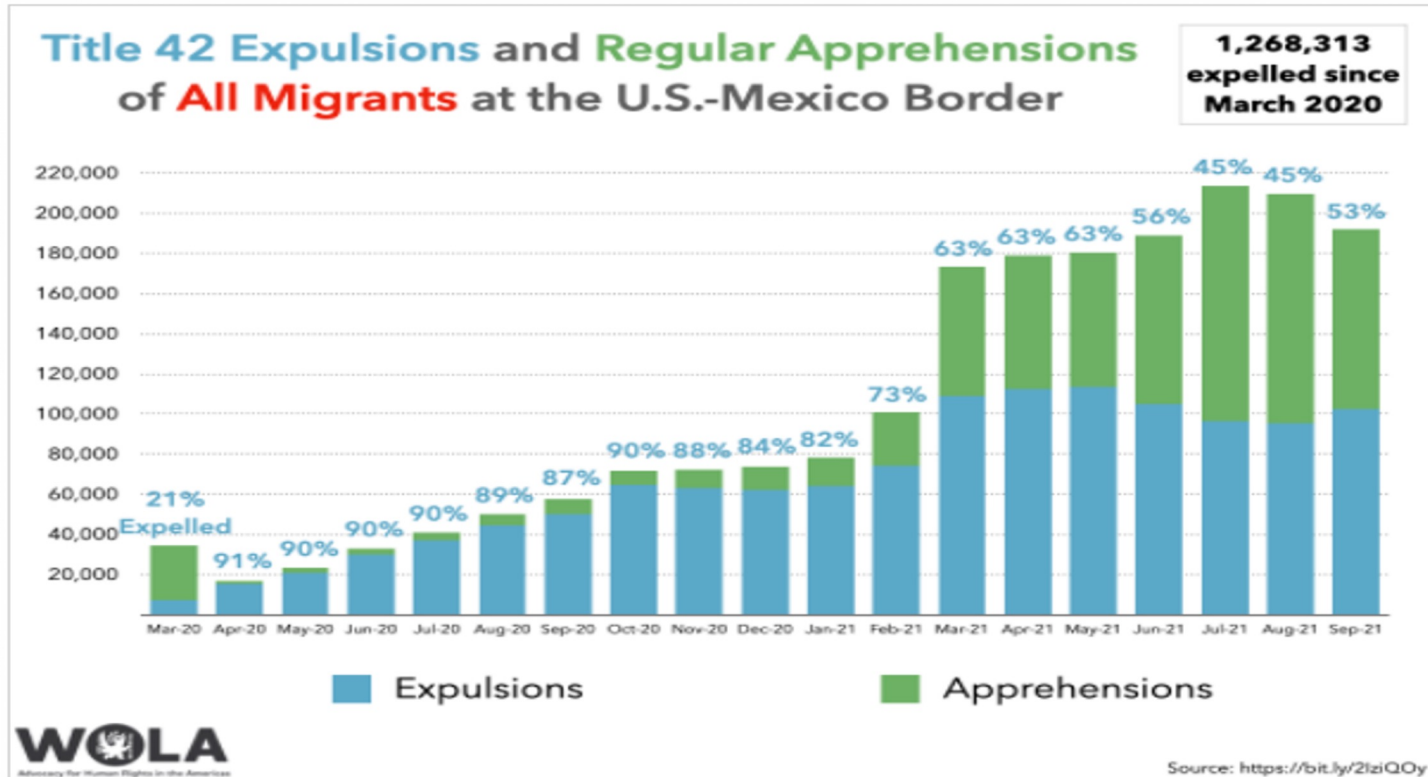
Single adults account for 82% of the apprehensions so far this fiscal year, according



Source: U.S. Customs and Border Protection

during the same period in 2020. During the same period in 2019, more than 136,000 families were arrested at the border.

Border Expulsions linked to COVID to end soon

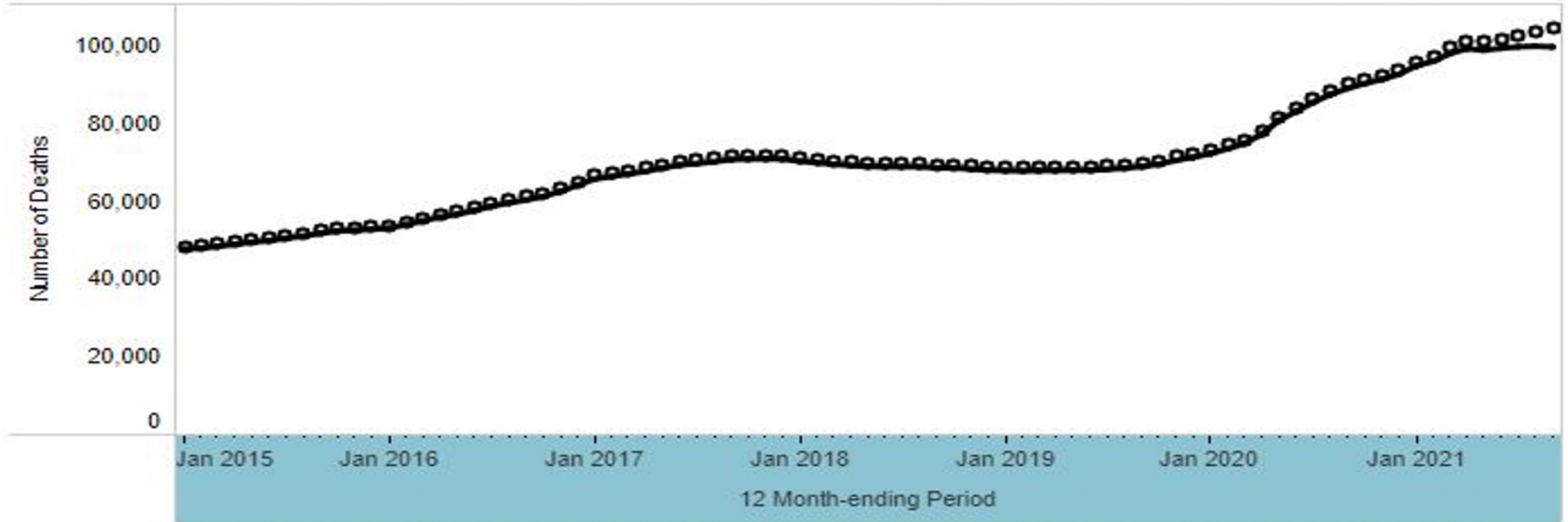


Bilateral Cooperation
Against Crime: Pending
Review

Driver: US Drug Overdose Deaths surged 28% in 2020-21

National Drug Overdose Death Number 2015-2021

Figure 1a. 12 Month-ending Provisional Counts of Drug Overdose Deaths: United States



Source: CDC Wonder Database; CDC Provisional Counts of Drug Overdose Deaths, 2019

Driver: Homicides in Mexico; Also IDPs



Homicides per month



2021 Homicides declined by 3% to 33,308. Still historically high.

26 per 100,000 inhabitants; 7th highest in Latin America.

Also an alarming number of internally displaced persons (IDPs)

Some 357,000 IDPs in Mexico compared to 8,000 in 2009.

Driver: Local Violence

Cost estimated at 22.5% of GDP

Department of State 2020 Country Reports on Human Rights Practices

- In March 2021, “**Impunity and extremely low rates of prosecution** remained a problem for all crimes, including human rights abuses.”
- **Unreported Crimes:** “Federal statistics agency estimated **94% of crimes were either unreported or not investigated**. There were reports of some government agents who were complicit with international organized criminal gangs, and there were low prosecution and conviction rates in these abuses.”
- **Organized Crime:** “Organized criminal elements, including local and transnational gangs, and narcotics traffickers, were **significant perpetrators of violent crimes and committed acts of homicide, torture, kidnapping, extortion, human trafficking, bribery, intimidation, and other threats**, resulting in high levels of violence, particularly targeting vulnerable groups ... but the vast majority remained in impunity.”
- **Journalists:** “The NGO Article 19 reported that as of December 2019, the **impunity rate for crimes against journalists was 99%**. According to Article 19 and media reporting, as of December, six journalists had been killed [in 2020] because of their reporting...”

Mérida Initiative: AMLO reluctant, U.S Concerned

U.S.-Mexico Merida Program Goals Established 2007

1. Disrupting the operational capacity of **organized crime**.
2. Institutionalizing reforms to sustain the **rule of law** and respect for **human rights** in Mexico.
3. Creating a “**21st Century Border**”.
4. Building strong and resilient **communities**.

\$3.2 billion appropriated **since 2008**.

\$1.6 billion already spent on training and equipment via over 100 programs to bolster Mexican capacity.

Mexico has spent over **10** times more, but heroin, fentanyl and meth trafficking still massive and violence still high.

Congress provided **\$155 million** in FY 2019, **\$150 million** in FY 2020 and **\$159 million** in FY 2021.

2017-2022 Cooperation Challenged

- **2017 agreement to comprehensive strategy** on supply and demand for illicit drugs. **Attack entire criminal business network** from means of production, cross-border distribution networks to profit flows and weapons procurement. **Tools:** physical barriers, technology, patrolling, eradication, enhanced cooperation, anti-addiction programs. **Never Implemented.**
- In **2018, AMLO ordered a review**, but did **not agreed to update strategy until October 2021**
- **U.S. concern grew.** December 2019 U.S. citizen **families massacred**; **US threat** to designate cartels as Foreign Terrorist Organizations sparked progress, but **opioids and meth continue** massive flow northward, drug organizations flourish, US drug overdose deaths surge.
- **Former Defense Secretary's arrest in late 2020** generated new Mexican law sharply restricting **anti-crime cooperation in Mexico.**
- **VP Harris June visit sparks work.** **October High Level Security Dialogue** launches new framework. Agreed objectives for new **Bicentennial Framework in January 2020.**

New Start: High level Security Dialogue (HLSD)

- US and Mexican cabinet members agreed to replace Merida with a new **“Bicentennial Framework for Security, Public Health and Safe Communities” in October.**
- Agree to hammer out a **more detailed action agenda by the end of 2021** and then a 3-year action plan.
 - Investing in public health as related to the impacts of **drug use, supporting safe communities, and reducing homicides and high-impact crimes.**
 - **Reducing transborder crime** by securing modes of travel and commerce, reducing **arms trafficking, targeting illicit supply chains, human trafficking & smuggling.**
 - Pursuing criminal networks by **disrupting illicit financiers and strengthening security and justice sectors.**
- **26 joint objectives announced January 31.** Much work still to do to produce an action plan, let alone concrete actions that reduce violence and illicit flows.
- Will require **rebuilding trust** and finding ways to successfully arrest and **bring criminals to justice.**

Persistent Challenges



- “Chronic irritants” to bilateral security cooperation

1. Corruption persists, harms confidence.
2. Weak enforcement & justice systems.
3. Human rights violations.
4. Weapons trafficking southward.
5. Illicit money flows to Mexico.

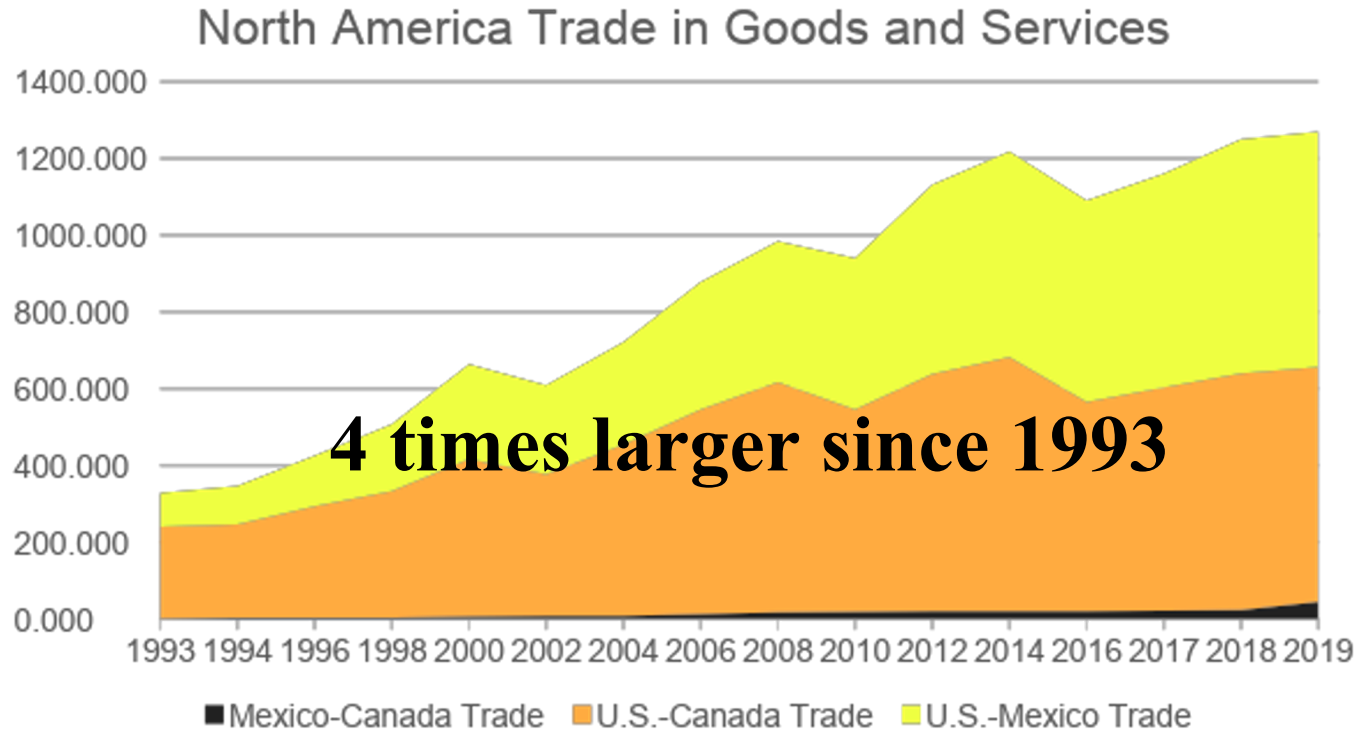
Trade: NAFTA to USMCA



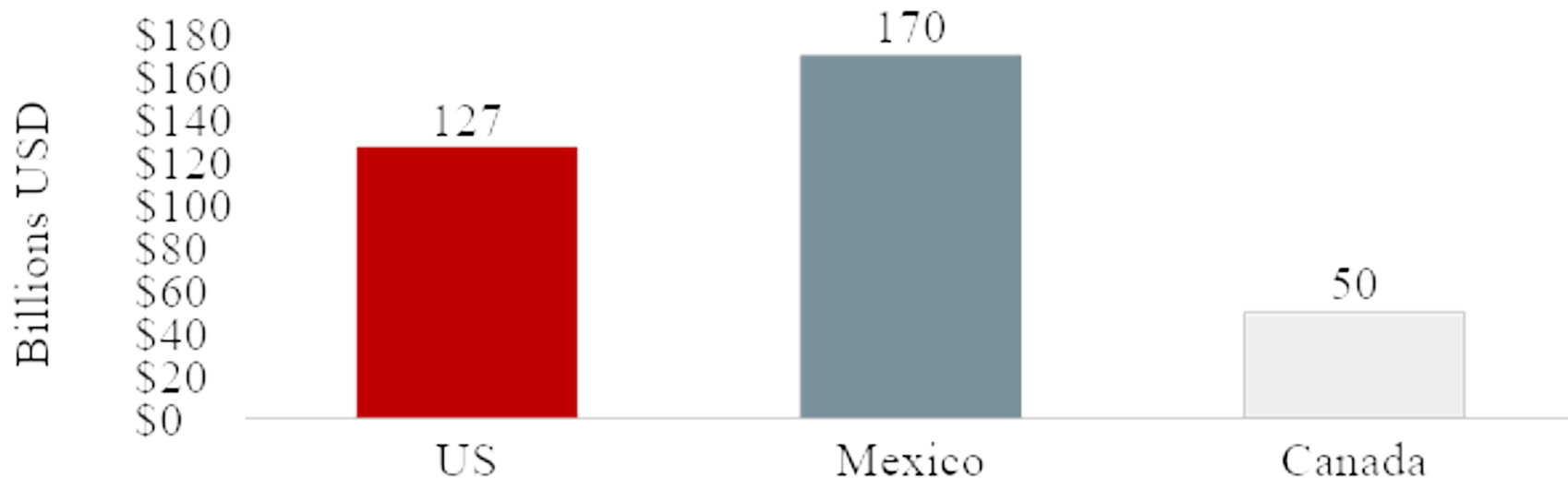
North American Trade

- Canada, Mexico and the U.S. trade **\$1.3 trillion a year.**
- **\$3.6 billion a day**, reflecting **shared production networks.**
- More than US trade with all the **European Union** and **over 2 times** more than with **China.**
- **Over 12 million U.S. jobs** are supported by trade and investment with both neighbors.
- **50 percent** of North American trade is **intermediate goods.**

North American Trade in Goods and Services



NAFTA Countries were richer each year due to “extra” trade growth (2014 estimate)



The pure economic payoff for the U.S. estimated at \$400 per person

Net U.S. Jobs Related to Trade with Mexico & Canada Top 10 states

Trade with Mexico: 4.9 million		
No.	State	Net Number of U.S. Jobs
1	California	+ 572.2
2	Texas	+ 399.5
3	New York	+ 325.5
4	Illinois	+ 198.0
5	Pennsylvania	+ 195.7
6	Ohio	+ 170.9
7	Georgia	+ 158.2
8	North Carolina	+ 150.6
9	New Jersey	+ 141.2
10	Virginia	+ 135.3

Trade with Canada: 7.2 million		
No.	State	Net Number of U.S. Jobs
1	California	+ 898.5
2	Texas	+ 549.4
3	New York	+ 475.9
4	Florida	+ 446.3
5	Illinois	+ 293.7
6	Pennsylvania	+ 282.3
7	Ohio	+ 257.5
8	Georgia	+ 229.2
9	North Carolina	+ 225.8
10	Michigan	+ 209.7

NAFTA to USMCA (T-MEC, CUSMA)



- The **USMCA (United States-Mexico-Canada Agreement)**, or T-MEC in Mexico, replacing the 1993 **NAFTA (North American Free Trade Agreement)**.
- New agreement signed on **November 30, 2018**.
- A revised agreement reached on **December 10, 2019**.
- U.S. Senate approved and President Trump signed USMCA in January 2020.
- USMCA entered into force **July 1, 2020**. **Implementation underway. Slowed by pandemic and US transition.**



Main elements of the USMCA (T-MEC)



- **Rules of Origin, wages and steel for Vehicles to be phased in 2020-2023**
 - 75% of the value of a vehicle to be produced in the region (up from 62.5%); 70% of steel and aluminum.
 - 40%-45% of auto content produced by workers earning over \$16 per hour.
- **Dispute Settlement**
 - Maintains NAFTA's dispute-settlement provision over unfair trade practice allegations (Chapter 19) and state to state differences of treaty interpretation (Ch. 20), but limits investor dispute (ISDR) options to key sectors of U.S.-Mexico investment; eliminates coverage for U.S.-Canada issues.
 - **New “rapid” dispute settlement for labor enforcement.** Eliminated ability to block a dispute panel.
- **Successfully Updated Treatment of IPR, Internet-related issues, Labor, Environment...**
 - Achieved or exceeded many modernization goals, including on labor rights provisions, IPR protections, ecommerce & data issues, anti-corruption, competitiveness, SMEs, SoEs, among others.
- **Sunset Clause:** 16-year lifetime for the agreement; review every six years; possible 16-year renewal.
- **Agriculture:** Addresses Canada dairy practices; new commitments biotech & food safety.



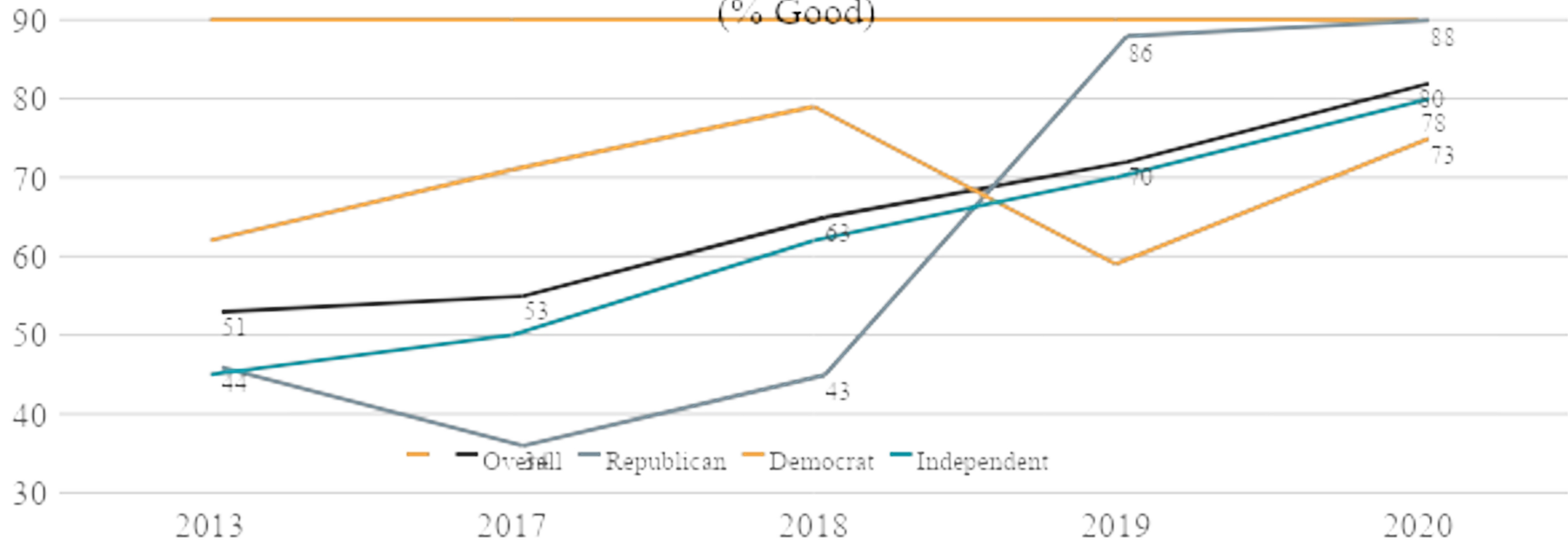
US Opinion:

Is NAFTA/USMCA Good for the US Economy?



Overall, do you think USMCA will be good for the U.S. or bad for the U.S.?

(% Good)



Implementing USMCA



Governments **agreed on procedures to monitor compliance, set up the dispute settlement systems, new committees to work through problems and build cooperation, and much more.**

COVID 19:

Supply chains & border crossings disrupted; **need to build resilient supply chains & smarter, modern borders to support trade.**

USMCA Concerns:

- **Mexico:** Labor democracy (2 US cases successful). Undermining Energy Investments with proposed reform. Complaints not honoring agriculture **biotech** commitments.
- **United States:** Mexico and Canada concerned about **Buy America & rules of origin** for cars.
- **Canada:** US complains about **dairy** commitments; Canada complains about **softwood lumber**.

Biggest gain: reduced uncertainty for businesses and farmers. Seek good implementation & enforcement; work on **competitiveness**; SMEs; digital trade, workforce development, equity.



New: High Level Economic Dialogue (HLED)

1. **Revived the HLED set up in 2013** to advance strategic priorities; **Trump abandoned.**
2. Launched in **September. Complementary to USMCA: cooperative efforts to boost competitiveness** and well-being.
3. **Pillars of Focus:**
 - A. **“Building back together”**: encourage resilient and reliable supply chains; renew **border modernization** to better manage and promote efficient trade flows.
 - B. **“Promoting sustainable economic and social development in Southern Mexico and Central America”**: identify best mix of programs and tools to get results.
 - C. **“Securing tools for future prosperity”**: promote collaboration on **cross border information and technology systems, including cybersecurity policy.**
 - D. **“Investing in our people”**: Look at ways to encourage **workforce development** including among disadvantaged populations.

North American Leaders Summit (NALS)

In **November 2021**, the North American Leaders Summit agreed to series of actions, including:

1. **Pandemic Recovery:** update North American Plan for Animal and Pandemic Influenza (NAPAPI); steps to strengthen vaccine and public health supply chains.
2. **Supply Chains and Economic Recovery:** Create a Trilateral Supply Chain Mechanism; strengthen SME participation, stop forced labor imports; hold a trilateral cyber meeting.
3. **Environment and Climate:** forge strategy on reducing methane and black carbon emissions; accelerate renewable energy deployment; and support climate smart agriculture, forestry, water use.
4. **Justice, Diversity, and Migration:** Trilateral action on racial equity and inclusion, violence against indigenous women and girls, and on a global equity fund for the LGBTQI+ community.
5. **Migration and Development:** Develop a regional compact on migration, promote pathways for labor mobility through seasonal work visas and job creation aid. Continued dialogue on root causes of migration and create a migrant smuggling and human trafficking task force.

Elections & AMLO's Policies/Performance

Presidential Results: Launches the “4th Transformation”



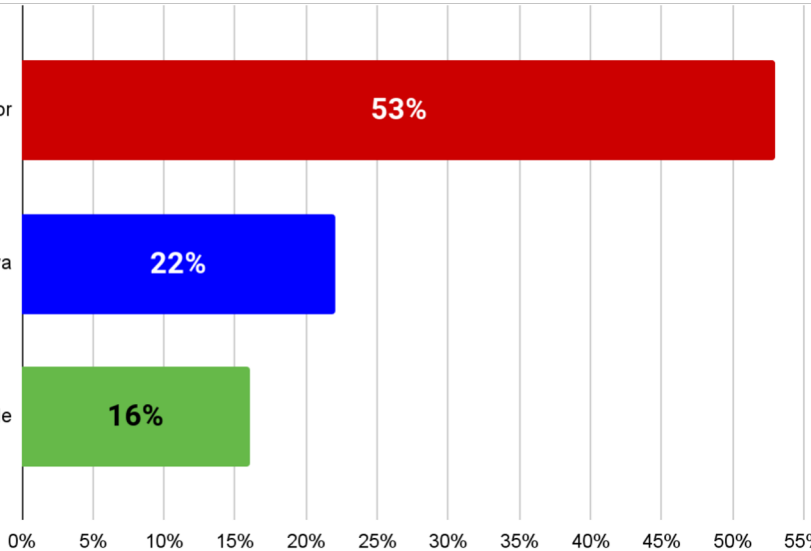
Lopez Obrador



Anaya



Meade



July 2018 voter turnout: 63.5%

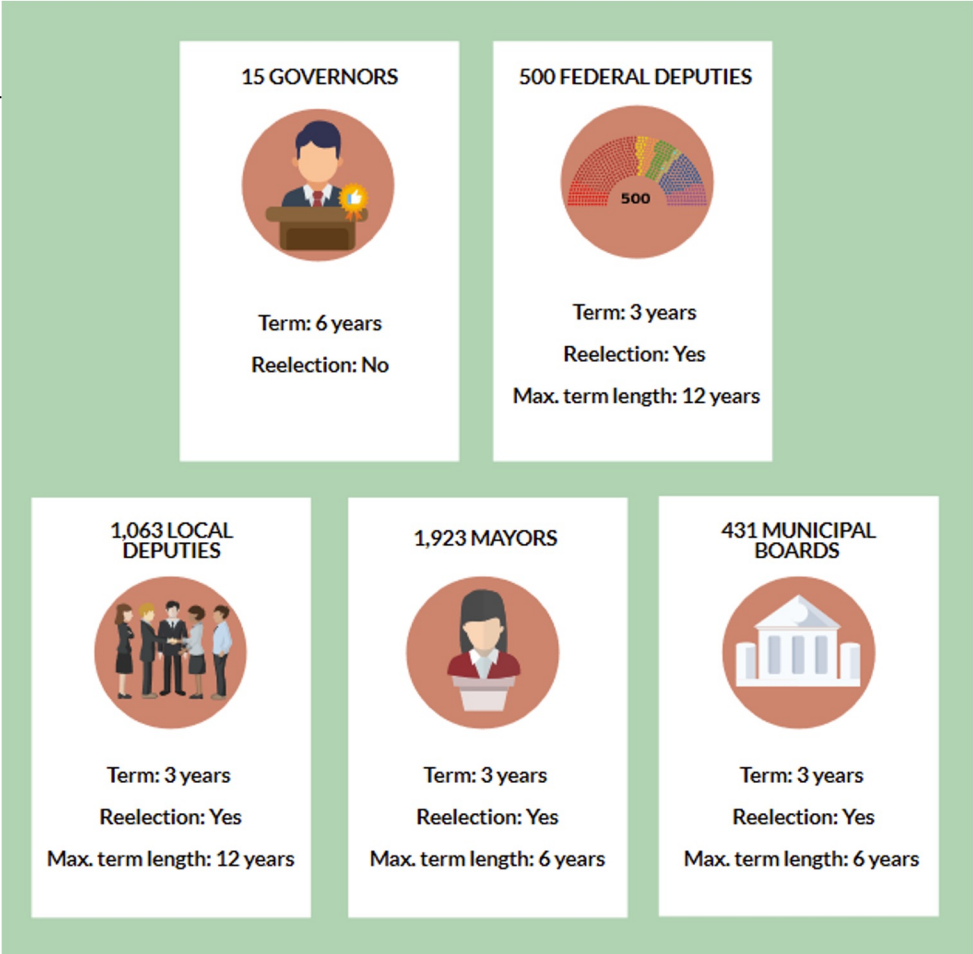
AMLO won 53% of vote.
(PAN 22%; PRI 16%)

Andres Manuel Lopez Obrador’s party, Morena, **won big majorities in Congress.**

AMLO took office December 1.
Most powerful President in decades: few counterweights.

June 2021 Election

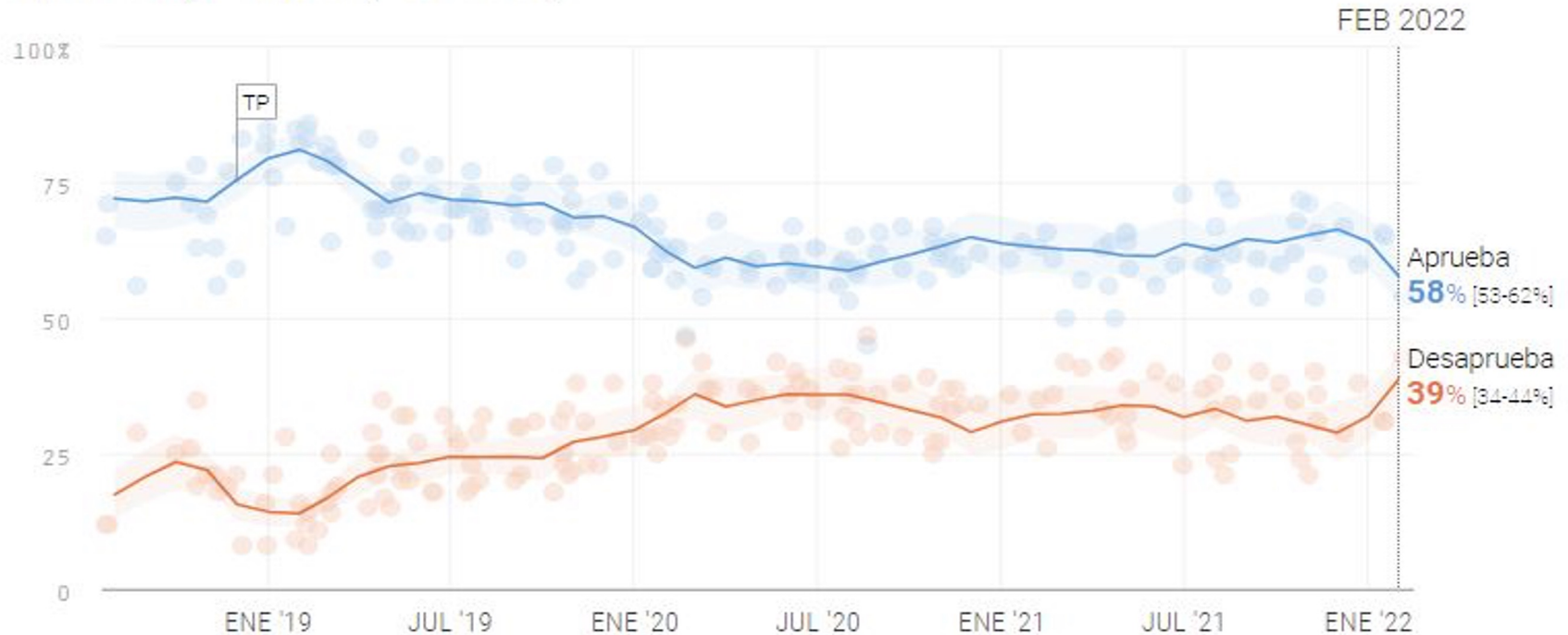
21,368 seats were up for election. **AMLO's coalition retained a majority but did not win $\frac{2}{3}$ of the Federal Deputies to change the constitution.** Morena won big in the states, but only received 35-36% of the vote.



AMLO APPROVAL January 2019-January 2022 (POLL OF POLLS)

Andrés M. López Obrador

Aprobación presidencial (Poll of Polls)

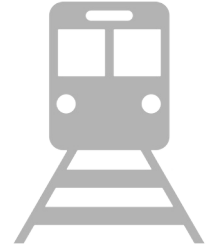


Policy Proposals: Fourth Transformation



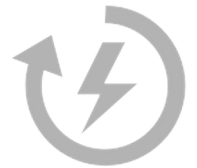
Economic Policy: **Reducing Inequality**

- Focus on developing Mexico's internal market; encourage investment.
- Build Infrastructure (e.g. railway, airport, oil refinery).
- Redirect spending to the poor but won't raise taxes or increase debt.
- Lower taxes along U.S. border.
- **Aim to achieve 4% average GDP growth over his six-year term;**
- Develop south of country.
- Create new infrastructure: Maya Train, new Mexico City airport.



Energy: **Strengthen Energy Independence and Public Sector role**

- Strengthen national oil company, PEMEX, & electricity authority, CFE.
- Limit gasoline price increases; decrease prices in several years.
- Build new refinery and increase capacity for energy sovereignty.
- Slow/reverse previous energy reform allowing private sector role.



Security Proposals and Goals



Security Proposals:

- **End to the War on drugs** - hugs not bullets.
- Consider reforms of currently illegal drug production and use.
- Weaken crime's social base with social, education and jobs programs.
- Provide alternatives to drug cultivation and fuel theft.
- **Generate peace through non-violent methods**, transitional justice and amnesty.
- Establish a Council on Peace Construction; Emphasize human rights.
- Strengthen the judicial system: close wage gaps for employees.
- Expand **National Guard** Officers across 226 regions.
- Aim to **reduce crime rate by 15%**.
- Aim to **reduce homicides and car theft by 50%**.
- Aim to **reduce the public perception of insecurity from 80% to 39.4%**.
- Try to boost World Justice Project's Rule of Law score from 0.45 to 0.60 by 2024.



AMLO's Actions



Reduce Poverty:

- Increased **minimum wage**.
- Launched **youth jobs** programs.
- Subsidize inputs for **small farmers; programs benefit indigenous; tree planting subsidies for rural areas**.
- Provide universal health coverage; starting with **elderly and poor**.



Attack Corruption, Reduce Waste; Improve Security:

- Promised better supervision of public spending; increase legal penalties for corruption.
- **Cut officials' salaries, perks. Reduce staff and existing programs.**
- Promised independent "Fiscal General"; active Financial Crime Unit to corruption.
- **Established and deploy National Guard** to reduce crime.
- **Use direct means to consult** "the people;" Also reduced use NGOs to deliver benefits.



Maintain Trade and solid relations with US

- Secure trade via **USMCA**, promised to attract new investment.

Education:

- Eliminated key parts of Education Reform that had alienated teachers' unions.
- Launch new youth scholarships, promise to build new universities

AMLO after three years: Mixed Results

- **Popularity**: consistently over 55% but dropping in 2022.
- **USMCA**: President is helping Mexico recover but energy reform worries investors, may violate USMCA.
- **Coronavirus**: caused serious challenges; deaths very high but under reported, dramatic reduction in exports, investment, consumption, supply chains disrupted, many jobs lost; poverty up.
- **Economy**: An economic contraction of some 8.2% in 2020; rebounded 5.9% in 2021. OECD estimates 3.3% in 2022. Mexican and foreign investors perceive negative environment, e.g., energy reforms and weakening independent regulators.
- **Poverty**: Over 22 percent of Mexico's 129 million people now live on less than \$2 a day, an increase of more than 6% from 2019. Poverty has risen to 51%.
- **Crime**: homicide, crime and violence levels remain high. US Meth and Fentanyl seizures at border remain high.
- **Corruption**: Fighting corruption an AMLO priority but Mexico poor in regional rankings; National Audit Authority has identified serious irregularities, no major convictions; criticism of AMLO family and colleagues behavior.
- **Institutions; Press Freedom**: AMLO criticized for undermining independent regulators and institutions; attacked electoral authorities and the press. Financial Intelligence Unit and FRG attacked opposition figures. Criticized for boosting the army's role in the economy. Increasing criticism in domestic and international media of journalists killed by criminal groups.
- **Infrastructure Projects**: Dos Bocas refinery, the Tren Maya, new airport under construction, but still controversial.
- **Migrant Numbers**: Still large flows from Central Am., elsewhere and Mexicans crossing to US. National Guard criticized.

Vance Center Anti-Corruption Assessment 2021-22: Mexico ranked 9 of 17 in Latin America

Country	Final Score	Legislation	Authorities	Implementation
Uruguay	8.36	8.43	8.33	8.33
Chile	7.96	8.71	7.50	7.83
Costa Rica	7.04	8.40	6.67	6.17
Brazil	6.70	8.28	6.16	5.83
Argentina	6.32	8.02	5.42	5.83
Colombia	6.20	8.72	4.58	5.83
Ecuador	6.19	8.41	5.17	5.33
Peru	6.06	9.25	4.33	5.17
Mexico	5.64	9.30	3.50	4.83
Bolivia	5.50	8.17	3.76	5.17
Dominican Republic	5.45	7.94	4.17	4.67
Panama	4.61	6.20	4.00	3.83
Paraguay	4.53	6.99	3.33	3.67
El Salvador	4.20	8.17	2.23	2.83
Honduras	4.05	7.72	2.22	2.83
Guatemala	3.54	6.00	2.22	2.83
Venezuela	2.87	6.86	1.67	0.50

- While Mexico has strong anti-corruption legislation (9.30), anti-corruption authorities are weak (3.50) and implementation of legislation (4.83) is poor.
- Corruption allegations have been made against members of AMLO's party, MORENA, and family members.
- Under the AMLO administration, many corruption cases are unresolved.

Economy, Energy and Environment

COVID-19, Recession and Recovery



- **5.9% GDP rebound in 2021 from recession.** Mexico barely dodged recession at the end 2021. Inflation above 7%. So far, annual GDP growth below 4% goal.
- Mexican economy rebound **driven by exports to US and record US remittances**, but **drop in** domestic and foreign **investment**, concern re **energy and regulatory** weakening; **auto industry** still suffering;
- Report from WHO: **could have avoided up to 190,000 deaths.**
- Mexico's **credit ratings poor**; worries on growth, inflation, PEMEX, re-nationalizing electricity sector, green energy. S&P warned of 2022 downgrading.
- **2.3% growth expected in 2022**; 2.6% 2023. **IMF recommends policy changes** re public investment, PEMEX and electricity sector.

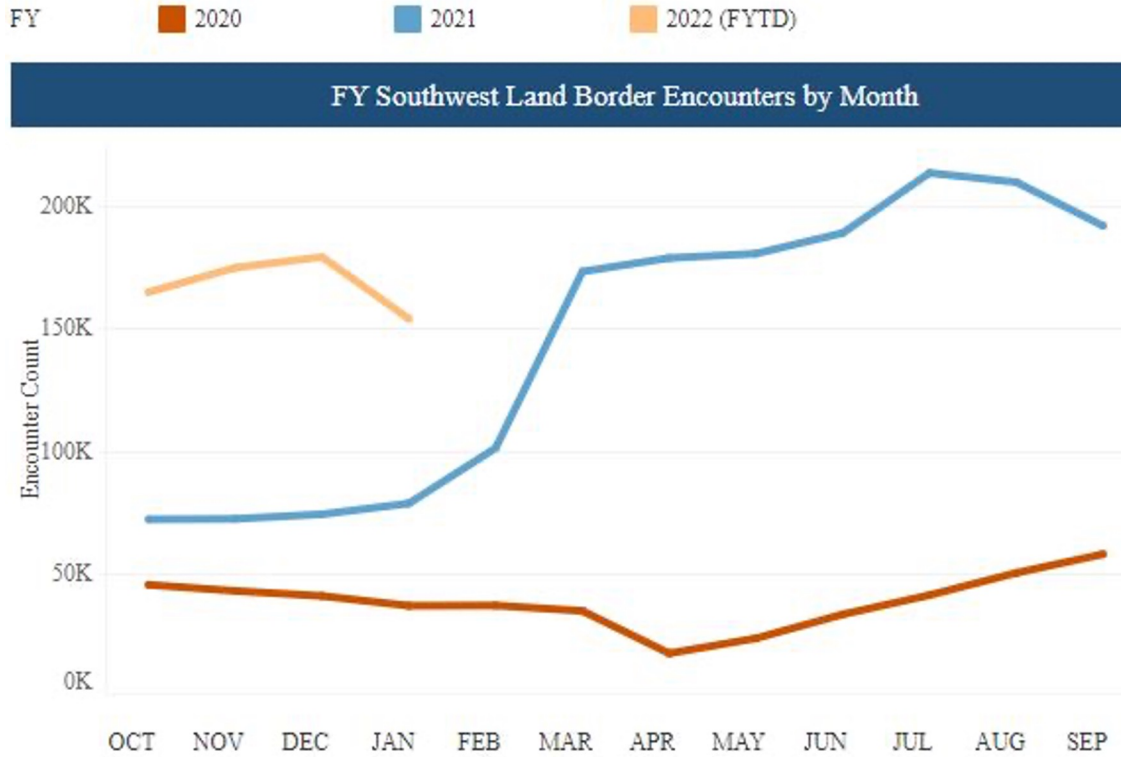
AMLO's Proposed Energy Reform



- AMLO seeks **Mexican energy independence** in oil, gas, and electricity.
- Mexico gets about **65% of its gasoline and 86% of its natural gas from the U.S.**
- AMLO seeks to **strengthen** national oil company **PEMEX** and national electricity authority **CFE**.
- **Previous government reformed constitution** to allow private sector involvement seeking increased exploration efficiency and lower prices.
- **AMLO focus on bailing out/improving PEMEX (\$105 billion debt); lessening private sector role.**
- **AMLO focus on prioritizing CFE** at expense of private and green/renewable energy producers.
- In early 2021, federal courts blocked regulatory reforms to PEMEX and CFE as violating constitution.
- AMLO introduced a **new law to reform electricity sector**; continues regulatory steps to freeze and reduce private sector energy investment. **Congress to vote on new bill in April.**
- **Analysts say hurts renewable energy and climate goals; electricity prices will rise; violate USMCA;**
- **Jeopardizes an estimated \$25-40 billion in private investment.**
- **Biden prioritizes climate-friendly power generation**; electric vehicle industry needs green energy.
- **US encouraging changes to respect USMCA and Climate goals**; affected US companies very upset.

Migration

Migrants Apprehended at Border - 2022 numbers decline slightly from 2021 high



- U.S.-Mexico land border apprehensions per month.
- Fiscal year starts October and ends in September.
- Apprehensions peaked in July 2021, and have been on a downward trend, getting close to 150 thousand in January 2022.
- Biden Administration preparing for new surge if COVID 19 expulsions stopped this spring.

US ideas falling short as COVID fades



Biden Policy papers on Central America and Migration lay out ideas.

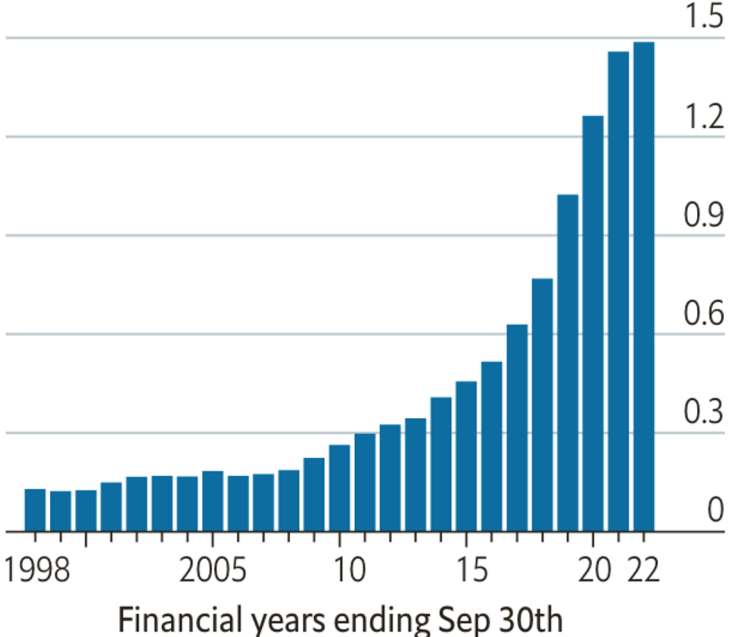
- **Seeks \$4 billion aid to address root causes** and on governance/less corruption in Northern Triangle (Honduras, El Salvador, Guatemala).
- **Seeks closer cooperation with Mexico**, including developing southern Mexico.
- **Seeks broader regional cooperation** to manage and share burdens of caring for those in need; help integrate and resettle elsewhere.
- **Addressing driving forces** in each source country **with better governance, US aid, private investment** & investing in **refugee, border, protection services**.
- Law enforcement cooperation to **reduce smuggling**.
- **Improved US temporary worker programs**: H-2A (seasonal ag workers), H-2B (non-ag)
- **Bolster US asylum system; better infrastructure** to receive and process migrants.

Comprehensive Immigration Reform Unlikely and much criticism of US policies at home

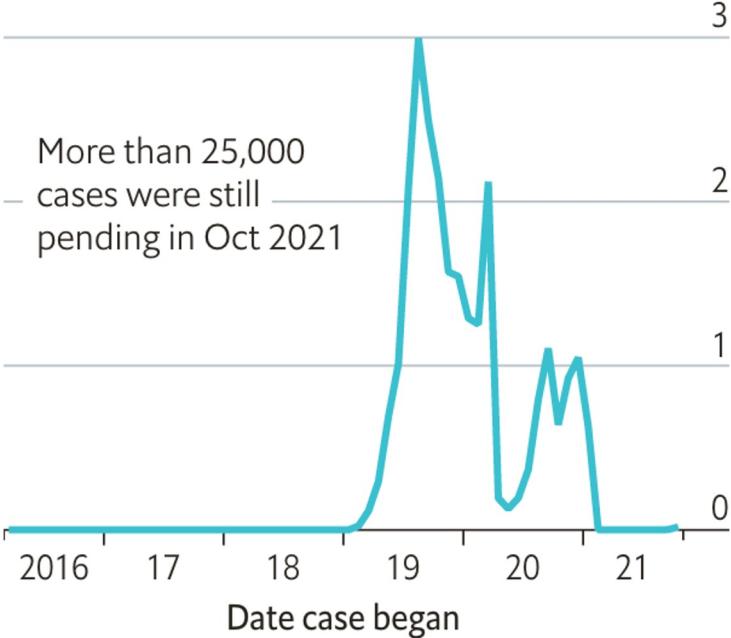
US is not prepared for a new surge after COVID restrictions are lifted

Backlog in America's Immigration Courts

Total pending cases, m



Pending "Remain in Mexico" cases in Oct 2021 '000



Source: TRAC, Syracuse University

Maintaining a Partnership with Mexico?

US-Mexico Steps to Rebuild and Regularize Cooperation



Concerted US-Mexico Effort to Construct Mechanisms/Processes

- Vigorous **USMCA** implementation.
- Created **High level Economic Dialogue** agreed (September).
- Agreed to **High Level Security Dialogue** and to create an **Bicentennial Framework Action Plan (October, Jan.)**.
- Regular **Migration** dialogue and cooperation.
- Partner: **missing persons cases, human smuggling and trafficking**.
- Improve partnership on **health, environment**.
- **North American Leaders** added additional 3-way cooperation in 11/21.

Key Work Areas for U.S.-Mexico Relations

COVID 19 Safe Reopening

- Mitigate, contain and recover from the effects of COVID-19 on trade, tourism & migration.

Trade and Investment: Implement USMCA, Manage Disputes, Develop HLED.

- **USMCA**: new rules, new mechanisms, new committees; monitor implementation, e.g. labor commitments.
- **Tensions on energy policies** that harm US oil, gas, electricity/renewable energy investors; may violate NAFTA and USMCA.
- Make progress in all four pillars of **HLED**.

Border and Migration

- Better manage **migration including away from border**; strengthen migrant services.
- Deepen support for addressing **root causes** of migration; work with Northern Triangle; work with other source countries.

Drug and other illicit trafficking

- **Strengthen cooperation against cross-border crime** and its deadly effects in both countries.
- **Fentanyl, meth and other seizures up** at border; **drug production & violence up** in Mexico; **Overdose deaths up** in US.
- Overcome negative effects of **new Mexican law greatly restricting anti-drug cooperation**.
- Turn HLSD and new Framework **dialogue & coordinating mechanism** into a concrete **action plan** with specific objectives.

Improve Competitiveness:

- Revive a North American agenda to **enhance economic competitiveness** via a **North American Leaders Summit (NALS)**.

Rebuild Confidence:

- **Avoid becoming “Distant Neighbors” again**; manage domestic politics; **rebuild broad, strategic cooperation**.