

# Building Partnership with Mexico



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# Building a Partnership with Mexico



- **U.S.-Mexico ties touch more U.S. lives daily** than any other country via trade, border connections, tourism, and family ties as well as, sadly, illicit flows. The same is true for Mexico.
- An estimated **35 million U.S. citizens are of Mexican heritage.**
- The shared **1990-mile border** (3,201 km) creates overlapping security, economic and environmental interests.
- In recent years, government-to-government collaboration has been unprecedented. Security-related cooperation has grown immensely.

# Managing a Massive Relationship

# US-Mexico Trade



**Exports**

\$276 Billion



**Imports**

\$340 Billion



2017 Trade in goods and services:



616  
Billion

US trades over 1 million per minute with Mexico.

# US-Mexico Trade

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Mexico is the US’:

- 2nd largest export market
- 3rd largest trading partner
- 3<sup>rd</sup> largest **Ag** export market: **\$19 billion in 2017**
- 1<sup>st</sup> or 2<sup>nd</sup> export market for **28 U.S. States**
- 1<sup>st</sup> export market for **U.S. Southern Border States**

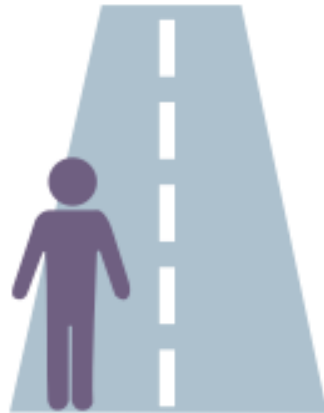


# US-Mexico Border Crossings

Each day there are over

**1 million**

border crossings



## Areas of U.S.-Mexico Bilateral Work



- Economic competitiveness
- Education
- Energy
- Environment
- Border management and migration
- Public security and justice collaboration
- Fighting drug trafficking & organized crime
- Counter-terrorism
- Health issues
- Human rights
- Central America and the region
- Work in the UN, G20, OECD and OAS
- Consular issues

## Trilateral Work: Canada, Mexico and the U.S.



- Modernizing NAFTA
- Clean Energy and Environment Cooperation
- North America Caucus on regional and global priorities
- Trilateral Trusted Traveler Program
- Dialogue on Countering Illicit Drugs

# Serious Challenges to Address

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

Immigration & border  
Management

Modernizing NAFTA

Surging Criminal Violence in Mexico

Strengthening Mexican law  
enforcement institutions and  
bilateral cooperation

Negative public perceptions

Potential Terrorism

Countering Corruption

Regional migrant flows

Reducing poverty in Mexico

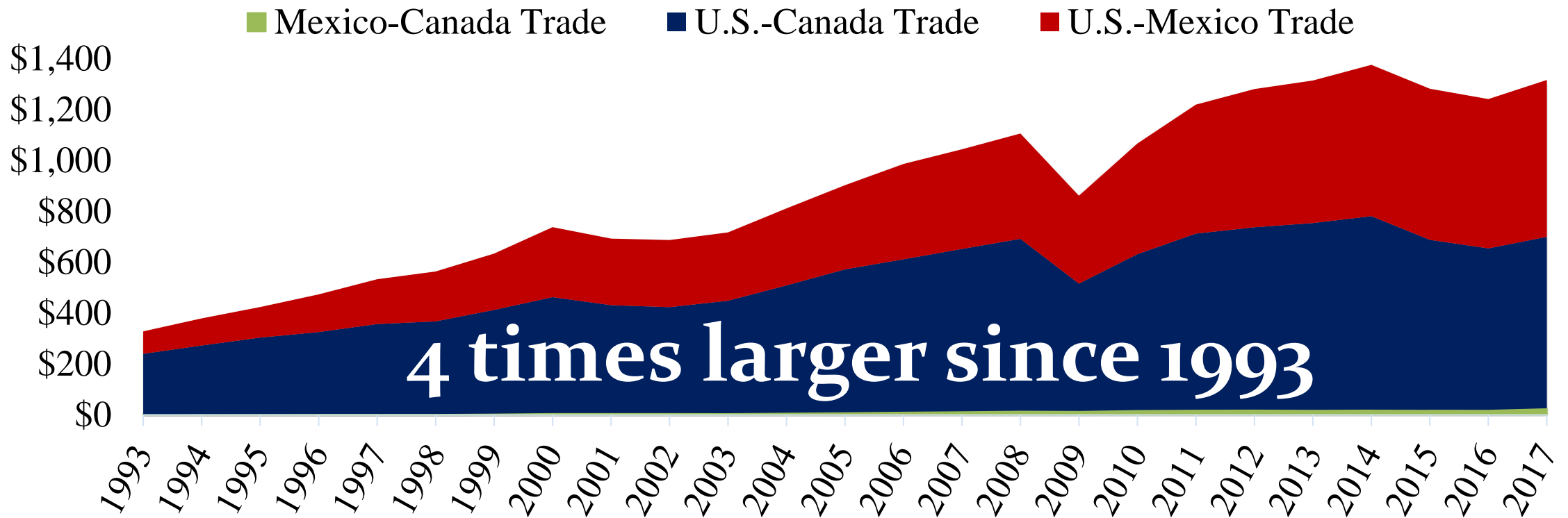


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# Economic Security

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# North American Trade in Goods and Services



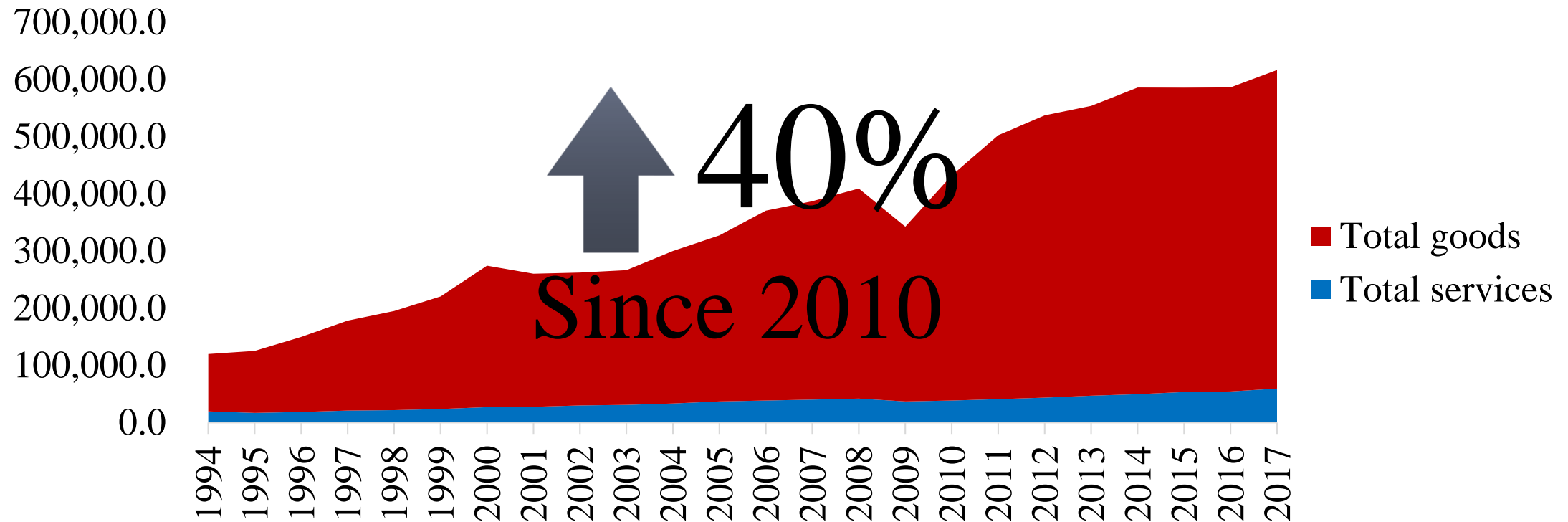
# North American Trade



- Canada, Mexico and the US trade **\$1.3 trillion a year**,
- **\$3.6 billion a day**, reflecting major shared production networks.
- More than US trade with all the **European Union** and **1.9 times** more than with **China**.
- **14 million US jobs** are supported by trade with both neighbors.
- **50 percent** of NAFTA trade is **intermediate goods**.

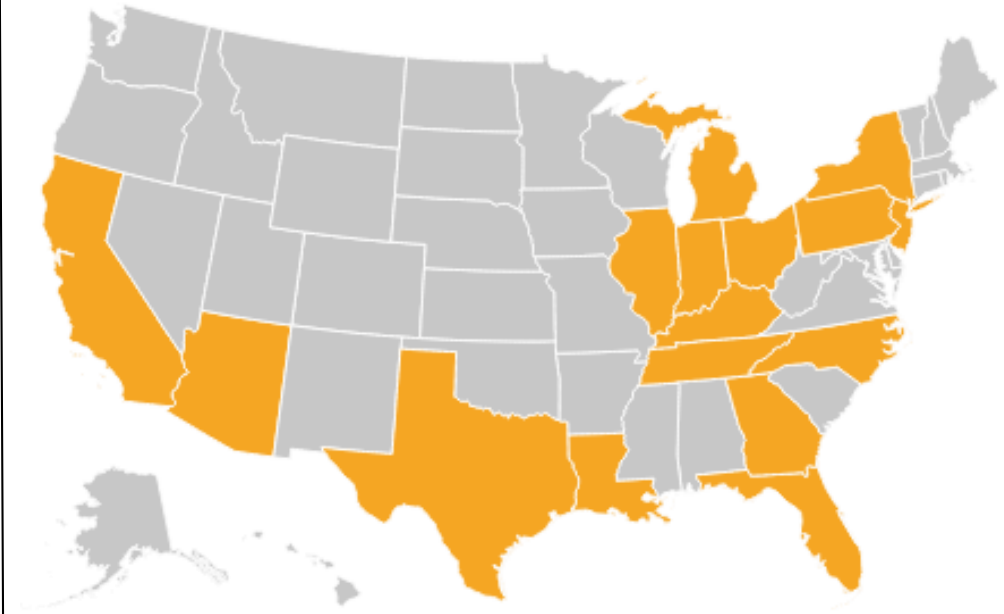
# U.S. Trade with Mexico has multiplied by 6 since 1993

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

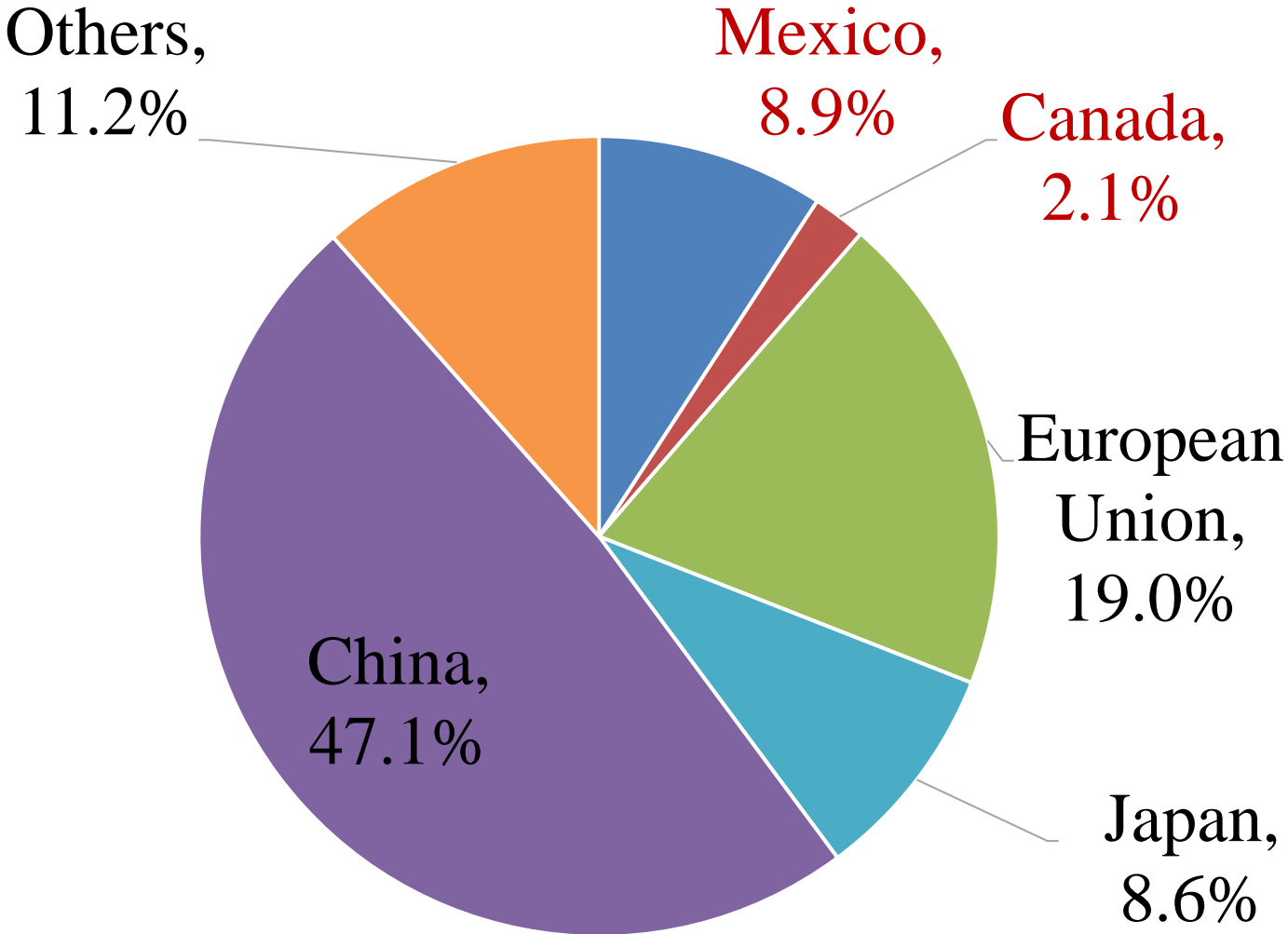


# Rank Order: Top US States' Trade with Mexico 2017

State	Volume \$USD (Billions)	State	Volume \$USD (Billions)
Texas	187	Indiana	9.8
California	73.1	Florida	9.7
Michigan	65.5	Pennsylvania	9.5
Illinois	22	Louisiana	8.6
Arizona	15.5	North Carolina	8.3
Ohio	14.7	Kentucky	7.7
Tennessee	11.7	New Jersey	7.4
Georgia	10.4	New York	6.4



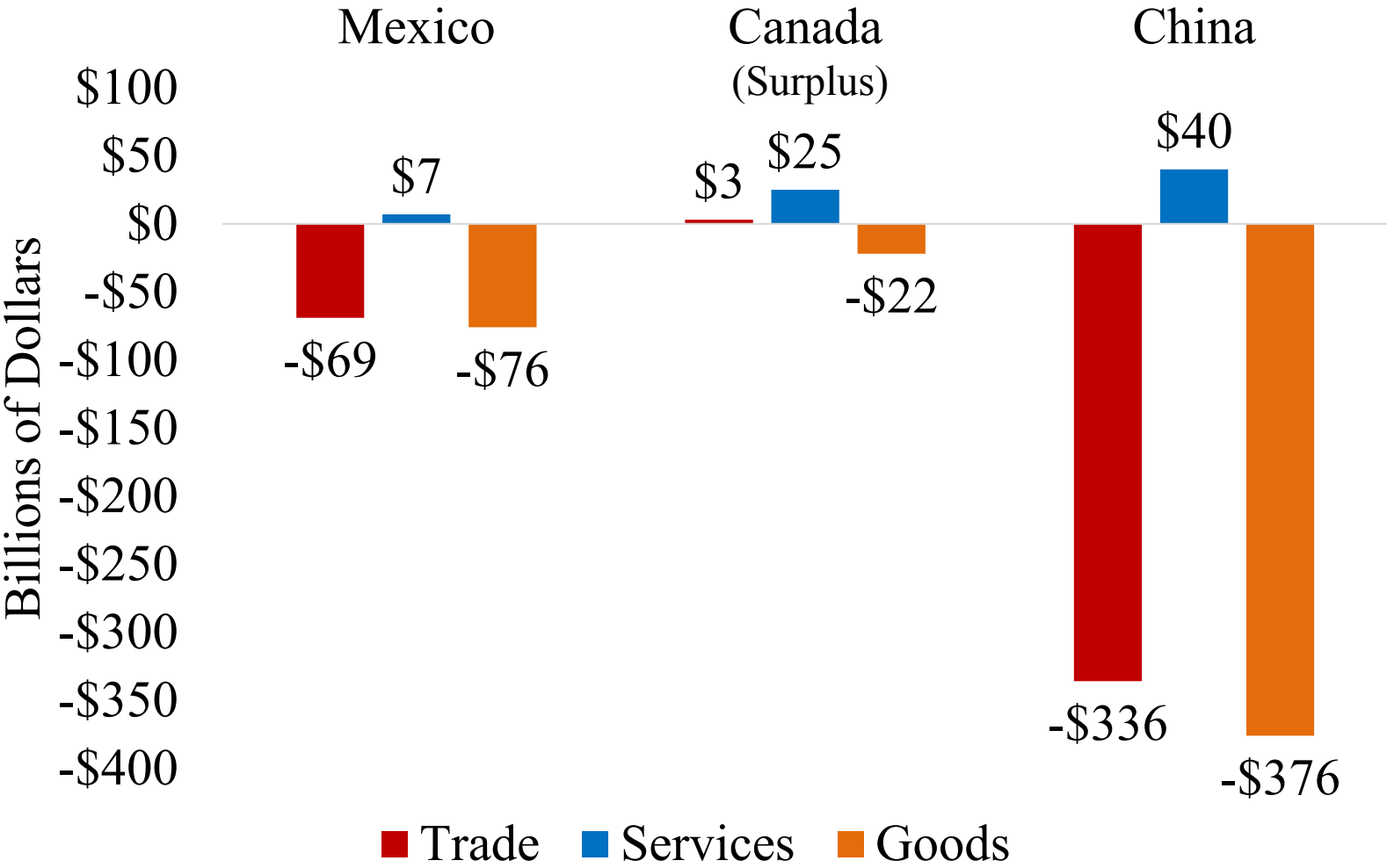
# US Trade in Goods Deficit but Service Surplus



U.S. Trade Deficit with Mexico dropped **2.7%** as a portion of Total U.S.-Mexico Trade between 2010-2017

Source: BEA, 2017

# US Trade in Goods and Services 2017

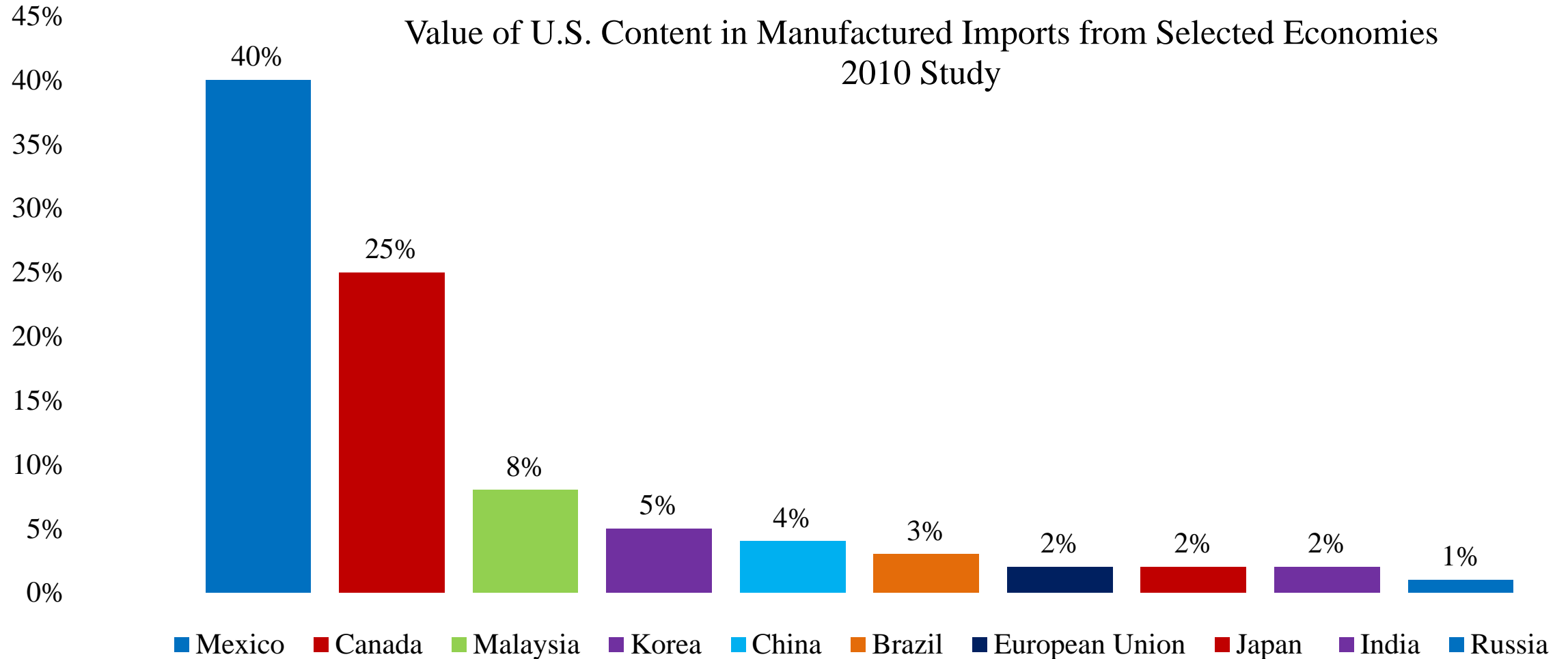


**\$25 billion surplus in services & \$3 billion total trade surplus with Canada**

**\$7 billion surplus in services with Mexico**

Source: BEA, 2017

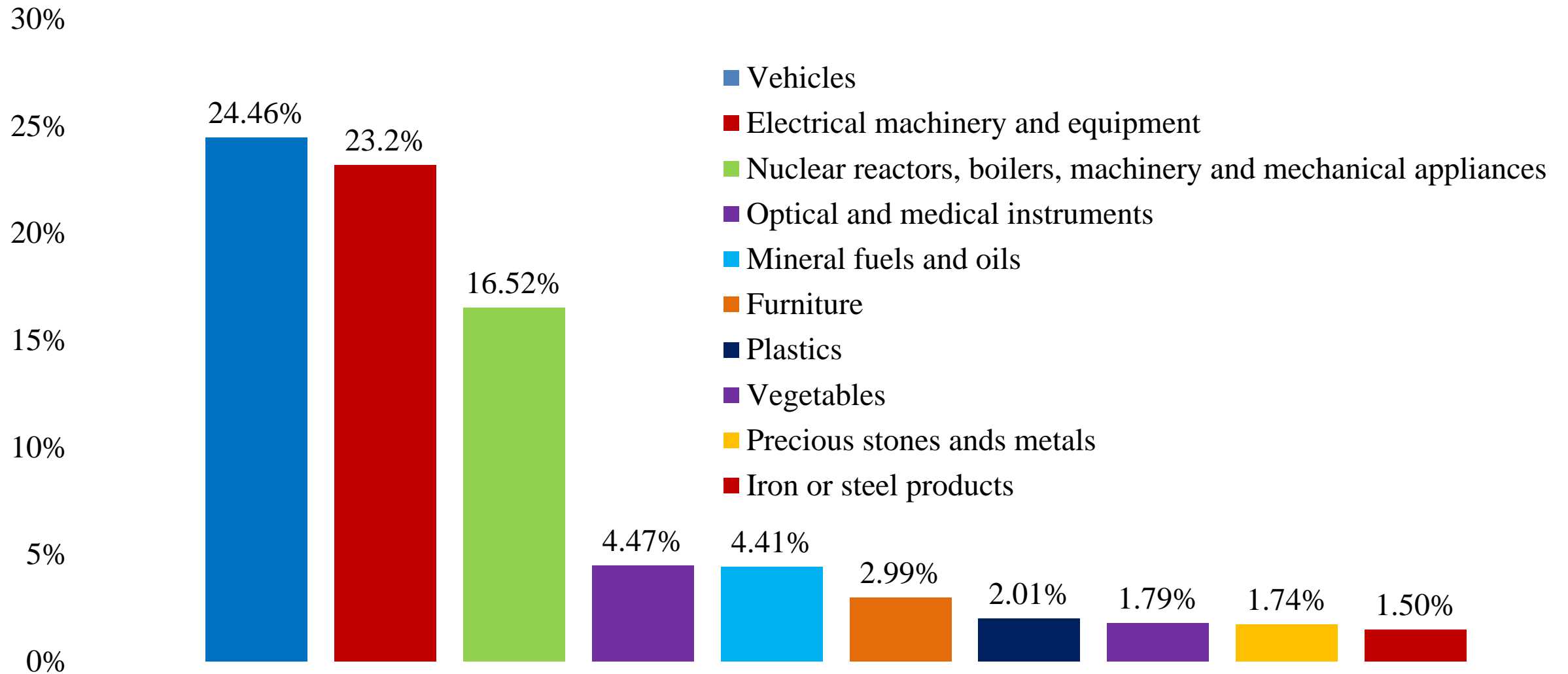
# More U.S. Content in Imports from Mexico and Canada



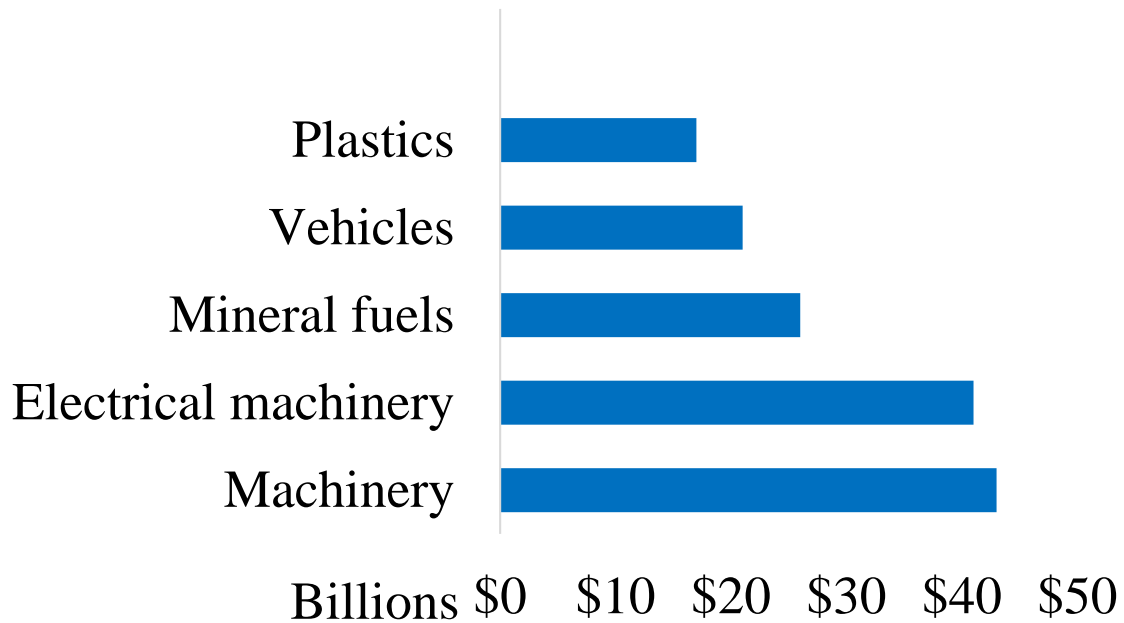


# Leading Mexican Products Exported to the US

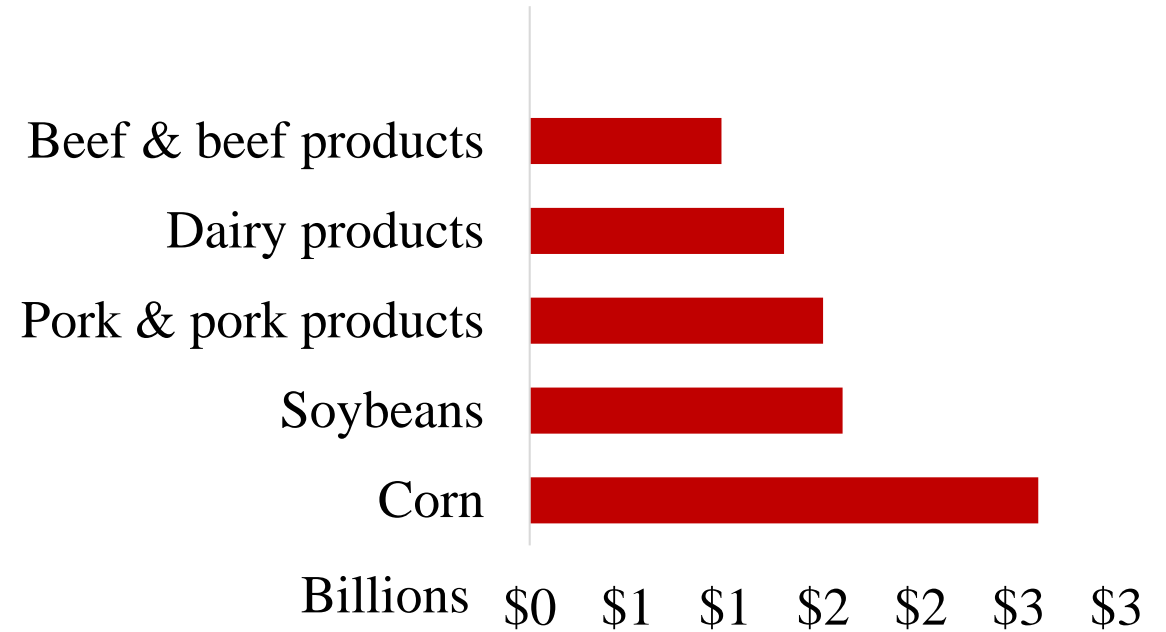
## Manufactured Goods Dominate 2015



## Leading U.S. Products Exported to Mexico 2017



## Leading U.S. Agricultural Exports to Mexico 2017



# Where have the manufacturing jobs gone?

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## Competition from China

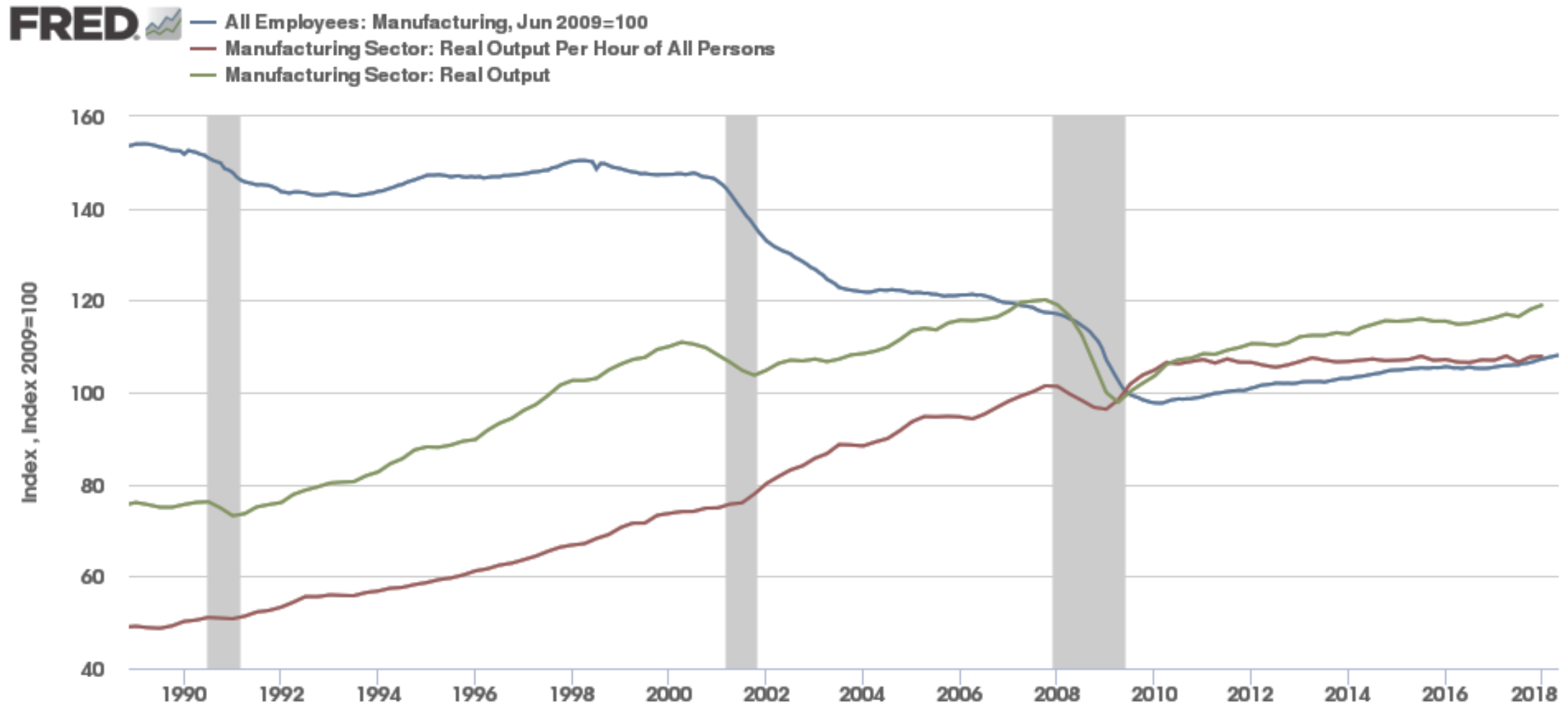
2 - 2.4 million

## New Technology

4.7 million



# U.S. Manufacturing Employment and Output

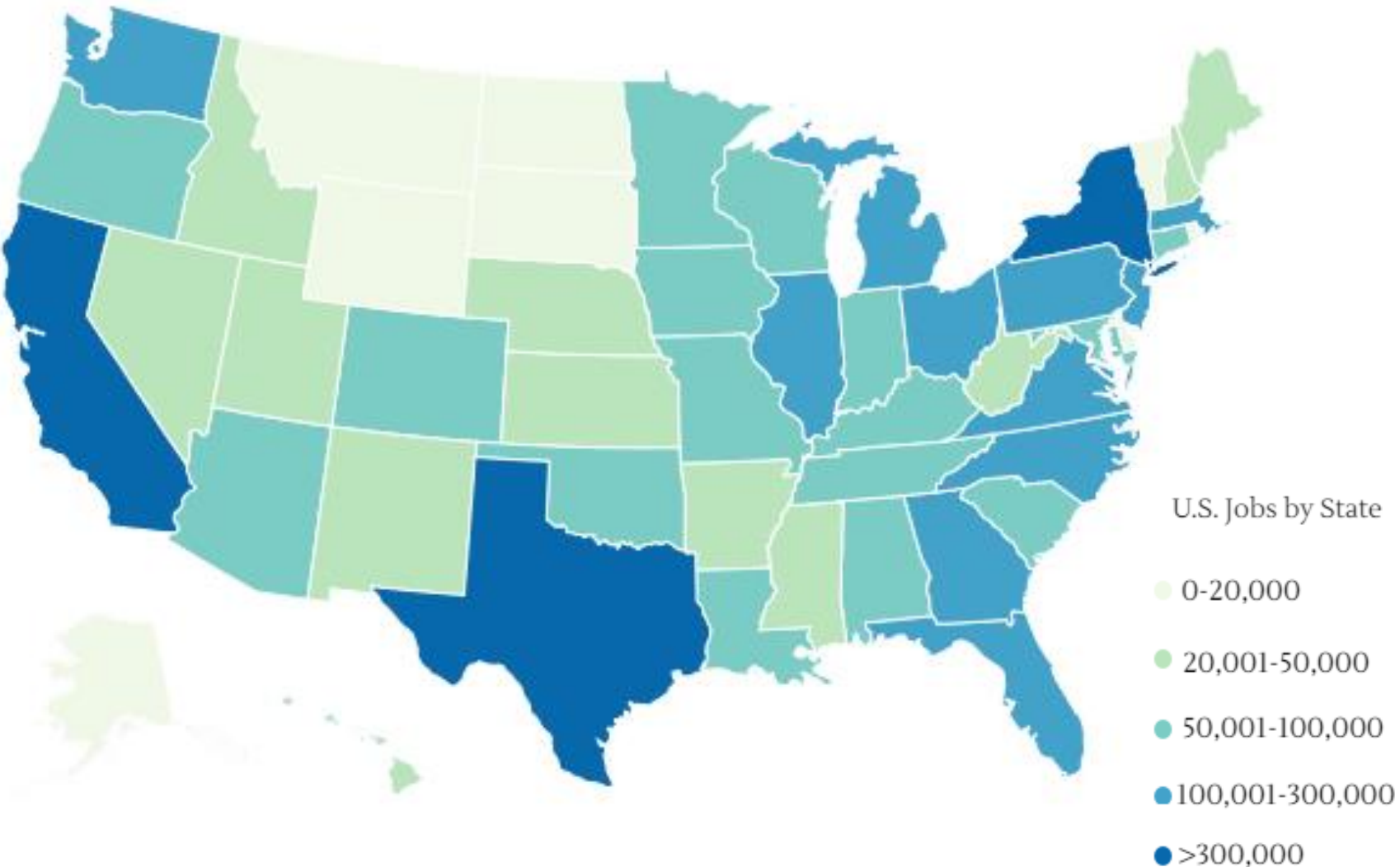


Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

myf.red/g/k51D

# Mexico trade supports some 5 million jobs



Some 5 million US jobs depend on trade and investment ties with Mexico (2015), compared to an estimated 700,000 jobs in 1993.

Source: The Wilson Center, 2016; Clinton Administration Statement on the NAFTA, 1993.

# U.S.-Mexico and North American Investment



Mexico's FDI  
in the US  
\$17 billion



US FDI in  
Mexico  
\$88 billion



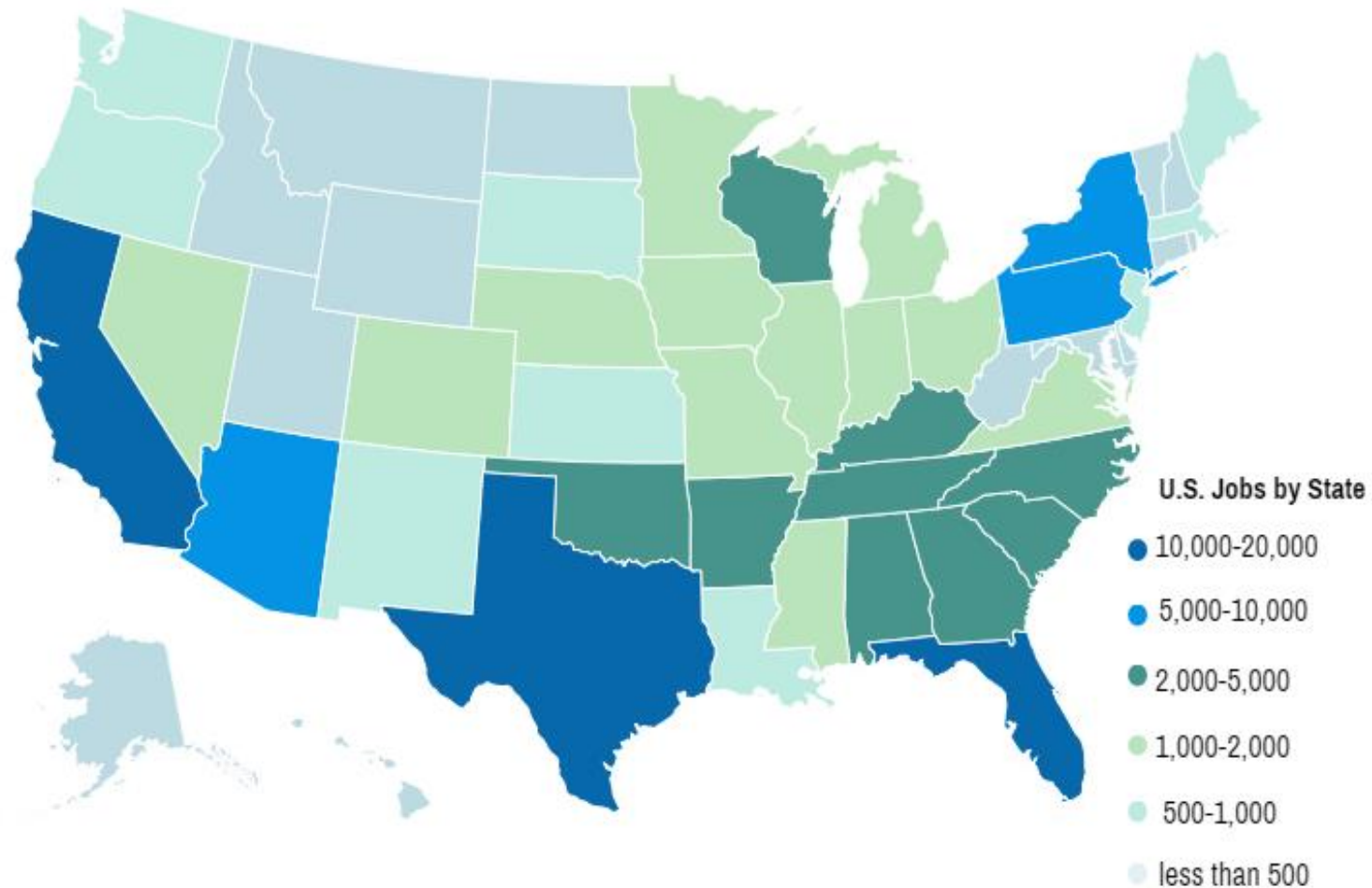
In 2015, Canada's and Mexico's FDI in the US reached **\$388 billion**

The US had **\$452 billion** FDI in Canada and Mexico.



# U.S. Jobs Created by Mexican Investment<sub>2016</sub>

- Mexican investment supports **123,000 US jobs.**



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# Reforms and Partnership

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# Mexico's Major Reforms<sub>(2013-2018)</sub>

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- Education
- Telecommunications
- Energy
- Judicial and Law Enforcement



More partnership with  
the U.S.



# Energy and the Environment

# Energy and the Environment

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- Increased US investment in Mexico's energy sector following reform
- Increased US natural gas and gasoline sales to Mexico
- New dialogues between energy regulators
- U.S. and Mexico work to protect border environment, river basins, and endangered species
- AMLO's plans may bring changes

# U.S. Energy Trade Surplus with Mexico



Source: US Census Bureau, 2017

# Investment and Cooperation in the Energy Sector

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- Pemex has signed **joint operating agreements** with Exxon, Chevron, Shell, etc.
- Exxon Mobil plans to **invest \$300 million in Mexico** over the next 10 years.
- Sempra Energy is investing **\$800 million**: \$500 million in a pipeline project between Texas and the Mexican Gulf port of Tuxpan.
- **U.S. energy equipment exports** enhanced via new investment.
- In 2017, U.S. and Mexico authorities agreed to work on expanding cross-border energy **infrastructure, including in electricity**.
- North American cooperation, investment and trade help **ensure reliable low-cost energy to power manufacturing** across region and build **Energy Security**.
- AMLO seeks **more Mexican refineries**, may slow new offerings.

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# Border Management Licit and Illicit Flows

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# Moving toward Co-Management of the Border



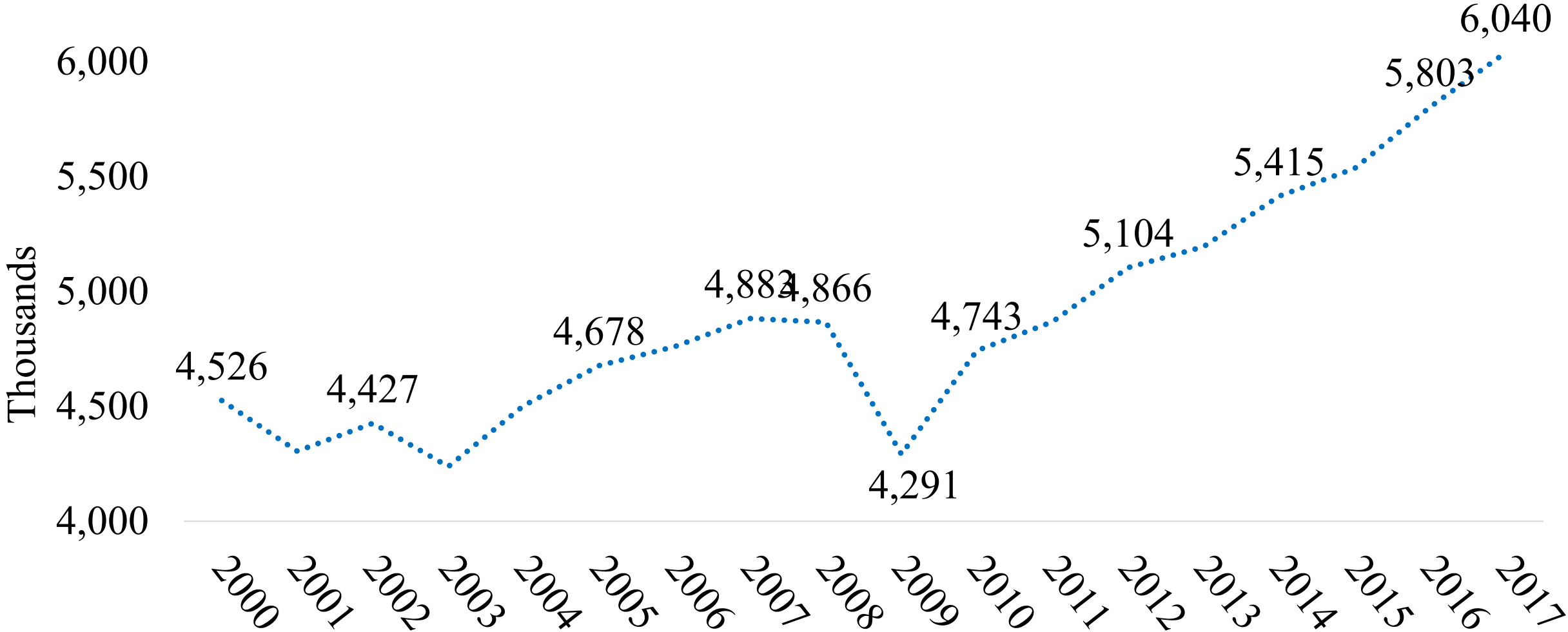
# 2012-2016 from blame to “shared responsibilities”

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- Making the border more open to legitimate travel and commerce.
- Working to align customs regulatory frameworks; increase joint use of customs facilities on the border.
- New mechanisms to communicate, coordinate and more effectively counter illicit trade and travel: drugs, guns, money and people.
- Steps to increase security and reduce cross-border violence.
- New programs to share information on potential border crossers.
- Working to create a Trilateral Trusted Traveler Program.
- Cooperation slowed in 2018



# Trucks Crossing the US-Mexico Border



Source: Bureau of Transportation Statistics, 2017

# Americans' Views towards Border Wall

	Total	Democrat	Republican	Independent
Support building a wall along the US-Mex border	38%	18%	68%	32%
Agree that building a wall along the US-Mex border wastes taxpayer money	60%	81%	35%	57%
Agree that building a wall along the US-Mex border is necessary for national security	35%	20%	61%	29%

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# Border: Migrant Flows

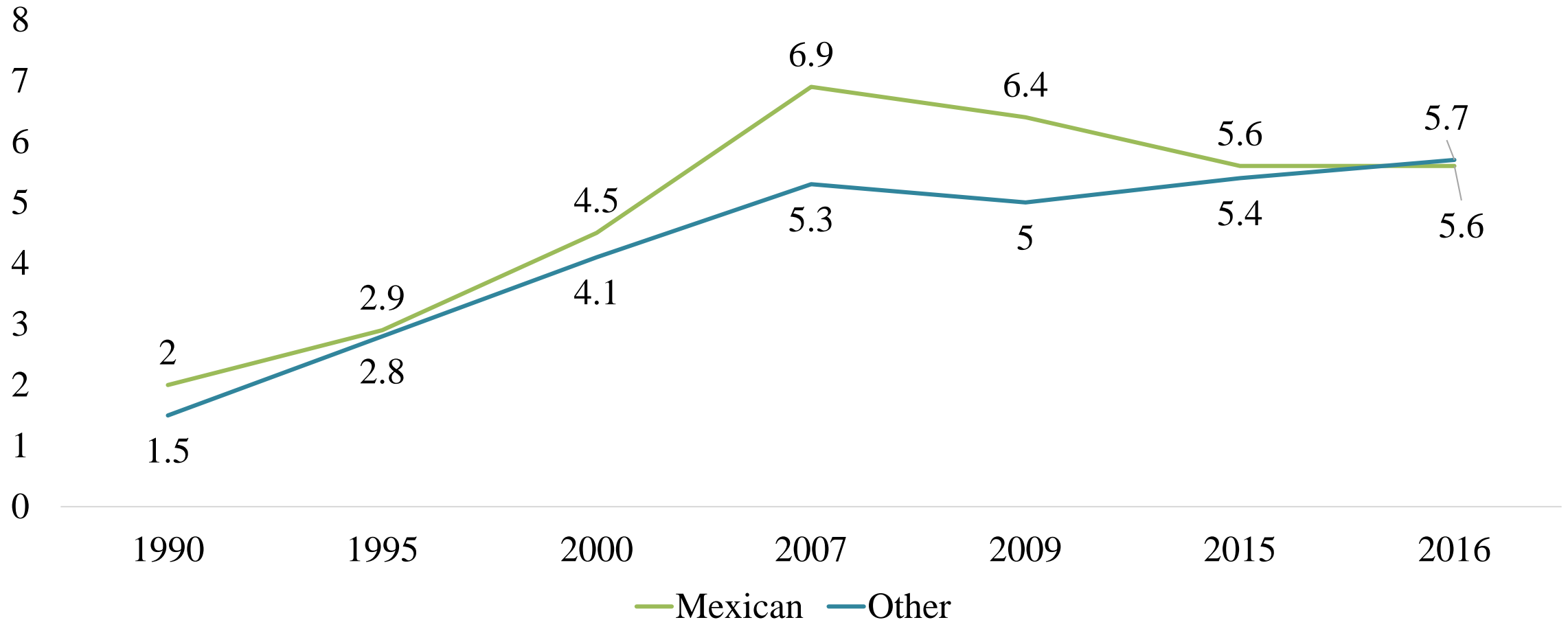
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# Migrant Flows

- The flow of Mexican immigrants to the U.S. is at the **lowest levels** since the 1990s.
- The number of Mexican immigrants in the U.S. **has been dropping** since 2007.
- In FY 2017, apprehensions of Mexican unauthorized immigrants declined **31.22%** from FY 2015.

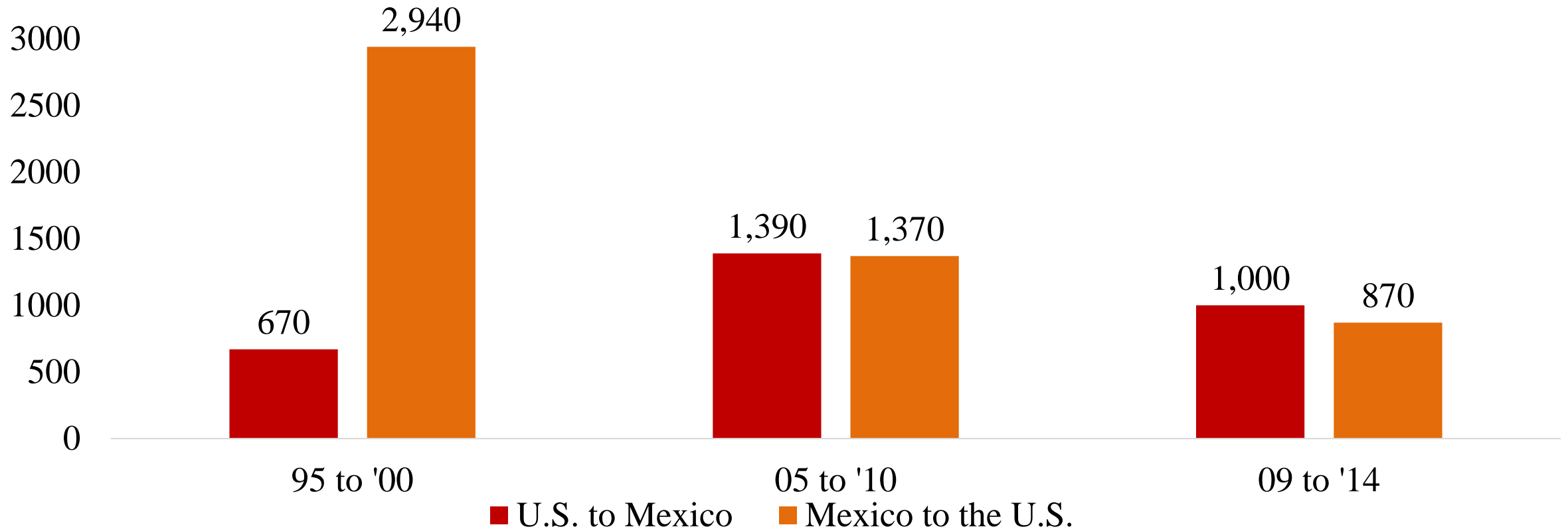


# Number of Unauthorized Immigrants in the U.S.



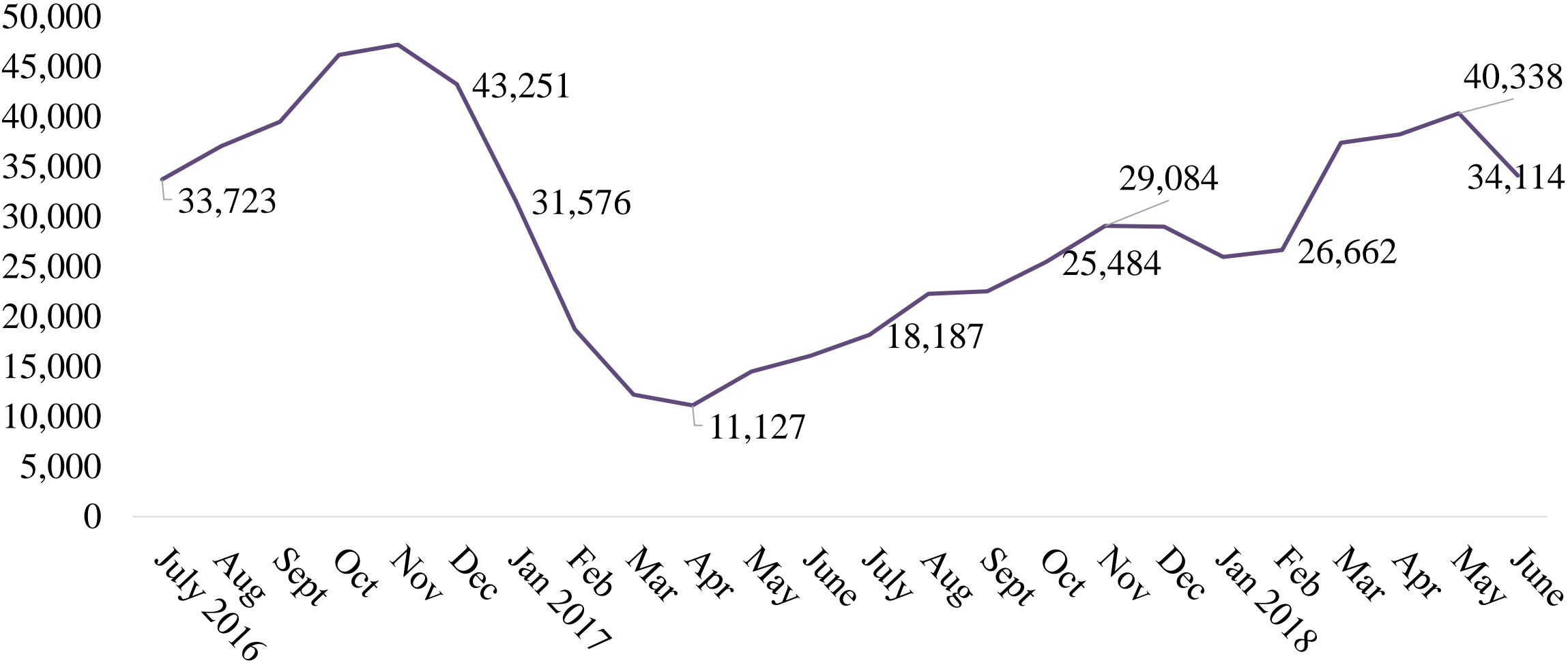
# Net Migration from Mexico

- In 2016, there were **1.3 million less** unauthorized Mexican immigrants in the US than in 2007



# Recent Apprehensions

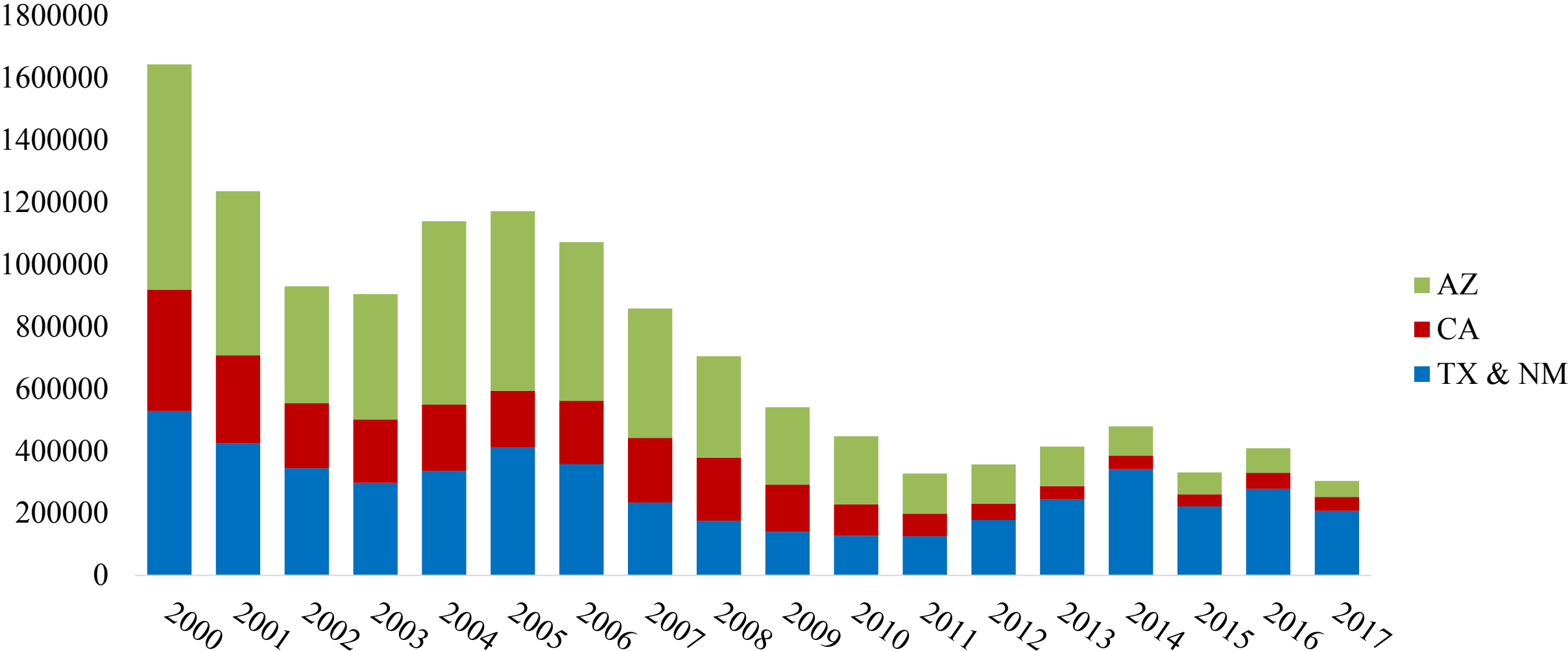
# USBP Southwest Border Monthly Apprehensions



Source: U.S. Border Patrol Monthly Apprehensions (FY 2017 - FY 2018)

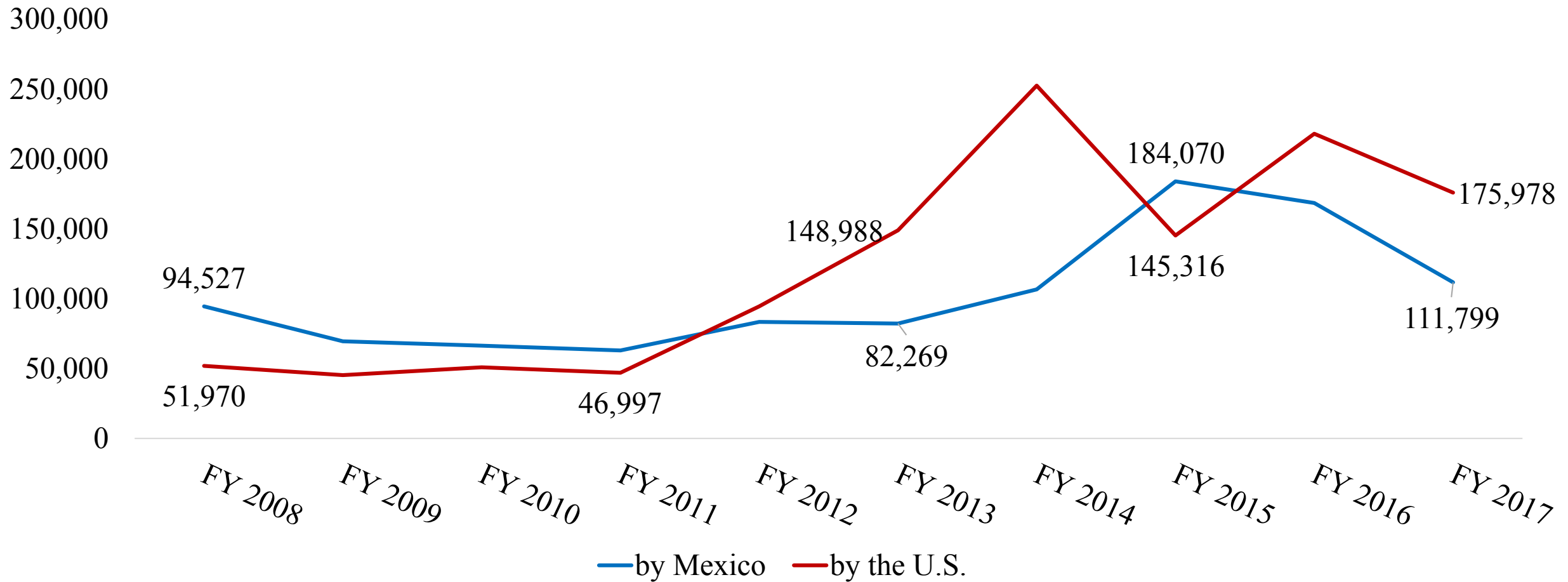


# Southwest Border Apprehensions by State



Source: U.S. Border Patrol FY2000 - FY2017

# U.S. Southwest Border Apprehensions from countries other than Mexico & Mexican Apprehensions from Latin America and the Caribbean



Source: U.S. Border Patrol Monthly Apprehensions (2008-2017)  
Unidad de Política Migratoria (2008-2017)

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# Helping Northern Triangle

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# Addressing Central American Migration

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The US and Mexico enhanced cooperation in response to the 2014 surge of child and family migrants, **including work at Mexico's southern border against smuggling of people & drugs.**

In June 2017, the US and Mexico hosted a **Conference on Prosperity and Security in Central America** in Miami. Commitments include:

- U.S. FY 2018 budget request for **\$460 million** for the Northern Triangle (NT).
- Create a **migration observatory** to study and share information on regional migration flows.
- **Improved cooperation** to combat **transnational criminal organizations.**
- **\$53 million from Mexico** for three **NT infrastructure projects.**

Mexico and the United States had planned to host a **second conference in Washington in 2018.**

**Mexico's Senate condemned U.S. policies** in June and called the government to **end security and immigration cooperation.**

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# Bilateral Cooperation Against Crime

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# US-Mexico Law Enforcement/Security Cooperation

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Mérida Initiative Programs &  
Agency-to-Agency Cooperation

Defense Dialogues & Cooperation

Security Coordination Group

# US-Mexico Mérida Initiative: Evolving

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**.

**\$2.6 billion** appropriated by the US 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.

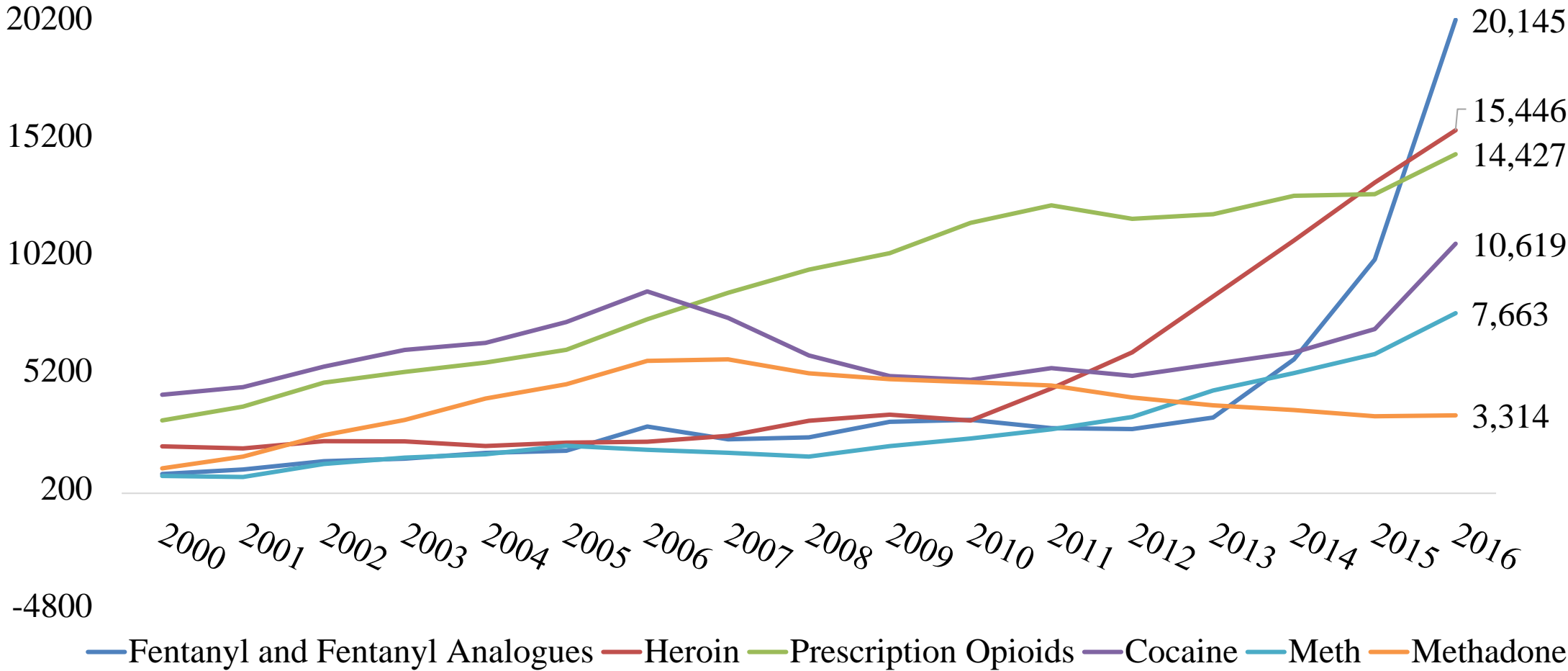
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# Opioids Change the Game

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# Urgency: US Drug Overdose Deaths 2000-2016



Source: CDC Wonder Database; CDC Provisional Counts of Drug Overdose Deaths as of 8/6/2017

# U.S. Opioid Crisis

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- Opioid derivatives use: over 5% of the U.S. population in 2013.
- Since 1999, **overdose deaths** involving opioids has **quadrupled**.
- Economic **cost of the opioid crisis** is estimated at **2.5% of GDP**.
- Illegal drug border **flows mostly via legal points of entry**; **quadrupling** flows through **mail** and delivery services.
- **Opioid and heroin production in Mexico** has grown substantially, as has transshipment of illicit opioids, e.g., Fentanyl, from China.
- In 2016, **the U.S. and Mexico** launched a **working group on drugs and dismantling criminal networks**.

# 2017 US-Mexico Agreements to Combat Illicit Drugs

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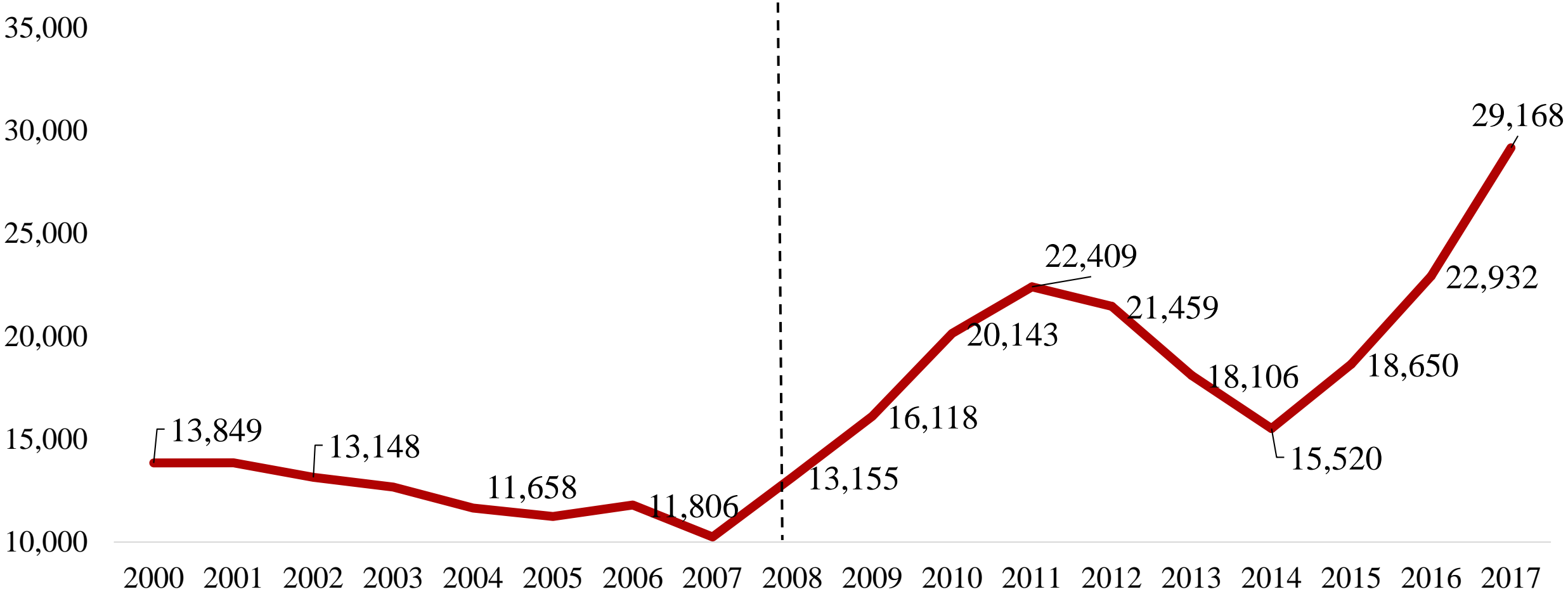
- **Partner** to destroy criminal organizations – “**Unprecedented**” cooperation.
- **Address the demand** for illicit drugs among US citizens.
- **Necessary tools:** physical barriers, technology, patrolling, eradication, enhanced law enforcement and justice actions, and anti-addiction programs.
- Go after **all elements in the chain:** means of production, cross-border distribution networks, flows of cash and profits, weapons procurement.
- AMLO has ordered **a review of Mexican policies** and of **cooperation with the U.S.**

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# Violence up in Mexico

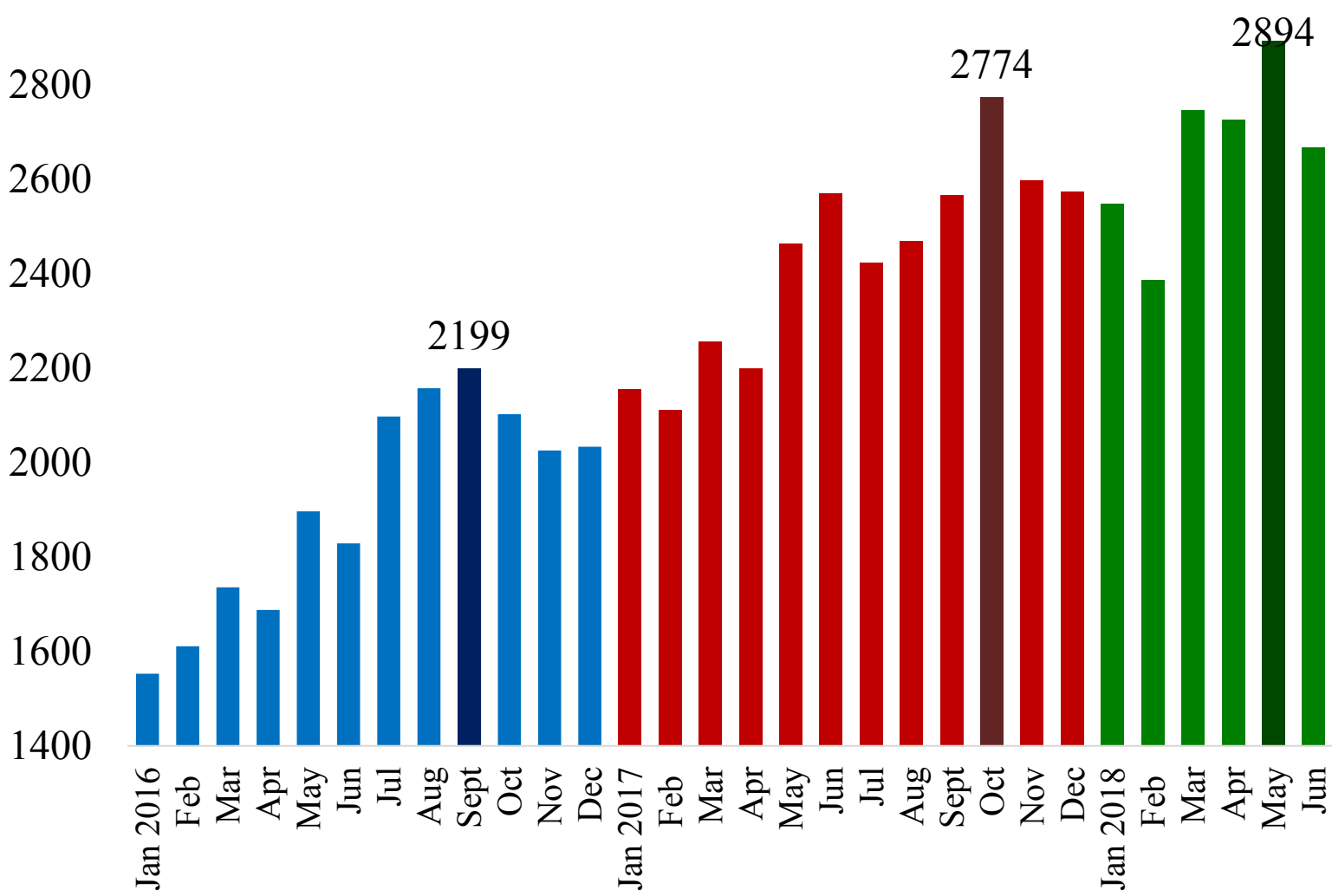
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# Urgency: Homicides in Mexico



Source: Secretaria Ejecutiva de Seguridad Nacional, 2000-2017

# Urgency: Homicides in Mexico



29,168 killings in 2017; the most violent year since 1997.

May 2018: most violent month since 1997. Violence up in 2018 over 2017.

Law enforcement overwhelmed.

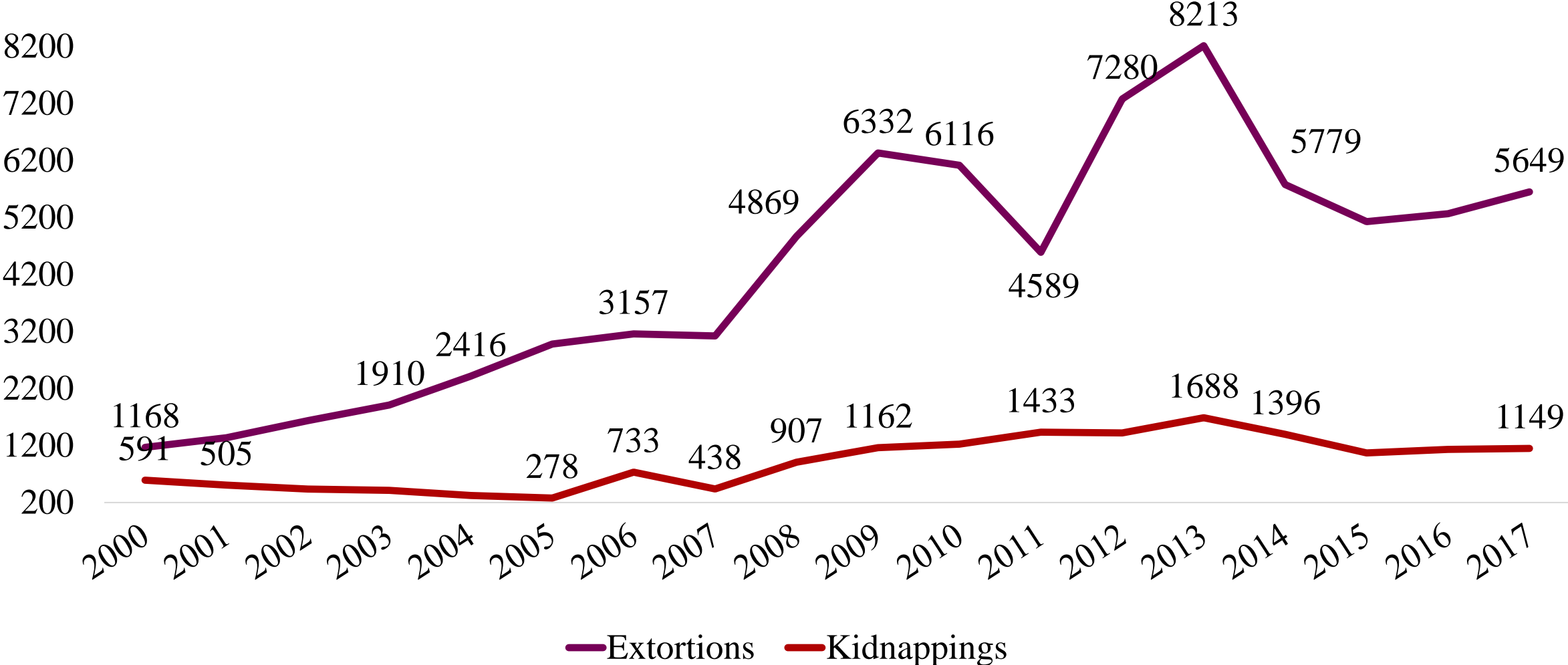
Cartels fighting; types of crime expanded; more states affected.

Est. crime cost up to 17.6% GDP.

U.S. travel warning for vacation spots.

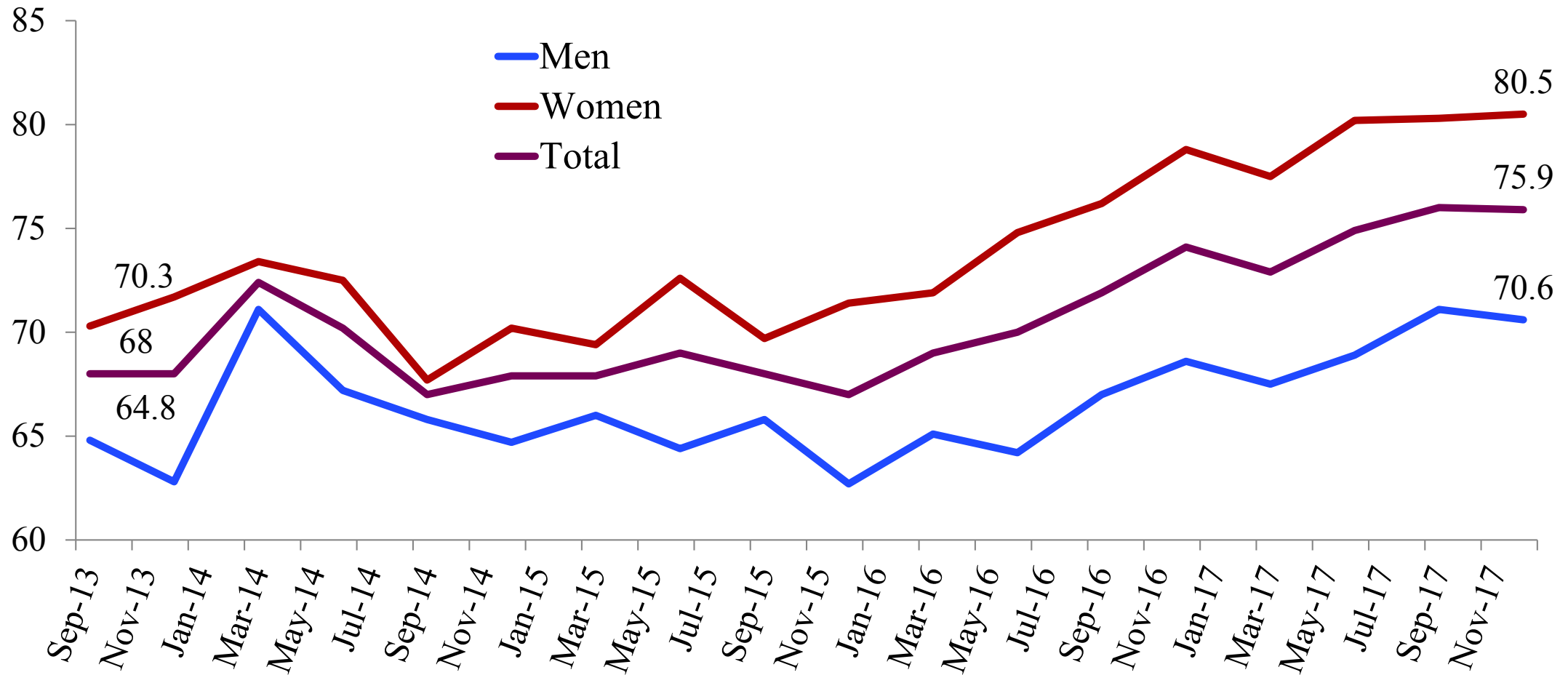
Source: Secretaria Ejecutiva de Seguridad Nacional, 2017; Reuters, 2017; El Pais, 2017.

# Other types of crime: serious but not like killings



Source: Secretaria Ejecutiva de Seguridad Nacional, 2017

# Public Perceptions: % of the population that feels unsafe





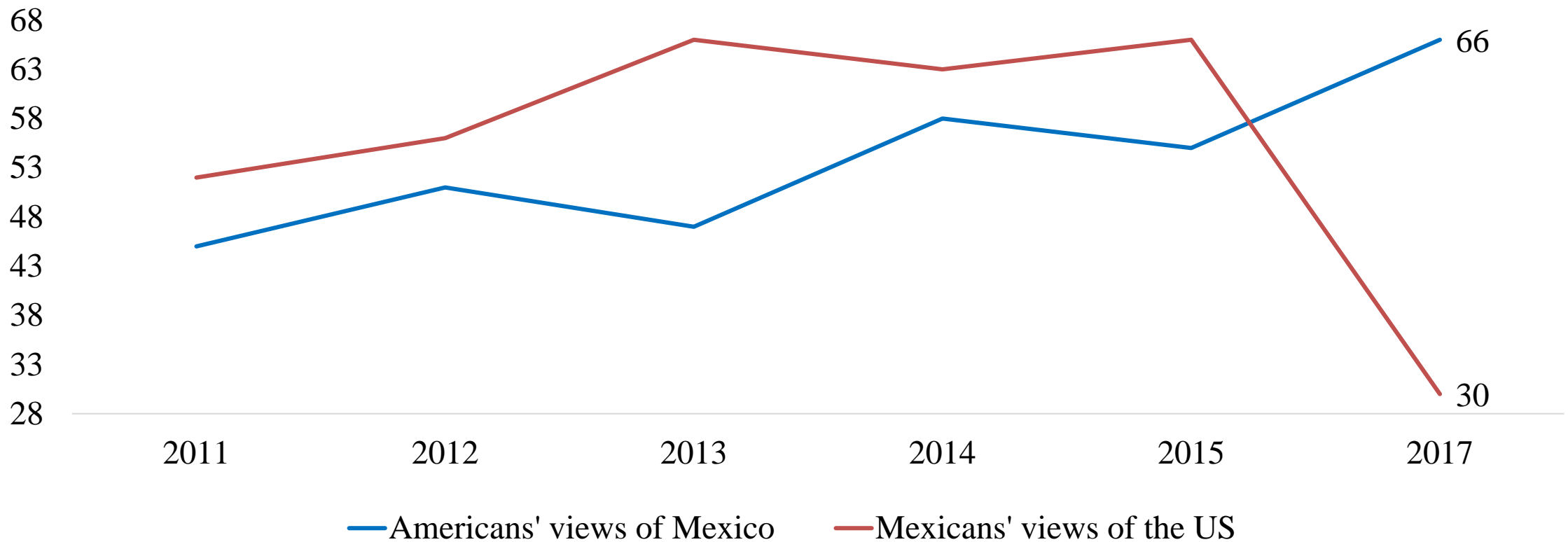
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# Perceptions of Bilateral Relations and NAFTA

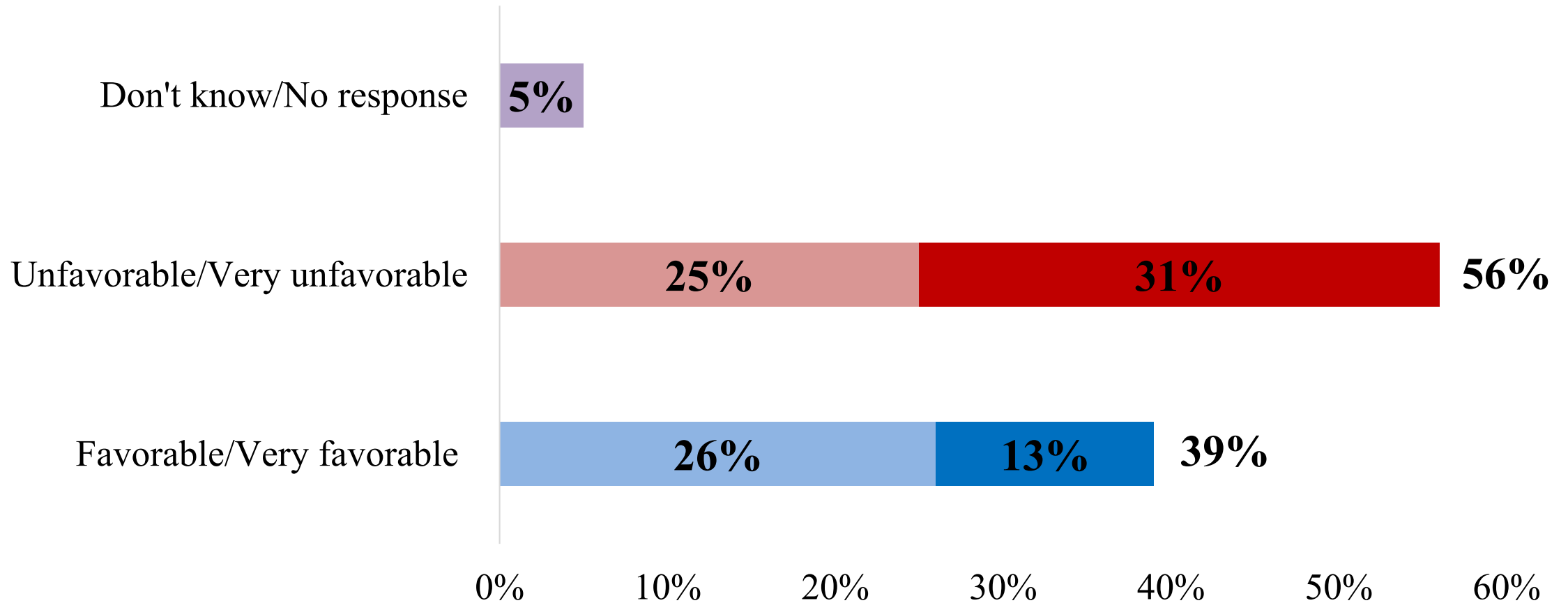
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# Americans' and Mexicans' Perceptions of each other (per cent favorable)

- In 2017 polling, **66% of Americans** had **positive views of Mexico**; while only **30% of Mexicans** had **positive views of the US**.



# Mexican Opinion of the U.S.



# Americans views of FTAs & Tariffs on Steel and Aluminum

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*Free trade agreements have been a Good/Bad thing for the US*

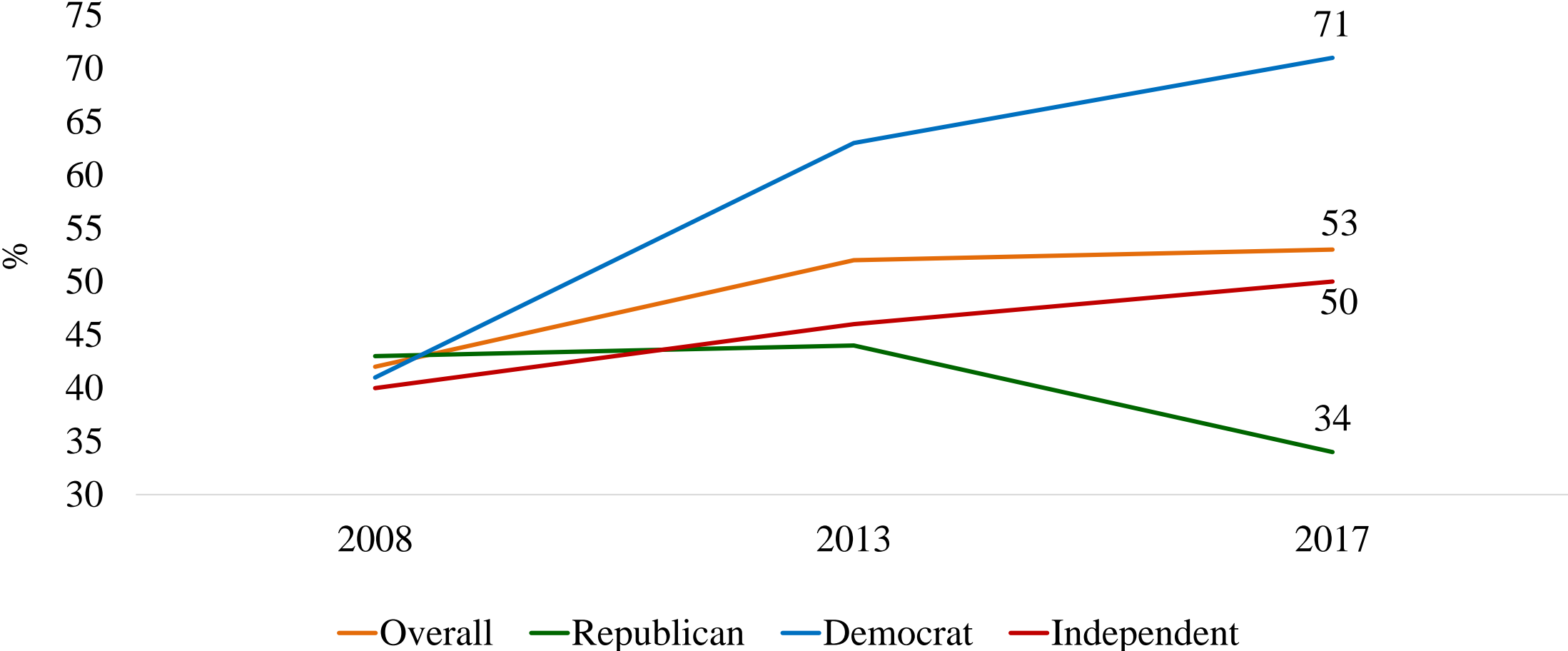


*Raising tariffs on steel and aluminum would be a Good/Bad thing for the US*



Source: Pew Research, May 2018.

# US Opinion: Is NAFTA Good for the US Economy?



Source: The Chicago Council on Global Affairs August 2017.

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# NAFTA Negotiations

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# What's at Stake?

\$ 1.3 trillion of North American Trade

Nearly 14 million U.S. jobs & millions more in Mexico and Canada

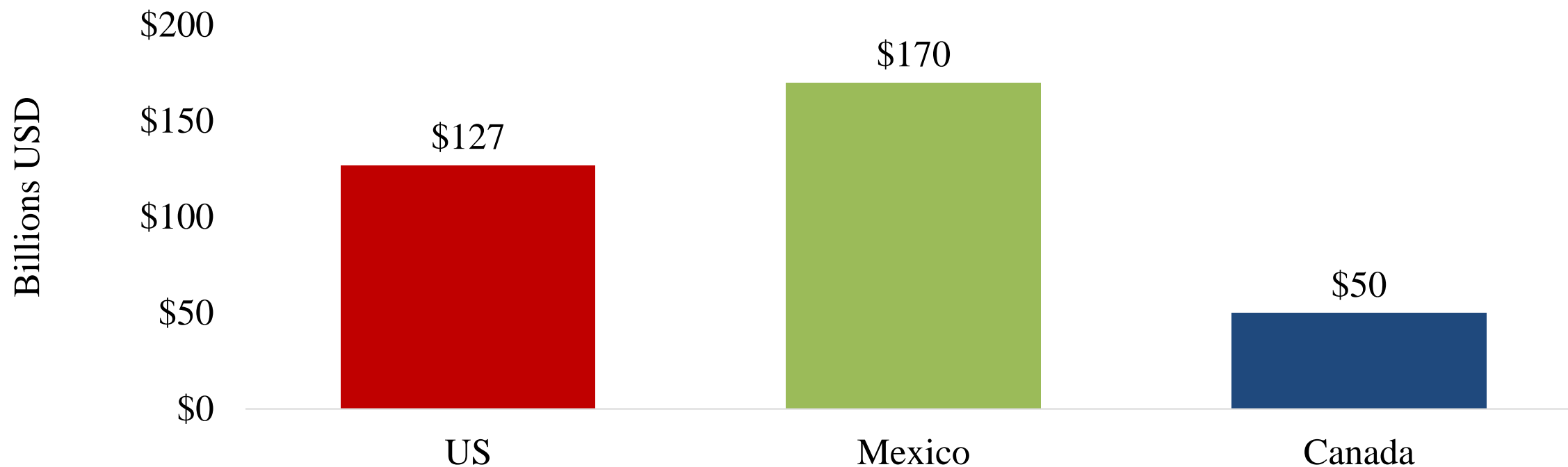
\$452 billion U.S. investment in NAFTA partners & their \$388 billion in the U.S.

46,000 U.S. trucking jobs supported by cross-border trade; \$137 billion in annual vehicle and parts exports to neighbors and the world.

\$43 billion worth of food and ag goods exported to Mexico and Canada

\$88 billion in U.S. services exports & \$31.5 billion services trade surplus

# NAFTA Countries are richer each year due to “extra” trade growth



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



# 5 WAYS TO IMPROVE NAFTA

U.S. withdrawal from NAFTA would be incredibly costly.

However, these 5 updates to the agreement could favor both U.S. competitiveness and American workers:

1

## Account for recent technological advances.

Now that the Internet and smartphones are everyday tools of business and commerce, issues such as cross-border data flows and exports of digital products should be included in updates of the agreement.



2

## Revise customs processes and requirements.

Simplifying customs rules and paperwork would make it easier for small U.S. businesses to take advantage of new online platforms, like Amazon and Etsy, that have made it easier to venture into foreign trade and find buyers abroad.



3

## Update NAFTA's rules of origin.

NAFTA includes rules about what percentage of a product must be produced within North America in order to enter the U.S., Mexico, or Canada tariff-free. A detailed analysis should be done to determine how these rules could be strengthened to incentivize investment and job growth in the U.S.



4

## Strengthen the NAFTA side agreement on labor rights.

While the countries of North America have already agreed to abide by their own labor laws in a NAFTA side agreement, incorporating labor issues into NAFTA itself could better ensure that companies don't leave the U.S. in an effort to avoid the cost of respecting workers' rights.



5

## Eliminate obstacles to service exports.

Since the U.S. has an advantage in the high skill industries that make up much of services trade, like financial and educational services, special emphasis should be placed on eliminating obstacles to these exports.



Further protection of U.S. workers requires investment in workforce development:



Improving basic education



Aligning higher education with labor market demand



Strengthening worker retraining programs

## Wilson Center

MEXICO INSTITUTE

Trump to Announce Plans for Renegotiation of NAFTA: Five Ways to Improve the Agreement

# NAFTA Modernization Controversial Issues

## Controversial topics include:

- Focus on reducing US trade deficit
- Eliminate or weaken dispute settlement provisions in Chapter 19 to preserve United States freedom to enforce rigorously its trade laws
- Eliminate or weaken the Investor-to-State Dispute Settlement (ISDS) mechanism
- Proposals to strengthen rules of origin and incentives to ensure greater US sourcing of products
- Five year sunset clause for treaty
- Preserve preferential purchasing programs such as “Buy America” and cap Mexican and Canadian participation

# NAFTA Progress at May 21, 2018

<b>Issue</b>	<b>Progress</b>	<b>Distance to Settlement</b>	<b>Volatility Level</b>
Anti-Corruption	Good	Closed	Low
Competition	Good	Closed	Low
Administration & Transparency	Good	Closed	Low
SPS	Good	Closed	Low
SME's	Good	Closed	Low
Regulatory Good Practice	Good	Closed	Low
TBT	Good	Closed	Low
Telecommunications	Good	Closed	Low
Competitiveness	Good	Closed	Low
Trade Facilitation/Border Issues	Good	Near	Low/Moderate
Aboriginal People	Constructive	Mid	Low/Moderate

# NAFTA Progress at May 21, 2018

<b>Issue</b>	<b>Progress</b>	<b>Distance to Settlement</b>	<b>Volatility Level</b>
Data Localization	Good	Mid	Moderate
Digital Modernization	Good	Mid	Moderate
Energy	Discussions in early stages	Far	Moderate
Agriculture	Mixed	Far	Mixed
Intellectual Property	Little movement	Far	High
Auto Rules of Origin	Constructive not complete	Far	High
ISDS (Chapter 11)	Poor	Far	High
Other Dispute Settlement (Chapters 19&20)	Poor	Far	High
Sunset Clause	Poor	Far	High
Government Procurement/Buy American	Poor	Far	High

# Auto Rules of Origin: US seeks Restructuring

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1. October 2017 study finds U.S. value added in Mexican exports is higher than figures U.S. Secretary Ross used: 38% U.S. value added for exported to the U.S.
2. North America's decline of value-added in total trade results from China's increasing sales to all three markets: U.S. has the most Chinese content in manufactured goods.
3. Canada's and Mexico's exports to U.S. have more U.S. value added than any other country.
4. U.S. employment in the auto and auto parts sector grew 41 percent from 2009-2016.
5. U.S. exports in the auto industry grew twice rate of other manufactured goods at 5 percent.
6. Joint production makes the North American auto industry more competitive. (Germany and Japan do this too.)
7. Changing auto rules of origin could cost jobs and make North American auto industries less competitive globally.

# Questions about changing Rules of Origin

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1. Will some manufacturers forgo the NAFTA benefit and pay a tariff instead?
2. Will measuring wage rates and content in the supply chain be doable?
3. Should U.S. impose wage requirements on a poorer nation? What is reasonable?
4. How much would the new rules raise the prices of North American vehicles?
5. Would U.S. sales, production and employment decrease or increase?
6. Would manufactures move production out of North America?
7. What would the effect be on U.S. consumers?
8. How do the proposals help develop U.S. workforce and industry for the future?
9. What effect from the proposed 25% auto tariffs?

# Costs of Withdrawing from NAFTA

From 256,000 low skilled jobs lost up to 1.2 million jobs lost (3-5 years).<sup>1</sup>

95,000 workers would have to relocate to other sectors (3-5 years).<sup>1</sup>

GDP decline up to 0.64% (\$120 billion).<sup>1</sup>

Hard hit sectors: agriculture/livestock/food; motor vehicles; machinery; other manufactured; services; transportation and logistics; textiles.<sup>3</sup>

Investors see U.S. growth slowed and harm to specific sectors and equity markets.<sup>2</sup>

Strategic dangers: reduced cooperation against drug trafficking and on migration; move back to "*distant neighbors*" with revived anti-Americanism.

# Benefits of Enhancing Economic Integration across the US-Mexico Border

STUDY	IMPACT ON EMPLOYMENT & GDP
The Perryman Group 2018 Study	<p><b>US Border States</b> Employment: +702, 421 to +1.4 million jobs GDP: +\$69 billion to +\$140 billion <b>Largest impact in California</b></p> <p><b>Mexico Border States</b> Employment: +95, 948 to +193, 526 jobs GDP: +\$4.8 billion to +\$9.7 billion <b>Largest impact in Nuevo Leon</b></p>



# Steel and Aluminum Tariffs

# Steel and Aluminum Tariffs imposed on Partners

June 1	The U.S. imposed <b>25% tariff on imported steel and 10% tariff on imported aluminum</b> from Mexico, Canada and the European Union.
June 6	<b>Mexico imposed 15%-25% tariffs on \$3 billion worth of U.S. products</b> (e.g. pork, steel and cheese).
June 22	The <b>European Union imposed 25% tariffs on \$3.4 billion worth of U.S. goods</b> (motorcycles, cranberry juice, cigarettes, denim and peanut butter).
July 1	<b>Canada imposed 25% tariff on U.S. steel imports and 10% tariff on aluminum and other U.S. goods. Tariffs cover up to \$12.6 billion worth of U.S. goods.</b>

# Costs of Steel and Aluminum Tariffs

Over 400,000 U.S. jobs lost<sup>1</sup>

GDP decline of 0.2%  
(\$36 billion)<sup>1</sup>

16 U.S. jobs lost for every 1 gained<sup>1</sup>

Decline of 2% in all imports  
and 1% in all exports<sup>1</sup>

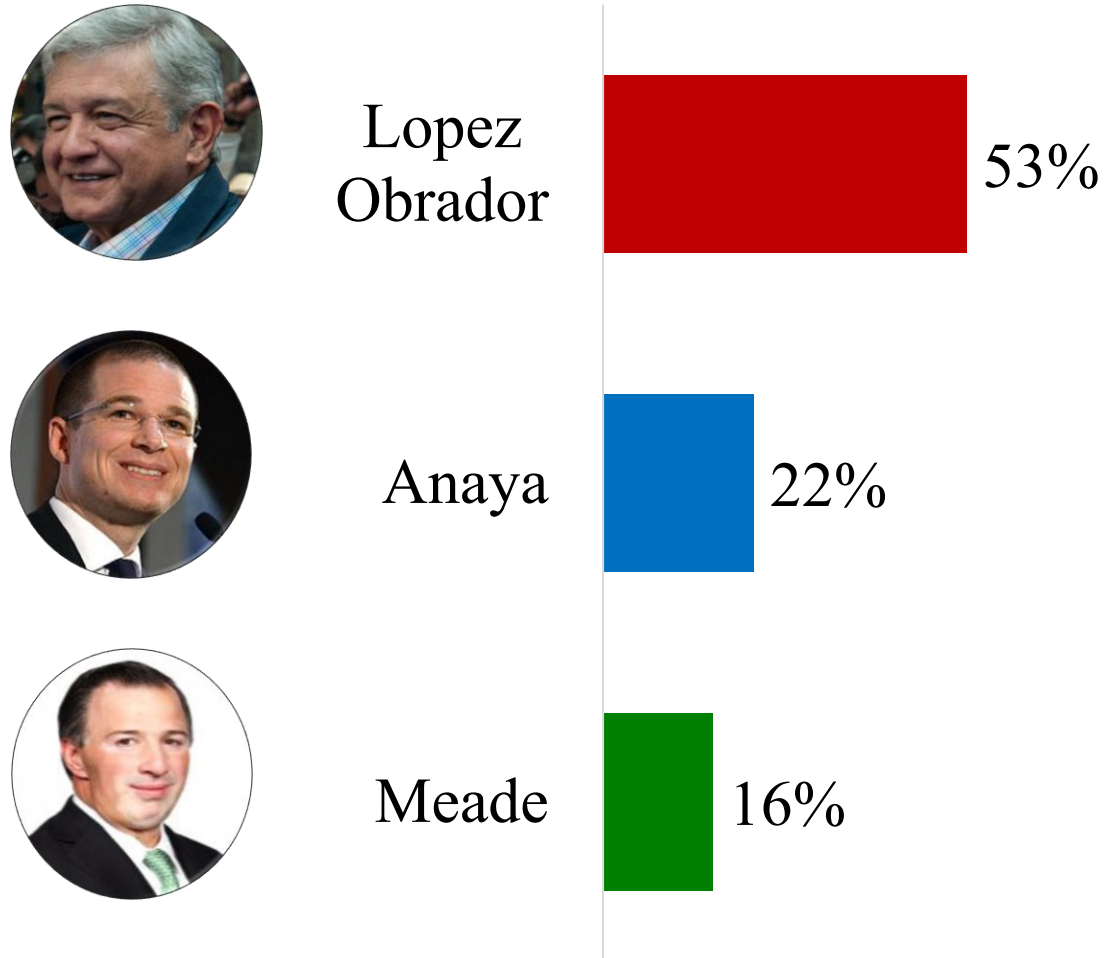
Costs to U.S. Consumers: \$7.5 billion a year, before retaliation from the European Union, Mexico and Canada<sup>2</sup>

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# Mexico's 2018 Presidential Election

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# Presidential Results

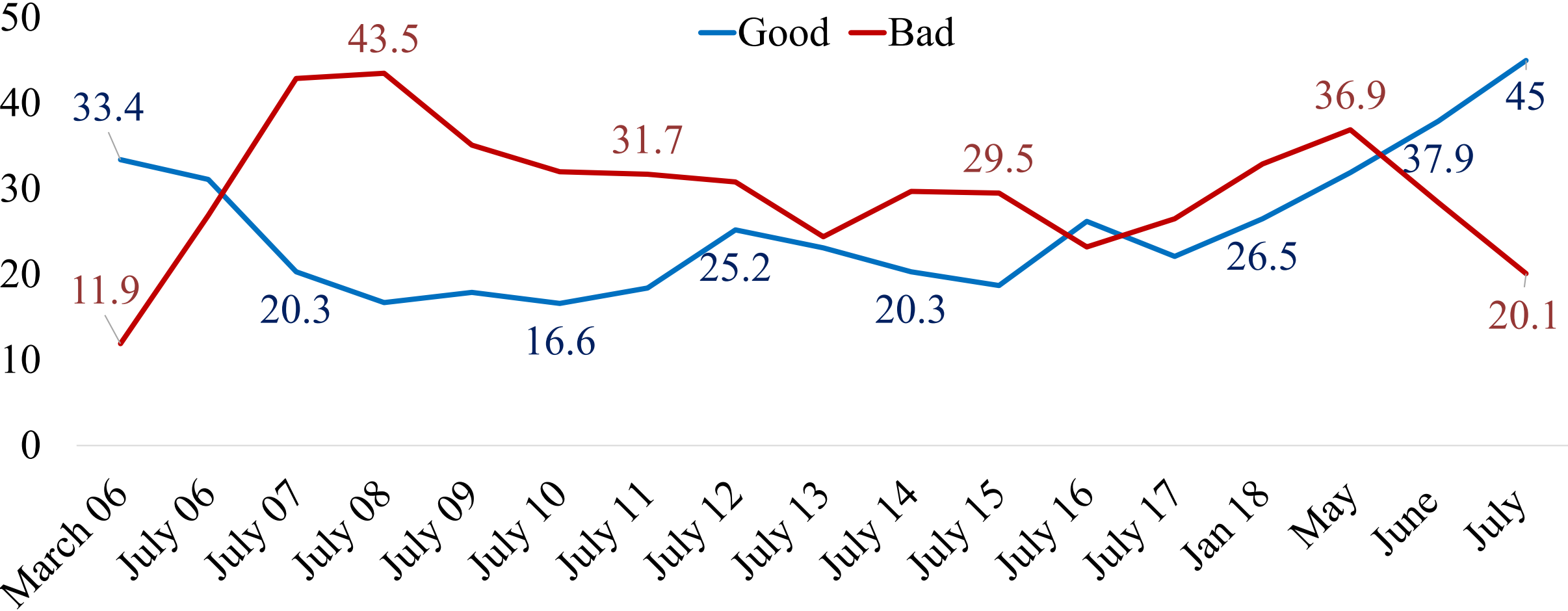


Voter turnout: 63.5%

Over 60% of the Mexican population is **satisfied** with the election's results.

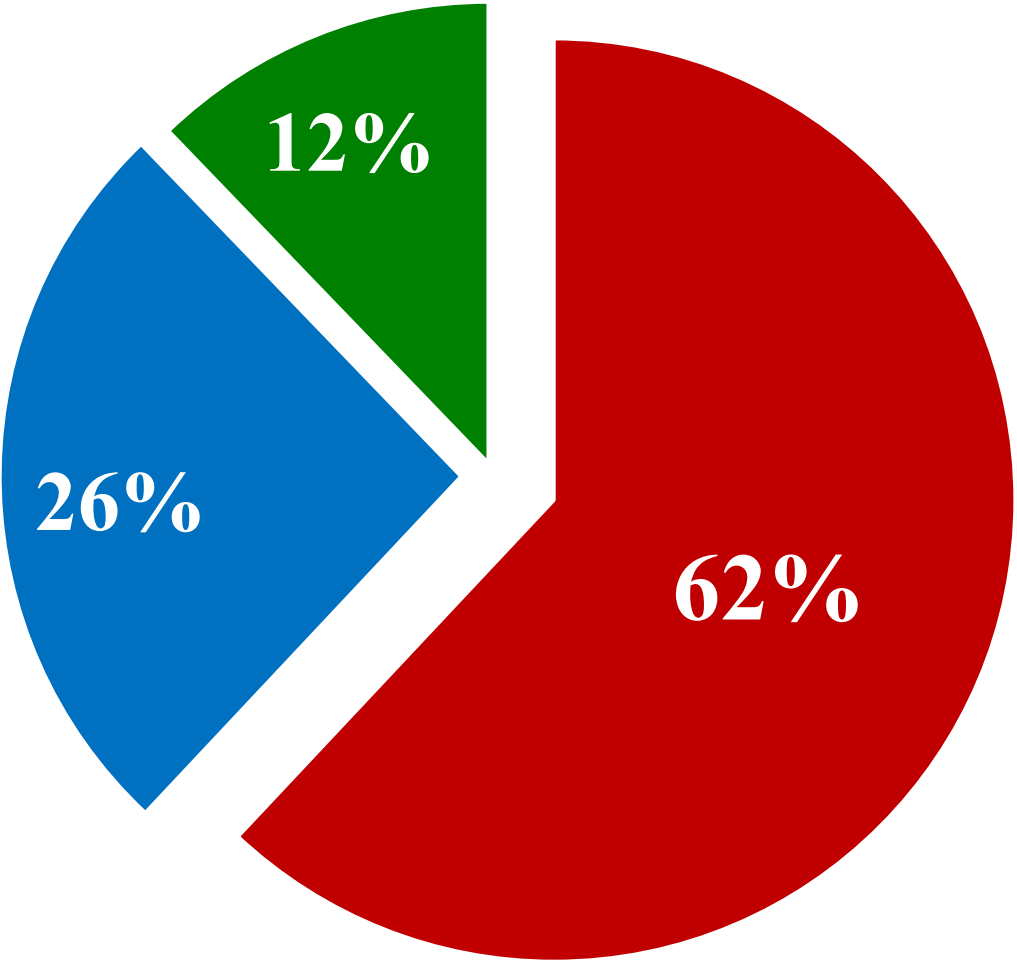
Over 65% of the Mexican population believe the **security, economic and political situation will improve** in the short-term under AMLO's Presidency.

# Mexican's views of AMLO



Source: Consulta Mitofsky, 2018

# Chamber of Deputies – November 2018



■ Morena  
310 seats



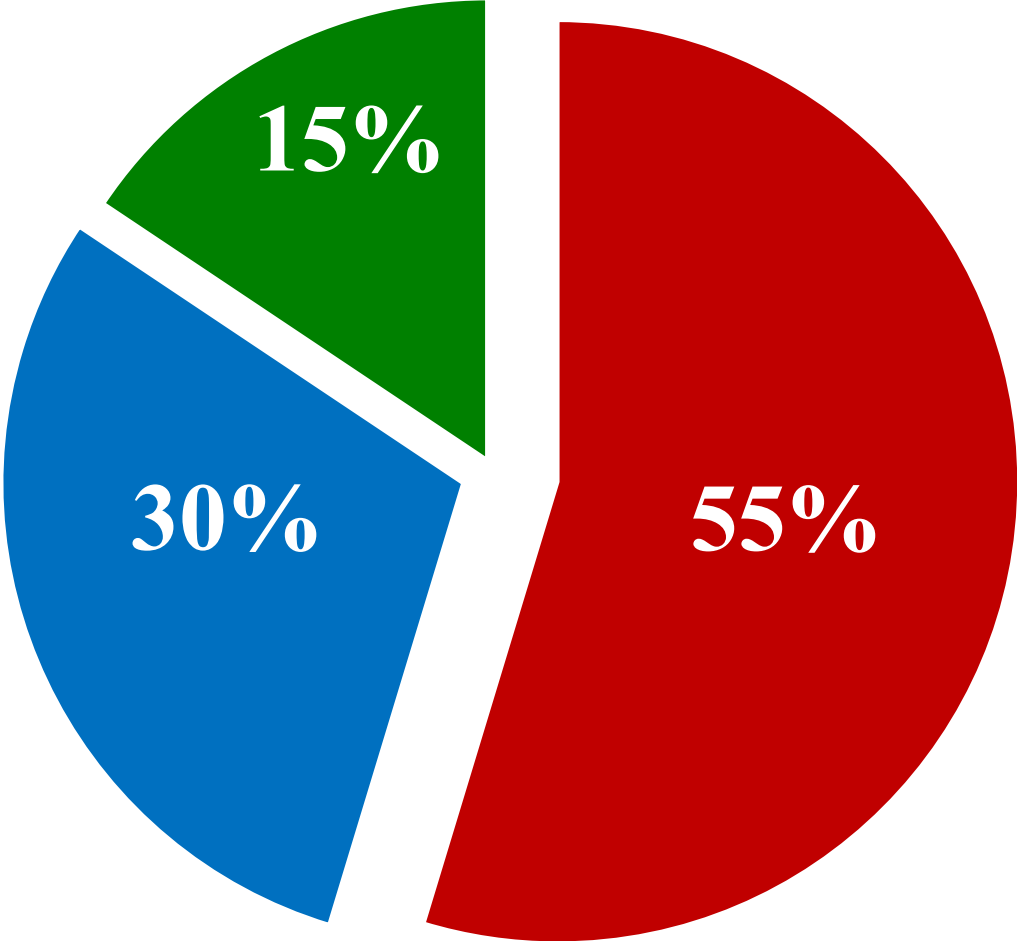
■ Pan  
129 seats



■ PRI  
61 seats



# Senate – November 2018



■ Morena  
70 seats

■ PAN  
38 seats

■ PRI  
20 seats

**morena**  
La esperanza de México





# Issues that Mexicans care about & influenced their votes

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Corruption

Violence and Security

Unemployment

Poverty and Low Wages

Public Health

Inflation

# Policy Proposals - AMLO



**Poverty: Increase minimum wage. Guarantee a free of charge universal health coverage. Launch new jobs programs. Subsidize inputs for small farmers.**

**Corruption: Restructure government programs to prioritize spending with zero corruption. Cut salaries.**

**Trade: Conclude the renegotiation of NAFTA. Focus on expanding trade.**

**Economic Policy: Focus on developing Mexico's internal market, especially in rural areas. Redirect government spending to social programs that promote this. Attract investment.**

**Education: Eliminate teacher's evaluation. Launch youth job program.**

**Energy: Review of contracts since the Energy Reform; freeze new exploration offers; limit gasoline price increases; build new refineries to supply gasoline.**

**Security: Review basic strategy and cooperation with the U.S.**

# AMLO Proposals to Trump – July 12 Letter

## TRADE



Resume **NAFTA renegotiation** talks; AMLO's team will work with EPN's team.

**Relocate Mexican customs** 20-30 km inland from the border.

**Establish a free trade zone on the northern border of Mexico:** decrease the VAT rate, the Income Tax rate, energy prices, and increase the minimum wage.



## SECURITY



Establish **development plans** between the U.S., Mexico, and Central America to finance economic development. 25% of the investments will be allocated to **security and border control**.

Each government will control its borders and **combat trafficking of drugs and weapons**.

# AMLO Proposals to Trump – July 12 Letter

<p><b>MIGRATION</b></p> 	<p>Ensure that emigration is optional, not necessary by <b>improving the economy.</b></p>	<p><b>Migration cooperation</b> based on the respect for human rights.</p>	<p>Development plan between the U.S., Mexico, and Central American countries to <b>mitigate poverty and retain the migration.</b></p>	
<p><b>DEVELOPMENT</b></p> 	<p>Encourage <b>tourism</b> with high-speed train from Cancun to Palenque.</p>	<p>Creation of an <b>economic and commercial corridor</b> in the Isthmus of Tehuantepec.</p>	<p>Reactivate the <b>agricultural sector.</b></p>	<p><b>Urban development plan in border cities:</b> land zoning, introduction to drinking water, drainage, and housing construction.</p>

# Critics concerns about an AMLO Presidency

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**Backward-looking agenda: bigger economic role for the State.**

**Fiscal Responsibility vs new Social Programs** e.g. increase public investments and subsidies without tax and debt increases?

**Slow the Education Reform? Weaken or reverse Energy Reform?**

What is the **Public Security Plan**?

**Eradicate corruption** by Presidential example, not institutional reform.

**US-Mexico Bilateral relationship.** No NAFTA better than bad NAFTA.

Clashes over migration, border. Non-interventionist foreign policy?

Will he **listen to his cabinet/others.** Will he become more **authoritarian**?

# AMLO's Challenges



Lack of **experience governing**

Carrying out **promised reforms**

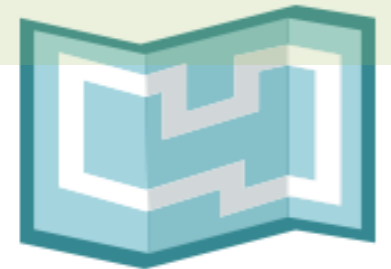
(salary + personal cuts and decentralization)



Having enough **resources and income** without increasing taxes

Developing specific **policies & implementation plans**

(e.g. security & corruption)



Meeting **high popular expectations**

# Maintaining a Partnership with Mexico?

# U.S.-Mexico Relations: Early Months Set Tone

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## Trade:

- Successfully complete NAFTA modernization negotiations, so all three can claim wins.

## Bilateral Security Cooperation:

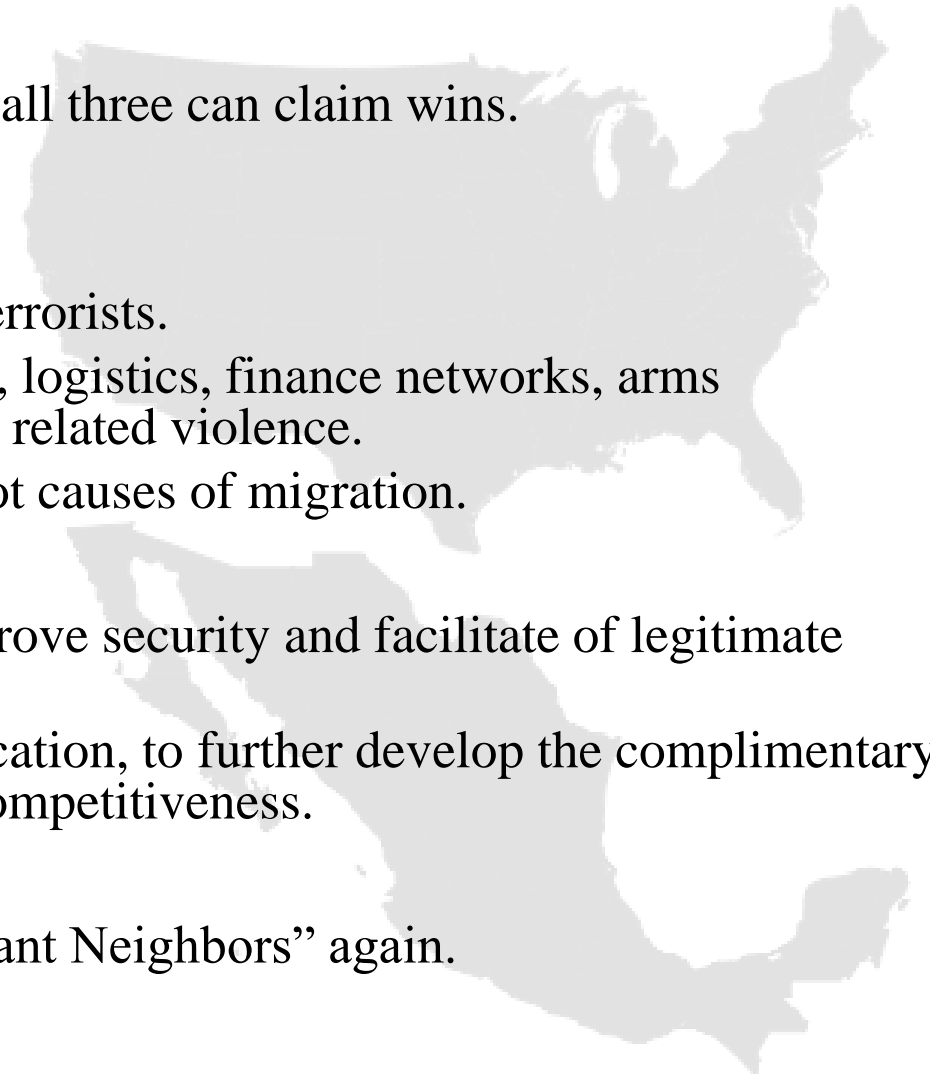
- Avoid further deterioration in cooperation.
- Better manage together migration and travel issues; intercept terrorists.
- Better fight organized crime, attacking production, distribution, logistics, finance networks, arms smuggling, and addiction/demand; support Mexico in reducing related violence.
- Deepen coordinated support for Central America to address root causes of migration.

## Improve Competitiveness:

- Enhance technology, information sharing and processes to improve security and facilitate of legitimate trade and travel.
- Invest in programs, including workforce development and education, to further develop the complimentary nature of the two economies, create jobs and improve global competitiveness.

## Rebuilding Confidence:

- Take steps to rebuild deteriorating trust or risk becoming “Distant Neighbors” again.





# Building Partnership with Mexico



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Princeton in Washington, 08/18