Re-Building a Complex Partnership:

The Outlook for U.S.-Mexico Relations under the Biden Administration

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Introduction

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It is widely agreed, and commonly stated, that Mexico and the United States share a common destiny. The progressive integration of their economies and societies, especially since the 1990s, has been matched by efforts to develop shared responsibility in anti-narcotics and organized crime policy, as well as a common approach to migration in recent years. Regular meetings on a bilateral and trilateral basis (with Canada) until 2016 saw the construction of a common agenda on both regional and global basis. Essentially friendly relations established a paradigm of friends, partners, and allies across the Rio Grande/Bravo.

This steady progress came to an end in 2017 as the Trump administration "broke the mold" of North American relations with attacks on the legitimacy of NAFTA, and a more aggressive approach to bilateral relations, threatening Mexico with tariffs and border closures if Mexico failed to meet expectations on controlling migration. At the same time, protectionist tariffs were applied to Mexican steel exports to the United States, and President Trump pushed ahead with his efforts to extend the border wall.

Over the next four years, an uneasy détente broke out with the successful negotiation and ratification of the USMCA, the unexpected personal bonhomie

between Trump and Mexican President Andrés Manuel López Obrador (AMLO), and bilateral collaboration on stopping Central American migrants before they reached the U.S. southwest border. This final element was central to the evolving relationship between the two presidents and between their respective administrations. For President Trump, the relationship mattered for one main reason, namely his ability to show progress on stemming illegal migration to the United States. For AMLO, a similarly unidimensional perspective was to be found: he quickly realized that if he was able to satisfy Trump in the migration arena, Trump would pay little attention to anything else that AMLO attempted to do in terms of domestic policy. This meant that AMLO won himself a free hand to make moves against U.S. manufacturers, service providers, and U.S. energy investors (in both hydrocarbons and electricity sectors) and to weaken the regulatory framework and autonomous institutions that have been central to the development of democracy and a market economy in Mexico.

AMLO's cozying up to Trump took on an extraordinary aspect during July of 2020, when he made his first (and to date only) foreign visit to see the U.S. President at the White House. During this visit, AMLO made no effort to communicate with then presumptive Democratic Presidential candidate Joseph Biden, nor any representatives of the Democratic party. Compounding this apparent favoritism was AMLO's refusal to send a message of congratulations to President-elect Biden until the Electoral College had voted (six weeks after the election, making him one of the last world leaders to do so), and then issuance of a number of statements critical of social media platforms' condemnation and banning of Trump after the January 6 Capitol Siege. Additionally, the Mexican congress approved legislation weakening the diplomatic immunity of DEA agents operating in Mexico, hitting bilateral security relations that were already reeling from the U.S. arrest and subsequent release of ex-Defense Minister Salvador Cienfuegos.

There has rarely been a more contentious moment in bilateral relations since the nationalization of Mexican oil in 1938. Nonetheless, once Biden was sworn in as President, an amicable phone call took place between the two heads of state, and there appears to be a willingness on the part of the Biden administration to try to build a positive relationship with their Mexican counterparts.

This collection seeks to draw together the insights of a number of leading experts on the bilateral relationship to both analyze the current moment in the bilateral relationship and to identify potential paths forward in nine different areas. We are indebted to our Global Fellows and our invited authors for sharing their knowledge of and ideas for the relationship in the areas of security, the economy, migration, energy, public health, shared values, anti-corruption, North America, and foreign policy.

The outlook is by no means uncomplicated. In almost every area, there are ample reasons to be pessimistic about the potential for collaboration, with obstacles blocking the way along a number of paths. Nonetheless, the contributions here provide some well-grounded concepts for finding common ground and for seeking mutual benefit. The Mexico Institute under its new leadership remains committed to advancing the bilateral relationship and continues to believe that the health of that relationship directly impacts the well-being of hundreds of millions of Mexicans and Americans in both countries.

Key Policy Recommendations at a Glance

Security Cooperation

- Transition from an all-out war approach to more strategic and sustainable deterrence policies.

- Implement both preventative and law enforcement programs centered on the many other threats that, beyond DTOs and TCOs, impact citizens' wellbeing.

- Address the socioeconomic roots driving migration from Mexico and Central America.

- Develop a more humane and health-centered approach to the drug problem.

- Tackle corruption and impunity in Mexico by strengthening the rule of law and institutions.

Migration

- Put migrants at the center of economic recovery. Immigration can be an asset that benefits the economic recovery process as well as strengthens and renews the social fabric of both countries.

- Expand legal migration pathways from Central America.

- Reform and enhance humanitarian protection, including investing in protection mechanisms and restoring access to asylum at the U.S.-Mexico border.

- Professionalize transparent and rules-based migration enforcement. Enforcement efforts should be aligned with the highest standards of rule of law, professionalism, and transparency.

- Invest in economic and institutional development. Mexico and the United States have a unique window of opportunity to complement and harmonize their investments in economic development and rule of law in the region to address the drivers of migration over the long term.

Economic Competitiveness

- Create an institution to coordinate across agencies and maintain leadership focus on the bilateral economic relationship. The HLED and Binational Commission offer potential models.

- Build out an agenda for competitiveness and inclusive growth that includes support for small businesses, entrepreneurs, innovation, education, workforce development, research, transportation infrastructure, and sustainability.

- Align essential industries and create a plan for coordinated emergency supply chainmanagement.

- Develop a plan to safely reopen the U.S.-Mexico border to non-essential travel andcoordinate to ensure the smooth implementation of air-travel safety measures.

- Prioritize cooperation over dispute resolution in the implementation of the labor sideagreement.

- Take full advantage of the committees on competitiveness, trade facilitation, and otherimportant economic issues created under the USMCA to deepen institutionalizedcooperation.

- Launch a North American investment attraction initiative, focusing first on auto companiesthat need to comply with the more strict USMCA rules of origin.

- The United States and Mexico should task their consular networks with running a stakeholderengagement strategy to create an open flow of information and ideas between grassroots stakeholders and the high-level dialogue coordinating the bilateral economic agenda.

- Support binational economic development initiatives in the border region.

Energy

- Return to regular meetings of North America's energy ministers. Regional integration in energy is beneficial to all three countries, commercially, economically, and environmentally.

- Reinvigorate the U.S.-Mexico Energy Business Council, with a renewed focus not just on hydrocarbons but also on renewable energy.

- Work together (with Canada) on the connection between the energy sector and respiratory health.

- Discuss the reduction of vehicle emissions. The NorthAmerican countries need to work together on a plan for theelectrification of the regional vehicle fleet, both for passengerand freight vehicles.

Anti-Corruption

- Attack corruption, from the electoral processes to the individual exercise of power, in all its forms.

- Create a true culture of integrity in public service.

- Strengthen the independence and effectiveness of theinstitutions involved in the fight against corruption.

- Establish effective channels for collaboration and coordination between both countries to achieve results.

- Establish effective policies to involve organized civil society,academia, and the private sector in the fight againstcorruption, as long-term allies.

Public Health

- Improve collaboration and create a more effective binational health agenda thatcan help Mexico and the United States achieve SDG3 targets.

- Increase capacity to detect and assess outbreaks and other emergency healthhazards.

- Strengthen emergency response capacities and establish a framework for trilateralcollaboration to guide mutual assistance capabilities and ensure a quick andcoordinated response to outbreaks of animal influenza or an influenza pandemic.

- Relaunch and update NAPAPI and expand objectives to include continued andenhanced cooperation on pandemic preparedness and response and bioterrorismthreats.

- As U.S. migration policy changes under a Biden administration, adapt health policyfor migrant populations accordingly.

- Reinvigorate the Border Health Commission, reconvene the Binational TechnicalWorkgroup, and update the Healthy Border plan for a new target year.

- Establish more flexible insurance coverage for patients in either country for travel to the other.

- Replicate initiatives like Cancer Moonshot and Operation Warp Speed on a bilateral basis with a focus on the NCDs most prevalent in both countries.

- The FDA and COFEPRIS should share trial protocol review best practices and data packages; COFEPRIS should consider accepting FDA trial approvals.

- Increase focus on joint research efforts supported by both governments.

- Establish a collaborative approach to nursing education, including establishing academic exchanges between U.S. and Mexican schools of nursing and conformity of credentialing criteria to allow for a more flexible response to demand on either side of the border.

Public Opinion: Key Takeaways

- President López Obrador seems to have adjusted the tone of his discoursewith Donald Trump, and now his tone is subject to changes with Joe Biden.

- The Mexican public has shown a pro-Democratic bias in all consecutive elections since 2004.

- Despite Trump's negative image in Mexico, the majority of Mexicans perceiveda positive relationship between the Trump and AMLO administrations. Thiscould reflect AMLO's rhetoric of cooperation with the Trump government.

- From 2019 to 2020, Mexican public opinion about the U.S.-Mexico relationshipchanged significantly, in a positive direction, and the polls also showedpositive changes in Mexicans' opinions about the U.S. during that time.

- Any adjustments in AMLO's rhetoric could be important for how Mexicansperceive the new relationship with Biden. Changes in policy and discourse onthe Biden side are likely to be important as well.

- Future polls should consider the Biden factor, as well as AMLO's rhetoric.

North America

- Establish cooperative work agendas addressing key economic and security issues.

- Re-organize structures to take full advantage of the opportunitiesfrom North American cooperation, as well as to resolve problems.

- Reinitiate the North American Leaders' Summits, preferably once ayear, but at least every two years.

- Make supply chains more resilient and less dependent on distant suppliers.

- Re-create and improve bilateral mechanisms to deal with homeland security and economic issues outside of USMCA.

- Establish a multi-layered approach to North America that effectively incorporates the many stakeholders in North America's success.

- In the short-term, agendas should include COVID-19 management and recovery; strengthening supply chains; implementing USMCA; revisiting border security; bolstering law enforcement coordination; and rethinking migration management and aid toCentral America.

- The medium- and longer-term agendas should include creating a shared vision and structures that enhance mutual prosperity and security, and a focus on issues such as climate change, "green" energy futures, workforce development, the deployment of new technologies, and more cooperative approaches to cybersecurity.

Foreign Policy

- Address the root causes of displacement, migration, and insecurity in the Central American Northern Triangle countries.

- Reengage multilaterally in advancing the UN Global Compacts on Migration and Refugees.

- Hold regular, twice-a-year bilateral policy consultations between the countries' respective UN Permanent Missions and the State Department and Foreign Ministry's policy planning teams.

- Rethink strategic relationships and economic competitiveness vis-à-vis China.

- Reengage, along with Canada, in strengthening North American cooperation and synergies.

- Resuscitate the annual North American Leaders' Summit.

- Leverage participation in fora like the G20 to accelerate economic recovery and roll out vaccination programs that ensure equitable immunization.

By Gema Kloppe-Santamaría

Putting Citizens' Security First:

Towards a New Chapter in U.S.-Mexico Security Cooperation

The inauguration of President Joseph Biden has potential to open a new chapter in U.S.-Mexico security cooperation.

Key Policy Recommendations

- Transition from an all-out war approach to more strategic and sustainable deterrence policies.

- Implement both preventative and law enforcement programs centered on the many other threats that, beyond DTOs and TCOs, impact citizens' wellbeing.

- Address the socioeconomic roots driving migration from Mexico and Central America.

- Develop a more humane and health-centered approach to the drug problem.

- Tackle corruption and impunity in Mexico by strengthening the rule of law and institutions.

Introduction

On January 20, 2021, the inauguration of President Joseph Biden has the potential to open a new chapter in U.S.-Mexico security cooperation. Over the last fifteen years, collaboration between the two countries on matters of security has significantly evolved. After a long period characterized by mutual distrust and lack of alignment in the priorities and strategies promoted by these countries, Mexico and the United States reached an unprecedented level of cooperation with the Mérida Initiative (2007-present). This initiative signaled both countries' willingness to recognize security as a shared responsibility that demanded coordinated efforts centered on law enforcement, institution building, and the prevention of violence. Although collaboration has failed to achieve the more ambitious and integral aspects of the initiative, particularly in light of the more defensive and nationalist attitudes advanced by both countries over the past four years, the evolution of the Mérida Initiative points to the importance of working towards a common understanding of security that puts citizens' security at the center.

Recent events, including the arrest and subsequent release of Mexico's former minister of defense, General Salvador Cienfuegos, suggest the need to rebuild bilateral trust and to work towards a framework of collaboration that can address questions of corruption and impunity in ways that are agreeable to both countries. Although several irritants will likely persist during the coming years, including U.S. concerns regarding the rule of law and human rights violations in Mexico and Mexico's strong rejection of U.S. unilateralism, there are several areas that offer far more positive prospects of collaboration. These areas include both countries' interest in addressing the socioeconomic roots of violence and crime as well as in developing a more humane and health-centered approach

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to the drug problem. If taken seriously by the two governments, these areas may actually present a unique opportunity to advance towards a new chapter in U.S.-Mexico security cooperation that will put violence-reduction and the protection of citizens' security at the center of bilateral efforts.

The aim of this chapter is to examine the challenges and opportunities faced by U.S.-Mexico security cooperation under President Biden and President Andrés Manuel López Obrador (AMLO). The chapter will first present a brief overview of the main collaboration efforts promoted by Mexico and the United States in the recent past, paying particular attention to the Mérida Initiative and its institutional and programmatic ramifications. This section will discuss the pitfalls and unintended consequences of some of the main security strategies promoted by the Mérida Initiative, especially in regards to the effect that militarized and repressive policies had on the levels of violence and corruption characterizing Mexico's context of insecurity. It will also point at the evolution of this initiative and to the key lessons that its transformation can offer for the future of the relationship. In a second section, the chapter will explore both the irritants and potential areas of collaboration that the new Biden administration presents for the security agenda shared by both countries. It will also offer specific policy recommendations to improve U.S.-Mexico security cooperation in terms of both countries' ability to address the levels of violence, harm, and impunity experienced by citizens on both sides of the border.

U.S.-Mexico Security Cooperation: An Overview

Implemented in 2007, the Mérida Initiative represents the most significant security cooperation effort between Mexico and the United States to date. When compared with previous efforts, the initiative stands out in terms of its truly bilateral character, its emphasis on shared responsibility, and the levels of trust and collaboration promoted by both governments. In 1969, for instance, the U.S. government launched Operation Intercept, a unilateral measure that had the explicit aim of shutting down the border with Mexico in order to stop the flow of drugs coming from the south. Although subsequent operations involved more concerted efforts, including operations Canador (1970-1975), Trizo (1975-1976), and Condor (1977-1987), the goals and priorities of these anti-drug policies were by and large determined by the United States.[1,2] With their emphasis on large-scale drug crop eradication programs, especially opium and marijuana, these operations reflected the United States' proclivity to privilege a "supply-side" approach in order to deal with drug consumption and drug-related crimes at the domestic level.[3] This approach contrasted with Mexico's position regarding the drug question. For Mexican authorities, the drug problem was primarily the result of U.S. demand for drugs as well as of the United States' incapacity or unwillingness to control the traffic of arms.[4]

U.S.-Mexico security cooperation remained hindered during subsequent decades. Mutual distrust and the persistent misalignment between these countries' security priorities limited collaboration. More so, U.S. concerns regarding corruption and criminal collusion amongst Mexican authorities constituted a central irritant of the relationship during the 1980s and 1990s. Events such as the 1985 kidnapping and brutal murder of DEA agent Enrique "Kiki" Camarena at the hands of Mexican drug traffickers and police, together with the arrest in 1997 of General Jesús Gutiérrez Rebollo, Mexico's anti-narcotics czar in connection to drug charges, contributed to the undermining of U.S.-Mexico collaboration during these decades. For U.S. drug and intelligence officials, it became clear that sharing sensitive information with Mexico could come at a high price, given drug trafficking organizations' penetration of the highest levels of government. For Mexico, U.S. unilateral efforts to decertify Mexico as a trustable "anti-drug ally" were seen as an imposition that illustrated the northern neighbor's arrogance as well as its unwillingness to recognize the "real problem": U.S. insatiable demand for drugs.[5,6]

From its inception, the Mérida Initiative marked a significant evolution in terms of the levels of understanding and collaboration it enabled between the United States and Mexico. Whereas previous anti-narcotic efforts had been primarily promoted by the United States, in this case the initiative resulted from the Mexican government's request to promote greater security cooperation between the two countries. In March 2017, during a meeting with President George W. Bush (2001-2009), President Felipe Calderón (2006-2012) expressed Mexico's determination to fight against organized criminal organizations but stated that, in order to be successful, the country needed the United States' collaboration and support. The United States responded to Mexico's demands by authorizing an anti-drug and rule of law assistance package for Mexico, the Mérida Initiative, set to begin in October of 2007.[7] Although launched under Bush's presidency, the initiative continued and was further expanded under President Obama. The initiative also outlasted Calderón as President Enrique Peña Nieto (2012-2018) endorsed the basic tenets of the initiative.

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In a clear departure from the defensive and nationalist attitudes of the past, both governments acknowledged that the drug problem constituted a "shared responsibility." The U.S. government pledged to increase efforts to address the demand of drugs at home, stem the flow of illegal guns coming to Mexico, and tackle money laundering and its connection to organized crime.[8] Mexico, on its part, recognized corruption as a key driver of drug trafficking and insecurity, and fully acknowledged the need to tackle the supply of drugs by dismantling drug trafficking organizations (DTOs) operating in Mexican territory. Although both countries fell short of fulfilling their initial promises, the fact that they were able to find a common ground contributed to overcoming the tensions of the recent past and facilitated bilateral dialogue and understanding.

During the first three years, the initiative focused mainly on combating drug-trafficking organizations and buttressing Mexico's security and justice institutions through intelligence sharing, technical assistance, and the provision of equipment. The so-called kingpin strategy, centered on the capturing and extradition of DTOs top leaders, became the most visible area of collaboration between the two countries during this first phase.[9] This strategy, which went hand in hand with Mexico's increasing reliance on militarized operations, reflected both governments' view that the most effective way to tackle the drug problem was to dismantle the structure of DTOs by neutralizing their main leaders. The underlying assumption was that, by fragmenting and destabilizing their structures, Mexican security forces would have better chances to confront DTOs' armed power and regain control over the territories that had fallen under the grip of these criminal organizations. Measured in terms of the number of extraditions from Mexico to the United States, kingpin targeting was effective: from a total of 211 individuals extradited under Vicente Fox (2000-2006), the number went up to a total of 587 under Calderón's administration.[10] However, other indicators, including the flow of drugs entering the United States, the levels of criminal violence in Mexico, and the geographical presence and influence of these criminal organizations, cast a long shadow over this strategy's effectiveness.

By 2011, both countries agreed to revise the goals of the Mérida Initiative based on the negative consequences that the kingpin strategy and Mexico's emphasis on militarized and repressive strategies to combat DTOs had yielded. The consequences were manifold. Mexico's levels of lethal violence increased dramatically. The country's homicide rate went from a total of 8 murders per 100,000 inhabitants in the year 2007 to a total of 24 in 2011.[11] Although homicide rates decreased between 2011 and 2015, they surged again in the years 2016 and 2017. The upward trend in levels of homicide has persisted, with the total number of people murdered per year reaching record highs between 2018 and 2020.[12] In addition to homicides, violence became more pervasive as high-impact crimes such as extortions, kidnappings, forced disappearances, and massacres escalated in several regions of Mexico. The surge in these criminal activities signalled DTOs' capacity to diversify and expand their criminal activities as well as to retaliate against the state's anti-crime efforts.

In March of 2011, for instance, dozens of people were murdered and disappeared in the town of Allende, Coahuila, just a few miles away from Eagle Pass, Texas. The massacre was orchestrated by the Zetas cartel and was driven by rumours that claimed one of its members had snitched information to U.S. authorities. According to a ProPublica investigation, a Mexican federal police unit leaked the information to the criminal organization. Despite having been trained and vetted by the U.S. agency, the unit was compromised.[13]

"The upward trend in levels of homicide has persisted, with the total number of people murdered per year reaching record highs between 2018 and 2020."

This and other incidents shed light on the ongoing networks of collaboration and complicity connecting DTOs and state actors in Mexico, including police and military personnel. As a result of this, U.S. authorities became increasingly concerned with the effectiveness of evaluation and vetting processes that had been implemented with U.S. assistance. As U.S. concerns augmented, so did Mexico's uneasiness with U.S. scrutiny over the integrity of the country's security and justice apparatus. Human rights violations also became a key source of concern and tension between the two countries as incidents of violence and abuse of force perpetrated by the military surged under the context of Mexico's war on drugs.[14] In addition to violence directed against civilians and suspected criminals, targeted attacks against journalists, human rights defenders, and religious leaders suggested a complex web of complicity involving corrupt officials and criminal organizations. Journalists exposing the potential collusion of mayors and state governors have become particularly susceptible to acts of intimidation and violence. According to the Committee to Protect Journalists, since 2000, at least 133 journalists have been murdered in Mexico, with 99 percent of these cases remaining unpunished.[15, 16]

As mentioned before, both countries agreed to reformulate the goals of the Mérida Initiative in 2011. Under the new schema, the initiative was organized according to four pillars. Taken together, these pillars reflected a more integral approach to tackle insecurity that accounted for both the structural and institutional determinants of violence and crime. The new four pillars of the initiative were: "1) Combating transnational criminal organizations through intelligence sharing and law enforcement operations; 2) Institutionalizing the rule of law while protecting human rights through justice sector reform, forensic equipment and training, and federal and state-level police and corrections reform; 3) Creating a 21st-century U.S.-Mexican border while improving immigration enforcement in Mexico and security along Mexico's southern borders; and, 4) Building strong and resilient communities by piloting approaches to address root causes of violence and supporting efforts to reduce drug demand and build a "culture of lawfulness" through education programs.[17] Of all these pillars, the last one was perhaps the most significant in that it marked a clear departure from the short-term and repressive strategies of the initiative. This fourth pillar resulted in the implementation of several prevention programs carried out in a number of cities affected by high-levels of violence, including Tijuana, Monterrey, and Ciudad Juárez. Centered on at-risk populations, these programs promoted the creation of jobs, social integration activities, and after-school programs.[18]

The decision to reorient the Mérida Initiative in order to foster institutional reform and targeted prevention was a step in the right direction. It reflected both countries' ability to recognize the pitfalls of the initiative's original scope and the need to adjust its goals accordingly. However, the implementation of the more integral aspects of the

"The decision to reorient the Mérida Initiative in order to foster institutional reform and targeted prevention was a step in the right direction."

initiative remained feeble. For instance, during the fiscal years 2012-2017, most of the initiative's assistance was directed towards "international narcotics and law enforcement" with only a small fraction of the resources being allocated to the area of "economic support fund." [19] Furthermore, as of 2017, the U.S. Department of State continued to consider the capture and extradition of top criminal leaders as well as Mexico's apprehension of undocumented immigrants as part of the top indicators of success regarding U.S.-Mexico security cooperation. Beyond these financial considerations, the continuance of security responses based on repressive and short-term strategies reflects both countries' ongoing support for these measures.

In Mexico, support for an all-out war approach to combat DTOs and transnational criminal organizations (TCOs) has remained unabated, despite the promises made by both Peña Nieto and AMLO at the beginning of their terms. President Peña Nieto, for instance, pledged to foster a security policy centered on prevention programs and the protection of victims. In practice, however, he continued to prioritize militarized strategies and kingpin targeting. Peña Nieto's reliance on repressive policies persisted throughout his term, despite the occurrence of high-profile massacres that pointed at the complicity and active participation of the military and other security forces in the commission of human rights violations.[20]

Similarly, López Obrador's promises to end the war on drugs by taking the military off the streets, legalizing certain drugs, and offering amnesties for eligible criminals, have remained unfulfilled. Instead, his government has continued to rely on militarized operations and the targeting and extradition of suspected drug cartel leaders. For instance, in 2019, Mexico extradited a total of 58 people and, by February of 2020, it had already completed a total of 30 extraditions.[21] Although these extradition numbers pale in comparison to those reached under the previous two administrations, they show the continuance of a policy (e.g. leadership decapitation) that has shown poor results in terms of its capacity to disrupt the flow of drugs to the United States or homicide levels in Mexico. Most significantly, AMLO's newly created National Guard constitutes a clear indication of the government's intention to secure the military's participation in public security functions.[22] Even though this institution was supposed to operate under civilian control, as of August of 2020, 80 percent lacked training and certification as police officers, and there appears to be little impetus to change this.[23]

"Under the presidency of Donald J. Trump (2016-2020), the emphasis on militarized and short-term strategies became even more acute."

Under the presidency of Donald J. Trump (2016-2020), the emphasis on militarized and short-term strategies became even more acute. Throughout his term, Trump limited the scope of U.S.-Mexico security cooperation by prioritizing two goals: combating transnational criminal organizations and enhancing border security.[24] While the first goal required the continuing implementation of the kingpin strategy, the second demanded the Mexican government take concrete steps to reduce the flow of migrants coming to the United States. Following U.S. diplomatic and economic pressure, Mexico agreed to step up the control of its southern border and, in what remains a controversial decision, sent the National Guard to prevent migrants from entering the country. According to recent reports, members of the National Guard have been involved in the commission of acts of torture and sexual violence against migrants and asylum seekers, thus going against AMLO's pledge to create a guard that would "guarantee peace, but without excesses." [25]

Trump's plans to defend the U.S. border also included the building of a wall between the United States and Mexico. Although the wall was not finalized and is far from the 2000-mile length wall he promised during his 2016 campaign, it represents the clearest expression of American unilateralism under the Trump administration. The wall, experts agree, would have a marginal effect on reducing illegal drugs and undocumented migration and, instead, is causing severe environmental damage.[26] President-elect Joe Biden has pledged to bring the construction of the wall to an end. In these and other matters, Biden's vision of the bilateral relationship and of how to strengthen security on both sides of the border suggests the possibility of a new era of bilateral collaboration.

The Future of U.S.-Mexico Security Cooperation

On December 15, 2020, the Mexican Congress passed a new security law that will regulate, monitor, and potentially limit the presence and activities of any foreign agent working in Mexico, including U.S. law enforcement officers from the Federal Bureau of Investigation (FBI) and the Drug Enforcement Administration (DEA). The law, which was criticized by U.S. Attorney General William Barr as a measure that "can only benefit the violent transnational criminal organizations and other criminals that we are jointly fighting," removes the diplomatic immunity of foreign agents and establishes that any activity performed by such agents in Mexican territory needs to be approved by Mexico's Foreign Ministry.[27, 28]

The approval of this law happened only a few weeks after the U.S. government decided to drop drug trafficking charges against Mexican General and former Minister of Defense Salvador Cienfuegos, quoting "sensitive and important foreign policy recommendations."[29] Although AMLO celebrated the controversial decision as a "diplomatic victory" that asserted the country's sovereignty, several experts on both sides of the border expressed immediate concerns regarding the potential impact of this decision on the impunity and corruption pervading Mexico's security and justice apparatus.[30, 31, 32] More so, in the view of many observers, Mexico's resolve to bring Cienfuegos back to the country reflected López Obrador's increasing reliance on the army for public security functions and his willingness to enlarge its influence and autonomy, despite evidence regarding the military's involvement in human rights violations in the context of Mexico's war on drugs.[33, 34]

Both the release of Cienfuegos and the approval of a new law regulating the presence of foreign agents in Mexico offer a window into the prospective irritants that will shape the U.S.-Mexico relationship under the new administration of Joe Biden. Such irritants include Mexico's defensive and nationalist approach towards the United States, particularly as it concerns the United States' allegations of corruption, impunity, and human rights violations involving Mexican high-level officials and security personnel. Whereas U.S. concerns regarding the rule of law and the need to reform Mexico's security sector became subsidiary under President Donald Trump's presidency, they will likely occupy a central place under the Biden administration, just as they did under the presidency of Barack Obama (2008-2016). As central as these matters are, if pressed by Biden, they may elicit an adverse response from Mexico. In particular, they may provide grounds for the Mexican government to ramp up its defense of sovereignty principles, appealing to long-standing feelings of distrust and discontent towards U.S. interference on domestic affairs.

Although these aspects of the bilateral agenda foretell key challenges for the future of U.S.-Mexico cooperation on matters of security, other key areas offer far better prospects of collaboration. These areas include the promotion of programs aimed at addressing the socioeconomic roots of insecurity and violence in Mexico and Central America, the development of a more humane and health-centered approach to the drug problem, and the replacement of the kingpin strategy in favor of more strategic and long-term deterrence policies against DTOs and TCOs more broadly. An additional area of collaboration involves the implementation of both preventive and law enforcement actions centered on the many other security threats that, beyond DTOs and TCOs, impact citizens' wellbeing. The effect of these efforts, however, will remain short-lived and limited unless they go hand in hand with concerted efforts to tackle corruption and impunity in Mexico. This constitutes perhaps the greatest challenge to breaking the cycle of violence in Mexico and to opening a new chapter in U.S.-Mexico security cooperation.

As discussed before, the Mérida Initiative marked a watershed moment in the recent history of U.S.-Mexico security cooperation. However, the ongoing challenges of corruption and impunity in Mexico, together with the number of deaths produced by drug-related crimes, anti-drug policies, and drug overdose on both sides of the border, have pushed the Mexican and U.S. governments to express doubts about the currency of the initiative. According to some estimates, since 2006, 150,000 people have died and more than 70,000 people have disappeared in the context of Mexico's war on drugs.[35] Opioid overdose accounted for 70 percent of drug-related deaths in the United States in 2019, and opioid-related deaths have added to a historic decline in U.S. life expectancy.[36] Although the United States' ongoing opioid epidemic originated in the commercialized sale of highly addictive drugs by major U.S. pharmaceutical companies, in recent years, this health crisis has been fueled by fentanyl smuggling carried out by TCOs such as the Cartel Jalisco Nueva Generación (CJNG) and the Sinaloa Cartel.[37]

Reflecting these countries' current challenges, the Hemisphere Drug Policy Commission recently stated, "The Mérida Initiative is in urgent need of reassessment" and pointed at the drug charges implicating Cienfuegos as an incident that undermined trust between the two governments.[38] The Mexican government has gone even further and announced in November 2020 the end of the initiative, with the Ministry of Foreign Affairs' Fabián Medina stating that cooperation between the two countries needed to be revised in order to reflect "the needs of the Mexican government."[39] Despite these doubts, the implementation and evolution of the Mérida Initiative show that Mexico and the United States have the capacity to develop cooperation efforts based on bilateral trust, mutual respect, and the recognition of security as a shared responsibility. Security cooperation between the two countries may no longer be attached to the funds or goals of the Mérida Initiative but the lessons offered by this effort present an important blueprint of what the two countries can and should do in the next few years.

Under the Biden administration, both countries have the opportunity to foster areas of collaboration centered on harm and violence reduction, as well as on tackling the social and institutional determinants of violence and crime. Based on the lessons offered by previous cooperation efforts, there are five policy recommendations that could open a new chapter in U.S.-Mexico security cooperation.

1. Transition from an all-out war approach to more strategic and sustainable deterrence policies.

Short-term, militarized, and repressive policies to combat criminal and drug trafficking organizations have had detrimental consequences for Mexico's context of security. The kingpin strategy, in particular, which has been supported by both countries, has led to the fragmentation and geographical diffusion of DTOs and TCOs. Mexico's all-out war approach has increased homicides and other high-impact crimes in the country, including kidnappings, extortions, and forced disappearances. It has further contributed to a surge in human rights violations perpetrated by police and military personnel. In addition to their detrimental impact on Mexico's levels of insecurity and violence, these strategies have also proved incapable of reducing either the flow of drugs or the number of drug overdose deaths in the United States. Given the negative consequences of an all-out war approach, both countries should emphasize law enforcement strategies that target criminal organizations strategically and sequentially. The targeting of criminal organizations should be based on their involvement in high-impact crimes (e.g. homicides, extortions, kidnappings) as well as their participation in smuggling fentanyl into the United States. Instead of kingpin targeting, however, cooperation efforts should focus on the arrest of mid-level members and on dismantling the financial infrastructure that facilitates these organizations' operations and functioning.[40]

A greater focus on mid-level criminal operatives and on money laundering would require stepping up cooperation programs centered on improving the investigative capabilities of members of the police and of the National Guard in Mexico. It would also require the continuation of vetting and evaluation programs to facilitate the sharing of sensitive information between the two countries.

2. Implement both preventive and law enforcement programs centered on the many other security threats that, beyond DTOs and TCOs, impact citizens' wellbeing.

Most bilateral cooperation efforts have focused on the dismantling of Mexican DTOs and TCOs. However, there are several other threats that have a direct impact on citizens' security and that are not related to drug trafficking or organized crime. Such threats include robberies, kidnappings, femicides, and intra-family violence. [41, 42] Evidence suggests that, even in communities that have a high presence of TCOs, citizens' perceptions of insecurity are primarily shaped by criminal conducts that are rooted in local dynamics and that are not connected to the illicit market of drugs.[43] If the aim of cooperation efforts is to improve the security and wellbeing of citizens and to facilitate the development of a more peaceful, prosperous, and stable society south of the Río Grande, then both countries need to go beyond security policies centered on drug-related activities. In order to tackle these other security threats, cooperation efforts should promote targeted prevention programs and focused deterrence policies. Some of the prevention programs supported by USAID in the context of the Mérida Initiative showed positive results, particularly in regards to their impact on high-risk groups from marginalized areas.[44] Under the Biden administration, greater resources should be allocated to evidence-based prevention programs directed at communities experiencing high-levels of violence, independently of the presence of DTOs and TCOs in such communities.

3. Address the socioeconomic roots driving migration from Mexico and Central America.

This is perhaps one of the clearest areas of opportunity that the Biden administration presents for the future of U.S.-Mexico security cooperation. On December 19, 2020, both presidents announced their intention to work towards a more humane approach to migration that includes the creation of economic and development opportunities for citizens in Central America and Mexico.[45] As mentioned before, after being pressured by the Trump administration, Mexican authorities decided to send the National Guard to control Mexico's southern border and to prevent migrants from entering the country. The consequence of this decision has been to worsen the already precarious situation experienced by undocumented migrants, who over the last ten years have become the target of extortions, rapes, and other forms of abuse on behalf of Mexican criminal organizations and law enforcement officials. Mexican and Central American migration is driven by the high levels of violence experienced by citizens of these countries as well as by the lack of viable economic opportunities.

The COVID-19 pandemic has only amplified the challenges of poverty and inequality faced by Central The COVID-19 pandemic has only amplified the challenges of poverty and inequality faced by Central American and Mexican citizens. It has further exposed them to the predatory behavior of gangs and criminal organizations.[46] In this context, it is urgent for both countries to address the socioeconomic roots driving migration flows from Mexico and Central America. The Security and Prosperity Partnership (2005 to 2008), which aimed to increase the economic benefits of NAFTA among the citizens of the three countries, was short-lived and focused mainly on economic competitiveness and trade rather than on questions of development. However, a more ambitious program focused on the economic development of traditional sending areas via job training programs and the creation of viable job opportunities could contribute to deterring migration. Prevention programs implemented by USAID in Mexico and the northern triangle of Central America have been positively evaluated and should continue to operate in these countries.

Furthermore, instead of supporting the deployment of the National Guard on Mexico's southern border, the United States should provide support for the professionalization and human rights training of Mexican migration agents. It should also provide assistance to the dozens of shelters and human rights organizations working in the southern and northern borders of Mexico.

4. Develop a more humane and health-centered approach to the drug problem.

During his presidential campaign and at the beginning of his presidency, AMLO pledged to move away from the prohibitionist approach to drugs privileged by both Mexico and the United States and to focus instead on health-centered policies that would allow for the clinical treatment and social reintegration of drug-users. He also promised to explore the possibility of legalizing certain crops, including marijuana and poppy. Early next year, a new law to legalize cannabis will likely go into effect in Mexico. With this law, Mexico joins several states in the United States that have legalized the recreational use of cannabis.[47] While the legalization of drugs in Mexico will most likely be excluded from the cooperation agenda, the promotion of harm-reduction strategies centered on drug abuse does present a potential area of collaboration.

During his campaign, Biden expressed his willingness to tackle the opioid crisis in the United States through drug abuse treatments and mental health services. Consumption can no longer be seen as a problem exclusive to the United States. Evidence suggests opioid use is on the rise in Mexico, and that a public health response focused on high-risk groups is needed in order to prevent the further escalation of drug consumption and its detrimental impact on citizens' physical and mental health.[48] A more integral understanding of the drug problem should also consider the livelihoods of Mexican farmers that depend on poppy cultivation. Recent studies suggest crop-substitution programs are not easy to implement and that their results depend on the different incentives that, beyond economic considerations, determine farmers' willingness to grow opium instead of other legal crops.[49] Given the high environmental impact that fumigation and eradication policies have had, it is urgent for both countries to move towards sustainable measures that can reduce the cultivation of illicit crops while ensuring the livelihood of local communities.

5. Tackle corruption and impunity in Mexico *(See also the chapter by Max Kaiser).*

This will remain perhaps the greatest challenge to breaking the cycle of violence in Mexico and to opening a new chapter in U.S.-Mexico security cooperation. Over the last decade, Mexican authorities have justified the use of the military on matters of public security in light of the high-levels of corruption permeating the police, particularly at the state and municipal levels. The recent arrest of General Cienfuegos, along with several cases of human rights violations and criminal collusion involving members of the military, have brought into question the assumed incorruptibility of the Mexican army. They have further underlined the need to ensure the civilian control of the country's military forces. Although the use of the military in public security functions has been presented as a temporary measure, it has not been accompanied by an exit strategy or by the systematic implementation of programs that develop the professional and technical capabilities of the police. Cooperation efforts aimed at improving the accountability, transparency, and professionalization of the police are in the best interest of both countries, as they would contribute to address the institutional roots of violence and insecurity in Mexico. Although it would be tempting for both countries to avoid potential frictions by continuing with the same strategies of the past – including kingpin targeting and militarization of public security – any cooperation effort that overlooks the challenges of corruption and impunity will remain limited and ineffective. Biden's expressed support for a more integral approach to address security concerns on both sides of the border could allow AMLO to go back to some of his initial promises regarding the need to fight corruption, strengthen the rule of law, and move beyond short-term and repressive strategies to combat crime.

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Chapter 2

By Andrew Selee, Andrea Tanco, & Ariel G. Ruiz Soto

Setting the Course Toward Sustainable Migration Cooperation: Levering Bilateral Opportunities

Few issues present greater cooperation opportunities for both Mexico and the United States, as well as potential pitfalls in the bilateral relationship, than migration.

Key Policy Recommendations

- Put migrants at the center of economic recovery. Immigration can be an asset that benefits the economic recovery process as well as strengthens and renews the social fabric of both countries.

- Expand legal migration pathways from Central America, which currently are extremely limited.

- Reform and enhance humanitarian protection, including investing in protection mechanisms and restoring access to asylum at the U.S.-Mexico border.

- Professionalize transparent and rule-based migration enforcement. Enforcement efforts should be aligned with the highest standards of rule of law, professionalism, and transparency.

- Invest in economic and institutional development. Mexico and the United States have a unique window of opportunity to complement and harmonize their investments in economic development and rule of law in the region as means to address the drivers of migration over the long term.

Few issues present greater cooperation opportunities for both Mexico and the United States, as well as potential pitfalls in the bilateral relationship, than migration. With nearly eleven million Mexicans in the United States[1] and over a million U.S. citizens in Mexico,[2] the movement of people between the two countries has unequivocally reshaped both societies. Yet, recent increases in irregular migration flows from Central America, the Caribbean, South America, as well as Africa and Asia, have challenged policymakers in both countries and stretched the bilateral relationship in new directions.

Managing the transit of irregular flows through Mexico and into the United States has been the long-standing pillar of bilateral migration cooperation, escalating tensions in both countries over the last few years. The Trump administration ramped up enforcement at the U.S.-Mexico border, and implemented a series of interlocking policies limiting access to the U.S. asylum system.[3] At the same time, it coerced the Mexican government with export tariffs to increase migration controls and security in its interior and at its southern border. These measures, combined with other mobility restrictions to contain the spread of COVID-19, effectively discouraged irregular flows throughout most of 2020. However, as some mobility restrictions were eased throughout the region, and the negative effects of the global economic crisis exacerbated migration factors, irregular migration flows started to pick up late in 2020 and into 2021. This enforcement-only approach has generated both legal questions and significant resource costs for both countries, while deterring irregular flows only over the short term and without addressing the root causes of irregular migration. Yet, the start of a new U.S. administration provides an opportunity to shift to a more holistic strategy—one based on cooperation that is more effective, humane, and consistent with their mutual values, and promotes a safe, orderly, and regular flow of migrants. This policy window opens the possibility for both governments to engage in areas of collaboration that have remained on the sidelines in the past.

This chapter recapitulates the evolution of U.S.-Mexico migration policy during the Trump administration. It then identifies four areas for bilateral cooperation on migration management that would benefit both countries, including: putting migrants at the center of economic recovery; developing legal pathways for Central Americans; reforming and enhancing humanitarian protection; professionalization of border enforcement; and investing in economic and institutional development.

The Evolution of U.S.-Mexico Migration Policy

As irregular migration from Mexico to the United States gradually decreased over the last decade, U.S-Mexico collaboration on migration policy has centered on reducing irregular flows seeking to enter the United States. While responding to waves of large migration flows have commonly led to prioritizing migration enforcement over planned strategies to proactively manage migration, bilateral collaboration under the Trump administration marked a distinct era in *how* migration enforcement was conducted in both countries.

Shortly after taking office in December 2018, the López Obrador administration aimed to promote safe, orderly, and legal migration by creating legal entry pathways for migrants, complemented by targeted economic investments to address the root causes of irregular migration in Central America. Confronted in February 2019 by migrants traveling in caravans with an unprecedented number of families and children primarily from Honduras, the López Obrador administration responded by issuing more than 18,000 humanitarian visas to promote migrants' safety and facilitate their access to basic services in Mexico.[4]

However, the number of irregular migrants continued into Spring 2019, triggering pressure from the Trump administration to strengthen migration controls in Mexico and the López Obrador administration adopted a new approach that more heavily prioritized enforcement. This approach focused on containing migrants at Mexico's southern border with Guatemala and the nearby Isthmus of Tehuantepec—a choke point for migrants headed northward to the United States. Despite these efforts, irregular migration continued to grow, reaching its highest levels in 13 years and further straining the U.S.-Mexico relationship.

Figure 1. Migrant Apprehensions at the U.S.-Mexico Border, by Citizenship, FY 2010-2020
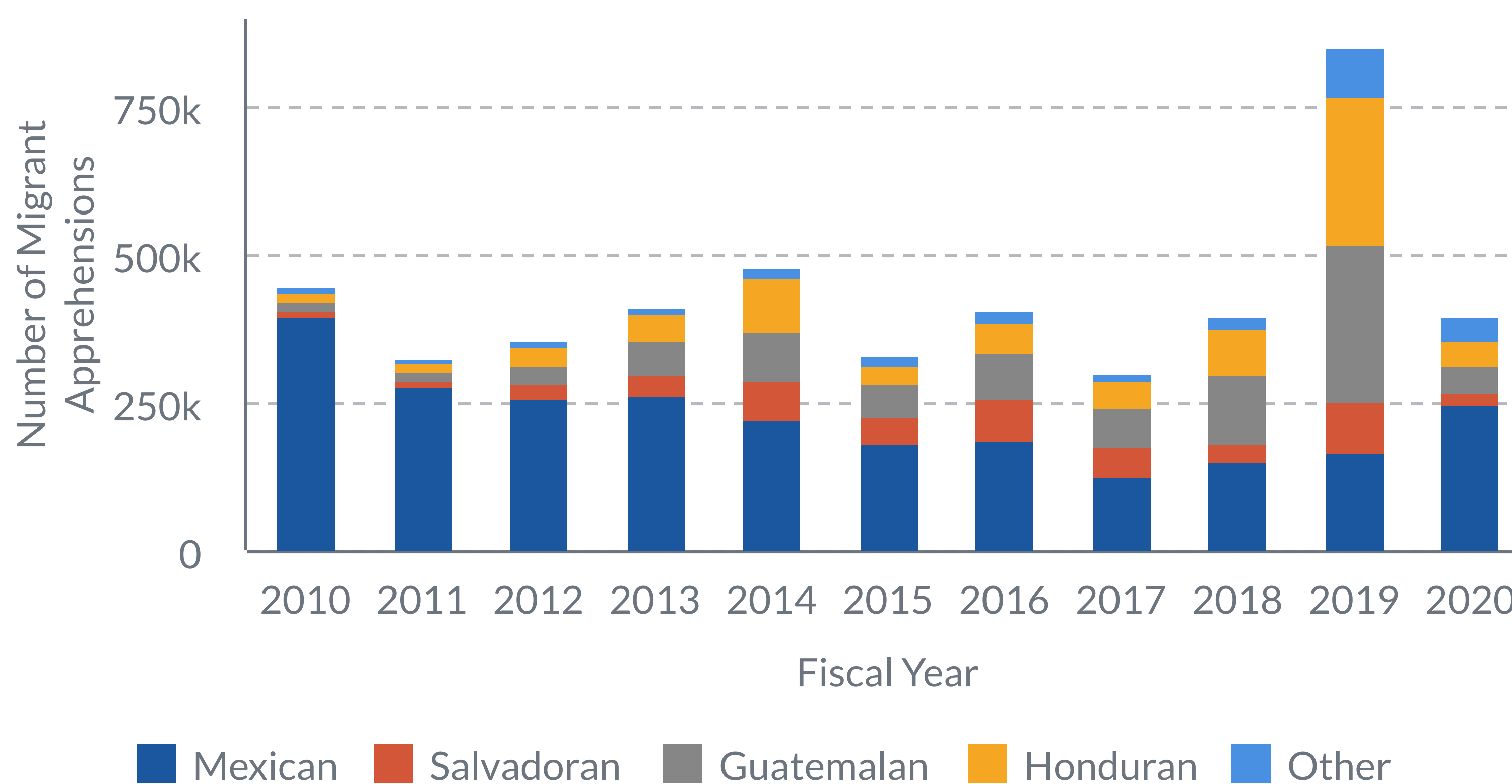
Sources: U.S. Department of Homeland Security (DHS), Border Security Metrics Report (Washington, DC: DHS, 2018), 46; U.S. Customs and Border Protection (CBP), "U.S. Border Patrol Nationwide Apprehensions by Citizenship and Sector," accessed October 9, 2020; CBP, "U.S. Border Patrol Southwest Border Apprehensions by Sector Fiscal Year 2020," accessed October 15, 2020.

To avoid the imposition of tariffs on Mexican goods, both governments signed a joint declaration in June 2019, pledging to collaborate to manage and reduce irregular migration from Central America. Setting a new phase in the development of Mexico's enforcement system, the López Obrador administration activated its newly established National Guard to assist in migration enforcement. At the same time, U.S. asylum and detention policies that were not part of the agreement also had an inextricable influence on Mexican migration policies. Key among them is interlocking U.S. policies that narrow asylum eligibility at the U.S.-Mexico border, such as the Migration Protection Protocols, known as "Remain in Mexico", the metering process, and shift responsibility for processing protection claims to Mexico and other governments, notably through bilateral agreements known as Asylum Cooperation Agreements, signed with El Salvador, Guatemala, and Honduras in July through September 2019.

The COVID-19 pandemic that hit the region in early 2020 has led to further agreements on mobility and migration between the two countries, with important implications for Mexico's migration policies and institutions. These have included restrictions on nonessential, legal border crossings and an agreement under which the U.S. government returns unauthorized Mexican and Central American migrants arriving at the border to Mexico through a substantially expedited process under a CDC rule based on U.S. Code Title 42 due to concerns about the spread of the coronavirus.

All these measures combined, along with national restrictions on mobility in Central America, discouraged irregular migration and reduced monthly apprehensions significantly from the high point in June 2018. However, there are signs that irregular migration is beginning to rise again as the effects of the economic crisis create new incentives for people to travel north.

These signs suggest that enforcement-only approaches are not sufficient to detain irregular migration. Furthermore, these enforcement-only approaches have required the U.S. government to abandon its obligations to provide access to asylum, and has brought the government into questionable legal terrain. At the same time, it has forced the Mexican government to dedicate significant percentage of the elements from the National Guard to border enforcement, rather than addressing other public security concerns.

While irregular migration will continue to be a key issue in the bilateral agenda, an enforcement-only approach may work for short periods, but it is likely to be sustainable. However, the United States and Mexico have the opportunity to recur to another approach that manages these flows effectively and that is beneficial for both countries.

A sustainable approach towards migration management.

Migrants at the Center of Economic Growth

Over 13 percent of the population in the United States was born in another country, with almost a quarter of the immigrant population born in Mexico.[5] Indeed, immigrants in the United States have long been drivers of innovation, entrepreneurship, and labor force growth.[6] But with roughly a quarter of all immigrants lacking legal immigration status, including almost half of all Mexican immigrants, their productivity and potential contributions to the economy are limited. Having legal status would provide more of them flexibility in the labor market and afford them greater opportunity to invest in education and training—in addition to many other opportunities to contribute to the social and political fabric of their communities.

As the U.S. government tries to pull the economy out of the worldwide recession, regularizing the status of those immigrants who have already integrated into U.S. society and are contributing to the economy makes eminent sense, since it will help generate greater economic productivity. There are already significant discussions underway on how to extend permanent legal status to those immigrants who came to the United States as children, including many of the 646,000 youth are protected under the Deferred Action for Childhood Arrivals (DACA) program.[7] However, there is an even larger universe of approximately 3.4 million who arrived unauthorized as children and could be included in legislation to create a permanent path to legal status for this population.[8] Similarly, individuals protected by Temporary Protected Status (TPS)—primarily those from El Salvador, Haiti, and Honduras who have been in the country for decades with some form of legal protection—might be considered within the same legislation for permanent status.

In addition, there are 1.6 million unauthorized immigrants, including a large percentage of whom are Mexican, who are married to U.S. citizens and would be eligible to adjust to lawful permanent residence (e.g., green card) if not for a restriction in U.S. immigration law that makes it impossible for those who entered the United States unauthorized and without inspection to adjust status in the country. Another 675,000 unauthorized immigrants are married to lawful permanent residents and face the same problem.[9] Changing this would ensure that mixed status families, which already have a U.S.-citizen family member, do not face the threat of family separation and can progress economically. Similar discussions could consider the 6.6 million unauthorized immigrants who have been in the country for more than ten years, including 4.2 million Mexicans, and those who are "essential workers" to create pathways to provide them with legal status.[10]

There are also enormous opportunities to support the effective integration of immigrants, regardless of legal status, in the U.S. education system and workforce through targeted attention to the needs of English language learners and immigrant workers who received their education and training abroad.[11] All of these policy changes would benefit not only the immigrants themselves who are affected, but the larger society as a whole, especially on the road to economic recovery after COVID-19.

In Mexico, addressing the legal status and integration challenges faced by Mexican returnees and the broader immigrant population presents a similar opportunity for economic growth. Approximately 1 million Mexicans returned from the United States from 2009 to 2014,[12] and a similar number of Mexicans were repatriated by U.S. immigration authorities between 2015 through 2019.[13] Mexican returnees represent a unique pool of talent as they bring language skills, work and multicultural experience, and channeling their skillset and experience into targeted employment sectors can contribute to the socioeconomic development of the country while reducing the pressures to migrate again. However, whether returning voluntarily or involuntarily, many returnees face various challenges upon their arrival in Mexico, including lacking valid or updated identity documents—such as birth certificates, voting ID, and unique population registry code (CURP)—which limits their access to almost all basic services and government programs.[14] Due to a combination of structural barriers and lack of social networks, they are often unable to access high-paying jobs or employ the skills they learned in the U.S.

In many cases, Mexican returnees bring along their U.S.-born children, who face their own integration barriers. As of 2015, there were approximately 600,000 minors born in the United States but residing in Mexico[15] and 30,000 of them lacked proper identity documentation.[16] It is the first time living in Mexico for many of them and thus one of their main challenges is navigating the Mexican education system. Language barriers, differences in academic curriculums and transcript requirements, as well the lack of social networks and discrimination in the classroom, hamper these children's educational achievement in Mexican schools.[17]

Mexico has previously attempted to tackle some of the barriers faced by Mexican returnees and binational children through changes in Mexico's national legislation. For example, in 2015 the Mexican government removed the apostille requirement for foreign academic transcripts to enroll in the Mexican public school system.[18] At the same time, Mexico and the United States have launched various binational programs, such as: "Somos Mexicanos" (*We are Mexican*), "Binational Program for the Education of Migrants," (*Programa Binacional de Educación Migrante)*, "Educación Básica sin Fronteras" (Basic Education without Borders), ¡Documentate Ya! (*Get Documented!)*, and "Soy México, Registro de Nacimiento de la Población Mexico-Americana (*I am Mexico, Birth Registration of the Mexican-American Population).*[19] However, the implementation of these legislative changes remains a challenge at the state and local level. Some of these binational programs also have not received enough financial resources or are outdated.[20] It is likely that these binational children will return to the United States in the future for college or for employment to support their families in Mexico.[21] Thus, it is in the best interest of both the United States and Mexico to strengthen these programs and set the binational population up for success.

Tackling the integration barriers faced by Mexican returnees and U.S.-born children in Mexico could also benefit other migrants and refugees in the country. In recent years, Mexico has also witnessed an increase on migration from Central America. As entry to the United States and its asylum system became more restricted under the Trump administration, migrants from Haiti, Cuba, Asia, and Africa have either decided to settle Mexico or wait for a prolonged period of time until they can proceed to the United States.[22] While some of these migrants, primarily from Central America, have requested asylum in Mexico, others lack a legal pathway to regularize their immigration status, which in turn hinders access to basic services and sustainable livelihood opportunities in Mexico.[23] Despite having a robust legal framework on migration, Mexico's capacity to ensure its compliance and implementation has been limited.[24] Although the needs of each other's nationals will continue to be a top priority in the bilateral agenda, the United States and Mexico could also brainstorm how to replicate programs or include these migrant and refugee populations, so they are able to succeed in Mexico and have less incentives to eventually migrate north.

Mexicans are just now coming to terms with the impact that migration is having on their societies. Meanwhile, most people in the United States are deeply aware of profound immigrant heritage of the country. Yet, recent U.S. policies have largely categorized immigration as a threat rather than an opportunity. As Mexico and the United States emerge out of the global recession, immigration can be an asset that benefits the economic recovery process as well as strengthens and renews the social fabric of both countries. It is likely that deterring irregular migration will continue to present a challenge to bilateral cooperation, but there are opportunities to manage this effectively and strategically so that the two countries can move towards flows that are increasingly safe, orderly, and regular.

Expanding Legal Migration Pathways from Central America

Any attempt to address unauthorized migration flows coming from Central America needs to start by expanding legal channels for migration, which currently are extremely limited. Otherwise, the mix of demographic, wage, employment, and governance pressures will continue to push people towards Mexico and the United States, especially as the economies recover from the global recession and labor markets again have demand for new workers.

But without a dedicated focus on labor pathways in the United States, only about 8,000 Central Americans accessed the H-2A and H-2B visa programs for seasonal labor in agriculture, services, and manufacturing during fiscal year 2019 (see Figure 2), as compared with 260,000 Mexicans in the same period.[25] And while tens of thousands of Guatemalans have access to regional work visas that allow them to do seasonal work in southern Mexico (see Figure 3), there are relatively few who can access visas to work in the areas of Mexico that normally have significant labor shortages, especially the industrial triangle and the regions of of export-agriculture. Absent these opportunities, most Central Americans can only hope to work in Mexico or the United States by using irregular channels to migrate.

Figure 2. Number of H-2A and H-2B Visas Issued to Guatemalans, Hondurans, and Salvadorans in the United States, FY 2015-2019
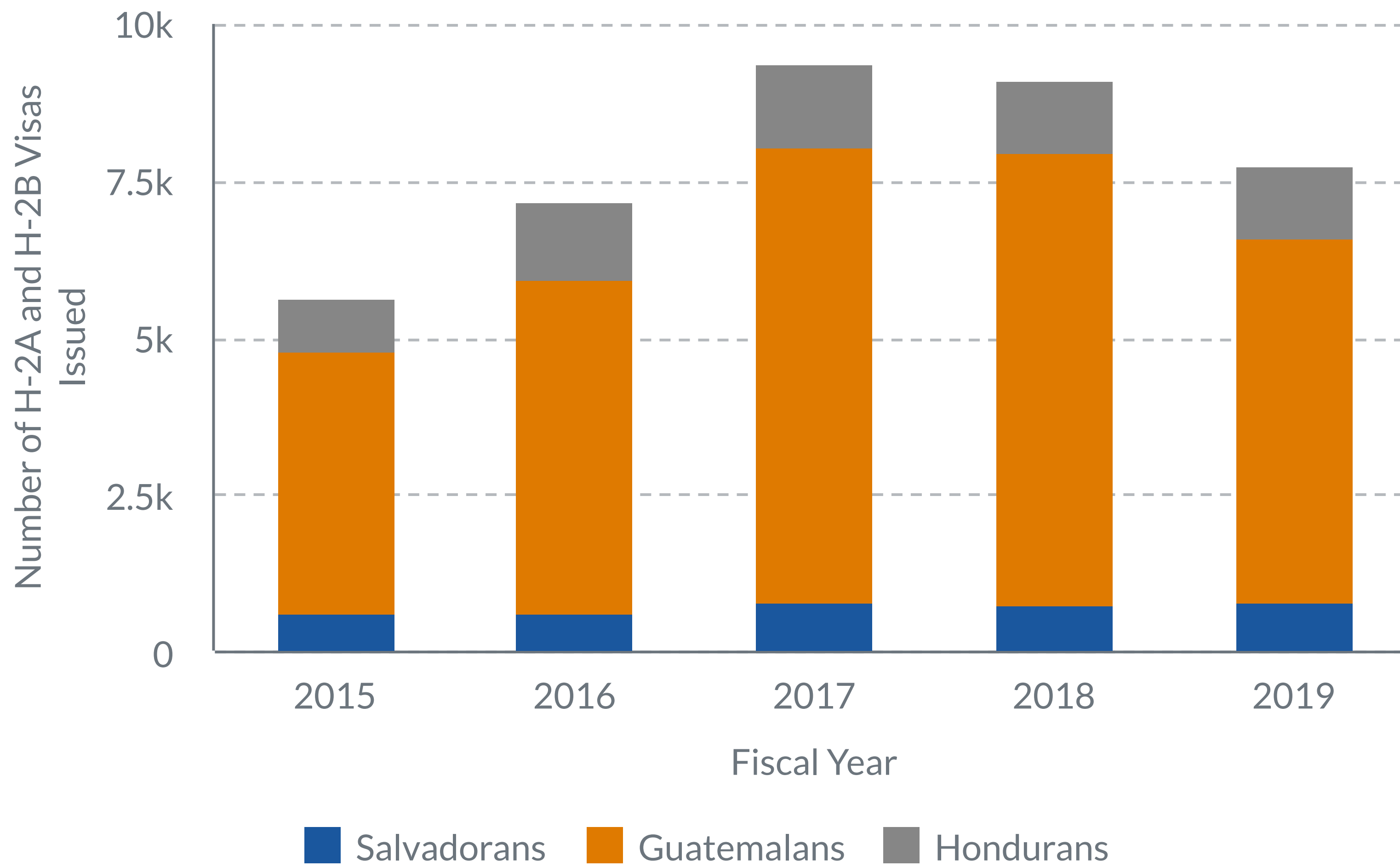
Source: U.S. Department of State, "Nonimmigrant Visa Issuances by Visa Class and by Nationality," accessed January 17, 2021.

Figure 3. Number of Border Worker Visas Issued to Guatemalans in Mexico, FY 2015-2019
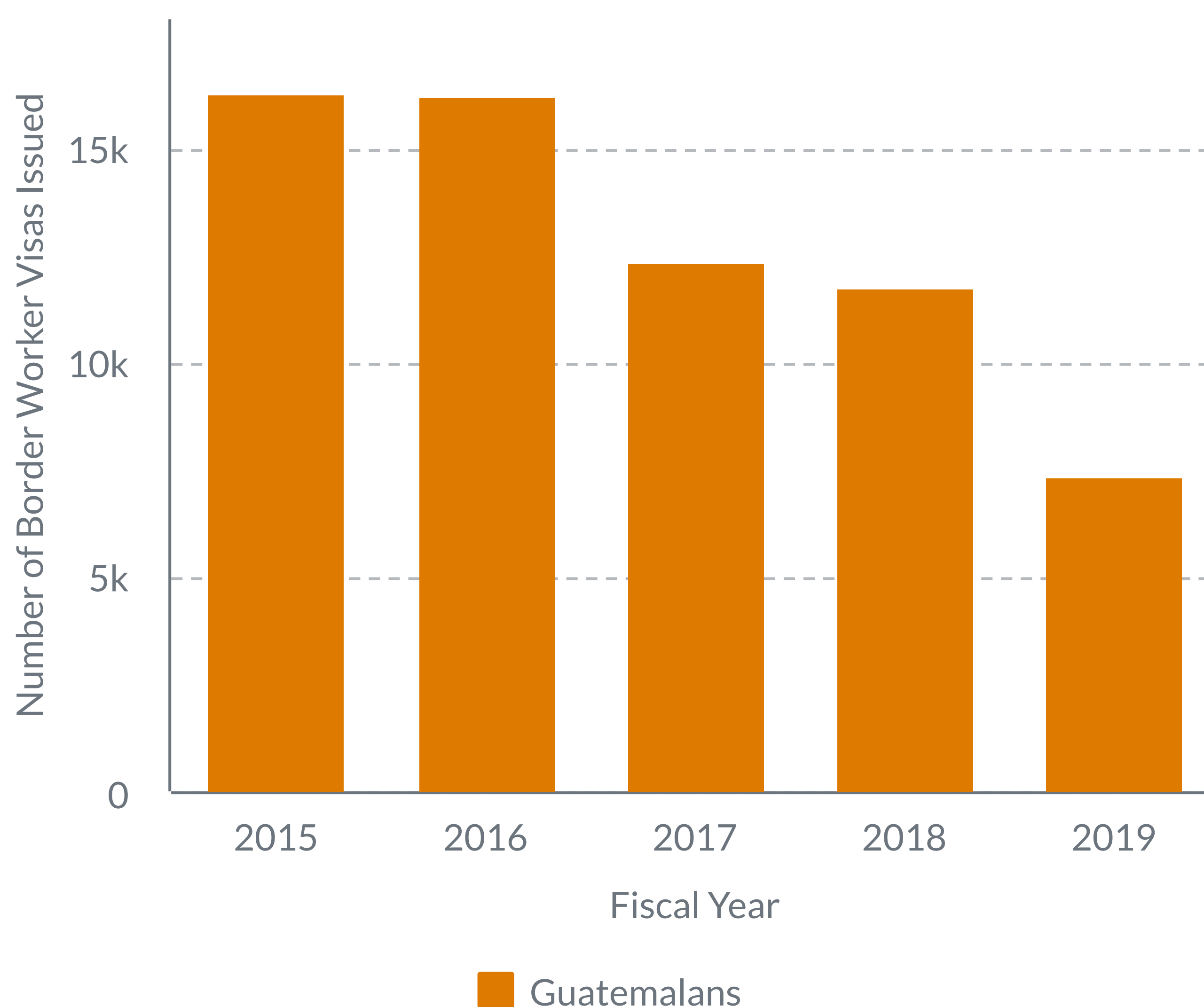
Sources: Mexican Interior Ministry (SEGOB), http://www.politicamigratoria.gob.mx/es/PoliticaMigratoria/Boletines_Estadisticos, accessed May 17, 2020.

The United States needs to work closely with governments in Central America to ensure transparent and trustworthy pipelines of workers who are eligible for existing visas and to encourage employers to look further south, especially for agricultural recruitment. Others have recommended establishing bilateral agreements with El Salvador, Guatemala, and Honduras to train workers in in-demand skills that are mutually beneficial for both countries, with the ability for some of these workers to migrate to the United States.[26] Indeed, it may be possible to reform the existing seasonal worker programs in the future to include a regional component that encourages hiring workers in Mexico and Central America, but in the short-term efforts need to be focused at creating incentives for U.S. employers to look further south. Fortunately, some of these efforts have already started and can be ramped up.

In Mexico, because border worker visas are currently only available for Guatemalan and Belizean citizens, considerations are underway to authorize Salvadoran and Honduran citizens to qualify for these visas. However, equally as important is facilitating access to work-based visas for employers in the industrial triangle and in export agriculture that want to recruit Central American workers, at least in the period after COVID-19 subsides and the Mexican economy returns to a pattern of growth. Mexico's migration framework already provides a mechanism to obtain temporary legal residency for employment reasons, but Central American migrants make up only a small share of recipients.[27] And although the framework also provides the authority to institute a points system to facilitate specialized and high skilled migration, the system has yet to be established due to lagging government regulation.

Access to visas that allow for work in seasonal occupations in the most dynamic regions of the United States and Mexico will not stop irregular migration, of course, but over time, they could create opportunities for legal migration that can replace some of the irregular channels that are currently the only option that most Central Americans face.

Reforming Humanitarian Protection

Many of the efforts of the Trump administration to slow unauthorized migration centered on measures to restrict access to asylum at the U.S.-Mexico border since asylum began to be used actively as a way for many migrants to enter the United States and stay, whether or not they had a strong claim to humanitarian protection.[28] In fact, statistics recently released by the U.S. Department of Homeland Security (DHS)'s Office of Immigration Statistics show that most Central Americans who entered the United States between 2014 and 2019 neither received asylum or other relief nor were repatriated to their countries of origin.[29]

Undoubtedly, the sclerotic nature of the U.S. asylum system allowed people without strong claims to remain in the country for years before their claim was addressed by the immigration courts, while those with need for protection also had few options for attaining it within a reasonable period. But the set of policies implemented by the Trump Administration to address this issue, such as the Migration Protection Protocols (known as Remain in Mexico), the transit-country asylum ban, the Prompt Asylum Case Review Program, and the Humanitarian Asylum Review Process (HARP),[30] required the U.S. government to abandon its primary obligations under international law and brought it into questionable legal terrain.[31]

It is likely that these policies will remain in place until the lawsuits move through the U.S. court system (except for the transit-country asylum ban, which has already been enjoined).[32] However, restoring access to asylum at the U.S.-Mexico border will be imperative to ensure it fulfills its obligations within U.S and international law, and abides to its leadership role in the development of the international humanitarian system after World War II. To make the U.S. asylum system work efficiently and fairly, the government could streamline processes by allowing asylum officers to make the final decisions on requests for protection, rather than using the overburdened immigration court system. This approach requires sufficient resourcing, and would ideally be paired with offering legal counsel to asylum-seekers, a case management

system for those awaiting final decisions or appeals on the cases.[33] Finally, those whose cases are denied, could receive predeparture information on reintegration services before they are repatriated to their countries of origin.[34]

> *"The past four years under the Trump administration have reiterated how impactful changes on U.S. immigration policy and at the U.S.-Mexico border can be for Mexico."*

The past four years under the Trump administration have reiterated how impactful changes on U.S. immigration policy and at the U.S.-Mexico border can be for Mexico. As the Trump administration restricted access to the U.S. asylum system, Mexico's asylum applications soared. Since 2014 Mexico has received approximately 171,000 asylum applications, with 66 percent of these applications submitted in 2019 and 2020.[35] The Mexican government has made efforts to strengthen the capacity of Mexico's Refugee Agency (COMAR) by doubling its budget and staffing.[36] Although approval rates have increased from 49 percent to 71 percent from 2018 to 2020,[37] the agency still faces significant bottlenecks and logistical needs to timely process cases.[38] The U.S. government could support Mexico's asylum system through international organizations, which have played a role in enhancing its capacity, and both governments could work with the United Nations High Commissioner for Refugees (UNHCR) to determine if there are asylum-seekers in Mexico whose case could be handled better in the United States (either as asylees or resettled refugees), particularly those who might still be in imminent danger in Mexico.[39] The Mexican Congress is currently debating a bill on internally displaced people (IDPs) that if signed into law would make COMAR responsible for recognizing those who were forced to leave their homes due to violence.[40] The U.S. government and Mexico could also find avenues to support this effort to reduce the pressure from IDPs in Mexico to migrate abroad.[41]

Finally, whether at the U.S.-Mexico or Mexico-Guatemalan border, requesting asylum should be the last resort for people seeking protection, not the first approach. There are significant opportunities for the United States and Mexico to invest together in protection mechanisms in Mexico and Central America to identify and protect those who are being persecuted before they have to migrate, so that they can either be protected within their countries or transferred to another country as refugees. This could be done by working with asylum agencies in the region and UNCHR and channeling some asylum seekers into the refugee resettlement program. Other approaches include enhancing the Protection Transfer Agreement administered by UNCHR and the International Organization for Migration (IOM)[42] or relaunching the Central American Minors (CAM) Refugee and Parole Program.[43]

Professionalizing Transparent and Rule-Based Migration Enforcement

Enforcement of existing immigration laws, including restrictions on irregular crossings at or between ports of entry, will have to remain a central strategy for both governments as a means of ensuring safety, order, and legality at their borders. However, enforcement efforts should be aligned with the highest standards of rule of law, professionalism, and transparency. These efforts should also be adjusted to ensure that they use the minimum of force necessary, abide by both domestic and international law standards, and take added precautions in the treatment of minors.

The current enforcement regime at the U.S.-Mexico border illustrates the mismatch between policies, laws and resources and the today's migration flows, which are mostly comprised largely by families and unaccompanied children seeking protection and some economic migrants, rather than when young, male adults who migrated in search of employment opportunities as seen through the 1990s.[44] Considering this shifting trend, there is an urgent need to develop the infrastructure and cross-agency process to handle the nature of current migration flows. Besides revamping the U.S. asylum system, U.S. Customs

and Border Protection and U.S. Immigration Enforcement centers could be transformed into multiagency reception centers. These centers would provide initial screening, refer apprehended migrants to the appropriate agency, and provide a range of services including legal counsel, family services and medical assistance.[45]

The United States could also benefit by returning to guidelines for interior enforcement that prioritize those with significant criminal histories or who present a threat to national security, but not those immigrants in the country who are contributing productively to the society, regardless of immigration status.

While robust enforcement will continue to be key to confront illegal activity along the U.S.-Mexico border, border management cannot be achieved through an enforcement-only approach. Given the complexity of the mission and the nature of today's flows, it is critical to consider other functions of the U.S. government and cooperation with regional partners, including Mexico.[46]

In the case of Mexico, the Mexican government should continue to institutionalize the functioning and enhance the operations of the National Institute of Migration (INM). This might include redesigning INM to better handle its dual responsibilities for border and migration management and visa processing.[47] Though, in a welcoming development, the Mexican government announced it would upgrade INM's technology, double staffing capacity, digitalize administrative processes, the enhance the interoperability of the National Migration Registry.[48] However, corruption allegations and human right abuses by INM officers continue to be a challenge.[49]

At the same time, since the National Guard began to support INM's migration control operations, there have been multiple confrontations between the National Guard, migration agents, and migrants travelling in caravans through the Mexico-Guatemala border and at checkpoints along transit which have raised similar human rights concerns. During the first five months of operations, the Mexican National Human Rights Commission (CNDH) received complaints of alleged human rights violations against migrants by the National Guard.[50] If the National Guard will continue to play a supporting role in border control, policymakers and stakeholders should consider creating a dedicated unit of the National Guard that is professionally trained in border enforcement and human rights, as is the case with the National Police in France, Spain, and Sweden.

Finally, one of the pending challenges in the region is combating large-scale smuggling organizations and their ties to the legal economy.[51] While operations focus on front-line smugglers, there is a need to map large networks and their financial and logistical opportunity to tackle the challenge systematically. This represents a major opportunity for cooperation not only for the United States and Mexico, but with other partners across the region.[52]

Investing in Development and Rule of Law

Mexico and the United States have a unique window of opportunity to complement and harmonize their investments in economic development and rule of law in the region as means to address the drivers of migration over the long term. The López Obrador administration proposed early in its tenure an ambitious effort to invest in southern Mexico and Central America to creating the conditions for economic growth and development that would obviate the need for people to migrate. With supervision from the Economic Commission for Latin America and the Caribbean (CEPAL), the Comprehensive Development Plan for El Salvador, Guatemala, Honduras, and Southern Mexico rests on four pillars: economic development, social wellbeing, environmental sustainability, and migration.[53] While the Plan is in its nascent stages to evaluate its progress, it seeks to implement over 100 projects that would cost a total of $45 billion dollars over five years with international assistance.[54]

Building on previous experience with the Obama administration, the incoming Biden administration has similarly proposed a robust effort to invest in Central America to generate development, reduce poverty, and build rule of law, including an ambitious campaign against corruption that empowers local civil society.[55] The comprehensive strategy seeks to invest $4 billion dollars over four years, primarily through civil social organizations and marshalling private sector investment to supplement government funds.

By combing efforts, Mexico and the United States can magnify their impact in the short- and long-term. Though the focus of the investment should be Central American countries, identifying programs and services along the U.S.-Mexico border and Mexican cites along common migration routes can help further develop local infrastructure necessary to address migrants' needs and spur settlement and integration. But for investment collaboration to be fruitful and sustainable, it needs to be driven by realistic expectations and evaluation mechanisms to adjust investment strategies as conditions change in the region. Programs that target populations at-risk of migration will likely focus on youth and working-age populations seeking economic opportunities, but it will need to reach rural areas beyond the city centers where resources are more readily available.

It will be equally as imperative to coordinate and communicate closely with the governments of Central America, including not only those of Guatemala, Honduras, and El Salvador, but also Costa Rica. And implementing transparent mechanisms to observe and measure impact on the livelihood of would-be migrants will be essential from the beginning of cooperation, as these elements limited progress under similar efforts under the Obama and Peña Nieto administrations.

Other investment possibilities include supporting migrant remittances as an investment strategy in country of origin. In partnership with governments, financial institutions, and international development actors, incentives for migrants to invest in local business would benefit communities and the economies of each country.

Conclusion

The incoming Biden administration has similarly proposed a robust effort to invest in Central America to generate development and to build rule of law, including an ambitious campaign against corruption that empowers local civil society. The two governments have a unique window of opportunity to lead an international campaign to ensure long-term changes in Central America that help alter the calculations that people make about the need to migrate.

Much of this agenda needs to be coordinated closely with the governments of Central America, including not only those of Guatemala, Honduras, and El Salvador, but also Costa Rica, but some of the efforts will require working directly with civil society organizations, the business community, and other actors on the ground.

There are also major opportunities to develop local infrastructure in communities within Mexico that see frequent migration flows and often become places where migrants settle down when they decide that they cannot reach their intended destination. This is particularly true in the cities adjacent to the northern and southern borders of Mexico, as well as some cities along common migration routes.

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Chapter 3

By Christopher Wilson

A U.S.-Mexico Economic Agenda for Competitiveness and Inclusive Growth

Key Policy Recommendations

The challenges before the U.S. and Mexican economies are large and complex.

- Create an institution to coordinate across agencies and maintain leadership focus on the bilateral economic relationship. The HLED and Binational Commission offer potential models.
- Build out an agenda for competitiveness and inclusive growth that includes support for small businesses, entrepreneurs, innovation, education, workforce development, research, transportation infrastructure, and sustainability.
- Align essential industries and create a plan for coordinated emergency supply chain management.
- Develop a plan to safely reopen the U.S.-Mexico border to non-essential travel and coordinate to ensure the smooth implementation of air-travel safety measures.
- Prioritize cooperation over dispute resolution in the implementation of the labor side agreement.
- Take full advantage of the committees on competitiveness, trade facilitation, and other important economic issues created under the USMCA to deepen institutionalized cooperation.
- Launch a North American investment attraction initiative, focusing first on auto companies that need to comply with the more strict USMCA rules of origin.
- Create an institution to coordinate across agencies and maintain leadership focus on the bilateral economic relationship. The HLED and Binational Commission offer potential models.
- The U.S. and Mexico should task their consular networks with running a stakeholder engagement strategy to create an open flow of information and ideas between grassroots stakeholders and the high-level dialogue coordinating the bilateral economic agenda.
- Support binational economic development initiatives in the border region.

"I know the forces that divide us are deep and they are real."
"With unity we can do great things. Important things."

**-President Joe Biden, January 20, 2021**

Introduction[1]

The challenges before the U.S. and Mexican economies are large and complex. Both nations face job loss, recession, and growing poverty as a result of COVID-19. The recession will only reinforce structural inequality that tears at the fabric of each country and our region as a whole. Global competition is on the rise, and the United States and Mexico have each struggled with the disruption caused by China's emergence as a global economic power. But if the challenges are complex, the argument for U.S.-Mexico cooperation is simple. As neighbors and trading partners, our economies are deeply integrated. We are connected, and we are stronger and more competitive for it. It is tempting to look inward during times of crisis, but our interdependence demands that we instead work together to meet our shared challenges.

To do so, the United States and Mexico must define an economic agenda that resonates with the moment. Issues of trade, investment, and competitiveness have, over the past three decades, come to characterize bilateral economic relations. While those issues remain extremely important and demand continued attention, they are focused primarily on growth rather than equity. Leaving distributional issues to be resolved domestically led to the perception that the U.S.-Mexico economic agenda was by and for elites. The agenda needs to be rebalanced to better respond to the economic insecurity felt by so many Mexicans and Americans. This should be achieved not by taking attention away from trade, investment, and competitiveness, but by ensuring all Mexicans and all Americans share in the prosperity created by the North American partnership. We must seek ways to cooperatively achieve inclusive growth across the region, giving prominence to issues of worker rights and training; small business participation in trade; sustainable economic development; and education and research partnership. This article seeks to construct the outlines of such an agenda, a U.S.-Mexico agenda for competitiveness and inclusive growth.

Context

The politics of partnership have shifted significantly in recent years, and they will further do so as President Biden takes office. With the implementation of NAFTA in 1994 began an era of deepened economic integration and growing economic cooperation. Trade volumes skyrocketed (See Figure 1 below) and companies invested billions of dollars in building out a North American manufacturing platform, with parts and materials whizzing back and forth across continental borders as finished products were made.[2] Following the ambitious NAFTA negotiations, policymakers took a backseat for several years while businesses took the lead in growing their productive partnerships across the region. The terrorist attacks of 2001 created challenges to regional integration, and policymakers spent the greater part of the first decade of the 2000s building systems to allow the efficient movement of goods and people across the region while putting in place more robust homeland security systems.

Figure 1. U.S.-Mexico Trade (1993-2019)
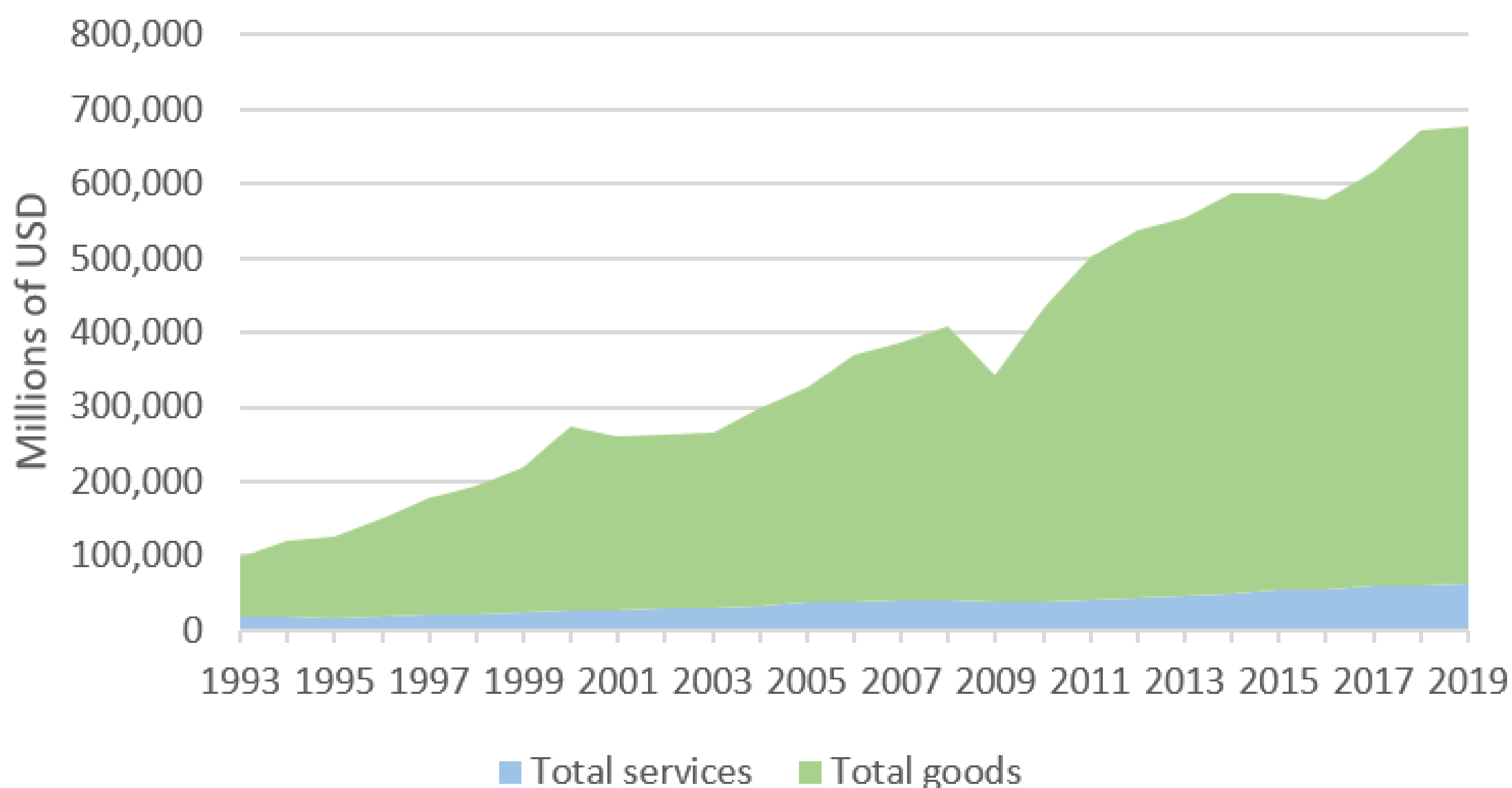
Sources: U.S. Census Bureau; U.S. Bureau of Economic Analysis; OECD.

Despite its success in growing trade and investment, NAFTA's reputation suffered as small-scale Mexican farmers and U.S. manufacturing workers were squeezed by technological advances and increased global competition. The Security and Prosperity Partnership of North America, which was created in 2005 with the intention of deepening regional cooperation, became fodder for conspiracy theories about a non-existent plot to build a North American version of the European Union and fizzled out in the following years. Policymakers saw the need for and great value in further efforts to enhance cooperation and boost competitiveness, but they favored quiet bureaucratic dialogue over bold and ambitious initiatives. In 2013, the United States and Mexico created the High Level Economic Dialogue (HLED), which brought together cabinet leaders in both countries to drive progress across a wide range of economic issues, including educational and research partnership; energy integration; innovation and entrepreneurship; and transportation and border infrastructure, among others. This more subdued approach produced results, such as the inauguration of the first new rail line to cross the U.S.-Mexico border in a century, but it did little to address the economic and social roots of skepticism towards NAFTA, regionalism, or trade and globalization more generally.

In 2016, then-candidate Donald Trump and his advisors tapped into the pervasive sense of economic insecurity, particularly across the industrial heartland of the United States, and developed a narrative linking it to immigration and trade policy with Mexico. With his election, the trajectory of ever-deepening economic partnership was paused. The North American Leaders' Summit, a tradition of bringing together the three North American heads of state, and the HLED both stopped. In the place of cordial diplomatic ties, a high stakes renegotiation of NAFTA, the foundation of regional economic cooperation, began. Despite tariffs on steel and aluminum and the threat of much greater tariffs linked to immigration and other issues, Mexico, in alliance with Canada and business groups across North America, managed to avoid the destruction of the free trade framework and negotiate a deal that modernized NAFTA. Arriving at the United States-Mexico-Canada Agreement (USMCA) required some concessions on the part of Mexico, particularly regarding the auto sector, but the end product was one that restored certainty to North American producers, modernized many important aspects of NAFTA, and won the overwhelming support of lawmakers in all three countries.

Deep Trade and Manufacturing Integration Align Interests

The United States' and Mexican economies are tightly linked together. The relationship is large, with about a half-trillion dollars in bilateral trade annually, making Mexico the United States' second largest trading partner and the United States by far Mexico's largest. While China has regained its position as the largest trading partner of the United States, the United States and Mexico share depth of economic integration that makes the relationship quite distinct.

The United States and Mexico do not simply trade products, they build them together. Parts and materials whiz back and forth across the border as products are made. Barley grown in the northwest United States, for example, is shipped to Mexico, where it is brewed into beer, bottled, and shipped to consumers on both sides of the border. The auto industry is the most iconic example. The thousands of parts that come together to make a car in North America come (predominately) from across the continent, are built up into larger components like brake systems and transmissions, and then shipped to a plant for final assembly. This process routinely involves several shipments crossing the U.S.-Mexico and U.S.-Canada borders in a process designed to maximize the competitive advantages of each economy and to achieve a scale that makes the industry globally competitive. Today, about half of U.S.-Mexico trade is trade in inputs that fuel production on the other side of the border.

This deep productive integration binds the U.S. and Mexican economies in both the short and long term. The two economies have become synchronized, and tend to experience periods of growth and recession together. At a deeper level, their competitiveness is also linked. When one country undertakes an effort to improve its productivity, this translates into better priced inputs for the other, sharing the benefit. Problems, too, are often shared. Barriers to trade, whether in the form of tariffs or simply long wait-times for trucks to get through congested border crossings, have a magnified negative impact on the regional economy, since the production of a single car or beer can involve multiple border crossings.
In short, the U.S. and Mexican economies are so deeply connected that they tend to thrive or suffer together. It is therefore in the interest of both countries to work hard and together to promote the economic success of the entire region.

New Challenges, New Opportunities: A Focus on Inclusive Growth

With the election of President Joe Biden in the United States begins a new chapter in bilateral relations. It may be tempting to some to simply attempt to reconstruct the pre-2016 U.S.-Mexico economic agenda, and there are certainly many components of that agenda that should be recovered, but it would be a mistake to simply ignore the last four years. Instead, a forward looking agenda must be built that learns from past mistakes and responds to the needs of a region in economic distress as a result of COVID-19, fast-paced technological advance, and challenges related to structural inequality. Since the modern era of U.S.-Mexico economic relations began with NAFTA in the 1990s, the agenda has broadened and deepened, beginning with a narrow focus on trade and investment before expanding to become a broader competitiveness agenda that included issues like transportation infrastructure, energy integration, and educational exchange. Now, the regional economic agenda must once again expand to prioritize not only trade, investment, and competitiveness, but also inclusive growth.

Two relevant lessons can be learned from the upheaval in U.S.-Mexico economic relations and the election of anti-establishment presidents in the United States and Mexico in 2016 and 2018, respectively. First is that the cleavages in both of our societies, which certainly go beyond economics but have unquestionably important economic dimensions, are immense, damaging, and must be healed. President Biden's inaugural address focused heavily on this theme, as has President López Obrador throughout his campaign and presidency. Second, the U.S.-Mexico economic relationship cannot be allowed to be perceived as primarily for the benefit of big business and corporate elites. That perception was at the heart of the vulnerability of NAFTA, which faced existential risk in recent years before the USMCA was ratified. The inclusion of stronger labor and environmental provisions in the USMCA and the broad-based political support garnered by the agreement help protect it against a similar fate, but more can and should be done to ensure that the regional economic agenda responds to the needs of the average citizen across North America.

In relations between wealthy and poor countries, foreign aid can be an important tool to combat poverty, but Mexico's status as a middle-income, G-20 country makes aid the wrong way to think about U.S.-Mexico relations. So too does the fact that Mexico and the United States share the huge challenge of addressing inequality; both are among the top one-third of countries around the world in terms of income inequality.[3] Cooperation, rather, with the goal of simultaneously promoting competitiveness and a reduction of inequality in the region, provides a better framework for regional economic relations.

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Designing an inclusive growth agenda for U.S.-Mexico relations is not simple, as many of the traditional tools for addressing inequality—such as tax, education, and health policy—are predominately domestic, rather than international. Still, there are many ways to create a regional agenda that promotes equality and is more in line with the economic needs of average people. They will be developed in greater detail in the following section, but it is worth mentioning some of the key elements of such an agenda here to give a sense of what an inclusive growth agenda could look like. Small businesses and especially minority and women-owned businesses can be supported in beginning to find customers across the border. The two countries can work together to support workforce development programs that help workers prepare to take part in the fourth industrial revolution instead of being left behind in its wake. Educational and research partnerships can be strengthened, with a special goal of creating funded opportunities to ensure that Mexicans and Americans of all backgrounds have the opportunity to study and work together. Binational economic development can be supported in sister cities along the border. Most importantly, however, the agenda cannot be designed by Washington and Mexico City elites alone. It should be created in consultation with citizens, civil society groups, and businesses across the region. The United States and Mexico each maintain a broad network of consulates, and they could reach out to stakeholders across the region to listen to their needs and seek out their best ideas for U.S.-Mexico collaboration.

A U.S.-Mexico Agenda for Competitiveness and Inclusive Growth

The arrival of the Biden administration at a time when both countries face pandemic-induced recessions and after the ratification of the USMCA creates both a need and opportunity for a major update to the U.S.-Mexico economic agenda. This is not an opportunity to return to the old agenda but rather to design a new agenda that learns from mistakes in the past and responds to the significant economic challenges before both countries. This section develops the outline of a potential new agenda and offers recommendations regarding both its content and implementation, including details regarding COVID-19 response; the construction of an institutional architecture for the economic relationship; effectively implementing the USMCA; components of a competitiveness and inclusive growth strategy; and effective stakeholder outreach for the design and execution of the regional economic agenda.

COVID-19 Response

- **Align essential industries and create a plan for coordinated emergency supply chain management.**
- **Develop a plan to safely reopen the U.S.-Mexico border to non-essential travel and coordinate to ensure the smooth implementation of air-travel safety measures.**

COVID-19 has hit few countries harder than it has the United States and Mexico. According to Johns Hopkins data, as of January 2021 the United States had the third highest rate of COVID-19 deaths per capita in the world and Mexico the sixth highest.[4] Though not quite as bad in terms of global comparisons, the economic fallout of the virus has been quite significant in each country as well. The IMF estimates that the U.S. economy contracted by 4.3 percent in 2020 and the Mexican economy by 9 percent. Millions of citizens in both countries have lost their jobs and fallen into poverty.[5] With vaccine distribution underway, there is hope that 2021 will bring renewed growth to the region, but this depends in large part on the health and economic policy measures taken by both governments.

It is vitally important that everyone across the region has access to and confidence in the COVID-19 vaccine. With over a million Americans living in Mexico and a much larger number of Mexicans living in the United States, the two countries should work together to ensure smooth adequate access to vaccination and timely and accurate information about how to get vaccinated for non-citizens and those who do not speak the dominant language. Perhaps even more important is ensuring that everyone has good information about the reliability and safety of the vaccine, and there is much that can be done cooperatively to promote acceptance of the vaccine.

"COVID-19 has forced both the U.S. and Mexican governments to implement measures that create economic hardship in order to mitigate risk of transmission."

COVID-19 has forced both the U.S. and Mexican governments to implement measures that create economic hardship in order to mitigate risk of transmission. They have, at times, closed factories, restricted border crossings, and put in place special requirements for travelers arriving by air. In each of these cases, the deep economic ties between the two countries have caused challenges. Especially early on in the pandemic, the fact that the United States and Mexico did not have an agreed upon list of essential industries to remain open even when other businesses were closed led to significant confusion and unnecessary levels of supply chain disruption. The problem

was exacerbated by the large degree of state control of these orders in both countries. With the potential for renewed closures as case counts remain elevated (and to ensure better management during future emergencies), the federal and state officials from across North America should create a plan for essential industries and emergency supply chain management.

The U.S.-Mexico border has remained closed to non-essential travel for many months. Citing the devastating cost to their local economies, many leaders in border cities are calling on the federal governments to begin relaxing those restrictions. To do so, a plan needs to be developed to ensure that the ports of entry can safely handle increased traffic without compromising the health of travelers and border officials. Similarly, close coordination will be needed to ensure that healthcare providers and airports are ready to implement pandemic protocols, including those newly imposed by the Biden administration.

USMCA Implementation

- **Prioritize cooperation over dispute resolution in the implementation of the labor side agreement.**
- **Take full advantage of the committees on competitiveness, trade facilitation, and other important economic issues created under the USMCA to deepen institutionalized cooperation.**
- **Launch a North American investment attraction initiative, focusing first on auto companies that need to comply with the more strict USMCA rules of origin.**

After extensive negotiations, both among the nations of North America and within the United States between Democrats and Republicans, the U.S.-Mexico-Canada Agreement took force in July 2020, replacing NAFTA. The USMCA represents three main things. It is, first and foremost, a continuation of the free trade framework put in place by NAFTA, and as such, its implementation represents the elimination of the uncertainty that prevailed while NAFTA was being renegotiated. This creates opportunities to attract investment to the region that might have been put on hold due to that uncertainty. Second, the USMCA modernized NAFTA. NAFTA was negotiated 25 years ago, before the age of the internet, cell phones, and e-commerce. By adding rules to manage and protect digital trade, in addition to various other modernizing measures, the USMCA will stimulate a new period of trade and investment growth in affected industries. Finally, the USMCA responded to the criticisms of NAFTA in the United States by seeking to "rebalance" trade, meaning easing the U.S. trade deficit and attracting manufacturing investment to the United States. The auto sector was the prime target, and new rules of origin encourage the use of more parts and materials from within North America and especially the higher wage countries of the United States and Canada. New rules regarding labor rights required Mexico to reform its labor law and may lead to increased wages in that country, a change that would make the United States relatively more attractive for manufacturing investment.

The rules are now set, but there is still much work to be done to implement the agreement and, even more importantly, to ensure that the agreement leads to greater economic opportunity in the region. The USMCA contains various dispute resolution mechanisms, including a new rapid response system to address potential labor rights violations in Mexico. It also has an investor-state dispute settlement, which was scaled back in general but remains robust in its coverage of the energy, telecoms, transportation, and infrastructure sectors. The dispute settlement mechanisms are an important tool to ensure that the governments of North America live up to their USMCA commitments, and several companies and civil society groups will seek to protect their interests and test the new systems in the coming years. It would be unwise, however, to allow the USMCA to become primarily a forum for dispute.

The USMCA should instead be a structure for cooperation. To ensure that this is the case, the governments of North America will need to work together and support one another through the implementation process. U.S. technical assistance to support Mexican implementation of its labor reform, which has been funded by the U.S. Congress, can serve as an important positive point of cooperation. The USMCA also establishes some 16 different committees to both implement rules and, importantly, to deepen regional cooperation on issues such as competitiveness and trade facilitation. These committees will only be as important and relevant as they are made to be by all three countries. The governments of North America should take full advantage of the committees created under the USMCA to deepen institutionalized cooperation on important economic issues. High-level officials should be named to and given supervision over the most important and promising of these working groups.

The USMCA strengthened the rules of origin for automobiles and a handful of other sectors, requiring the use of more parts and materials from within North America in order to receive the tariff benefits afforded by the agreement. Many auto companies already meet the 75 percent regional content requirement and 40-45 percent labor value content requirement (which states the specified percentage of cars and trucks must be made in factories in which workers earn at least 16$/hr.), but many do not. They can either invest in greater in-region production or not use the USMCA, meaning they would pay the 2.5 percent tariff on cars or 25 percent tariff on light trucks entering the United States. A concerted effort should be launched by the countries of North America to attract companies to invest in greater regional production. Select USA can lead such an effort for the United States. Now that ProMéxico has been disbanded, Mexico will have to rely on its foreign ministry to contribute to such an effort.

Strategy for Competitiveness and Inclusive Growth

- **Create an institution to coordinate across agencies and maintain leadership focus on the bilateral economic relationship. The HLED and Binational Commission offer potential models.**
- **Build out an agenda for competitiveness and inclusive growth that includes support for small businesses, entrepreneurs, innovation, education, workforce development, research, transportation infrastructure, and sustainability.**

The arrival of the Biden administration at a time when both countries face pandemic-induced recessions and after the ratification of the USMCA creates both a need and opportunity for a major update to the U.S.-Mexico economic agenda. This is not an opportunity to return to the old agenda but rather to design a new agenda that learns from mistakes in the past and responds to the significant economic challenges before both countries. This section develops the outline of a potential new agenda and offers recommendations regarding both its content and implementation, including details regarding COVID-19 response; the construction of an institutional architecture for the economic relationship; effectively implementing the USMCA; components of a competitiveness and inclusive growth strategy; and effective stakeholder outreach for the design and execution of the regional economic agenda.

As deeply interconnected neighbors, the U.S.-Mexico relationship spans a wide range of issues, many of which include elements traditionally conceived as within the realm of domestic politics. But when placed in the international realm, tasks can become more complicated. Something as simple as building a bridge —when it crosses the U.S.-Mexico border—requires the coordination of multiple federal agencies on both sides of the border in addition to the support of state and local governments. In this context, making progress requires both the day-to-day attention of technically competent bureaucrats and the leadership

of high-level political appointees motivated to finish projects and cut ribbons on their watch. Implementing a strategy for competitiveness and inclusive growth for the region therefore requires effective institutions to manage the effort.

In 2013, the United States and Mexico created just such an institution, the U.S.-Mexico High Level Economic Dialogue.[6] The agenda it implemented should be updated to reflect the priorities of the moment, but the institutional design, with cabinet-level leadership (and the leadership of then-Vice President Biden) and working groups with participation from across the relevant agencies, was sound.

"Implementing a strategy for competitiveness and inclusive growth for the region therefore requires effective institutions to manage the effort."

A new dialogue for competitiveness and inclusive growth should be created to manage the U.S.-Mexico economic agenda. Another potential model is a broader institution, along the lines of the Binational Commission, that has a portfolio going beyond the economic agenda.[7]

Workforce Development is a great example of the type of issue that should become part of a new economic agenda, as it can simultaneously strengthen competitiveness and inclusive growth. Both Mexico and the United States face major skills gaps—a misalignment of the skillset of the current workforce and the skills needed as new technologies continue to transform factories and offices across the region. This saps competitiveness from both countries, but is especially harmful to the workers who see their jobs and wages affected due to automation. Major efforts are needed across North America to teach workers new skills now, and as long as the pace of technological advance continues at its current rapid pace. This issue is, at least in certain respects, already a domestic priority for both the U.S. and Mexican governments. In Mexico, President López Obrador created a large youth internship program, *Jóvenes Contruyendo el Futuro*, which could feed into a potential binational internship program.[8] As a candidate, President Biden called for a $50 billion investment in worker training, with a focus on community college-business partnership and apprenticeships.[9] Ambassador Earl Anthony Wayne has developed a comprehensive set of policy proposals for North American cooperation on workforce development that touches on internships, apprenticeships, the huge potential of community colleges, the need for strong partnerships with business, and more.[10]

Though this list is far from comprehensive, an agenda for competitiveness and inclusive growth should also include the following items:

- Support for small businesses beginning to trade. The USMCA contains new *de minimis* rules, cutting the cost and paperwork burden for small shipments across North America, and a chapter dedicated to small business. Businesses that export tend to pay their workers higher wages, so efforts to support their early forays into international markets can have a big economic payoff.[11] Neighboring markets in North America are an obvious place to start, and a regional plan conforming with the USMCA commitments in this area should be implemented.
- The United States and Mexico should revamp and relaunch MUSEIC, the Mexico-United States Entrepreneurship and Innovation Council.[12] The two countries already build products together, but we should work together to support the development of new products and new businesses. A special focus should be placed on supporting women entrepreneurs and businesses led by historically disadvantaged groups in both countries.
- Student and research exchange can enhance mutual understanding across the border; build cross-cultural and language skills; and spur innovation. Building on previous work in this area, efforts are needed to engage universities, state governments and businesses in an effort to expand exchanges.[13]

- Both the U.S. and Mexican governments have ambitious plans to enhance transportation infrastructure. Given the massive flows of commerce and travel across the U.S.-Mexico border, attention should be given to understanding and aligning these plans. A special emphasis should be placed on eliminating bottlenecks along major trade corridors and modernizing heavily congested ports of entry. Along with needed infrastructure investments, technology and updated management processes can greatly improve efficiency of trade and travel across the border.
- Given the pressing nature of climate change, water scarcity along the U.S.-Mexico border, and sensitive ecosystems that the United States and Mexico share, economic development cannot be divorced from environmental sustainability. Instead, the two countries should work together to accelerate energy transitions (while supporting displaced energy industry workers), including through grid integration. They should support NADBank efforts to promote renewable energy, air quality, and green infrastructure in the border region, and work together to improve the management and quality of surface and ground water.

Stakeholder Outreach

- **The United States and Mexico should task their consular networks with running a stakeholder engagement strategy to create an open flow of information and ideas between grassroots stakeholders and the high-level dialogue coordinating the bilateral economic agenda.**
- **Support binational economic development initiatives in the border region.**

The U.S.-Mexico relationship is distinct in the degree that it impacts the day-to-day lives of Mexicans and Americans. We share 2,000 miles of border. Millions of citizens of each country live across the border as immigrants. Bilateral trade supports some 5 million jobs in the United States and millions more in Mexico.[14] We depend on one another to produce everything from medical equipment to food that we need to stay healthy. People across the region, therefore, need to have a say and take part in the relationship, and efforts are needed to expand the range of stakeholders that are engaged in designing and implementing the binational economic agenda. The United States and Mexico should task their consular networks with running a stakeholder engagement strategy to create an open flow of information and ideas between grassroots stakeholders and the high-level dialogue coordinating the bilateral economic agenda.

Border cities and border states have a special role to play in the relationship. The border economy is already dynamic and competitive, but its potential is even greater. With effective cross-border cooperation from all levels of government, the region's bilingual, bicultural workforce and the combination of U.S. and Mexican competitive strengths in close proximity can become an engine of growth for the region. The United States and Mexico should reach out to and support border region stakeholders in their efforts to strengthen cross-border economic development.[15,16] The federal governments should also support organizations of border region officials, including the Border Governors Conference, Border Mayors Association, and Border Legislative Conference to strengthen and, in some cases, restart their important binational work.

Endnotes

[1] I would like to thank the members of the UCSD U.S.-Mexico Forum 2025 working group on economic relations for our excellent dialogue, which contributed greatly to my thinking on this topic.

[2] Wilson, C. (03/17). Growing Together: Economic ties between the United States and Mexico. The Wilson Center. Retrieved from: https://www.wilsoncenter.org/publication/final-report-growing-together-economic-ties-between-the-united-states-and-mexico

[3] Mexico has the 16th highest (most unequal) Gini coefficient and the United States has the 35th highest Gini coefficient among the 110 countries for which data is available. Average values for the 2015-2018 period were calculated by the author using Gini index values as reported by the World Bank.

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Chapter 4

By Duncan Wood & Montserrat Ramiro

U.S.-Mexico Energy Relations

Mexico and the United States have been linked together through the energy business for over 100 years.
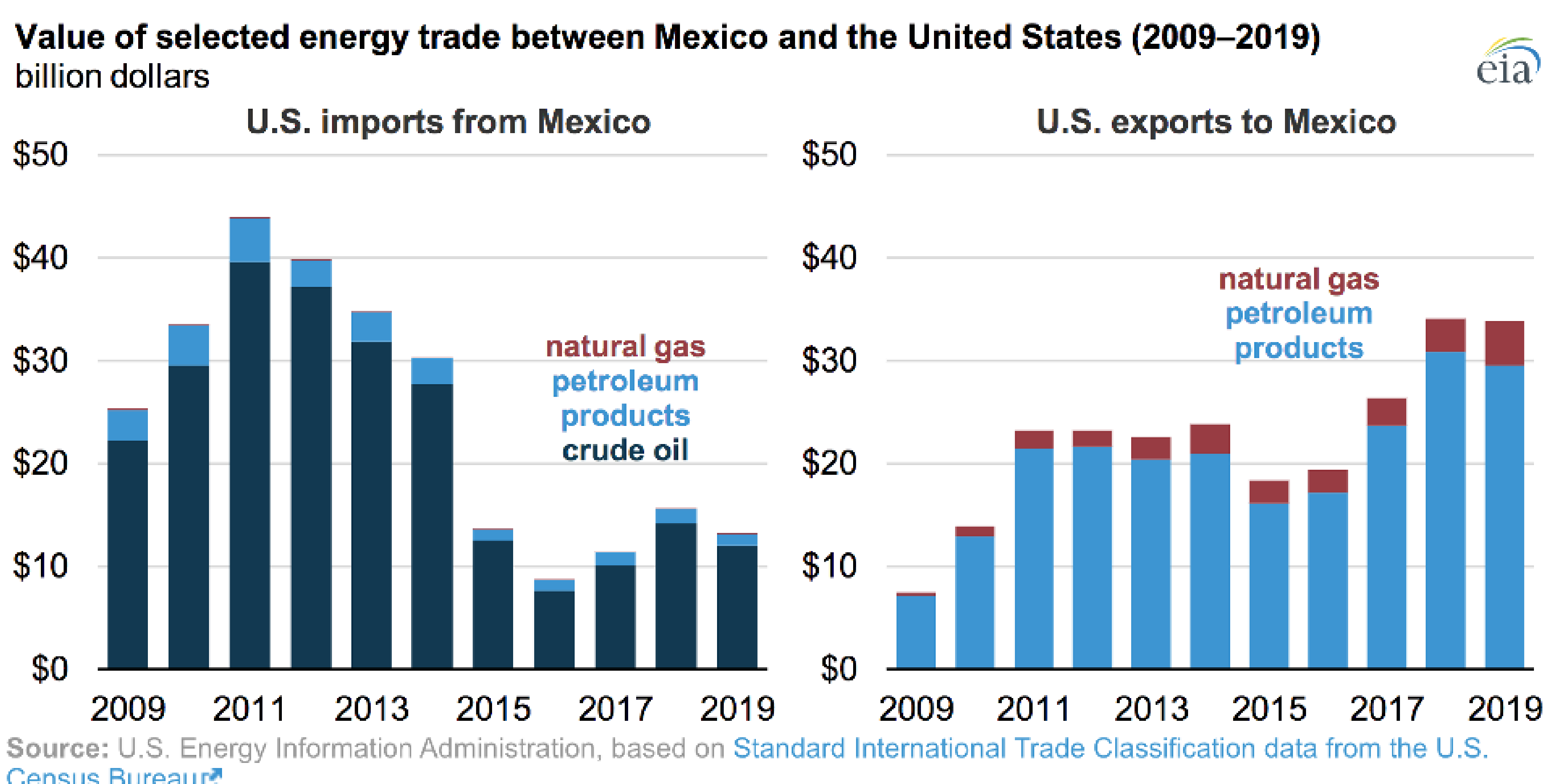
Key Policy Recommendations

- Return to regular meetings of North America's energy ministers. Regional integration in energy is beneficial to all three countries, commercially, economically, and environmentally.

- Reinvigorate the U.S.-Mexico Energy Business Council, with a renewed focus not just on hydrocarbons but also on renewable energy.

- Work together (with Canada) on the connection between the energy sector and respiratory health.

- Discuss the reduction of vehicle emissions. The North American countries need to work together on a plan for the electrification of the regional vehicle fleet, both for passenger and freight vehicles.

Energy relations: a story of mutual, asymmetrical, and shifting interdependence
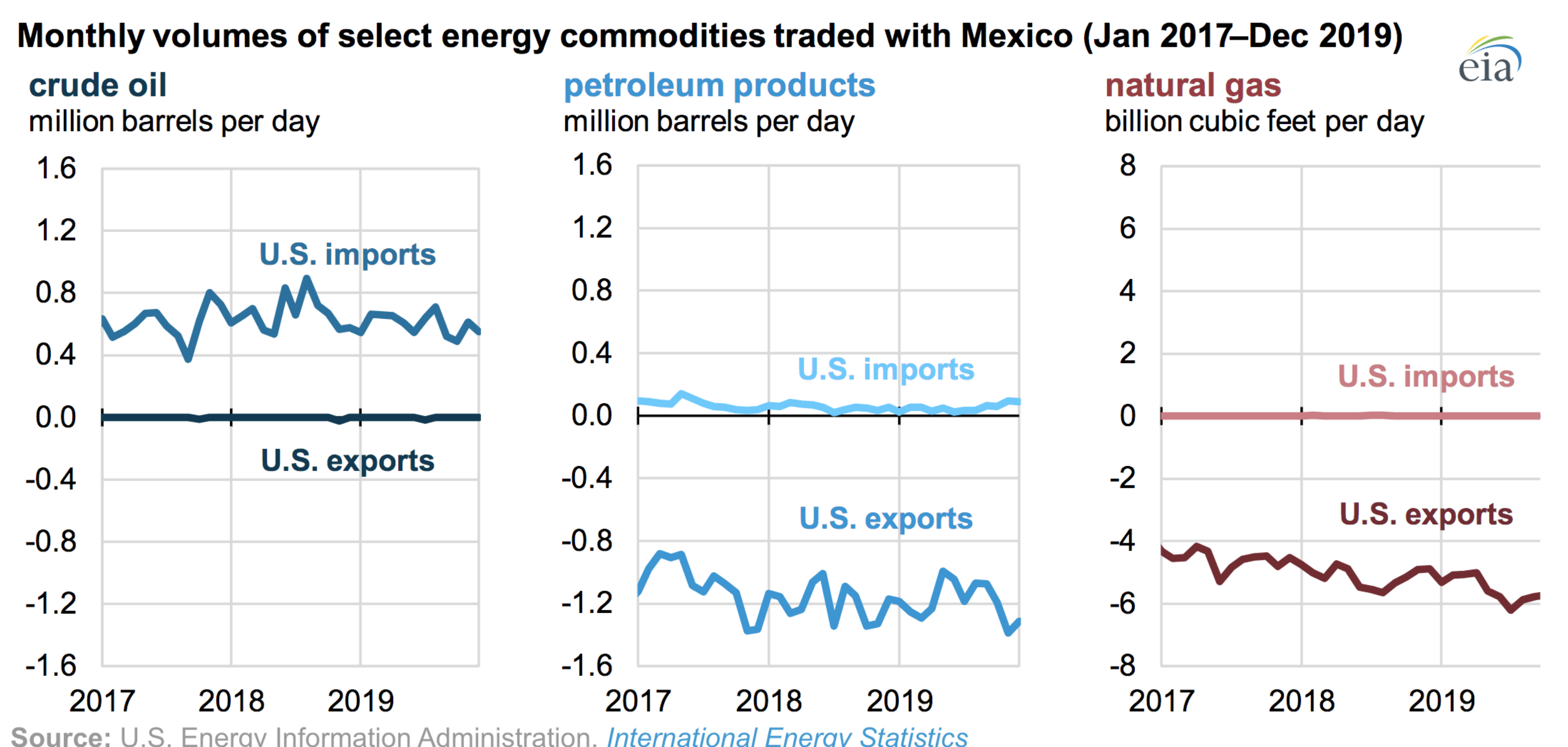
Mexico and the United States have been linked together through the energy business for over 100 years. The investment by U.S. firms in Mexican oil reserves helped to develop those resources in the early 20th century and, despite the 1938 nationalization, U.S. companies remained in Mexico, waiting for an opportunity to invest again. The 2013 energy reform made that possible after 75 years, and U.S. companies rushed to explore opportunities. At the same time, U.S. firms invested heavily in the electricity sector, and in the construction of oil and gas transportation infrastructure. All in all, the two countries saw an invigorated and vibrant energy relationship develop after the reform.

Figure 1. U.S.-Mexico Energy Trade

Value of selected energy trade between Mexico and the United States (2009–2019)
billion dollars

eia

U.S. imports from Mexico

natural gas
petroleum
products
crude oil

U.S. exports to Mexico

natural gas
petroleum
products

Source: U.S. Energy Information Administration, based on Standard International Trade Classification data from the U.S. Census Bureau

But perhaps the most dramatic transformation in the relationship is that which has taken place over the past decade in the energy trade. From being a net importer of energy from Mexico, the United States has become a huge energy exporter to the country (see Figure 1). The causes of this transformation have been various: the rapid and precipitous decline of Mexican oil production, the fracking revolution in the United States, the dramatic rise in demand for natural gas and refined products in Mexico, ahead of the nation's production, to mention just three. From a deficit of almost USD$18 billion in 2009, the United States saw a complete reversal to achieve a surplus in the energy trade with Mexico of USD$21 billion by 2019. Mexico has become a market that energy producers in the United States simply cannot afford to lose.

Figure 2. Breakdown of U.S.-Mexico Energy Trade

Monthly volumes of select energy commodities traded with Mexico (Jan 2017–Dec 2019)

Source: U.S. Energy Information Administration, *International Energy Statistics*

A decade ago, the United States was deeply concerned that one of its most important oil suppliers would soon see a collapse in oil production, exposing the United States to energy security worries. Over the next few years, these concerns dissipated as the United States came closer to energy independence, thanks to shale oil and gas, and began to see Mexico as an important export market for both natural gas and refined products. After 2014, Mexico saw considerable investment from foreign firms in its energy sector, with U.S. firms leading the way.

The breakdown of the trade figures shows how refined petroleum product exports from the United States to Mexico now dwarf crude oil imports from across the border. And thanks to the growth of the Mexican electricity sector, U.S. natural gas exports now total around 6 billion cubic feet per day (bcf/d). U.S. imports of crude oil from Mexico have collapsed in the past decade, from over 1.2 million bpd in 2009 to less than 600,000 bpd by 2019.

Figure 3. U.S. Electricity Trade with Mexico (2009-2019)
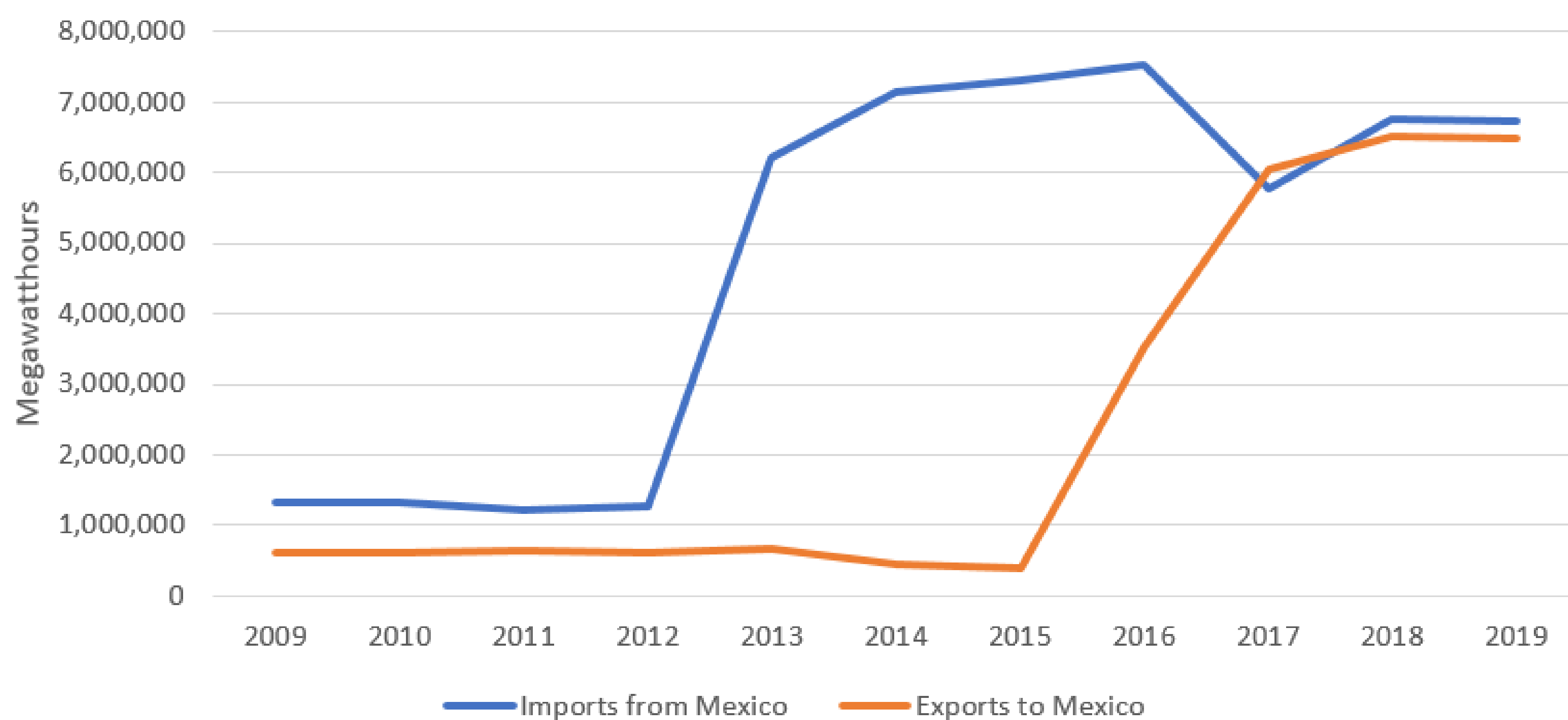
The electricity trade between the two countries has also taken off, another sign of deepening cross-border economic interdependence. From around 2 million megawatt hours (MWh) of electricity traded in 2009, by 2019 that trade totaled over 13 million MWh. A number of new private transmission lines have been built across the border and there has been a strengthening of some existing interconnections (at Nogales for example).

But as much as anything, the booming cross-border electricity trade represents the fact that Mexico's electricity prices have become a lot more competitive since 2015, which has allowed for growing sales in the United States.

The growth of the bilateral energy trade was brought to a halt in 2019 by the focus of the Andrés Manuel López Obrador (AMLO) administration on energy sovereignty (see section below), and in 2020 by the onset of the COVID-19 pandemic. As the Biden administration begins, one goal should be to safeguard the huge inroads made into Mexico's energy markets, and to further develop opportunities for U.S. investment in Mexican renewable energy.

Energy under AMLO

Since the beginning of the AMLO presidency in December 2018, the government of Mexico has implemented an energy policy with one objective in mind: protecting the state-owned energy companies, Petróleos Mexicanos (Pemex) and Comisión Federal de Electricidad (CFE), at all costs. This goal appears to be what drives actions geared towards undermining private participation in the energy sector, with no apparent concern for its impact on public finances, investment climate, and the environment.

AMLO talks a lot about "energy sovereignty", about the need to reduce dependence on imported fuels and on foreign capital. He is clearly moving firmly in the direction of undoing the transformative energy reform of 2013, which would result in the loss of billions of dollars in existing and future investments by U.S. and other foreign firms. The push to build a new refinery in Dos Bocas, Tabasco, and the steady erosion of the autonomy and capacity of regulatory bodies in the energy sector do not augur well for the future of either climate-friendly policy nor for private and foreign investment.

And it must be said that, so far, the results of AMLO's energy policy are not encouraging. Already we have seen Pemex increase its debt, take in billions in new government subsidies, and oil production has continued to decline. Although there was some early progress in stemming fuel theft, and in bringing former Pemex boss Emilio Lozoya back to Mexico to face corruption charges, the organization has made little progress is stemming graft at a company-wide level. With AMLO intent on throwing good money after bad into Pemex, the national oil company continues to be a "money pit" that is a huge drain on the government's, and the nation's, resources.

Figure 4. Oil Production in Mexico (KBPD)
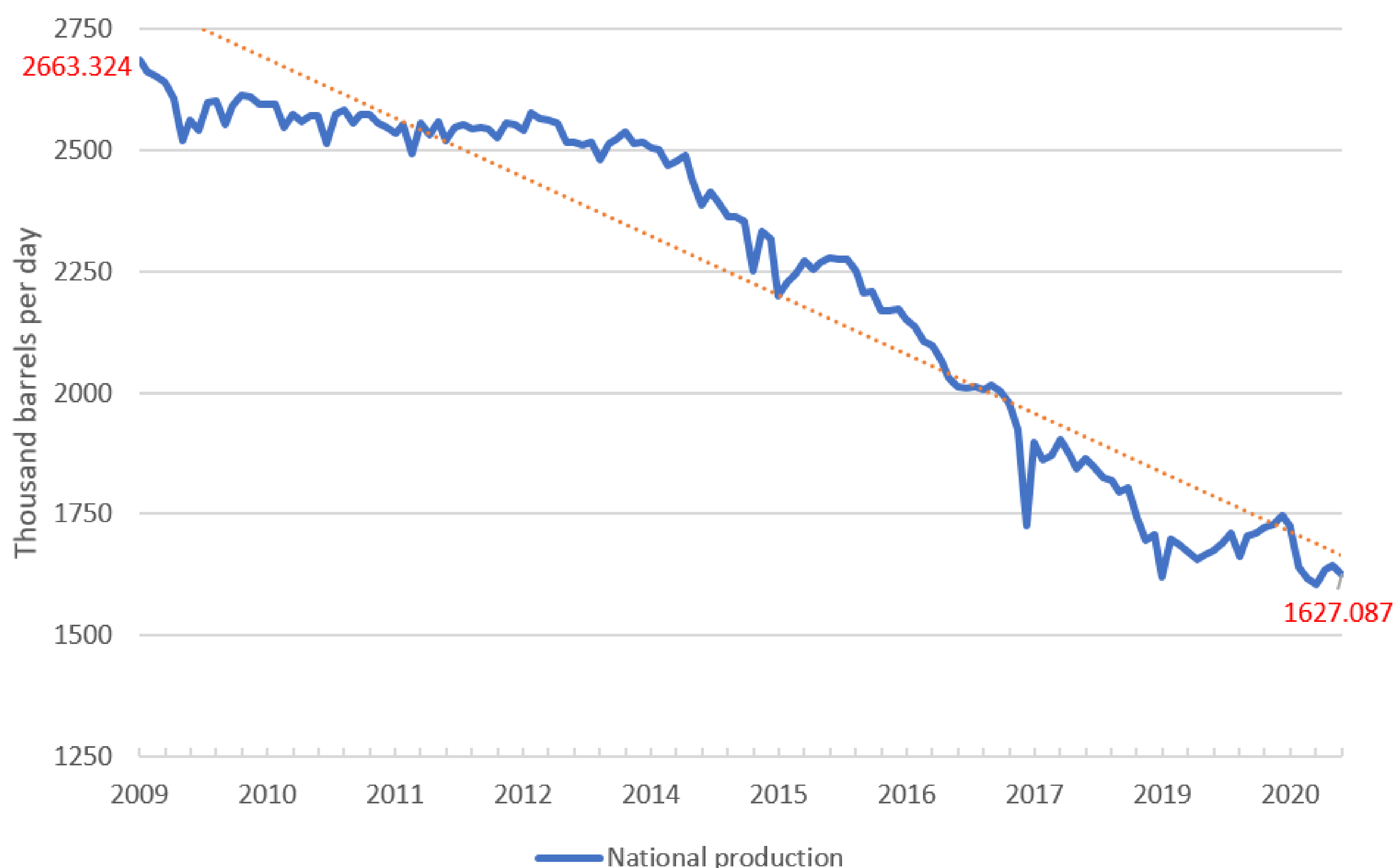
This section will discuss the series of policies and actions taken by the current administration to change the rules of the energy sector in practice. It will then go over the consequences on investment, and therefore growth and employment, followed by the impact on the environment and Mexico's international commitments in such matter.

Overturning the Law Without Changing It

Energy policy has been oriented towards the strengthening of the two former monopolies by creating obstacles to its competition, thereby reducing private sector investment. These obstacles have taken many forms and have been issued either by Mexico's Secretariat of Energy (SENER) or by the different regulatory agencies that have lost, de facto, their technical independence.

"Energy policy has been oriented towards the strengthening of the two former monopolies by creating obstacles to its competition, thereby reducing private sector investment."

Pemex's farmouts to private companies have been suspended as well as new bidding rounds for exploration and production projects. Permits for fuel imports have been cancelled or delayed, and new permits and modifications to existing ones in the fuel's value chain have been delayed or declined with the explicit goal of favoring Pemex in the midstream and downstream segments. Pemex's new refinery in Dos Bocas, Tabasco is one of the most important projects of the current administration, along with the strengthening of Pemex refining activities in the existing plants. In the first eight months of 2020, Pemex received USD$2.3 billion from the federal budget with a net loss of USD$30 billion over the same period. The company's operation and financial situation is so dire that it has been reported in the press that in November it had to monetize bonds for roughly USD$4.8 billion to face short-term payments.

CFE is an integrated utility: generation, transmission, distribution, and retail with a gas and fuels business line that was created with the 2014 energy reform. Generation is by far its least profitable activity followed by retail to low-demand users, called *Suministro Básico* in Spanish. Private projects have lower costs than CFE-owned plants. Generation costs for CFE Combined Cycle plants are 35 percent higher than privately operated plants and renewable projects from long-term auctions are 30 percent less than the cost of fuel for these Combined Cycle plants.[1] The most direct effect of the policies and measures of the last few months to protect CFE will be, in fact, to increase costs for the whole system and thus the need to increase tariffs to consumers or subsidies that are ultimately paid by taxpayers.

In the electricity sector, long-term generation auctions have been cancelled, transmission auctions have been cancelled as well, CFE legal separation has been relaxed, and most surprisingly, renewable projects have faced a series of attempts to either slow, affect, or halt their development and operation. The independent system operator (CENACE) issued a COVID-19 Grid Safety Resolution to suspend the interconnection of new renewable projects while declaring conventional plants as must run, prioritizing their dispatch. SENER issued a Reliability Policy with mostly the same objective, prioritizing certain reliability parameters over cost, effectively blocking variable renewable projects contrary to the law. There are several other measures, such as granting more Clean Energy Certificates to CFE plants that were in operation prior to 2014, that would eliminate the price signal by dropping the value of these and, more importantly, eliminating the possibility to reach Mexico's emission reduction targets. All these measures have been challenged in Court by power companies and environmental groups that have obtained injunctions that have stopped its application; in some cases, it has been a final decision whereas in others the legal measure has been suspended until a final decision by the courts is made.

Investment Climate

Legal and regulatory uncertainty has been very damaging to investment both in the energy sector and elsewhere. Investment numbers have fallen from USD\$34.8 billion in 2018 to USD\$32.9 billion in 2019 and are unlikely to improve if public policy goes against the law and independent regulatory bodies are weakened or captured.[2]

The general consequence of the decision to favor both Pemex and CFE and limit private investment is the need of public resources and the uncertainty and deterioration of the investment climate. It is puzzling to reconcile protecting the state-owned companies by asking them to bear the burden of the whole energy sector in Mexico with economic growth, competitiveness, and social development.

Another equally important consequence of recent public policies is the protection of existing investment. Reactions from global companies have been very cautious and have only lately been voiced in the press. However, protection mechanisms are clear under the U.S.-Mexico-Canada Agreement (USMCA). Manufacturing is central to Mexico's economy and is an energy-intensive sector.

"Legal and regulatory uncertainty has been very damaging to investment both in the energy sector and elsewhere."

Competitiveness of energy is crucial for Mexico's economic growth, employment, and development. Mexico has a clear advantage and opportunity for higher integration with its trade partners as U.S. companies try to reduce risks in their supply chains posed by global events such as trade disputes between the United States and China, or COVID-19. Uncertainty is not beneficial to attract new investment or keep the existing. Moreover, blocking or threatening private investment in energy is not only detrimental by itself, specifically in the actions taken against renewable integration, but it will also have a domino effect by reducing investment in other sectors.

Many industrial energy consumers compete in global markets that have sustainability goals and responsibilities. By limiting investment and renewable integration, Mexico will not have enough renewable electricity supply for them and thus will not be able to remain in Mexico regardless of the general investment climate.

Environmental Impact

Energy policy has been clearly aimed at Pemex's industrial activities and CFE's electricity generation. These two facts have dire environmental consequences for the country's present and future.

Pemex refining infrastructure configuration and operative status produces massive amounts of fuel oil and insufficient fuels.[3] Mexican fuel imports amount to 85 percent of total consumption, and its main source is the U.S. Gulf of Mexico.[4] The more Mexico refines, the more fuel oil it produces. Fuel oil has lost most of its international markets since January 2020 when the global upper limit on Sulphur content of ship's fuel oil was reduced to 0.50 percent from 3.5 percent; this is known as IMO 2020.[5] Unfortunately, CFE has been burning this fuel oil in its power plants with the obvious effects on the environment and health of communities close to these thermal power plants.

The disregard for renewables not only as cheaper energy but also as an essential tool to fight climate change, improve health conditions for Mexicans, and meet Mexico's international environmental commitments is very concerning.

The Biden Energy Agenda

The Biden administration will have a clear and strong focus on the issue of climate change, marking a radical departure away from the Trump era's focus on "U.S. energy dominance". A quick look at the Biden campaign's energy and climate agenda shows that meaningful steps will be taken towards reducing U.S. dependence on fossil fuels, to boost renewable energy and to impose a significant cost on carbon.

"The Biden administration will have a clear and strong focus on the issue of climate change, marking a radical departure away from the Trump era's focus on "U.S. energy dominance."

This move away from traditional energy sources and towards renewables and energy efficiency will drastically alter the North American economic space in general. We should expect discussions over applying a border adjustment tax on carbon intensive imports, something that has immediate implications for both Canada and Mexico, as well other major trading partners such as China.[6] As with other issues, it is possible that USMCA partners would receive a waiver, but that is far from guaranteed.

We also see some major implications for Mexico in Biden's global agenda for climate action, which has already seen the United States rejoining the Paris Climate Accord. It is clear that Biden will be an aggressive promoter of coordinated global climate action, and pressure will soon fall on the Mexican government (and specifically Foreign Minister Marcelo Ebrard) to show support in international fora. This actually offers an opportunity for Ebrard, who as mayor of Mexico City was an avid promoter of environmental policy, to find a foreign policy point of contact with the Biden team (see chapter by Arturo Sarukhan in this collection). It is likely that there will be pressure not just through the UN process, but also through the G20, and Mexico will be an essential ally in helping to bring other emerging market countries on board. However, convincing AMLO to embrace climate issues will be difficult, especially given the Mexican President's obsession with increasing oil production and strengthening Pemex.

With the Biden administration already declaring a 60-day moratorium on new oil and natural gas leases and drilling permits within the United States, it is clear that the next four years will not be "oil friendly". In fact, the Biden team has promised to seek a global ban on fossil fuel subsidies, which will result in pressure on Mexico to review its fuel pricing policies, and the support given to Pemex.

But perhaps the most worrying aspect of the Biden energy and climate platform comes with the commitment to end financing for "dirty energy". The new U.S. administration will instruct "the Overseas Private Investment Corporation (OPIC), the Export-Import Bank, and the new U.S. International Development Finance Corporation" to halt financing for carbon-intensive projects. Of these, for Mexico the Ex-Im Bank stands out. Pemex is the bank's largest customer, with a debt in 2015 of over USD$7 billion (in recent years the bank has stopped making public the identities of its biggest borrowers). Pemex owes more to the Ex-Im bank than any other borrower. Under the Trump administration, Pemex had no trouble finding new loans from the bank, with USD$400 million in new loans in August of 2020.[7] But that will change in the months ahead, and at a critical time for Pemex. Not only are loans coming due, but the company is clearly struggling, awash with debt and still steeped in corruption. If the bank refuses to renew credit, and Pemex is forced to repay, there will be a significant impact on the company's credit rating, with potential knock-on effects being felt in other credit agreements.

Box 1: Biden Campaign Platform on Global Action for Climate Action

1. Re-enter the Paris Agreement on day one of the Biden Administration and lead a major diplomatic push to raise the ambitions of countries' climate targets.

2. Make future bilateral U.S.-China agreements on carbon mitigation contingent on China eliminating unjustified export subsidies for coal and other high-emissions technologies and making verifiable progress in reducing the carbon footprint of projects connected to the Belt and Road Initiative.

3. Seek a G20 commitment to end all export finance subsidies of high-carbon projects, building on past commitments from the G7 and multilateral export finance institutions to eliminate financing for coal in all but the poorest countries.

4. Reform the International Monetary Fund and regional development bank standards on debt repayment priorities for development projects.

5. Demand a worldwide ban on fossil fuel subsidies.

6. Create a Clean Energy Export and Climate Investment Initiative.

7. No financing dirty energy. Biden will ensure the Overseas Private Investment Corporation (OPIC), the Export-Import Bank, and the new U.S. International Development Finance Corporation significantly reduce the carbon footprints of their portfolios.

8. Meet America's climate finance pledge and provide "green debt relief" for developing countries that make climate commitments.

9. Pursue a global moratorium on offshore drilling in the Arctic and reestablish climate change as a priority for the Arctic Council.

A Potential Agenda for Cooperation

There can be little doubt that there is a rocky road ahead for energy cooperation between the two USMCA partners. Indeed in the closing days of the Trump administration, a letter signed by three U.S. cabinet secretaries (Energy Secretary Brouillette, Secretary of State Pompeo, and Commerce Secretary Ross) was sent to the Mexican government expressing deep concern that Mexican government directives to its energy regulators that favor state-owned companies are creating "significant uncertainty" for investors and may be in violation of USMCA rules.[8] This letter comes a couple of months after another letter, signed by a large number of U.S. Senators and Representatives, was sent to the White House to apply such pressure to Mexico. It is increasingly clear that Mexico under AMLO has lost the faith of U.S. political leaders, both Republican and Democrat.

At the same time, however, there is hope for cooperation. The COVID-19 stimulus bill signed into law by President Trump in late December 2020 included a Sec. 1901 as the "United States-Mexico Economic Partnership Act", focused on advancing economic interests of both countries, that also mentions increasing energy cooperation between the United States and Mexico and opening new opportunities for U.S. energy investment. Such an approach holds potential for rebuilding pre-existing institutional cooperation that has waned under the Trump and AMLO administrations.

Four areas for cooperation stand out. The first would be a return to regular meetings of North America's energy minsters, a process that began in 2014 and continued until 2018. The region is bound by its concern on climate change and economic and social prosperity. Trade is paramount to our relationship and energy touches on every aspect of it, from manufacturing, to transport, to services. Regional integration in energy is beneficial to both countries, commercially, economically, and environmentally. This will be particularly important as the Biden administration considers a decarbonization program for the U.S. economy, requiring intense coordination between energy ministers and ministers of the economy across the USMCA countries. It would also help as a forum to discuss collaboration on renewable energy cross-border infrastructure, with a special emphasis on transmission.

Having a trilateral mechanism for cooperation on climate change, energy efficiency, emission reductions, renewable integration, and grid integration could lead to clear targets and actions to achieve a healthy, sustainable, and beneficial trade relationship. The risk to not address these issues in the near future is that concerns will be eventually raised under the investment protection mechanisms of USMCA or the 6-year review period; both instances that are better prevented for all interested parties. The history of the North American energy minsters' meetings under the Obama administration was one of enthusiastic engagement, with progress made on mapping resources and on reducing methane emissions. Under Biden, there should be a return to these efforts.

> *"Having a trilateral mechanism for cooperation on climate change, energy efficiency, emission reductions, renewable integration, and grid integration could lead to clear targets and actions to achieve a healthy, sustainable, and beneficial trade relationship."*

Secondly, the U.S.-Mexico Energy Business Council needs to be reinvigorated, with a renewed focus not just on hydrocarbons but also on renewable energy. The group, which has held meetings since 2016, has been largely ignored by the AMLO administration since it assumed power. However, a new roster of U.S. business representatives was announced in January 2021. It has a heavy emphasis on oil company representatives, and it would not be a surprise for the Biden team to examine this and seek to add more renewable energy companies to the list. If the council can secure buy-in and policy support from the Biden administration, then it can once again become an important counterpart to government-to-government discussions.

Third, the two countries (and Canada) must work together on the connection between the energy sector and respiratory health. The terrible air quality of major Mexican cities compared to U.S. counterparts has been placed in even starker contrast with COVID-19. Mexico's fuel quality has not kept up with international norms, and the AMLO administration's insistence on using fuel oil to power refineries has not helped. Mexico's dependence on imports of fuel from the United States needs to be examined and used as a lever to bring about an improvement in the quality of fuel used in Mexico (particularly diesel). The disastrously high emissions from Mexican refineries should be a priority for discussion, with positive implications for Mexican public health.

Fourth, and given the importance of transportation of goods by road in the North American economic space, there is an urgent need for a discussion on reducing vehicle emissions. This can be linked directly to the previous issue on fuel quality, but more importantly, the North American countries need to work together on a plan for the electrification of the regional vehicle fleet, both for passenger and freight vehicles. The achievement of the Biden's administration's climate goals is impossible without a significant shift towards electric vehicles, and he will be able to count on strong support from the auto manufacturers. AMLO is unlikely to be enthusiastic at first, but with the threat of major impediments to trade if cleaner transportation standards are not adopted, he will be left with little choice. This will require massive investments in charging infrastructure, in battery production, and in refitting existing auto plants. There is potential here for a major boost to inward investment in Mexico if the Mexican government embraces this change. And as many of us have noted in the past, there can be no better resource for AMLO to achieve his much-vaunted energy sovereignty than the natural endowments for renewable energy with which Mexico is so blessed.

Conclusion

Though the outlook for energy cooperation between Mexico and the United States appears complicated, the economic imperative of integrated manufacturing and trading systems dictates that the two countries must collaborate. At the present time, the AMLO administration's energy nationalism and obsession with its state-run hydrocarbons industry leave little room for meaningful dialogue over climate and renewable energy, but the Biden administration must consider using the carrot of investment in new energy and transportation infrastructure, and the stick of its Ex-Im Bank financing to move Mexico in the right direction.

Despite AMLO's focus on an autarkic approach, the long-term future for Mexico's energy sector has to be one that is viewed in the context of the North American economy, its relationship with the United States, the dictates of climate change, and the emergence and improvements in new technologies. Though AMLO refuses to move beyond a 1970s vision of energy, the world and the United States will not wait for him.

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Chapter 5

By Max Kaiser

U.S.-Mexico Cooperation on Anti-Corruption:
Opening a New Chapter

The beginning of the Biden administration offers the United States and Mexico the opportunity to open a new chapter in their relationship, one based on the joint fight against corruption.

Key Policy Recommendations

- Attack corruption, from the electoral processes, to the individual exercise of power, in all its forms.

- Create a true culture of integrity in public service.

- Strengthen the independence and effectiveness of the institutions involved in the fight against corruption.

- Establish effective channels for collaboration and coordination between both countries, to achieve concrete results.

- Establish effective policies to involve organized civil society, academia, and the private sector in the fight against corruption, as long-term allies.

The beginning of the Biden administration offers the United States and Mexico the opportunity to open a new chapter in their relationship, one based on the joint fight against corruption. Millions of Mexicans and Americans would benefit enormously from a closer, more open, more permanent and more effective relationship on this issue. In fact, that new chapter already exists, within the text of the USMCA, the renegotiated and modernized version of the NAFTA[1], and the Biden administration should not fail to seize the opportunity to use it.

For the first time, the relationship between both countries has a formal reference in the fight against corruption. For decades, this complex relationship between the two countries, with such different legal and political systems, lacked a common basis for understanding the phenomenon of corruption. The new version of the treaty contains this formal basis. It is an innovative and demanding legal reference that establishes complex and far-reaching obligations for the three signatory countries.

This chapter was negotiated and closed during the administrations of Enrique Peña Nieto in Mexico and Donald J. Trump in the United States, and it remained intact during the final modifications to the agreement under Andrés Manuel López Obrador (AMLO). As of January, the new administration of Joseph Biden will be in charge of applying the principles of Article 27 of the Treaty, on the U.S. side, and that of AMLO on the Mexican side. The challenge is great for both. It is difficult to find commonalities in the styles of the two presidents, and the relationship may be distant at first, since President López Obrador was one of the last leaders from around the world to recognize Biden's triumph.

For the Biden administration, this is a clear opportunity to establish a new type of relationship with the Mexican government, one based on integrity and transparency, instead of obscure and secret political agreements. The new U.S. administration will be overwhelmed by cases and investigations of corruption, derived from the ending administration, and they will have the chance to put politics aside and make justice prevail, to regain people´s trust in government. For President López Obrador's administration, it is the last chance to show that all those campaign promises to fight corruption were not just hollow electoral strategies. Every week, a new scandal of corruption erodes people's aspiration of a new type of government. Cases involving close relatives to the president, and every other case, remain unsolved. Most are not even investigated. Several baseless accusations have been made public by the president to target political enemies, who end up stepping down from crucial institutions or become silent. Every time a media platform or a civil society organization discovers a new case of corruption, they become a target of unsubstantiated accusations by the president, and even the focus of attention for fiscal and criminal authorities.

"For the Biden administration, this is a clear opportunity to establish a new type of relationship with the Mexican government, one based on integrity and transparency, instead of obscure and secret political agreements."

In this text, I will try to leave aside the analysis of the political context of both countries, and focus on specific excerpts from Article 27, to explain its meaning and significance.

However, it is important to first consider the enormous differences in the starting points of the two countries in this relationship. The "Rule of Law" concept is understood and lived very differently on both sides of the border that divides these nations.

According to the 2020 Rule of Law Index,[2] in the "Absence of Corruption" category, the United States is ranked 19th out of 128 countries, with a score of 0.74, while Mexico is ranked 121st, with a score of 0.27. In

the "Order and Security" category, the United States is ranked 28th out of 128, with a score of 0.81, while Mexico is ranked 121st in this same category, with a score of 0.53. In the "Criminal Justice" category, the United States is ranked 22nd with a 0.63 score, while Mexico is ranked 119th with a 0.30 score.

Another index that makes evident the enormous differences between both countries is the "Global Competitiveness Report 2019" of the World Economic Forum.[3] In the global ranking, the United States is in 2nd place in the world, while Mexico ranks 48th. But the enormous disparities are more evident in the specific pillars that make up the index. In the "Institutions" pillar, Mexico ranks 98 out of 141, while the United States ranks 20. In the sub-index that makes up this pillar, called "Incidence of Corruption," Mexico ranks 116 out of 141, while the United States ranks 22. In the sub-index "Judicial Independence," Mexico is ranked 103, while the United States is 25.

Finally, there is Transparency International's famous Corruption Perception Index,[4] in which the United States is ranked 23 out of 180 countries with a score of 69, while Mexico is ranked 130 with 29 points.

Thus, the distinctions between both countries in culture of legality and the experience of an effective rule of law are abysmal. Therefore, the first great task of the new U.S. government is to create the conditions and tools necessary to pull its business partner and neighbor to a more complete, deep, and sustainable culture of legality, which does not depend on the will of the ruler in turn, and that becomes a common demand of society. However, this is only possible if the U.S. government permanently shows its discipline and congruence around a culture of service to the public, accountability, and adherence to the rule of law.

A Common Agenda

A new free trade agreement between the two countries will do little to revive both economies if investors see corruption as the driving force. This is because corruption generates enormous levels of uncertainty: it is a game without clear rules, which cannot be enforced, which depends on uncertain and changing factors, and which generates enormous risks for those who decide to get involved. Corruption, by its very nature, generates privileged groups that alter fair competition in different markets: those with influence win, not those with the best product or service to offer. Investment flows and grows when investors trust that the rules of the game are the same for everyone, that there are autonomous authorities that apply them fairly, that those who violate them are punished, and that this is not modified by the simple political alternation in power.

"A new free trade agreement between the two countries will do little to revive both economies if investors see corruption as the driving force."

President López Obrador made his entire electoral campaign around a single issue: the fight against corruption. It was an issue that crossed every speech and public policy promise. In particular, the end of impunity with respect to a group he called "the mafia of power." During the first two years of his government, concrete results in the fight against corruption were practically non-existent. There is not a single case of high-level corruption that has obtained a conviction, a single network of corruption dismantled, or a single peso of deviated budget that has been recovered. And yet, in addition to the unpunished corruption scandals of the previous government, there are already multiple corruption scandals of this government, involving people close to the president and even relatives of the first circle. The institutions in charge of investigating and sanctioning corruption have had their budgets cut and have been attacked by the president and his party. The National Anti-Corruption System established in the Constitution, which was created by the push of a large social movement, is under political attack.

On the side of the new U.S. government, the document named "The Biden Plan to Guarantee Government Works for the People"[5] outlines five strategic lines:

    I. Reduce the corrupting influence of money in politics
    II. Return integrity to the department of Justice and other executive brand decision making
    III. Restore ethics in Government
    IV. Rein in Executive Branch financial conflicts of interest
    V. Hold the lobbied and lobbyists to a higher standard of accountability

This was the focus of Joseph Biden's campaign: to regain the people's trust in their government. It is recognized by this plan that there is enormous damage to the prestige of public service and government action, and therefore the need to generate concrete actions that show real conviction in the fight against corruption.

Because of the urgency of the issue, the anti-corruption agenda of both governments should focus on five common pillars:

    1) Attacking corruption, from the electoral processes, to the individual exercise of power, in all its forms;

    2) Creating a true culture of integrity in public service;

    3) Strengthening the independence and effectiveness of the institutions involved in the fight against corruption;

    4) Establishing effective channels for collaboration and coordination between both countries, to achieve concrete results; and,

    5) Establishing effective policies to involve organized civil society, academia, and the private sector in the fight against corruption, as long-term allies.

Corruption Affects Both Countries; They Both Need to be Part of the Solution

Article 27.2, entitled "Scope," would seem obvious and even unnecessary, since both countries are major players in the various international forums where trade, business, security, rule of law, and corruption are discussed. Both countries use these forums to make public their commitment to the principles of democratic, transparent, law-abiding government that fights corruption and punishes those who commit corrupt acts. That is why this section would seem to be a simple formality. But it is not. On the side of the United States, it has a global reputation for renouncing mandatory international conventions, with the argument of the sovereignty and sufficiency of its legal system. On the other hand, while Mexico is internationally known for its formal adherence to international norms and principles, its inability to make them effective in reality is also infamous. Thus, the section of the agreement that confirms its adherence to the United Nations Convention against Corruption and the OECD's Convention against International Bribery is critically important. It not only creates an obligation to adapt both legal systems to these conventions in institutional, substantive, and procedural terms, but to do everything necessary to make them effective in reality:

Article 27.2:

2. The Parties affirm their resolve to prevent and combat bribery and corruption in international trade and investment. Recognizing the need to build integrity within both the public and private sectors and that each sector has complementary responsibilities in this regard, the Parties affirm their adherence to the OECD Convention, with its Annex; the IACAC; and the UNCAC.

3. The Parties reiterate their support for the principles contained in documents developed by APEC and G-20 anticorruption fora aimed at preventing and combating corruption and endorsed by leaders or relevant ministers, including the G20 High Level Principles on Organizing against Corruption; G20 High Level Principles on Corruption and Growth; G20 Guiding Principles on Enforcement of the Foreign Bribery Offence (2013); G20 Guiding Principles to Combat Solicitation; G20 High Level Principles on the Liability of Legal Persons for Corruption; APEC Conduct Principles for Public Officials; and the APEC Principles on the Prevention of Bribery and Enforcement of Anti-Bribery Laws.

4. The Parties also reiterate their support for, and encourage awareness among their private sectors of, available anticorruption compliance guidance including the APEC Code of Conduct for Business: Business Integrity and Transparency Principles for the Private Sector; APEC General Elements of Effective Voluntary Corporate Compliance Programs; and G20 High Level Principles on Private Sector Transparency and Integrity.

The opportunity for both governments in this area is to comprehensively review their respective legislations in order to definitively adapt them to the Conventions, principles, and international agreements. Afterwards, they will have to create or redesign the appropriate public institutions to enforce these laws, to be able to make concrete progress in the fight against corruption.

Beyond Bribery

Bribery has become a misnomer for the concept of corruption, and various instruments with an international scope (such as the FCPA) focus on this form of corruption and leave aside many others that also affect commerce, business, the economy, and relations between countries. Article 27.3.2 is very innovative in this sense because it finally recognizes the diversion of resources and embezzlement by a public servant as offenses that affect business, which must be investigated and duly sanctioned:

27.3.2. Each Party shall adopt or maintain legislative and other measures as may be necessary to establish as a criminal offense under its law, in matters that affect international trade or investment, when committed intentionally, by a person subject to its jurisdiction, the embezzlement, misappropriation or another diversion3 by a public official for their benefit or for the benefit of another person or entity, of property, public or private funds or securities, or any other thing of value entrusted to the public official by virtue of their position.

On the other hand, although bribery was already a widely studied and investigated criminal offense, the first part of 27.3 also has important innovations around this type of crime. I highlight three very transcendent ones.

First is the recognition that bribery is a behavior that has at least two actors: one who offers and one who accepts, or one who demands and one who agrees. A private actor and a public one.

The second innovation is that it is no longer simply a matter of the exchange of money or economic benefits, but it is typified with a broader concept such as "undue advantage," which makes it easier to investigate and punish bribery.

And third, the inclusion of the concepts of "aiding and abetting" and "conspiracy" as legal concepts that make it possible to include in the investigation and punishment those who are part of the corruption network as facilitators, accomplices, or leaders.

Article 27.3 1. Each Party shall adopt or maintain legislative and other measures as may be necessary to establish as criminal offenses under its law, in matters that affect international trade or investment, when committed intentionally, by a person subject to its jurisdiction:

(a) the promise, offering, or giving to a public official, directly or indirectly, of an undue advantage for the official or another person or entity, in order that the official act or refrain from acting in relation to the performance of or the exercise of their official duties;

(b) the solicitation or acceptance by a public official, directly or indirectly, of an undue advantage for the official or another person or entity, in order that the official act or refrain from acting in relation to the performance of or the exercise of their official duties;

(c) the promise, offering, or giving to a foreign public official or an official of a public international organization, directly or indirectly, of an undue advantage for the official or another person or entity, in order that the official act or refrain from acting in relation to the performance of or the exercise of their official duties, in order to obtain or retain business or other undue advantage in relation to the conduct of international business; and

(d) the aiding or abetting, or conspiracy in the commission of any of the offenses described in subparagraphs (a) through (c).

With regard to this section of the Treaty, both governments now have an incentive to generate new strategies for the prevention, investigation, and punishment of the different types of corruption that were not in the sights of national authorities, and legal instruments with international scope.

Integrity in Public Service

Finally, we have a formal and common referent regarding the principles that are intended to inspire public service in both countries. Three words stand out in Article 27.4: Integrity, Honesty, and Responsibility. These are the basic principles that both countries will henceforth presume to be the foundation of the exercise of public service. But they are not simply good wishes or generic concepts because they are grounded in concrete obligations and instruments. I would like to highlight four that I consider the most relevant.

The first is the proper selection and training of public servants as an essential measure to prevent corruption. In other words, for both countries, the process of incorporating good public servants into the government, and their proper training, is essential to ensure that they are, and they remain, trustworthy.

The second is the obligation to make the behavior of public servants transparent in the performance of their duties, and, as an effective tool for this, the obligation of public servants to declare their assets and interests.

The third is the obligation to have adequate measures to identify and properly manage possible conflicts of interest of public servants.

And fourth, the obligation of the treaty's member countries to have effective procedures for removing public servants who commit acts recognized as corruption in the treaty.

> *Article 27.4:*
> *1. To fight corruption in matters that affect trade and investment, each Party should promote, among other things, integrity, honesty and responsibility among its public officials. To this end, each Party shall, in accordance with the fundamental principles of its legal system, adopt or maintain:*
> *(a) measures to provide adequate procedures for the selection and training of individuals for public positions considered by the Party to be especially vulnerable to corruption;*
> *(b) measures to promote transparency in the behavior of public officials in the exercise of public functions;*
> *(c) appropriate policies and procedures to identify and manage actual or potential conflicts of interest of public officials;*
> *(d) measures that require senior public officials, and other public officials as considered appropriate by the Party, to make declarations to appropriate authorities regarding, among other things, their outside activities, employment, investments, assets, and substantial gifts or benefits from which a conflict of interest may result with respect to their functions as public officials;*
> *(…)*
> *3. Each Party shall, to the extent consistent with the fundamental principles of its legal system, establish procedures through which a public official accused of an offense described in Article 27.3.1 (Measures to Combat Corruption) may, as considered appropriate by that Party, be removed, suspended, or reassigned by the appropriate authority, bearing in mind respect for the principle of the presumption of innocence.*

The challenge and opportunity here is to create a true culture of service to the public, based on responsibility and integrity, and with this, gradually regain the public´s confidence in government activity.

Civil Society as an Ally in the Fight Against Corruption

Perhaps the most innovative aspect of Article 27 is numeral 5, which recognizes the importance of partnerships with organized civil society and the private sector in the fight against corruption. Not only are they recognized as actors in the fight against corruption, but the State's Parties to the Treaty are also obliged to promote the active participation of civil society and the private sector in preventing and combating corruption. Thus, this section provides an opening to design a new relationship between the State and society, to contain the common enemy of corruption with impunity:

> *Article 27.5: Participation of Private Sector and Society 1. Each Party shall take appropriate measures, within its means and in accordance with fundamental principles of its legal system, to promote the active participation of individuals and groups outside the public sector, such as enterprises, civil society, non-governmental organizations, and community-based organizations, in preventing and combatting corruption in matters affecting international trade or investment, and to raise public awareness regarding the existence, causes, and gravity of corruption, and the threat posed by it.*

The North American partners have an opportunity here to generate a new alliance with their populations to produce a collaborative relationship between the public and private sectors that will be beneficial for everyone.

The Missing Piece: The Integrity of the Companies

Corruption does not only arise and manifest itself on the side of the government. Throughout the different sections of the treaty, we find wide recognition of the active participation of the private sector in the problem. And so, the importance of their participation in the solution is recognized. The text could have been stronger, broader, and more demanding. Perhaps because of the enormous differences that exist between Canada and the United States, with respect to Mexico, in the evolution of the concept of compliance, only this recognition of the importance of these systems was left. However, the text leaves a wide margin to interpretation in favor of the development and importance of these measures, and to turn it into a new mandatory business standard among the treaty's member countries.

> *27.5. 4. The Parties recognize the benefits of internal compliance programs in enterprises to combat corruption. In this regard, each Party shall encourage enterprises, taking into account their size, legal structure, and the sectors in which they operate, to establish compliance programs for the purpose of preventing and detecting offenses described in Article 27.3.1 or 27.3.6 (Measures to Combat Corruption).*

The great opportunity that this section generates for both governments is to turn compliance into a true tool for fighting corruption, in order to generate a business culture based on responsibility and integrity, which engenders confidence in the relationship between the public and private sectors, and also in the relationship of both with the public. Impressive work undertaken by the World Economic Forum in this regard should be studied to seek practical applications for North American businesses.

No More Impunity and Inefficiency

Paragraph 6 is a strong call for the effectiveness and proper implementation of measures to combat corruption. Having good laws is no longer enough. It makes a formal call for not failing to enforce laws effectively, and even offers cooperation between countries to improve effectiveness:

> *Article 27.6: Application and Enforcement of Anticorruption Laws 1. In accordance with the fundamental principles of its legal system, no Party shall fail to effectively enforce its laws or other measures adopted or maintained to comply with Article 27.3 (Measures to Combat Corruption) through a sustained or recurring course of action or inaction, after the date of entry into force of this Agreement as an encouragement for trade and investment.8 2. In accordance with the fundamental principles of its legal system, each Party retains the right for its law enforcement, prosecutorial, and judicial authorities to exercise their discretion with respect to the enforcement of its anticorruption laws. Each Party retains the right to take bona fide decisions with regard to the allocation of its resources. 3. The Parties affirm their commitments under applicable international agreements or arrangements to cooperate with each other, consistent with their respective legal and administrative systems, to enhance the effectiveness of law enforcement actions to combat the offenses described in Article 27.3 (Measures to Combat Corruption).*

The challenge that this section presents to both governments is to put efficiency above discourse, or to put it another way, results above good intentions. For years, the subject of corruption has been discussed and analyzed in Mexico. Laws and institutions have been reformed and created, and it is time to put them to work to dismantle corruption networks, recover assets, and generate real prevention mechanisms.

Corruption as an Epidemic that Transcends Borders

A major principle of Article 27 of the Treaty is the recognition that corruption is not a simple national disease, but rather a complex global epidemic that requires collaboration and coordination among different nations and their specialized authorities.

Article 27.9: Cooperation 1. The Parties recognize the importance of cooperation, coordination, and exchange of information between their respective anticorruption law enforcement agencies in order to foster effective measures to prevent, detect, and deter bribery and corruption. 2. The Parties shall endeavor to strengthen cooperation and coordination among their respective anticorruption law enforcement agencies.

"Giving concrete results in the fight against corruption, through collaboration and coordination, can generate enormous political benefits for both administrations."

The North American governments must build a real relationship of productive collaboration, which generates more than just bilateral meetings where generic agreements are expressed, with little practical sense. Giving concrete results in the fight against corruption, through collaboration and coordination, can generate enormous political benefits for both administrations.

Final Words

Every four years in the United States, and every six years in Mexico, hope is reborn to make things new, different, and better. Those of us who are part of organized civil society find energy again and again to propose a better way of exercising power that is more just, with more integrity, and is more democratic. Through unrelenting insistence, we have achieved enormous changes in the institutions of both countries. We are far from satisfied, and we will continue to be as critical as necessary, but we will always be ready to generate proposals and alternatives.

Endnotes

[1] USMCA https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/27_Anticorruption.pdf

[2] Rule of Law Index 2020, World Justice Project
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[3] Global Competitiveness Report 2019, World Economic Forum
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[4] Corruption Perception Index, Transparency International
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https://joebiden.com/governmentreform/

Chapter 6

By Eduardo González-Pier & Andrew I. Rudman

Time to Relaunch the U.S.-Mexico Health Agenda

The public health crisis has revealed common weaknesses and the need for a shared health agenda to enable our countries to work towards a common goal: better health.

Key Policy Recommendations

- Improve collaboration and create a more effective binational health agenda that can help Mexico and the United States achieve SDG3 targets.
- Increase capacity to detect and assess outbreaks and other emergency health hazards.
- Strengthen emergency response capacities and establish a framework for trilateral collaboration to guide mutual assistance capabilities and ensure a quick and coordinated response to outbreaks of animal influenza or an influenza pandemic.
- Relaunch and update NAPAPI and expand objectives to include continued and enhanced cooperation on pandemic preparedness and response and bioterrorism threats.
- As U.S. migration policy changes under a Biden administration, adapt health policy for migrant populations accordingly.
- Reinvigorate the Border Health Commission, reconvene the Binational Technical Workgroup, and update the Healthy Border plan for a new target year.
- Establish more flexible insurance coverage for patients in either country for travel to the other.
- Replicate initiatives like Cancer Moonshot and Operation Warp Speed on a bilateral basis with a focus on the NCDs most prevalent in both countries.
- The FDA and COFEPRIS should share trial protocol review best practices and data packages; COFEPRIS should consider accepting FDA trial approvals.
- Increase focus on joint research efforts supported by both governments.
- Establish a collaborative approach to nursing education, including establishing academic exchanges between U.S. and Mexican schools of nursing and conformity of credentialing criteria to allow for a more flexible response to demand on either side of the border.

Despite the considerable differences with respect to the health of our nations and the structure and capacities of our health systems, the COVID-19 pandemic has brought us closer together. Mexico and the United States have been ranked among the countries with the worst response against the pandemic. The public health crisis has revealed common weaknesses and the need for a shared health agenda to enable our countries to work towards a shared goal: better health.

In the past 70 years, both countries have made significant progress in improving health conditions. The average American born in 1960 was expected to live until the age of 75 and the average Mexican until age 57. By 2010, life expectancy at birth, the most comprehensive measure of overall population health, had increased to 78.5 and 70 years respectively (see Table 1). This reflects sustained improved living standards and better access to quality medical care. For decades, health had been the great equalizer, across age groups, races, regions, and nations. More recently, however, this shared success story has gone awry. At least for the past decade, the United States and Mexico began to see a rapid deterioration of health conditions. U.S. life expectancy has been falling since 2014 and 14 of the 32 Mexican states have followed the same path since 2010; a major setback unseen in developed and developing countries during peace time in the last century. The COVID-19 pandemic has accelerated the trend.

For many decades, the United States has been the world's largest health spender by all measures - total, per capita, and as a share of GDP (see Table 2). Nevertheless, health outcomes have fallen short compared to countries with less expensive health systems such as Japan, Australia, and most of continental Europe. In the Americas, Canada, Chile, Costa Rica,

"At least for the past decade, the United States and Mexico began to see a rapid deterioration of health conditions."

and Cuba have better performing health systems when measured by health outcomes. In their influential work, professors Anne Case and Angus Deaton describe the troubling finding of a marked and sustained increase in midlife mortality among white non-Hispanic Americans, especially among the least educated.[1] The unexpectedly high levels of mortality reflect the overall deterioration in socioeconomic conditions leading to mental health problems, addiction – in part best depicted as the opioid crisis – and cardiovascular disease and diabetes fueled by the obesity pandemic that has hit both countries equally hard.

The Mexican experience is very similar. Decades of improvement in infant mortality rates are now being offset by increased premature mortality in young adults, mostly due to violence and the high prevalence of diabetes and cardiovascular disease. In the past two decades, the national homicide rate more than doubled, from 11 per 100,000 in 2000 to 22.9 in 2010 and reached 29.0 per 100,000 in 2019. States like Colima, Tamaulipas, and Guanajuato have seen a reduction in life expectancy for males of three to five years from the peak level achieved around 2006. In addition, almost three quarters (72.5%) of the adult population is overweight or obese, second only to the United States among OECD countries. Obesity is the leading public health concern in Mexico and an important risk factor for various chronic conditions.[2] Not surprisingly, diabetes rates increased from 7 to 12 percent of the adult population between 2000 and 2018. Mexico now has the OECD's highest rate of diabetes. Were trends to persist, the generation born in the next decade would expect to live fewer years than its parents, reversing gains made over the last eight decades.

COVID-19 has exacerbated the damage to health conditions and revealed the weaknesses of the Mexican and U.S. health systems. The full impact will become apparent over many years, but an interim assessment will be possible by year's end as reliable statistics on excess mortality become available. Mexico and the United States stand out among the world´s worst performers with avoidable deaths in the

hundreds of thousands when compared to average world mortality trends. A health crisis of this magnitude will oblige a deep evaluation followed by major policy reforms and an institutional strengthening agenda.

Economic integration has intertwined the health of our populations. Viruses and airborne diseases do not respect physical borders. With a shared border of nearly two-thousand-miles, more than 350 million documented crossings per year, and two-way trade in goods worth more than USD$620 billion a year, revitalizing the dormant bilateral health agenda is both a social and economic imperative. Preventable health problems can best be tackled by acting directly on the underlying cause or risk factors which at times may originate outside one's border (e.g., migrant and border health or pandemic threats). Further, shared quality standards, achieved through policy harmonization and bilateral cooperation, will permit comparative measurement of outcomes. This is particularly important for medical tourism, safety and efficacy standards for pharmaceuticals and devices, and labor market integration for medical and nursing professionals. Finally, economic integration has been coupled with behavioral and lifestyle convergence, with sometimes unexpected consequences on health. As such, much can be achieved through early identification and combined tackling of risky practices including eating and drinking habits, physical activity levels, mental health, and addiction.

The rest of this chapter presents the way forward across some of the most important opportunities for enhanced bilateral health collaboration. It is not meant to be a new or exhaustive list of potentially valuable areas for collaboration. Rather, it should be seen as an initial roadmap for reengagement to build trust based on early rewards and gain momentum for longer-term efforts to deliver lasting health gains.

Regional Health and the 2030 Agenda

Sustainable Development Goal 3 (SDG3) of the United Nations 2030 Agenda, adopted unanimously by the UN General Assembly in 2015, reads, "*Ensure healthy lives and promote wellbeing for all at all ages.*" SDG3 contains a heterogeneous set of 13 targets. While some are quantitative in nature and more relevant to poor countries and communities (and no longer binding for the United States and Mexico at the national level), others focus on Non-Communicable Diseases (NCDs) and pose more of a challenge since neither Mexico nor the United States is on track to achieve them. Some are qualitative and aspirational and will require considerable upscaling of efforts to make noticeable progress. A more effective binational health agenda can help Mexico and the United States achieve these targets in three ways: i) directly by tackling cross-border health issues; ii) indirectly through example and best practice sharing; and iii) through coordinated assistance to regional countries.

"A more effective binational health agenda can help Mexico and the United States achieve these targets..."

At least five of the SDG3's most challenging targets are directly amenable to a more effective binational collaboration. U.S. and Mexican agencies can devise joint strategies to prevent and treat substance abuse, including narcotic drug abuse and harmful use of alcohol (SDG 3.5). The number of deaths and illnesses from hazardous chemicals and air, water, and soil pollution and contamination (SDG 3.9) can be substantially reduced through focused interventions in the border region where more than 15 million people live (see Section 4).[3] Coordinated efforts can be directed to promote implementation of the WHO Framework Convention on Tobacco Control (SDG 3a). As will be discussed in the following sections, health financing can be increased, especially in Mexico, to improve recruitment, development, and training to help retain and grow the health workforce (SDG 3c). Finally, COVID-19 has made evident the need to increase capacity for early warning, risk reduction, and management of national and global health risks (SDG 3d – see next section).

No less important is the need for enhanced experience sharing and mutual learning. Given the similar health profiles in terms of causes of mortality and risk factors (see Table 2), technical collaboration can help identify and implement cost-effective interventions to achieve a one-third reduction in premature mortality caused by NCDs (SDG 3.4) and halve the number of deaths and injuries from road traffic accidents (SDG 3.6). Complementing these efforts looms the challenging, and elusive, target for both countries of universal health coverage, including financial risk protection and access to quality essential health-care services (SDG 3.8).

Coordinated regional overseas development assistance can be aimed at helping the poor Caribbean, Central, and South American countries. Although no longer a pressing health issue for Mexico and the United States, maternal mortality (SDG 3.1), preventable deaths of newborns and children under five, and neonatal mortality (SDG 3.2) remain unacceptably high, especially in less privileged population groups. Further, HIV/AIDS, tuberculosis, malaria, and neglected tropical diseases remain endemic in many parts of the Americas, as are hepatitis, water-borne diseases, and other communicable diseases (SDG 3.3). Both countries, in collaboration with PAHO, can support efforts to ensure universal access to sexual and reproductive healthcare services, including for family planning, information and education, and the integration of reproductive health into national strategies and programs (SDG 3.7). Finally, with the help of CSOs and research foundations, the research and development of vaccines and medicines and access to affordable medicines for the communicable and non-communicable diseases that primarily affect Latin American developing countries (SDG 3b) can be emphasized and supported.

Health Security and Emergency Response

North America is under constant health threats from disease outbreaks and natural disasters. Mexico and the United States are among the hardest hit by the new severe acute respiratory syndrome virus (SARS CoV 2 also known as COVID-19), the first major emerging infectious disease of the 21st century. Just in the past 15 years, health emergency responses have been triggered by several international outbreaks: the Middle East respiratory syndrome (MERS) in 2005, the first SARS outbreak in 2006, the H1N1 Swine Flu of 2009 that originated in Mexico, and Ebola in 2018. In addition, the United States and Mexico regularly face significant numbers of new variants of human cases of influenza, outbreaks of mosquito-borne diseases, such as Zika and dengue, food-borne diseases, and most recently, the resurgence of measles.[4] Greater demand for animal protein driven by population and economic growth, combined with the unpredictable effects on weather patterns caused by climate change, are likely to increase the frequency of vector borne disease outbreaks.

Health emergency programs have been an integral part of the bilateral health agenda which has consistently highlighted the need for increased capacity to detect and assess outbreaks and other emergency health hazards. The G7 countries invited Mexico in 2002 to join the Global Health Security Initiative. In

"North America is under constant health threats from disease outbreaks and natural disasters."

2010, the United States launched and chaired the North American Health Security Working Group partly in response to the first SARS outbreak. And in April 2012, the North American Plan for Animal and Pandemic Influenza (NAPAPI)[5] was launched by Presidents Obama and Calderón and Prime Minister Harper in response to the 2009 H1N1 pandemic. NAPAPI is perhaps the most comprehensive, regional, and cross-sectoral health security framework. It outlines how the three countries should strengthen emergency response capacities and establishes a framework for trilateral collaboration to guide mutual assistance capabilities and ensure a quick and coordinated response to outbreaks of animal influenza or an influenza

pandemic.[6] The key areas identified for joint action are:

- Mutual assistance during a response, particularly with regard to sharing medical countermeasures and personnel;
- Interconnected systems for surveillance and early warning;
- Protocols for emergency communications, laboratory sample transportation, and joint epidemiological investigations;
- Integration on human and animal health; and
- Development of border policies and protection of critical infrastructure.

NAPAPI is in need of a relaunch in face of COVID-19. The next North American Leaders' Summit (NALS) could be the appropriate forum to renew political commitments around health security by the Presidents of Mexico and the United States and the Prime Minister of Canada.[7] The NAPAPI objectives should be expanded beyond influenza to include continued and enhanced cooperation on pandemic preparedness and response and bioterrorism threats. Based on the lessons learned from COVID-19, creation of an updated framework to improve preparedness including deeper technical cooperation among public health institutions and agencies, enhanced mechanisms for timely data sharing, and improved and reliable epidemiological surveillance of potential health threats will be essential to maintain political commitment and technical momentum when, as has been the case before, support wanes in-between pandemic periods. In addition, further analysis is necessary to better understand the impact on cross-border medical supply chains stemming from invocation of the Defense Production Act in response to public health emergencies.

Migrant Health and Portable Health Coverage

Migration has been an intrinsic part of the binational history and experience since the 19th century. Indeed, more than 37 million American citizens of Mexican descent and an estimated 11 million documented and undocumented Mexicans live or reside in the United States. Further, it is estimated that more than one million American citizens live permanently in Mexico, mostly expatriates and retirees. Not surprisingly the Mexico–U.S. border is considered the busiest border in the world with approximately 350 million documented crossings annually.

Delivering health coverage to migrant populations is a complex task. Part of the challenge relates to the nature and drivers of migration. Adverse events explain forced migration. These include economic hardship, violence, and the need to seek better living conditions elsewhere. The

"Delivering health coverage to migrant populations is a complex task."

most common health needs of forced migrants, who tend to be poor, young, and predominantly male, are for emergency care for injuries and other occupational health hazards and addiction. Financial barriers and weak institutional support mechanisms are a major obstacle to quality care. In contrast, voluntary migration is mostly driven by the job market or educational opportunities derived from decades of economic integration, or by families seeking a more sustainable livelihood, including retired Americans pursuing a better climate, cultural preferences, or affordable long-term care. Access to quality care is still limited as public health coverage – IMSS or Medicare – is not portable across the border and migrants must rely on private insurance or pay out of pocket. The second part of the challenge, shared by all groups, relates to changing health needs of migrants and the difficulty of delivering patient-centered, integrated care across the migration cycle – origin, transit, arrival, return. Responding to this challenge is an important component of the binational health agenda for both the private and public sectors.

Traditionally, the most important health support mechanism for undocumented migrants of Mexican and Central American origin has been the Binational Health Week (BHW).[8] Over the past 20 years, the BHW has evolved into a well-organized platform to coordinate and mobilize health support efforts focused on the poor Latino population that lives in the United States and Canada. Each October, federal, state, and local government agencies, community-based organizations, and volunteers come together to deliver health promotion, prevention, and low complexity medical care. Events are coordinated by Latin American consulates and government agencies including the Ministries of Health and Foreign Affairs of Mexico. Key players include Civil Service Organizations such as the Health Initiative of the Americas, a program of the University of California, Berkeley, School of Public Health.

Aside from the BHW, little progress has been made over the years. IMSS has tried, through Mexican consulates, to encourage affiliation by migrant workers in the United States to provide medical coverage for family members left behind with mixed results. With respect to medical coverage for voluntary migrants, private health providers in Mexico – mostly quality accredited hospitals – have reached agreements with U.S.-based insurance companies to obtain reimbursement for care delivered to tourists and retirees. Sadly, and contrary to what has been the experience in European countries, no progress has been made with public insurance schemes for cross-border coverage.

The transition from a Trump to a Biden administration will surely result in changes to U.S. migration policy. The health policy for migrant populations will need to adapt accordingly. Most likely, a new human rights-based approach to migrant workers and their families will require more organized support and agency mobilization to reach a larger number of disadvantaged Latino migrants and provide them with more inclusive coverage schemes. Talks on cross-border coverage for Medicare and IMSS beneficiaries would be a major breakthrough that could deliver integrated care, drive higher standards of care for many Mexican providers, and generate savings for U.S. taxpayers.

Border Health

The health-related challenges of the U.S.-Mexico Border reflect the region's unique nature. Encompassing some of the wealthiest areas of Mexico and some of the poorest areas of the United States, the region is the epicenter of the economic, cultural, and social aspects of the bilateral relationship. Indeed, the interconnected nature of the region long pre-dates the current national border. The region also provides clear examples of how environment and commerce can impact health. Residents in both countries share water for drinking and irrigation as well as wastewater (sometimes inadvertently), and face threats from air pollution when idling trucks waiting to cross the border release carbon dioxide and other greenhouse gases which contribute to global warming and to high incidences of asthma in border communities. Air and water pollution issues are most acute in the highly populated areas of San Diego/Tijuana and Laredo/Nuevo Laredo but are widespread throughout the border region.

The United States-Mexico Border Health Commission was established in 2000 to "provide international leadership to improve health and quality of life along the U.S.-México border."[9] The Commission is charged with facilitating actions and viable, evidence-based solutions to eliminate health disparities and improve quality of life. In 2015, the Commission established the *Healthy Border 2020* initiative, based on the accomplishments of the *Healthy Border 2010: An Agenda for Improving Health on the United States-Mexico Border* initiative.

"The [border] region also provides clear examples of how environment and commerce can impact health."

The 2020 initiative identified five priorities of bilateral concern:

- Chronic and Degenerative Disease
- Infectious Diseases
- Maternal and Child Health
- Mental Health and Addiction
- Injury Prevention[10]

The most common causes and/or social determinants of these priority areas included "poverty, health education/access to information, and an unhealthy diet, followed in frequency by access and quality of medical care." Each of the issues remain salient today; infectious disease and mental health and addiction were exacerbated by the COVID-19 pandemic. Both Mexican President López Obrador and U.S. President Biden have highlighted some of these issues in their public remarks and policy documents. Further, the broader societal factors identified in 2015 have changed little.

Regrettably, the Commission's activities have seemingly diminished over the past few years and particularly during the COVID-19 pandemic. A final report on the Healthy Border 2020 initiative, scheduled for release in July 2020, has not yet been published. Indeed, some of the BHC webpages (on the U.S. side) have not been updated since December 2017.[11] To reinvigorate the BHC, the respective Secretaries of Health should reconvene the Binational Technical Workgroup which developed the Healthy Border 2020 plan and provide the Working Group with a mandate to update the plan for a new target year (perhaps 2030 to be consistent with the UN's Sustainable Development Goals) and to update the webpages to reflect the latest activities and developments.

Medical Tourism

American and Mexican citizens have long crossed the border to seek medical care. Americans, especially those within easy driving distance of the border, generally travel south in pursuit of lower costs and more personalized care. As a result, Mexico is the second largest destination for medical tourism globally (number one for dentistry) with 1.4 – 3 million patients traveling to Mexico annually for treatment.[12] Surgical procedures in Mexico can cost 40 – 65 percent less than in the United States, and the Mexican government has long sought to capitalize on the much lower costs of procedures and of prescription drugs. Many Mexican surgeons have been trained in the United States or Europe, though Mexican hospitals tend to be smaller, reducing the number of procedures performed.

During the 10th Medical Tourism conference in Cancun in 2019, Mexican Secretary of Tourism Miguel Torruco Marques attributed the sustained growth in medical tourism to factors including geography; private investment in hospitals, infrastructure, and high-tech equipment; quality of medical

"American and Mexican citizens have long crossed the border to seek medical care."

services; and the cost of treatment.[13] Indeed, Americans frequently travel to Mexico for elective surgeries such as cosmetic procedures or dental work not covered by insurance. Some companies, such as Ashley Furniture, however, take advantage of the substantial cost savings by offering medical tourism options through their employee health plan, including one option that provides treatment by U.S. surgeons who travel to Mexico to perform surgery in Mexican hospitals.[14]

Affluent Mexican citizens often travel to the United States for advanced treatment for serious illnesses like cancer. Major U.S. hospitals such as MD Anderson advertise in Mexico, while the world-famous Mayo Clinic maintains an office in Mexico City to help facilitate travel and schedule appointments at its U.S.-based facilities. There are also private-sector hospital partnerships such as Christus Muguerza, which operates a U.S.-style network in Mexico and accepts many U.S. insurance plans, and SIMNSA, a San Diego-based Health Maintenance Organization (HMO), which provides care in Mexico for beneficiaries living and working in the United States.[15] Given the size of our economies and the proximity, the number of these partnerships remains comparatively low.

Medical tourism provides an important source of revenue for Mexico, especially along the border. While 2020 activity is down as much as 75 percent, it will likely rebound once the COVID-19 pandemic subsides. In the United States, receiving hospitals and their communities benefit as well since foreign patients often pay higher fees than would be paid by Americans covered by public or private health insurance programs. It is likely that more flexible insurance coverage for patients in either country for travel to the other would increase cross-border medical tourism. Portability of U.S. public insurance (Medicare/Medicaid) could provide a useful release valve for patients unable to afford care in the United States, thus reducing demand in border-region hospitals, while allowing U.S. retirees in Mexico to use their coverage without needing to return home for care. Sending more critical care patients to the United States would improve access to care for those patients and allow the Mexican system to focus resources and attention on patients it is more able to treat.

Medical Research

Sharing of confidential information regarding the quality, safety, and efficacy of products between the United States and Mexico dates back to the 2002 FDA-COFEPRIS Confidentiality Commitment which permits the regulatory agencies to share non-public information.[16] The agencies have steadily strengthened their collaborative relationship, including through the 2009 establishment of an FDA office in Mexico City to, *inter alia,* support science-based regulatory decision-making and pursue the best possible public health solutions.[17] Most recently, in October 2020, the agencies signed a Statement of Intent to enhance their partnership on food safety.[18] Given the growth in the export of fruits and vegetables from Mexico to the United States since the 1994 entry into force of the North American Free Trade Agreement (NAFTA), collaboration to ensure food safety is essential.

Binational collaboration is not limited to exchanges of information or assigning public officials to an embassy nor to the public sector. Substantial private sector collaboration, especially through clinical trials, occurs as well. Clinical trials enhance access to new treatments for enrolled patients and provide educational opportunities for healthcare practitioners through exposure to the latest research and care techniques. Mexico offers several important advantages as a clinical trial location based on geographic proximity, technical capacity, demographics, and cost. Mexico's ongoing demographic transition is driving increases in non-communicable diseases (NCDs) such as cancers, diabetes, and heart disease – all of which are ripe for drug and device development. Further, the Mexican Social Security Institute (IMSS), one of the largest health providers in the Western Hemisphere, and other public institutions cover about 70 percent of the Mexican population, providing ample patient data for research under appropriate protocols. These features should appeal to U.S. drug and device manufacturers which often struggle to enroll adequate numbers of patients. Sadly, Mexico has yet to fully capitalize on its advantages. As a result, only about 1 percent of global clinical trial participants are from Mexico.[19]

COFEPRIS' comparatively slow approval timeline is often cited as an impediment to greater clinical trial activity in Mexico. Given the pressure to bring new drugs and treatments to market quickly, approval timelines are a significant factor in manufacturers' decision-making process regarding trial location. At roughly ten months, Mexico's approval timeline is one of the slowest in Latin America. Efforts to accelerate this timeline, while maintaining patient safety, have faltered.

Two U.S. Government-sponsored initiatives, the Cancer Moonshot and Operation Warp Speed (for COVID-19 vaccines), could be replicated on a bilateral basis with a focus on the NCDs most prevalent in both countries. As a start, FDA and COFEPRIS should share trial protocol review best practices and data packages under their information sharing agreements. COFEPRIS could consider accepting FDA trial approvals, subject to further review, as it does for drug and device authorizations. A focus on joint research efforts, supported by the government, would allow private firms and universities to combine Mexico's previously referenced advantages with U.S. public and private capital, research experience, and innovative capacity. Doing so would accelerate access to new treatment options during the trial process while enhanced competition within therapeutic areas would likely reduce prices for patients in both countries.

Education and Training

The World Health Organization (WHO) identifies a lack of adequate nursing coverage as one of the greatest impediments to health system efficiency. Both Mexico and the United States face nursing shortages. In Mexico, there are only 2.9 nurses/1,000 inhabitants (See Table 2).[20] More alarmingly, while the population has grown and aged, the overall number of nurses has been falling in recent years. In 2018, Mexico registered 864 fewer nurses and roughly 4,000 fewer in 2019.[21]

Though the rate of nurses per 1,000 citizens in the United States exceeds the OECD average, at 11.7 (see Table 2) nationally, nursing was the third-most in-demand job in the country in 2019. The American Association of Colleges of Nursing attributes the shortage to four factors:

"Both Mexico and the United States face nursing shortages."

- Nursing school enrollment is not keeping pace with projected demand.
- Insufficient number of nursing school faculty members.
- High rate of retirement among existing nurses.
- Aging U.S. population driving demand.[22]

In addition, improvements in healthcare delivery, including increasing reliance on at-home or out-patient treatment (including telemedicine) means that in-hospital patients are generally sicker and more in need of skilled and specialized nursing care.[23] The same factors are likely to apply in Mexico, if not today, then in the future. Further, both countries face considerable disparity in the distribution of available nurses with urban areas generally better served.

The incoming Biden Administration has proposed to improve caregiving and health outcomes with particular focus on underserved communities by adding 150,000 community health workers (not all of whom would presumably be nurses). The Biden platform notes that "community health solutions can lead to better health outcomes, allow people to live with more independence, and ease caregiving challenges through a focus on prevention and care coordination, reducing unnecessary and expensive hospitalization."[24] Those comments would surely apply to Mexico, where President López Obrador committed to delivering universal healthcare to all Mexicans with an initial focus on the underserved during his 2018 campaign.

Both countries, therefore, share the challenges of a nursing shortage and large underserved communities for which health outcomes are below the national average. A collaborative approach to nursing education could help both governments respond to these shared challenges. Academic exchanges, common in the social sciences, could be established between U.S. and Mexican schools of nursing with the encouragement of the federal governments and, in the U.S. case, at state levels. There are a number of examples of state-level and private initiatives in the United States that could be emulated cross-border to help mitigate costs and enhance opportunities for exposure to technology, culture, and language that would make nursing graduates better prepared to work in multi-cultural environments on both sides of the border.[25] These could include allowing students to complete some of their coursework or practical experience in the other country through formal exchanges or mutual development of required coursework and training. A longer-term goal might be mutual acceptance of nursing credentials which would allow for a more flexible response to demand on either side of the border. As shown in Table 2, while 25 percent of U.S. doctors have foreign training, the comparable figure for nursing is only 6 percent. This suggests that foreign training is not an impediment to employment in the health profession and that there is considerable room for growth of the types of exchange programs described above.

The Way Forward: Challenges and Opportunities

Health outcomes in both Mexico and the United States are insufficient to achieve national development objectives including employment, productivity growth, and overall standards of living. During their successful presidential campaigns, both President López Obrador and President Biden prioritized healthcare with particular emphasis on underserved populations. While both leaders seem to view health as a domestic priority, both nations would benefit from taking a more "intermestic" approach to healthcare challenges. Collaborating, including through adoption of the recommendations in this chapter, would enhance both governments' ability to improve health outcomes. Doing so would allow them to direct resources currently dedicated to health from treatment to prevention (which is almost always less expensive) and then to other national priorities (e.g., infrastructure, education, and workforce development). Through collaboration, both countries could capitalize on comparative advantages and, when appropriate, draw on past experience, to advance national health objectives. Further, a realigned binational health agenda could be fit into the 2030 SDG3 workplan to define and prioritize activities and set timetables, share indicators to track progress, and measure outcomes of improved collaboration.

However, addressing the challenges identified in this chapter would yield more than just improvements in health outcomes. A bilateral collaborative approach could offer new mechanisms and venues to address other critical issues through a healthcare lens, especially if broadly defined. The existing and recommended health mechanisms, exchanges, and collaborative engagements provide an opportunity to improve awareness and understanding between public and private representatives of a sector accounting for nearly 18 percent of the U.S economy and about 5.5

"While both leaders seem to view health as a domestic priority, both nations would benefit from taking a more 'intermestic' approach to healthcare challenges."

percent of the Mexican economy. In addition, addressing these challenges can have a positive impact on other aspects of the economy and other domestic priorities. For example, addressing border crossing delays would reduce air and water pollution, which contribute to unhealthy living conditions for nearby residents while also helping to meet Paris Accord objectives. Enhanced cross-border training for nurses would provide a new source of higher paying jobs that would help meet workforce development and job creation objectives in both countries. Addressing migrant health in the country of origin through

multinational efforts to promote economic development in Central America as well as for those migrating northward would have important national security benefits. The rapid spread of COVID-19 across the globe underscores the potential pandemic risk that arises from the movement of people across national borders – whether through lawful or unlawful means. In short, addressing national challenges by enhancing collaboration in healthcare can yield multiple benefits for our nations.

Governments and individuals often consider healthcare spending to be excessive, inefficient, and unfair. The expenditures are immediate and growing while the benefits are diffuse and slow to accrue. Yet by viewing health and healthcare as enablers to address many of the policy challenges facing our countries, policy makers and their constituents may instead view health spending in a more positive light. Greater collaboration between our countries, in the public and private sectors, would allow both countries to deliver improved health outcomes at lower cost while contributing to greater understanding and awareness between our peoples.

Table 1. Comparative Statistics on Health Status and Risk Factors

	Mexico	United States	OECD
Population (millions, 2019)	124.9	328.0	-
Life expectancy at birth	75.4	78.6	81.0
Infant mortality 2017 (per 1000 live births)	12.1	4.8	3.5
Overweight and obesity (% of adult population)	72.5	71.0	58.2
Overweight and obesity (% of 5-9-year-olds)	37.5	43.0	31.4
Diabetes (type I and II among adults)*	13.1	10.8	6.4
Top 3 causes of death*	IHD Diabetes CKD	-IHD -Lung Cancer -COPD	-IHD -Alzheimer's and other dementias -Stroke
Top 3 health risk factors*	-High fasting plasma glucose -High BMI -High blood pressure	-Tobacco -High blood pressure -High fasting plasma glucose	

Sources: http://www.healthdata.org/results/country-profiles. OECD (2019), Health at a Glance 2019: OECD Indicators, OECD Publishing, Paris, https://doi.org/10.1787/4dd50c09-en.

(*) IHD- Ischemic Heart Disease, CKD- Chronic Kidney Disease, COPD Chronic Obstructive Pulmonary Disease, BMI – Body Mass Index

Table 2. Comparative Performance of Health Systems

	Mexico	United States	OECD
Health spending per person (USD PPP 2018)	1,138	10,586	3,994
Health spending (share of GDP)	5.5	16.9	8.8
Coverage of the core set of services (*)	89.3	90.8	-
Out of Pocket (OOP) (share of household consumption)	3.6	2.8	3.3
% of Households with catastrophic health expenditures	5.5	7.4	5.8
Hospital beds (per 1000 population, 2018)	1.4	2.8	4.7
Practicing doctors (per 1000 population)	2.4	2.6	3.5
Practicing nurses (per 1000 population)	2.9	11.7	8.8
Share of foreign trained doctors	n.a.	25	17.7
Share of foreign trained nurses	n.a.	6	5.9

(*) OECD (2019), Health at a Glance 2019: OECD Indicators, OECD Publishing, Paris, https://doi.org/10.1787/4dd50c09-en.

Endnotes

[1] https://www.pnas.org/content/112/49/15078

[2] https://www.thelancet.com/action/showPdf?pii=S2213-8587%2820%2930269-2

[3] The estimate of a border population of approximately 14.94 million refers to a border area limited to the 44 U.S. counties and 80 Mexican municipalities that have most of their population within the 100-km range.

[4] The health emergency response agenda also includes hurricanes, earthquakes, and other natural disasters that generate public health and medical care response crisis. We have not included this component which is traditionally best addressed by a domestic agenda.

[5] https://www.phe.gov/Preparedness/international/Documents/napapi.pdf

[6] See also: https://www.wilsoncenter.org/publication/pandemics-and-beyond-potential-us-mexico-cooperation-public-health

[7] The NALS have met on 8 occasions since 2005. The last meeting was held on June 29th 2016 in Ottawa.

[8] https://binationalhealthweek.org

[9]https://www.hhs.gov/about/agencies/oga/about-oga/what-we-do/international-relations-division/americas/border-health-commission/index.html and https://saludfronterizamx.org/

[10] https://www.hhs.gov/sites/default/files/res_2805.pdf

[11]https://www.hhs.gov/about/agencies/oga/about-oga/what-we-do/international-relations-division/americas/border-health-commission/activities/index.html (accessed December 24, 2020)

[12] https://www.bbb.org/mexico/Programas-y-Servicios/turismo-medico/ (accessed December 26, 2020)

[13] https://www.gob.mx/sectur/prensa/mexico-es-la-segunda-potencia-mundial-en-turismo-medico-y-la-primera-en-turismo-dental-afirmo-miguel-torruco-marques-201114 (accessed December 26, 2020)

[14] https://www.nytimes.com/2019/08/09/business/medical-tourism-mexico.html (accessed December 26, 2020)

[15] https://simnsa.com/about/ (accessed December 26, 2020)

[16]https://www.fda.gov/international-programs/confidentiality-commitments/fda-cofepris-mexico-confidentiality-commitment-english

[17] https://www.fda.gov/about-fda/office-global-operations/latin-america-office

[18]   https://www.fda.gov/news-events/press-announcements/fda-mexican-counterparts-enhance-food-safety-partnership

[19] https://www.fda.gov/media/106725/download (accessed December 26, 2020)

[20] https://imco.org.mx/enfermeras-tan-importantes-olvidadas/ (accessed December 28, 2020)

[21]https://www.infobae.com/america/mexico/2020/05/10/en-2018-el-sistema-sanitario-de-mexico-perdio-a-dos-enfermeras-por-dia/ (accessed December 28, 2020) Reference is made to the Secretariat of Health's *Sistema de Información Administrativa de Recursos Humanos en Enfermería*.

[22]https://nursejournal.org/articles/the-us-nursing-shortage-state-by-state-breakdown/   (accessed December 28, 2020)

[23]https://www.sigmanursing.org/why-sigma/about-sigma/sigma-media/nursing-shortage-information/facts-on-the-nursing-shortage-in-north-america (accessed December 28, 2020)

[24] https://joebiden.com/caregiving/ (accessed December 28, 2020)

[25] https://www.aacnnursing.org/news-information/fact-sheets/nursing-shortage (accessed December 28, 2020)

By Alejandro Moreno

From Trump to Biden:
Mexican Public Opinion and AMLO's Rhetoric

The 2020 U.S. presidential election generated a great deal of interest in Mexico.

Key Takeaways

- President López Obrador seems to have adjusted the tone of his discourse with Donald Trump, and now his tone is subject to changes with Joe Biden.

- The Mexican public has shown a pro-Democratic bias in all consecutive elections since 2004.

- Despite Trump's negative image in Mexico, the majority of Mexicans perceived a positive relationship between the Trump and AMLO administrations. This could reflect AMLO's rhetoric of cooperation with the Trump government.

- From 2019 to 2020, Mexican public opinion about the U.S.-Mexico relationship changed significantly, in a positive direction, and the polls also showed positive changes in Mexicans' opinions about the U.S. during that time.

- Any adjustments in AMLO's rhetoric could be important for how Mexicans perceive the new relationship with Biden. Changes in policy and discourse on the Biden side are likely to be important as well.

- Future polls should consider the Biden factor, as well as AMLO's rhetoric.

Introduction

In this brief article, I document Mexican public opinion about the United States and the bilateral relationship. How interested have Mexicans been in the U.S. elections? How popular or unpopular have U.S. presidents been in Mexico? How do Mexicans rate the U.S.-Mexico relationship? What expectations do they have about the Biden-López Obrador relationship? Opinion polls conducted during the last two decades, from 2000 to 2021, help us respond to these questions in a straightforward way. However, looking at the shifts of opinion also raises a more speculative question: What role does presidential rhetoric play in shaping these public views? The question is relevant in the sense that President López Obrador seems to have adjusted the tone of his discourse with Donald Trump, and now his tone is subject to changes with Joe Biden.

A Most Engaging Election

The 2020 U.S. presidential election generated a great deal of interest in Mexico. A national poll showed that 53 percent of respondents were "very" or "somewhat" interested in the election just a few days before it took place.[1] That may be a record high. Previous polls

"...President López Obrador seems to have adjusted the tone of his discourse with Donald Trump, and now his tone is subject to changes with Joe Biden."

showed the levels of interest at 49 percent in 2000,[2] 44 percent in 2008 (I have no data for 2004), 37 percent in 2012,[3] and 39 percent in 2016.[4] The level of engagement in Mexico in 2020 seems consistent with the surprisingly high turnout, which suggests that American voters were also particularly engaged.

A Democratic Bias

In 2020, Mexicans expressed a clear preference for Joe Biden over Donald Trump. A national poll showed that 51 percent of respondents preferred Biden to win the election, as opposed to 20 percent who preferred Donald Trump.[5] The preference for Biden is not surprising, and not only because Trump had very negative ratings among Mexicans, as we will see below, but also because the Mexican public has shown a pro-Democratic bias in all consecutive elections since 2004. In that year, 55 percent of Mexican respondents preferred the Democratic candidate, John Kerry, whereas 20 percent supported George W. Bush. In 2008, 46 percent favored Barack Obama, and only 13 percent was for John McCain. The Obama gap widened significantly in 2012, with 76 percent of Mexicans preferring him, as opposed to 10 percent who were for Mitt Romney.[6] The pro-Democratic gap grew from about 33-35 points in 2004 and 2008, to 66 points in 2012, and to 72 points in 2016, when 74 percent of Mexicans preferred Hillary Clinton and only 2 percent Donald Trump.[7]

Trump's anti-Mexican rhetoric in 2016 may have helped him gain support among some segments of the U.S. electorate, but it was also quite effective in mobilizing a great majority of Mexicans against him. The fact that support for Trump in the country grew from 2 percent in 2016 to 20 percent in 2020 is quite puzzling, as he remained quite unpopular. The exception to the pro-Democratic bias in Mexico was the 2000 election, when the Republican candidate, George W. Bush, was preferred by 28 percent of respondents, as opposed to 19 percent for Al Gore.[8]

Trump's Ratings

President Trump had predominantly negative ratings in Mexico. Favorable opinions about him represented only a single digit, on average, during his years in government. In contrast, eight in ten Mexicans, on average, expressed a negative opinion about him (See Figure 1). Popularity ratings for Bush and Obama were clearly positive at the beginning of their administrations and then went down, in the context of the Gulf War for Bush, in 2003, and towards the end of Obama's second term, in 2015; but neither of them had a negative balance of opinion during their terms. Unfavorable views about the U.S. President skyrocketed during Trump's first year, in 2017, making him the least liked U.S. President in Mexico, considering opinion data since 2001, although the honor is likely to remain if we could go further back.

Figure 1. Mexican Public Opinion about the U.S. Presidents: 2001-2020 (Percent)
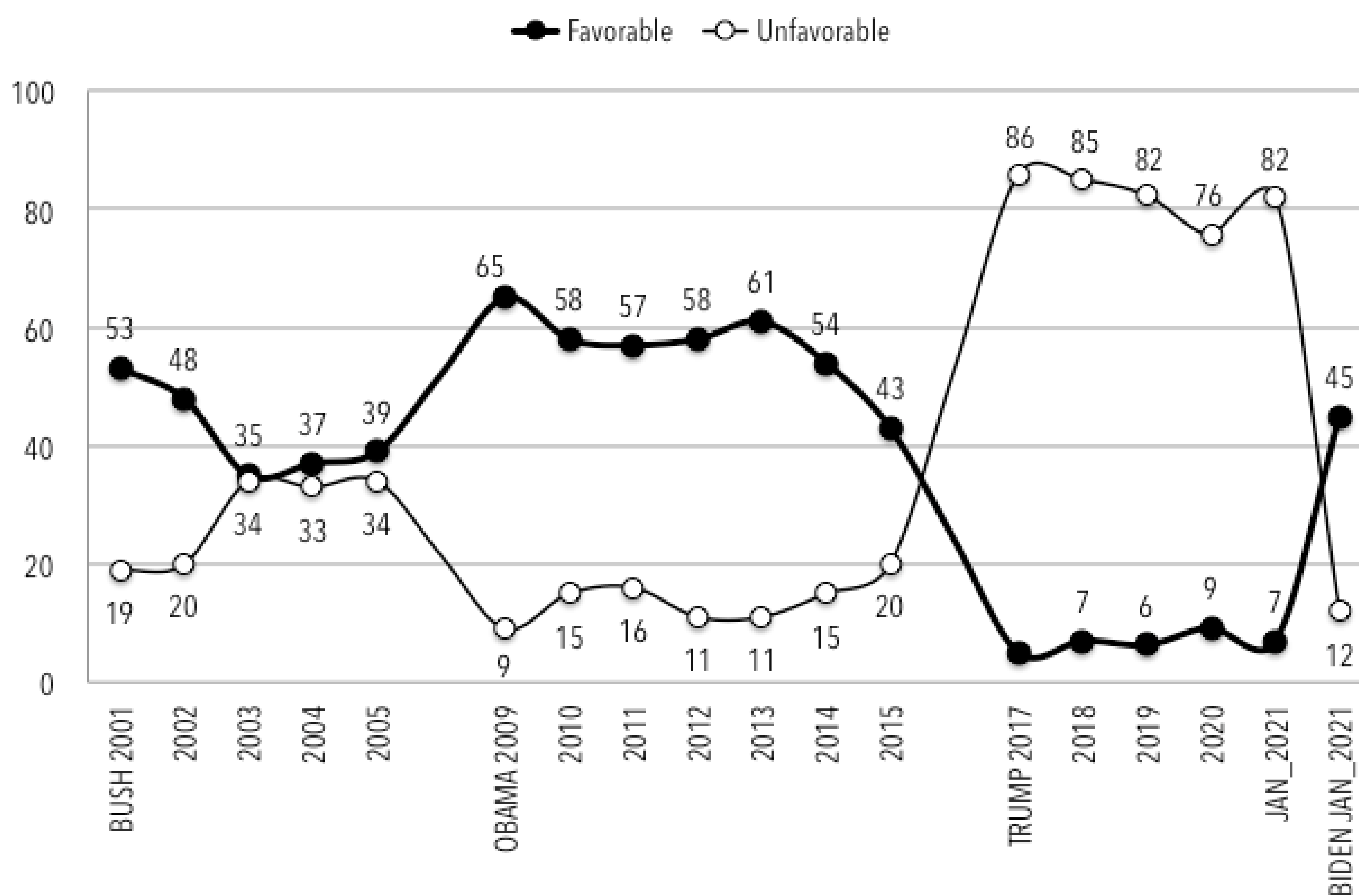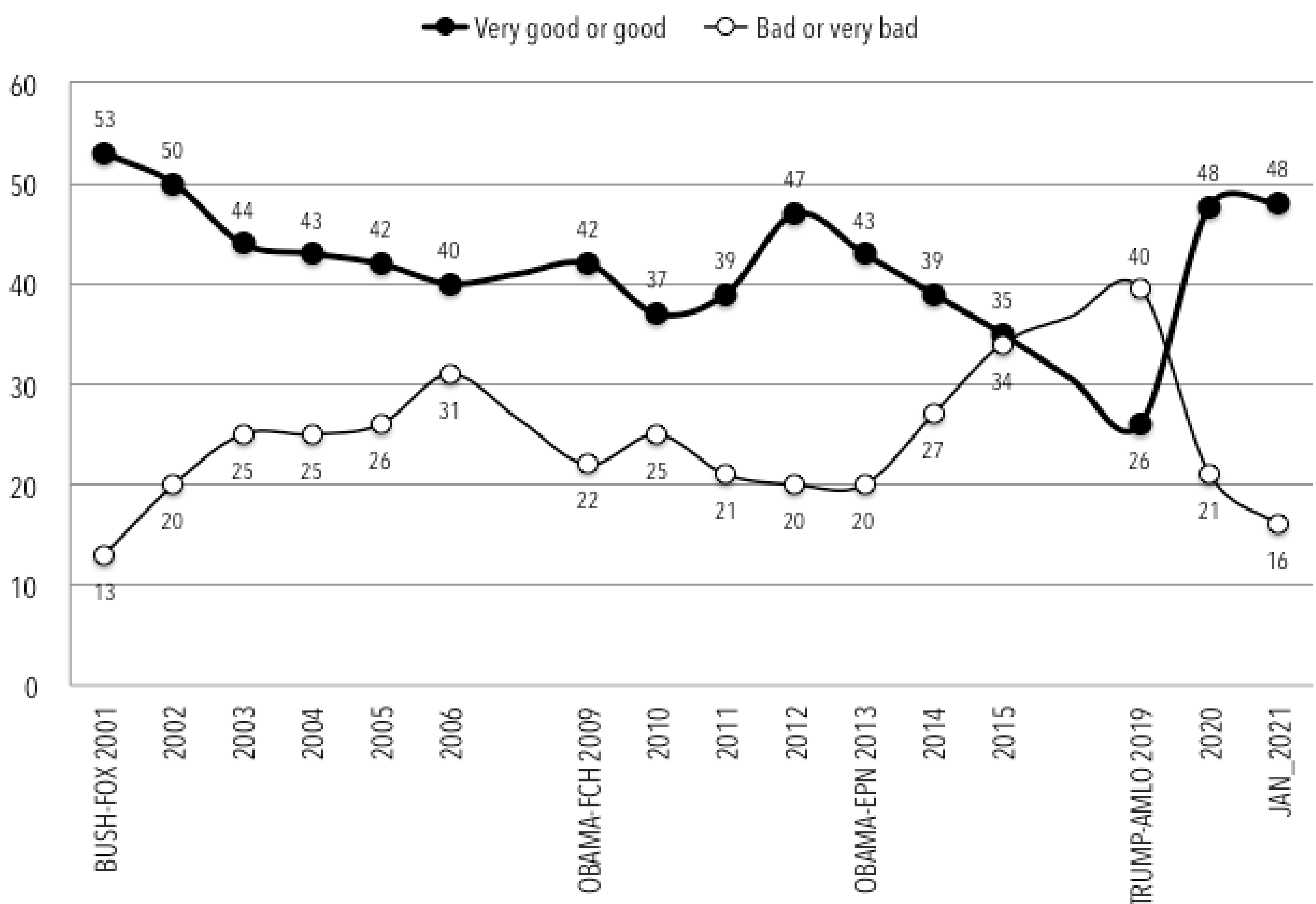

Sources: *El Financiero* monthly national telephone polls, 2019-2020 (monthly n=820), and January 15-16, 2021 (n=500, Biden still President-Elect); *El Financiero* national face-to-face polls, 2017-2018 (the number of interviews ranges from 1,000 to 1,500); *Reforma* quarterly national face-to-face polls, 2001-2015 (the number of interviews ranges from 1,000 to 1,515). The graph shows percent in yearly averages, except in January 2021. Neutral opinions (neither favorable nor unfavorable) and don't knows not shown. No available data for 2006, 2007, 2008 and 2016.

The Trump Puzzle

President Trump's favorable ratings in Mexico only averaged 9 percent in 2020, and yet 20 percent of respondents preferred him over Biden to win the election. How so? The answer to this puzzle may lay in the fact that, despite Trump's negative image, the majority of Mexicans perceived a positive relationship between the Trump and López Obrador administrations. It is tempting to think that this had something to do with AMLO's high approval ratings cascading into public perceptions about the U.S.-Mexico relationship. However, that does not seem to be the case. During AMLO's first year in government, in 2019, his approval ratings were the highest, but the bilateral relationship between the United States and Mexico was mostly perceived as a bad one (See Figure 2). Perceptions changed dramatically during AMLO's second year in government, when his approval ratings had slightly dropped in comparison to his first year. The average percent of Mexicans who considered the U.S-Mexico relationship as good or very good increased from 26 percent in 2019 to 48 percent in 2020. What explains this significant shift in public opinion? I believe this reflects AMLO's rhetoric of cooperation with the Trump government.

Figure 2. Mexican Public Opinion about the U.S.-Mexico Relationship: 2001-2020 (Percent)

Sources: *El Financiero* monthly national telephone polls, 2019-2020 (monthly n=820), and January 15-16, 2021 (n=500); *El Financiero* national face-to-face polls, 2017-2018 (the number of interviews ranges from 1,000 to 1,500); *Reforma* quarterly national face-to-face polls, 2001-2015 (the number of interviews ranges from 1,000 to 1,515). The graph shows yearly averages. Neutral opinions (neither good nor bad) and don't know not shown. No available data for 2007, 2008, 2016, 2017, and 2018.

The AMLO Factor

President López Obrador emphasized a good relationship and friendly relationship with Trump, challenging the negative popular feelings about the U.S. President. The confrontational tone that AMLO expressed as a candidate clearly contrasted with his tone as President. Perhaps it was risky to take a friendly tone with Trump, but it seems that it paid off in terms of public perceptions about the bilateral relationship. In addition, some of AMLO's decisions that experts criticized actually enjoyed a broad public support. About 63 percent of Mexicans supported AMLO's decision to send Mexico's newly created National Guard to the border with Guatemala to stop the flow of Central American migrants; 35 percent opposed it.[9] About 59 percent of Mexicans agreed with AMLO's decision to visit Trump in July 2020, in the middle of the election campaign and the pandemics; 35 percent disagreed.[10] After the visit, 47 percent described the visit to Washington, D.C. as a "success," and 25 percent as a "failure." This was not majority view, but still a predominantly favorable assessment. The positive public mood was also captured in a poll where respondents were asked to evaluate AMLO for thanking Trump for "being gentle and respectful towards Mexicans," which you could think of as a cognitive dissonance. Surprisingly, 51 percent gave favorable ratings, compared to 22 percent who expressed negative ones. It seems that the Mexican public was reacting favorably to AMLO's friendly depiction of Trump, despite Trump. AMLO's rhetoric conveyed a sense that things were going well, and the public went along. A majority of Mexicans were satisfied with the U.S.-Mexico relationship despite being highly dissatisfied with Trump. Perhaps for that reason, one in five Mexicans thought that Trump might not be such a bad option for a second term—given the mutual "understanding" between both presidents. Was this an effect of AMLO's tone?

A Rhetoric of Cooperation

From 2019 to 2020, Mexican public opinion about the U.S.-Mexico relationship changed significantly, in a positive direction, and the polls also showed positive changes in Mexicans' opinions about the United States during that time. Polls conducted since 2016 suggest three different stages of aggregate opinion about the United States (See Figure 3). From 2016 to 2018, Mexicans' views about the United States, still under the Obama administration, were predominantly negative. During most of 2019, with Trump and AMLO's first year, opinions

"From 2019 to 2020, Mexican public opinion about the U.S.-Mexico relationship changed significantly, in a positive direction, and the polls also showed positive changes in Mexicans' opinions about the United States during that time."

were divided. Towards the end of 2019 and throughout 2020, Mexicans' views had turned much more favorable. This shift may reflect President López Obrador's rhetoric of cooperation. If that is the case, it has some implications for how Mexicans will view the new Biden administration. At first, AMLO's rhetoric with Biden did not seem to follow the same positive tone it had shown with Trump, and the tone will surely go through an adjustment process, still uncertain at the time of this writing.

Figure 3. Mexican Public Opinion about the United States: 2001-2020 (Percent)
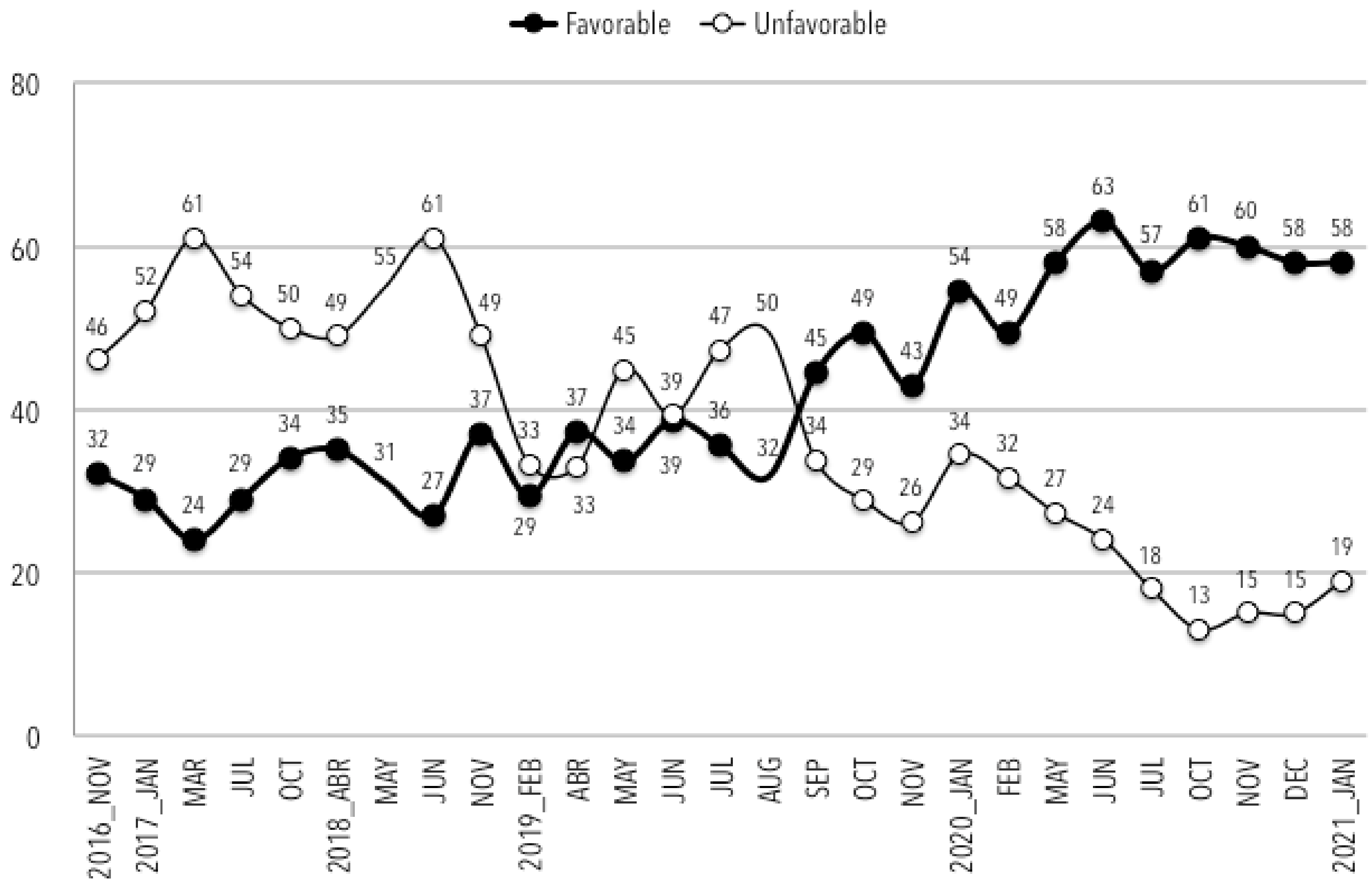
Sources: *El Financiero* monthly national telephone polls, 2019-2020 (the monthly number of interviews is about 820); *El Financiero* national face-to-face polls, 2016-2018 (the number of interviews ranges from 1,000 to 1,500). Neutral opinions and don't know not shown; *El Financiero* monthly national telephone polls, 2019-2020 (monthly n=820), and January 15-16, 2021 (n=500); *El Financiero* national face-to-face polls, 2017-2018 (the number of interviews ranges from 1,000 to 1,500). Neutral opinions (neither favorable nor unfavorable) and don't know not shown. No available data for 2007, 2008, 2016, 2017, and 2018.

The Biden Factor

A majority of Mexicans may have preferred Joe Biden over Donald Trump to win the U.S. election, but Biden generated much more uncertainty at first. In November 2020, after the election, 28 percent of Mexicans did not know what to expect from a Biden-AMLO relationship, and 36 percent said they thought it would be good.[11] By January 2021, the level of uncertainty had dropped significantly, to only 4 percent; but expectations did not improve: 36 percent said they expected a good relationship. Whether this perception improves depends to a great extent on how AMLO's rhetoric adjusts to the new times. After the election, AMLO was far from reassuring Mexicans about Biden. The Mexican President held any congratulatory remarks until after the Electoral College's confirmation of the Biden victory in December. The delay received harsh criticism from pundits and experts, but polls showed the public, once again, quite supportive of the President. In a November poll, 57 percent approved of AMLO's decision to hold his congratulatory remarks; 25 percent disapproved. In addition, 52 percent thought that AMLO's decision would not affect a future relationship with Biden.[12]

Polls also show that Mexicans' opinions about Biden have been improving. His positive ratings went up from 22 to 38 percent from March to October 2020, to 41 percent in November, and to 45 percent in January 2021, right before his inauguration.[13] We can expect this positive trend to continue during the first 100 days, but, again, it will also depend on how AMLO's rhetoric adjusts to the new circumstances. The Cienfuegos-DEA affair right before the inauguration had not been captured fully by opinion polls at the time of this writing, but it looked like a hazardous moment.

If I am correct in thinking that the rhetoric of cooperation shaped public views in the past year, and that AMLO was able to influence a positive public mood in Mexico despite Trump, there is reason to believe that any adjustments in rhetoric will be important for how

"It will be important for future polls to consider the Biden factor, as well as AMLO's rhetoric."

Mexicans perceive the new relationship with Biden. In addition to that, changes in policy and discourse on the Biden side are likely to be important as well. Almost half of the Mexican population thought positively of him right before taking office. For that reason, his cues and signaling may have much more weight than Trump's in Mexican public opinion. It will be important for future polls to consider the Biden factor, as well as AMLO's rhetoric.

Public Opinion

Endnotes

[1] *El Financiero* national poll, published on October 29, 2020.

[2] *Reforma* national poll, published on September 29, 2000.

[3] *Reforma* national poll, published on November 5, 2012.

[4] *El Financiero* national poll, published on June 29, 2016. This latter poll was conducted five months before Election Day, so it is likely that the level of interest may have increased in later months.

[5] *El Financiero* national poll, published on October 29, 2020.

[6] *Reforma* national poll, published on November 5, 2012.

[7] *El Financiero* national poll, published on June 29, 2016.

[8] *Reforma* national poll, published on September 29, 2000.

[9] *El Financiero* national poll, published on June 20, 2019.

[10] *El Financiero* national poll, published on July 2, 2020.

[11] *El Financiero* national poll, published on November 17, 2020.

[12] *El Financiero* national poll, published on November 17, 2020.

[13] *El Financiero* national poll, published on January 20, 2021.

Chapter 8

By Earl Anthony Wayne

Fulfilling North America's Promise

North America must be a high priority for the new Biden Administr- ation.

Key Policy Recommendations

- Establish cooperative work agendas addressing key economic and security issues.
- Re-organize structures to take full advantage of the opportunities from North American cooperation, as well as to resolve problems.
- Reinitiate the North American Leaders' Summits, preferably once a year, but at least every two years.
- Make supply chains more resilient and less dependent on distant suppliers.
- Re-create and improve bilateral mechanisms to deal with homeland security and economic issues outside of USMCA.
- Establish a multi-layered approach to North America that effectively incorporates the many stakeholders in North America's success.
- In the short-term, agendas should include COVID-19 management and recovery; strengthening supply chains; implementing USMCA; revisiting border security; bolstering law enforcement coordination; and rethinking migration management and aid to Central America.
- The medium- and longer-term agendas should include creating a shared vision and structures that enhance mutual prosperity and security, and a focus on issues such as climate change, "green" energy futures, workforce development, the deployment of new technologies, and more cooperative approaches to cybersecurity.

North America must be a high priority for the new Biden Administration.[1]

President Biden understands well the issues, having devoted considerable time to the region as Vice President.[2] However, sadly, given the Trump administration's approach, mutual trust has suffered badly with both neighbors.[3]

President Joe Biden, Canada's Prime Minister Justin Trudeau, and Mexican President Andrés Manuel López Obrador, known as AMLO, should take full advantage of Biden's arrival to rebuild confidence and establish cooperative work agendas on key economic and security issues.

Looming challenges posed by Central American migrants heading north and Mexico's decision to undermine cooperation against drug trafficking only make the case stronger for focused attention.[4,5] The Biden team should re-organize structures to take full advantage of the opportunities from North American cooperation as well as to resolve problems.

The Biden team hopes to "build back better" at home. If it integrates well into its plans the roles that the United States' two neighbors and the continent's integrated production chains can play, the results will reinforce mutual prosperity. A collaborative approach will help bolster competitiveness against China and others in the global marketplace.

Relations with Canada and Mexico touch the daily lives of more Americans than do relationships with any other countries in the world. They remain the United States' largest economic partners and those with the most citizen-to-citizen interaction.

The three North American countries have one of the strongest trading and production networks in the world. The United States, Canada, and Mexico share a population of over 493 million people, a GDP of almost $24.5 trillion dollars, and they represent the 1st, 10th, and 15th largest economies of the world.[6]

Relations with the United States' two neighbors are quintessentially "intermestic" – they embody challenges and opportunities that are simultaneously domestic and international. Whether one considers trade, investment, jobs, competitiveness, homeland security, the environment, migration, illegal drugs, pandemics, terrorism, or many other issues, Mexico and Canada are vital for the United States.

How the three governments engage on these issues has significant domestic impact for good and bad in all three countries. Mexico was the United States' second largest trading partner in 2020, for example, and also the largest source of illegal drugs.[7,8]

None of the three countries can ignore the effect of geographic location, but all can benefit by giving more priority attention to continental relationships. The three governments should define trilateral and bilateral action agendas and processes that deal more effectively with the important problems and openings. The arrival of a new U.S. team opens the door to revitalizing a trilateral action agenda and reimagining bilateral agendas.

> *"Relations with the United States' two neighbors are quintessentially "intermestic" – they embody challenges and opportunities that are simultaneously domestic and international."*

Biden, Trudeau, and AMLO should agree to convene a North America Leaders' Summit in the year ahead.[9] Biden may even want a less formal get-together sooner.[10] Early on, they can task teams to establish mechanisms to set the agenda and begin to manage cooperation with a new forward-looking spirit.[11]

The leaders will want to confirm their commitment to making the most out of the new U.S.-Mexico-Canada trade agreement (USMCA), which provides the legal framework for growing continental commerce and the shared production supports up to 13 million U.S. jobs.[12] Implemented well, USMCA will allow settlement of the expected disputes and help North America's value chains become more competitive against global competitors.

The COVID-19 pandemic made evident the interdependence of cross-continent production chains and the importance of making supply chains more resilient and less dependent on distant suppliers. It also highlighted the value of working with neighbors to prepare for and manage health emergencies.

Rebuilding cooperation with Canada and Mexico must include re-creating and improving bilateral mechanisms to deal with homeland security and economic issues outside of USMCA. In the case of Mexico, this means re-inventing bilateral coordination bodies that Trump set aside, such as the High-Level Economic Dialogue and the multi-agency Security Coordination Group, as well as a cooperative approach to migration and Central America.[13, 14, 15] The need is highlighted by the current serious U.S.-Mexico differences over fighting drug trafficking and the danger of a new surge in Central American migrants.[16,17] These challenges need priority attention.

The Biden Administration should act early to build North America into its organizational structure at the National Security Council, the State Department, Homeland Security, and other key agencies.[18, 19] This should include designating senior officials and interagency working groups to manage and coordinate North American relations, as part of a cohesive long-term strategy that integrates economics, homeland security, and domestic policies.

A revitalized effort will need a multi-layered approach that effectively incorporates the many stakeholders in North America's success from the private sector, state and local governments, legislatures, and other parts of the three societies.

Revitalizing collaboration across North America will not be easy. The issues are complex and involve sensitive domestic politics. At present, for example, Mexico has stirred concern in the United States over energy and may differ with the Biden Administration over the environment.[20,21,22] Its current approach to anti-crime cooperation is very problematic, underscoring the need to engage.[23,24]

In the short-term, the agendas will include COVID-19 management and recovery; strengthening supply chains; implementing USMCA; revisiting border security; bolstering law enforcement coordination; and rethinking migration management and aid to Central America.

The medium- and longer-term agendas include creating a shared vision and structures that enhance mutual prosperity and security. This encompasses dealing with a host of cross-cutting issues such as climate change, "green" energy futures, workforce development, and the deployment of new technologies, e.g., 5G, AI, electric vehicles, as well as more cooperative approaches to cybersecurity.[25] Internationally, the three should try to forge common economic approaches to China and Asia, for example.

The payoff of this hard work among the United States, Mexico, and Canada could be immense.

The Trump Legacy: USMCA, Migration, Borders, and Public Security

The Trump administration recognized the importance of North America by renegotiating the North America Free Trade Agreement (NAFTA) and forging USMCA, which took effect in July 2020.

USMCA incorporates valuable updates to NAFTA and provides stability for the private-sector-built $1.3 trillion annual trilateral trade across North America. But the Trump team achieved agreement by cajoling, sanctioning, and denigrating Canada and Mexico, and leaves a very large agenda for implementing USMCA to the Biden team, including provisions with potential to enhance mutual prosperity as well as potential disputes, over labor and energy, for example.

The COVID-19 pandemic slowed implementation. It highlighted the need to build more efficient and resilient supply chains across the continent and set up ways to effectively manage health/travel issues with Canada and Mexico. U.S.-Mexico and U.S.-Canadian cooperation in the face of COVID-19 kept essential border trade flowing, but the collaboration has not been of the same level as during earlier international health threats. And the supply chain and related border issues still need significant attention and the establishment of a regular collaboration mechanism that incorporates input from the private sector and border communities.

Improving efficiency for legitimate commerce at both borders is also a major issue set that was largely neglected over the last four years. Provisions of USMCA should help facilitate trade, but earlier goals to build a truly 21st Century Border were overshadowed by the Trump administration's preoccupation with migration.[26]

With the exception of the new chapters in USMCA, that same holds true for environmental cooperation across the continent and along the borders, where many decry the environmental damage being done by border wall construction.

Similarly, the message on earlier goals of promoting energy security and the potential of renewables in North America remains a mixed bag with little progress evident. The AMLO government in Mexico has adopted a more statist attitude toward energy production and shown little interest in renewable energy.[27]

On the security front, the past four years have seen little trilateral collaboration. Nor have earlier hopes for closer collaboration on international, cybersecurity, or defense related measures born fruit.[28] Finally, it is important to add that the building of people-to-people ties between the United States and its two neighbors was neglected by the Trump administration.[29] Not surprisingly, Canadian and Mexican views of the U.S. administration became more negative.[30]

Strengthening Trade and Commerce

Unlike the European Union, the United States, Canada, and Mexico have opted for enhanced cooperation without yielding sovereignty on a wide range of issues. This means that cooperation across the continents is a mix of three-way agreements and bilateral cooperation in specific areas or on an ad hoc basis. Nevertheless, the most developed trilateral cooperation is in the domain of trade and commerce, built by the private sectors of all three countries under the umbrella of the NAFTA and now given new legal framework with USMCA.

North American trade in goods and services is four times larger than it was when NAFTA was concluded. That trade is valued at $1.3 trillion a year or $3.6 million a day.[31] The Unites States trades more with its two neighbors that it does with all of the EU plus the UK and is almost twice as much as U.S. trade with China.[32] Mexico and Canada were the United States' largest trading partners in 2019 and have long been its largest export markets.[33] The United States is by far the largest trading partner and export market for both Canada and Mexico.

This relationship is also about investment. As of 2019, Canada had investments worth $495.7bn in the United States and Mexico's investments totaled $21.5bn. The U.S. investment of $503.2bn in Mexico and Canada is less than Canadian and Mexican investment in the United States ($517.2 billion).[34,35]

Despite all of the debate about trade in North America costing jobs, the North American trade area supported an estimated 12.8 million jobs in 2018.[36] Furthermore, an estimated 50 percent of trade is in "intermediate goods," meaning that these goods are used in the production of final products in each of the three countries.[37]

Mexico and Canada are the two countries in the world that use the most U.S. inputs in producing the finished goods they sell back to the United States. By some measures, up to 40 percent of the value of Mexican manufactured goods sold to the United States originally came from the United States and were used in the final production in Mexico.[38]

This North America commercial relationship is not just about manufactured goods. Canada and Mexico were the number 1 and 2 export markets for U.S. agricultural goods, and both countries sell many food and agricultural products to the United States.[39]

The Bush Center rates North America as the best example of regional economic cooperation in the world for Global Competitiveness, ahead of the EU.[40] Building things together with U.S. neighbors helps U.S. companies compete against China and others.

Also, positive views of trade and NAFTA/USMCA among the U.S. public has grown in recent years.[41,42]

Given the massive trade relationship within North America, there are serious problems to be addressed. Some of those were taken up in the USMCA negotiations. The new agreement has modern provisions for Intellectual Property Rights, Data flows, countering corruption, helping small and medium enterprises, promoting respect for labor rights, encouraging increased cooperation on the environment, and promoting regulatory cooperation.[43,44]

The new labor chapter, a rapid action dispute settlement mechanism for complaints about labor violations and new rules of origin to favor more production in the auto sector in the United States are all designed to address complaints from U.S. unions about NAFTA and "unfair" Mexican practices.[45,46] U.S. unions and some democratic lawmakers are eager to see USMCA's labor chapter enforced and to have Mexico effectively implement labor reforms. This is likely to be a point of tension as implementation proceeds.

More broadly, there is much work to do to implement USMCA and to set up the mechanisms which open the door to further improvements in cooperation. The COVID-19 pandemic slowed implementation across the board by all parties despite high hopes when the agreement went into effect on July 1, 2020.[47] The Biden team faces a very full USMCA agenda. A trilateral review of the agreement is set for 2026.

From a trilateral perspective, the North American partners could also coordinate more closely on international trade and economic policies such as on the approach to take vis a vis China, to the World Trade Organization, and to the agendas for multilateral lending institutions and gatherings such at the G20 and the Summit of the Americas. President Biden's emphasis on working well with partners on such issues should open the door for collaboration. Canada will likely be an enthusiastic partner, while under AMLO Mexico has adopted a generally more Mexico-centric approach.

> *"More broadly, there is much work to do to implement USMCA and to set up the mechanisms which open the door to further improvements in cooperation."*

Building an Agenda for Future Prosperity and Well Being

In the near term, the Biden Administration will be building relationships with its Mexican and Canadian counterparts on key prosperity and security issues with the understanding that the two agendas overlap significantly. Much work will be done bilaterally, as Christopher Wilson discusses in his chapter regarding Mexico.

From a North America perspective, there is much that can be done. The three governments tried to regularize the work agenda in the early 2000s with the Security and Prosperity Partnership for North America under the Bush administration.[48] The Obama administration turned its focus to the North American Leaders Summits as a way to channel high priority items. Those summits produced forward looking proposals in the 2014 and 2016 summits.[49,50] The 2016 summit had a particularly robust agenda on the environment, climate change, and clean energy, which was not pursued under Trump.

Today, the demands for "whole of government" approaches to prosperity and competitiveness are matched by the enhanced opportunities collaborating among the United States, Canada, and Mexico, who are each other's largest co-production and economic partners. All three governments should establish effective internal "whole of government" mechanisms to guide bilateral and trilateral cooperation.

The North American production platform can greatly benefit competition with China's growing economic clout by drawing on the strengths of the entire continent and learning from each other in productively managing evolving technology in workplaces and markets.

President Biden has made clear a solid policy approach to "building back better," which will bring needed domestic investments to strengthen economic performance and wellbeing.[51] This policy cluster is consistent with an ambitious North America Agenda on such topics as workforce development, border-related infrastructure and trade facilitation, resilient supply chains, cybersecurity, and common approaches to key technologies like 5G, AI, and biotechnology, as well as on other important topics such as assuring the supply of critical minerals.[52]

In the area of workforce development, for example, North America suffers from alarming skills "gaps" that harm economic performance in all three countries and impede North America from realizing the potential inherent in its powerful production and commerce networks. At the same time, accelerating technological changes of the "Fourth Industrial Revolution" are going to keep sweeping through workplaces across the continent, eliminating, redefining, and creating new classes of jobs, and increasing challenges for workers and businesses.

"President Biden has made clear a solid policy approach to "building back better," which will bring needed domestic investments to strengthen economic performance and wellbeing."

The pandemic has accelerated, exacerbated, and reshaped the transformative changes already in the ways production and business are conducted. The global pandemic is widely seen as speeding the application of certain technology to workplaces, to distance management, and to internet commerce.[53] The World Economic Forum (WEF) calls this a "double disruption" for workers around the world.[54,55]

These trends underscore the importance for the United States, Canada, and Mexico to pay attention to their workforces, to worker skills, and to training opportunities as automation, technology, and algorithms continue to advance. The United States, Canada, and Mexico need to significantly increase quality investment in the development, adjustment, and training of their workforces and to collaborate in order that these investments reinforce and improve the economic strengths of North America.

As argued in depth elsewhere, a collaborative North American workforce agenda should focus on four areas: 1) work-based learning; 2) credentials transparency; 3) labor market data collection and transparency; and 4) creating mechanisms to help prepare for changes ahead.[56] Success demands mutual learning and multi-stakeholder involvement among national and sub-national governments, businesses, academia, and other relevant groups, including unions and NGOs. This work could also include steps to improve worker mobility across North America. Sharing workforce solutions among the three countries will strengthen the continent's valuable co-production and value chains as well as its ability to compete globally.

USMCA recognizes the importance of such future-oriented collaborative efforts by establishing a Committee on Competitiveness.[57] The same logic for cooperation across the continent on the "Future of Work" holds for other key issues that affect competitiveness including policies toward sensitive technologies or the development of sectors incorporating new technology such as electric vehicles.

Strengthening Efficiency and Prosperity Along the Borders

USMCA does not deal with all of the important issues for making North America's marketplace more efficient, productive, and thus competitive for the three countries or its citizen consumers. The pandemic exposed weaknesses in the supply chains and government-to-government coordination for dealing with emergencies.

The border shutdowns reminded all that there are many chokepoints on both borders which add billions of dollars in costs to businesses shipping goods and to travelers.[58,59] Some of the problems are related to poor or poorly coordinated infrastructure on one or the other side of the border. Some of the challenges relate to poor processes and backward technology for scanning goods and identifying border crossers.

Some of them are related to antiquated and poorly coordinated customs and travel requirements by the three governments.

Previous North American Leaders Summits and bilateral U.S.-Mexico and U.S.-Canada agreements attempted to address these border-related and supply chain issues.[60,61,62] They supported processes to apply new technologies, processes, and infrastructure at the borders. They also began more coordinated consideration of transportation networks essential for commerce and for targeted regional development plans on both sides of the border. Little progress, however, has been made since 2016 on these issues, with the Trump administration focusing on migration and building border barriers.[63] Business stakeholders have continued to highlight the need for action to achieve more efficient cross-border flows.[64]

The economic gains could be substantial. A 2018 study, for example, found that enhancing economic integration on the U.S.-Mexico border could add 700,000 to 1.4 million jobs and $69 billion to $140 billion in border state economies, including powerhouse states like Texas, California, and Nuevo León.[65]

Recall that the border state economies themselves are massive. In 2017, the GDP of the U.S.-Canada and the U.S.-Mexico Border States reached $6.25 trillion and $5.07 trillion, respectively. Grouping the GDPs of the Border States along the northern U.S. border or those along the southern U.S. border would each constitute the third largest economy in the world, after the United States and China respectively and surpassing Japan.[66,67] It behooves the three countries to give more focus to improving the competitiveness and well-being of the Border States' inter-connected economies. Federal, State, and local governments should join non-government stakeholders to define and take forward this work agenda.

In the immediate future, the three governments should identify an ambitious series of specific objectives and timetables on which they can take up immediately.[68] This would include practical, near-term steps to reduce border crossing times and to establish a continental trusted traveler program and a customs single window program for North America.[69,70,71] They should also agree to ambitious efforts to strive for regulatory convergence in high-priority sectors as well as to undertake effective programs to invest in modern infrastructure and technology at border crossings. This could include making better use of or transforming the North American Development Bank to provide financing.[72] A number of stakeholders would also like to see expanded temporary visa programs in North America.

Cooperating on Energy and the Environment

Another cross-cutting set of issues that spans North America is energy and the environment. Canada and Mexico are two of the United States' largest energy partners, and over the past decade, the continent made great progress towards assuring its energy security, including through unprecedented cooperation among energy ministers during the Obama Administration.[73,74] The environment is a sensitive issue along both borders in addition to each country's commitment to addressing climate change, including to expand the use of renewable energy. These were key items in the 2016 North American Leaders Summit that were not pursued by the Trump Administration, and Trump's border wall was criticized for its environmental damage.

President Biden has committed to a vigorous agenda on the environment and climate change, including seeing renewable energy as one path for creating good new jobs.[75] Canada's Prime Minister Trudeau has announced similar priorities. Mexico's President López Obrador has taken a more ambiguous approach.[76,77,78]

He is more focused on reasserting the power of the state-owned oil and electricity monopolies than promoting green energy.[79] AMLO's approach to the energy sector has U.S., Canadian, and other companies concerned and could lead to USMCA disputes between the neighbors, as three U.S. cabinet members recently highlighted to their Mexican counterparts.[80,81,82]

Divergences with Mexico on the environment and energy will pose challenges to a North American climate and environmental dialogue collaboration, but it is worth pursuing, while allowing U.S. and Canadian cooperation to move forward where Mexico does not join in.[83]

"Divergences with Mexico on the environment and energy will pose challenges to a North American climate and environmental dialogue collaboration, but it is worth pursuing."

It would be beneficial to see if energy ministers and related agencies could take up again earlier cooperation to promote data transparency, common approaches to safety, resiliency, interconnection, and the impacts of new technology.[84] While the near-term agenda should include reaching mutual understanding on energy investment and USMCA, over the longer term it would be good to foster dialogues to build understanding of pressing future needs on energy and the environment.

Improving Security: Terrorism, Health, Cyber, Drugs, and Migration

In the wake of the September 11, 2001 terrorist attacks, the United States worked intensively with Canada and Mexico to enhance security at the borders and, through that cooperation, to extend that effort to identify threats from terrorists or others as far away from the homeland(s) as possible, e.g. at any point of entry into North America or even when individuals applied for visas to enter the United States, Canada, and Mexico. This was in essence an effort to enhance and extend "perimeter security" for the continent. It resulted in new and reinforced cooperation among intelligence services, immigration and homeland security agencies, and foreign ministries.[85]

Most of this cooperation was handled bilaterally. The United States and Canada launched the Beyond the Border Action Plan in 2011, for example.[86] U.S.-Mexico cooperation has had more ups and downs and moved from a broad-based effort to enhance collaboration to one focused on migration under President Trump.[87,88] In recent months, U.S.-Mexico cooperation suffered a series of setbacks fueled by the U.S. arrest of a former Mexican Defense Minister and a subsequent Mexican reaction endangering law enforcement and justice cooperation.[89,90]

Trilateral work to enhance security against bad actors and to stop them as far away and as early as possible should be taken up again, but again the bulk of the work will be done bilaterally and will be differentiated given the much stronger security relationships between the United States and Canada.

Cyber security is another area where the three need to deepen cooperation given cross-border connectivity that exists, especially in the private sector; however, it has not been a priority in the past. Again, it will likely be easier to move forward with Canada than with Mexico given relative development of each government's cybersecurity institutions.[91,92]

The COVID-19 pandemic underscores the need for effective health protocols and plans for cooperation at the borders and among experts going forward. The governments have cooperated effectively on health threats, including SARS and H1N1, in the past.[93,94] This cooperation needs to be regularized.

North American Defense Ministers have met in the past, but the last meeting occurred in 2017 and the agenda was not elaborate.[95] While U.S.-Canada defense cooperation is deep and longstanding, U.S.-Mexico defense cooperation has historically been very distant and probably reached an apex from 2012-14.[96,97] At present, it is going through a very rough patch following the U.S. arrest of a former Mexican Defense Secretary on charges of aiding a drug smuggling group.[98]

Perhaps the most daunting area for security cooperation is in the trafficking of lethal drugs. Cross-border drug trafficking and related crime continue to flourish despite decades of anti-drug efforts.[99] This threat is especially evident in increased imports of synthetic opioids from China that arrive directly in all three countries and reach the United States from Mexico and Canada.[100] However, the largest flows of illicit drugs arrive in the United States from Mexico and include heroin and synthetic opioids, methamphetamines, and marijuana.[101] The costs for citizens of all three countries is high. The toll is clear in U.S. overdose deaths and record homicide deaths in Mexico for the last several years.[102,103]

While most of the anti-drug work has been bilateral, there have been some trilateral efforts. In 2016, the North American leaders established an annual dialogue on drug policy, which survived through 2019.[104] (The leaders also pledged to build cooperation against trafficking in persons, but there is little evidence that the effort bore fruit.)

While trilateral work should be continued, real improvements need to be made in U.S.-Mexico cooperation, as highlighted in the DEA National Drug Threat Assessment.[105,106] The public security situation in Mexico deteriorated over the past year.[107] A recently approved Mexican law seriously threatens bilateral cooperation against drug trafficking, as does the decision of Mexico's president to publicly release information provided by the U.S. Department of Justice implicating Mexico's former defense minister in aiding a drug trafficking group and calling the U.S. information "fabricated." [108,109]

A related tripartite challenge is how to handle the decriminalization of marijuana, which is already law in Canada and may move ahead in Mexico this year and has created a patchwork of approaches across U.S. states toward medicinal and recreational use, but remains illegal under federal law. There are a number of issues that could be taken up bilaterally or trilaterally, e.g., trade, research, health, security.[110,111]

President Biden is moving quickly to adopt migration policies and practices much more consistent with those preferred by Mexico and Canada.[112,113] The United States and Mexico (and Canada) cooperated very closely when Biden led U.S. efforts on Central America and migration during 2013-16.[114] When AMLO came to power in late 2018, he argued for U.S.-Mexico efforts to deal with the root causes of migration from Central America, but Trump prioritized enforcement and leveraged Mexico's cooperation.

Central Americans heading north may well provide early tests of whether Mexico and the United States can collaborate to avoid a new wave of migrants heading to the U.S. border.[115,116] In any case, North American cooperation will be needed and beneficial for longer term management of migration. Biden recognized the importance of these issues by naming a new coordinator at the National Security Council for migration and southern border issues.

International Affairs Collaboration

The most likely area for international cooperation will be a longer-term strategy to help the three countries of the Central America's Northern Triangle, El Salvador, Guatemala, and Honduras, to better manage the cluster of economic, security, governance, and climate issues that "push" their citizens to try to make the long, difficult journey to the United States. Biden proposes a four-year, $4 billion assistance strategy, which is consistent with AMLO's suggestions.[117,118] Canada would likely participate modestly along with other donors and institutions like the Inter-American Development Bank.[119]

Beyond Central America, there is potential for trilateral cooperation in multilateral institutions and forums, including the G20 and the UN. All three are G20 members, and there has been some good cooperation in the past. Mexico also just began a two-year term on the UN Security Council in January 2021 after its election in June 2020.[120] That could offer some opportunities for cooperation. However, the international agendas of Canada and the United States are much more aligned than that of Mexico.[121] AMLO

"Beyond Central America, there is potential for trilateral cooperation in multilateral institutions and forums, including the G20 and the UN."

has not given priority to international issues beyond neighboring regions, nor has he enthusiastically embraced the opportunities for more global engagement created by USMCA.[122, 123] AMLO reflects a traditional Mexican approach of not interfering in the internal affairs of other countries and defending Mexico's sovereignty, as represented by the Estrada Doctrine.[124] This Mexico, unlike Canada, may well not join an effort by the Biden Administration to rally together democracies from around the world, for example.[125]

In 2016, the North American leaders agreed to establish a North American Caucus to work more effectively together on regional and global issues by holding semi-annual coordination meetings, but it is not clear whether this process ever gained much traction.[126] While it would be beneficial for the three to compare notes regularly, it may remain largely a U.S.-Canadian dialogue given Canada's active involvement in a range of international issues. The one theme where some tripartite synergy might be possible would be in strengthening North America's economic connections with Asia.

Moving Forward

The governments of Mexico, Canada, and the United States should move swiftly to reestablish the rhythms and mechanisms of close consultations and coordination across the vital issues that bind the three countries. A key factor will be whether the leaders and administration can rebuild the trust weakened under Trump.

The potential benefits of closer cooperation are immense. Trade across the U.S.-Mexico and U.S.-Canada borders amounts to about $2 million a minute. In addition, pre-pandemic, there were about 1 million border crossings a day just between the United States and Mexico.

Vital "inter-mestic" issues need to be managed. Important problems need to be solved, and synergies should be enhanced cooperatively. This demands efficient mechanisms that promote bilateral and trilateral solutions and opening doors. There should be regular cabinet interactions and leader engagements as well as fulsome bilateral and trilateral action agendas.

The three administrations should reinitiate North American Leader Summits, preferably once a year, but at least every two years. In between summits, there should be regular engagement among officials to monitor and assure progress on the agenda that leaders agree.

In the U.S. bureaucracy, the administration needs to reflect the importance of North America with new units at the NSC and in the State Department and other agencies, as well as interagency working groups that can more effectively coordinate and integrate the myriad of agencies and issues that need to be addressed well to get relations with Mexico and Canada right.[127]

To his credit, Biden is moving in this direction by naming Ambassador Roberta Jacobson to manage border and migration issues with Mexico and Central America.

There should also be strong efforts to assure good Congressional attention to North America and exchanges with the legislatures of both neighbors.

Approaching North America has to be multilayered also, incorporating State and local governments connected to the borders and key production chains, as well as the private sector. Incorporating the many thousands of stakeholders will be key for more successful management of relations across the continent.

In the very short term, the three administrations need to tackle the most pressing issues, such as recovery from the pandemic, strengthening supply chain issues, implementation of the USMCA, and getting migration, border security, and cross-border crime issues back on track, especially with Mexico.

For the medium and longer term, the governments should forge agreement on priorities for managing the vast array of economic, security, environmental, energy, and other issues essential for the well-being of the continent. This will be hard, complicated work, and the time to re-initiate this vital continental cooperation is now.

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By Arturo Sarukhan

A Reset in U.S.-Mexico Relations Also Requires Re-Engagement on Global and Regional Issues

For the past two-and-a-half decades, every new governmental term in either nation provides an opportunity to explore how both nations can deepen their coordination on a range of global and regional issues.

Key Policy Recommendations

- Address the root causes of displacement, migration, and insecurity in the Central American Northern Triangle countries.

- Reengage multilaterally in advancing the UN Global Compacts on Migration and Refugees.

- Hold regular, twice-a-year bilateral policy consultations between the countries' respective UN Permanent Missions and the State Department and Foreign Ministry's policy planning teams.

- Rethink strategic relationships and economic competitiveness vis-à-vis China.

- Reengage, along with Canada, in strengthening North American cooperation and synergies.

- Resuscitate the annual North American Leaders' Summit.

- Leverage participation in fora like the G20 to accelerate economic recovery and roll out vaccination programs that ensure equitable immunization.

The entry into force of the North American Free Trade Agreement (NAFTA) and the 2001 terrorist attacks on U.S. soil profoundly changed the economic, security, and diplomatic reality between the United States and Mexico. Since then, for the past two-and-a-half decades, every new governmental term in either nation[1] provides an opportunity to explore how both nations can deepen their coordination on a range of global and regional issues. It is only natural that two neighbors and partners with an almost 2-thousand-mile contiguous land border and that are so strategically salient to each other's security and wellbeing should always be on the lookout for ways to engage and cooperate in the international arena, when and where—given the significant and relevant power asymmetry between both countries—our national interests coincide.

This is even more relevant given that our bilateral relationship (as I started describing and underscoring throughout my tenure as Ambassador in Washington) has become over the decades truly "intermestic"[2]: that is, all foreign policy issues in our agenda are domestic policy issues, and moving our diplomatic agenda forward, whether bilaterally, regionally, and even globally, requires that we address the domestic policy triggers, constraints, and Gordian knots on either side

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of the border. Moreover, all the issues of the U.S.-Mexico bilateral agenda are globally relevant. Whether it is because of one of the most important trade blocs in the world and the future of competitiveness with China; the security, and increasingly the cybersecurity, of the North American region; energy efficiency, security, and independence; climate change and environmental degradation; biodiversity and shared transborder water resources; the challenges and opportunities that migration and refugee flows pose for open, plural, and tolerant societies; economic and societal dynamics and interdependence of transborder metroplexes; or transnational drugs and arms trafficking—all these core issues of our day-to-day two-way agenda entail profound and widespread implications and policymaking lessons for other regions, nations, and multilateral organizations.

Towards the end of 2017, former U.S. Ambassador to Mexico Earl Anthony Wayne and I penned a piece for the Mexico Institute where we discussed the opportunities for greater synergies between the foreign policies of the three North American partners.[3] In an effort to forge a common foreign policy footprint, the list of potential areas we identified at the time for greater or new collaboration beyond the bilateral agenda included, among other issues, energy security, climate change and the environment, national security and common domain awareness (including external terrorist threats, illicit flows, bad actors, and cybersecurity) in North America, collaboration with the three Northern Triangle nations in Central America, and collaboration and synergies at the UN, the OAS, G20, OECD, APEC, and other relevant multilateral fora.

And this was not Panglossian wishful thinking. There has already been a track record of successful foreign policy ad hoc partnership and synergy between both countries in the recent past, particularly during the Obama and Calderón administrations. Whether it has been intelligence-sharing and collaboration regarding potential transnational terrorist threats to our North American region, leading on the critically important issues of climate change, the green economy, and an environmental sustainability agenda via the UN's COP mechanisms, peacekeeping engagement, Hemispheric issues such as disaster relief and emergency response in the Caribbean and Central America, the erosion of democracy, or refugee flows and regional and extra-hemispheric transmigration patterns in the Americas, many of our bilateral

mechanisms and protocols became the springboard for a widening and deepening of our foreign policy coordination and agency globally.

The current context, with the transition to a new administration in the United States, is pregnant with opportunities and ripe for collaboration. The Biden Administration will quickly seek to revert the pernicious effects and the vacuum of Donald Trump's diplomatic vandalism these past four years and will also likely attempt to reset key bilateral relations with allies and partners damaged and undermined in the process. Mexico's two-year stint as a non-permanent member of the UN Security Council would also, in normal circumstances, offer myriad opportunities to build density for U.S.-Mexico regional and global collaboration and synergies to advance a 21st Century rules-based international system. And with Brazil largely having decided to paint itself into a corner, both in terms of its foreign policy ambitions and President Bolsonaro's policies and support for Trump, this could open a window of opportunity for Mexico to position itself as the key strategic partner and go-to nation for the United States in Latin America and the Caribbean.

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Unfortunately, this is easier said than done, and we should not hold our collective breath until this opportunity is seized. A forward leaning, and deeper and wider U.S.-Mexico regional (with the potential exception of Central America) and global dialogue will be unlikely in the coming months and years. For starters, a Biden-López Obrador reboot will not be easy, notwithstanding the best intentions in Washington and the deliberate efforts of some actors in the Mexican government. As in most things in life, you need two to tango, or in the case of our two nations, salsa.

On the one hand, López Obrador seems intent on erecting roadblocks -even undermining- a reset in relations with the United States. And what at the outset of his relationship with Trump could have been justified by some as pragmatism, in the end looks like something much worse. Just look at the cumulative effect of López Obrador's long list of unfriendly and short-sighted actions over the past year: his ill-advised determination to travel to Washington to meet with Trump, whatever the cost, on the eve of the U.S. general election; his decision to not meet with Democratic congressional leadership and his baffling remarks in the Rose Garden; his obstinacy in not congratulating (along with Putin and Bolsonaro) President-elect Biden until December 14; his sparing letter of congratulation to Biden, immediately drawing lines in the sand over non-intervention and national sovereignty; his offer of asylum to Julian Assange; his resounding silence over the seditious events in Washington on January 6; and his defense of Donald Trump after being banned from social media platforms.

On the other hand, for a nation that has typically punched below its weight in the international arena, with López Obrador—the most uninterested and uncurious president in Mexico's recent history when it comes to the world and foreign affairs—the danger is that the country might decide in many instances to not even step into the ring, as was evidenced during the dismal failure by most Latin American nations to coalesce around a common candidate to lead the Inter-American Development Bank, even despite U.S. prodding and suggestions to the López Obrador government to present a Mexican candidate. Add to the mix a Mexican leader obsessed with a diplomatic past and a bygone international system of Westphalian paradigms of national sovereignty and non-intervention in the domestic affairs of other nations—and their intermittent, on and off (depending on his own particular take of what constitutes non-intervention) usage —and the end result is very little appetite or bandwidth to engage the United States in mostly anything beyond the bilateral agenda itself.

What's more, the Biden administration is going to have much bigger problems with Mexico than potentially holding grudges or bemoaning the lack of engagement from Mexico on global and regional issues of interest to Washington. The next four years could morph into a series of roiling tensions and challenges south of the border—regarding human rights and the rule of law, criminality and law-enforcement, the erosion of checks and balances and autonomous institutions, a lack of a level playing field for U.S. businesses and potential violations to the United States-Mexico-Canada Agreement (USMCA), energy policies and paradigms based on the past and on fossil fuels—that in the end could generate whiplash and make Mexico even more prickly and chauvinistic in a relationship with a U.S. Administration that López Obrador sees, and will likely engage, with suspicion.[4] With democracy being challenged and checks and balances being eroded today in Mexico, and without the fear—but also empathy—that Donald Trump inspired in López Obrador, resetting the relationship and seeking an early harvest of success stories and cooperation with Mexico might not be as easy as some assume on either side of the border.

And as if this were not enough, the architecture and the institutionalization of the bilateral relationship—the web of mechanisms and institutions that have been built over the past two decades or so—and that ensure that one of the most complex, fluid and dynamic bilateral relationships in the world maintains traction, muscle tone and problem-solving capabilities, has been fraying over the past five or six years. It certainly started with the Peña Nieto government, but it has deepened with the López Obrador government. Mexico—and the way the Mexican government diplomatically engages with its partner north of the border—is not the Mexico that then-Vice President Biden engaged with during the Obama Administration.

Still, despite this complex landscape, limited regional—and to a lesser extent, global— cooperation is possible and feasible. There is a shortlist of agenda items where this could happen relatively quickly and painlessly. For starters, President Joe Biden and his administration are the best allies López Obrador could have in seriously

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addressing the root causes of displacement, migration, and insecurity in the Central American Northern Triangle countries. With President Biden wanting to spend USD$1 billion a year to improve conditions in Central America, President López Obrador's idea of "Marshall Plan"-like engagement and investment there could gain the traction it never got with Trump. Helping these countries is a natural area for closer pragmatical, on-the-ground, and holistic cooperation, particularly as both nations seek to prevent mass transmigration from the region, through Mexico and towards the border in the coming weeks and months, from politically blowing-up on their respective domestic fronts and contaminating the bilateral agenda.

Secondly, with a United States recommitted to enlightened refugee and asylum policy, both countries could reengage multilaterally in advancing the UN Global Compacts on Migration and Refugees, agreed to in Marrakesh at the end of 2018. And to ensure smoother sailing in what could potentially be a rocky two years with Mexico on the UN Security Council as a non-permanent member (particularly given President López Obrador's take on international relations and his obsession with non-intervention), holding regular, twice-a-year bilateral policy consultations between the countries' respective UN Permanent Missions and the State Department and Foreign Ministry's policy planning teams to talk about the UNSC agenda and global issues—as was done in the early 2000's and then again in 2006-2012—would be crucial.

Thirdly, potential U.S. re-engagement with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the renegotiated USMCA framework for North American trade (with healthy bipartisan support both in the U.S. House and Senate), could provide the template for a much

more realistic discussion of how Mexico, with the United States and Canada, needs to think of strategic relationships and economic competitiveness vis-à-vis China. This process could start with resuscitating the annual North American Leaders' Summit. The three partners and neighbors now have the opportunity to reengage in strengthening North American cooperation and synergies. On everything from trade and essential supply chains to a green economy, infrastructure, and security, the three nations can and need to build back better together. And finally, with the economic dislocation effects of the pandemic and the strains on the politics and social contracts of nations around the globe, Mexico and the United States should leverage their participation—along with Canada's—in fora like the G20 to accelerate economic recovery and roll out vaccination programs that ensure equitable immunization as a key priority in 2021.

U.S.-Mexico relations are likely to be severely tested in 2021 by ongoing challenges across multiple fronts and recent and growing tension in security cooperation, as well as by serious economic and health challenges brought on by the COVID-19 pandemic. And for a Mexican president who has stuck to his default mantra that "the best foreign policy is domestic policy," it is certainly paradoxical that the country's domestic vulnerabilities constitute patent pressure points in the relationship with

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the United States and condition the road ahead, both in terms of the bilateral agenda and for the ability and desire to engage beyond the meat-and-potato issues of Mexico-U.S. ties and engage globally and regionally. Nonetheless, it would behoove President López Obrador to understand that in the 21st Century, the United States and Mexico can contribute together in strengthening a rules-based international system and in jointly working on behalf of the global commons. With the opportunity of an incoming—and enlightened—U.S. administration, the two governments should indeed cooperate globally—and regionally—to solve locally and bilaterally.

Endnotes

[1] These cycles and their respective electoral processes coincide every twelve years; the next one will occur in 2024.

[2] This is a term I piggybacked on back in 2007 and borrowed from Bayless Manning's seminal 1977 Foreign Affairs piece in the aftermath of Vietnam War and Watergate in which he sought to explain that U.S. international and domestic (ergo the term intermestic that he coined in the piece) policies had become fully intertwined.

[3] Wayne, E. A., & Sarukhan A. (2017). Toward a North American Foreign Policy Footprint. The Wilson Quarterly. Retrieved from: https://www.wilsonquarterly.com/quarterly/after-the-storm-in-u-s-mexico-relations/toward-a-north-american-foreign-policy-footprint/

[4] López Obrador likely has a chip on his shoulder. He believes Democrats should have supported him and his claims of electoral fraud in 2012 and particularly in 2006, and continues to hold a grudge over what he sees as a party that "abandoned" him during his twelve years trek in the political wilderness.

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