

Resetting U.S.-Mexico Relations

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Secretary of State Pompeo led a high-powered U.S. delegation to Mexico City on July 13 to following up a positive initial [phone call](#) between Mexico's President-elect, Andres Manuel Lopez Obrador (AMLO), and President Trump. The visit set the stage for work on the complex and interconnected bilateral agenda in the months ahead, covering trade, migration, border management and public security.

Accompanied by White House advisor Kushner, Treasury Secretary Mnuchin and Homeland Security Secretary Nielsen, Pompeo met with AMLO, who provided a letter for President Trump with a suggested "basis of understanding" for the work ahead.

Mexico's President elect was accompanied by a strong team that represented the importance of U.S. relations for Mexico: Foreign Affairs Secretary-designate, Marcelo Ebrard; designated Minister of the Interior, Olga Sánchez Cordero; the future secretary of Public Security, Alfonso Durazo; Jesús Seade, named to lead NAFTA negotiations; Graciela Márquez, the proposed Secretary of Economy (Commerce); and Matha Bárcena, proposed as Mexico's ambassador to the U.S. AMLO announced separately he would invite President Trump to his [inauguration](#).

Secretary Pompeo and the U.S. team also met with current Mexican President Pena Nieto and other members of government to discuss work in the months before AMLO takes office for his six-year term on December 1, 2018. Shortly after the visit, Mexico's current economy minister announced that U.S. and Mexican negotiators would reengage on NAFTA seeking a preliminary deal by late [August](#).

The visit and surrounding announcements underscore the importance of U.S.-Mexico relations. Mexico's election and presidential transition provides an opportunity to reset [U.S.-Mexico](#) relations to a more positive tone. To succeed, both parties need to regularize respectful ways to manage divisive issues and find common ground, while avoiding the negative rhetoric that could drive them apart.

Many speculate that AMLO could be a "[pugnacious counterpart](#)" to President Trump and predicted clashes. AMLO and his allies have been sharply [critical](#) of U.S. words and actions, but they also make clear that they seek good relations of "mutual respect" and trust with their northern neighbor and understand the importance of economic ties to the U.S.

AMLO is riding to power on enormous wave of support for change and with many promises to fulfill. He and his team are preparing specific proposals to address insecurity, corruption, inequality, and poverty as well as government reform. They must get ready to implement them without having ever governed nationally, and their "Morena" party, founded in 2014, has never managed a Congressional majority or the many state and local positions won on July 1. Popular expectations are high and Mexico's challenges daunting.

AMLO's history and political orientation are sharply different from President Trump's. Yet, he and his team recognize that Mexico and the U.S. are deeply intertwined by geography, history, culture, politics, and economics. Those economic ties are key for AMLO's hope to improve the lot of poorer Mexicans. On both sides of the border, the relationship is "intermestic", international and domestic. For both countries, there is no other bilateral relationship that touches the daily lives of citizens more than the ties and issues involving each other, for good and for bad.

Some [80%](#) of Mexico's exports head to the U.S. Mexico is the U.S.' [second largest](#) export market in the world. Mexico is by far the U.S.'s largest international partner for "building things.". The two countries trade a million dollars a minute, supporting millions of jobs in both countries. They manage a million legal border crossings each day. At the same time, millions of "undocumented" Mexicans live in the U.S. and tens of thousands of Central Americans flee toward Mexico and the U.S. each month. Illicit commerce includes drugs headed to U.S. consumers, and \$20-30 billion a year in [illegal drug](#) profits feeding violence in Mexico.

These factors provide strong incentives for the two governments to hammer out a modus vivendi. It will take patience, discipline, hard work and good will to produce a shared way ahead, however, and to manage the complex set of "intermestic" issues like immigration that spark passions in both countries. Issues of sovereignty, respect, pride and emotion can arise quickly from a stray comment or tweet.

NAFTA: [Efforts](#) to agree on a new North American Free Trade Agreement (NAFTA) top the agenda. Talks have been at loggerheads over such issues as readjusting the "rules of origin" for autos, whether to have a "sunset clause" for the treaty, dispute settlement provisions, and most recently, over U.S. tariffs on steel and aluminum, which led Canada and Mexico to retaliate. AMLO and his advisors support concluding the [NAFTA agreement](#) and seek U.S. and other investment to help generate jobs in Mexico as part of the [long-term solution](#) to crime and migration. His advisors plan to work with current Mexican negotiators, seeking to strike a deal by the time AMLO takes office December 1. A NAFTA agreement would boost all three NAFTA economies and be a good start for the six-year AMLO presidency.

Negotiators say an agreement is possible in the weeks ahead if Mexico, the U.S. and Canada can show flexibility and creativity on the big-ticket issues, which have stalled progress. The U.S. reportedly seeks to make headway first with Mexico and then work to bring Canada along, but until now Canada and Mexico have resisted U.S. efforts to split the [negotiations](#). Mexico and Canada have regularly argued that for success the negotiation needs to move from a "win-lose" perspective to a "win-win-win" outlook. AMLO, for example, no doubt hopes to portray early NAFTA agreement as a success to add momentum for the reforms he will initiate.

Migration and Border Management: The flow of migrants northward is the most sensitive issue for both countries to manage. [Net migration](#) from Mexico to the U.S. has been shrinking for about a decade, but an estimated 5.6 million "undocumented" Mexicans remain in the U.S. from earlier years. Migration from Central America northward has grown substantially since 2013-14. Mexican officials have been stung by U.S. criticisms and accusations that they do nothing to help

on migration: they have sent [over 500,000](#) Central Americans back home. Mexicans, more broadly, are very critical of U.S. immigration policy and treatment of [migrant families](#).

AMLO previously criticized the current Mexican government for doing America's "[dirty work](#)" regarding migrants. Yet, he has also proposed a new version of the 1960s era "[Alliance for Progress](#)" to address migration and development issues. AMLO likely has in mind significant new U.S. assistance to help alleviate poverty in southern Mexico and in Honduras, El Salvador and Guatemala as a way to address root causes of migration. Agreement on such a broad umbrella concept could help recalibrate and reinitiate U.S.-Mexican cooperation to manage migrants heading northward and to work with Central American governments, as well as to address some of the crime challenges in the region. [AMLO mentioned](#) the concept of such an agreement in his phone call with President Trump. He likely desires investment of significant U.S. resources. The U.S. seeks Mexican actions to keep migrants far from the U.S. border. Forging agreement will take a good deal of U.S.-Mexican groundwork.

Closely related is border cooperation. Over the past decade, the U.S. and Mexico transformed border management into a much more cooperative effort, making trade more efficient and handling security threats farther away from the actual border, thus reducing risks for the U.S. There is still much to do to create the agreed "21st Century Border." Also, recent U.S. steps to enforce migration controls on the border have led the U.S. to suspend previous U.S.-Mexico agreements to facilitate handling of the return of Mexican migrants to Mexico, undermining the confidence of Mexican officials. The two sides should work to restore and build mutual confidence and joint work on border management in the months ahead.

Fighting Crime: Similarly critical is countering transnational criminal groups that supply drugs to the U.S. and fuel violence and corruption in Mexico. That cooperation took [an important step](#) forward in 2017 when U.S. and Mexican cabinet officials agreed to a strategy for targeting the entire chain of drug production, transportation, and finances of transnational criminal organizations. However, with the hostile atmosphere that developed over migration issues, Mexican officials became increasingly hesitant to take new steps. With Mexico's change of government, there is an opportunity to redesign and reframe bilateral cooperation. This could include work to fight corruption and helping Mexican communities (and young people) caught up in criminal networks, which were central themes in AMLO's campaign. AMLO and his team are still developing their public security strategy, however, including the approach to drugs (including decriminalization) and related criminal activity. The two sides should try to forge a common agenda and an action plan for collaboration on crime, the border and migration issues.

Quiet work in the months ahead can shape a better U.S.-Mexico relationship to the benefit of both countries. Progress requires careful, quiet, dedicated work by both sides (and with Canada for NAFTA). Avoiding negative public rhetoric from either side of the border will be key to building trust and agreement on a constructive *modus vivendi*.

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