

Building Partnership with Mexico



E. Anthony Wayne
Career Ambassador (ret.)

Public Policy Fellow, Wilson Center

waynea@gmail.com





@EAnthonyWayne

2018 U.S.-Mexico Border Mayors Summit, San Antonio

President-Elect Lopez Obrador’s Proposals to President Trump in his July 12 Letter

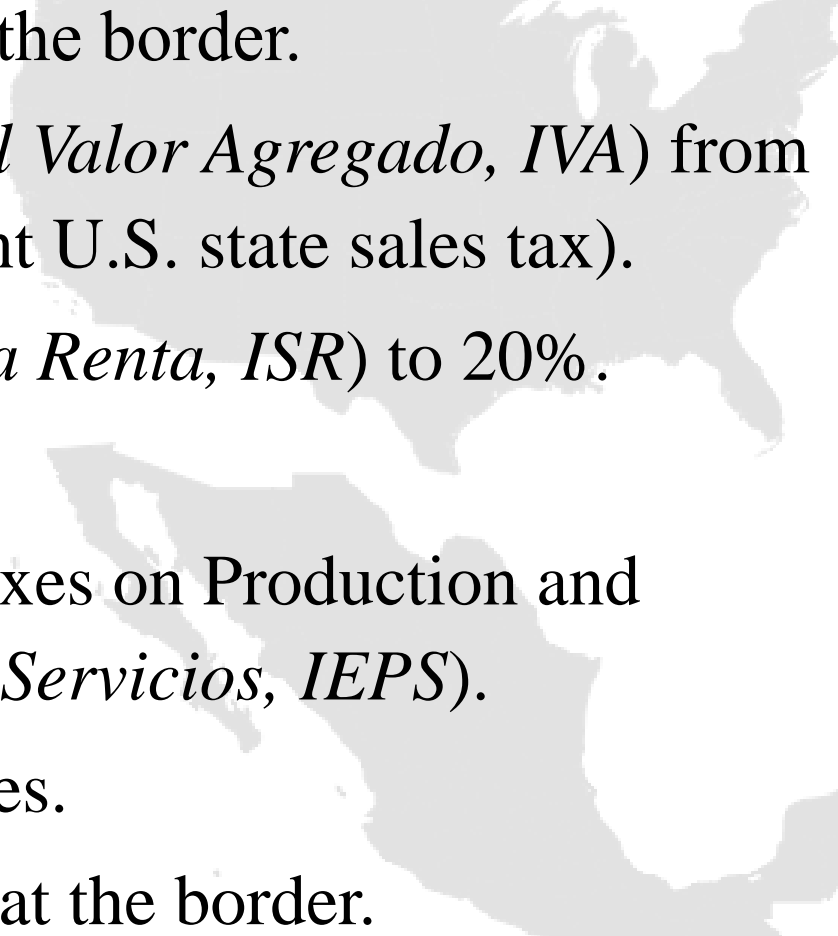
<p>TRADE</p> 	<p>Resume NAFTA renegotiation; AMLO's team to work with EPN's team.</p>	<p>Relocate Mexican customs 20-30 km inland from the U.S.-Mexico border.</p>	<p>Establish a special trade zone on the northern border of Mexico: decrease the VAT rate, business tax rate & energy taxes, and increase the minimum wage.</p>
<p>SECURITY</p> 	<p>Establish development plans between the U.S., Mexico, and Central America to foster economic development. Allocate 25% of investments to improve security and border control.</p>	<p>Each government will control its borders and combat trafficking of drugs and weapons.</p>	

AMLO Proposals to Trump – July 12 Letter


<p>MIGRATION</p> 	<p>Improve economic opportunities to reduce migrant flows.</p>	<p>Migration cooperation based on respect for human rights.</p>	<p>Development plans agreed by the U.S., Mexico, and Central American countries can mitigate poverty and reduce migration.</p>	
<p>Specific Projects</p> 	<p>Encourage tourism and development with high-speed train from Cancun to Palenque.</p>	<p>Creation of an economic & commercial corridor at the Isthmus of Tehuantepec.</p>	<p>Steps to reactivate Mexico's agricultural sector.</p>	<p>Urban development plans for border cities.</p>

AMLO's Proposal – Special Border Region Zone

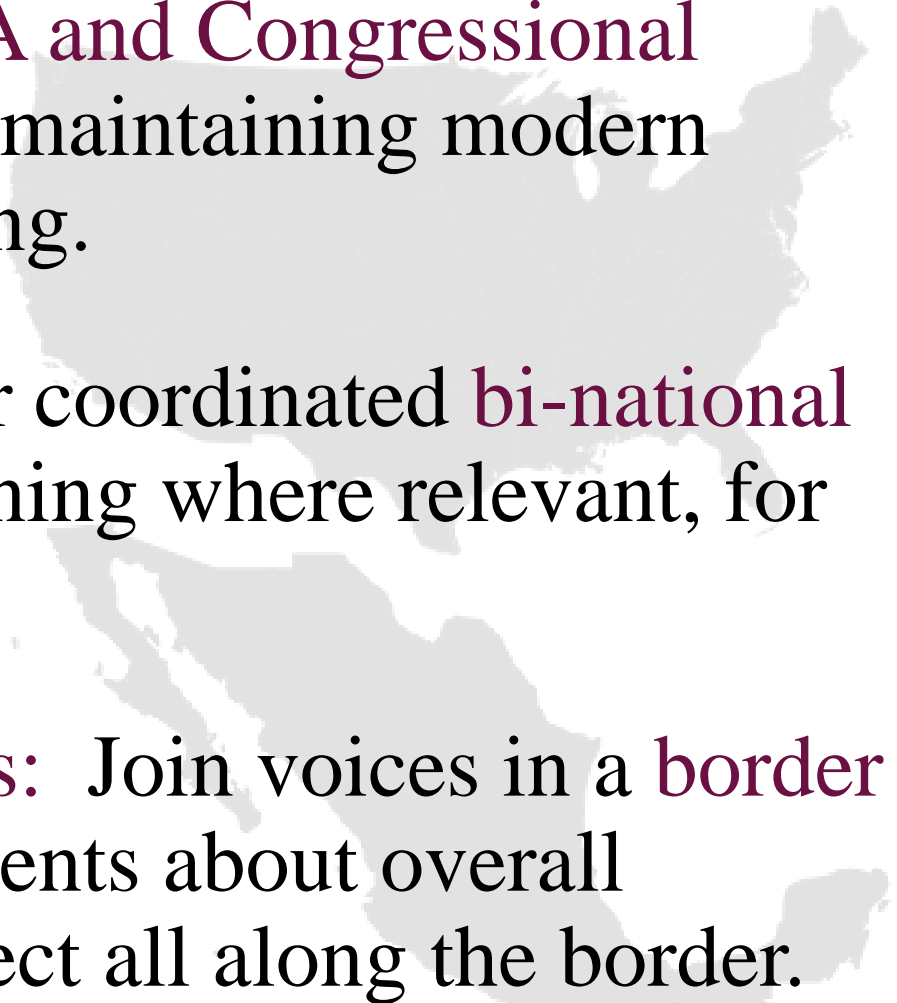
Establish a special trade zone along the northern border of Mexico.

- Relocate Mexican customs 20-30 km inland from the border.
 - Decrease the rate of Value Added Tax (*Impuesto al Valor Agregado, IVA*) from 16% to 8% (amount will vary to match the adjacent U.S. state sales tax).
 - Reduce Business Income Taxes (*Impuesto Sobre la Renta, ISR*) to 20%.
 - Increase the minimum wage.
 - Decrease energy prices by reducing the Special Taxes on Production and Services (*Impuestos Especiales a la Producción y Servicios, IEPS*).
 - Create Urban development plans in the border cities.
 - Objective: Increase consumption and competition at the border.
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Tasks Ahead from a Border Region Perspective

- **NAFTA talks are an opportunity:** Continue to press for attention to **border infrastructure and facilitation** – mayors can coordinate to present a consistent message to Congress, Governors, and Cabinet Secretaries.
 - **Border facilitation improvements:** Seek a commitment to **on-going work** to improve border crossing times and procedures and to adopt best practices across North America, including consistent regulations, processes and rules.
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Tasks Ahead from a Border Region Perspective

- **Border Infrastructure:** Build into **NAFTA and Congressional approval references** to the importance of maintaining modern border infrastructure and sufficient staffing.
 - Seek creation of more efficient and better coordinated **bi-national planning mechanisms**, and trilateral planning where relevant, for example on transportation corridors.
 - **Develop federal, state and local strategies:** Join voices in a **border alliance** to talk with the Federal governments about overall resource needs and policies that have effect all along the border.
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Tasks Ahead from a Border Region Perspective

- **Economic development:** Champion coordinated multi-year regional plans with local, State and Federal buy-in.
 - **Improve communication and coordination** between local and federal governments of both sides of the border.
 - Regularly bring together **stakeholders** to share know-how and expertise.
 - **Institutionalize** regional alliances and pan-border relationships to ensure continuity.
 - Organize **coordinated outreach plans** – promote the economic and security importance of the border region.
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U.S.-Mexico Relations: Early Months Set Tone

Trade:

- Successfully complete NAFTA re-negotiation; best outcome as a trilateral.

Bilateral Security, Migration and Border Cooperation:

- Avoid further deterioration in cooperation. Collaborative review of programs.
- Find shared approaches to managing migration and travel issues.
- Continue collaboration on intercepting terrorists.
- More effective work against organized crime: multi-pronged effort against drug production, distribution, logistics, finance networks, and addiction/demand; attack arms and people smuggling.
- Support Mexico in reducing violence and improving capacity & institutions.
- Effective joint support for Central America on root causes of migration.

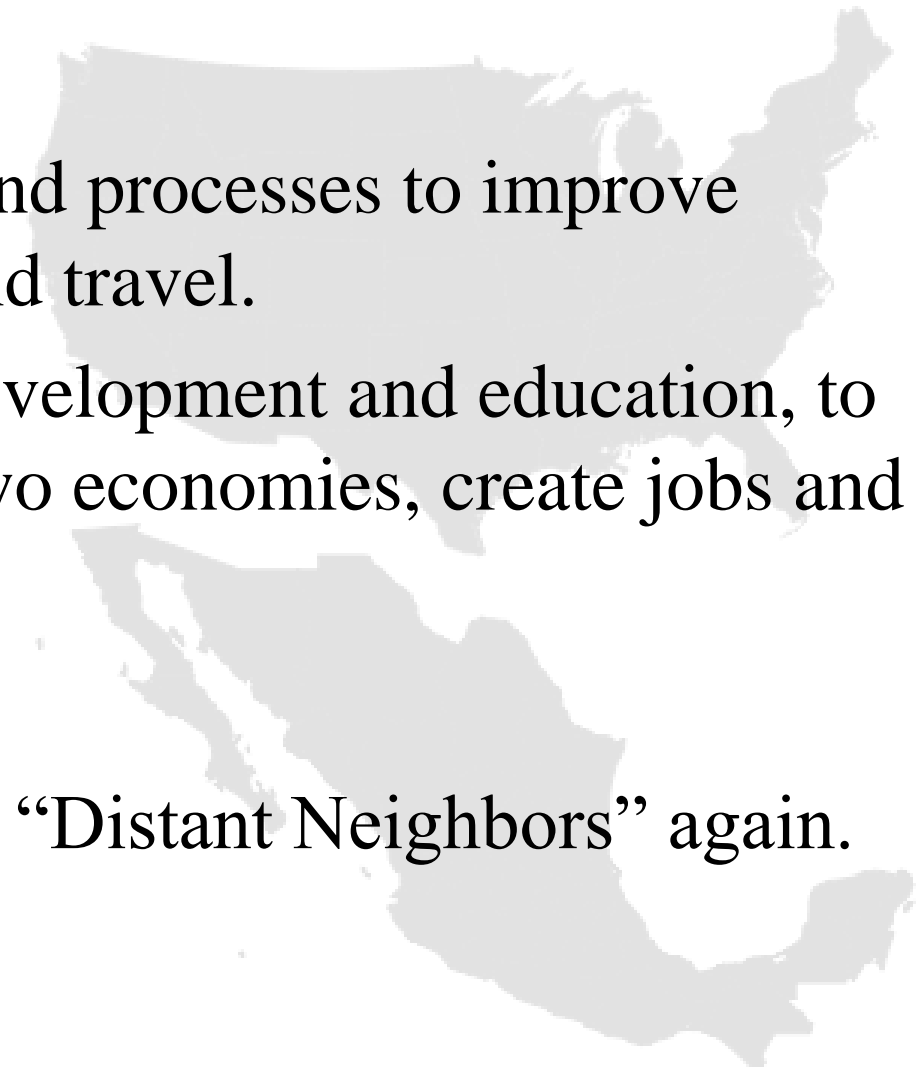
U.S.-Mexico Relations: Early Months Set Tone

Improve Competitiveness:

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

Rebuilding Confidence:

- Take steps to rebuild trust; avoid becoming “Distant Neighbors” again.



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