Building Partnership with Mexico

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2018 U.S.-Mexico Border Mayors Summit, San Antonio
President-Elect Lopez Obrador’s Proposals to President Trump in his July 12 Letter

<table>
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<th>TRADE</th>
<th>Resume NAFTA renegotiation; AMLO's team to work with EPN's team.</th>
<th>Relocate Mexican customs 20-30 km inland from the U.S.-Mexico border.</th>
<th>Establish a special trade zone on the northern border of Mexico: decrease the VAT rate, business tax rate &amp; energy taxes, and increase the minimum wage.</th>
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<td>SECURITY</td>
<td>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.</td>
<td>Each government will control its borders and combat trafficking of drugs and weapons.</td>
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Source: Wilson Center’s Mexico Institute, lopezobrador.org.mx, Politico.mx
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<th>MIGRATION</th>
<th>Improve economic opportunities to reduce migrant flows.</th>
<th>Migration cooperation based on respect for human rights.</th>
<th>Development plans agreed by the U.S., Mexico, and Central American countries can mitigate poverty and reduce migration.</th>
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<td>Specific Projects</td>
<td>Encourage tourism and development with high-speed train from Cancun to Palenque.</td>
<td>Creation of an economic &amp; commercial corridor at the Isthmus of Tehuantepec.</td>
<td>Steps to reactivate Mexico’s agricultural sector.</td>
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<td>Urban development plans for border cities.</td>
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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.
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.
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.
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.
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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