

# Building Partnership with Mexico



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# Building a Partnership with Mexico



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

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# A Massive Relationship

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# US-Mexico Trade



**Exports**

\$276 Billion



**Imports**

\$340 Billion

2017 Trade in goods and services:

**\$ 616 Billion**

US trades over **1 million** per minute with Mexico.



# US-Mexico Trade

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Mexico is:

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



# US-Mexico Border Crossings

Each day there are over

**1 million**

border crossings





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



- Trade Facilitation
- Economic competitiveness
- Energy
- Border management and migration
- Public security and justice collaboration
- Fighting drug trafficking & organized crime
- Counter-terrorism
- Central America, the region, international
- Consular Issues for US and Mexican citizens
- Health issues
- Education, Innovation
- Environment
- Human rights

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



- Finalizing USMCA
- Energy & Environment Cooperation
- Regional and global priorities
- Trilateral Trusted Traveler Program
- Dialogue on Countering Illicit Drugs



# Serious Challenges to Address

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

Migration & border Management

Finalizing USMCA

Surging Criminal Violence in Mexico

Strengthening Mexican law enforcement institutions and bilateral cooperation

Negative public perceptions

Potential Terrorism

Countering Corruption

Central American migrants

Reducing poverty in Mexico



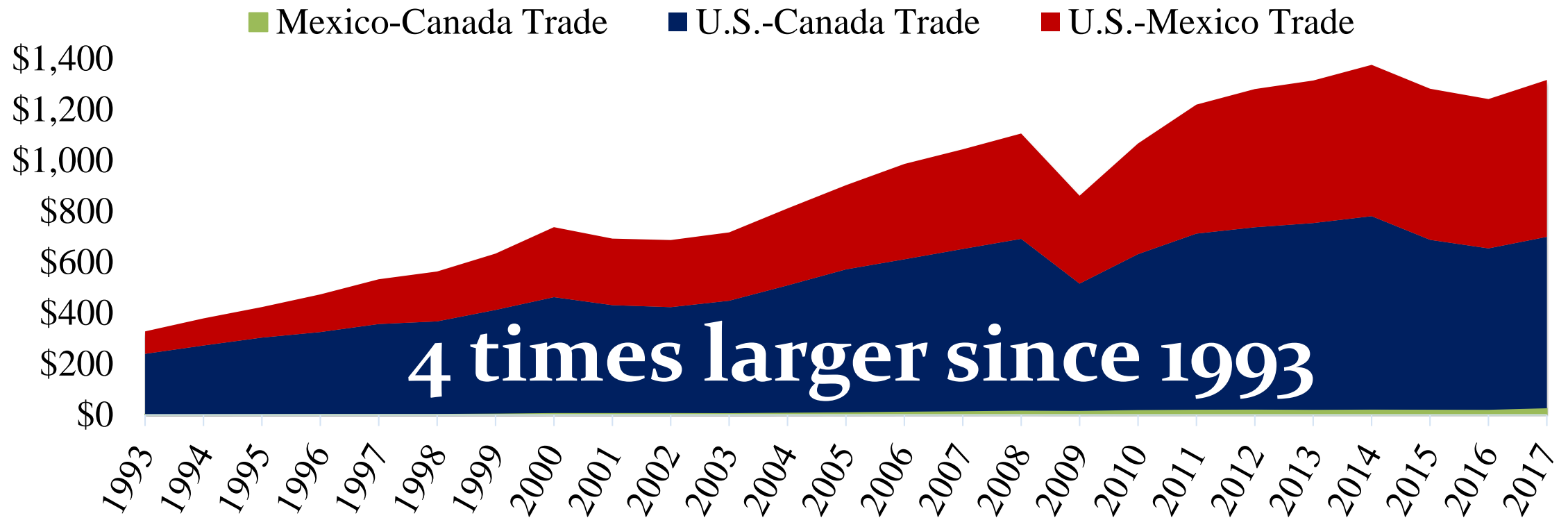
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# Economic Security

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# North American Trade in Goods and Services



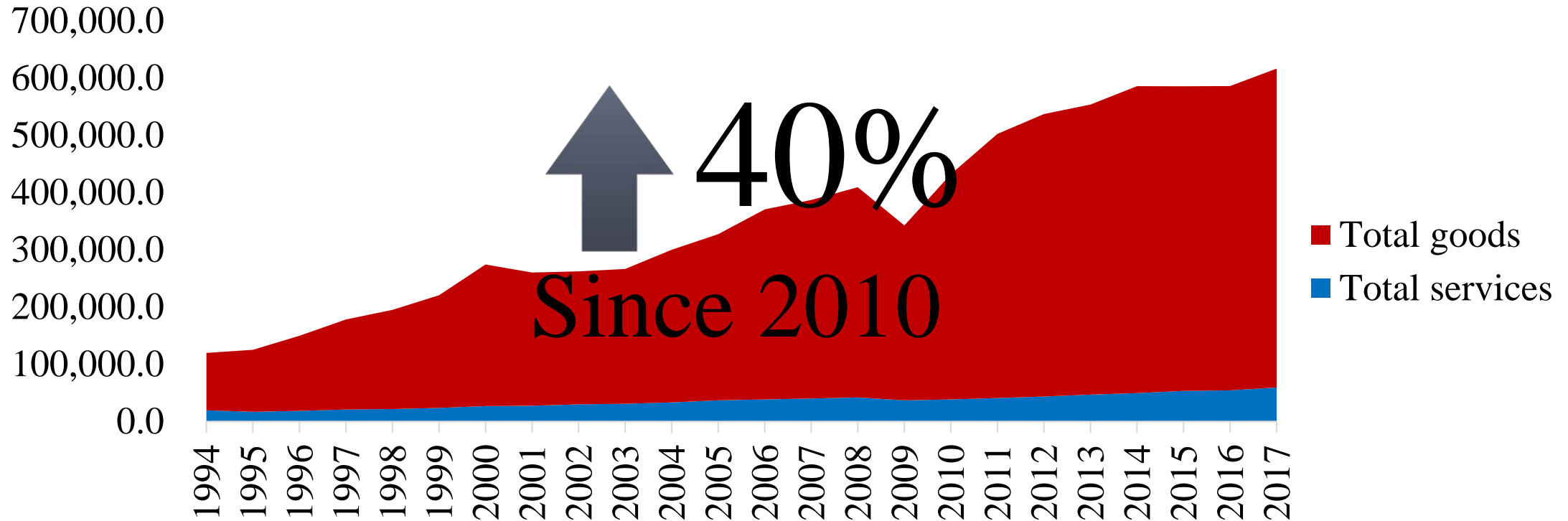


# North American Trade

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

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

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



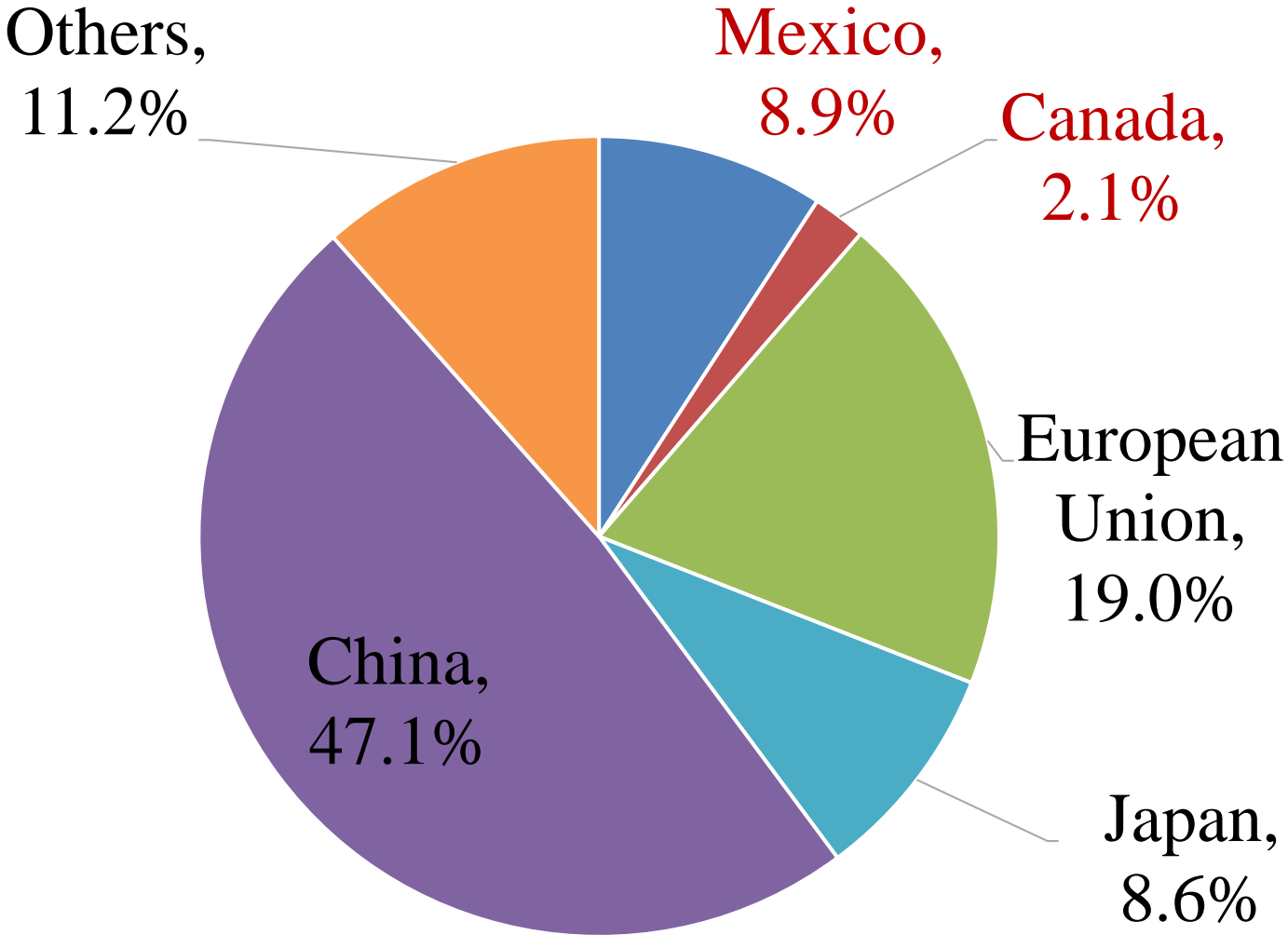


# Rank Order: Top US States' Trade with Mexico 2017

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



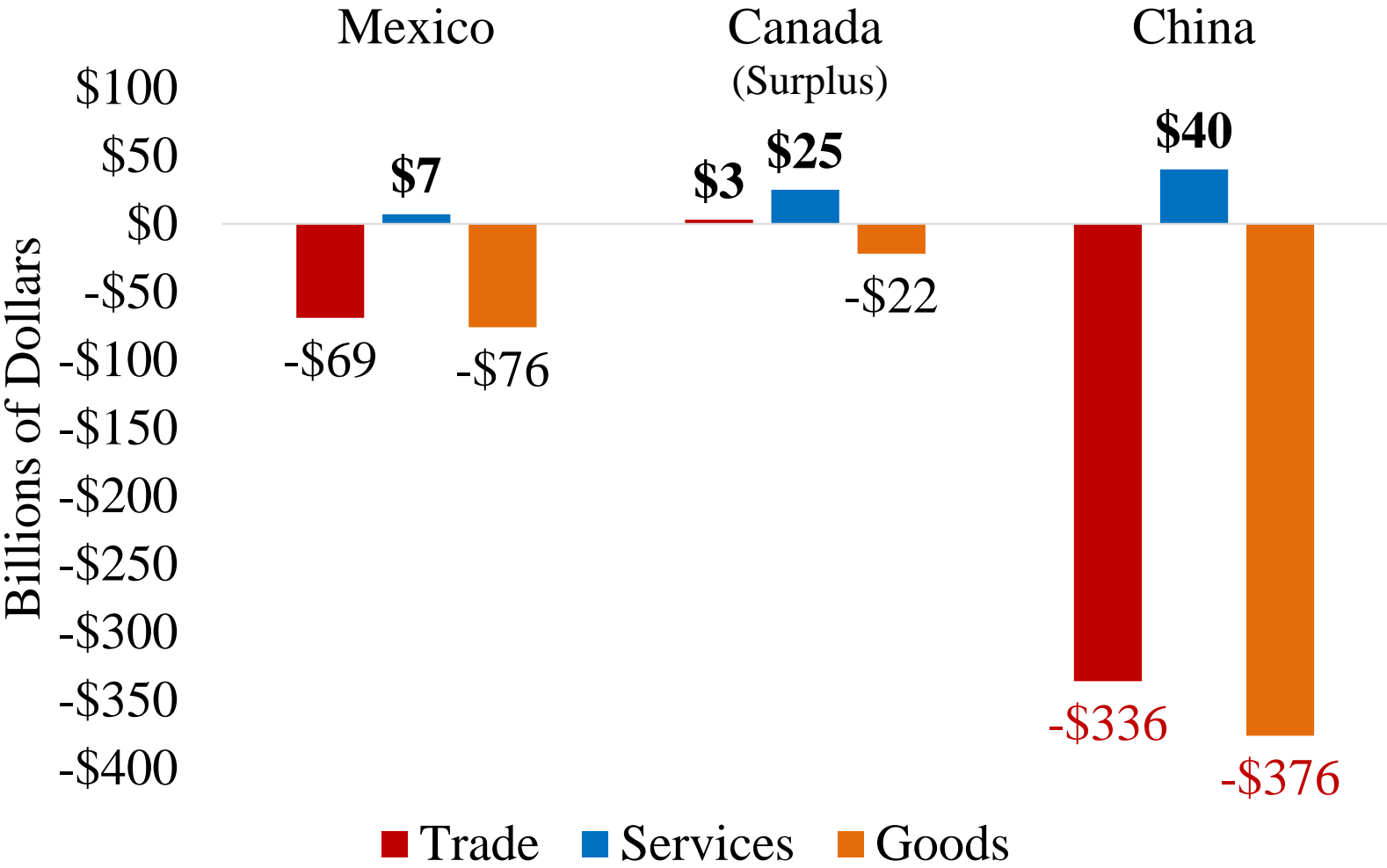
# US Trade in Goods Deficit but Service Surplus



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

Source: BEA, 2017

# US Trade in Goods and Services 2017

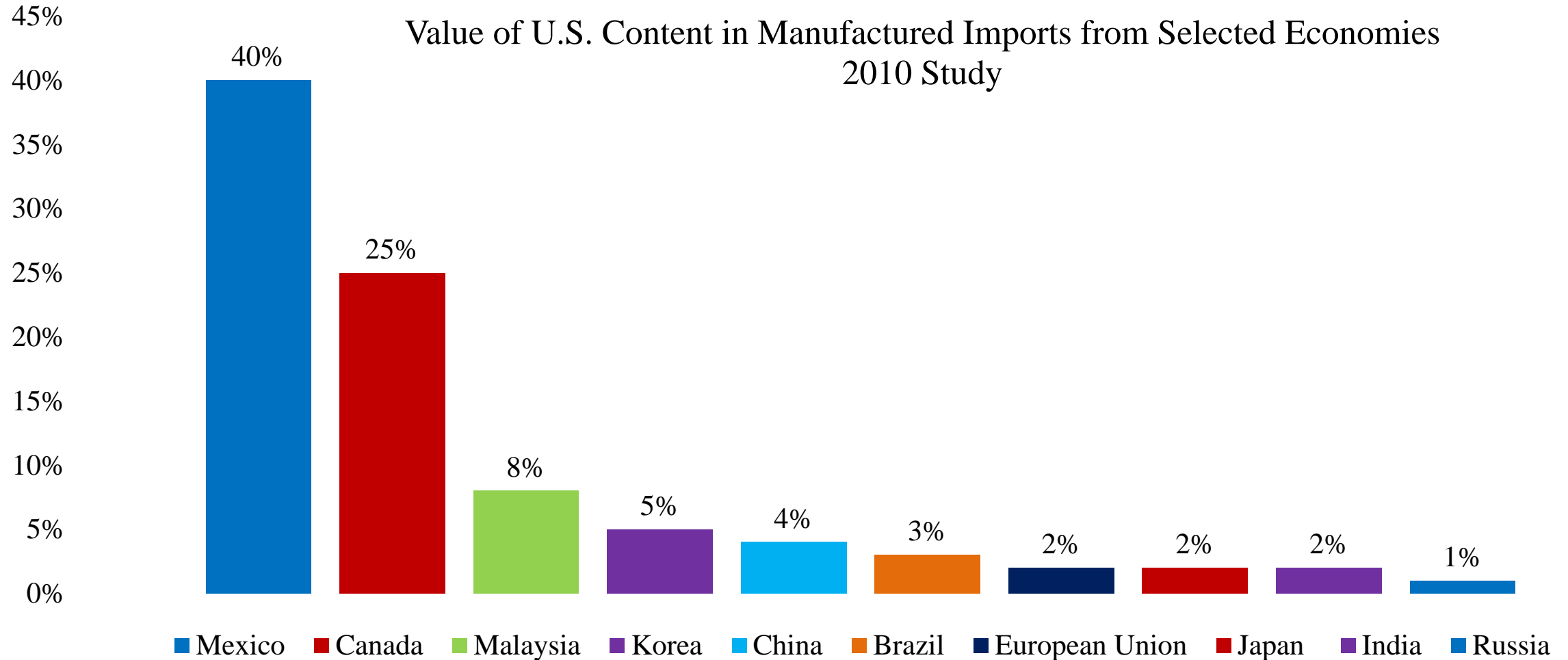


**\$25 billion surplus in services & \$3 billion total trade surplus with Canada**

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

Source: BEA, 2017

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

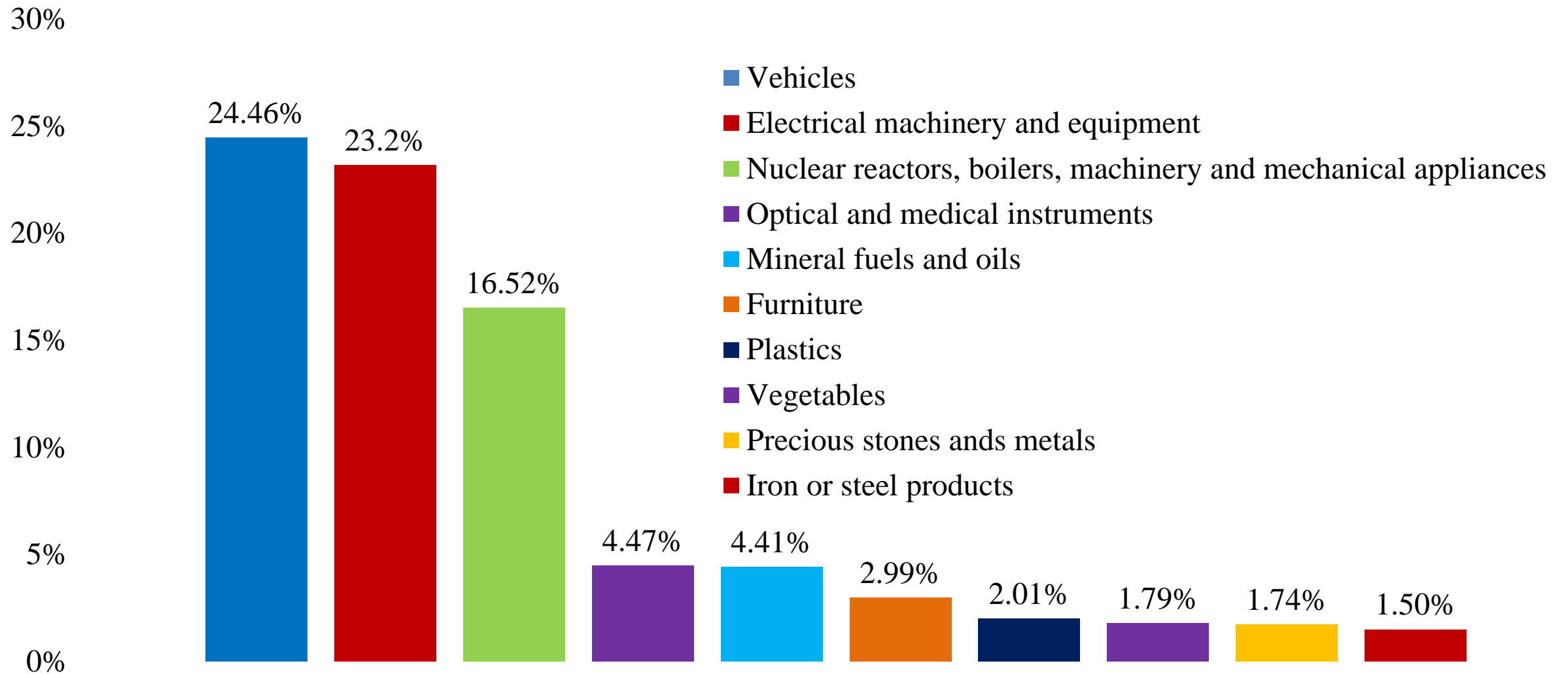






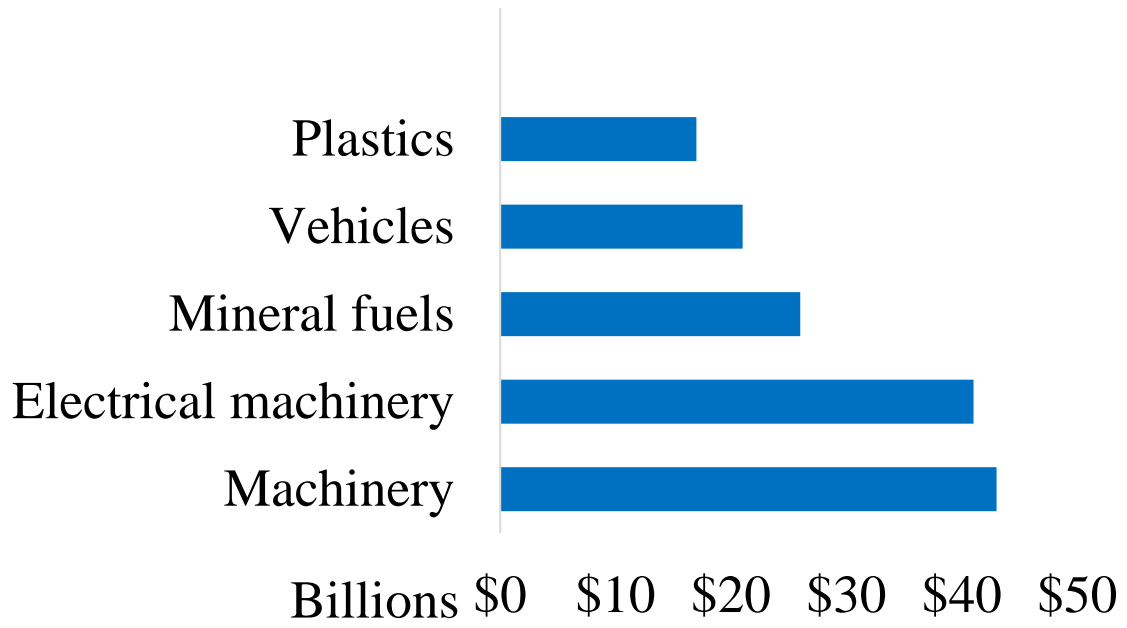
# Leading Mexican Products Exported to the US

## Manufactured Goods Dominate 2015

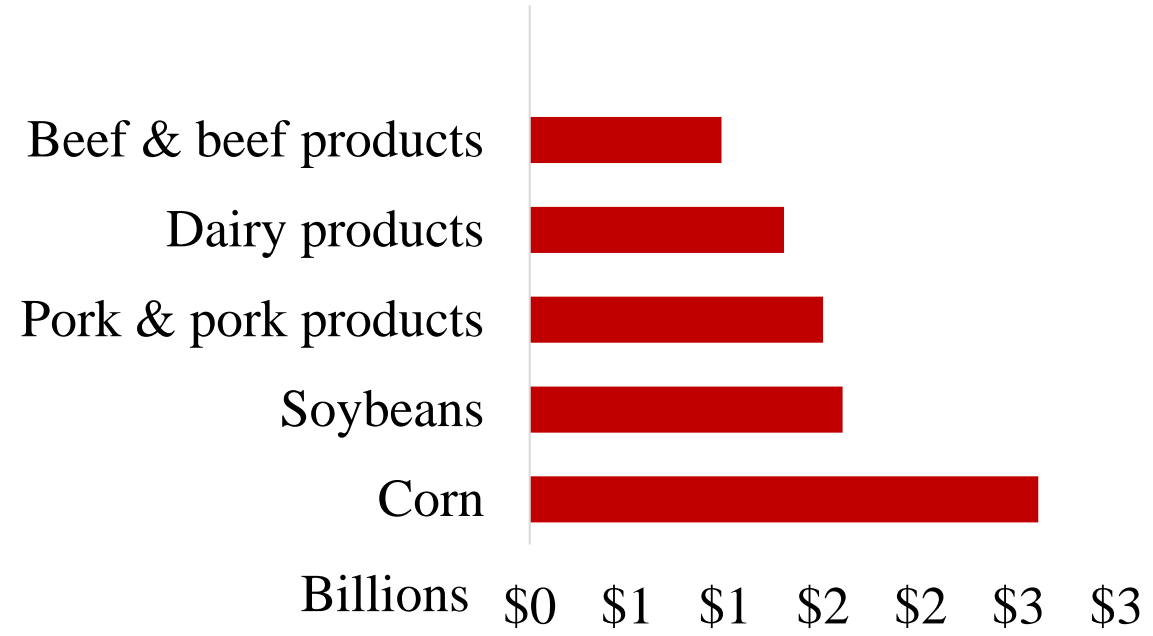




# Leading U.S. Products Exported to Mexico 2017



# Leading U.S. Agricultural Exports to Mexico 2017



Source: Office of the U.S. Trade Representatives , 2017

# Where have the manufacturing jobs gone?

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Competition from China

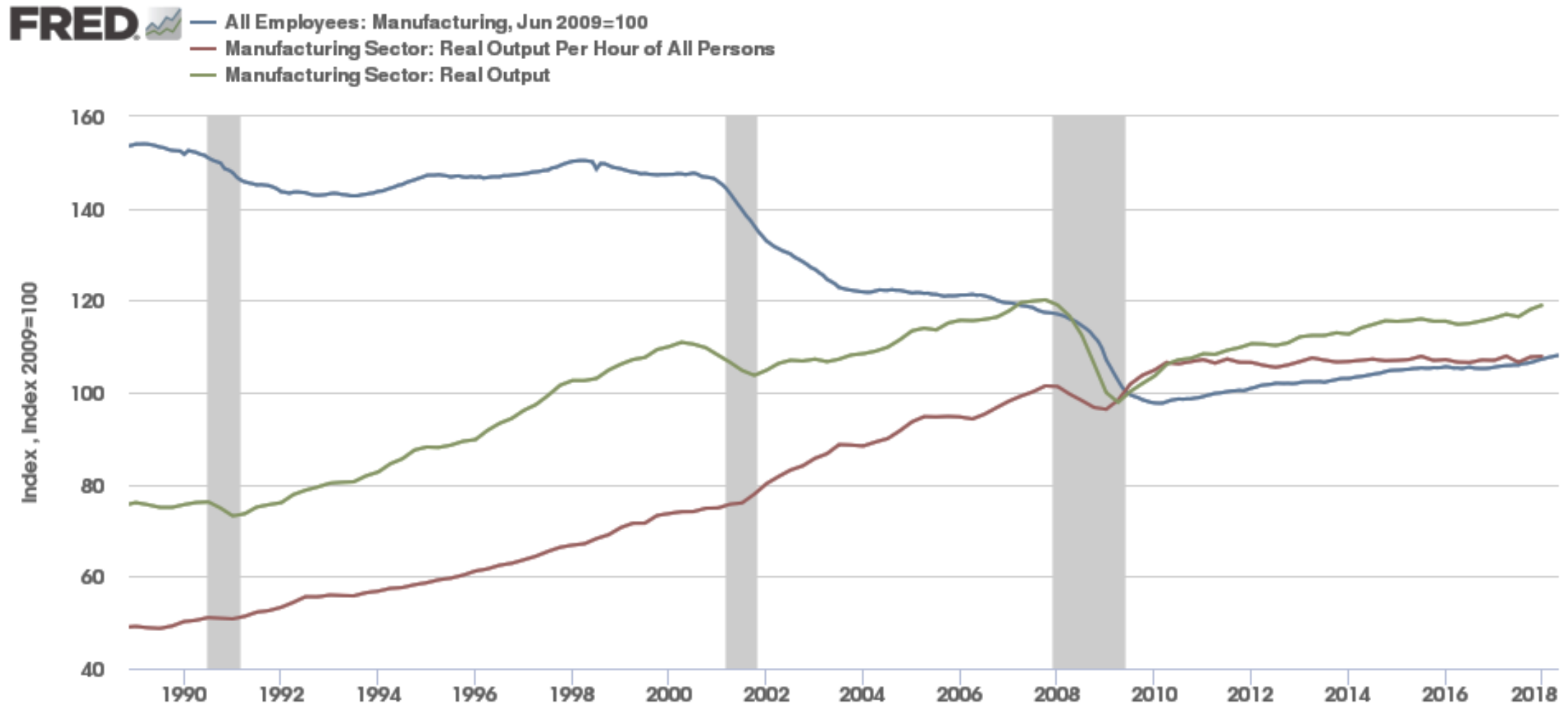
2 - 2.4 million

New Technology

4.7 million



# U.S. Manufacturing Employment and Output

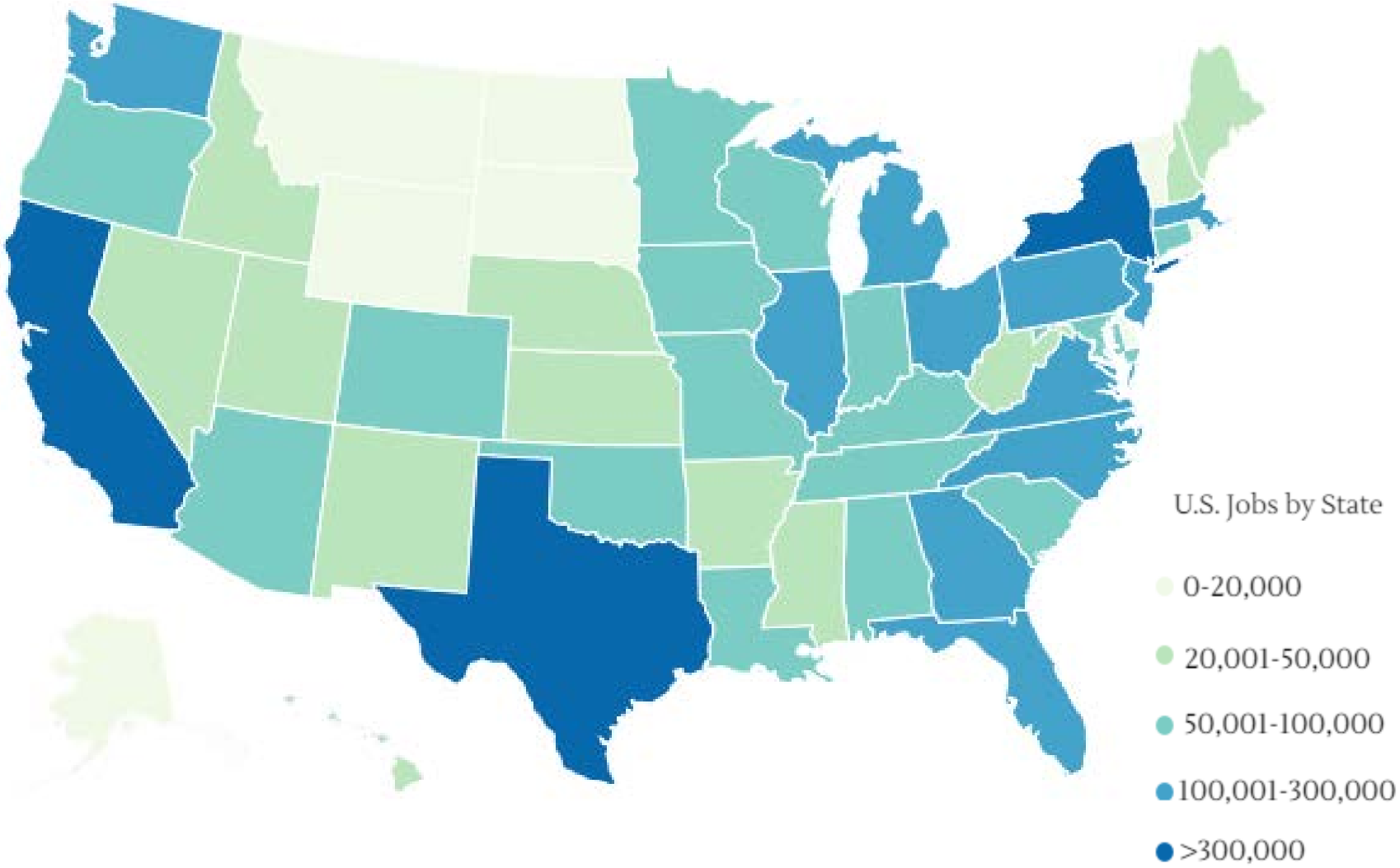


Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

myf.red/g/k51D

# Mexico trade supports some 5 million jobs



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

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

# U.S.-Mexico and North American Investment



Mexico's FDI in the US  
\$17 billion



US FDI in Mexico  
\$88 billion



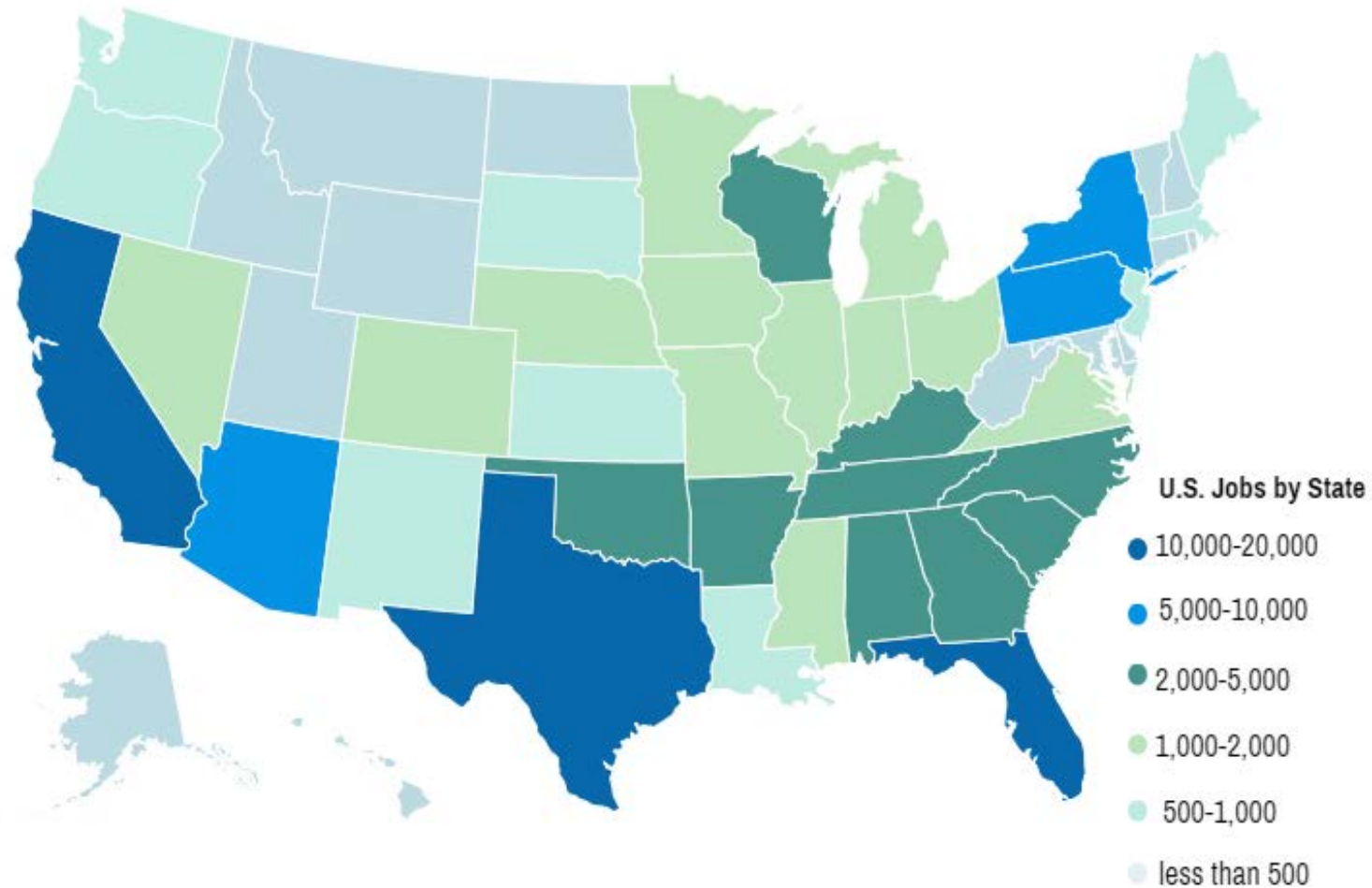
In 2015, Canada's and Mexico's FDI in the US reached **\$388 billion**

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



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

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



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# Reforms and Partnership

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

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- Education
- Telecommunications
- Energy
- Judicial and Law Enforcement



More partnership with  
the U.S.



# Energy and the Environment

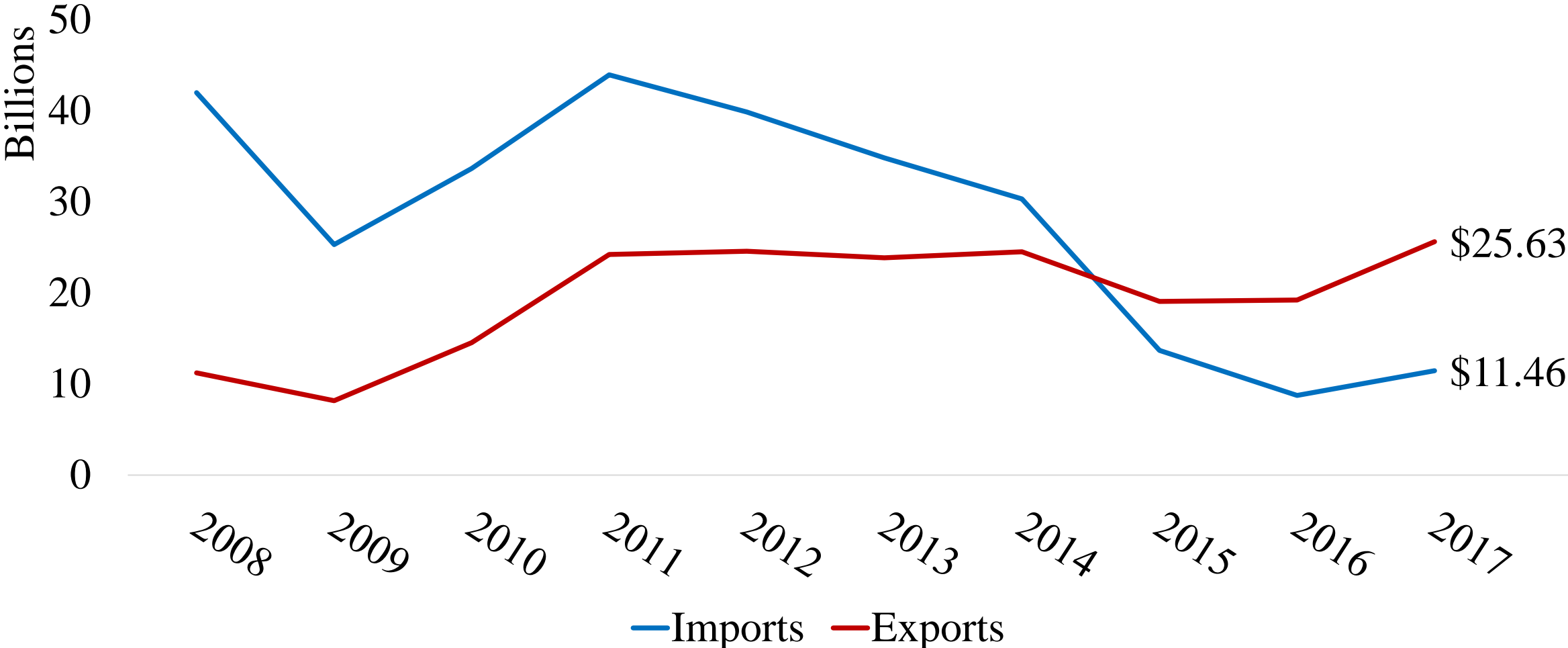


# Energy and the Environment

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- Increased U.S. investment in Mexico's energy sector following reform
- Increased U.S. natural gas and gasoline sales to Mexico
- New dialogues between energy regulators
- U.S. and Mexico work to protect border environment, river basins, and endangered species
- AMLO's plans may bring changes, e.g. bigger role for PEMEX, reduce exports of Mexican crude

# U.S. Energy Trade Surplus with Mexico



Source: US Census Bureau, 2017



# Investment and Cooperation in the Energy Sector

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

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# Border Management Licit and Illicit Flows

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# Moving toward Co-Management of the Border





# 2008-2016 from blame to “shared responsibilities”

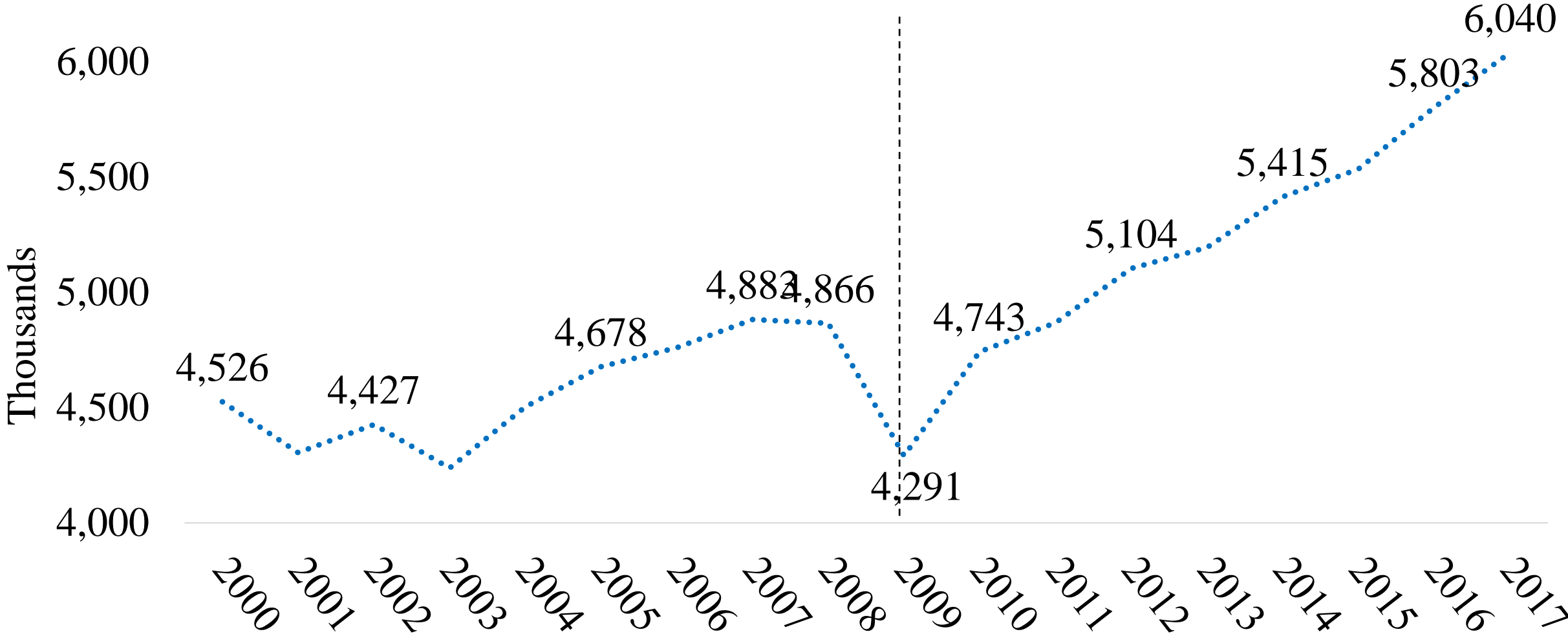
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- Making the border more open to legitimate travel and commerce.
- Working to align customs regulatory frameworks; increase joint use of customs facilities on the border; improve infrastructure.
- New mechanisms to communicate, coordinate and more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





# Trucks Crossing the US-Mexico Border



Source: Bureau of Transportation Statistics, 2017

# Americans' Views towards Border Wall

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

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# Border: Migrant Flows

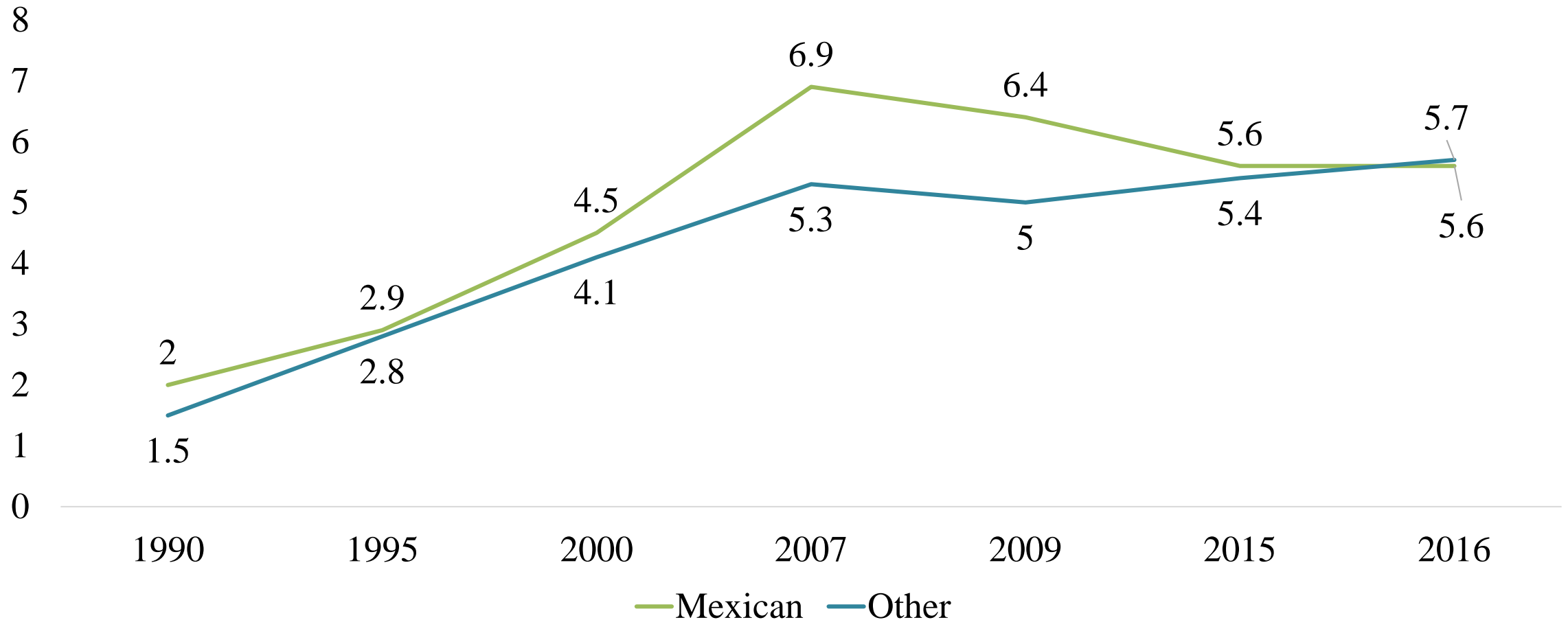
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# Migrant Flows

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



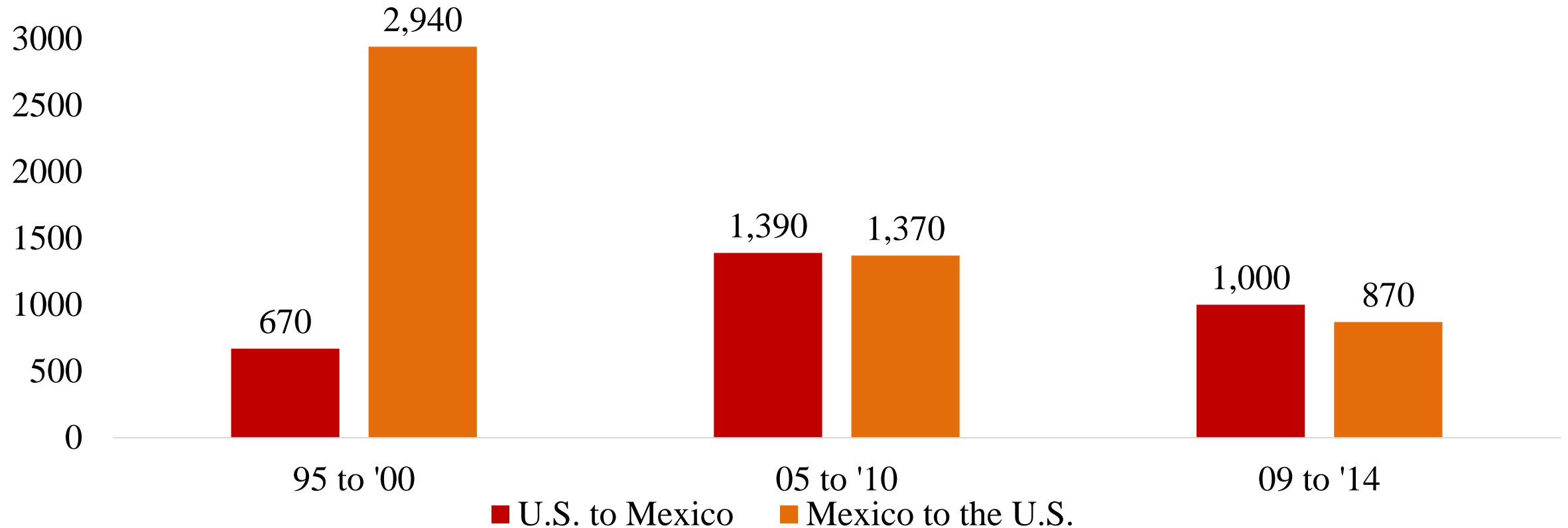
# Number of Unauthorized Immigrants in the U.S.





# Net Migration from Mexico

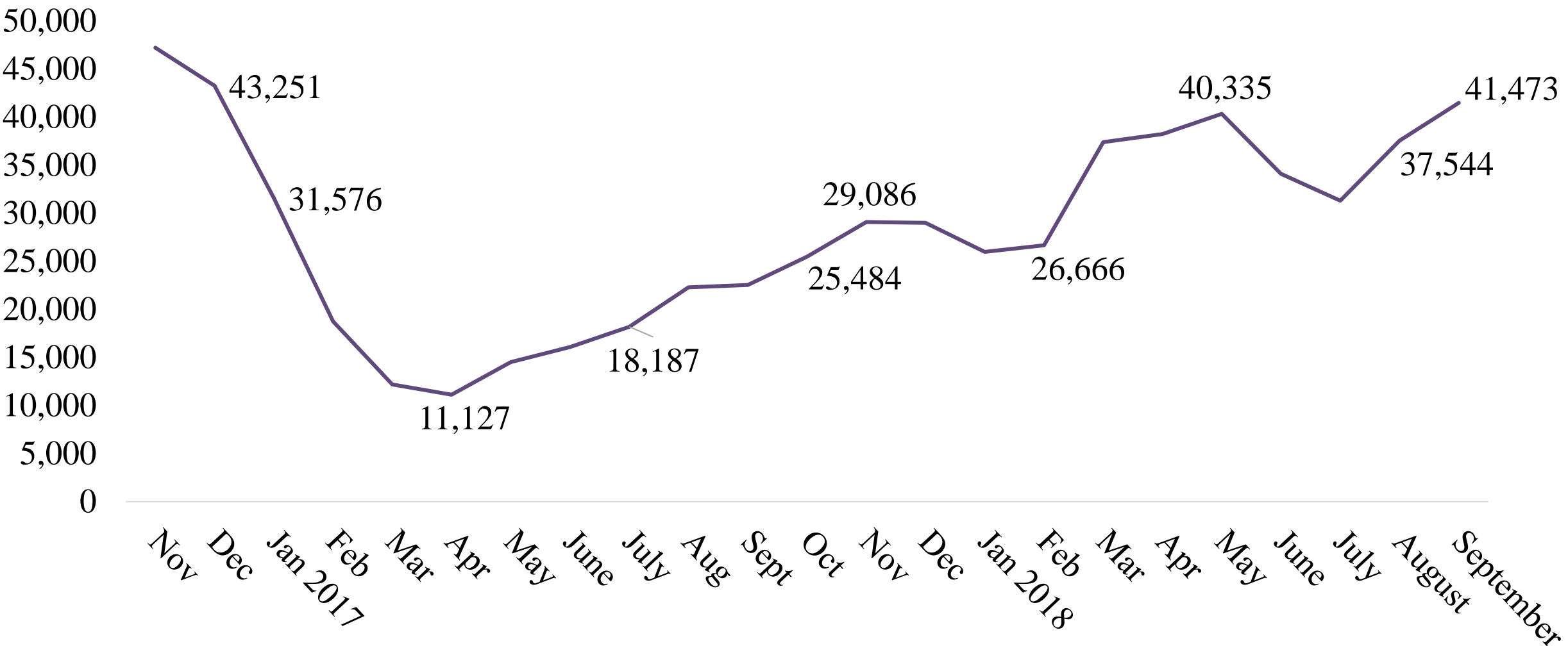
- In 2016, there were **1.3 million fewer** unauthorized Mexican immigrants in the U.S. than in 2007



# Recent Apprehensions



# USBP Southwest Border Monthly Apprehensions

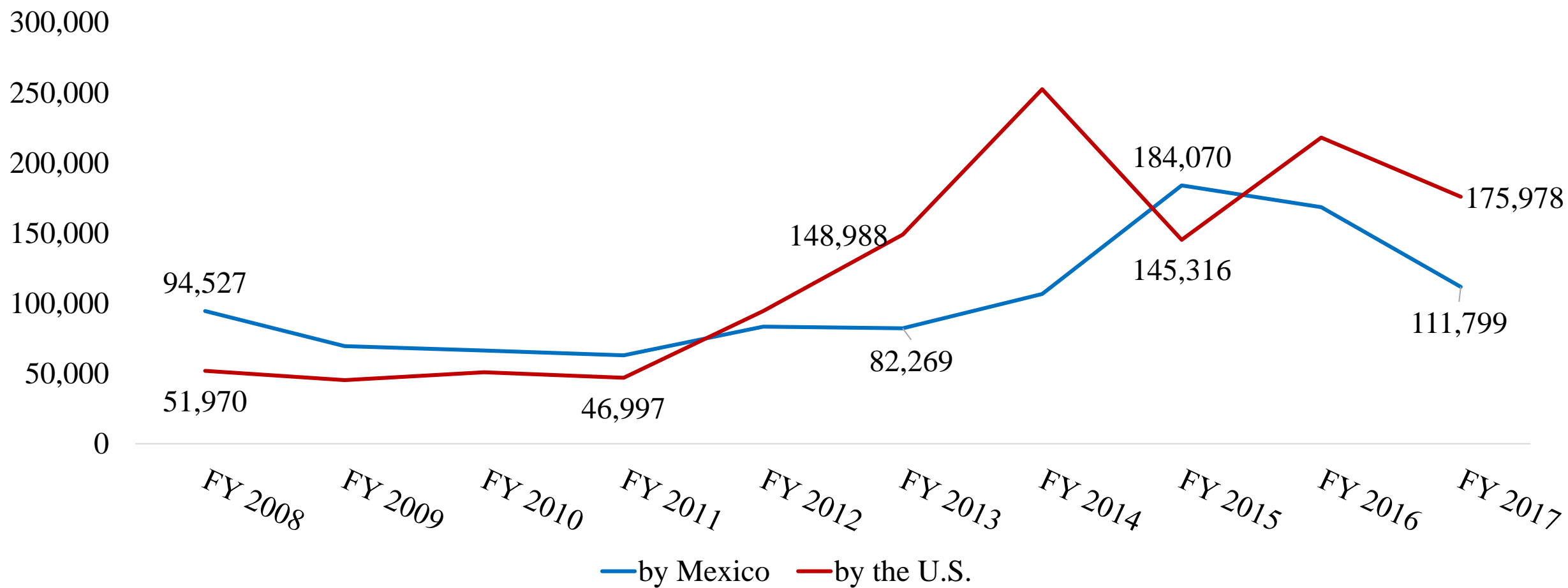


Source: U.S. Border Patrol Monthly Apprehensions (FY 2017 - FY 2018)





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



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

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# Helping Northern Triangle

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# Addressing Central American Migration

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

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

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

A **second conference** in Washington took place October 11-12, 2018.

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

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# Bilateral Cooperation Against Crime

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# US-Mexico Law Enforcement/Security Cooperation

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Mérida Initiative Programs &  
Agency-to-Agency Cooperation

Defense Dialogues & Cooperation

Security Coordination Group

# US-Mexico Mérida Initiative: Evolving

1. Disrupting the operational capacity of **organized crime**.
2. Institutionalizing reforms to sustain the **rule of law** and respect for **human rights** in Mexico.
3. Creating a “**21st Century Border**”.
4. Building strong and resilient **communities**.

**\$2.9 billion** appropriated by the US since 2008.

**\$1.6 billion** already spent on training and equipment via over 100 programs to bolster Mexican capacity.

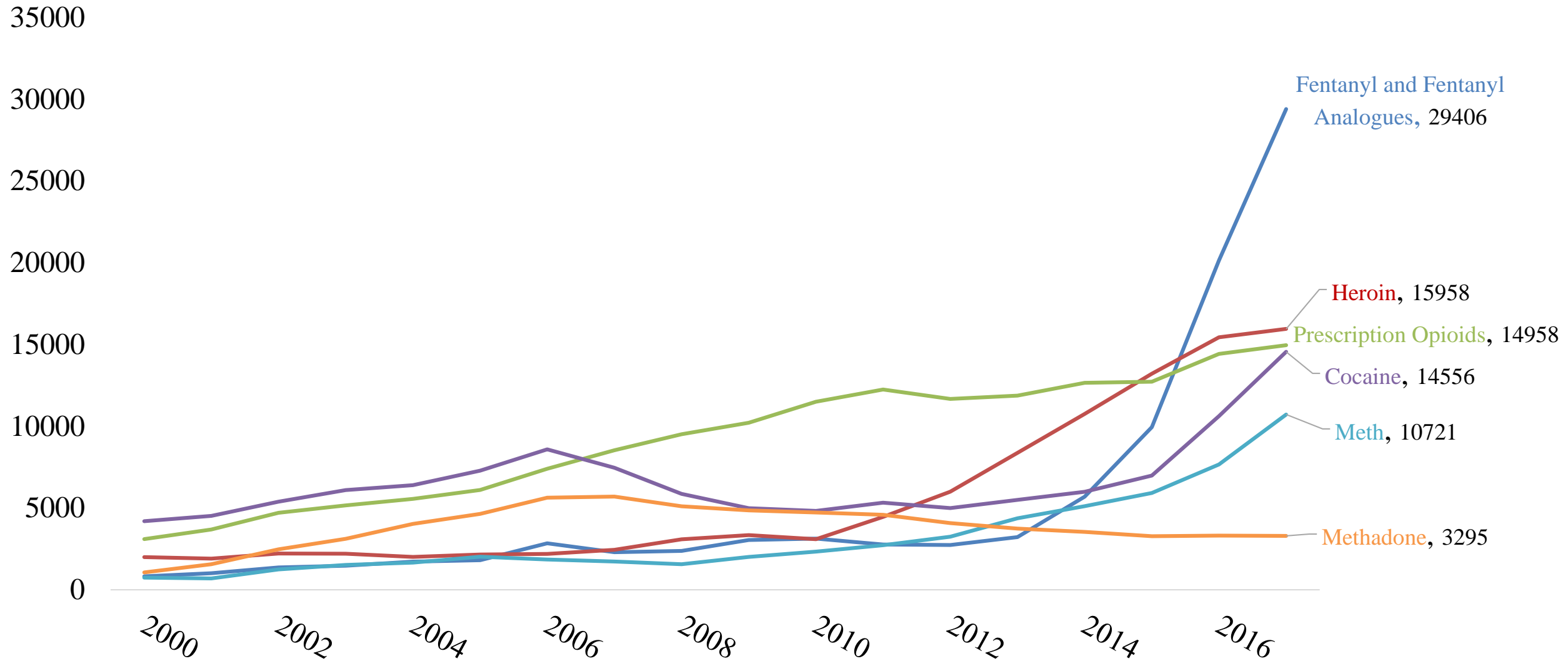
Mexico has spent over **10** times more.

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# Opioids Change the Game

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# Urgency: US Drug Overdose Deaths 2000-2017



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



# U.S. Opioid Crisis

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

# 2017 US-Mexico Agreements on Illicit Drugs

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

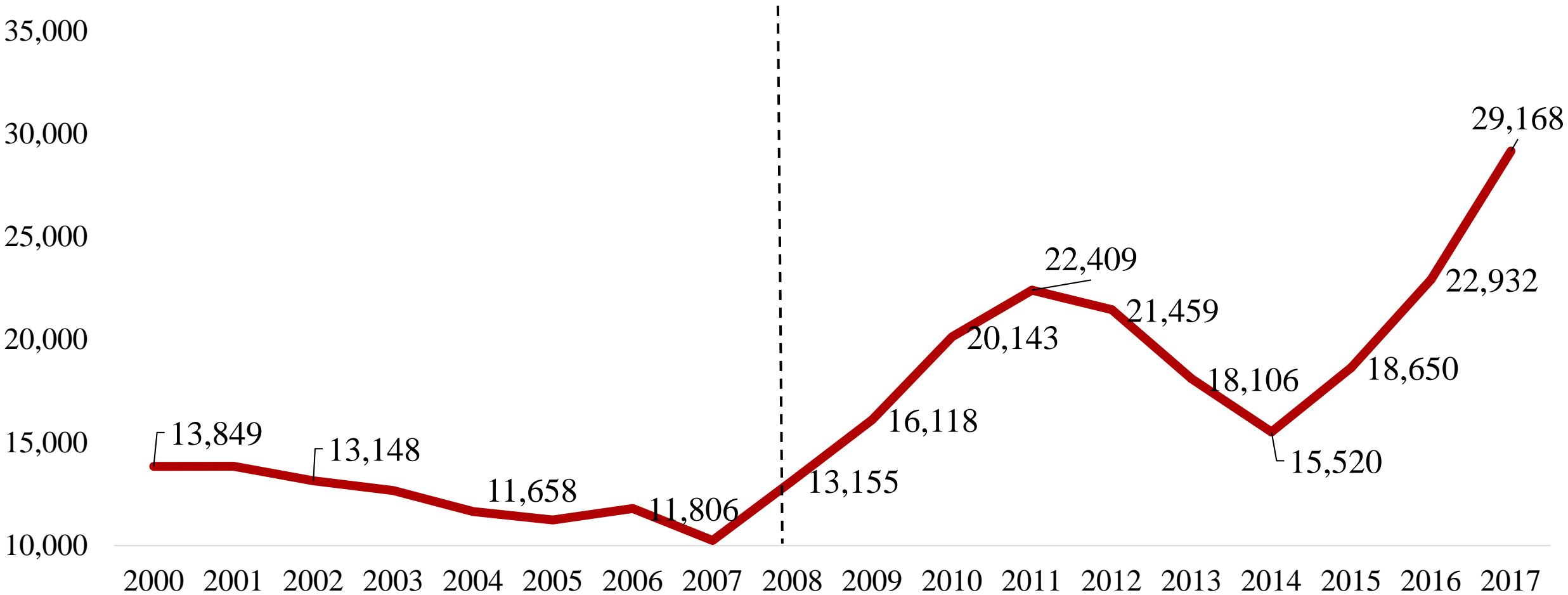
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# Violence up in Mexico

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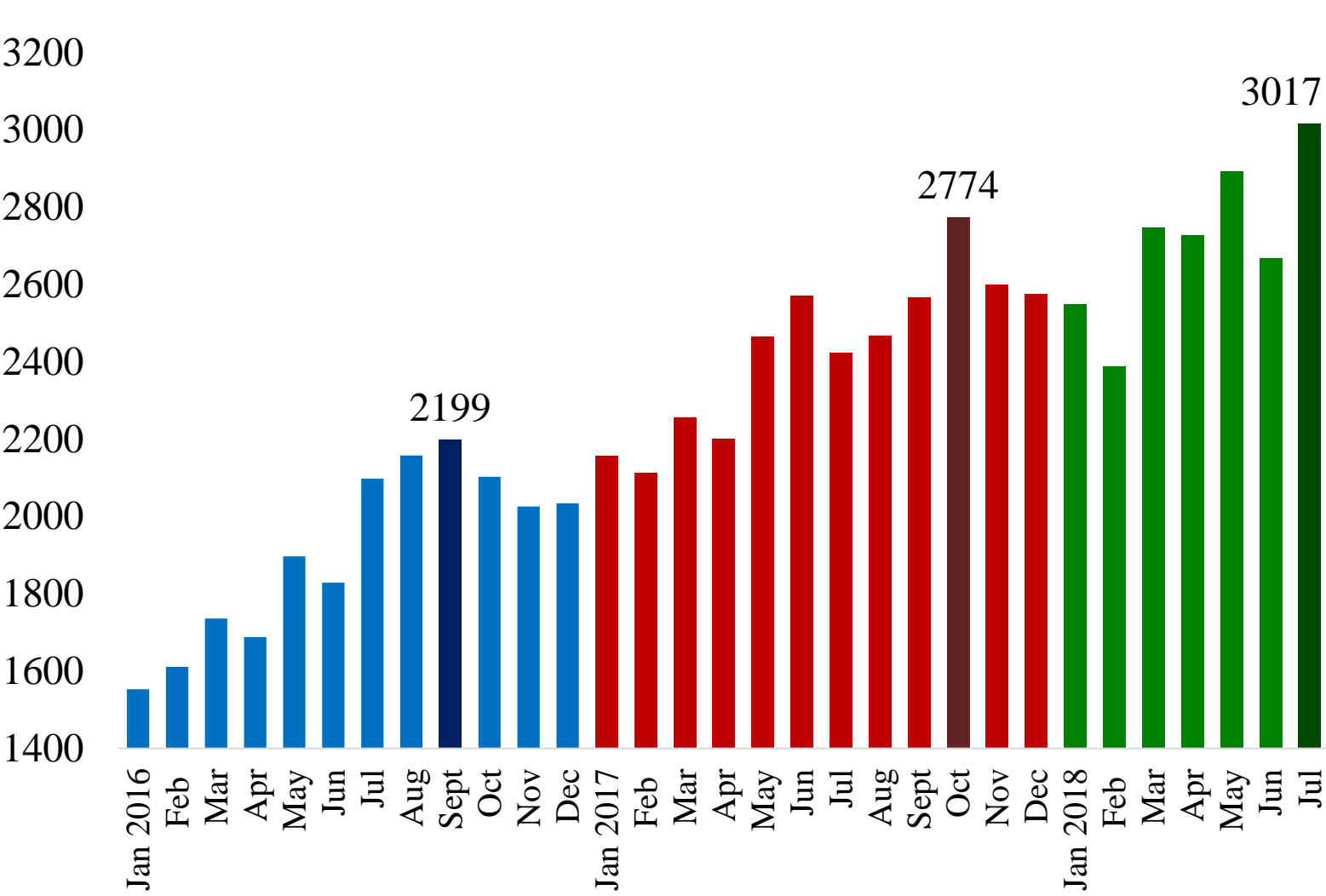
# Urgency: Homicides in Mexico



Source: Secretaria Ejecutiva de Seguridad Nacional, 2000-2017



# Homicides in Mexico: Criminal Insurgencies?



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

July 2018: most violent month since 1997. Violence up in 2018.

Law enforcement and judicial process overwhelmed.

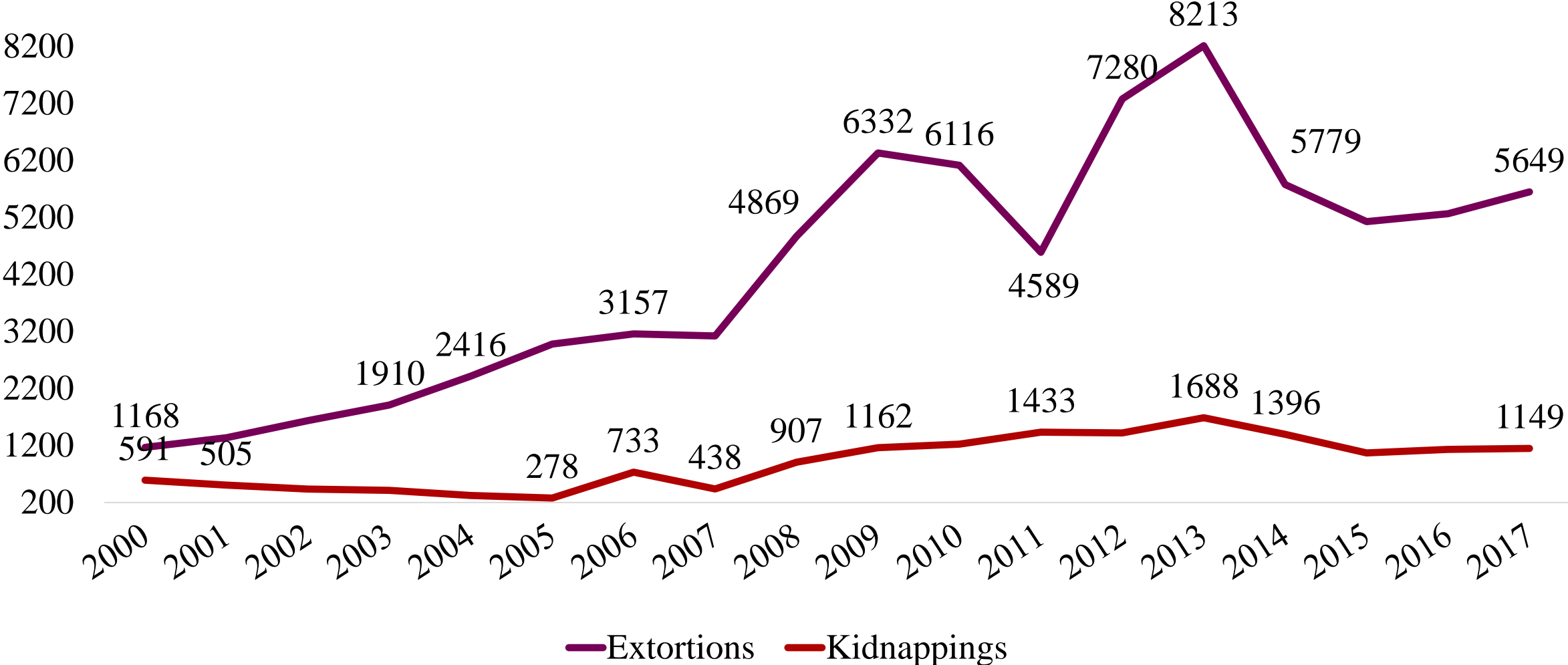
Cartels fighting, but types of crime expanded & affects more states.

Crime cost up to 17.6% GDP.

U.S. travel warnings for resorts.

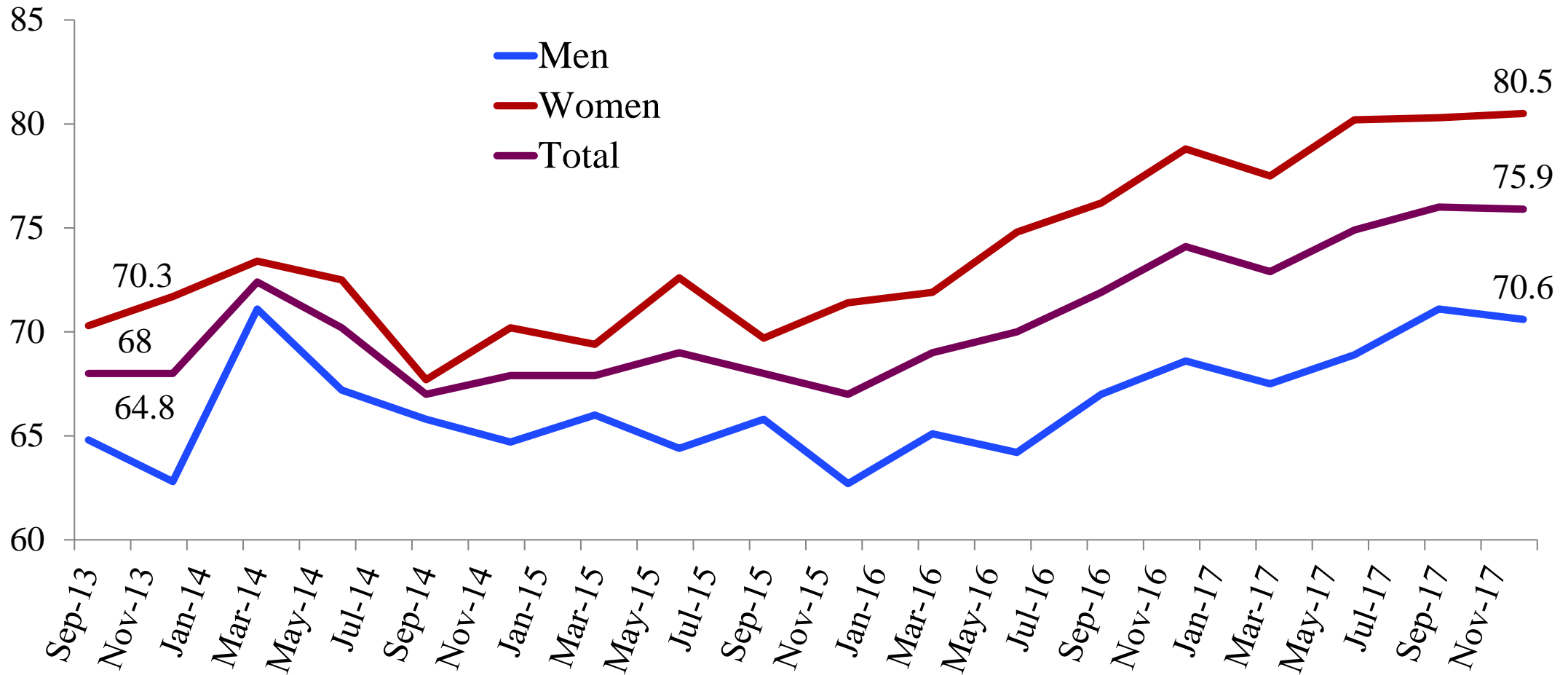
Source: Secretaria Ejecutiva de Seguridad Nacional, 2017; Reuters, 2017; El Pais, 2017.

# Other crimes: serious but not up like killings



Source: Secretaria Ejecutiva de Seguridad Nacional, 2017

# Percent of Mexico's population that feels unsafe





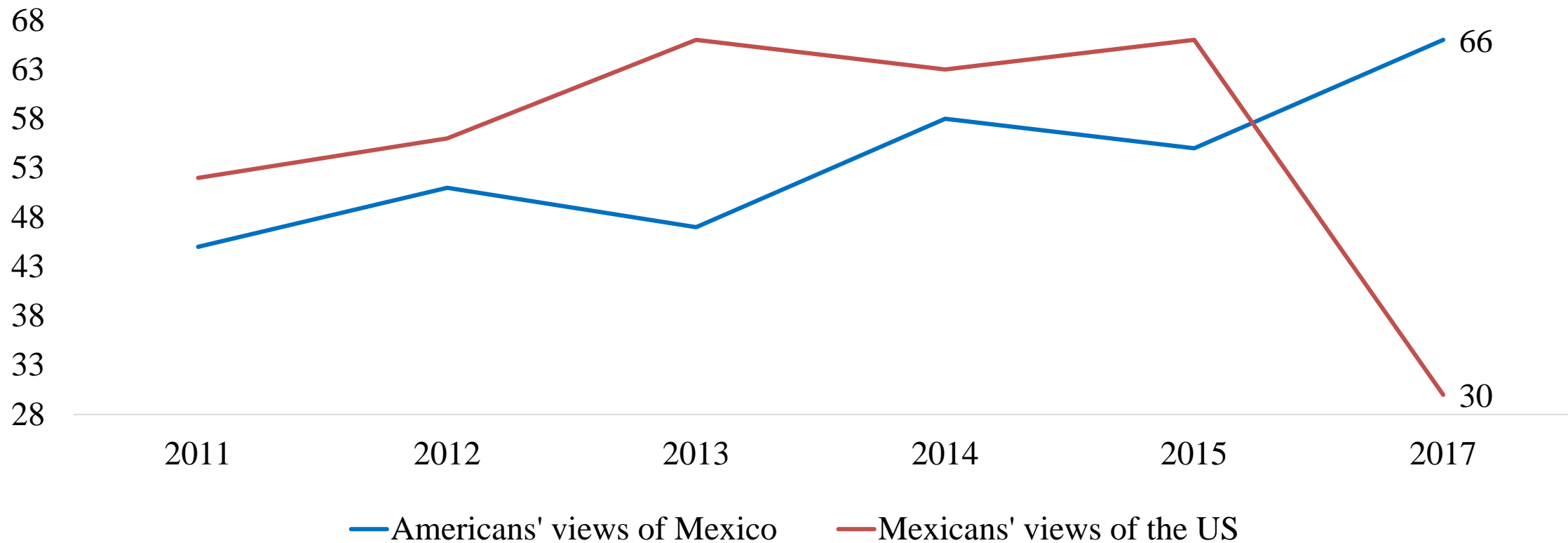
# Perceptions of Bilateral Relations and NAFTA



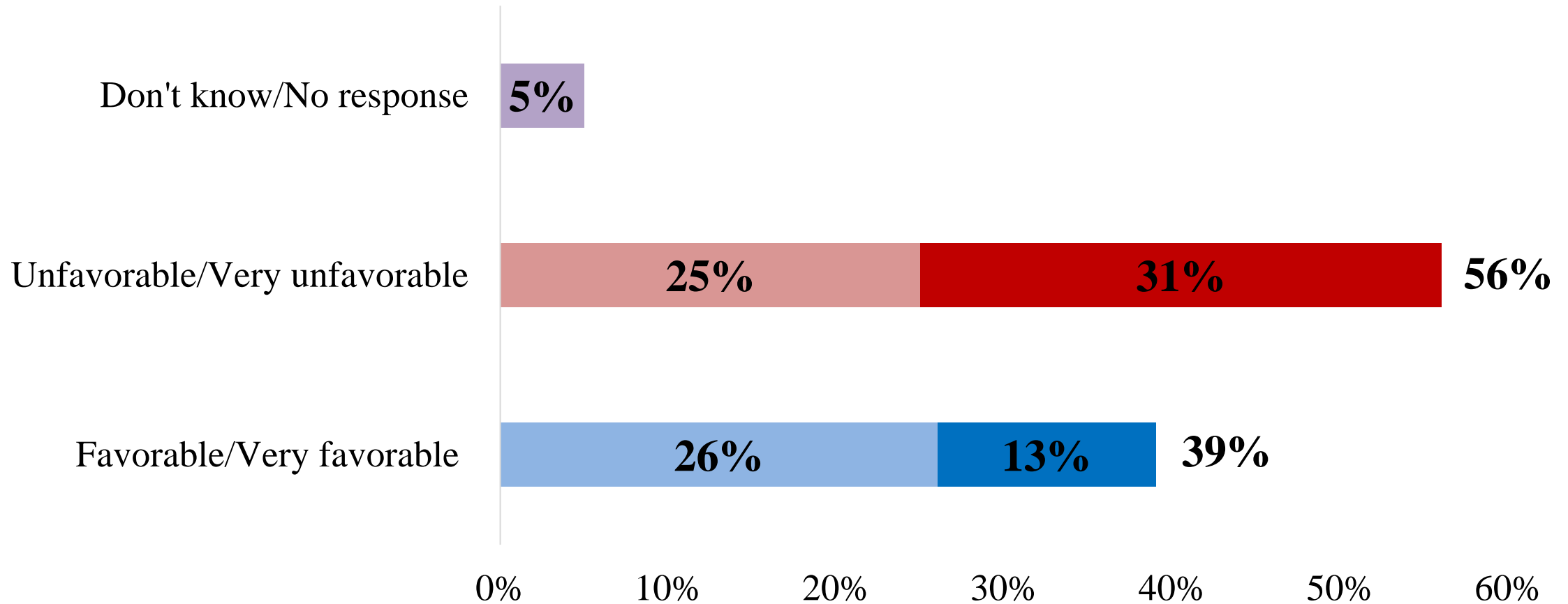


# Americans' and Mexicans' Perceptions of each other (per cent favorable)

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



# Mexican Opinion of the U.S.





# Americans views of FTAs & Tariffs on Steel and Aluminum

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



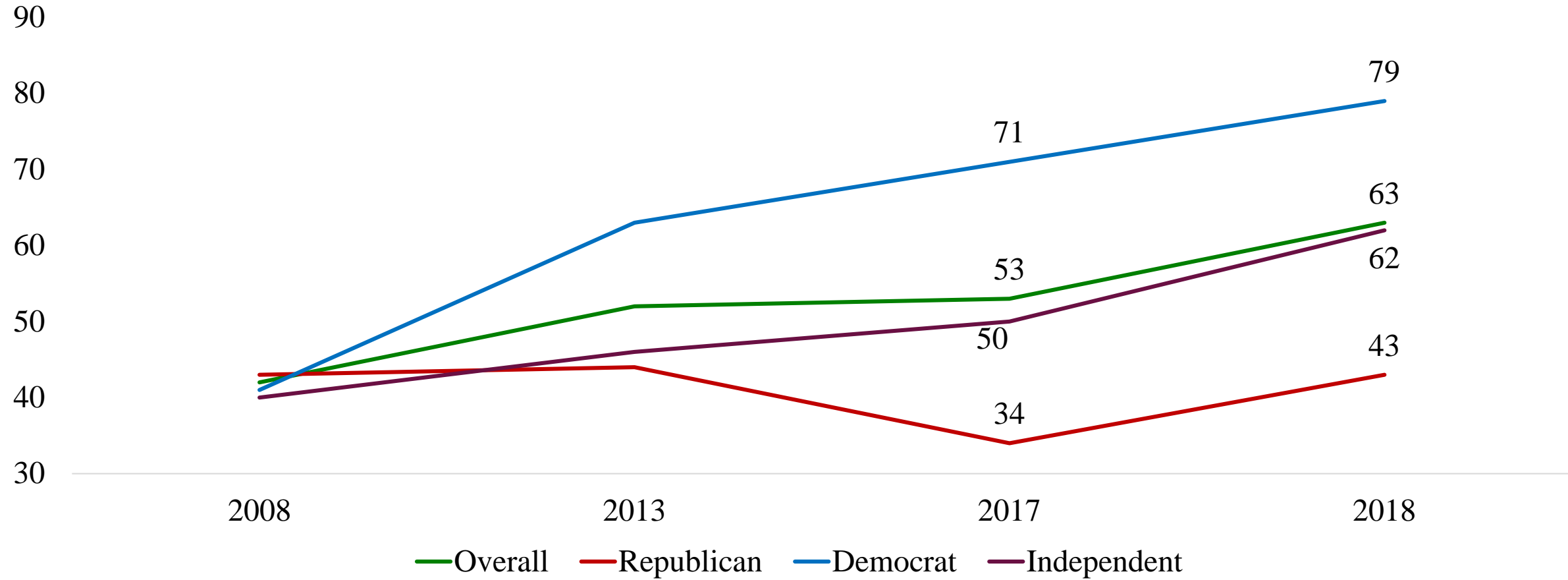
*Raising tariffs on steel and aluminum would be a Good/Bad thing for the US*





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

Overall, Is NAFTA Good for the US Economy? (% Good)



Source: The Chicago Council on Global Affairs August 2017.

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# NAFTA/USMCA Negotiations

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# Main elements of the USMCA

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- **Rules of Origin for Vehicles**
  - 75% of the value of a vehicle to be produced in the region (up from 62.5%).
  - 40%-45% percent of auto content produced by workers earning over \$16 per hour.
- **Dispute Settlement**
  - Keeps NAFTA's dispute-settlement provision (Chapter 19) for private companies; keeps state to state (Ch. 20).
  - Limits investor dispute (ISDR) to key sectors and in scope for U.S.-Mexico, eliminates them for U.S.-Canada.
- **Intellectual Property Rights, Modernization, Labor**
  - Expanded IPR Protections and internet coverage toward U.S. objectives.
  - Achieved or exceeded most of modernization goals sought in TPP, including labor rights provisions.
- **Sunset Clause:**
  - 16-year lifetime for the agreement, with a review every six years and possible 16 year renewal.
- **Dairy**
  - Allows U.S. dairy farmers to export the equivalent of 3.6% of Canada's dairy market into Canada.
  - Eliminates Canada's Class 6 and Class 7 milk categories and associated pricing schedules.



# Next Steps: United States

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- Two TPA timelines:
  - Requirement to publish the full text of the deal within 30 days of announced agreement
  - Option to sign USMCA as early as **November 29**.
- Within 105 days of the agreement being signed, the U.S. International Trade Commission (ITC) must complete a study of the agreement's economic impact.
- Congress will have to pass legislation to implement the USMCA along with an accompanying Statement of Administrative Action.
- President must provide Congress with the final legal text of the trade agreement and a draft SAA it proposes to take to implement it 30 days before it submits its draft implementing bill to Congress.
- After Congress receives the final bill from the president, it has 90 days of being in session to act under TPA rules.
- Implementing legislation is referred to the House Ways & Means and the Senate Finance Committees, the former may take up to 45 days to consider the bill and report it to House floor.
- Once on the floor, the House must vote on it within 15 session days, once it passes TPA provides the Senate Finance Committee 15 days to vote on it, at which point it is automatically discharged to the Senate floor.
- The full Senate then has 15 session days to consider it as well before a vote is required.



# Next Steps: Mexico

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- Senate received summary document from Ministry of Economy, won't wait for presidential signature to begin analyzing the deal.
- 8-member Senate Committee will review.
- President Pena Nieto will sign the accord before **December 1<sup>st</sup>** (his last day in office).
- After being signed, the treaty will go to the Foreign Affairs and North American Foreign Affairs Committees in the Senate.
- The Committees can make recommendations for amendments (no time frame for review).
- Once the committees make their decision, it goes to the full Senate for approval.
- Once approved by the Senate, the President can ratify the treaty.





# Next Steps: Canada

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- Step 1: Signing Order (Instrument of Full Powers): designate one or more persons who have the authority to sign the treaty on behalf of Canada. This is expected to take place in late November 2018.
- Step 2: Tabling the Treaty in the Parliament: The signed treaty is tabled in the House of Commons for discussion (not for a vote). The House of Commons then has 21 sitting days to consider the treaty.
- Step 3: Motion in House of Commons: When there is a majority government or sufficient support in the House of Commons, a motion will be tabled to recommend action, including ratification of the treaty.
- Step 4: Order-in-Council (Instrument of Ratification): The ratification process is controlled by Cabinet. There is no requirement to pass legislation in the Parliament to ratify a signed treaty.
- Step 5: Federal Implementing Legislation: An implementing bill is tabled in the House of Commons. The MPs debate the implementing bill and may suggest changes to the implementing laws. After the implementing bill passes in the House of Commons, the implementing bill is sent to the Canadian Senate. The implementing bill is debated in the Senate. It is possible that the Senate will not pass the implementing bill.
- Step 6: Provincial/Territorial Implementing Legislation: It may be possible that implementing legislation is also required at the provincial level
- Step 7: Regulatory Changes: The passing/changing of regulations is controlled by Cabinet.

# What's at Stake?

\$ 1.3 trillion of North American Trade

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

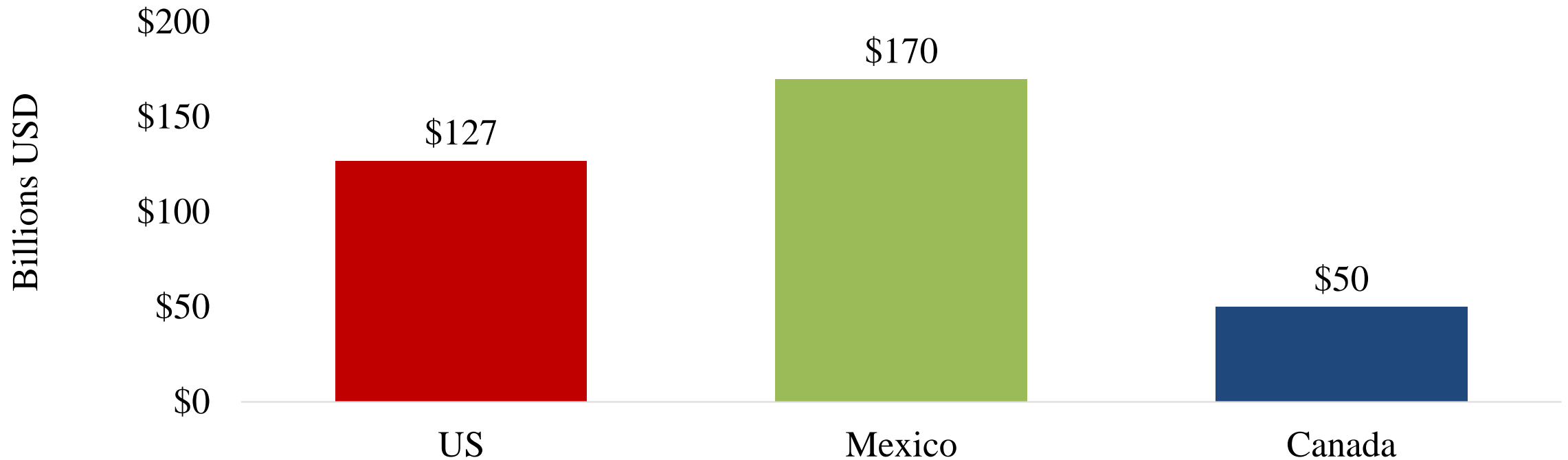
\$452 billion U.S. investment in NAFTA partners & their \$388 billion in the U.S.

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

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

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

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



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

# Questions about the new Rules of Origin

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1. Will measuring wage rates and content in the supply chain be workable? How costly and accurate will it be? Who will enforce it?
2. How much will the new rules raise the prices of North American vehicles for U.S. consumers and for export?
3. Will manufactures move production out of North America?
4. Will some manufacturers forgo the NAFTA benefit and pay a tariff instead?
5. Will the U.S. auto industry be less competitive?
6. Will the new rules create or destroy jobs?

# Costs of Withdrawing from NAFTA

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

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

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

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

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

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

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

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

# Steel and Aluminum Tariffs

Still in place



# Steel and Aluminum Tariffs

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



# Costs of Steel and Aluminum Tariffs

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

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

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

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

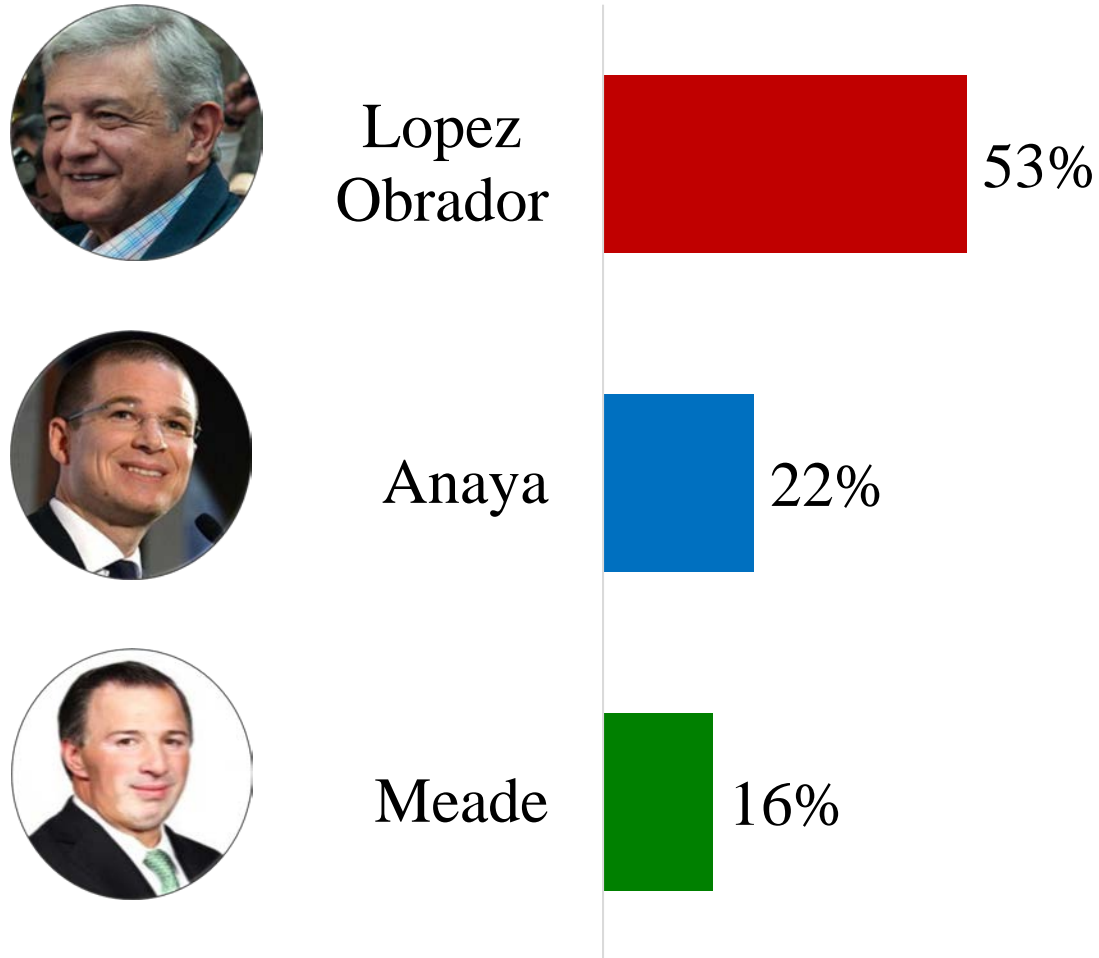
Costs to U.S. Consumers: \$7.5 billion a year, before retaliation from the European Union, Mexico and Canada<sup>2</sup>

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# Mexico's 2018 Presidential Election

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# Presidential Results

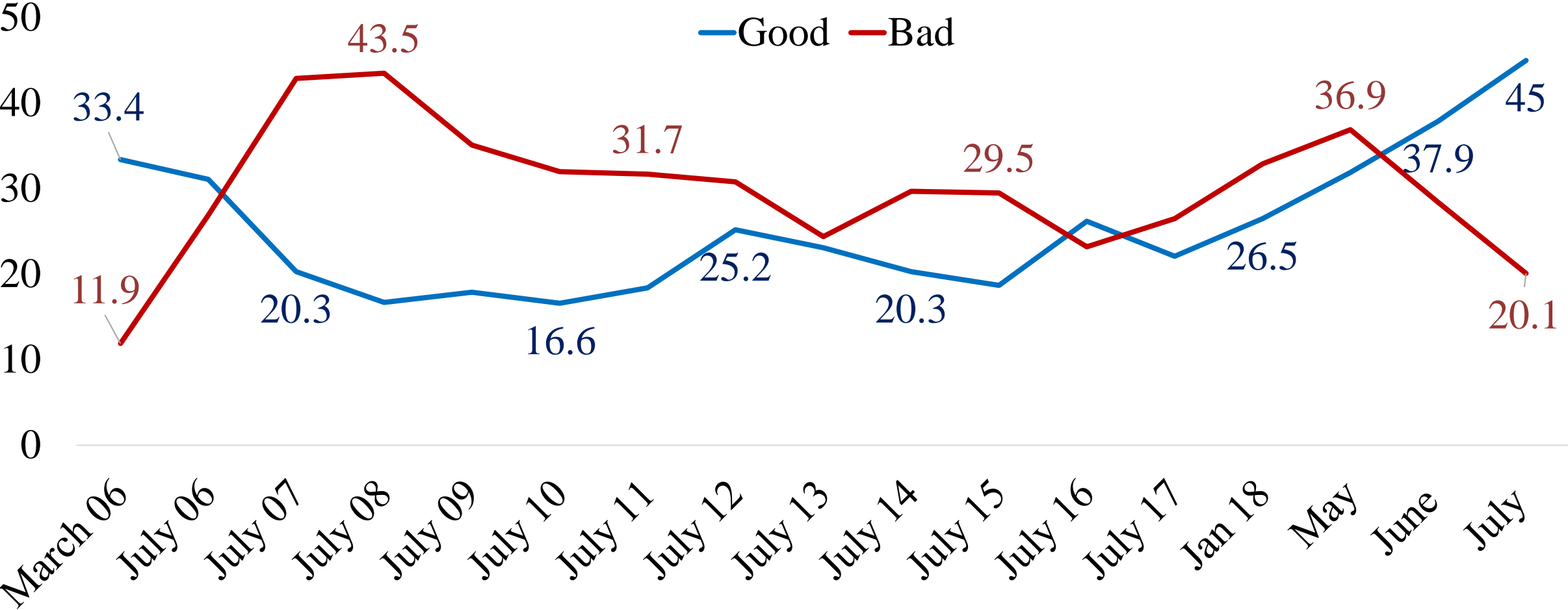


Voter turnout: 63.5%

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

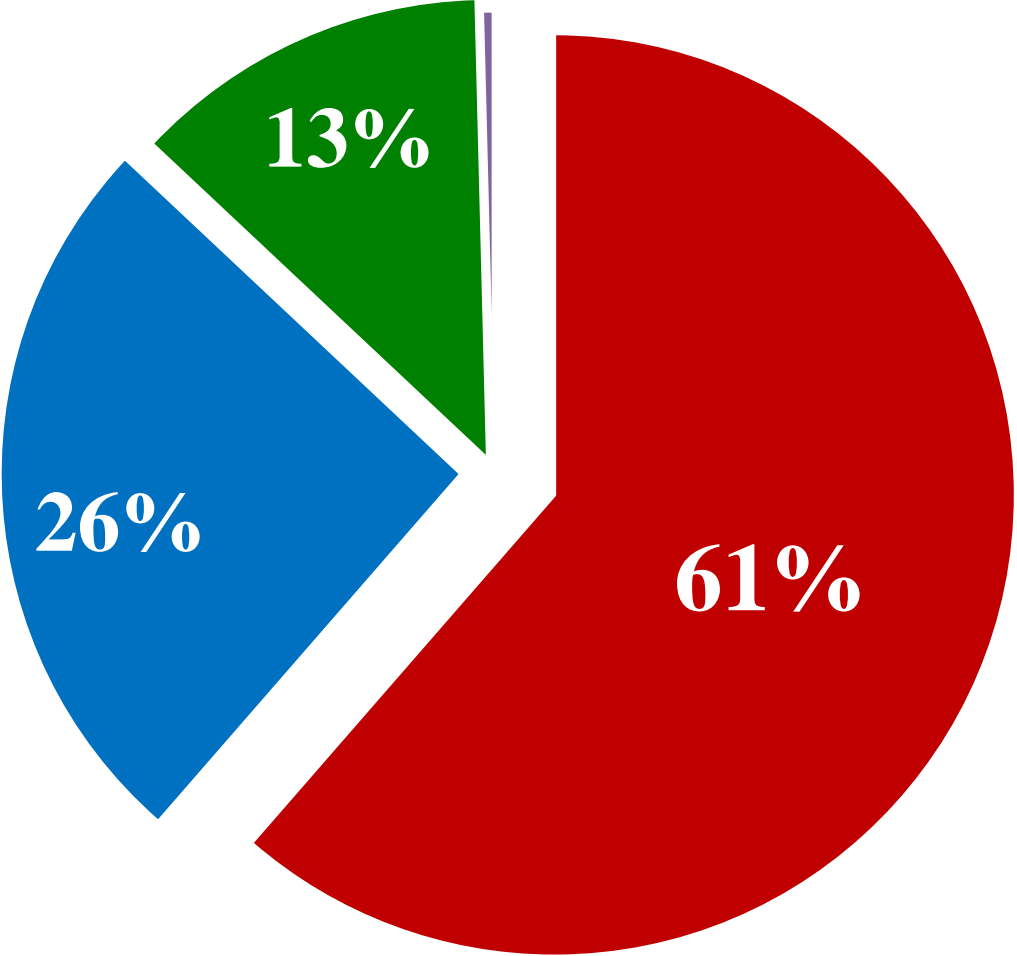
Over 65% of the Mexican population believe the **security, economic and political situation will improve** in the short-term under AMLO's Presidency.

# Mexican's views of AMLO



Source: Consulta Mitofsky, 2018

# Chamber of Deputies – November 2018



■ Morena  
307 seats

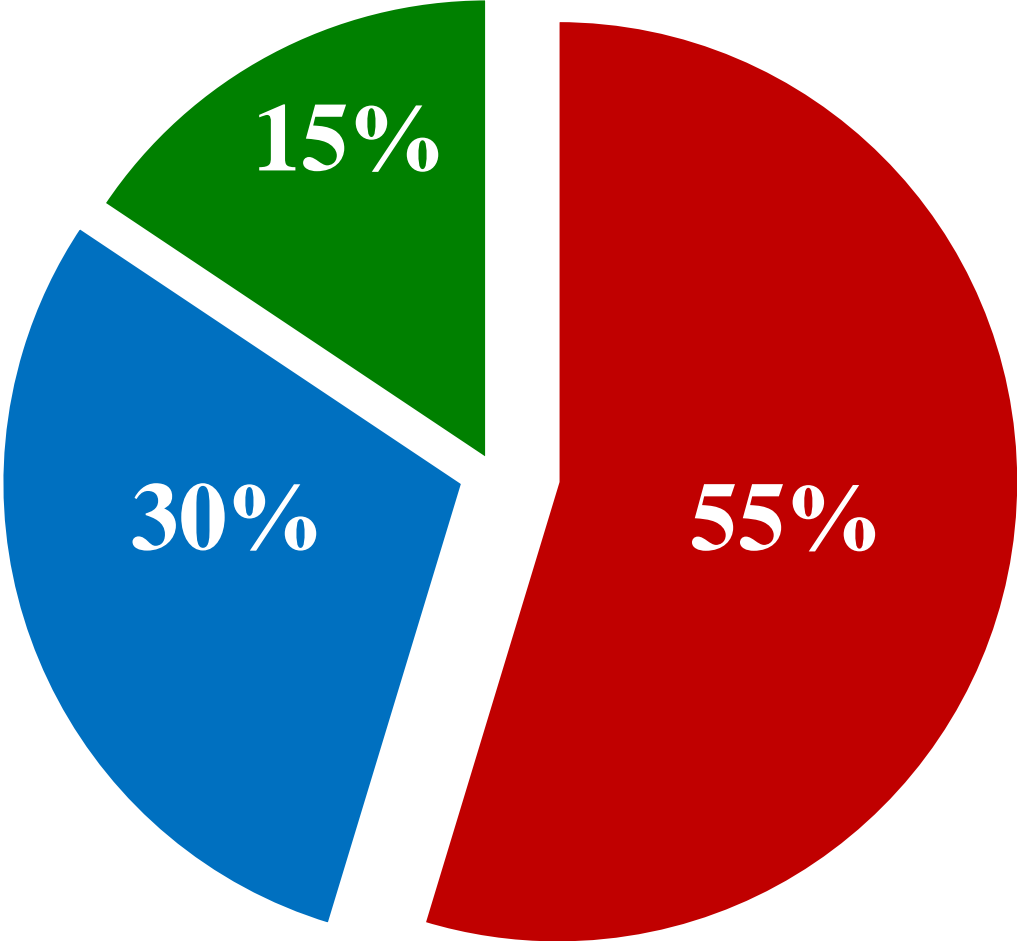
■ PAN  
128 seats

■ PRI  
63 seats

■ No party  
2 seats



# Senate – November 2018



■ Morena  
70 seats

■ PAN  
38 seats

■ PRI  
20 seats

**morena**  
La esperanza de México





# Issues that Mexicans care about & influenced their votes

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Corruption  
Violence and Security  
Unemployment

Poverty and Low Wages  
Public Health  
Inflation

# AMLO's Policy Proposals



## Poverty:

- **Increase minimum wage.**
- **Launch new youth jobs programs.**
- **Subsidize inputs for small farmers.**
- **Guarantee free universal health coverage.**

## Corruption:

- **Better supervision of public spending.**
- **Cut public-officials salaries, perks and reduce staff.**
- **Name new independent Anti-Corruption prosecutor. Absolute autonomy of the General Attorney's office.**
- **Legal reforms to increase penalties for officials who use public money for personal gain.**

## Trade:

- **Conclude the trade negotiation with U.S. Focus on expanding trade with others.**

## Economic Policy:

- **Focus on developing Mexico's internal market**
- **Infrastructure projects (for example, railway line)**
- **Redirect government spending to social programs; won't raise taxes or increase debt**
- **Lower taxes in border cities with the US**

## Education:

- **Eliminate teacher's evaluation.**
- **Launch new youth scholarships, universities.**

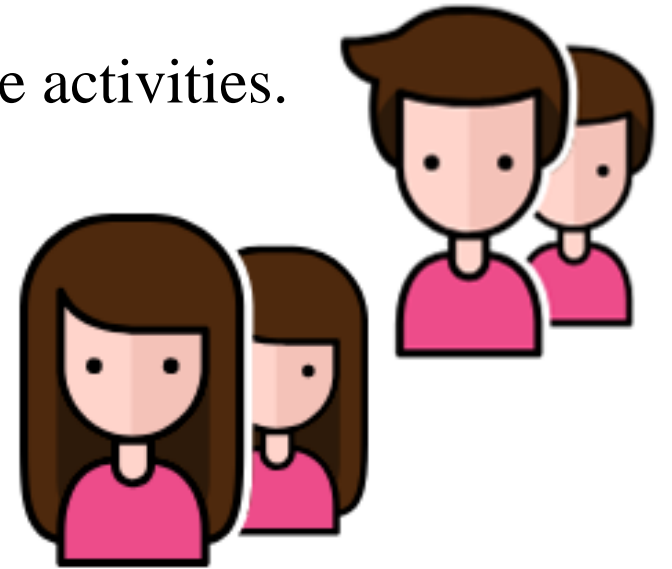


# AMLO'S PROGRAM "YOUTH BUILDING THE FUTURE"

## GENERAL OBJECTIVES

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- Increase job and training opportunities for **2.6 million 18-29 year old Mexicans**.
- **Goals:**
- **Reduce** numbers of young people that are not employed, in education programs or being trained (**NEETs**).
- **Reduce unemployment** rates.
- **Reduce** youth involvement in **criminal activity** & non-productive activities.
- Build **linkages** between **communities**.
- **Increase** Mexico's **productivity** levels and **economic growth**.





# AMLO'S PROGRAM "YOUTH BUILDING THE FUTURE" ELEMENTS

## Scholarships for training

- Award **2.3 million scholarships** of \$3.6 thousand pesos monthly
- **Certify youth** enrolled
- Award participating companies as social responsible organizations
- Coordinated by the Department of Labor (STPS)



## Scholarships for college

- Award **300 thousand annual scholarships** of \$2.6 thousand pesos monthly
- Coordinated by the Department of Public Education (SEP)



# AMLO's Policy Proposals

## Energy:

- **Review of contracts** since the Energy Reform. **Postpone new auctions** (for at least 2 years).
- **Strengthen the role of PEMEX** with a preferred role for exploration and choosing partnerships.
- Limit **gasoline price** increases.
- **Build new refineries** to supply gasoline (\$100 billion pesos); aim to reduce/eliminate crude exports.
- \$75 billion pesos of next year's budget will be allocated to **oil extraction**.

## Security:

- Create an independent **Secretariat of Public Security**.
- **Centralize command of police forces** (*mando único*).
- put civilian intelligence agency **CISEN** under **Public Security Secretary**.
- **Return of the military to the barracks** in a 3-year framework.
- **Police reform and professionalization: better trained and better paid police**
- Social investment: more **job and educational opportunities**.
- Review security **cooperation with the U.S.**
- **Amnesty** for lower-level offenders; support for victims, use redistributive justice approaches.
- **De-criminalize marihuana** and, possibly, **growing opium poppy**.



# AMLO's Proposals to Trump – July 12 Letter

## TRADE



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

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

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



## SECURITY



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

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

# AMLO's Proposals to Trump – July 12 Letter

<p><b>MIGRATION</b></p> 	<p><b>Improve economic opportunities</b> to keep Mexicans in Mexico.</p>	<p><b>Migration cooperation</b> based on the respect for human rights.</p>	<p>Development plan between the U.S., Mexico, and Central American countries to <b>mitigate poverty and retain the migration.</b></p>	
<p><b>DEVELOPMENT</b></p> 	<p>Encourage <b>tourism</b> with high-speed train from Cancun to Palenque.</p>	<p>Creation of an <b>economic and commercial corridor</b> in the Isthmus of Tehuantepec.</p>	<p>Reactivate Mexico's <b>agricultural sector.</b></p>	<p><b>Urban development plan in border cities.</b></p>



# Critics concerns about an AMLO Presidency

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

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

**Slow the Education Reform?**

**Weaken Energy Reform?**

**Corruption:** no effective plan?

**Public Security: strategy** not sufficient to reverse violence?

**US-Mexico Bilateral relationship.** NAFTA? Clashes over migration, border anti-drug policy? Non-interventionist foreign policy?

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

# AMLO's Challenges



Lack of **experience governing**

Carrying out **promised reforms**

(salary + personal cuts and decentralization)



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

Developing specific **policies & effective implementation**

(e.g. security & corruption)



Meeting **high popular expectations**

# Maintaining a Partnership with Mexico?



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

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## Trade:

- Complete USMCA negotiations and ratification; end metal tariffs; begin cooperative implementation.
- Enhance facilitation of trade and travel with focus on border.

## Bilateral Security Cooperation:

- Avoid further deterioration in cooperation. Collaborative review of all programs.
- Better manage together migration; integrated AMLO development ideas.
- Deepen coordinated support for Central America to address root causes of migration.
- Review cooperation to better fight organized crime ( attacking production, distribution, logistics, finance networks, arms smuggling, and addiction/demand) and support Mexico's efforts to reduce crime and violence.
- Continue close cooperation against terrorism.

## Improve Competitiveness:

- Identify and revive a bilateral and North American agenda to enhance economic competitiveness.
- Invest in programs, including workforce development and education, to further develop the complimentary nature of the two economies, to create jobs for the Fourth Industrial Revolution, and to outperform global competitors.

## Rebuilding Confidence:

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



# Building Partnership with Mexico



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**Convergencias, 10/18**