

# Mexico: Background and U.S. Relations

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## Summary

Mexico, the 10<sup>th</sup> most populous country globally, has the 15<sup>th</sup> largest economy in the world. It is currently the top U.S. trade partner and a major source of energy for the United States, with which it shares a nearly 2,000-mile border and strong economic, cultural, and historical ties.

Andrés Manuel López Obrador, the populist leader of the National Regeneration Movement (MORENA) party, which he created in 2014, took office for a six-year term in December 2018. López Obrador is the first Mexican president in over two decades to enjoy majorities in both chambers of Congress. In addition to combating corruption, he pledged to build infrastructure in southern Mexico, revive the poor-performing state oil company, address citizen security through social programs, and adopt a foreign policy based on the principle of nonintervention.

President López Obrador's once high approval ratings have fallen from 60% in January 2020 to 47% in April, as Mexico faces organized crime-related violence, the Coronavirus Disease 2019 (COVID-19) pandemic, and a recession. In 2019, Mexicans generally approved of the López Obrador government's new social programs and minimum wage increases, but many also viewed the cuts to government expenditures as wasteful. After Mexico encountered several high-profile massacres and record homicide levels, the López Obrador government came under U.S. and domestic pressure to improve its security strategy. Mexico's economy recorded zero growth in 2019, and the International Monetary Fund estimates that it may contract 6.6% in 2020. Nevertheless, President López Obrador has been slow to implement economic policies and public health measures to mitigate the impact of COVID-19 and low oil prices on the country.

### U.S. Policy

Despite some predictions to the contrary, U.S.-Mexico relations under the López Obrador government have thus far remained friendly. Nevertheless, tensions have emerged over several issues, including trade disputes and tariffs, immigration and border security issues, U.S. citizens killed in Mexico, and Mexico's neutrality regarding the crisis in Venezuela. Security cooperation under the Mérida Initiative continues, but the Trump Administration has pushed Mexico to improve its antidrug efforts. The Mexican government has accommodated most of the Administration's border and asylum policy changes that have shifted the burden of interdicting migrants and offering asylum to Mexico. The Administration has requested \$63.8 million in foreign aid for Mexico for FY2021.

In November 2018, Mexico, the United States, and Canada signed the U.S.-Mexico-Canada (USMCA) free trade agreement to replace the North American Free Trade Agreement (NAFTA). The López Obrador administration enacted labor reforms and raised wages to help secure U.S. congressional approval of the necessary implementing legislation. The USMCA is expected to enter into force on July 1, 2020.

### Legislative Action

The 116<sup>th</sup> Congress consulted with the Trump Administration in the renegotiation of NAFTA under Trade Promotion Authority. The USMCA will replace NAFTA upon its entry into force. The House Democratic leadership recommended modifications to USMCA (on labor, the environment, and dispute settlement, among other topics) that led to changes to the agreement and a subsequent negotiation with Mexico and Canada on a USMCA protocol of amendment on December 10, 2019. The House approved USMCA implementing legislation in December 2019, and the Senate followed suit in January 2020 (P.L. 116-113). Both houses have taken action on H.R. 133, the United States-Mexico Economic Partnership Act, which directs the Secretary of State to enhance economic cooperation and educational and professional exchanges with Mexico;

the House approved the measure in January 2019, and the Senate approved an amended version in January 2020. Congress provided \$162.5 million in foreign assistance to Mexico in FY2019 (P.L. 116-6) and an estimated \$157.9 million in FY2020 (P.L. 116-94). The FY2020 National Defense Authorization Act (P.L. 116-92) required a classified assessment of drug trafficking, human trafficking, and alien smuggling in Mexico.

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## Introduction

The 116<sup>th</sup> Congress has demonstrated renewed interest in Mexico, a neighboring country and top trading partner with which the United States has a close, but complicated relationship (see **Figure 1**). In recent decades, U.S.-Mexican relations have improved as the countries have become close trade partners and worked to address crime, the environment, and other issues of shared concern. Nevertheless, the history of U.S. military and diplomatic intervention in Mexico and the asymmetry in the relationship continue to provoke periodic tension.<sup>1</sup>

As the United States-Mexico-Canada Free Trade Agreement (USMCA), approved by Congress in January 2020, enters into force on July 1, 2020, its implementation is likely to receive congressional attention.<sup>2</sup> Congress remains concerned about the effects of organized-crime-related violence in Mexico on U.S. security interests and U.S. citizens' safety in Mexico and has increased oversight of U.S.-Mexican security cooperation. Congress may appropriate foreign assistance for Mexico and oversee bilateral efforts to address U.S.-bound unauthorized migration, illegal drug flows, and the Coronavirus Disease 2019 (COVID-19) pandemic.

This report provides an overview of political and economic conditions in Mexico, followed by assessments of selected issues of congressional interest in Mexico: security and foreign aid, extraditions, human rights, trade, migration, energy, water, and environmental issues at the border.

## Background

Over the past two decades, Mexico has transitioned from a centralized political system dominated by the Institutional Revolutionary Party (PRI), which controlled the presidency from 1929-2000, to a true multiparty democracy.<sup>3</sup> Since the 1990s, presidential power has become more balanced with that of Mexico's Congress and Supreme Court. Partially as a result of these new constraints on executive power, the country's first two presidents from the conservative National Action Party (PAN)—Vicente Fox (2000-2006) and Felipe Calderón (2006-2012)—struggled to enact some of the reforms designed to address Mexico's economic and security challenges.

The Calderón government pursued an aggressive anticrime strategy and increased security cooperation with the United States. Mexico extradited many drug kingpins, but some 60,000 people died due to organized crime-related violence. Security challenges overshadowed the government's achievements, including its economic stewardship during the global financial crisis, health care expansion and management of the H1N1 influenza pandemic, and efforts on climate change.<sup>4</sup>

In 2012, the PRI regained control of the presidency 12 years after ceding it to the PAN with a victory by Enrique Peña Nieto over Andrés Manuel López Obrador, then standing for the leftist Democratic Revolutionary Party (PRD). Voters viewed the PRI as best equipped to reduce violence and hasten economic growth, despite concerns about its reputation for corruption. In

<sup>1</sup> Peter H. Smith and Andrew Selee, eds., *Mexico and the United States: the Politics of Partnership* (Boulder, CO: Lynne Rienner Publishers, 2013).

<sup>2</sup> Office of the United States Trade Representative, "USMCA To Enter Into Force July 1 After United States Takes Final Procedural Steps For Implementation," April 24, 2020.

<sup>3</sup> Emily Edmonds Poli and David A. Shirk, *Contemporary Mexican Politics*. 4<sup>th</sup> ed. (Lanham, MD: Rowman & Littlefield, 2020).

<sup>4</sup> Pamela K. Starr, "Mexico's Big, Inherited Challenges," *Current History*, vol. 111, no. 742 (February 2012).

2013, Peña Nieto shepherded structural reforms through a fragmented legislature by forming a “Pact for Mexico” agreement among the PRI, PAN, and PRD. The reforms addressed a range of issues, including energy, education, telecommunications, access to finance, and politics. The energy reform, which opened Mexico’s energy sector to private investment, led to foreign companies committing to invest \$160 billion in the country.<sup>5</sup>

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<sup>5</sup> Duncan Wood and John Padilla, *Mexico’s new Hydrocarbons Model: a Critical Assessment Four Years Later*, Wilson Center & IPD Latin America, 2018.

Figure I. Mexico at a Glance



**Sources:** Graphic created by the Congressional Research Service (CRS). Map files from Map Resources. Trade data from Global Trade Atlas and Ethnicity data from CIA, *The World Factbook*. Other data are from the International Monetary Fund (IMF).

Despite that early success, Peña Nieto left office with extremely low approval ratings (20% in November 2018) after presiding over a term that ended with record levels of homicides, moderate economic growth (averaging 2% annually), and pervasive corruption and impunity. Peña Nieto's approval rating plummeted after his government botched an investigation into the disappearance of 43 students in Ayotzinapa, Guerrero in September 2014. Popular dissatisfaction with Peña



Nieto and the PRI rose as Mexico fell 33 places in Transparency International's *Corruption Perception Index* from 2012 to 2018, to a ranking below many other countries in Latin America.

## López Obrador Administration

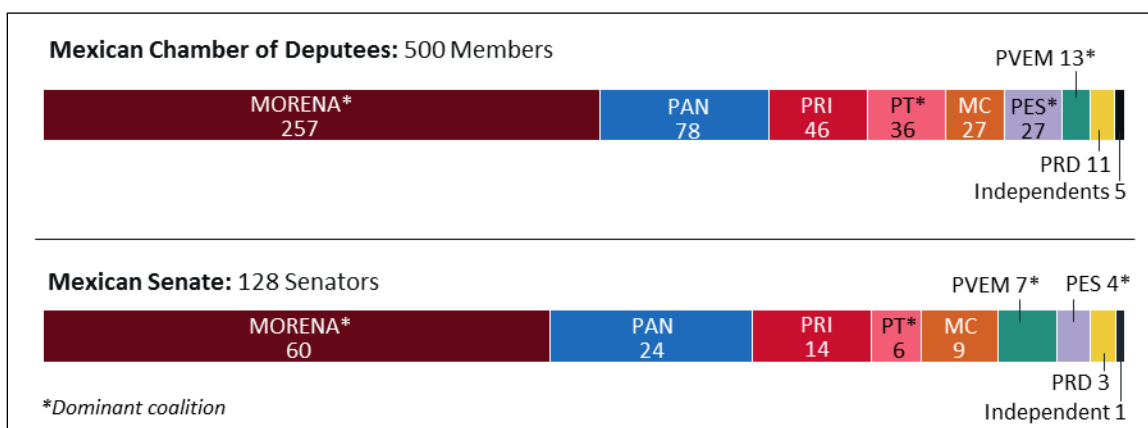
On July 1, 2018, Mexican voters gave López Obrador and MORENA a fairly strong mandate to change the course of Mexico's domestic policies. López Obrador and his MORENA coalition dominated Mexico's presidential and legislative elections. Originally from the southern state of Tabasco, López Obrador, a former mayor of Mexico City (2000-2005), had run for president in the past two elections. After his 2012 loss, he left the center-left PRD and established MORENA.

MORENA, a leftist party, ran in coalition with the socially conservative Social Encounter Party (PES) and the leftist Labor Party (PT). López Obrador won 53.2% of the presidential vote, more than 30 percentage points ahead of his nearest rival, Ricardo Anaya, of the PAN/PRD/Citizen's Movement (MC) alliance who garnered 22.3% of the vote. López Obrador won in 31 of 32 states. The PRI-led coalition candidate, José Antonio Meade, won 16.4% of the vote followed by Jaime Rodríguez, Mexico's first independent presidential candidate, with 5.2%.

Andrés Manuel López Obrador's victory signaled a significant change in Mexico's political development. López Obrador won in 31 of 32 states, demonstrating that he had broadened his support from his base in southern Mexico. The presidential election results have prompted soul-searching within the traditional parties and shown the limits of independent candidates.

In addition to the presidential contest, all 128 seats in the Mexican senate and 500 seats in the chamber of deputies were up for election. Senators serve for six years, and deputies serve for three. Beginning this cycle, both senators and deputies will be eligible to run for reelection for a maximum of 12 years in office. MORENA's coalition won solid majorities in the Senate and the Chamber which convened on September 1, 2018.

**Figure 2. Composition of the Mexican Congress by Party, as of April 2020**



**Source:** CRS graphic, with information from the Mexican Chamber of Deputies, Mexican Senate.

As of April 2020, the ruling coalition, which includes MORENA, PT, PES, and the Green Party (PVEM), controls 77 of 128 seats in the Senate and 333 of 500 seats in the Chamber. The MORENA-led coalition has a two-thirds majority (needed to make constitutional changes) in the Chamber but not in the Senate. The PAN is the second-largest party in each chamber. Mexican voters gave López Obrador and MORENA a fairly strong mandate to change the course of Mexico's domestic policies.

## President López Obrador: Priorities and Approach to Governing

In 2018, López Obrador promised to bring about change by governing differently than recent PRI and PAN administrations. In addition to combating corruption, he pledged to build infrastructure in southern Mexico, revive the poor-performing state oil company, address citizen security through social programs, and adopt a noninterventionist foreign policy. Given fiscal constraints, some observers questioned whether his goals were attainable. Although some of his advisers endorsed progressive social policies, López Obrador has opposed abortion and same-sex marriage.<sup>6</sup>

President López Obrador set high expectations for his government and promised many things to many different constituencies, some of which appear to conflict with each other. As an example, he promised to govern austere and bolster economic growth, but a lack of public (and private) investment has hurt the country's growth prospects. Although the López Obrador government promised to respect existing contracts with private energy companies, the energy ministry has halted new auctions and gotten into a dispute with a major U.S.-led consortium drilling new wells in the country.<sup>7</sup> López Obrador worked to secure the USMCA to assuage investors concerned about his economic policies but abandoned large infrastructure projects already underway, including a \$13 billion Mexico City airport project, after voters in popular referendums rejected them.<sup>8</sup> His government started a youth scholarship program, increased pensions for the elderly, and twice increased the minimum wage, while pledging not to raise taxes until at least 2021.<sup>9</sup>

President López Obrador has proven adept at connecting with his constituents but has struggled to adjust his priorities, even as Mexico faces a security crisis, recession, and the COVID-19 pandemic. Until recently, López Obrador had succeeded in shaping daily news coverage by convening frequent, early morning press conferences and traveling throughout the country to attend large, campaign-style rallies. He reportedly continued to hold large public events after public health officials warned of the dangers of COVID-19. Critics maintain that President López Obrador has shunned media outlets that have questioned his policies and cut funding for government entities that could check his presidential power.<sup>10</sup> López Obrador has continued to support cuts in public sector salaries and ministry budgets, which have led to the resignations of senior bureaucrats and weakened public institutions, including the public health system. He remains committed to implementing large infrastructure projects—a new oil refinery and a train through the Yucatán—despite their fiscal unfeasibility and potential negative impacts on the environment and indigenous communities.<sup>11</sup>

<sup>6</sup> “How Andrés Manuel López Obrador will Remake Mexico-Tropical Messiah,” *Economist*, June 21, 2018.

<sup>7</sup> Sergio Chapa, “Mexico’s new President Takes Nationalist Tone on Energy During First 100 Days in Office,” *Houston Chronicle*, March 21, 2019.

<sup>8</sup> Santiago Pérez, “Planes, Trains and Beers: Mexican Referendums Give Voters Last Call,” *Wall Street Journal*, March 2020.

<sup>9</sup> International Monetary Fund (IMF), *Mexico: Staff Report for the 2019 Article IV Consultation*, October 2019.

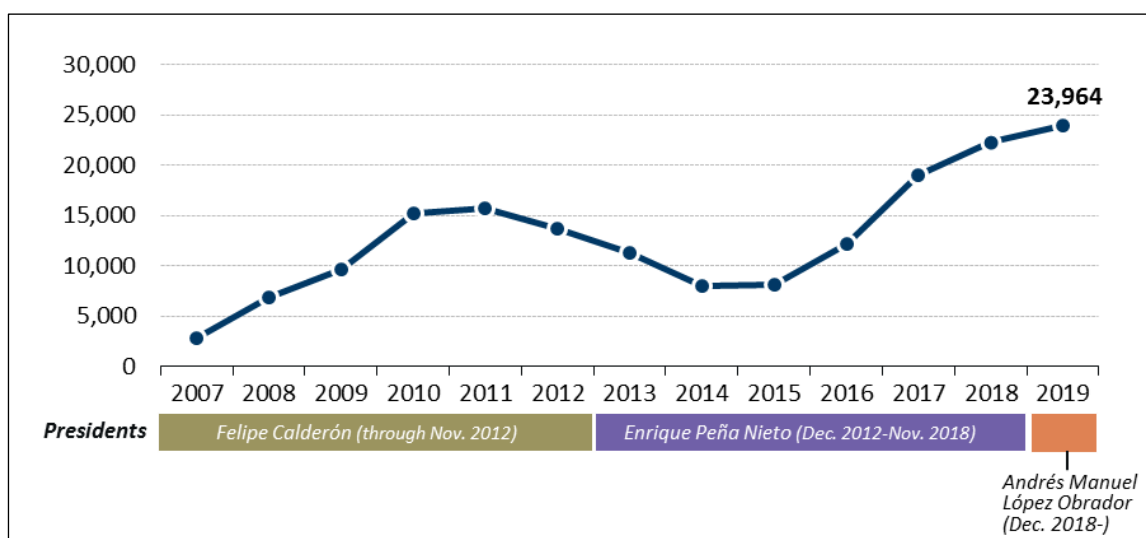
<sup>10</sup> Shannon O’Neil, “Lopez Obrador Is Dismantling Democracy in Mexico,” *Bloomberg*, March 11, 2019.

<sup>11</sup> Oscar Lopez, “A Turn Away from Mexico’s Environment?” *US News & World Report*, April 22, 2019; Jude Webber, “Mexico’s Slowdown Threatens López Obrador’s Infrastructure Plans,” *Financial Times*, February 5, 2020.

## Security Conditions

From 2015 to 2019, the homicide rate in Mexico surged some 80%, reaching a record 29 homicides per 100,000 people.<sup>12</sup> For over a decade, high levels of homicides have been driven, in part, by increasing organized crime-related violence (see **Figure 3**).<sup>13</sup> Mexico also recorded more than 1,000 femicides (targeted killing of women) in 2019, a record total that U.N. agencies and others maintain illustrates Mexico's high levels of domestic and interfamilial violence.<sup>14</sup> In January 2020, Mexico's interior ministry announced that more than 61,600 people had been reported missing, most of whom had disappeared since former president Calderón launched a "drug war" in 2006. The new figure is nearly double the roughly 37,000 people reported missing by the Peña Nieto government.<sup>15</sup>

**Figure 3. Estimated Organized-Crime Related Homicides in Mexico**  
2007-2019



**Source:** Lantia Consultores, a Mexican security firm. Graphic prepared by CRS.

U.S. drug demand, as well as bulk cash smuggling and weapons smuggling into Mexico from the United States, have fueled drug trafficking-related violence in Mexico for over a decade. Recent violence may be attributed to competition for the production and trafficking of synthetic opioids,

<sup>12</sup> In 2015, data from Mexico cited by the U.N. Office of Drugs and Crime (UNODC) recorded a homicide rate of 16.5 per 100,000. In February 2020 congressional testimony, a U.S. official estimated that Mexico recorded a homicide rate of 29 per 100,000 in 2019. Testimony of U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs Deputy Assistant Secretary of State Richard Glenn, in U.S. Congress, House Foreign Affairs Committee, Subcommittee on the Western Hemisphere, Civilian Security, and Trade, 116<sup>th</sup> Cong., 2<sup>nd</sup> sess., February 13, 2020. Hereinafter Glenn testimony, February 2020.

<sup>13</sup> Infighting among criminal groups has intensified since the rise of the Jalisco New Generation, or CJNG, cartel. The January 2017 extradition of Joaquín "El Chapo" Guzmán prompted succession battles within the Sinaloa Cartel and emboldened the CJNG and other groups to challenge Sinaloa's dominance. See CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel.

<sup>14</sup> Economist Intelligence Unit (EIU), "Women's Protest and Strike met with Government Indifference," March 18, 2020. U.N. Women, "UN Women Executive Director Visits Mexico to Launch EU-UN Initiative to End Violence Against Women and Girls," May 29, 2019.

<sup>15</sup> Mary Beth Sheridan, "More than 60,000 Mexicans have Disappeared Amid Drug war, Officials say," *Washington Post*, January 6, 2020.

namely fentanyl.<sup>16</sup> Journalists and mayors have experienced particularly high victimization rates, which has prompted concern about freedom of the press and criminal control over Mexican territory.<sup>17</sup> In November 2019, drug traffickers killed nine women and children from an extended family of dual citizens of the United States and Mexico in Sonora, prompting significant concern from the Trump Administration and Congress.<sup>18</sup>

President López Obrador has rejected calls for a “war” on transnational criminal organizations, which he asserts would increase civilian casualties. Until recently, he also was hesitant to embrace the so-called “kingpin strategy,” employed by his two predecessors, of arresting and extraditing top cartel leaders. López Obrador’s security strategy, released in February 2019, included a focus on addressing the socioeconomic drivers of violent crime.<sup>19</sup> The administration has launched a program to provide scholarships to youth to attend university or to complete internships rather than join criminal groups out of economic necessity. It has also discussed launching transitional justice programs for nonviolent offenders. The MORENA-led Congress is moving to decriminalize marijuana production and distribution (to comply with a 2018 Mexican Supreme Court ruling).<sup>20</sup>

At the same time, President López Obrador backed constitutional reforms to allow military involvement in public security to continue for five more years and created a military-led National Guard.<sup>21</sup> Thus far, Mexico’s National Guard (composed mostly of military and former federal police) has been tasked with reasserting territorial control in high-crime areas but also has been deployed to help detain migrants transiting through Mexico (at the behest of the U.S. government). More recently, it has been tasked with providing perimeter security and protecting medical supplies at hospitals serving COVID-19 patients.<sup>22</sup> Since Mexico’s National Guard lacks investigatory authority, evidence it gathers is inadmissible in court. Critics have therefore faulted the López Obrador administration for dismantling the U.S.-trained and equipped federal police and not adequately investing in the state and local police forces charged with investigating most crimes, including homicides.<sup>23</sup> A fund previously dedicated to supporting local police reform efforts is being used to purchase protective health equipment for police working to combat rising crime amidst the COVID-19 pandemic.<sup>24</sup>

The López Obrador administration’s security strategy appears to have shifted in recent months, after it received withering criticism following several massacres in fall 2019. Since the high-profile failure of an army-led operation to arrest El Chapo Guzmán’s son (Ovidio Guzmán) in October 2019, the López Obrador administration has reportedly redeployed an elite navy unit that

<sup>16</sup> Steve Dudley, “The End of the Big Cartels: Why There Won’t be Another El Chapo,” *Foreign Affairs*, February 27, 2019; Eimhin O’Reilly, “Fentanyl Trade Fuels Cartel Battle in Central Mexico,” *InSight Crime*, March 2, 2020.

<sup>17</sup> David Shirk et al., *Organized Crime and Violence in Mexico Report*, Justice in Mexico, April 2019.

<sup>18</sup> CRS Insight IN11205, *Designating Mexican Drug Cartels as Foreign Terrorists: Policy Implications*, coordinated by Liana W. Rosen.

<sup>19</sup> Vanda Felbab-Brown, *AMLO’s Security Policy: Creative Ideas, Tough Reality*, Brookings Institution, March 2019.

<sup>20</sup> “Mexico Supreme Court says ban on Recreational Marijuana Unconstitutional,” Reuters, October 31, 2018.

<sup>21</sup> Those reforms contradict a 2018 Mexico Supreme Court ruling that prolonged military involvement in public security violated the Mexican Constitution. Maureen Meyer, *Mexico’s Proposed National Guard Would Solidify the Militarization of Public Security*, Washington Office on Latin America (WOLA), January 10, 2019.

<sup>22</sup> Iñigo Guevara, *Mexico’s National Guard: When Police are not Enough*, Woodrow Wilson Center’s Mexico Institute, January 2020. “Vigila Guardia Nacional 84 Hospitales de IMSS,” *Reforma*, April 15, 2020.

<sup>23</sup> Mary Speck, *Great Expectations, Grim Realities*, Center for Strategic & International Studies, May 2019.

<sup>24</sup> Arturo Angel, “Mandan Fondo Anticrimen a COVID-19, pese al Aumento de Violencia y Depuración Policial Incompleta,” *Animal Político*, April 14, 2020.

had previously tracked and arrested high-level kingpins, sometimes based on U.S. intelligence.<sup>25</sup> The administration is reportedly in the process of developing a comprehensive drug control strategy. It has also resumed efforts to target, arrest, and extradite high-level kingpins to the United States (see “Extraditions,” below).

## Addressing Corruption and Impunity

Corruption is an issue at all levels of government in Mexico and among all political parties. Twenty former governors (many from former president Peña Nieto’s PRI party) are under investigation for corruption.<sup>26</sup> In December 2019, the U.S. arrest of former PAN president Calderón’s public security minister on charges of accepting millions in bribes from the Sinaloa Cartel revealed corruption at the highest levels of that administration.<sup>27</sup> Although voters backed López Obrador for his perceived personal honesty and willingness to tackle corruption, some of his allies are suspected of malfeasance.<sup>28</sup>

President López Obrador has taken steps to combat corruption, but some observers question whether the administration will invest in the institutions necessary to effectively detect and address corrupt offenses. López Obrador’s efforts to eliminate unnecessary government expenditures, including his decisions to cut his salary and fly commercial, and his announcements returning seized assets to the public coffers have won praise from some citizens. Others have dismissed them as merely symbolic actions.<sup>29</sup> Some observers also worry that cuts in public sector salaries could make officials more susceptible to bribes. López Obrador’s backing of constitutional reforms that added corruption to the list of grave crimes for which judges must require pre-trial detention also proved divisive. U.N. officials and others expressed concern that the move violates the principle that one is innocent until proven guilty and could encourage politicians to pressure judges to punish their political rivals.<sup>30</sup>

### Key Institutions for Strengthening the Rule of Law

**New Criminal Justice System.** By the mid-2000s, most Mexican legal experts had concluded that reforming Mexico’s corrupt and inefficient criminal justice system was crucial for combating criminality and strengthening the rule of law. In June 2008, Mexico implemented constitutional reforms mandating that by 2016, trial procedures at the federal and state levels had to move from a closed-door process based on written arguments presented to a judge to an adversarial public trial system with oral arguments and the presumption of innocence. These changes aimed to help make a new criminal justice system that would be more transparent, impartial, and efficient (through the use of alternative means of dispute settlement). Federal changes followed advances made in early adopters of the new system, including states such as Chihuahua.<sup>31</sup>

<sup>25</sup> José de Córdoba and Sadie Gurman, “Mexico, Under U.S. Pressure, Adds Muscle to Fight Against Drug Cartels,” *Wall Street Journal*, February 7, 2020.

<sup>26</sup> For background on the status of those cases, see CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel.

<sup>27</sup> U.S. Department of Justice, “Former Mexican Secretary of Public Security Arrested for Drug-Trafficking Conspiracy and Making False Statements,” December 10, 2019.

<sup>28</sup> “AMLO Uses his Anti-Corruption Drive to Gain Power and Scare Critics,” *The Economist*, November 30, 2019.

<sup>29</sup> “AMLO Uses his Anti-Corruption Drive to Gain Power and Scare Critics,” *The Economist*, November 30, 2019.

<sup>30</sup> U.N. Office of the High Commissioner for Human Rights (OHCHR), “Statement of the UN High Commissioner for Human Rights, Michelle Bachelet, on her visit to Mexico,” April 2019. Hereinafter OHCHR, April 2019.

<sup>31</sup> Octavio Rodríguez Ferreira and David Shirk, *Criminal Procedure Reform in Mexico: 2008-2016 The Final Countdown to Implementation*, Justice in Mexico, October 2015.



Under Peña Nieto, Mexico technically met the June 2016 deadline for adopting the new system, with states that have received technical assistance from the United States showing, on average, better results than others.<sup>32</sup> Nevertheless, problems in implementation occurred and public opinion turned against the system as criminals were released by judges due to flawed police investigations or weak cases presented by prosecutors.<sup>33</sup> According to the World Justice Project, the new system has produced better courtroom infrastructure, more capable judges, and faster case resolution than the old system, but more training for police and prosecutors is needed.<sup>34</sup>

Thus far, López Obrador has not dedicated significant resources to strengthening the justice system. His administration has implemented some reforms, including mandatory pre-trial detention for more types of crimes, which appear to contradict the goals of the new system. It also considered pushing other policies that would have weakened protections against police and prosecutorial abuses.<sup>35</sup> Those policy changes were abandoned following a popular backlash.

**Building an Independent Prosecutor General's Office.** Analysts who study Mexico's legal system highlight the inefficiency of the attorney general's office (PGR). The PGR has struggled with limited resources, corruption, and a lack of political will to resolve high-profile cases, including those involving corruption or human rights abuses. Three attorneys general resigned from 2012 to 2017; the last over allegations of corruption. Many civil society groups that pushed for the new criminal justice system also lobbied the Mexican Congress to create an independent prosecutor's office.<sup>36</sup> Under 2014 constitutional reforms, Mexico's Senate was charged with appointing an independent individual to lead the new prosecutor general's office for a nine-year term.

President López Obrador downplayed the importance of the new office during his campaign, but Mexico's Congress established the office after he was inaugurated. In January 2019, Mexico's Senate named Dr. Alejandro Gertz Manero, a close associate and former security advisor to López Obrador, as prosecutor general. Despite the limited overall budget and institutional capacity of the newly created office, Gertz Manero has directed prosecutors to focus on emblematic cases. Still, critics maintain that Gertz Manero's ties to the president have inhibited his willingness to take on difficult cases, particularly those involving the current administration.<sup>37</sup>

**National Anticorruption System.** In July 2016, Mexico's Congress approved legislation that contained several proposals put forth by civil society to fully implement the national anticorruption system (NAS) created by a 2015 constitutional reform. The legislation gave the NAS investigative and prosecutorial powers and a civilian board of directors; increased administrative and criminal penalties for corruption; and required three declarations (taxes, assets, and conflicts of interest) from public officials and contractors. Under the Peña Nieto government, federal implementation of the NAS lagged and state-level implementation varied.<sup>38</sup>

In February 2019 Prosecutor General Gertz Manero named a special anticorruption prosecutor who received a significant budget for 2020 amidst generalized budget cuts for the institution. Cases involving corruption in the social development ministry and corrupt payments from the Brazilian construction company Odebrecht to the head of *Petróleos de México (Pemex)* during the Peña Nieto administration are moving forward. However, as of April 2020 President López Obrador has only nominated three of the judges required to hear corruption cases, and many states have not filled the positions needed to establish their state-level anti-corruption systems.<sup>39</sup>

<sup>32</sup> U.S. agencies provided more than \$400 million in training, courtroom infrastructure, and technical assistance to support Mexico's transition to an accusatorial justice system (adopted in 2008) at the federal and state levels. Guillermo Raúl Zepeda Lecuona, "¿Cómo Vamos en Procuración de Justicia?" *Animal Político*, July 18, 2018.

<sup>33</sup> Joshua Partlow, "Mexico's Crisis of Justice," *Washington Post*, December 29, 2017; Octavio Rodríguez and David Shirk, "Mexico's Badly Needed Justice Reforms are in Peril," *San Diego Union Tribune*, August 11, 2017.

<sup>34</sup> World Justice Project México, *Mexico's new Criminal Justice System: Substantial Progress and Persistent Challenges*, June 2018.

<sup>35</sup> María Novoa, "Justice Reform Puts Mexico at a Dangerous Crossroads," *Americas Quarterly*, January 27, 2020.

<sup>36</sup> Ximena Suárez-Enríquez and Úrsula Indacochea, *A Prosecutor's Office that Works in Mexico*, Washington Office on Latin America (WOLA), April 19, 2018.

<sup>37</sup> "Mexico: Questions About FGR's Independence Emerge," *Latin News Security & Strategic Review*, February 2020.

<sup>38</sup> In 2017, members of the system's civilian board of directors maintained that the government had thwarted its efforts by denying requests for information. Azam Ahmed, "Mexico's Government Is Blocking Its Own Anti-Corruption Drive, Commissioners Say," *New York Times*, December 2, 2017.

<sup>39</sup> Gina Hinojosa and Maureen Meyer, *Five Years On, What's Still Missing from Mexico's National Anti-Corruption System?* WOLA, April 15, 2020.

## Human Rights

Criminal groups, sometimes in collusion with state actors, have continued to commit serious human rights violations against civilians, including extrajudicial killings.<sup>40</sup> Mexican security forces at all levels have been implicated in human rights violations, including documented cases of torture, arbitrary detention, forced disappearance, and extrajudicial killings. The vast majority of those abuses have gone unpunished, whether they were prosecuted in the military or civilian justice systems. Under Mexico's new justice system, judges have had to let many defendants go free, even if they may have been guilty, due to police misconduct in gathering evidence by using torture to secure confessions.<sup>41</sup> The government also continues to receive criticism for not protecting journalists, human rights defenders, migrants, and other groups.

For years, human rights groups and the U.S. State Department's *Country Reports on Human Rights Practices* have chronicled cases of Mexican security officials' involvement in extrajudicial killings, torture, and "enforced disappearances."<sup>42</sup> The unresolved case of 43 missing students who disappeared in Ayotzinapa, Guerrero, in September 2014—which allegedly involved the local police and authorities—galvanized global protests for the next four years. Experts from the Inter-American Commission on Human Rights (IACHR) disproved much of the attorney general's investigation, and in 2018, a federal judge ruled that the attorney general's investigation had not been impartial. President López Obrador established a truth commission on Ayotzinapa, and Prosecutor General Gertz Manero created a special prosecutor's office to focus on the case. In March 2020, a federal judge issued arrest warrants for a former marine and five government officials for torture and obstruction of justice related to the case, a significant advance.<sup>43</sup>

Among the human rights challenges facing Mexico, President López Obrador has prioritized enforced disappearances. The López Obrador administration has met regularly with families of the missing, launched an online portal for reporting missing persons, supported community-led searches, registered more than 3,600 clandestine graves, and increased the 2020 budget for Mexico's national search commission. Amidst what the interior ministry has deemed a "forensics crisis," the government is seeking international assistance, including U.S. support, to identify bodies that have been exhumed.<sup>44</sup>

Human rights organizations have urged the López Obrador administration to fully enact the country's 2017 law against torture, investigate and punish cases of torture, and take steps to ensure that state agents do not commit acts of torture. After an April 2019 visit to Mexico, the U.N. Committee against Torture welcomed the passage of the 2017 law, but stated that torture by state agents occurred in a "generalized manner" and found torture to be "endemic" in detention

<sup>40</sup> See U.S. Department of State, *2019 Country Report on Human Rights Practices: Mexico*, March 2020; Open Society Justice Initiative, *Corruption that Kills: Why Mexico Needs an International Mechanism to Combat Impunity*, May 2018.

<sup>41</sup> World Justice Project, *Mexico's new Criminal Justice System: Substantial Progress and Remaining Challenges*, June 2018.

<sup>42</sup> According to the U.N., enforced disappearances occur when "persons are arrested, detained or abducted against their will or otherwise deprived of their liberty by officials of different branches or levels of Government, or by organized groups or private individuals acting on behalf of, or with the support, direct or indirect, consent or acquiescence of the Government." See <http://www.un.org/en/events/disappearancesday/background.shtml>.

<sup>43</sup> Maureen Meyer, *Mexico Makes Progress in Investigating Torture and Obstruction of Justice in Emblematic Ayotzinapa Case*, WOLA, March 27, 2020.

<sup>44</sup> Maureen Meyer and Gina Hinojosa, *Mexico Moves Forward with Efforts to Address Disappearances Crisis*, WOLA, March 23, 2020.

centers.<sup>45</sup> The U.N. body also found that fewer than 5% of investigations into torture claims resulted in convictions. López Obrador has spoken out against torture, but his government has yet to develop a system to track statistics on torture cases as required by the 2017 law.

Human rights groups maintain that efforts to protect journalists, human rights defenders, and migrants remain insufficient, and in some cases, have worsened under López Obrador. Some 132 journalists and media workers were killed in Mexico from 2000 to 2019, including 11 in 2019.<sup>46</sup> Mexico ranks among the top 10 countries globally with the highest rates of unsolved journalist murders as a percentage of population, according to the nongovernmental Committee to Protect Journalists' *Global Impunity Index*. López Obrador has been critical of some media outlets and reporters who have questioned his policies; some of those reporters have subsequently been victims of physical attacks.<sup>47</sup>

Mexico is also a dangerous country for human rights defenders. In 2019, at least 23 human rights defenders were killed.<sup>48</sup> Nevertheless, the López Obrador government has cut the budget for the already underfunded mechanism intended to protect human rights defenders and journalists and the budget for prosecutors charged with investigating those crimes.

Migrants traveling through Mexico are vulnerable to abuse by criminal groups and corrupt officials. In June 2019, the López Obrador administration reached a migration agreement with the Trump Administration in order to avoid the imposition of U.S. tariffs.<sup>49</sup> As part of that agreement, Mexico agreed to step up its immigration enforcement efforts and to allow more U.S.-bound migrants to be returned to Mexico to await their U.S. immigration proceedings. Since the June agreement took effect, violent incidents against migrants have increased in both southern and northern Mexico; human rights advocates have documented 800 cases of migrants returned to northern Mexico who have been raped, kidnapped, and/or attacked.<sup>50</sup>

## Foreign Policy

In contrast to his predecessor, President López Obrador generally has maintained that the best foreign policy is a strong domestic policy and has not traveled outside the country since assuming office. Foreign minister Marcelo Ebrard (former mayor of Mexico City) has represented Mexico in global fora. He has been tasked with leading a return to Mexico's historic noninterventionist and independent approach to foreign policy (the so-called *Estrada doctrine*). As an example, López Obrador reversed the active role that Mexico had been playing during the Peña Nieto government in seeking to address the crises in Venezuela. Among other policy shifts, Mexico has established closer relations with Cuba, granted asylum to ousted Bolivian president Evo Morales, and discussed purchasing new helicopters from Russia after canceling a purchase of U.S. military helicopters in 2019.<sup>51</sup>

<sup>45</sup> U.N. Office of the High Commissioner for Human Rights, "Committee Against Torture Reviews the Report of Mexico," April 26, 2019.

<sup>46</sup> Article 19, "Periodistas Asesinados en México," accessed on April 7, 2020, at <https://articulo19.org/periodistasasesinados/>.

<sup>47</sup> Santiago Pérez, "Mexico's Journalists Fear Hostile Turn Under President," *Wall Street Journal*, December 6, 2019.

<sup>48</sup> Frontline Defenders, *Global Analysis 2019*, 2020.

<sup>49</sup> U.S. Department of State, Office of the Spokesperson, "U.S.-Mexico Joint Declaration," June 7, 2019.

<sup>50</sup> Human Rights First, "Marking One Year of the Horrific 'Remain in Mexico' Policy – Over 800 Violent Attacks on Asylum-Seekers," press release, January 22, 2020, at <https://www.humanrightsfirst.org/press-release/marking-one-year-horrific-remain-mexico-policy-over-800-violent-attacks-asylum-seekers>.

<sup>51</sup> "Mexico in Talks with Russia to buy new Batch of Military Helicopters: Foreign Minister," Reuters, February 6,



Despite these changes, Mexico continues to participate in multilateral institutions and support development in Central America. In addition to working within trade fora, such as the Pacific Alliance, Mexico continues to promote its exports and seek new trade partners.<sup>52</sup> The López Obrador administration shares the view of prior Mexican governments that the best way to stop illegal immigration from the Northern Triangle of Central America (Guatemala, El Salvador, and Honduras) is to address the lack of opportunity and insecurity in that region. It has launched a \$100 million program focused on promoting sustainable development in the Northern Triangle and signed agreements with the Trump Administration to bolster investment in the region.<sup>53</sup>

## Economic and Social Conditions<sup>54</sup>

Beginning in the late 1980s, Mexico transitioned from a closed, state-led economy to an open market economy that has entered into free trade agreements with at least 46 countries. The transition accelerated after NAFTA's entry into force in 1994. Since NAFTA, Mexico has increasingly become an export-oriented economy, with the value of exports equaling 39% of Mexico's gross domestic product (GDP) in 2018, up from 12% of GDP in 1993.<sup>55</sup> Mexico remains a U.S. crude oil supplier, but its top exports to the United States are automobiles and auto parts, computer equipment, and other manufactured goods, many of which contain a significant percentage of U.S. value-added content.

Over the past 30 years, Mexico has recorded a somewhat low average economic growth rate of 2.6%. Some factors—such as plentiful natural resources, a relatively young labor force, and proximity to markets in the United States—may help Mexico's economy growth prospects. At the same time, relatively weak institutions, an inefficient tax system, challenges in the education sector, and persistently high levels of informality (discussed below) may hinder Mexico's performance.<sup>56</sup> A lack of transparency in government spending and procurement, confusing regulations, corruption, and high levels of insecurity remain barriers to investment.<sup>57</sup>

Despite attempts to diversify its economic ties and build its domestic economy, Mexico remains heavily dependent on the United States as an export market (roughly 85% of Mexico's exports in 2019 were U.S.-bound) and as a source of remittances, tourism revenues, and investment. Remittances, which reached a record \$36 billion in 2019 according to Mexico's central bank, have replaced oil exports as Mexico's largest source of foreign exchange. Mexico remained the leading U.S. international travel destination in 2018 (the most recent year calculated by the U.S. Department of Commerce), despite U.S. travel warnings regarding violence in some resort areas. The total stock of U.S. foreign direct investment in Mexico stood at \$114.9 billion in 2018, a 4.7% increase from 2017.

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2020.

<sup>52</sup> CRS Report R43748, *The Pacific Alliance: A Trade Integration Initiative in Latin America*, by M. Angeles Villarreal

<sup>53</sup> "México Destina 100 mdd para Exportar el Plan Sembrando Vida a Centroamérica," *Forbes*, June 21, 2019; U.S. Department of State, "United States-Mexico Declaration of Principles on Economic Development and Cooperation in Southern Mexico and Central America," December 18, 2018; U.S. Department of State, Office of the Spokesperson, "U.S.-Mexico Joint Declaration," June 7, 2019.

<sup>54</sup> For background, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

<sup>55</sup> World Bank, "World Development Indicators," at <https://data.worldbank.org/indicator/NE.EXP.GNFS.ZS?locations=MX&view=chart>.

<sup>56</sup> Organisation for Economic Cooperation and Development (OECD), *Economic Survey of Mexico*, May 2019.

<sup>57</sup> U.S. Department of State, "2019 Investment Climate Statements: Mexico."

When President López Obrador took office, he inherited an economy facing challenges but with strong fundamentals and an improving investment climate that had helped the country weather external volatility.<sup>58</sup> Although the IMF renewed Mexico's flexible line of credit in November 2019, it expressed concerns about uncertainty in the administration's economic policymaking and unclear plans to generate the revenue necessary to offset additional spending.<sup>59</sup> After growth averaging 3.0% since 2010, the Mexican economy contracted by 0.1% in 2019, due, in part, to lower public and private investment. Some investors have expressed serious concerns about López Obrador's promotion of government intervention in the economy, particularly support for Pemex and willingness to cancel major privately funded infrastructure projects opposed by his supporters.<sup>60</sup> Some analysts had expected investment to increase this year as a result of the entry into force of the USMCA, which would offer some policy certainty to investors; those gains are unlikely to materialize due to the COVID-19 pandemic.

## COVID-19, Low Oil Prices, and an Economic Recession

Mexico's economy is particularly vulnerable to external volatility because of its strong reliance on export sectors. In its April 2020 World Economic Outlook, the IMF predicted that Mexico's economy would contract by some 6.6% in 2020 due to a combination of the COVID-19 pandemic, low oil prices and demand, and a likely U.S. recession.<sup>61</sup> President López Obrador's responses to these phenomenon could worsen their combined impacts. As the peso has plunged, job losses have mounted, and investment flows have left the country, some observers are becoming increasingly concerned.

- **COVID-19.**<sup>62</sup> On March 30, 2020, Mexican health officials declared a health emergency due to COVID-19—requiring social distancing, travel restrictions, and the closure of nonessential businesses—several weeks after other countries and the U.S.-Mexico border had closed to nonessential travel. President López Obrador resisted adopting the recommendations of his own health ministry (e.g., he did not suspend large rallies until mid-April). As of April 27, 2020, COVID-19 had caused at least 1,350 deaths in Mexico.<sup>63</sup> The Ministry of Health has predicted that social distancing restrictions could end by June, even as cases continue to rise. Although Mexico ranks fourth among Latin American countries in terms of pandemic preparedness,<sup>64</sup> the López Obrador administration's budget cuts have severely reduced public health system personnel and protective equipment, prompting some protests by medical professionals. After Mexico's finance minister, business leaders, and governors lobbied for a fiscal stimulus

<sup>58</sup> Those challenges included; poor tax collection, a large informal sector with weak productivity, inefficient public administration, and weak governance. On the other hand, Mexico possessed sound macroeconomic policies; a strong banking system' structural reforms enacted in 2013 and 2014 that aimed to improve education, expand access to finance, and modernizing the energy sector. IMF, *Mexico: 2018 Article IV Consultation-Press Release; Staff Report; and Staff Statement*, November 2018.

<sup>59</sup> IMF, *Mexico: 2019 Article IV Consultation-Press Release; Staff Report; and Staff Statement*, November 2019.

<sup>60</sup> EIU, *Country Report: Mexico*, April 2020.

<sup>61</sup> *World Economic Outlook Database, April 2020*, April 14, 2020

<sup>62</sup> For public health information, see <https://coronavirus.gob.mx/>. For economic policy responses, see IMF, "Policy Responses to COVID-19," at <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#M>.

<sup>63</sup> Johns Hopkins University, "COVID-19 Dashboard," accessed April 27, 2020, at <https://coronavirus.jhu.edu/map.html>.

<sup>64</sup> Johns Hopkins Center for Health Security, "Nuclear Threat Initiative"; and EIU, *Global Health Security Index*, 2019.

- package, López Obrador resisted economic stimulus measures beyond increases in social spending.<sup>65</sup> (See “U.S.-Mexico Health Cooperation,” below.)
- **Low Oil Prices.**<sup>66</sup> Amidst collapsing global demand and disputes among major oil-producing countries over how to reduce production, oil prices have fallen dramatically. Private companies could help Mexico adjust to the changing business climate (e.g., by building new storage capacity for excess oil), but President López Obrador has resisted enlisting their support or restructuring Pemex to allow additional private participation.<sup>67</sup> Moreover, the López Obrador administration almost thwarted global efforts to reach a pact on production cuts to stabilize oil prices until the United States agreed to cover part of Mexico’s share of the production cuts.<sup>68</sup>
  - **U.S. Recession.** With the U.S. economy forecasted to contract by 5.9% in 2020,<sup>69</sup> Mexico is likely to see significant declines in demand for its exports, foreign direct investment, tourism, and remittances. One month after the World Health Organization declared COVID-19 a pandemic, Mexico’s labor ministry estimated that the economy had lost more than 350,000 jobs, mostly in tourism.<sup>70</sup> With a significant percentage of the population employed in the informal sector that provides food and other services to tourists and other businesses, the COVID-19 pandemic could exacerbate inequality between those who have formal sector jobs and those who do not.

## Combating Poverty and Inequality

Mexico has long had relatively high poverty rates for its level of economic development (41.6% in 2018 as compared to 44.4% in 2008), particularly in rural regions in southern Mexico and among indigenous populations.<sup>71</sup> Traditionally, those employed in subsistence agriculture or in the informal sector tend to be among the poorest citizens. Many poor and working-class households rely on remittances from workers abroad to pay for food, clothing, health care, and other basic necessities and may be particularly hard hit this year as those remittances fall.

Mexico also experiences relatively high income inequality. According to the *2019 Global Wealth Report* published by Credit Suisse, 62.8% of Mexico’s wealth is concentrated in 10% of the population, although that percentage declined from 66.7% in 2000. Inequality has historically been due, in part, to the country’s regressive tax system, oligopolies that dominate particular industries, a relatively low minimum wage, and a lack of targeting in some social programs.<sup>72</sup>

Economists have maintained that reducing the untaxed and unregulated informal sector, in which workers lack job protections and benefits, is crucial for addressing income inequality and poverty,

<sup>65</sup> “Too Little, Too Late? Mexico Unveils \$26 Billion Coronavirus Stimulus,” Reuters, April 22, 2020.

<sup>66</sup> CRS Insight IN11286, *Low Oil Prices: Prospects for Global Oil Market Balance*, by Phillip Brown.

<sup>67</sup> See *Mexico in the Age of Low Oil Prices*, Woodrow Wilson Center’s Mexico Institute, March 30, 2020, at <https://www.wilsoncenter.org/article/mexicos-energy-policy-times-covid-19>.

<sup>68</sup> Ben Lefebvre, “Trump Pledges to Help Mexico Meet Output cuts Sought by OPEC,” *Politico*, April 10, 2020.

<sup>69</sup> IMF, *World Economic Outlook Database*, April 2020, April 14, 2020.

<sup>70</sup> “Mexico Loses Almost 350,000 Jobs Because of Coronavirus,” AP, April 8, 2020.

<sup>71</sup> This figure is from Mexico’s National Council for the Evaluation of Social Development Policy (CONEVAL) and is available in Spanish at <https://www.coneval.org.mx/Medicion/MP/Paginas/Pobreza-2018.aspx>.

<sup>72</sup> Gerardo Esquivel Hernandez, *Concentration of Economic and Political Power*, Oxfam Mexico, 2015.

while also expanding Mexico's low tax base. Some of the reforms enacted in 2013-2014 sought to boost formal-sector employment and productivity, particularly among the small- and medium-sized enterprises (SMEs) that employ some 60% of Mexican workers. To address the significant discrepancy in productivity between formal and informal sector firms, the financial reform aimed to increase access to credit for SMEs. The fiscal reform sought to incentivize SMEs' participation in the formal economy by offering insurance, retirement savings accounts, and home loans to those that register with the national tax agency. Despite those reforms, significant productivity differentials remain.<sup>73</sup>

The Peña Nieto administration expanded Mexico's social safety net programs, but corruption within the social development ministry allegedly siphoned hundreds of millions of dollars from those programs.<sup>74</sup> The administration expanded access to federal pensions, started a national anti-hunger program, and increased funding for the country's flagship conditional cash transfer program.<sup>75</sup> In addition to corruption, some programs, namely the anti-hunger initiative, reportedly were ineffective.<sup>76</sup>

President López Obrador has endorsed state-led economic development and promised to rebuild Mexico's domestic market as part of his National Development Plan 2018-2024. He has pledged to invest some \$25 billion in southern Mexico, including a Mayan train to connect five states and promote tourism.<sup>77</sup> Experts have dismissed the rail project and others he has proposed as financially and environmentally unfeasible, particularly now that the effects of COVID-19 are damaging the economy.<sup>78</sup>

López Obrador's pledges related to social programs include (1) doubling monthly payments to the elderly; (2) providing regular financial assistance to a million disabled people; and (3) giving a monthly payment to 2.3 million youth ages 18-29 to stay in school or complete internships.<sup>79</sup> Some of these programs, combined with two minimum wage hikes, have improved people's socioeconomic conditions amidst a recession. Irregularities have already been detected, however, including within the youth scholarship program.<sup>80</sup> Many development experts were concerned when López Obrador ended *Prospera*, a conditional cash payments program that had shown positive impacts on school attendance and nutrition outcomes and had been copied around the world.<sup>81</sup>

<sup>73</sup> Jorge Alvarez and Cian Ruane, *Informality and Aggregate Productivity: the Case of Mexico*, IMF Country Report, November 2019.

<sup>74</sup> Julia Love and Sharay Angulo, "Mexican Former Minister Detained, Deepening President's Anti-Graft Quest," Reuters, August 13, 2019.

<sup>75</sup> From 1997 through 2019, Mexico's main antipoverty program, known as *Prospera* during the Peña Nieto administration, provided cash transfers to families in poverty (some 6.4 million people) that demonstrated that they regularly attended medical appointments and that their children attended school.

<sup>76</sup> CIDAC, op. cit.; Nayeli Roldán, "La Cruzada Contra el Hambre ha Fallado en sus Objetivos: CONEVAL," *Animal Político*, December 19, 2016.

<sup>77</sup> U.S. Department of State, "United States-Mexico Declaration of Principles on Economic Development and Cooperation in Southern Mexico and Central America," December 18, 2018.

<sup>78</sup> Shannon K. O'Neil, "Coronavirus Is Killing Lopez Obrador's Big Plans for Mexico," *Latin America's Moment blog*, April 7, 2020.

<sup>79</sup> Benjamin Russell, "What AMLO's Anti-Poverty Overhaul Says About His Government," *Americas Quarterly*, February 26, 2019.

<sup>80</sup> Karina Palacios, "Corrupción Mancha a Jóvenes Construyendo el Futuro," *Milenio*, August 11, 2019.

<sup>81</sup> World Bank, *Impacts of PROSPERA on Enrollment, School Trajectories, and Learning*, Working Paper no. WPS 9000, 2019.

## U.S.-Mexican Relations and Issues for Congress

Mexican-U.S. relations generally have grown closer over the past two decades. Common interests in encouraging trade flows and energy production, combating illicit flows (of people, weapons, drugs, and currency), and managing environmental resources have been cultivated over many years. A range of bilateral talks, mechanisms, and institutions have helped the Mexican and U.S. federal governments—as well as stakeholders in border states, the private sector, and nongovernmental organizations—find common ground on difficult issues, such as migration and water management. U.S. policy changes that run counter to Mexican interests in one of those areas could trigger responses from the Mexican government on other areas where the United States benefits from Mexico's cooperation, such as combating illegal migration.

U.S.-Mexico relations under the López Obrador administration have thus far remained friendly. Nevertheless, periodic tensions have emerged over trade disputes and tariffs; immigration and border security issues, including President Trump's determination to construct a border wall; and the adequacy of Mexico's antidrug efforts, among other topics.<sup>82</sup> Under López Obrador, Mexico has accommodated increasingly restrictive U.S. immigration and border security policies, possibly to achieve one of its top foreign policy priorities: U.S. approval of the USMCA. As the USMCA enters into force in July 2020, bilateral relations may pivot to other issues, including how to respond to the COVID-19 pandemic.

### Security Cooperation, Counternarcotics, and U.S. Foreign Aid<sup>83</sup>

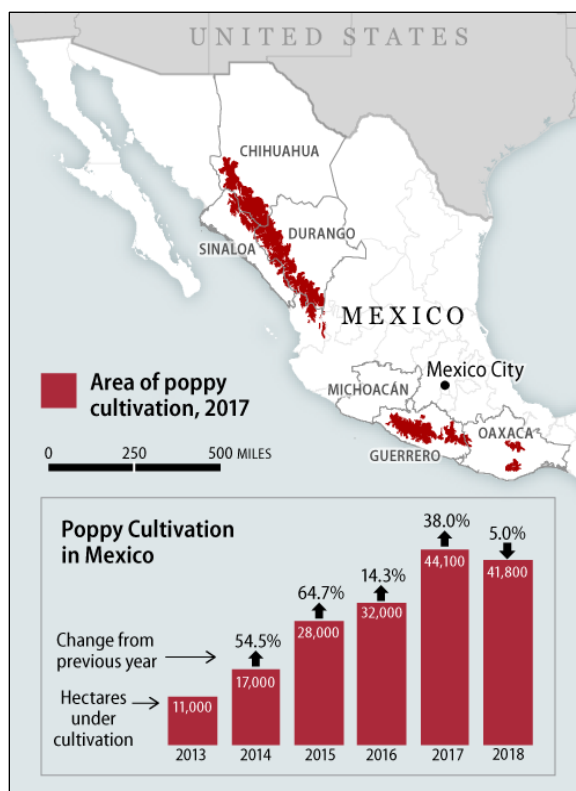
As a primary source of and transit country for illicit drugs destined for the United States, Mexico plays a key role in U.S. drug control policy. Mexico is a significant source country for heroin, marijuana, and synthetic drugs (such as methamphetamine and fentanyl) destined for the United States. Opium poppy cultivation and heroin production have surged in Mexico since 2013 (see **Figure 4** below). Mexico is also a major transit country for cocaine produced in the Andean region of South America and for fentanyl from China.

Mexican drug trafficking organizations continue to pose the greatest criminal threat to the United States, according to the DEA's 2019 *National Drug Threat Assessment*. These organizations engage in drug trafficking, money laundering, and other violent crimes. They traffic heroin, methamphetamine, cocaine, and marijuana. As the Chinese government has placed strict controls on fentanyl, Mexican drug trafficking organizations are increasingly involved in supplying the U.S. market.<sup>84</sup>

<sup>82</sup> CRS Insight IN11193, *Funding U.S.-Mexico Border Barrier Construction: Current Issues*, coordinated by William L. Painter.

<sup>83</sup> See also CRS In Focus IF10578, *Mexico: Evolution of the Mérida Initiative, 2007-2020*; CRS In Focus IF10400, *Trends in Mexican Opioid Trafficking and Implications for U.S.-Mexico Security Cooperation*.

<sup>84</sup> U.S. Drug Enforcement Administration, *Fentanyl Flow to the United States*, January 2020.

**Figure 4. Poppy Cultivation in Mexico**

**Sources:** Graphic created by CRS using data from the Office of National Drug Control Policy (2019), State Department (2017), Esri (2014), and DeLorme (2014).

Mexico is a long-time recipient of U.S. counterdrug assistance, but cooperation was limited between the mid-1980s and mid-2000s due to U.S. distrust of Mexican officials and Mexican sensitivity about U.S. involvement in the country's internal affairs. Close cooperation resumed in 2007, when then-President Calderón requested U.S. assistance to combat drug trafficking organizations. While initial U.S. funding for what the U.S. and Mexican governments termed the "Mérida Initiative" focused heavily on training and equipping Mexican security forces, U.S. assistance shifted over time to place more emphasis on strengthening Mexican institutions. Until FY2016, U.S. assistance provided through the Mérida Initiative was subject to human rights withholding requirements (see "Human Rights," below). Individuals and units receiving U.S. support were vetted for potential human rights issues in compliance with the Leahy Laws vetting requirements (22 U.S.C. 2378d).

President Trump's executive orders on combating transnational criminal organizations (E.O. 13773) and enhancing border security (E.O. 13767) refocused the Mérida Initiative. U.S. priorities include combating drug production, improving border interdiction and port security, and combating money laundering.<sup>85</sup> President Trump has praised Mexico's enhanced efforts to reduce migration flows but criticized Mexico's antidrug performance in his FY2021 "drug majors" determination.<sup>86</sup> In August 2019, the Trump Administration created a High-Level Security Working Group (HLSWG) with the Mexican government, which includes the Mérida Initiative as

<sup>85</sup> Glenn testimony, February 2020.

<sup>86</sup> The White House, "Memorandum on the Presidential Determination on Major Drug Transit or Major Illicit Drug Producing Countries for Fiscal Year 2020," August 8, 2019.



one aspect of bilateral efforts and eight sub-working groups. Mexico has prioritized combating arms trafficking, but other groups focus on drug policy, criminal justice reform, border security, and money laundering, among other issues. The working groups are likely to inform future Mérida Initiative projects.

**Table 1. U.S. Assistance to Mexico: FY2017-FY2021**

appropriations in millions of current dollars

Foreign Assistance Account	FY2017	FY2018	FY2019	FY2020 (enacted)	FY2021 (request)
Development Assistance (DA)	40.9	0.0	0.0	0.0	0.0
Economic Support and Development Fund (ESDF)	—	—	—	—	20.3
Economic Support Fund (ESF)	0.0	45.0	45.0	50.0	—
International Narcotics Control and Law Enforcement (INCLE)	90.0	100.0	110.0	100.0	41.0
Foreign Military Financing (FMF)	5.0	5.0	5.0	5.0	0.0
International Military Education and Training (IMET)	1.5	1.5	1.3	1.8	1.5
Non-proliferation, Antiterrorism, Demining, and Related Programs (NADR)	1.2	1.2	1.2	1.2	1.0
<b>Total</b>	<b>138.6</b>	<b>152.7</b>	<b>162.5</b>	<b>158.0</b>	<b>63.8</b>

**Sources:** U.S. Department of State, *Congressional Budget Justifications for Foreign Operations*, FY2019-FY2021; Explanatory statement accompanying P.L. 116-94.

Congress has demonstrated bipartisan support for the Mérida Initiative, which has accounted for the majority of U.S. foreign assistance to Mexico over the past decade, but congressional concern about the efficacy of U.S.-Mexican efforts has increased in the aftermath of several recent massacres in Mexico. (See **Table 1** for recent U.S. assistance to Mexico and **Table A-1** for a summary of Mérida Initiative funding.) Congress provided \$150 million for accounts that fund the Mérida Initiative in P.L. 116-94 (some \$73 million above the budget request). The explanatory statement accompanying Division G of P.L. 116-94 includes a reporting requirement for the State Department to submit an assessment within 120 days on the feasibility of creating a vetting process for prosecutors and judges who handle cases developed by U.S.-funded vetted units.

In 2020, Congress is considering the FY2021 budget request for Mexico. The Administration requested \$63.8 million for Mexico, nearly 60% lower than the FY2020 enacted level. The Administration's top foreign assistance priorities to Mexico are to deter unauthorized migrant flows to the United States and to disrupt transnational criminal organizations by strengthening rule of law, preventing crime, protecting human rights, and promoting transparency.<sup>87</sup>

<sup>87</sup> U.S. Department of State, U.S. Agency for International Development (USAID), "FY2021 Foreign Assistance Budget Request," February 10, 2020.

### Evaluating the Mérida Initiative

The Mérida Initiative is a U.S.-Mexican antidrug and rule of law partnership for which Congress has provided some \$3.1 billion. Many analysts have observed the need for more reporting on Mérida Initiative outcomes to help Congress oversee the funds it has appropriated. The State Department has pointed to some indicators of success, including (1) intelligence-sharing and police cooperation that has helped capture and extradite high-profile criminals; (2) national training standards for police, prosecutors, and judges; and (3) assistance that has helped Mexico receive international accreditation of its prisons, labs, and police training institutes. Despite these results, escalating violence in Mexico and drug overdose deaths in the United States have led many to question the efficacy of the Mérida Initiative. The Government Accountability Office is auditing how U.S. programs have been monitored and evaluated, among other topics.<sup>88</sup>

See CRS In Focus IF10578, *Mexico: Evolution of the Mérida Initiative, 2007-2020*, by Clare Ribando Seelke.

The Department of Defense (DOD) is not providing assistance through Mérida accounts. However, DOD oversaw the procurement and delivery of equipment provided through the Foreign Military Financing account, and bilateral military cooperation has increased along with Mérida-related law enforcement and intelligence-sharing. Some DOD equipment programs are funded by annual State Department appropriations for FMF, which totaled \$5.0 million in FY2019. International Military Education and Training (IMET) funds, which totaled \$1.3 million in FY2019, support training programs for the Mexican military, including courses in the United States. Apart from State Department funding, DOD provides additional training, equipping, and other support to Mexico that complements the Mérida Initiative through its own accounts and authorities. DOD assistance aims to support Mexico's efforts to improve security in high-crime areas, track and capture suspects, strengthen border security, and disrupt illicit flows.

Individuals and units receiving DOD support are vetted for potential human rights issues in compliance with Leahy Laws. DOD programs in Mexico are overseen by U.S. Northern Command, which is located at Peterson Air Force Base in Colorado. DOD counternarcotics support to Mexico totaled approximately \$55.3 million in FY2019.

Amid declining budgets, Members of Congress may consider how the Administration is balancing U.S. priorities in Mexico (e.g., countering migration and combating transnational criminal organizations); monitoring the efficacy of U.S. efforts; and adjusting to new challenges posed by evolving transnational criminal organization activities and to President López Obrador's priorities. As an example, it is yet unclear how the State Department, DOD, or both will support the development of Mexico's National Guard in a way that does not undermine U.S. efforts to support civilian policing.

## Extraditions

During the Calderón government, extraditions were another indicator that the State Department used as an example of the Mérida Initiative's success. During the final years of the Calderón government, Mexico extradited an average of 98 people per year to the United States, an increase over the prior administration. When President Peña Nieto took office, extraditions fell to 54 in 2013 but rose to a high of 76 in 2016 (see **Figure 5**).

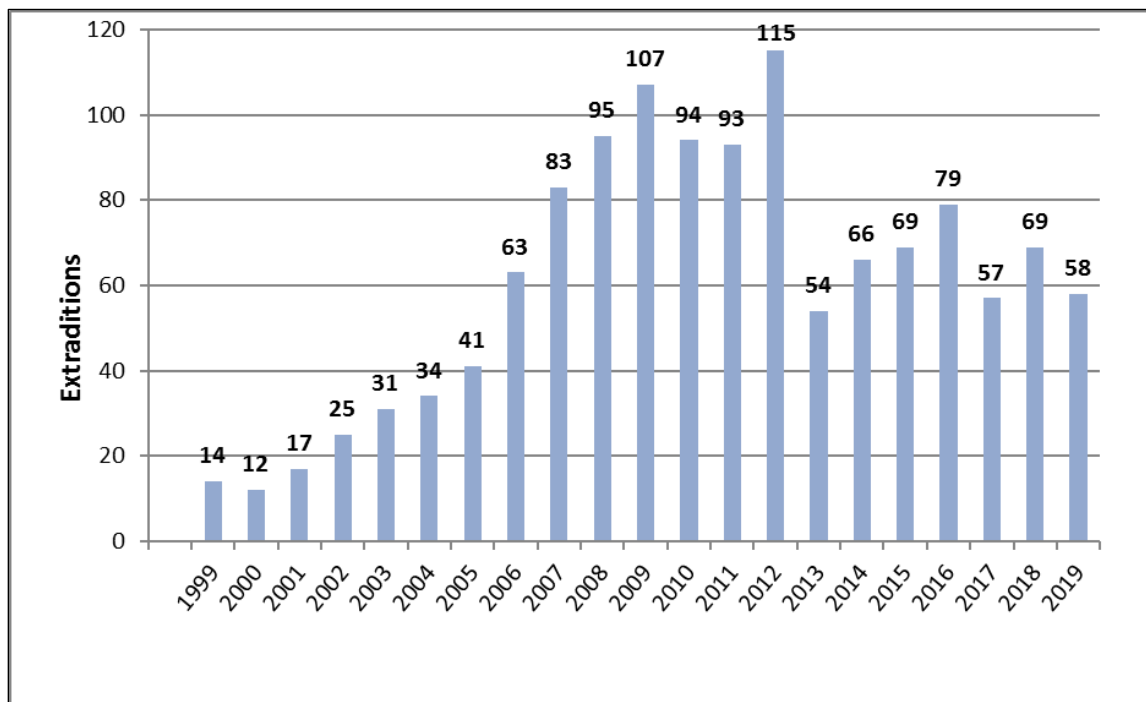
Total extraditions from Mexico fell from 69 in 2018 to 58 in 2019, and many of those extradited were not kingpins of high priority to the U.S. government. Attorney General William Barr visited

<sup>88</sup> U.S. Government Accountability Office (GAO), *U.S. Assistance to Mexico: State and USAID Allocated over \$700 Million to Support Criminal Justice, Border Security, and Related Efforts from Fiscal Year 2014 through 2018*, GAO-19-647, September 10, 2019.



Mexico in December 2019 and January 2020 to discuss the importance of extraditions and other bilateral cooperation. From January through February 25, 2020, Mexico extradited 30 suspects, including Rubén Oseguera, second in command of the Jalisco New Generation, or CJNG, cartel.<sup>89</sup>

**Figure 5. Extraditions from Mexico to the United States: 1999-2019**



Source: CRS based on data from U.S. Department of Justice and U.S. Department of State.

## Human Rights<sup>90</sup>

The U.S. Congress has expressed ongoing concerns about human rights conditions in Mexico. Congress has continued to monitor adherence to the Leahy vetting requirements that must be met under the Foreign Assistance Act (FAA) of 1961, as amended (22 U.S.C. 2378d), which pertains to State Department aid, and 10 U.S.C. 2249e, which guides DOD funding. DOD suspended assistance to a brigade based in Tlatlaya, Mexico, due to concerns about the brigade's potential involvement in extrajudicial killings but has also worked with Mexico to rehabilitate units once suspended from receiving U.S. assistance.<sup>91</sup>

From FY2008 to FY2015, Congress made conditional 15% of U.S. assistance to the Mexican military and police until the State Department sent a report to appropriators verifying that Mexico was taking steps to comply with certain human rights standards. In FY2014, Mexico lost \$5.5

<sup>89</sup> Kirk Semple, "Under Pressure from Trump, Extraditions to U.S. From Mexico Soar," *New York Times*, February 25, 2020.

<sup>90</sup> See, for example, CRS Report R45199, *Violence Against Journalists in Mexico: In Brief*, by Clare Ribando Seelke.

<sup>91</sup> Michael Evans, *US: Mexico Mass Graves Raise "Alarming Questions" About Government "Complicity" in September 2014 Cartel Killings*, National Security Archive, Electronic Briefing Book No. 515, May 2015; Col. Andrew M. Leonard, "Leahy Law Diplomacy: Human Rights Vetting and Foreign Policy," *FAOA Journal of International Affairs*, 2019.

million in funding due to human rights concerns.<sup>92</sup> For FY2016-FY2020, human rights reporting requirements applied to FMF rather than to Mérida Initiative accounts. In recent years, human rights reporting requirements have been in explanatory statements rather than the legislation. Since FY2017, the State Department has reportedly not sent such reports to Congress as the agency does not maintain that it is legally obligated to do so.<sup>93</sup>

U.S. assistance to Mexico has supported the Mexican government's efforts to reform its judicial system and improve human rights conditions in the country.<sup>94</sup> Congress has provided funding to support Mexico's transition from an inquisitorial justice system to an oral, adversarial, and accusatory system that aims to strengthen due process and human rights protections for victims and the accused. The State Department has established a high-level human rights dialogue with Mexico, although the dialogue has not yet convened under the López Obrador government. The agency also regularly engages with human rights and freedom of expression organizations in Mexico and ensures that INCLE-funded training programs for police and other actors in the criminal justice sector incorporate units on protecting human rights.

The U.S. Agency for International Development (USAID) supported Mexico's 2014-2018 human rights plan, including the development of legislation in compliance with international standards, prevention efforts, improved state responses to abuses, and expanded assistance to victims.<sup>95</sup> One project helped address the way the Mexican government handled cases of torture and enforced disappearances, another sought to help the government better protect journalists and resolve crimes committed against them.<sup>96</sup> In many areas, U.S. technical assistance to the government is complemented by support to think tanks and civil society organizations, including in the area of providing forensic assistance to help search for missing people and identify remains and in combating femicides.<sup>97</sup> USAID is likely to similarly support the López Obrador government's human rights plan, which has yet to be released; the agency dedicated \$8 million of its \$45 million in FY2019 funding for human rights programming.<sup>98</sup>

Congress may choose to augment Mérida Initiative funding for human rights programs, such as ongoing training programs for military and police, or to fund new efforts to support human rights organizations and to address the high number of cases of disappeared persons in the country. Human rights conditions in Mexico, as well as compliance with conditions included in the explanatory statement to the FY2020 Further Consolidated Appropriations Act (P.L. 116-94), are likely to be monitored.<sup>99</sup> Some Members of Congress have written letters to U.S. and Mexican

<sup>92</sup> As a result of the State Department's decision not to submit a report for Mexico, some \$5 million in FY2014 International Narcotics Control and Law Enforcement (INCLE) assistance was reprogrammed by the State Department to Peru. Mexico lost close to \$500,000 in Foreign Military Financing (FMF), as well.

<sup>93</sup> CRS interview with State Department official, March 20, 2020.

<sup>94</sup> See CRS In Focus IF10160, *The Rule of Law in Mexico and the Mérida Initiative*, by Clare Ribando Seelke. While the Department of Justice (DOJ) supports reform efforts at the federal level, USAID programs have been primarily at the state level. See USAID, "Mexico: Rule of Law," April 2019; Glenn testimony, February 2020.

<sup>95</sup> USAID, "Mexico: Human Rights," March 2018. The efficacy of many of these programs has been evaluated. See, for example, INSYDE, *Human Rights Program Evaluation for USAID Mexico*, January 2017.

<sup>96</sup> USAID, "Mexico: Human Rights," March 2018.

<sup>97</sup> USAID, "Mexico: Human Rights," April 2019, available at <https://www.usaid.gov/documents/1862/human-rights-1>.

<sup>98</sup> USAID, "Congressional Notification (CN) #73," March 13, 2020.

<sup>99</sup> Those conditions maintain that

of the funds available for assistance for Mexico under the FMF heading, 25 percent shall be withheld from obligation until the Secretary of State determines and reports to the Committee that the Government of Mexico is: (1) thoroughly and credibly investigating and prosecuting violations of human rights in civilian courts; (2) vigorously enforcing prohibitions against torture and the use

officials regarding human rights concerns, including allegations of extrajudicial killings by security forces, violence against journalists and human rights defenders, and abuses of migrants.

U.S. policymakers may question how the López Obrador administration moves to punish past human rights abusers, how it intends to prevent new abuses, and how Mexico's National Guard, along with other security forces and judicial actors, is being trained to respect human rights and what internal accountability mechanisms exist to address allegations of abuse and wrongdoing. They may also question how the State Department and USAID can provide additional support to new human rights priorities, such as locating and identifying missing persons.

## Migration and Border Issues

### Mexican-U.S. Immigration Issues

Immigration policy has been a subject of congressional concern over many decades, with much of the debate focused on how to prevent unauthorized migration and address the large population of unauthorized migrants living in the United States. Mexico's status as both the largest source of migrants in the United States and a continental neighbor means that U.S. migration policies—including stepped-up border and interior enforcement—have primarily affected Mexicans.<sup>100</sup> Due to a number of factors, more Mexicans have been leaving the United States than arriving over the past five years or so.<sup>101</sup> Nevertheless, protecting the rights of Mexicans living in the United States, including those who are unauthorized, remains a top Mexican government priority. As an example, the Mexican government is seeking to ensure that agricultural workers and those who work in food processing and other industries deemed “essential” during the COVID-19 pandemic have their rights respected even if they are unauthorized.<sup>102</sup>

Since the mid-2000s, successive Mexican governments have supported efforts to enact immigration reform in the United States, while being careful not to appear to be infringing upon U.S. authority to make and enforce immigration laws. Mexico has made efforts to combat transmigration by unauthorized migrants and worked with U.S. law enforcement to combat alien smuggling and human trafficking.<sup>103</sup>

President Trump's many shifts in U.S. immigration policies have tested U.S.-Mexican relations. His repeated assertions that Mexico will pay for a border wall resulted in President Peña Nieto canceling a White House meeting in January 2017 and continued to strain relations throughout his term. The Mexican government expressed regret after the Administration's decision to rescind the Deferred Action for Childhood Arrivals (DACA) initiative, which has provided work

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of testimony obtained through torture; and (3) searching for victims of forced disappearances and credibly investigating and prosecuting those responsible for such crimes.

<sup>100</sup> Mexicans are by far the largest group of immigrants in the United States, accounting for about 11.2 million people in 2016, or 25% of the U.S. foreign born population. Jynnah Radford and Luis Noe-Bustamante, *Statistical Portrait of the Foreign-Born Population in the United States*, Pew Research Center, June 3, 2019.

<sup>101</sup> Ana Gonzalez-Barrera, *More Mexicans Leaving Than Coming to the U.S.*, Pew Research Center, November 19, 2015. This trend has continued.

<sup>102</sup> Miriam Jordan, “Farmworkers, Mostly Undocumented, Become ‘Essential’ During Pandemic,” *New York Times*, April 2, 2020.

<sup>103</sup> As a result of a U.S.-Mexican Bilateral Human Trafficking Enforcement Initiative, which began in 2009, more than 170 individuals have faced U.S. federal indictments. See U.S. Congress, House Committee on Homeland Security, Subcommittee on Border and Maritime Security, *Federal Efforts to Stop Human Trafficking*, 115<sup>th</sup> Cong., 2<sup>nd</sup> sess., September 26, 2018.

authorization and relief from removal for migrants brought to the United States as children, but pledged to assist DACA beneficiaries who return to Mexico.<sup>104</sup> In June 2018, Mexico criticized U.S. “zero tolerance” immigration policies.<sup>105</sup> Despite these developments, Mexico has continued to work with the United States on migration management and border issues.

In E.O. 13678 (2017), the Trump Administration broadened the categories of authorized immigrants prioritized for removal (deportation). As a result, the profile of Mexican deportees now include more individuals who have spent many decades in the United States, even as overall deportations have declined. In FY2019, the Trump Administration removed (deported) some 127,492 Mexicans, down from 141,045 in FY2018.<sup>106</sup> Mexico’s consular network in the United States has bolstered the services offered to Mexicans in the United States, including access to identity documents and legal counsel.<sup>107</sup> It has launched a 24-hour hotline and mobile consultants to provide support, both practical and psychological, to those who may have experienced abuse or are facing removal.

### **Dealing with Unauthorized Migration, Including from Central America<sup>108</sup>**

Since 2014, Mexico, along with the United States, has experienced a surge in unauthorized migration from the “Northern Triangle” of Central America. Mexico, similar to the United States, has struggled to deal with large numbers of families and unaccompanied minors, many of whom are seeking asylum. Mexico has received U.S. assistance for its immigration control efforts through the Mérida Initiative, as well as support for its humanitarian protection efforts through global U.S. Migration and Refugee Assistance (MRA) implemented by the U.N. High Commissioner for Refugees (UNHCR) and others. Some U.S. policymakers have praised Mexico’s management of these migration flows, whereas others have questioned Mexico’s ability to protect migrants from abuse and to provide asylum to those in need of protection.

<sup>104</sup> For background on the Deferred Action for Childhood Arrivals (DACA) initiative, see CRS Report R44764, *Deferred Action for Childhood Arrivals (DACA): Frequently Asked Questions*, by Andorra Bruno. The future of the DACA initiative remains uncertain, as dueling lawsuits are under way in several federal courts to preserve DACA and to force its termination. See CRS Legal Sidebar LSB10136, *DACA Rescission: Legal Issues and Litigation Status*, by Ben Harrington. For the government statement, see Embassy of Mexico in the United States, “Press Release 339,” September 5, 2017.

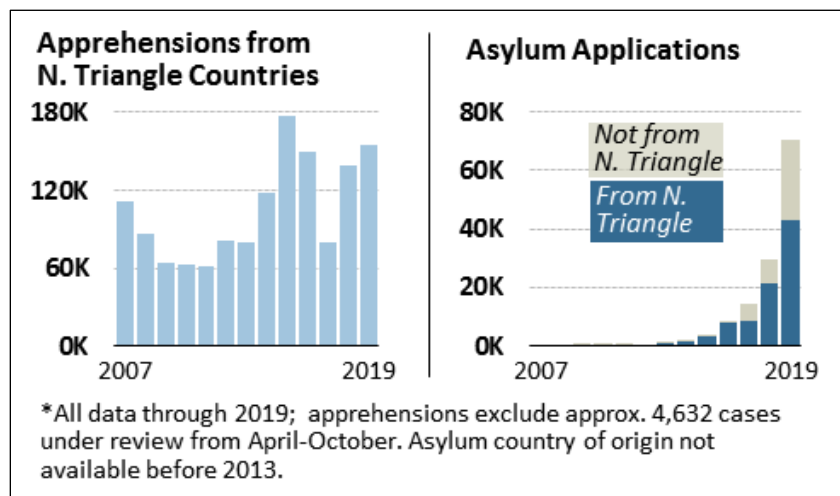
<sup>105</sup> Mexican Ministry of Foreign Affairs, “Press Release 180: The Mexican Government Condemns U.S. Policy of Separating Migrant Families,” June 19, 2018.

<sup>106</sup> U.S. DHS, Immigration and Customs Enforcement (ICE), Office of Enforcement and Removal, *FY2019 ICE Enforcement and Removal Operations Report*.

<sup>107</sup> For information on the services offered by Mexican consulates, see <https://consulmex.sre.gob.mx/nuevayork/index.php/en/departments/protection-dept>.

<sup>108</sup> This section draws from CRS In Focus IF10215, *Mexico’s Immigration Control Efforts*, by Clare Ribando Seelke.

**Figure 6. Mexico: Reported Apprehensions from Northern Triangle Countries and Asylum Applications**



**Source:** CRS with information from Mexico's Secretary of the Interior.

President López Obrador took office in December 2018, endorsing a humanitarian approach to migration that included access to asylum and a pledge to promote development in Central America as a solution to unauthorized migration. Nevertheless, he has only slightly increased funding for Mexico's backlogged Commission for the Aid of Refugees (COMAR), even as asylum requests have doubled each year since 2015, reaching 70,300 in 2019. Even with support from the U.N. High Commissioner for Refugees (UNHCR), experts say COMAR does not have sufficient budget or staff to process pending and new asylum claims.<sup>109</sup> The administration offered and then restricted access to humanitarian visas, particularly for those traveling in caravans. Many observers assert that López Obrador's austerity policies also could prevent him from fulfilling his pledge to invest \$100 million in the Northern Triangle.

Since April 2019, López Obrador has taken a harder line toward migration, as he has faced pressure from the United States to reduce migrant flows, and Mexico's detention facilities have grown overcrowded. In May 2019, President Trump threatened to impose tariffs on U.S. imports of Mexican motor vehicles if the Mexican government did not increase its efforts to stop U.S.-bound migrants. On June 7, 2019, the governments reached a migration agreement to avert the tariffs. According to the June U.S.-Mexico joint declaration, Mexico agreed to deploy its National Guard to its borders; dismantle human smuggling networks; and accept the expansion of the Migrant Protection Protocols (MPP),<sup>110</sup> a DHS initiative started in January 2019 that returned eligible migrants to await the outcome of their U.S. immigration proceedings.<sup>111</sup> Mexico also

<sup>109</sup> Maureen Meyer, *Q&A: Analyzing Mexico's Current Migration and Asylum Policies*, WOLA, May 7, 2019.

<sup>110</sup> The MPP, announced in December 2018, allows DHS to require many non-Mexican migrants who arrive at the southern border to wait in Mexico while U.S. immigration courts process their cases. MPP does not apply to some categories of aliens, including Mexican nationals, unaccompanied minors, and those who can demonstrate that it is more likely than not that they would face persecution or torture in Mexico. The policy is facing legal challenges in the United States, but court orders currently allow DHS to continue implementation. As of January 2020, some 59,000 migrants had been returned to Mexico under the MPP. See CRS In Focus IF11363, *Processing Aliens at the U.S.-Mexico Border: Recent Policy Changes*, by Hillel R. Smith, Ben Harrington, and Audrey Singer; CRS Legal Sidebar LSB10251, "Migrant Protection Protocols": Legal Issues Related to DHS's Plan to Require Arriving Asylum Seekers to Wait in Mexico, by Ben Harrington and Hillel R. Smith.

<sup>111</sup> U.S. Department of State, "U.S.-Mexico Joint Declaration," June 7, 2019.

agreed to provide access to “jobs, healthcare, and education” to those in the MPP. The United States pledged to speed up adjudication of asylum claims and prioritize the court proceedings of migrants in the MPP program. Both countries reiterated their 2018 joint announcement in support of economic development in Mexico and the Northern Triangle.

U.S. apprehensions of migrants on the southwest border fell by 62% from May 2019 to August 2019. Although some of that decline may be due to seasonal trends, Vice President Mike Pence acknowledged in September that “Mexico’s unprecedented steps” had helped to reduce U.S.-bound unauthorized migration.<sup>112</sup> The June agreement coincided with increasing incidents of violence against migrants in both southern and northern Mexico. As of January 2020, nongovernmental organization Human Rights First had documented 816 publicly reported cases of migrants returned to Mexico under the MPP who had been murdered, raped, kidnapped, tortured, and/or assaulted.<sup>113</sup>

With wider implementation of the MPP, and U.S. officials limiting the number of migrants accepted daily for screening through a process referred to as *metering*, Mexican border cities—some of which have high rates of violent crime—have been sheltering tens of thousands of migrants as of April 2020 with little support.<sup>114</sup> Mexican shelters face additional challenges now that the Trump Administration has effectively closed the border to unauthorized migrants since roughly March 23, 2020, following an order from the U.S. Centers for Disease Control and Prevention (CDC) in response to the COVID-19 pandemic,<sup>115</sup> as some recent migrants removed to Mexico and other countries have tested positive for COVID-19.<sup>116</sup>

## Modernizing the U.S.-Mexican Border

Since the terrorist attacks of September 11, 2001, there have been significant delays and unpredictable wait times at the U.S.-Mexican border.<sup>117</sup> The majority of U.S.-Mexican trade passes through a port of entry along the southwestern border, often more than once, due to the increasing integration of manufacturing processes in the United States and Mexico. Past bilateral efforts have contributed to reductions in wait times at some points of entry, but infrastructure and staffing issues remain on both the U.S. and Mexican sides of the border. While public-private partnerships have been used to address some border infrastructure issues, the Trump Administration’s deployment of customs officials to deal with surging unauthorized migration flows in 2019 arguably hindered trade.<sup>118</sup>

<sup>112</sup> The White House, “Readout of Vice President Mike Pence’s Meeting with the Mexican Foreign Secretary Marcelo Ebrard,” September 10, 2019.

<sup>113</sup> Human Rights First database, updated January 22, 2020, available at <https://www.humanrightsfirst.org/press-release/marking-one-year-horrific-remain-mexico-policy-over-800-violent-attacks-asylum-seekers>.

<sup>114</sup> The number of migrants on metering lists waiting to file asylum claims at U.S. ports of entry reportedly numbered 14,000 in April 2020, down slightly from February 2020. Stephanie Letuert et al., *Metering and COVID-19*, The University of Texas at Austin Strauss Center and the Center for U.S.-Mexican Studies at UC San Diego, April 2020.

<sup>115</sup> U.S. Department of Health and Human Services (HHS), Centers for Disease Control and Prevention (CDC), “Order Under Sections 362 & 365 of the Public Health Services Act, Extension of Order Suspending Entry of Certain Persons from Countries Where a Communicable Disease Exists,” March 20, 2020; DHS, “Fact Sheet: DHS Measures on the Border to Further Limit the Spread of Coronavirus,” March 23, 2020.

<sup>116</sup> Human Rights Watch, “US: COVID-19 Policies Risk Asylum Seekers’ Lives,” April 2, 2020.

<sup>117</sup> Christopher E. Wilson et al., *The State of the Border Report: a Comprehensive Analysis of the U.S.-Mexico Border*, Woodrow Wilson Center, COLEF, and North American Center for Transborder Studies, May 2013.

<sup>118</sup> GAO, *U.S. Ports of Entry: Update on CBP Public-Private Partnership Programs*, GAO-19-263R, March 14, 2019; Daniel Borunda and Rafael Carranza, “‘We Could see the Cartels say: This is an Opportunity’: Shifting CBP Officers



In May 2010, the United States and Mexico declared their intent to collaborate on enhancing the U.S.-Mexican border.<sup>119</sup> A Twenty-First Century Border Bilateral Executive Steering Committee (ESC) has met since then, most recently in March 2020, to develop binational action plans and oversee implementation of those plans.<sup>120</sup> The ESC sets goals within broad objectives: coordinating infrastructure development, expanding trusted traveler and shipment programs, establishing pilot projects for cargo preclearance, improving cross-border commerce and ties, and bolstering information sharing among law enforcement agencies. Bilateral goals in some of these areas have faced challenges due to the Administration's focus on border barrier construction; some also fear that the so-called "wall" is likely to result in environmental damage.<sup>121</sup>

As Congress carries out its oversight function on U.S.-Mexican migration and border issues, questions that may arise include the following: How has construction of additional border barriers affected border wait times, drug seizures, and bilateral relations, including ties between local border communities? How well are the U.S. and Mexican governments balancing security, trade, and health concerns along the U.S.-Mexican border? To what extent is the construction of new border barriers affecting the region? What can be done to ensure that North American supply chains are not unduly interrupted by trade and travel restrictions related to the COVID-19 pandemic, particularly for essential industries such as the medical supply industry?

## Economic and Trade Relations and the USMCA

### Bilateral Economic and Trade Ties<sup>122</sup>

The United States and Mexico have a strong economic and trade relationship that has been bolstered through NAFTA. Since 1994, NAFTA has removed virtually all tariff and nontariff trade and investment barriers among partner countries and provided a rules-based mechanism to govern North American trade. Most economic studies show that the net economic effect of NAFTA on the United States and Mexico has been relatively small but positive, though there have been adjustment costs to some sectors in both countries. Further complicating assessments of NAFTA, not all trade-related job gains and losses since NAFTA entered into force can be entirely attributed to the agreement. Numerous other factors have affected trade trends, such as Mexico's trade-liberalization efforts, economic conditions, and currency fluctuations.

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Could Leave Ports Vulnerable," *El Paso Times*, April 1, 2019.

<sup>119</sup> White House, "Declaration by the Government of the United States of America and the Government of the United Mexican States Concerning Twenty-First Century Border Management," press release, May 19, 2010. As mentioned, U.S.-Mexican security cooperation along the border did not begin with the Mérida Initiative.

<sup>120</sup> The Executive Steering Committee (ESC) coordinates efforts with Mexico in three areas: infrastructure, secure flows, and law enforcement/security. See U.S. Department of State, United States-Mexico Bilateral Executive Steering Committee of the 21<sup>st</sup> Century Border Management Initiative, March 4, 2020. At a working level, the U.S.-Mexico Bridges and Border Crossings group convenes an annual plenary meeting of federal officials from both countries and representatives from the border states in both countries to discuss infrastructure and other issues.

<sup>121</sup> Vanda Felbab-Brown, *Wall: the Real Costs of a Barrier Between the United States and Mexico*, Brookings, August 2017. Laura Parker, "6 Ways the Border Wall Could Disrupt the Environment," *National Geographic*, January 10, 2019.

<sup>122</sup> This section is drawn from CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal. See that product for an overview of U.S.-Mexican trade disputes (resolved and ongoing), an overview of how bilateral trade and economic relations developed under NAFTA, and how the USMCA may affect U.S.-Mexican trade.

In 2019, Mexico became the United States' top total trade partner. Mexico ranks second as a source of U.S. merchandise imports and second as an export market for U.S. goods. The United States is Mexico's most important export market for goods, with 85% of Mexican exports destined for the United States. Merchandise trade between the two countries in 2019 was more than 7.5 times higher (in nominal terms) than in 1993, the year NAFTA entered into force. The merchandise trade balance went from a U.S. surplus of \$1.7 billion in 1993 (the year before NAFTA entered into force) to a widening deficit that reached \$101.8 billion in 2019.<sup>123</sup> In services, the United States had a trade surplus with Mexico of \$8.0 billion in 2017 (latest available data); it largely consists of travel, trade, business, and financial services.<sup>124</sup>

Total trade (exports plus imports) amounted to \$614.5 billion in 2019. Much of that bilateral trade occurs in the context of supply chains, as manufacturers in each country work together to create goods. The expansion of trade has resulted in the creation of vertical supply relationships, especially along the U.S.-Mexican border. The flow of intermediate inputs produced in the United States and exported to Mexico and the return flow of finished products increased the importance of the U.S.-Mexican border region as a production site.

Recent U.S. Administrations have worked with Mexico to coordinate economic issues. The Obama Administration worked with Mexico to balance border security with facilitating legitimate trade and travel, promote competitiveness, and pursue energy integration through a cabinet-level U.S.-Mexican High-Level Economic Dialogue. The High-Level Regulatory Cooperation Council helped align regulatory principles. Trilateral (with Canada) cooperation occurred under the aegis of the North American Leadership Summits.

Not all of those mechanisms have continued under the Trump Administration, but the aforementioned Executive Steering Committee, which guided efforts along the border during the Obama Administration, has expanded to focus on boosting competitiveness. The U.S.-Mexico CEO Dialogue has also continued to convene biannual meetings and to issue recommendations for both governments.<sup>125</sup> A current challenge is how to maintain supply chains for industries that the U.S. government has deemed essential during the COVID-19 pandemic while not endangering the health of Mexican workers employed in factories that lack adequate personal protective equipment.<sup>126</sup>

## NAFTA and the USMCA<sup>127</sup>

The U.S.-Mexico-Canada Agreement (USMCA) will replace NAFTA upon its entry into force. In May 2017, the Trump Administration sent a 90-day notification to Congress of its intent to begin talks with Canada and Mexico to renegotiate and modernize NAFTA, as required by the 2015 Trade Promotion Authority (TPA). Negotiations officially began on August 16, 2017, and were concluded on September 30, 2018. The USMCA was signed on November 30, 2018. The House Democratic leadership recommended modifications to USMCA (on labor, the environment, and dispute settlement, among other topics) that led to changes to the agreement and a subsequent negotiation with Mexico and Canada on a USMCA protocol of amendment on December 10,

<sup>123</sup> Merchandise trade data in this report are from Global Trade Atlas.

<sup>124</sup> Services trade data in this report is from the U.S. Bureau of Economic Analysis (BEA) at <https://www.bea.gov/data>.

<sup>125</sup> U.S. Chamber of Commerce, "U.S. Chamber Co-Hosts 11<sup>th</sup> U.S.-Mexico CEO Dialogue," April 12, 2019.

<sup>126</sup> Sabrina Rodriguez, "Mexico's Covid-19 response threatens North America ties," *Politico Pro*, April 23, 2020.

<sup>127</sup> This section is drawn from the summary of CRS Report R44981, *NAFTA and the United States-Mexico-Canada Agreement (USMCA)*, by M. Angeles Villarreal and Ian F. Fergusson.



2019. The House approved USMCA implementing legislation in December 2019, and the Senate followed suit in January 2020 (P.L. 116-113).

USMCA, comprised of 34 chapters and 12 side letters, retains most of NAFTA's market opening measures and other measures, while making notable changes to auto rules of origin, dispute settlement provisions, government procurement, investment, and intellectual property rights (IPR) protection. It also modernizes provisions in services, labor, and the environment. New trade issues, such as digital trade, state-owned enterprises, anticorruption, and currency misalignment, are also addressed. Key issues for Congress in the debate surrounding USMCA included worker rights protection in Mexico, IPR provisions and access to medicine, the enforceability of labor and environmental provisions, as well the constitutional authority of Congress over international trade and its role in revising, approving, or withdrawing from the agreement. Congress was also active in considering U.S. negotiating objectives and the extent to which USMCA made progress in meeting them, as required under TPA.

At least 30 days prior to USMCA's entry into force, the President must notify Congress that he has determined that the other parties have taken the necessary legal and regulatory measures to comply with their commitments under the agreement. Such measures include laws or regulations regarding rules of origin, tariffs, panel rosters related to dispute resolution, establishing committees such as the one called for in the chapter on small and medium-sized enterprises, and labor law implementation in Mexico, among others. After all parties have the necessary legal and regulatory measures in place to meet their USMCA commitments, the agreement will enter into force "on the first day of the third month following the last notification." On April 24, 2020, U.S. Trade Representative Robert Lighthizer notified Congress that Canada and Mexico had taken the steps necessary to implement the USMCA and that the agreement would enter into force on July 1, 2020.<sup>128</sup>

#### Selected CRS Products on the USMCA

CRS Report R44981, *NAFTA and the United States-Mexico-Canada Agreement (USMCA)*, by M. Angeles Villarreal and Ian F. Fergusson.

CRS In Focus IFI0997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*, by M. Angeles Villarreal and Ian F. Fergusson.

CRS Legal Sidebar LSB10399, *USMCA: Implementation and Considerations for Congress*, by Nina M. Hart.

CRS In Focus IFI1308, *USMCA: Labor Provisions*, by M. Angeles Villarreal and Cathleen D. Cimino-Isaacs.

CRS In Focus IFI1167, *USMCA: Investment Provisions*, by Christopher A. Casey and M. Angeles Villarreal.

CRS In Focus IFI1399, *Enforcing International Trade Obligations in USMCA: The State-State Dispute Settlement Mechanism*, by Nina M. Hart.

## Energy<sup>129</sup>

The future of energy production in Mexico is important for Mexico's economic growth and for the U.S. energy sector. Mexico has considerable oil and gas resources, but its state oil company (Pemex), has struggled to counter declining production and postponed needed investments due to fiscal challenges. Mexico's 2013 constitutional reforms on energy opened up oil, electricity, gas,

<sup>128</sup> USTR, "USMCA To Enter Into Force July 1 After United States Takes Final Procedural Steps For Implementation," April 24, 2020.

<sup>129</sup> For background on Mexico's energy reforms, see CRS Report R43313, *Mexico's Oil and Gas Sector: Background, Reform Efforts, and Implications for the United States*, coordinated by Clare Ribando Seelke, and CRS Report R44747, *Cross-Border Energy Trade in North America: Present and Potential*, by Paul W. Parfomak et al.

transmission, production, and sales to private and foreign investment while keeping ownership of Mexico's hydrocarbons under state control, as established in its 1917 constitution.

The 2013 reforms created opportunities for U.S. businesses in exploration, pipeline construction and ownership, natural gas production, and commercial gasoline sales. Although the reforms did not privatize Pemex, they did expose the company to competition and hastened its entrance into joint ventures. Because of the reforms, Mexico has received more than \$160 billion in promised investment.<sup>130</sup> However, the reforms ended subsidies that kept gasoline prices low for Mexican consumers and failed to reverse production declines and ongoing problems within Pemex. Pemex's debt increased by more than 60% from 2013 to 2017. While analysts still predict that the reforms will bring long-term benefits to the country, the Peña Nieto administration oversold their short-term impacts, which has emboldened those within the López Obrador government who have opposed private involvement in the sector.<sup>131</sup>

The United States sought to help lock in Mexico's energy reforms through the NAFTA renegotiations. NAFTA included some reservations for investment in Mexico's energy sector. USMCA reinforces Mexico's 2013 constitutional reforms and the current legal framework for private energy projects in Mexico. It includes investor-state dispute settlement mechanisms similar to those that existed in NAFTA for the oil and gas, infrastructure, and other energy sectors, even as those mechanisms were limited for other sectors.<sup>132</sup> In addition, the free trade agreement maintains tariff-free exports of U.S. natural gas to Mexico, which have increased about significantly since the 2013 reforms.<sup>133</sup>

Private sector trade, innovation, and investment have created a North American energy market that is interdependent and multidirectional, with cross-border gas pipelines and liquefied natural gas (LNG) shipments from the United States to Mexico surging. In 2018, the value of U.S. petroleum products exports to Mexico totaled \$30.6 billion, nearly double the value of U.S. energy imports from Mexico (\$15.8 billion).<sup>134</sup> Some experts estimate that the United States, Mexico, and Canada represent 20% of global oil and gas supply, as well as 20%-25% of the expected additions to international supply over the next 25 years. They believe that deepened energy cooperation with Mexico will give North America an industrial advantage.<sup>135</sup>

López Obrador's energy policies have concerned some energy investors. He opposed the 2013 reforms, but he and his top officials have said that his government will honor existing contracts that do not involve any corruption. Despite that commitment, the new government has halted future rounds of auctions and plans to upgrade existing refineries and construct a new refinery in Tabasco rather than importing U.S. natural gas.<sup>136</sup> López Obrador's energy plans also focus on revitalizing Pemex, although the company's financial problems have already become a financial burden for the government and its credit rating has been downgraded to "junk" status by two

<sup>130</sup> Wood and Padilla, 2018.

<sup>131</sup> Wood and Padilla, 2018; Duncan Wood et al., *Changing the Guard in Mexico: AMLO's Opportunities and Challenges*, July 2018.

<sup>132</sup> CRS In Focus IF11167, *USMCA: Investment Provisions*, by Christopher A. Casey and M. Angeles Villarreal.

<sup>133</sup> "USMCA deal to keep tariffs off North American oil, gas trade," *S & P Global Market Intelligence*, December 10, 2019.

<sup>134</sup> U.S. Energy Information Administration, "U.S. Energy Trade with Mexico Involves Importing Crude oil, Exporting Petroleum Products," April 22, 2019.

<sup>135</sup> Earl Anthony Wayne and David Shedd, *Assuring Energy Security with a Modern NAFTA*, Wilson Center Mexico Institute, May 9, 2018.

<sup>136</sup> Valeria May, "AMLO's Energy Policy: A Bygone Era," *Americas Quarterly*, March 28, 2019.

ratings agencies.<sup>137</sup> The government's decision to halt new auctions in wind and solar energy, which had also attracted significant investment as a result of the reforms, has led some environmentalists to challenge López Obrador's commitment to a clean energy future for Mexico.<sup>138</sup>

Opportunities exist for continued U.S.-Mexican energy cooperation in the hydrocarbons sector, but the future of those efforts may depend on the policies of the López Obrador government. Leases have been awarded in the Gulf of Mexico under the U.S.-Mexico Transboundary Agreement, which was approved by Congress in December 2013 (P.L. 113-67). Bilateral efforts to ensure that hydrocarbon resources are developed without unduly damaging the environment could continue, possibly through collaboration between Mexican and U.S. regulatory entities. Educational exchanges and training opportunities for Mexicans working in the petroleum sector could expand. The United States and Mexico could build upon efforts to provide natural gas resources to help reduce energy costs in Central America and connect Mexico to the Central American electricity grid, as discussed during conferences on Central America cohosted by both governments in 2017 and in 2018. Analysts also have urged the United States to provide more technical assistance to Mexico—particularly in deepwater and shale exploration.

In addition to monitoring energy-related issues as they pertain to USMCA, oversight questions may focus on how the Transboundary Hydrocarbons Agreement is implemented, the extent to which Mexico is developing capable energy-sector regulators, and the effects of transnational crime groups and violence on Mexico's energy industry and the safety of foreign workers employed in the energy sector. Another issue for congressional oversight may involve the fairness of policies adopted by the incoming Mexican government toward foreign investors.

## Border Environmental Issues<sup>139</sup>

The transboundary flow of raw sewage and industrial wastewater has been a focus of bilateral environmental dialogue since at least the U.S.-Mexico Water Treaty of 1944. Effluent, trash, and sediment flowing into the United States from Mexico has caused health and environmental problems in the border region. Wastewater collection and treatment system capacity has not kept pace with rapid population growth in the border region. Also, the aging of existing wastewater infrastructure has led to increased maintenance issues, such as pipeline ruptures. To address border sanitation issues, Congress has appropriated funds for the International Boundary and Water Commission (IBWC), the U.S. Environmental Protection Agency (EPA), and the North American Development Bank (NADB) to construct or finance wastewater infrastructure on both sides of the border. Several sanitation facilities have been constructed, though continued transboundary flows require bilateral cooperation.

### *International Boundary and Water Commission*

The IBWC, consisting of U.S. and Mexico sections, implements boundary and water treaties between the United States and Mexico.<sup>140</sup> IBWC's activities are conducted through Minutes,

<sup>137</sup> "Mexico and Pemex credit ratings cut by Moody's and Fitch," *LatinFinance*, April 20, 2020.

<sup>138</sup> Jason Deign, "Industry Stunned as Mexico Cancels Clean Power Auction," *Green Tech Media*, February 4, 2019.

<sup>139</sup> This section was authored by Elena Humphreys, Analyst in Environmental Policy.

<sup>140</sup> In 1882, the United States and Mexico created the International Boundary Commission (IBC) as a temporary boundary-setting body. See 1882 Boundary Convention, Article 3. The United States and Mexico reestablished the IBC in 1889 and made it permanent in 1900. See Convention Between the United States of America and the United States of Mexico, Extending for an Indefinite Period the Treaty of March 1, 1889, Between the Two Governments, Known as

which have the force of law when both the U.S. and Mexican governments provide written approval through their respective sections of the IBWC. To address the issue of transboundary effluent flows, the IBWC has taken actions under numerous Minutes.<sup>141</sup> Under this authority, IBWC has constructed and operates three wastewater treatment plants, two of which treat Mexican wastewater on the U.S. side of the border. These two wastewater treatment plant are the South Bay International Wastewater Treatment Plant in San Ysidro, CA, and the Nogales Wastewater Treatment Plant in Nogales, AZ. IBWC also operates the Nuevo Laredo Wastewater Treatment Plant in Nuevo Laredo, Mexico.

IBWC receives funds for construction activities through State Department appropriations. For FY2021, the State Department's budget request specified that \$29.4 million, requested for construction funds, be used for the Amistad Dam, flood control in the Rio Grande, and rehabilitating IBWC wastewater infrastructure in Nogales, AZ.<sup>142</sup> The Further Consolidated Appropriations Act, 2020 (P.L. 116-94) included an appropriation of \$36.9 million for IBWC construction; \$7.5 million above enacted FY2019 IBWC construction appropriations. According to the joint explanatory statement, the \$7.5 million increase is for deferred maintenance requirements.<sup>143</sup>

Congressional appropriators have shown interest in increasing oversight regarding transboundary sewage flows, as the Further Consolidated Appropriations Act, 2020 included the following reporting requirement:

Not later than 180 days after enactment of the act, the Secretary of State, in coordination with the heads of other relevant Federal agencies, shall submit to the Committee an interagency plan to address the impacts of toxic transboundary flows on U.S. communities, including: (1) an explanation of the sources and impacts of such flows; (2) the delineation of responsibility between each agency and a description of necessary actions and resources for each agency to address such impacts; (3) steps that will be taken to raise the issue of transboundary flows with the Government of Mexico, including by utilizing U.S. assistance for Mexico to obtain improvements to prevent, divert, and/or treat toxic flows on the Mexican side of the border; and (4) steps that will be taken to improve the timeliness of warnings to U.S. communities regarding toxic conditions.

### ***North American Development Bank***

In October 1993, the United States and Mexico adopted an agreement to establish the Border Environment Cooperation Commission (BECC) and the NADB to provide financial assistance for environmental infrastructure projects in the border region. The agreement noted the need for environmental infrastructure, especially in the areas of water pollution, wastewater treatment, and municipal solid waste. The BECC is authorized to help border states and communities coordinate, design, and mobilize financing for environmental infrastructure projects, and to certify projects for financing. The NADB evaluates the financial feasibility of BECC-certified projects and provides financing as appropriate. Congress authorized U.S. participation in the BECC and

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the Water Boundary Convention, U.S.-Mex., Nov. 21, 1900, 31 Stat. 1936. Treaty Between the United States of America and Mexico Respecting Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande, U.S.-Mex., February 3, 1944, 59 Stat. 1219, at <https://www.ibwc.gov/Files/1944Treaty.pdf>. The 1944 Treaty, Article 3, states that the countries agree to give preferential attention to the solution of all border sanitation problems.

<sup>141</sup> These Minutes can be found at [https://www.ibwc.gov/Treaties\\_Minutes/Minutes\\_ByProject.html](https://www.ibwc.gov/Treaties_Minutes/Minutes_ByProject.html).

<sup>142</sup> *Congressional Budget Justification Department of State, Foreign Operations, and Related Programs*, Washington, D.C., March 11, 2019, p. 45, <https://www.state.gov/wp-content/uploads/2019/05/FY-2020-CBJ-FINAL.pdf>.

<sup>143</sup> Joint Explanatory Statement, Division G, P.L. 116-94.

NADB in legislation implementing the North America Free Trade Agreement (P.L. 103-182). Enacted in 2004, P.L. 108-215 authorized several operational reforms to the NADB. In 2017, BECC and NADB were integrated into a single institution.<sup>144</sup>

The USMCA Implementation Act (P.L. 116-113), Title VIII, Subtitle C, authorizes the U.S. Treasury to purchase 150,000 shares of NADB capital stock—subject to appropriations. Subtitle C also calls for U.S. NADB board members to urge NADB to prioritize financing environmental infrastructure projects (over road or commercial projects), streamline project certification and financing procedures, and develop project performance measures.

### ***U.S. Environmental Protection Agency***

Congress annually provides funding to EPA for high priority water and wastewater infrastructure projects in the U.S.-Mexico border region. In 1997, EPA and NADB entered into an agreement, under which EPA contributes much of its annual border infrastructure appropriation to NADB for grants to construct water infrastructure on both sides of the border. Congress provided \$25 million for the Border Water Infrastructure Program (BWIP) through an EPA account in the Further Consolidated Appropriations Act, 2020 (P.L. 116-94). EPA in turn provides these funds<sup>145</sup> to two programs: (1) the Project Development Assistance Program (PDAP) and (2) the Border Environment Infrastructure Fund (BEIF). The PDAP and BEIF programs are intended to identify and fund drinking water quality, wastewater management infrastructure projects, or both. The PDAP program supports project development and design. Projects that complete the planning and final design through the PDAP program may be considered for a grant from the BEIF program, which supports construction. According to NADB, project sponsors can apply jointly to the PDAP/BEIF program through NADB, which screens for initial eligibility and prioritizes projects using EPA's ranking methodologies.<sup>146</sup> To be eligible for BEIF grants, projects located in Mexico must have a U.S. benefit and are required to provide a cost-share, as determined by the Mexican national water agency, Comisión Nacional de Agua.<sup>147</sup>

For FY2021, the President's budget requests no funds for BWIP. The USMCA Implementation Act (P.L. 116-113) includes a supplemental appropriation of \$300 million for EPA to support high priority wastewater facilities at the U.S.-Mexico border, after consultation with the appropriate border commission.<sup>148</sup>

### **Water Resource Issues<sup>149</sup>**

The United States and Mexico share the waters of the Colorado River and the Rio Grande. These shared rivers have long presented complex issues leading to cooperation and conflict in the U.S.-Mexican border region and between the United States and Mexico.

<sup>144</sup> North American Development Bank (NADB), "NADB and BECC merge," press release, November 7, 2017, <https://www.nadb.org/news/nadb-and-becc-merge>.

<sup>145</sup> Funds are divided between the Environmental Protection Agency (EPA) Region 6 (for projects in New Mexico, Texas, Chihuahua, Nueva Leon, Coahuila, and Tamaulipas) and EPA Region 9 (for projects in Arizona, California, Baja California, and Sonora).

<sup>146</sup> Project application documents can be found at <http://www.nadbank.org/~nadborg/index.php?acc=contest&tpl=beif>.

<sup>147</sup> This requirement can be found at <http://www.nadbank.org/~nadborg/index.php?acc=contest&tpl=beif>.

<sup>148</sup> The supplemental appropriation of \$300 million for high priority wastewater facilities in P.L. 116-113 parallels the FY2020 BWIP appropriation, which is for "the construction of high priority water and wastewater facilities ..."

<sup>149</sup> This section is drawn from CRS Report R45430, *Sharing the Colorado River and the Rio Grande: Cooperation and*



The U.S.-Mexico Water Treaty of 1944 and other binational agreements guide how the two governments share the flows of these rivers.<sup>150</sup> The binational IBWC administers these agreements and includes a U.S. Section that operates under foreign policy guidance from the U.S. Department of State. Since 1944, the IBWC has been the principal venue for addressing river-related disputes between the United States and Mexico. The U.S.-Mexico Water Treaty of 1944 authorizes the IBWC to develop rules and to issue proposed decisions, called *minutes*, regarding matters related to the treaty's execution and interpretation.

Under the U.S.-Mexico Water Treaty of 1944, the United States is required to provide Mexico annually with 1.5 million acre-feet (AF) of Colorado River water.<sup>151</sup> U.S. deliveries to Mexico in the Rio Grande basin near El Paso/Ciudad Juárez occur annually under a 1906 binational convention, whereas Mexico's deliveries downstream of Fort Quitman, TX, are established in the U.S.-Mexico Water Treaty of 1944. Mexico is to deliver to the United States a minimum amount during a five-year cycle.

**Recent Developments in the Colorado River Basin.** The United States continues to meet its Colorado River annual delivery requirements to Mexico pursuant to the U.S.-Mexico Water Treaty of 1944. Recent IBWC actions on the Colorado River have focused on how to manage the Colorado River's water and infrastructure to improve water availability during drought and to restore and protect riverine ecosystems. The most recent minute governing basin operations, Minute 323 (signed in September 2017) is a set of binational measures that provides for binational cooperative basin water management, including environmental flows to restore riverine habitat. Minute 323 also provides for Mexico to share in cutbacks during shortage conditions in the U.S. portion of the basin, including delivery reductions under Drought Contingency Plans that were authorized by Congress in April 2019.<sup>152</sup> In addition, Minute 323 designates a "Mexican Water Reserve" through which Mexico can delay its water deliveries from the United States and store its delayed deliveries upstream at Lake Mead, thereby increasing the lake's elevation.<sup>153</sup> For the Colorado River basin, issues before Congress may be largely related to oversight of Minute 323 implementation and water management associated with potential shortage conditions. Congress may also be interested in the upcoming 2026 expiration of Minute 323 and the negotiation of any extensions or replacement agreements in the interim.

**Recent Development in the Rio Grande Basin.** On multiple occasions since 1994, Mexico has not met its Rio Grande delivery obligations within the five-year cycle established by the U.S.-Mexico Water Treaty of 1944, most recently during the five-year cycle from 2010 to 2015. Mexico made up for those shortfalls in subsequent five-year cycles, as authorized under the U.S.-

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*Conflict with Mexico*, by Nicole T. Carter, Stephen P. Mulligan, and Charles V. Stern.

<sup>150</sup> Another example of a water resource related treaty provision is Article IV of the 1970 Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and Colorado River as the International Boundary, U.S.-Mex. It included the following language:

Both in the main channel of the river and on adjacent lands to a distance on either side of the international boundary recommended by the Commission and approved by the two Governments, each Contracting State shall prohibit the construction of works in its territory which, in the judgement of the Commission, may cause deflection or obstruction of the normal flow of the river or its flood flows.

<sup>151</sup> Under the treaty, the United States must supply an additional 200,000 AF when surplus is declared. During drought, the United States may reduce deliveries to Mexico in similar proportion to reductions of U.S. uses.

<sup>152</sup> Drought Contingency Plans for the Upper and Lower Colorado River Basin were enacted in April 2019 in P.L. 116-14. For more information, see CRS Report R45546, *Management of the Colorado River: Water Allocations, Drought, and the Federal Role*, by Charles V. Stern and Pervaze A. Sheikh.

<sup>153</sup> Lake Mead elevation is the baseline used by the United States for determining shortage conditions and associated water delivery cutbacks for the Lower Colorado River Basin states of Arizona, California, and Nevada.

Mexico Water Treaty of 1944. The October 2015 to October 2020 cycle is under way. In this final year of the five-year cycle, Mexico is close to 18% behind on its deliveries, based on provisional IBWC data as of April 18, 2020. In recent years, IBWC reportedly has been working toward a binational model for water management in the Rio Grande and obtaining input from binational working groups with the objective of improved predictability and reliability in water deliveries and treaty compliance. To date, Congress has been primarily involved in conducting oversight through reporting requirements for the U.S. Department of State, such as those included in P.L. 116-6 (S.Rept. 115-282). Pursuant to the various reporting requirements, reports have been delivered to various committees of Congress, most recently in February 2020.

## U.S.-Mexico Health Cooperation

As with neighboring Canada, robust trade and migration, as well as an extensive shared border, have made health cooperation an important part of the U.S.-Mexican bilateral relationship. Efforts with both countries developed in response to the SARS outbreak (2002-2004) and H1N1 (2009) but are likely to develop further as a result of lessons that will be learned in responding to COVID-19. Trilateral efforts intensified in 2005 and proved important for preventing the spread of H1N1 from Mexico in 2009 through robust information-sharing (among other measures). These efforts expanded to focus on all influenzas in 2012, as opposed to strictly avian influenzas. The current trilateral health architecture is led by the North American Health Security Working Group (NAHSWG) under the principles of the 2012 North American Plan for Animal and Pandemic Influenza. Those principles include detecting, monitoring, and controlling an outbreak; facilitating communication among entities in each country that need to respond to the outbreak; sustaining infrastructure and mitigating human, economic, and social impacts of an outbreak; and preventing the entry and spread of such outbreaks.<sup>154</sup>

The U.S. government is represented on the NAHSWG by permanent attachés from the U.S. Department of Health and Human Services (HHS) and the CDC, among others. Mexico is one of just five countries that has a permanent HHS representative tasked with leading health diplomacy, encouraging collaborative research, and serving as a key point of contact for the U.S. government in the event of an infectious disease outbreak.<sup>155</sup> There is also a U.S.-Mexico technical working group led by the CDC that is discussing laboratory capacity, investigative findings, and training, among other issues.<sup>156</sup> As Mexico is several weeks behind the United States and Canada in terms of COVID-19, shared experiences from those countries can aid in Mexico's response to the pandemic. On March 20, 2020, DHS issued a joint statement with Mexico announcing the suspension of nonessential travel between the two countries.<sup>157</sup> Since that time, a difficult issue to resolve between the countries and Canada has been how to balance the need to keep U.S. supply chains, including for DOD, that rely on inputs from Mexico open if Mexico has not declared those businesses as essential.<sup>158</sup>

<sup>154</sup> Andrew I. Rudman and Duncan Wood, *Pandemics and Beyond: the Potential for U.S.-Mexican Cooperation in Public Health*, Woodrow Wilson Center's Mexico Institute, March 2020.

<sup>155</sup> The other countries with HHS health attachés are Brazil, China, India, and South Africa. HHS, Office of Global Affairs, accessed April 27, 2020.

<sup>156</sup> Embassy of Mexico in the United States, "U.S.-Mexico Cooperation Efforts to Address the Spread of COVID-19," March 2020.

<sup>157</sup> DHS, "Joint Statement on U.S.-Mexico Joint Initiative to Combat the COVID-19 Pandemic," March 20, 2020.

<sup>158</sup> Adam Behsudi, "Mexico's Covid-19 Response Threatening North American Supply Chains," *Politico*, April 24, 2020.

Another potential bilateral organization that has not thus far publicly played a large role in the bilateral COVID-19 response is the U.S.-Mexico Border Health Commission. Established in 2000, this binational commission receives funding from HHS to fund state and local projects that focus on one of the five objectives of its *Health Border 2020* plan. One of those objectives is to address infectious diseases.<sup>159</sup> Legislation has been introduced, H.R. 6070, the Border Health Security Act of 2020, that would strengthen the border health commission and provide at least \$10.5 million annually for grants for border communities to improve disease surveillance and response efforts, among other actions.

## Outlook

U.S.-Mexican relations are likely to be tested this year by ongoing security challenges, as well as serious economic and health challenges brought on by the COVID-19 pandemic. Most experts maintain that the best way for both countries to weather these challenges is to continue working together and with Canada to ensure the best possible outcomes for North America, particularly as related to the entry into force of the USMCA. While Presidents Trump and López Obrador have maintained relatively positive relations thus far, there is always a chance that bilateral tensions could emerge that would strain that relationship especially over immigration issues. Congress is likely to maintain significant interest in Mexico, with trade, security, migration, and health issues as likely areas of funding and oversight efforts.

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<sup>159</sup> HHS, Office of Global Health Affairs, “U.S.-Mexico Border Health Commission Activities.”



## Appendix. Mérida Initiative Funding

**Table A-1. Estimated Mérida Initiative Funding: FY2008-FY2021 Request**

\$ in millions

Account	ESF	INCLE	FMF	Total
FY2008	20.0	263.5	116.5	<b>400.0</b>
FY2009	15.0	406.0	39.0	<b>460.0</b>
FY2010	9.0	365.0	265.2	<b>639.2</b>
FY2011	18.0	117.0	8.0	<b>143.0</b>
FY2012	33.3	248.5	Not Applicable	<b>281.8</b>
FY2013	32.1	190.1	Not Applicable	<b>222.2</b>
FY2014	35.0	143.1	Not Applicable	<b>178.1</b>
FY2015	33.6	110.0	Not Applicable	<b>143.6</b>
FY2016	39.0	100.0	Not Applicable	<b>139.0</b>
FY2017	40.9 <sup>a</sup>	90.0	Not Applicable	<b>130.9</b>
FY2018	39.0 <sup>b</sup>	100.0	Not Applicable	<b>139.0</b>
FY2019	39.0 <sup>c</sup>	110.0	Not Applicable	<b>149.0</b>
<b>Total</b>	<b>353.9</b>	<b>2,243.2</b>	<b>428.7</b>	<b>3,025.8</b>
FY2020	50.0 <sup>d</sup>	100.0	Not Applicable	TBD
FY2021 request	20.3	41.0	Not Applicable	61.3

**Sources:** U.S. Agency for International Development (USAID) budget office, November 3, 2016; U.S. Department of State, November 18, 2016; P.L. 115-141; P.L. 116-6; U.S. Department of State, *Congressional Budget Justification for Foreign Operations, FY2020, FY2021*; Explanatory statement accompanying P.L. 116-94.

**Notes:** ESF = Economic Support Fund; INCLE = International Narcotics Control and Law Enforcement; FMF = Foreign Military Financing. FY2008-FY2010 included supplemental funding.

- For FY2017, Mérida programs administered by the U.S. Agency for International Development (USAID) were funded through the Development Assistance account rather than ESF.
- Of the \$45 million in funds appropriated for ESF, some \$6 million supported non-Mérida Initiative programs.
- Of the \$45 million in funds appropriated for ESF, some \$6 million supported non-Mérida Initiative programs.
- Congress provided \$50 million in ESF in P.L. 116-94, but the State Department has yet to notify Congress how much of those funds will be used to support Mérida-related programs.

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