

CRS Report for Congress

Mexico-U.S. Relations: Issues for Congress

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Summary

The United States and Mexico have a close and complex bilateral relationship, with extensive economic linkages as neighbors and partners under the North American Free Trade Agreement (NAFTA). Bilateral relations are generally friendly, although the U.S. enactment of border fence legislation in 2006 caused some tension in the relationship. Drug trafficking issues are prominent in relations since Mexico is the leading transit country for cocaine, a leading supplier of methamphetamine and heroin, and the leading foreign supplier of marijuana to the United States.

In October 2007, the United States and Mexico announced the Mérida Initiative to combat drug trafficking, gangs, and organized crime in Mexico and Central America. The Administration requested \$500 million in FY2008 supplemental assistance for Mexico as part of a \$1.4 billion, multi-year aid package for the Initiative. In final legislative action in late June 2008 on H.R. 2642 (P.L. 110-252), Congress appropriated \$400 million for Mexico – \$352 million in FY2008 supplemental assistance and \$48 million in FY2009 bridge fund supplemental assistance. In other action, on June 10, 2008, the House approved H.R. 6028 that would authorize \$1.1 billion for Mexico over three years under the Mérida Initiative.

Shortly after taking office in December 2006, President Felipe Calderón of the conservative National Action Party (PAN) launched operations against drug cartels in nine Mexican states. Since early 2008, he has sent more than 25,000 soldiers and federal police to drug trafficking “hot-spots.” Calderón has increased extraditions to the United States, and has demonstrated an unprecedented willingness to reach out for counternarcotics assistance from the United States while also calling for increased U.S. efforts on arms trafficking and a reduction in the U.S. demand for illicit drugs.

Migration, border security, and trade issues also have dominated the bilateral relationship in recent years. Comprehensive immigration reform was debated early in the 110th Congress, but the issue was put aside following a failed cloture motion in the Senate on the Comprehensive Immigration Reform Act of 2007 (S. 1348). In September 2006, Congress approved the Secure Fence Act of 2006 (P.L. 109-367) to authorize the construction of a border fence and other barriers along 700 miles of the U.S.-Mexico border. Since 1994, NAFTA institutions have been functioning, trade between the countries has tripled, and allegations of violations of labor and environmental laws have been considered by the trilateral institutions. The Bush Administration argues that NAFTA has had modest positive impacts on all three member countries, but Mexican farmers have strongly criticized the effects of NAFTA. Notable bilateral trade disputes relate to trucking, tuna, sweeteners and anti-dumping measures. For additional information, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*; CRS Report RS22837, *Merida Initiative: Proposed U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*; and CRS Report RL34215, *Mexico's Drug Cartels*.

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Mexico-U.S. Relations: Issues for Congress

Most Recent Developments

On July 1, 2008, videos reportedly showing police from an elite squad in the city of León, Mexico, practicing torture techniques provoked strong expressions of concern by Mexican and international human rights organizations. An American instructor is seen in the videos. A spokesman of the U.S. Embassy in Mexico City maintained that the “U.S. government was not involved in the training in any way.” (Alfredo Corchado, “U.S. Denies Involvement in Training Videos Showing Mexican Officers Using Torture,” *Dallas Morning News*, July 3, 2008.)

On June 26, 2008, Congress completed action on the FY2008 Supplemental Appropriations Act, H.R. 2642 (P.L. 110-252), which provides \$400 million in FY2008 and FY2009 assistance for Mexico under the Mérida Initiative, with not less than \$73.5 million for judicial reform, institution-building, anti-corruption, and rule of law activities. The measure provides \$352 million in FY2008 supplemental assistance within the International Narcotics Control and Law Enforcement (INCLE), Foreign Military Financing (FMF), and Economic Support Funds (ESF) accounts, and \$48 million in FY2009 supplemental assistance within the INCLE account. The measure has human rights conditions softer than compared to earlier House and Senate versions, in large part because of Mexico’s objections that some of the conditions would violate its national sovereignty.

On May 22, 2008, the Senate approved its version of a second FY2008 supplemental appropriations measure, H.R. 2642, that included \$350 million for Mexico for the Mérida Initiative. The House approved its version of the bill on May 15, which would provide \$400 million for Mexico for the Mérida Initiative.

On May 14, 2008, the House Foreign Affairs Committee approved H.R. 6028 (Berman), which would authorize \$1.6 billion over three years, FY2008-FY2010, for the Mérida Initiative. Of that amount, \$1.1 billion would be authorized for Mexico, \$405 million for Central America, and \$73.5 million for activities of the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to reduce the flow of illegal weapons from the United States to Mexico.

In May 2008, Mexico experienced a surge in drug-related violence. Early in the month, four senior police officers were killed, among them, Edgar Millán Gómez, one of Mexico’s top federal policemen in the fight against drug cartels. Millán had orchestrated the arrest of 13 drug traffickers in Sinaloa on May 1, 2008, which triggered the shootings of 12 policemen, allegedly carried out by the Sinaloa cartel. Other high ranking officials killed in this time period include the head of the

Organized Crime Department at the Federal Secretariat of Public Security, the director of the Public Security Secretariat general staff, a police captain in Ciudad Juárez, a former commander of Mexico's anti-kidnapping unit, and the second-in-command of the Ciudad Juárez police force. The police chief of Ciudad Juárez resigned on May 18, and will be replaced by a retired army officer; seven police commanders in the city have been killed over the last several months. As of May 20, more than 1,300 people were killed in drug gang violence.

On April 8, 2008, President Calderón proposed to the Mexican Congress some limited measures to allow Mexico's state-oil company, *Petróleos Mexicanos* (Pemex), to contract out to foreign companies to help with exploration and allow private companies to build and operate refineries, pipelines, and storage facilities. The proposal, which was dubbed a "light reform" by industry analysts, prompted strong political resistance from Mexico's leftist opposition, led by Andrés Manuel López Obrador of the Party of the Democratic Revolution (PRD), that blockaded Mexico's Congress, paralyzing its work for two weeks. The opposition successfully won a period of 71 days, from May 13th to July 22nd, to conduct a national debate on the energy reforms.

On March 6, 2008, Mexico's Senate approved reform legislation that would amend Mexico's Constitution to create a system of public, oral trials and establish the presumption of innocence. Mexico's Chamber of Deputies approved the legislation in February 2008. The judicial reform bill still must be approved by at least 16 of Mexico's 31 states and signed into law by Mexico's President.

On March 1, 2008, the Colombian military bombed a Revolutionary of the Armed Forces (FARC) camp in Ecuador, killing at least 25 people, among them, four Mexican students visiting the camp.

On February 27, 2008, the Bush Administration announced delays in the construction of the initial phase of the virtual fence along 28 miles of the U.S.-Mexico border. The pilot, known as Project 28 (P-28), is the first phase of the Secure Border Initiative network (SBInet). In April 2008, the Department of Homeland Security announced that most of the P-28 system will be replaced by new equipment because the original design was not compatible with Border Patrol needs.

On January 1, 2008, the full implementation of NAFTA began with the lifting of remaining tariff protections on various agricultural products, including beans, corn, sugar, and powdered milk, were lifted.

U.S.-Mexico Relationship

Political Developments

Felipe Calderón of the conservative National Action Party (PAN) was sworn in as President on December 1, 2006 in an unusually brief inauguration ceremony due to fears that members of the Party of the Democratic Revolution (PRD) congressional delegation would interrupt the ceremony. President Calderón has called increasing

drug violence in Mexico a threat to the Mexican state, and in December, reorganized the two federal law enforcement agencies to address this issue by placing them under a single commander.¹ In his first year in office, President Calderón emphasized law and order through initiatives to combat drug cartels and has launched a job creation initiative to both further Mexican development and reduce emigration to the United States. While the PAN, along with the leftist PRD, made significant gains in congressional elections, the PAN failed to win a majority in either house. President Calderón will have to forge alliances with other parties in order to achieve some of his campaign platforms, particularly his proposal for energy reform.

President Calderón is continuing the progress made in bilateral relations under President Fox, but is emphasizing the need for U.S. support of Mexican efforts to combat drug cartels and drug trafficking rather than immigration reform. President Calderón has displayed an unprecedented willingness to increase narcotics cooperation with the United States. This willingness led to the proposed Mérida Initiative, a multi-year \$1.4 billion effort to combat drug trafficking and organized crime, discussed in more detail below. He urged the U.S. Congress to approve funding to support the Mérida Initiative. President Calderón has been particularly vocal in requesting U.S. efforts to reduce U.S. drug demand, money laundering, and arms trafficking to Mexico.

Drug trafficking and violence, immigration, and border security dominate the bilateral relationship. Felipe Calderón made his first official visit to the United States as President-elect in early November 2006, after first visiting Canada and several Latin American countries. During his visit, Calderón criticized the recent authorization of 700 miles of fencing along the U.S.-Mexico border and noted that it complicated U.S.-Mexico relations. He asserted that job-creation and increased investment in Mexico would be more effective in reducing illegal migration from Mexico than a border fence. Calderón signaled a shift in Mexican foreign policy when he noted that while immigration is an important issue in the bilateral relationship, it is not the only issue, as trade and economic development are also important. He reiterated these concerns during President Bush's March 2007 visit to Mexico.

Since taking office in December 2006, President Calderón has made combating drug cartels and drug violence a top priority of his administration. President Calderón has called increasing drug violence in Mexico a threat to the Mexican state, and has sent more than 25,000 soldiers and federal police to drug trafficking “hot-spots” throughout Mexico. The operations boosted Calderón's approval ratings to over 60%. During President Bush's March 2007 visit to Mexico, President Calderón called for U.S. assistance in combating drug and weapons trafficking. Specifically, Calderón promised to continue his efforts to combat drug trafficking and called for

¹ “The Spectre of Rebellion Recedes in Mexico but Calderón Will Still Face Unrest and Violence,” *Latin American Security & Strategic Review*, September 2006; Kevin G. Hall and Pablo Bachelet, “Mexico’s Calderón Gives Bush an Earful on Immigration,” *Miami Herald*, November 10, 2006; Patty Reinert, “Calderón Vows to Help Curb Illegal Immigration,” *Houston Chronicle*, November 10, 2006; and, Jerry Kammer, “Calderón will Pursue Other Topics with U.S.,” *San Diego Union Tribune*, November 10, 2006.

U.S. efforts to reduce the demand for drugs stating, "while there is no reduction for demand in your territory, it will be very difficult to reduce the supply in ours."²

Heightened Violence in Mexico.³ The rivalries and turf wars among Mexico's drug cartels fueled an increase in violence within the country, particularly along the Southwest border region that the United States shares with Mexico. In an effort to control the most lucrative drug smuggling routes in Mexico, rival drug cartels are launching attacks on each other, the Mexican military, and police personnel. This heightened violence is posing a serious challenge to Mexico's security forces.

By May 20, 2008, there were over 1,300 drug-related killings in Mexico, a higher rate of killings than in 2006 and 2007. During the first 10 days of May 2008 alone, Mexico experienced one of the most significant surges in violence. Four senior police officers were killed, among them, Edgar Millán, Mexico's acting federal police chief. Millán had orchestrated the arrest of 13 drug gangsters in Sinaloa on May 1, 2008, which triggered the shootings of 12 policemen in Sinaloa, allegedly carried out by the Sinaloa cartel. Other high ranking officials killed in this time period include the head of the Organized Crime Department at the Federal Secretariat of Public Security, the director of the Public Security Secretariat general staff, a police captain in Ciudad Juárez, a former commander of Mexico's anti-kidnapping unit, and the second-in-command of the Ciudad Juárez police force. The police chief of Ciudad Juárez resigned on May 18, and will be replaced by a retired army officer; seven police commanders in the city have been killed over the last several months.

The spike in violence has increased pressure on the Calderón government, and some fear that it could erode public support for the government. Mexican officials maintain, however, that the government will "not take even a pace back in its battle against organized crime."⁴

Economic Conditions

Mexico is the second leading market for U.S. exports after Canada, and is the third most important source of U.S. imports after Canada and China. The United States is Mexico's most important customer by far, receiving about 80% of Mexico's exports, including petroleum, automobiles, auto parts, and winter vegetables, and providing about 50% of Mexico's imports. The United States is the source of over 60% of foreign investment in Mexico, and the primary source of important tourism earnings. Mexico is also the leading country in Latin America in terms of U.S. investment, with the total stock of U.S. investment being about \$85 billion in 2006.

² "Bush Reassures Skeptical Mexico on Immigration," *Reuters*, March 13, 2007.

³ For more information about Mexico's drug cartels, see CRS Report RL34215, *Mexico's Drug Cartels*, by Colleen Cook.

⁴ "Gangs Challenge Government in Mexico," *LatinNews Daily*. May 7, 2008; "Killings in Mexico Hit Record," *Latin American Weekly Report*, May 22, 2008.

With some 80% of the country's exports going to the United States, Mexico's economy is strongly affected by the U.S. business cycle. Mexico's economy grew 4.8% in 2006, the last year of the Fox's presidency, which was the highest of his administration. Economic growth slowed to 3.3% in 2007, the first year of Calderón's administration. Slower growth is anticipated for 2008 due to declining demand in the United States, declining oil production, and slow growth in remittances sent by Mexicans abroad.⁵ After years of high growth, remittances only grew by 1% in 2007, possibly due to slower growth in the U.S. economy. This decline is in sharp contrast to the 17.1% increase in remittances the year before. Remittances declined by 2.8% in the first two months of 2008 as compared to the same time period in 2007, and most analysts expect to see little or no rise in remittances for the remainder of the year.⁶

During the Fox Administration (2000-2006), the pace of economic growth slowed, in large part because of the effects of the slowdown in the United States following the terrorist attacks. Mexico's economy contracted 0.8% in 2001, and grew only 0.9% in 2002 and 1.3% in 2003, but it revived strongly in 2004 with a 4.4% growth rate. Economic growth in 2005 was 3% with a record 750,000 jobs created. The earlier meager growth results under Fox contrasted with economic growth averaging over 5% in the previous six years. Under the circumstances, President Fox was forced to operate under austere budgets in 2001, 2002, 2003, and 2004, reducing the funding for promised health and education programs. Lacking majority support in Congress, Fox was unable to obtain approval of major legislation, including a proposed tax reform and a proposed energy reform that would permit greater private participation in the hydrocarbon and electricity sectors, although Congress did pass a social security reform in July 2004. Calderón, like his predecessor, lacks a majority in Congress, meaning that he will need to make alliances with members from other parties to pass key fiscal and energy sector reforms.

Until the early 1980s, Mexico had a closed and statist economy and its independent foreign policy was often at odds with the United States. Beginning under President Miguel de la Madrid (1982-1988), and continuing more dramatically under President Carlos Salinas de Gortari (1988-1994) and President Ernesto Zedillo (1994-2000), Mexico adopted a series of economic, political, and foreign policy reforms. It opened its economy to trade and investment, adopted electoral reforms that leveled the playing field, and increased cooperation with the United States on drug control, border issues, and trade matters. Cooperation under the North American Free Trade Agreement (NAFTA) and the annual cabinet-level meetings of the Binational Commission are the clearest indications of the close and increasing relationships between the countries.

⁵ Economist Intelligence Unit. "Country Report: Mexico," May 2008.

⁶ Ibid; "Mexico's Remittances Down 6 Percent in January Compared to Year Previous," *Associated Press*, March 5, 2008; and "Mexico Remittances Fall at Record Pace in January," *Reuters*, March 4, 2008;

Socio-Economic Conditions

Mexico is a middle-income country of approximately 107 million people. According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) nearly 31.7% of Mexicans lived in poverty in 2005 and just under 9% of Mexicans lived in extreme poverty or indigence. This represents a significant improvement from 2000 when 41% of Mexicans lived in poverty and 15% were indigent. Nevertheless, income inequality appears to be worsening in Mexico. ECLAC considered Mexico a nation with an average level of income inequality from 2000 to 2002 but changed its categorization to that of a highly unequal country for the period from 2003 to 2005.⁷

Mexico's main program to reduce the effects of poverty is the Opportunities program (Oportunidades, formerly known as Progresa). The program began under President Ernest Zedillo (1994-2000) and expanded under President Vicente Fox (2000-2006) to benefit 5 million families throughout Mexico. The program seeks to not only alleviate the immediate effects of poverty through cash and in-kind transfers, but to break the cycle of poverty by improving nutrition and health standards among poor families and increasing educational attainment. This program provides cash transfers to families in poverty who demonstrate that they regularly attend medical appointments and can certify that children are attending school. The government provides educational cash transfers to participating families. The program also provides nutrition support to pregnant and nursing women and malnourished children. Monthly benefits are a minimum of \$15 with a cap of about \$150. The majority of households receiving Opportunities benefits are in Mexico's six poorest states: Chiapas, Mexico State, Puebla, Veracruz, Oaxaca, and Guerrero.⁸ Mexico also has programs to expand the development potential of remittances which are discussed in more detail below.

Remittances. Remittances are often discussed as a potential tool to combat poverty. Mexico is the third leading recipient of remittances after India and China, accounting for just over 11% of global remittance flows in 2007.⁹ Its nationals received \$23 billion in 2006 and just under \$24 billion in 2007. While Mexico receives the largest amount of remittances in Latin America, it is a comparatively small share of Mexican national income, accounting for about 3% of Mexico's GDP in 2007.¹⁰ The rate of remittance growth slowed dramatically in 2007, accounting for a nominal 1% increase, much less than the 17% increase recorded the year before. From 2003 to 2006 remittance flows increased an average of 19% annually. The cause of the lower growth rate is still uncertain, but possible explanations include the rise of anti-immigrant sentiment in the United States, increased deportations of illegal immigrants, and the slow down of the U.S. construction market. Some observers

⁷ UN Economic Commission for Latin America and the Caribbean, *Social Panorama 2007* and *Social Panorama 2006*.

⁸ Santiago Levy, *Progress Against Poverty*, Brookings Institution, 2006.

⁹ World Bank, *Migration and Remittances Factbook 2008*.

¹⁰ Inter-American Development Bank, "Remittances in 2007, A Bend in the Road, or a New Direction?" March 2008.

doubt these explanations because remittances to Central America continue to grow at higher rates, and it is unclear why Mexican workers would be more affected by immigration enforcement or the decline in construction jobs than Central American workers. Another explanation is that remittance growth rates to Mexico were exaggerated as improved accounting and reporting mechanisms were implemented and, now that those mechanisms are in place, the financial system is more accurate in reporting changes in remittance flows.¹¹

The pattern of remittance flows to Mexico suggests potential limitations to the use of remittances to reduce poverty and inequality. Mexican states receiving the most remittances are those with traditionally high rates of migration, which do not represent the poorest states in Mexico. In 2006, roughly 55% of remittances sent to Mexico went to 7 of Mexico's 32 states. These states are Michoacán, Guanajuato, Jalisco, Mexico, the Federal District, Veracruz, and Puebla. The impoverished states of Oaxaca, Guerrero, and Chiapas received less than 14% of remittances sent to Mexico in the first half of 2007.

The effect of remittances on poverty in Mexico remains unclear, though there is evidence to suggest that remittances improve household income. It is estimated that 80-90% of remittances in Mexico are used to cover consumer needs, including food and utilities. Another 10% is spent on investment, most likely housing. Home town associations (HTAs) from the state of Zacatecas pioneered efforts to increase the development impact of remittances. Beginning in 1993, the state of Zacatecas and the Mexican federal government agreed to allocate one dollar for every dollar Zacatecan HTAs spend on local development programs. In 1999, municipal governments agreed to match donations dollar for dollar, making what is now known as the "3-for-1" program, which triples HTA donations. President Fox extended the program nationwide in 2002. Through 2005, HTAs, municipal, state, and federal governments spent \$230 million on 5,000 local development projects in partnership with HTAs.¹² While this is a significant amount of money, it amounts to just 1% of remittances sent to Mexico in 2006. U.S. assistance to improve Mexico's financial sector, administered by USAID, includes small grants to help microfinance institutions increase products and services, including remittance-related services.

Foreign Policy Challenges

President Calderón has sought to pursue an independent foreign policy with closer ties to Latin America. He has tried to mend relations with Cuba and Venezuela. Relations with both countries became tense under the administration of President Vicente Fox (2000-2006). In September 2007, Mexican and Venezuelan ambassadors presented credentials to the respective governments, restoring full relations for the first time since November 2005 when President Fox expelled Venezuela's ambassador to Mexico. A Cuban ambassador to Mexico also presented

¹¹ Migration Policy Institute, "Variable Impacts: State-level Analysis of the Slowdown in the Growth of Remittances to Mexico," September 2007; and Manuel Orozco, "Mexican Remittances: Issues and Considerations about its Recent Trend," September 2007.

¹² Richard Lapper, "Village Depends on its Migrants in California," *Financial Times*, May 9, 2007.

his credentials to President Calderón in September 2007. In May 2004, President Fox recalled Mexico's ambassador to Cuba, ambassadors were later restored, but relations between the two countries remained tense through the remainder of the Fox administration. Migration is likely to be an issue in Mexico-Cuba relations, with Cubans increasingly preferring to emigrate to the United States via Mexico rather than by sea.

Under President Fox, Mexico pursued a more activist and diversified foreign policy, with greater involvement in UN activities, and stronger ties to Latin America and Europe. He promoted the so-called Puebla-Panama Plan, which promotes cooperative development efforts among the Central American countries and the southeastern states of Mexico. He attempted to revive the G-3 group trade preferences (Colombia, Venezuela, and Mexico), however Venezuela formally withdrew from the group in November 2006 after joining the Common Market of the South (Mercosur). Fox also sought better ties with Mercosur countries in South America. He attempted to expand trade with the European Union under the EU-Mexico free trade agreement that went into effect in July 2000, and with Japan under the Mexico-Japan free trade agreement that entered into force in April 2005. Mexico held a temporary seat on the U.N. Security Council in 2002 and 2003 and expressed support for continuing diplomatic efforts under United Nations auspices to achieve the disarmament of Iraq, leading to expressions of disappointment from the Bush Administration.

President Fox encouraged strong relations with the United States, and he called for greater cooperation under NAFTA and for a bilateral migration agreement that would regularize the status of undocumented Mexicans in the United States. Relations became strained during the debate on immigration reform in the United States. After President Bush approved the Secure Fence Act of 2006, Mexico, with the support of 27 other nations, denounced the proposed border fence at the Organization of American States. Mexico also indicated that it will challenge the border fence before the United Nations. (See *Migration/Border Issues* below for more detail.)

Bilateral Issues for Congress

U.S. Assistance to Mexico

Mexico, a middle income country, traditionally has not been a major recipient of U.S. foreign assistance, but this changed recently with congressional approval of the Administration's request for funding to support the Mérida Initiative aimed at helping Mexico combat drug trafficking and other criminal organizations. In FY2008, the Administration is spending an estimated \$50.6 million in regular foreign assistance funding. It requested \$500 million in FY2008 supplemental funding for Mexico through the International Narcotics Control and Law Enforcement (INCLE) account to support the Mérida Initiative, but Congress ultimately appropriated \$400 million in FY2008 supplemental and FY2009 bridge fund supplemental assistance for Mexico in the INCLE, Foreign Military Financing (FMF), and Economic Support Fund (ESF) accounts. For FY2009, the Administration requested some \$501 million

in foreign aid to Mexico, including some \$450 million requested through the INCLE account to support the Mérida Initiative. (See “The Mérida Initiative” below).

Table 1. U.S. Assistance to Mexico FY2004-FY2009

Account	FY2005	FY2006	FY2007	FY2008 (Est.)	FY2008 Suppl. (Est.)	FY2009 Suppl (Est.)	FY2009 (Req.)
CSH	3.23	3.99	3.72	2.68	--		2.50
DA	15.06	11.36	12.28	8.22	--		14.00
ESF	13.39	11.39	11.35	11.90	--		--
FMF	--	--	--	--	--		2.00
IMET	1.25	.01	.06	.37	--		.83
INCLE	39.68	39.60	36.68	26.55	--	48.00	477.82
NADR	.29	.63	1.30	.92	--		3.85
Peace Corps	1.22	1.31	--	--	--		--
TOTAL	74.12	68.29	65.39	50.64	352.00*	48.00	501.00

* Of the \$352 million, up to \$116.5 million can be provided for FMF, with the remainder in INCLE and ESF assistance, pursuant to the FY2008 Supplemental Assistance Act, H.R. 2642 (P.L. 110-252).

Accounts

CSH	Child Survival and Health
DA	Development Assistance
ESF	Economic Support Fund
FMF	Foreign Military Financing
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
NADR	Non-proliferation, Anti-terrorism, Demining and Related Programs

The Mérida Initiative.¹³ The United States and Mexico issued a joint statement on October 22, 2007, announcing a multi-year plan for \$1.4 billion in U.S. assistance to Mexico and Central America to combat drug trafficking and other criminal organizations. The Mérida Initiative, named for the location of a March

¹³ For additional information, see CRS Report RS22837, *Merida Initiative: Proposed U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*. For more on the Central American components of the Mérida Initiative, see CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke.

2007 meeting between Presidents Bush and Calderón, expands bilateral and regional cooperation to combat organized crime, drug cartels, and criminal gangs. The Administration requested \$500 million for Mexico (and \$50 million for Central American countries) in a FY2008 supplemental appropriations request. In the FY2009 foreign aid request, the Administration requested another \$550 million for Mexico under the Mérida Initiative (and \$100 million for Central American countries).

The stated objective of the Mérida Initiative, according to the October 2007 joint statement, is to maximize the effectiveness of our efforts to fight criminal organizations – so as to disrupt drug-trafficking (including precursor chemicals), weapons trafficking, illicit financial activities, and currency smuggling, and human trafficking.¹⁴ The joint statement highlights current efforts of both countries, including Mexico’s 24% increase in security spending in 2007, and U.S. efforts to reduce weapons, human, and drug trafficking along the Mexican border. Although the statement did not announce additional funding for U.S. domestic efforts, it cited several examples of such efforts to combat drugs and crime that are already in place. Those examples included the 2007 Southwest Border Counternarcotics Strategy, the 2008 National Drug Control Strategy, and the 2007 U.S. Strategy for Combating Criminal Gangs from Central America and Mexico.

Table 2. Proposed Mérida Initiative Funding for Mexico, FY2008-FY2009
(\$ in millions)

Category	FY2008 (Supp. Req.)	FY2009 (Req)
Counternarcotics, Counterterrorism, and Border Security	306.3	238.3
Public Security and Law Enforcement	56.1	158.5
Institution Building and Rule of Law	100.6	30.7
Program Support	37.0	22.5
Total	500.0	450.0

Source: Department of State Briefing Paper distributed to Capitol Hill offices.

All proposed funding for the Mérida Initiative was designated for the INCLE account, administered by the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL). There were four categories of assistance in the Mérida Initiative request. The largest category for “Counternarcotics, Counterterrorism, and Border Security” would fund equipment and technology infrastructure improvements for the Mexican military and law enforcement agencies. The category of “Public Security and Law Enforcement” would fund such items as

¹⁴ U.S. Department of State and Government of Mexico, "Joint Statement on the Merida Initiative," October 22, 2007.

inspection scanners, x-ray ions, computer equipment, and security equipment. A third category would fund “Institution Building and Rule of Law” projects, while the final category of assistance would fund program support.

Legislative Action. In late June 2008 legislative action on the Mérida Initiative in H.R. 2642 (P.L. 110-252), Congress provided \$400 million supplemental assistance in FY2008 and FY2009 for Mexico, with not less than \$73.5 million for judicial reform, institution-building, anti-corruption, and rule of law activities. The measure provides \$352 million in FY2008 supplemental assistance within the INCLE, FMF, and ESF accounts, and \$48 million in FY2009 supplemental assistance within the INCLE account. For FY2008, \$3 million from the INCLE account is to be used for technical and other assistance to enable the Mexican government to implement a unified national registry of federal, state, and municipal police officers.

The measure has human rights conditions softer than compared to earlier House and Senate versions, in large part because of Mexico’s objections that some of the conditions would violate its national sovereignty. The Secretary of State, after consultation with Mexican authorities, is required to submit a report on procedures in place to implement Section 620J of the Foreign Assistance Act (FAA) of 1961. That section of the FAA “prohibits assistance to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights.” An exception to this prohibition is provided in Section 620J if the Secretary of State determines and reports to Congress that the government of such country is taking effective measures to bring the responsible members of the security forces unit to justice.

In P.L. 101-252, human rights conditions require that 15% of INCLE and FMF assistance be withheld until the Secretary of State reports in writing that Mexico is taking action in four human rights areas:

- improving transparency and accountability of federal police forces;
- establishing a mechanism for regular consultations among relevant Mexican government authorities, Mexican human rights organizations, and other relevant Mexican civil society organizations, to make consultations concerning implementation of the Mérida Initiative in accordance with Mexican and international law;
- ensuring that civilian prosecutors and judicial authorities are investigating and prosecuting, in accordance with Mexican and international law, members of the federal police and military forces who have been credibly alleged to have committed violations of human rights, and the federal police and military forces are fully cooperating with the investigations; and
- enforcing the prohibition, in accordance with Mexican and international law, on the use of testimony obtained through torture or other ill-treatment.

In other legislative action, on June 10, 2008, the House approved authorization legislation for the Mérida Initiative, H.R. 6028, that would authorize \$1.6 billion over three years, FY2008-FY2010, for both Mexico and Central America, \$200 million more than originally proposed by President Bush. Of that amount, \$1.1 billion would be authorized for Mexico, and \$73.5 million for activities of the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to reduce the flow of illegal weapons from the United States to Mexico. Among the bill's various conditions on providing the assistance, the measure requires that vetting procedures are in place to ensure that members or units of military or law enforcement agencies that may receive assistance have not been involved in human rights violations.

Drug Trafficking Issues

Mexico remains a major supplier of heroin, methamphetamine, and marijuana, as well as the major transit point for cocaine sold in the United States. Although U.S.-Mexico counternarcotics efforts have been marked by distrust at times in the past, with criticisms mounting in March of each year when the President was required to certify that drug producing and drug transit countries were cooperating fully with the United States, relations improved during the Fox administration (2000-2006) and cooperation has continued under President Calderón. Reforms to the drug certification process enacted in September 2002 have helped improve bilateral relations on drug cooperation. The revised procedures require the President to make a report, not later than September 15 of each year, identifying the major drug transit or major illicit drug producing countries. At the same time, the President is required to designate any of the named countries that has “failed demonstrably,” during the previous 12 months, to make substantial efforts to adhere to international counternarcotics agreements (defined in the legislation) and to take other counter-narcotics measures.¹⁵ In the late 1990s, Congress acted to strengthen Border Patrol and international interdiction efforts along the Southwest Border, and it passed the Foreign Narcotics Kingpin Designation Act (P.L. 106-120), which strengthened the President's authority under the International Emergency Economic Powers Act (IEEPA) to block the assets in the United States of designated international drug traffickers.¹⁶

According to the State Department's March 2008 International Narcotics Control Strategy Report (INCSR), Mexico is a major foreign supplier of marijuana and methamphetamine to the United States, and although it accounts for only a small share of worldwide heroin production, it is a major supplier of heroin consumed in

¹⁵ U.S. assistance would be withheld from any designated countries unless the President determines that the provision of assistance to that country is vital to the national interest of the United States or that the designated country subsequently made substantial counternarcotics efforts. Notwithstanding the general suspension of the previous drug certification and sanctions procedures, subsection 706(5)(B) provides that the President may apply those procedures at his discretion. A transition rule provides that for FY2003, the required report was to be submitted at least 15 days before foreign assistance funds are obligated or expended.

¹⁶ See CRS Report 98-174, *Mexican Drug Certification Issues: U.S. Congressional Action, 1986-2002*, by K. Larry Storrs.

the United States. The State Department estimates that 90% of cocaine entering the United States transits Mexico. Despite Mexico's major role as a producing and transit country in 2007, the Calderón Administration was credited with carrying out unprecedented efforts to eradicate and seize illicit drugs. Mexican authorities seized more than twice the amount of cocaine in 2007 than it did in 2006 and over \$200 million in cash from a methamphetamine precursor operation. The report praised the Mexican government for its efforts to implement regulations that will ban the import of products containing methamphetamine precursors in 2008 and will ban the commercial sale of products containing methamphetamine precursors in 2009.¹⁷

Until 2006, Mexico refused to extradite criminals facing the possibility of life without parole to the United States. However, two recent decisions by the Mexican Supreme Court may facilitate extraditions to the United States. In November 2005, in a partial reversal of its October 2001 ruling, the Court found that life imprisonment without the possibility of parole is not cruel and unusual punishment. The Mexican Supreme Court ruled in January 2006 that U.S. extradition requests only need to meet the requirements of the 1978 bilateral treaty, not the general law on international extradition.¹⁸ President Felipe Calderón has indicated that he will use extradition as a major tool to combat drug traffickers. In 2007, Mexico extradited a record 83 alleged criminals to the United States, including the alleged head of the Gulf Cartel, Osiel Cárdenas. These extraditions surpassed a record 63 extraditions in 2006.

Counternarcotics cooperation improved significantly during the Fox administration, and President Calderón has indicated that combating drug cartels will be a priority of his administration, citing drug violence as a major threat to the Mexican state.¹⁹ In December 2007, President Calderón reorganized the two federal police agencies — the Federal Investigations Agency (AFI) and Federal Preventative Police (PFP) — by placing them under a single commander. Shortly after taking office, President Calderón launched offensives against drug cartels and drug violence in several states. Since December 2006, the Mexican government has deployed over 36,000 soldiers and federal police to combat cartels in drug trafficking “hot-spots.” Soldiers and law enforcement officials have been tasked with arresting traffickers, establishing check points, burning marijuana and opium plants, and interdicting drug shipments along the Mexican coast. This offensive has been criticized by some as being ineffective, and some are concerned about the militarization of Mexican law enforcement. The Calderón Administration, however, maintains that it must use the military due to the corruption of state and local police by the cartels. Additionally, a high-ranking member of the Mexican armed forces has stated that the military has

¹⁷ Department of State Bureau of International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report 2008*, March 2008, hereafter INCSR 2008.

¹⁸ Jesus Aranda, “Allana la Corte el Camino para Extraditar a Connacionales a EU,” *La Jornada*, February 1, 2006; “Mexico: Court Clears Way for Faster Extraditions to U.S.,” *Latin American Weekly Report*, February 7, 2006; and, U.S. Department of State, *INCSR 2006*.

¹⁹ For more information see CRS Report RL34215, *Mexico's Drug Cartels*, by Colleen W. Cook.

to be involved in fighting drug traffickers because the police force cannot compete with the type of heavy weaponry that the drug cartels are now using.²⁰

Corruption of state and local police is a significant problem in Mexico. In January 2007, the federal government temporarily seized weapons from Tijuana police to run ballistics checks to determine if the guns were used in any drug crimes. In April 2007, over 100 state police officers in the northern state of Nuevo León were suspended due to corruption concerns. In June 2007, President Calderón purged 284 federal police commanders, including federal commanders of all 31 states and the federal district. These commanders were suspended and subjected to drug and polygraph tests. The Mexican government immediately named replacements for the 284 dismissed commanders. The new commanders all successfully passed an array of examinations designed to weed out corrupt officers, including financial checks, drug testing, and psychological and medical screening. These tests are to be repeated on a regular basis.²¹ On May 6, 2008, the state solicitor in Baja California fired 162 state policemen after a military commander named a horde of senior law enforcement personnel involved in receiving bribes from drug gangs.²² Other police officers, acting out of fear, are reportedly resigning and fleeing for safer cities or asking for asylum in the United States.

There have been several significant developments on drug trafficking issues since 2006. The U.S. Coast Guard captured Tijuana cartel leader Francisco Javier Arellano Felix in August 2006. After negotiating a plea agreement in September 2007, he pled guilty to running a criminal enterprise and money laundering, which spared him the death penalty. He was sentenced to life in prison without the possibility of parole in November 2007. His brother, Francisco Rafael Arellano Felix, was extradited to the United States in September 2006. In June 2007, Francisco Rafael Arellano Felix pled guilty to conspiracy to distribute cocaine and intent to distribute based on a 1980 drug bust. He escaped prosecution in the 1980s when he fled to Mexico after he was released on bond. Francisco Rafael Arellano Felix was sentenced to six years in federal prison in September 2007. Hector Palma Salazar, the former head of the Sinaloa cartel, was extradited to the United States in 2007 and was sentenced to 16 years imprisonment for cocaine trafficking in February 2008.

²⁰ U.S. Government Printing Office, "The Mérida Initiative: Guns, Drugs, and Friends," Minority Staff Report to Senate Committee on Foreign Relations, United States Senate, December 21, 2007.

²¹ CRS interview with Mexican Embassy officials, October 27, 2006; "Mexico: Congress Summons Defense Minister," *Latin American Weekly Report*, April 19, 2007; "Mexico Shakes Up Federal Police," EFE News Service, June 25, 2007; and, Sam Enriquez, "Mexico Purges Federal Police Chiefs," *Financial Times*, June 26, 2007.

²² Corchado, Alfredo. "Drug War: Another Police Official Slain in Mexico," *The Dallas Morning News*, May 11, 2008; "Gangs Challenge Government in Mexico," *LatinNews Daily*, May 7, 2008; Roig, Franzia. "Drug Gangs Have Police on the Run; Police Chief of Mexican Border Town Seeks Asylum in U.S. after Threats," *Vancouver Sun*, April 23, 2008; and Franco Ordoñez. "Army Tries to Confront Violence in Border City; Gangs Battle over Money-Making Drug Routes; Police Outgunned," *Charlotte Observer*, April 6, 2008.

Migration/Border Issues

Nature of the Immigration Problem. Widely cited demographers at the Pew Hispanic Center estimated in March 2006 that there were 6.2 million undocumented Mexican migrants residing in the United States in 2005, accounting for 56% of the total estimated illegal alien population of 11.5 to 12 million.²³ The United States' Mexican-born population increased from 4 million in 2000 to 7 million in the first quarter of 2007.²⁴ Mexico takes the view that the migrants are “undocumented workers,” making the point that since the U.S. market attracts and provides employment for the migrants, it bears some responsibility. Mexico regularly voices concern about alleged abuses suffered by Mexican workers in the United States, and for the loss of life and hardships suffered by Mexican migrants as they utilize increasingly dangerous routes and methods to circumvent tighter border controls. Mexico benefits from illegal migration in at least two ways: (1) it is a “safety valve” that dissipates the political discontent that could arise from higher unemployment in Mexico; and (2) it is a source of remittances by workers in the United States to families in Mexico, estimated at \$24 billion in 2007.

In June 2007, the U.S. Senate voted against cloture on the Comprehensive Immigration Reform Act of 2007 (S. 1348). The measure has not been considered since that vote. The bill would improve border security, establish a temporary worker program, and normalize the status of most illegal immigrants in the United States. Mexico has long lobbied for such reforms and is cautiously watching debate on this measure. Immigration reform legislation was introduced in the House of Representatives in March 2007, but debate has not been scheduled. The House measure, the Security Through Regularized Immigration and Vibrant Economy Act of 2007 (H.R. 1645), would set border and document security benchmarks that must be met before normalizing the status of illegal immigrant or the creation of a guest worker program. A variety of other migration-related legislative initiatives have been introduced in the 110th Congress. (See *Legislation in the 110th Congress* below for more detail.)

In February 2006, the Mexican Congress approved a concurrent resolution on migration and border security in which Mexico acknowledges that Mexican workers will continue to emigrate until there are more opportunities in Mexico. Mexico also accepts the need to revisit its migration policies to consider enforcement of its northern and southern borders, enforcement of Mexican immigration laws that respects the human rights of migrants, and the need to combat human trafficking. Perhaps most significantly, the Mexican resolution states that the Mexican government does not promote illegal migration and calls for the development of a

²³ Pew Hispanic Center, *The Size and Characteristics of the Unauthorized Migrant Population in the United States*, by Jeffrey Passel, March 7, 2006, data from the March 2005 Current Population Survey (CPS) and monthly CPS through January 2006 conducted by the U.S. Bureau of the Census and the Bureau of Labor Statistics. For more detail and comparisons with earlier years, see CRS Report RS21938, *Unauthorized Aliens in the United States: Estimates Since 1986*, by Ruth Ellen Wasem.

²⁴ Pew Hispanic Center, "Indicators of Recent Migration Flows from Mexico," May 30, 2007.

guest worker program in the United States under the principle of shared responsibility. The resolution commits Mexico to enforcing legal emigration “if a guest country offers a sufficient number of appropriate visas to cover the biggest possible number of workers and their families, which, until now cross the border without documents because of the impossibility of obtaining them.”²⁵

The 109th Congress considered competing measures for comprehensive immigration reform and increased border security, including the enactment of the Secure Fence Act of 2006 which authorizes construction of barriers along 700 miles of the U.S. border with Mexico. Mexico has stated that the border fence will cause difficulties in the bilateral relationship and goes against the trend of increased cooperation on border security matters. The 109th Congress did not enact comprehensive immigration reform because of disagreement over key provisions of House and Senate proposals (see the section titled Legislation Relating to Mexico in the 109th Congress for more detail).

Congress last enacted major immigration reform in 1986 and 1996. Main provisions of the Immigration Reform and Control Act of 1986 (P.L. 99-603) included civil and criminal penalties for U.S. employers who knowingly hire undocumented workers; increased border control and enforcement measures; anti-discrimination safeguards; provision for legalization of illegal aliens who resided continuously in the United States before 1982; and a special legalization for farm workers previously employed on American farms. In 1996, two laws relating to immigration were enacted, the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA, P.L. 104-208) and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The first measure sought to control illegal immigration by adding 1,000 Border Patrol agents per year for five years (FY1997-FY2001), along with additional personnel, equipment, and procedures. The IIRIRA increased penalties for unlawful presence and created the expedited removal program.²⁶ Individuals who depart the United States after more than 180 days of unlawful presence now face either a three or 10 year bar to admission to the United States, depending on the total period of unlawful presence. Both measures aimed to reduce the attractiveness of immigration by restricting the eligibility of aliens for federal programs.²⁷

Executive Initiatives. A number of initiatives have been launched in recent years to improve border security and the economic competitiveness of NAFTA member countries. President Bush has also proposed comprehensive immigration reform, and the 110th Congress is currently considering various proposals.

Human Smuggling. The Operation Against Smuggling Initiative on Safety and Security (OASISS) is a bilateral effort to combat human smuggling established in August 2005. The program was initially limited to the area between San Diego,

²⁵ “Mexico-U.S.: Migration and Border Security,” Embassy of Mexico, February 2006.

²⁶ For more information on expedited removal, see CRS Report RL33109, *Immigration Policy on Expedited Removal of Aliens*, by Alison Siskin and Ruth Ellen Wasem.

²⁷ See CRS Report 95-881, *Immigration Legislation in the 104th Congress*, by Joyce Vialet.

California and Yuma, Arizona, but was extended to El Paso, Texas in April 2006. In August 2007, the United States and Mexico agreed to extend the program to the Mexican state of Coahuila and the area between El Paso and Eagle Pass, Texas. From its inception through FY2007, OASISS has led to the prosecution of 660 individuals in Mexico on smuggling or trafficking charges. Over 300 individuals were presented for prosecution in Mexico during FY2007.²⁸

In October 2007, U.S. Customs and Border Protection announced the creation of "Operation Lifeguard," an extension of OASISS in the El Paso Border Patrol Sector. The objectives of the new operation are to reduce migrant deaths and prosecute human smugglers. In FY2007, migrant deaths fell 24% in the El Paso sector, from 33 to 25.²⁹

Border Security. U.S. and Mexican authorities are also increasing joint efforts to combat crime and increase border security. U.S. and Mexican border governors announced plans to share crime data in August 2006. In April 2006, the U.S. Consul to Nuevo Laredo, Tamaulipas and the Mexican Consul to Laredo, Texas announced a joint-effort to increase cooperation among the police forces to more effectively combat crime in the Laredos. On February 19-20, 2004, Department of Homeland Security Secretary Tom Ridge met with Mexican Government Secretary Santiago Creel in Mexico City to review progress under the U.S.-Mexico Border Partnership. The two leaders signed the U.S.-Mexico Action Plan for Cooperation and Border Safety for 2004, as well as a Memorandum of Understanding on the Safe, Orderly, Dignified and Humane Repatriation of Mexican Nationals. They also committed to develop six new Secure Electronic Network for Traveler's Rapid Inspection (SENTRI) lanes for pre-screened, low-risk individuals, and to develop five new Free and Secure Trade (FAST) lanes for pre-cleared cargo. Six SENTRI lanes opened in FY2006 at San Ysidro, California; Calexico, California; Nogales, Arizona; and Brownsville, El Paso, and Hidalgo, Texas.

On November 2, 2005, Homeland Security Secretary Chertoff launched the Secure Border Initiative (SBI), a comprehensive, multi-year plan to secure U.S. borders, and to reduce illegal immigration. The Department of Homeland Security planned to achieve these objectives through increased detention and removal, including an end to the "catch and release" of illegal immigrants; increased personnel at borders and ports of entry; increased enforcement of immigration laws in the U.S. interior, including worksite inspections; technological upgrades to assist in border enforcement; and improved infrastructure. Increased funding was approved by Congress in early October 2005 in the Department of Homeland Security Appropriations Act (H.R. 2360/P.L. 109-90). DHS submitted its SBI strategic plan to Congress in November 2006, including estimates of the cost of the technology and infrastructure component referred to as SBInet. DHS indicated that SBInet will allow the Department to gain operational control of the U.S. southern border by 2011 and will cost an estimated \$7.6 billion. According to the plan DHS would have control

²⁸ U.S. Customs and Border Protection, "Securing America's Borders: CBP 2007 Fiscal Year in Review," November 6, 2007.

²⁹ U.S. Customs and Border Protection, "U.S. Border Patrol Partners with Agencies to Unveil Operation Lifeguard," October 17, 2007.

of some 345 miles of the 2,000 mile U.S.-Mexico border by the end of FY2007. Some criticized the plan for shifting the date of operational control of the southern border to 2011 from 2008. The DHS Inspector General cautioned in November 2006 testimony before House Homeland Security Subcommittee on Management, Integration, and Oversight that DHS lacked sufficient staff to manage the contract awarded to Boeing to implement SBI and stated that costs could rise to as much as \$30 billion.

U.S. Customs and Border Protection completed 76 miles of fencing along the Southwest border in FY2007 as part of SBI. As of April 2008, 172 miles of pedestrian fencing were complete, and a projected total of 370 miles of pedestrian fencing under SBI is to be completed by December 2008. CBP announced that the 9 relocatable communication, camera, and radar towers were deployed in the Sasabe, Arizona area during FY2007. CBP also reported progress on the use of picture hardware in certain Border Patrol agent vehicles as part of the Project 28 program to implement a virtual fence to secure 28 miles of the U.S.-Mexico border. Congress has been critical of the progress of the SBI program, and Project 28. Project 28 was due to be completed in mid-2007, but the \$20 million project has faced technological setbacks. The GAO testified in an October 24, 2007 hearing before the House Homeland Security Committee that the camera technology was too sensitive and that it misinterpreted items such as moving shrubs as border crossers.³⁰

On February 27, 2008, the Bush Administration announced further delays in Project 28. The current design of the project reportedly was not compatible with Border Patrol needs, and in April 2008, Department of Homeland Security officials announced that a large amount of the P-28 system will be replaced by new equipment and software. This delays progress of SBI, which aimed to put a virtual fence along 100 miles of the U.S.-Mexico border by the end of 2008. In May 2008, a CBP spokesman said that the first phase of P-28 would be finalized with the installation of permanent surveillance towers, which would replace the nine temporary towers. Delays in Project 28 have prompted some Members to question the Department of Homeland Security's ability to secure another 387 miles of the U.S.-Mexico border by December 2008.³¹

Security and Prosperity Partnership.³² On March 23, 2005, President Bush, Mexican President Vicente Fox, and Canadian Prime Minister Paul Martin established the trilateral Security and Prosperity Partnership (SPP) of North America. Through the SPP the three nations have sought to advance the common security and prosperity of the countries through expanded cooperation and harmonization of policies. The SPP is not a treaty or agreement and is limited to the existing legal

³⁰ Elise Castelli, "Glitches Delay Virtual Fence on Border," *Federal Times*, October 29, 2007.

³¹ Ibid; Spencer S. Hsu, "Virtual Fence Along Border to be Delayed," *Washington Post*, February 28, 2008; "Secure Border Initiative to Adjust – Not Terminate," *Penton Business Media*, May 1, 2008; and Congressional Testimony of John P. Hutton, US Government Accountability Office, before the House Committee on Homeland Security, May 8, 2008.

³² For more information, see CRS Report RS22701, *Security and Prosperity Partnership of North America: An Overview and Selected Issues*.

framework relating to the trilateral relationship. The SPP seeks to address security and commercial cooperation at the regulatory level. To operationalize this partnership, the leaders established Ministerial-led working groups to develop measurable and achievable goals in the specified areas. In August 2006, the SPP working groups submitted their second report to SPP leaders outlining completed initiatives and proposing new initiatives to ensure common security and prosperity. The working groups established an Avian and Human Pandemic Influenza Coordinating Body and a North American Competitiveness Council.

Cooperation under the SPP has increased security cooperation on port security and border security. In April 2007, the United States and Mexico signed an agreement to detect and prevent the smuggling of nuclear and radioactive materials. Under the Megaports agreement, the U.S. Department of Energy's National Nuclear Security Administration and Mexican customs will install radiation detection devices at four Mexican seaports. These ports account for 90% of container traffic in Mexico. The three countries are also working to more efficiently determine the risk of cargo at seaports. Mexico has implemented the Sea Cargo Initiative which allows gathers data electronically before loading at a port of origin. Earlier completed initiatives included measures to facilitate trade, such as the signing of a Framework of Common Principles for Electronic Commerce,³³ and border security through, among other measures, an agreement between the U.S. and Mexico to create an Alien Smuggler Prosecution Program along the common border.

At an SPP leaders' meeting held in New Orleans, Louisiana in April 2008 President Bush, President Calderón, and Canadian Prime Minister Stephen Harper commended the success of NAFTA, which they say tripled trade between the three countries to a projected \$1 trillion in 2008. They also reevaluated the five priority areas that were identified in a ministerial meeting held in Los Cabos, Mexico in February 2008. The three leaders decided that their Ministers should renew and focus their work on 1) increasing the competitiveness of business and economies by making regulations between the countries more compatible and strengthening intellectual property strategies; 2) making the borders between the countries more secure by coordinating infrastructure plans, strengthening technological advancements, and investigating new customs procedures; 3) fortifying energy security and environmental protection initiatives by exchanging information and collaborating on new projects; 4) improving citizen access to safe food, and health and consumer products by deepening regulatory and inspection programs; and 5) improving response to emergencies by updating bilateral agreements.³⁴ The next SPP leaders' meeting is scheduled to be hosted in Mexico in 2009.

³³ For more information, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

³⁴ "Joint Statement by President Bush, and President Calderón, and Prime Minister Harper" April 22, 2008.

Trade Issues³⁵

Trade between Mexico and the United States has grown dramatically in recent years under the North American Free Trade Agreement (NAFTA) between the United States, Mexico, and Canada. Total U.S. trade with Mexico more than tripled from \$82 billion in 1993 to a high of \$347 billion in 2007, but the balance of U.S. trade with Mexico has shifted from a surplus of \$1.3 billion in 1994 to a generally growing deficit of \$74.3 billion in 2007 (exports of \$136.5 billion; imports of \$210.8 billion). High oil prices and growth in the factory sector explain much of the increase in the trade deficit. This change in the trade balance has caused some Members of Congress to question the benefits of NAFTA. Despite the deficit, Mexico is one of the fastest growing export markets for the United States in recent years, and it became the second most important trading partner after Canada in 1999.

The NAFTA agreement was negotiated in 1991 and 1992, and side agreements on labor and environmental matters were completed in 1993. The agreements were approved by the respective legislatures in late 1993 and went into force on January 1, 1994. Under the agreements, trade and investment restrictions are being eliminated over a 15-year period, with most restrictions eliminated in the early years of the agreement. Over the years, spokesmen from the Clinton and Bush Administrations have argued that NAFTA has been successful in increasing U.S. exports to Mexico, particularly in heavily protected areas such as agricultural products, and in promoting job creation and investment in both countries.

Functioning of NAFTA Institutions. Several NAFTA institutions mandated by the agreements have been functioning since 1994. The tripartite Commission on Environmental Cooperation (CEC) was established in Montreal, Canada; and the Commission for Labor Cooperation (CLC) was established in Dallas, Texas. In addition, the bilateral Border Environment Cooperation Commission (BECC), located in Ciudad Juarez, Mexico; and the North American Development Bank (NADBank), headquartered in San Antonio, Texas, were created to promote and finance border environment projects along the U.S.-Mexico border. Following up on a March 2002 agreement by Presidents Bush and Fox in Monterrey, Mexico, to broaden the mandate of the NADBank, Congress agreed in March 2004 to permit the NADBank to make grants and nonmarket rate loans for environmental infrastructure along the border, and the measure (H.R. 254) was signed into law (P.L. 108-215) on April 5, 2004.

The NAFTA institutions have operated to encourage cooperation on trade, environmental and labor issues, and to consider nongovernmental petitions under the labor and environmental side agreements.

Recent Trade Disputes. Major trade disputes between the countries have involved the access of Mexican trucks to the United States, the access of Mexican sugar, tuna, and avocados to the U.S. market, and the access of U.S. sweeteners to the Mexican market.

³⁵ For more information, see CRS Report RL32934, *U.S.-Mexico Economic Relations*, by M. Angeles Villarreal.

Trucking. With respect to trucking issues, the Mexican government objected to the Clinton Administration's refusal, on safety grounds, to allow Mexican trucks to have access to U.S. highways under the terms of NAFTA. A NAFTA dispute resolution panel supported Mexico's position in February 2001. President Bush indicated a willingness to implement the provision, but the U.S. Congress required additional safety provisions in the FY2002 Department of Transportation Appropriations Act (P.L. 107-87). On November 27, 2002, with safety inspectors and procedures in place, the Administration announced that it would begin the process that will open U.S. highways to Mexican truckers and buses, but environmental and labor groups went to court in early December to block the action. On January 16, 2003, the U.S. Court of Appeals for the Ninth Circuit ruled that full environmental impact statements were required before Mexican trucks would be allowed to operate on U.S. highways, but the U.S. Supreme Court reversed that decision on June 7, 2004.

On September 22, 2004, the House approved 339-70 an amendment to the Transportation-Treasury Appropriations (H.R. 5025) that would prohibit implementation of a rule allowing Mexican and Canadian truck operators an additional two years to bring their trucks into compliance with U.S. safety provisions, and this was eventually incorporated into the Consolidated Appropriations Act for FY2005 (H.R. 4818/P.L. 108-447) that was approved by the Congress and the President in November-December 2004. In October 2006, officials from the Department of Transportation indicated that the Department is prepared to ensure that Mexican trucks meet U.S. and Canadian safety provisions. The head of the Federal Motor Carrier Safety Administration, John Hill, indicated that a pilot project could be implemented to allow a limited number of Mexican companies access to the United States at some point in the future, but noted that there are "no immediate plans" to open the border to Mexican trucks beyond the 20-mile commercial limit.³⁶

In February 2007, the Administration announced a pilot project to grant Mexican trucks from 100 transportation companies full access to U.S. highways. The Administration announced a delay in the program in April 2007, likely in response to critics who contended that Mexican trucks do not meet U.S. standards. The Iraq War Supplemental (P.L. 110-28), enacted May 25, 2007, mandates that any pilot program to give Mexican trucks access beyond the border region cannot begin until U.S. trucks have similar access to Mexico. Before a pilot project can begin, the Department of Transportation (DOT) must meet certain reporting and public notice requirements. The DOT's Inspector General must prepare a report to Congress to verify that the DOT has established mechanisms to ensure that Mexican truck comply with U.S. federal motor carrier safety laws. The report must also verify that Mexican trucks meet the safety provisions of P.L. 107-87, mentioned above. The DOT must also publish a Federal Register notice and allow for public comment on pre-audit inspection data and plans to protect the health and safety of Americans.

In September 2007, the Department of Transportation launched a one-year pilot program to allow approved Mexican carriers beyond the 25-mile commercial zone,

³⁶ Angela Greiling Keane, "Cracking Open the Border," *Journal of Commerce*, October 23, 2006.

with a similar program allowing U.S. trucks to travel beyond Mexico's commercial zone. As of early January 2008, 57 trucks from 10 Mexican companies had received permission to operate in the United States and 41 trucks from 4 U.S. companies received permission to operate in Mexico. Department of Transportation data reportedly shows that U.S. carriers have made twice as many trips to Mexico as Mexican carriers have to the United States from the time the program was launched until early January 2008. The Consolidated Appropriations Act (P.L. 110-161) includes a provision prohibiting the use of FY2008 funding for the establishment of a pilot program. The Department of Transportation determined that it can continue with the pilot program because it had already been established. A coalition of unions and environmental groups filed suit in the 9th Circuit Court of Appeals to end the pilot program. The court heard arguments on the case in February 2008, but a decision is still pending.³⁷

In March 2008, the DOT issued an interim report on the cross-border trucking demonstration project to the Senate Committee on Commerce, Science, and Transportation. The report makes three key observations: 1) The Federal Motor Carrier Safety Administration (FMCSA) plans to check every participating truck each time it crosses the border to ensure that it meets safety standards; 2) There is less participation in the project than was expected; and 3) The FMCSA has implemented methods to assess possible adverse safety impacts of the project and to enforce and monitor safety guidelines.³⁸

Sugar and High Fructose Corn Syrup. The United States and Mexico recently resolved a long standing trade dispute involving sugar and high fructose corn syrup. Mexico argued that the sugar side letter negotiated under NAFTA entitled it to ship net sugar surplus to the United States duty free under NAFTA, while the United States argued that the sugar side letter limited Mexican shipments of sugar. Mexico also complained that imports of high fructose corn syrup (HFCS) sweeteners from the United States constituted dumping, and it imposed anti-dumping duties for some time, until NAFTA and WTO dispute resolution panels upheld U.S. claims that the Mexican government colluded with the Mexican sugar and sweetener industries to restrict HFCS imports from the United States.

In late 2001, the Mexican Congress imposed a 20% tax on soft drinks made with corn syrup sweeteners to aid the ailing domestic cane sugar industry, and subsequently extended the tax annually despite U.S. objections. In 2004, USTR initiated WTO dispute settlement proceedings against Mexico's HFCS tax, and following interim decisions, the WTO panel issued a final decision on October 7, 2005, essentially supporting the U.S. position. Mexico appealed this decision, and in March 2006, the WTO Appellate Body upheld its October 2005 ruling. In July 2006 the United States and Mexico agreed that Mexico would eliminate its tax on

³⁷ "9th Circuit Considers Injunction to Halt Mexican Truck Pilot Program," *International Trade Daily*, February 13, 2008; Rosalind McLymont, "Long Haul Across the Border," *Shipping Digest*, January 7, 2008; and "Hoffa Blasts Bush Administration's Indifference to NAFTA Harm," *PR Newswire*, March 10, 2008.

³⁸ Department of Transportation. "Cross-Border Trucking Demonstration Project," March 11, 2008.

soft drinks made with corn sweeteners no later than January 31, 2007. The tax was repealed, effective January 1, 2007.

The United States and Mexico reached a sweetener agreement in August 2006. Under the agreement, Mexico can export 500,000 metric tons of sugar duty free to the United States from October 1, 2006 to December 31, 2007. The United States can export the same amount of HFCS duty free to Mexico during that time. NAFTA provides for the free trade of sweeteners, which began January 1, 2008. The House and Senate sugar caucuses expressed objections to the agreement, questioning the Bush Administration's determination that Mexico is a net-surplus sugar producer to allow Mexican sugar duty free access to the U.S. market.³⁹

Tuna. On tuna issues, the Clinton Administration lifted the embargo on Mexican tuna in April 2000 under relaxed standards for a dolphin-safe label in accordance with internationally agreed procedures and U.S. legislation passed in 1997 that encouraged the unharmed release of dolphins from nets. However, a federal judge in San Francisco ruled that the standards of the law had not been met, and the Federal Appeals Court in San Francisco sustained the ruling in July 2001. Under the Bush Administration, the Commerce Department ruled on December 31, 2002, that the dolphin-safe label may be applied if qualified observers certify that no dolphins were killed or seriously injured in the netting process, but Earth Island Institute and other environmental groups filed suit to block the modification. On April 10, 2003, the U.S. District Court for the Northern District of California enjoined the Commerce Department from modifying the standards for the dolphin-safe label. On August 9, 2004, the federal district court ruled against the Bush Administration's modification of the dolphin-safe standards, and reinstated the original standards in the 1990 Dolphin Protection Consumer Information Act. That decision was appealed to the U.S. Ninth Circuit Court of Appeals, which ruled against the Administration in April 2007, finding that the Department of Commerce did not base its determination on scientific studies of the effects of Mexican tuna fishing on dolphins.

Avocados. In February 2007, the U.S. Department of Agriculture (USDA) authorized the importation of Mexican avocados. The California Avocado Commission (CAC) disagrees with this decision. In April 2007, the CAC sued the U.S. Department of Agriculture for allowing the importation of Mexican avocados containing armored scaled insects, which has reportedly deterred shipment of avocados from Mexico because growers there are concerned about future market access.

Other Trade Disputes. On other issues, in early October 2002, the U.S.-Mexico working group on agriculture dealt with major agricultural issues, including Mexico's recent anti-dumping decisions on apples, rice, swine, and beef, and

³⁹ "Bush Administration Defends Sugar Deal to Congress," *Inside U.S. Trade*, November 3, 2006; "Grassley, U.S. Industry Welcome Agreement with Mexico on Sugar, HFCS," *International Trade Reporter*, August 3, 2006; and, "U.S., Mexico Reach Agreement on WTO Soft Drink Dispute Compliance Deadline," *International Trade Reporter*, July 13, 2006.

safeguard actions on potatoes. In January 2003, the countries agreed to permit Mexican safeguard measures against U.S. imports of chicken legs and thighs, and in July 2003, these safeguard measures were extended until 2008, with tariffs declining each year. In September 2006, Mexico revoked anti-dumping duties imposed on U.S. rice imports in 2002 following rulings by the WTO and WTO Appellate Body in 2005 which found that the duties were contrary to WTO rules. Mexico banned beef imports from the United States in December 2003 following the discovery of one cow infected with mad cow disease in Washington state. Mexico resumed importation of boneless beef in early March 2004, and bone-in beef in February 2006 in response to improved beef cow screening.

Political and Human Rights Issues

Concerns over Elections and Political Rights. Mexico has become increasingly democratic, and effectively ended 71-years of one party rule by the Institutional Revolutionary Party (PRI) in 2000 when Vicente Fox of the conservative National Action Party (PAN) was elected president. Mexico has concentrated on developing its political institutions and election agency. The Federal Elections Institute (IFE) and Federal Electoral Tribunal (TEPJF) were well-regarded going into the 2006 presidential and congressional elections. The July 2, 2006, presidential race was extremely close and final results were not announced until September 5 when TEPJF completed adjudication of all the challenges. TEPJF rulings may not be appealed. According to the final vote count, Calderón won just under 36% of the vote, defeating PRD candidate Andrés Manuel López Obrador by less than 234,000 votes. Voter turnout was 59%.⁴⁰

After the vote, Andrés Manuel López Obrador led a campaign of civil disobedience, including the blockade of Mexico City's principal avenue, Paseo de la Reforma, until mid-September. The blockade reportedly cost Mexico City businesses over \$500 million in revenue. On September 1, 2006, PRD members of congress prevented President Fox from delivering the state of the union address at the Mexican congress. López Obrador rejected the election tribunal's September 5 ruling and was named the "legitimate president" of Mexico at a democratic convention of his supporters held on September 16 at the Zocalo, Mexico City's main square. He swore himself in as the "legitimate president" on November 20. It is not clear how this parallel government will operate or how much support it has. In mid-September PRD founder Cuahtémoc Cárdenas criticized López Obrador's tactics as undemocratic and criticized him for surrounding himself with advisors who helped to orchestrate what many believe to be Carlos Salinas de Gortari's fraudulent defeat of Cuahtémoc Cárdenas in the 1988 elections.⁴¹

Allegations of Human Rights Abuses. According to the State Department's 2007 human rights report, issued in early March 2008, the Mexican government generally respected human rights during 2007, but many problems

⁴⁰ For more information, see CRS Report RS22462, *Mexico's 2006 Elections*, by Colleen W. Cook.

⁴¹ "Mexico: López Obrador Declared 'Legitimate President,'" *LatinNews Daily*, September 18, 2006; and "Critica CCS intolerancia perredista," *La Reforma*, September 14, 2006.

remained. It recognized the Mexican government's efforts to reform and professionalize the police force, although it highlighted that corruption and impunity, particularly at the state and local levels, remain endemic problems. The conduct of state law enforcement officials in response to protests in Oaxaca and Michoacán was of particular concern in 2006, but these situations stabilized in 2007. However, no progress was made during 2007 concerning the allegations of state abuses and killings during these 2006 protests. Additionally, during 2007, there were reports of the police sometimes torturing suspects to force confessions, which were sometimes used in prosecution despite a constitutional prohibition. While the government took action against some improper behavior by law enforcement personnel, including firing some 250 federal police commanders and 34 regional police coordinators, many officers committed crimes with impunity and without fear of prosecution.

Violence among drug cartels was of particular concern during 2007. Approximately 2,470 people were killed by drug cartels, including some 300 police officers and 27 soldiers. Narcotics-related killings and violence increased, and there were credible reports that some individual local, state, and federal police, immigration, and customs officials were involved in facilitating drug trafficking, according to the human rights report. Despite various judicial reforms, lengthy pretrial detentions, lack of due process, and judicial inefficiency and corruption persisted.

Human rights conditions in Oaxaca were of concern in 2006, due to significant political unrest from May to December 2006. The unrest was initially due to the violent repression of a peaceful teachers union strike, but expanded to include other parties and broader political interests. A central goal of the protesters was the removal of Oaxacan governor Ulises Ruiz of the Institutional Revolutionary Party (PRI). The protests, led by the Popular Assembly of the People of Oaxaca (APPO), resulted in what amounted to a blockade of the historic city center, with millions of dollars in lost tourist revenue. At least nine people were killed in the violence, including American independent journalist Bradley Will. The Mexican Congress has the power to remove the governor, but did not. Ruiz remains in his post.

On December 11, 2006, thousands of protesters demanded Governor Ruiz's resignation and the withdrawal of federal police from the city. Federal troops withdrew from Oaxaca on December 16, and the city has been relatively calm since then. Human rights activists criticized the arrest of over 100 protesters in November and December 2006. Many were released toward the end of the year, but APPO leader Flavio Sosa remains in custody in a high security prison outside Mexico City. APPO insists that the conflict is not over and has protests planned for January 2007 and is considering a march on January 27 calling for the Oaxacan governor's resignation. On January 4, Oaxacan officials confirmed that the federal prosecutor is investigating the deaths of APPO supporters. In May 2007, Mexico's National Human Rights Commission determined that federal authorities were responsible for the abuse and torture of some protestors. The Commission also determined that federal police were responsible for the killing of at least one protestor.⁴²

⁴² "Mexico Rights Panel: Feds Committed Acts of Torture in Oaxaca," EFE News Service, (continued...)

Former President Fox pledged to investigate and prosecute those responsible for human rights violations, including the “Dirty War” period from the 1960s to 1980s. Human rights activists are critical of what they view as lukewarm efforts by his administration to improve human rights in Mexico and to address past violations. The National Commission on Human Rights presented a report to President Fox, on November 27, 2001, that documented human rights abuses and disappearances of persons in the 1970s and early 1980s, and President Fox named legal scholar Ignacio Carrillo as a Special Prosecutor to investigate these and other cases on January 4, 2002. In April 2006, the Fox administration announced that the special prosecutor’s office would be disbanded. In November 2006, Ignacio Carrillo presented his final report on the repressive era from the late 1960s to 1982. The report found that the repression was a matter of state policy and led to the summary execution of over 700 Mexicans; torture; and the razing of villages.

The report was praised by some as an acknowledgment of state responsibility for the repression that can be used to prosecute those responsible for human rights violations. Others remain critical, as no one has been convicted of charges relating to these alleged crimes. Only one of the three presidents from this period, Luis Echeverria (1970-1976), is still alive. President Echeverria faced genocide charges for his role in the repression of a 1968 student protest that left dozens dead when he was interior minister. Echeverria tried to evade prosecution by claiming the 30-year statute of limitations had expired. A judge rejected this argument and reinstated the arrest order in November 2006 after he determined that the statute of limitations did not go into effect until Echeverria left public office in December 1976. In July 2007, the Criminal Tribunal absolved Echeverria of any responsibility of the 1968 killings.

The unsolved murders of over 400 women killed and disappeared in Ciudad Juárez and other parts of the northern state of Chihuahua since 1993 remain a concern to human rights activists who maintain that the lack of prosecutions and inadequate investigations demonstrate the level of impunity in Mexico and a lack of official accountability to Mexican citizens. In February 2006, the Fox administration closed the special prosecutors office charged with coordinating federal and state investigations into the murders and folded it into an office responsible for crimes against women throughout Mexico. The Mexican government also announced in February 2006 that it found no evidence of serial killings in Ciudad Juárez. Nineteen women were reportedly murdered in Ciudad Juárez in 2007, and nine suspects were arrested and four are under investigation.

Over 90 Members of Congress signed a letter from Representative Hilda Solis to President Felipe Calderón in August 2007. The letter commends the Calderón Administration for enacting a federal ban on violence against women, and calls on the Mexican federal government to encourage states to enact similar legislation. The letter also suggests that Mexico reform its penal codes to increase penalties for

⁴² (...continued)

May 24, 2007; Gerardo Soriano and Paulina I. Valencia, “Investiga PGR Crímenes Cometidos durante Conflicto en Oaxaca,” *Notimex*, January 4, 2007; Gerardo Soriano and Paulina I. Valencia, “Asegura APPO que Conflicto en Oaxaca no Ha Terminado,” *Notimex*, January 4, 2007; and “Calderón Opts for Ruiz,” *Latin American Regional Report - Mexico and NAFTA*, January 2007.

violence against women. The Members also expressed concern that Mexico's 14-year statute of limitations meant that the families of women killed in 1993 will no longer have legal options to seek justice in their daughters' deaths. The letter requested that President Calderón encourage state and local authorities to prioritize cases that are about to expire under the statute of limitations.

Drug violence contributed to a hostile environment for journalists in 2007. Two journalists and three media assistants were killed and three disappeared, reportedly due to their reporting on drug trafficking and organized crime. Self-censorship among journalists who fear reprisals for their work is reported to be common in Mexico. According to the Committee to Protect Journalists (CPJ), Mexico is the fourth most dangerous country for journalists — tied with Colombia, Pakistan, and Russia. In 2006, CPJ reports that two journalists were killed as a result of their work, including American Bradley Will, who was killed during civil unrest in Oaxaca. The Deputy Attorney General for Organized Crime is responsible for crimes against journalists committed by drug traffickers, terrorists, and human traffickers.

Legislation and Legislative Initiatives in the 110th Congress

Enacted Legislation

P.L. 110-252. Supplemental Appropriations Act of 2008. Originally introduced June 11, 2007 as the FY2008 Military Construction and Veterans Affairs Appropriations Act, this bill subsequently became the vehicle for the second FY2008 supplemental appropriations measure. As amended by the House on May 15, 2008, the bill would provide \$400 million for Mexico for funding the Administration's proposed Mérida Initiative. Instead of restricting Mérida Initiative funding to the INCLE account, as proposed by the Administration, the House version would provide funding under the INCLE, ESF, and FMF accounts. The Senate version of H.R. 2642, as amended on May 22, 2008, would have provided \$450 million for the Mérida Initiative, with \$350 million for Mexico under the INCLE account.

In the final version of the bill, approved by the House on June 19, 2008 and by the Senate on June 26, 2008, Congress provided \$400 million supplemental assistance in FY2008 and FY2009 for Mexico, with not less than \$73.5 million for judicial reform, institution-building, anti-corruption, and rule of law activities. The measure provides \$352 million in FY2008 supplemental assistance for Mexico within the INCLE, FMF, and ESF accounts, and \$48 million in FY2009 supplemental assistance within the INCLE account. The measure has human rights conditions softer than compared to earlier House and Senate versions, in large part because of Mexico's objections that some of the conditions would violate its national sovereignty. In the final version, human rights conditions require that 15% of INCLE and FMF assistance be withheld until the Secretary of State reports in writing that Mexico is taking action in four human rights areas. The Secretary of State, after consultation with Mexican authorities, is required to submit a report on procedures in place to implement Section 620J of the Foreign Assistance Act of 1961 related to the prohibition against providing assistance to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights.

P.L. 110-161, Consolidated Appropriations Act of 2008. The Consolidated Appropriations Act, signed into law on December 26, 2007, makes appropriations for the Department of State, foreign operations, and other programs for the fiscal year ending September 30, 2008. Relating to Mexico, the joint explanatory statement prohibits funding for the establishment of a Department of Transportation (DOT) NAFTA trucking pilot program, under which a limited number of Mexican cargo trucks can deliver goods within the United States. The joint explanatory statement also noted the administration's request for \$500 million in the FY2008 Supplemental Appropriations request to fund the proposed Mérida Initiative, but stated that the Department of State failed to adequately consult with Congress prior to submitting the budget amendment.

P.L. 110-53, Implementing the 9/11 Commission Recommendations Act of 2007. Section 701 of P.L. 110-53, signed into law August 3, 2007, requires that the Secretaries of State and Homeland Security, with the Director of National

Intelligence, and heads of other relevant agencies, submit a report to Congress, no later than 270 days after the bill's enactment, on the status of U.S. efforts to collaborate with allies and international partners to improve border security, global document security, and to exchange terrorist information. Section 511 of the measure calls for the Secretary of Homeland Security to make it a priority to assign personnel from U.S. Immigration and Customs Enforcement (ICE), U.S. Customs and Border Protection (CBP), and the U.S. Coast Guard to regional, state, and local intelligence fusion centers in order to enhance land and maritime border security and to improve dissemination of information amongst the myriad of jurisdictions in border areas.

P.L. 110-28, U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007. Section 6901 of P.L. 110-28, signed into law on May 25, 2007, mandates that a pilot program to give Mexican trucks access beyond the border region cannot begin until U.S. trucks have similar access to Mexico. Before a pilot project can begin, the Department of Treasury must meet certain reporting and public notice requirements. The Transportation Department's Inspector General must prepare a report to Congress to verify that the Department of Transportation has established mechanisms to ensure that Mexican trucks comply with U.S. federal motor carrier safety laws. The report must also verify that Mexican trucks meet the safety provisions of P.L. 107-87. The Department of Transportation must also publish a *Federal Register* notice and allow for public comment on pre-audit inspection data and plans to protect the health and safety of Americans.

Additional Legislative Initiatives

S. 9 (Reid), Comprehensive Immigration Reform Act of 2007. Introduced January 4, 2007, S. 9 expresses the sense of Congress that both the House and Senate should pass immigration reform that acknowledges the United States' immigrant heritage, creates more effective border enforcement, prevents illegal immigration, and reforms the legal immigration process. The measure was referred to the Senate Committee on the Judiciary. While this measure does not specifically address Mexico, Mexico is the leading source of both legal and illegal immigrants to the United States, thus any immigration reform in the United States would likely affect Mexico.

S. 132 (Allard), Methamphetamine Trafficking Enforcement Act of 2007. Introduced January 4, 2007, S. 132 expresses the sense of Congress that efforts to reduce the trafficking of methamphetamine and its precursor chemicals should be included in all bilateral and multilateral negotiations of the U.S. Trade Representative, the Secretary of State, the Secretary of Homeland Security, and the Attorney General. Section Four also expresses the sense of Congress that the Drug Enforcement Administration should collaborate with law enforcement officials from countries that are known to traffic in methamphetamine and its precursor chemicals and calls for education, training, and information sharing on the international trafficking and use of methamphetamine. Mexico is a leading foreign source of methamphetamine.

S. 575 (Domenici) / H.R. 2431 (Cuellar), Border Infrastructure and Technology Modernization Act of 2007. S. 575 was introduced February 13, 2007,

while H.R. 2431 was introduced May 22, 2007. Section 8b permits funds authorized in this act to be used for the implementation of projects described in the Declaration on Embracing Technology and Cooperation to Promote the Secure and Efficient Flow of People and Commerce across our Shared Border between the United States and Mexico, agreed to March 22, 2002, Monterrey, Mexico (commonly known as the Border Partnership Action Plan).

S. 844 (Feinstein) Unaccompanied Alien Child Protection Act of 2007.

Introduced March 12, 2007, S. 844 addresses the care and custody of unaccompanied alien children and directs immigration officers who find such children at U.S. land borders or ports of entry to permit them to withdraw their applications for admission and return to their country of nationality or last habitual residence. In the majority of cases, it gives the Office of Refugee Resettlement at the Department of Health and Human Services (HHS) jurisdiction over the care and custody of those unaccompanied alien children under the age of 18 who have not committed a federal crime or pose a threat to national security. This measure would affect all illegal immigrants, including Mexicans. It has been referred to the Senate Judiciary Committee.

S. 1007 (Lugar), United States-Brazil Energy Cooperation Pact of 2007.

Introduced March 28, 2007, S. 1007 would establish a Western Hemisphere Energy Cooperation Forum to strengthen relationships between the United States and Western Hemisphere countries, particularly the countries of Brazil, Canada, Mexico, and Venezuela, through cooperation on energy issues. Regarding Mexico, the bill would direct the Secretary of Energy to work with Mexico to conduct a technical analysis of the Mexican oil and gas production status, future technological and investment needs, and recommendations for maintaining and increasing hydrocarbon production.

S. 1216 (Domenici), Laser Visa Extension Act of 2007.

Introduced April 25, 2007, S. 1216 would permit a national of Mexico to travel up to 100 miles from the international border between Mexico and New Mexico if the person possesses a valid machine-readable biometric border crossing identification card issued by a Department of State consular officer, enters New Mexico through a port of entry where such card is processed using a machine reader, has successfully completed any required background check, and is admitted into the United States as a nonimmigrant tourist or business visitor. This bill has been referred to the Senate Judiciary Committee.

S. 1269 (Inhofe), Engaging the Nation to Fight for Our Right to Control Entry Act of 2007.

Introduced May 2, 2007, S. 1269 would direct the Commissioner of the United States Customs and Border Protection (USCBP) to establish a National Border Neighborhood Watch Program to allow retired law enforcement officers and civilian volunteers to assist in carrying out such a program and establish a Border Regiment Assisting in Valuable Enforcement Force (BRAVE Force), which would consist of retired law enforcement officers, who would be employed to carry out the Program. Introduced by Senator Inhofe of Oklahoma, this bill has been referred to the Senate Judiciary Committee.

S. 1348 (Reid), Comprehensive Immigration Reform Act of 2007. Introduced May 4, 2007, S. 1348 would significantly reform the U.S. immigration system. The measure would establish a temporary worker program; normalize the status of illegal immigrants; reduce the backlog of pending family- and employment-based immigration petitions; enhance border security; and introduce a point-based immigration system to replace the current emphasis on family reunification. Issues under debate include the size of a temporary worker program; changes to the family-based immigration system; and the normalization of status of illegal immigrants. With regard to illegal immigrants, some oppose any normalization of immigration status. Others question the proposed amount of time for illegal immigrants to "touch back" in their native country before applying for permanent residence. The proposed point system is also controversial. Some critics disagree with the priority given to employment qualifications over family. Critics from within the business community fear the new system will be too rigid to meet their needs. This measure is not specific to Mexico, but Mexico has been lobbying for a temporary worker program since 2001, and has long sought the normalization of status of Mexican illegal immigrants in the United States.

This measure also calls for increased cooperation between the United States, Canada, and Mexico to improve security in North America. The measure would require annual reports to Congress on the status of information sharing between the United States, Mexico, and Canada in areas such as security clearances and document integrity; visa policy; terror watch lists; and money laundering. The measure would seek to improve the security of Mexico's southern border through a review of assistance needed to secure the borders of Guatemala and Belize. The bill also calls for improved coordination between the United States and Mexico to improve border security and to reduce: drug trafficking, human trafficking, gang membership, domestic violence, and crime. The bill includes a provision to improve circular migration between Mexico and the United States. This last provision could include development assistance to create employment opportunities in Mexico. In June 2007, the U.S. Senate voted against cloture on S. 1348. The measure has not been considered since that vote.

S. 2348 (Cornyn), Emergency Border Security Funding Act of 2007. Introduced November 13, 2007, S. 2348 would direct the President, no later than two years after enactment of the bill, to ensure that operational control of the U.S.-Mexico border will be met, the Border Patrol will have 23,000 full-time agents, specified barriers will be installed along such border, and specified detention capacities will be met.

H.R. 98 (Dreier), Illegal Immigration Enforcement and Social Security Protection Act of 2007. Introduced January 4, 2007, H.R. 98 seeks to curtail the hiring of unauthorized workers by modifying social security cards to include a machine readable strip and the creation of an employment eligibility database by the Department of Homeland Security. Employers would be required to verify potential employee's eligibility to work in the United States before allowing the individual to commence employment. The bill was referred to the House Committees on Judiciary, Homeland Security, Education and Labor, and Ways and Means. This measure would affect all immigrants attempting to work illegally, including Mexicans.

H.R. 133 (Gallegly), Citizenship Reform Act of 2007. Introduced January 4, 2007, H.R. 133 would deny citizenship to children born in the United States whose parents are not U.S. citizens or permanent residents. The measure has been referred to the House Committee on the Judiciary. This measure would apply to all nationalities, including children born to Mexicans in the United States who are not citizens or permanent residents.

H.R. 305 (Pearce). Introduced January 5, 2007, H.R. 305 would amend the Immigration and Nationality Act to prohibit the parole into the United States of aliens who become ill at a port of entry or who seek emergency medical assistance from a Department of Homeland Security agent at, or near, the border. This measure has been referred to the House Committee on the Judiciary. It is likely that this measure would most often apply at the U.S.-Mexican and U.S.-Canadian borders.

H.R. 371 (Berman), AgJOBS Act of 2007. Introduced January 10, 2007, H.R. 371 reforms the H-2A, temporary agricultural worker provisions of the Immigration and Nationality Act and creates a temporary agricultural worker program, called “blue card,” that includes derivative status for spouses and children and allows for eligible blue card holders to adjust status to permanent residents within seven years of the legislation’s enactment. This measure was referred to the House Committee on the Judiciary. While not specific to Mexico, Mexican agricultural workers could potentially benefit from the proposed program.

H.R. 502 (Cuellar), Prosperous and Secure Neighbor Alliance Act of 2007. Introduced January 17, 2007, H.R. 502 would amend the Foreign Assistance Act of 1961 to provide assistance to improve security and economic development in Mexico by professionalizing its law enforcement personnel, providing personnel with technology, strengthening the judicial branch, supporting anti-corruption programs, and reducing poverty through targeted funding.

H.R. 1645 (Gutierrez), Security Through Regularized Immigration and a Vibrant Economy Act of 2007. Introduced March 22, 2007, H.R. 1645 would normalize the status of eligible illegal immigrants and establish a guest worker program. These programs could not be created until certain border and document security requirements had been met and the implementation of the first phase of an employment verification system. This bill was referred to the House Committees on the Judiciary and Homeland Security.

H.R. 3270 (Filner), Visitors Interested in Strengthening America (VISA) Act of 2007. Introduced August 1, 2007, H.R. 3270 would waive certain entry documentary requirements for a non-immigrant child (unmarried and under the age of 16) who is a citizen or national of Mexico and accompanying parent or adult chaperone in instances of medical visits, student groups, and/or special community events. This bill was referred to the House Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law.

H.R. 3531 (Brown-Waite), Accountability in Enforcing Immigration Laws Act of 2007. Introduced September 14, 2007, H.R. 3531 would make illegal immigration a felony as opposed to a violation of administrative law. It would also require select airport security screeners to undergo immigration status checks. It also

addresses local and state authority issues, including the reimbursement of state and local jurisdictions any detention costs of illegal aliens who are apprehended by state or local law enforcement officers, upholding authority of state and local law enforcement personnel to assist in immigration enforcement while carrying out their routine duties, establishing an immigration-related training manual for state and local law enforcement personnel, and providing financial assistance to state and local law enforcement agencies for immigration enforcement assistance. In Sec. 106, Congress expresses condemnation of rapes by smugglers along the international land border of the United States and strongly advocates that the Government of Mexico work in coordination with United States Customs and Border Protection to take immediate action to prevent such incidents from occurring. This measure would affect all illegal immigrants present within the United States, including Mexicans. This bill has been referred to the House Judiciary and Homeland Security Committees.

H.R. 4065 (Sensenbrenner), Border Enforcement, Employment Verification, and Illegal Immigration Control Act of 2007. Introduced November 1, 2007, H.R. 4065 would amend the Immigration and Nationality Act to strengthen enforcement of the immigration laws and enhance border security. It would provide mandatory minimum sentences on smuggling convictions and for aliens convicted of reentry after removal, make illegal U.S. presence a crime, and increase penalties for improper U.S. entry and marriage fraud. It would also revise passport, visa, and immigration fraud provisions and expand the institutional removal program (IRP) to all states. The bill would require the mandatory detention of illegal aliens apprehended along the borders, create a National Crime Information Center database to list immigration violators, and makes an unlawful alien deportable for driving while intoxicated. It is likely that these measures would most often apply at the U.S.-Mexican and U.S.-Canadian borders. This bill was referred to the House Subcommittee on Border, Maritime, and Global Counterterrorism.

H.R. 4088 (Shuler), SAVE Act of 2007. Introduced November 6, 2007, H.R. 4088 would provide immigration reform by securing America's borders, clarifying and enforcing existing laws, and enabling a practical employer verification program. The bill sets forth provisions for increasing border patrol, recruiting former military personnel, using Department of Defense equipment along the border, aerial surveillance, and mandatory use of the E-verify system. In March 2008, a motion was filed to discharge the Committees on Homeland Security, Judiciary, Ways and Means, Education and Labor, Oversight and Government Reform, Armed Services, Agriculture, and Natural Resources from consideration of this bill.

H.R. 4192 (Tancredo), Optimizing Visa Entry Rules and Demanding Uniform Enforcement Immigration Reform Act of 2007. Introduced November 15, 2007, H.R. 4192 would establish new terms of birth right citizenship to make it unlawful to obtain citizenship or nationality for a person born in the United States unless one parent is a U.S. citizen or a lawful permanent resident. It also provides criminal penalties for unlawful presence in the United States; document, benefit or citizenship fraud; and for employer hiring violations. Electronic fingerprinting for U.S. passports and electronic birth and death registration systems would also be established. The bill would also address local and state authority issues, which would allow local and state law enforcement personnel to have the inherent authority to apprehend, arrest, detain, or transfer aliens in the United States to federal custody.

Most significantly, the bill would eliminate federal reimbursement of emergency health services provided to undocumented aliens after FY2007 and coverage of Mexicans with border crossing cards. Introduced by Representative Tancredo of Colorado, this bill was subsequently referred to the Committee on the Judiciary, in addition to the Committees on Armed Services, Homeland Security, Oversight and Government Reform, Ways and Means, Education and Labor, Foreign Affairs, and Energy and Commerce.

H.R. 4329 (Kaptur), NAFTA Accountability Act of 2007. Introduced December 6, 2007, H.R. 4329 provides that, unless the specified conditions set forth in the bill are met, Congress would withdraw its approval of the North American Free Trade Agreement (NAFTA) effective October 1, 2009 and that the President, not later than April 1, 2009, would provide written notice of withdrawal to the governments of Canada and Mexico. It also expresses the sense of Congress that the President should not engage in negotiations to expand NAFTA to include other countries and that trade promotion authority should not be renewed with respect to the approval of any such NAFTA expansion.

H.R. 4987 (Jones, Walter B. Jr.), Fence By Certain Date Act of 2008. Introduced November 16, 2007, H.R. 4987 would require construction of fencing and security improvements in the border area from the Pacific Ocean to the Gulf of Mexico, which would include the U.S.-Mexican border area. Specifically, it would ensure construction of at least 2 layers of reinforced fencing, and the installation of additional physical barriers, roads, lighting, cameras, and sensors to be completed by May 2008. Representative Jones of North Carolina introduced the bill, which has been referred to the House Subcommittee on Border, Maritime, and Global Counterterrorism. It was referred to the Subcommittee on Border, Maritime, and Global Counterterrorism.

H.R. 5863 (Cuellar); H.R. 5869 (Rodriguez); S. 2867 (Bingaman), Southwest Border Violence Reduction Act of 2008. H.R. 5863 and H.R. 5869, introduced April 22, 2007, and S. 2867, introduced April 15, 2007, would authorize additional resources to identify and eliminate illicit sources of firearms smuggled into Mexico for use by violent drug trafficking organizations. It would also expand the resources provided for the Project Gunrunner initiative of the Bureau of Alcohol, Tobacco, Firearms, and Explosives to identify, investigate, and prosecute individuals involved in the trafficking of firearms across the international border between the United States and Mexico. It has been referred to the House Committee on the Judiciary, the House Committee on Foreign Affairs, and the Senate Committee on the Judiciary.

H.R. 6028 (Berman), Merida Initiative to Combat Illicit Narcotics and Reduce Organized Crime Authorization Act of 2008. Introduced May 13, 2008, H.R. 6028 would authorize \$1.6 billion over three years, FY2008-FY2010, for both Mexico and Central America, to combat drug trafficking and organized crime. Of that amount, \$1.1 billion would be authorized for Mexico, \$405 million for Central America, and \$73.5 million for activities of the U.S. Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) to reduce the flow of illegal weapons from the United States to Mexico. The measure requires that vetting procedures are in place to ensure that members or units of military or law enforcement agencies that may

receive assistance have not been involved in human rights violations. The bill was introduced May 13, 2008, referred to the Committees on Foreign Affairs and the Judiciary, and approved by the Committee on Foreign Affairs on May 14, 2008. The House approved the bill on June 10, 2008, by a vote of 311 to 106.

H.Res. 18 (Goode) and H.Res. 22 (King, Steve). H.Res. 18 and H.Res. 22, introduced by Representative King of Iowa and Representative Goode of Virginia, respectively, express the House of Representatives disapproval of the Social Security Totalization Agreement signed by Mexico and the United States in 2004, which must still be submitted to the U.S. congress and Mexican Senate for review. Both resolutions were referred to the House Committee on Ways and Means.

H.Res. 499 and S.Res. 239. H.Res (Smith, Sessions). H.Res. 499 and S.Res. 239 express the sense of Congress that the Administration should rigorously enforce the laws of the United States to substantially reduce the illegal immigration and greatly improve border security. This measure would affect all illegal immigrants, including Mexicans.

H.Res. 1087 (Kaptur). H.Res. 1087 expresses the sense of Congress that NAFTA must be renegotiated to foster fair trade that truly benefits all Canadian, Mexican, and U.S. citizens.

H.Con.Res. 22 (Goode). H.Con.Res. 22 expresses the sense of Congress that the United States should withdraw from NAFTA due to increased trade deficits, and potential health and security risks of permitting Mexican trucks to transport goods throughout the United States.

H.Con.Res. 40 (Goode). H.Con.Res. 40 expresses the sense of Congress that the United States should not engage in the construction of a North American Free Trade Agreement (NAFTA) Superhighway System or enter into a North American Union with Mexico and Canada.

H.Con.Res. 119 (Goode). H.Con.Res. 119 expresses the sense of the Congress that the President should immediately and unequivocally call for the enforcement of existing immigration laws in order to reduce the threat of a terrorist attack and to reduce the massive influx of illegal aliens into the United States. It is likely that this measure would most often apply at the U.S.-Mexican and U.S.-Canadian borders.

For Additional Reading

Mexico

CRS Report RL34215. *Mexico's Drug Cartels*, by Colleen W. Cook.

CRS Report RS22837. *Merida Initiative: Proposed U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*, by Colleen W. Cook, Rebecca G. Rush, and Clare Ribando Seelke.

CRS Report RS22462. *Mexico's 2006 Elections*, by Colleen W. Cook.

CRS Report RL32934. *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

Immigration and Border Security

CRS Report RL34007. *Immigration Fraud: Policies, Investigations, and Issues*, by Ruth Ellen Wasem.

CRS Report RL32270. *Enforcing Immigration Law: The Role of State and Local Law Enforcement*, by Blas Nuñez-Neto, Michael John Garcia, and Karma Ester.

CRS Report RL32657. *Immigration-Related Document Fraud: Overview of Civil, Criminal, and Immigration Consequences*, by Yule Kim and Michael John Garcia.

CRS Report RL32235. *U.S. Immigration Policy on Permanent Admissions*, by Ruth Ellen Wasem.

CRS Report RL31381. *U.S. Immigration Policy on Temporary Admissions*, by Chad C. Haddal and Ruth Ellen Wasem.

CRS Report RS22574. *Immigration Reform: Brief Synthesis of the Issue*, by Ruth Ellen Wasem.

CRS Report RL32044. *Immigration: Policy Considerations Related to Guest Worker Programs*, by Andorra Bruno.

CRS Report RL32004. *Social Security Benefits for Noncitizens: Current Policy and Legislation*, by Dawn Nuschler and Alison Siskin.

CRS Report RL33896. *Unaccompanied Alien Children: Policies and Issues*, by Chad C. Haddal.

CRS Report RL32861. *Farm Labor: The Adverse Effect Wage Rate (AEWR)*, by William G. Whittaker.

CRS Report RL30395. *Farm Labor Shortages and Immigration Policy*, by Linda Levine.

CRS Report RL33659. *Border Security: Barriers Along the U.S. International Border*, by Blas Nuñez-Neto and Michael John Garcia.

Drug Trafficking, Organized Crime, and Criminal Gangs

CRS Report RL34215. *Mexico's Drug Cartels*, by Colleen W. Cook.

CRS Report RL32352. *War on Drugs: Reauthorization and Oversight of the Office of National Drug Control Policy*, by Mark Eddy.

CRS Report 98-958. *Extradition To and From the United States: Overview of the Law and Recent Treaties*, by Charles Doyle.

CRS Report RS22325. *Methamphetamine: Legislation and Issues in the 110th Congress*, by Celinda Franco.

CRS Report RL34317. *Trafficking in Persons: U.S. Policy and Issues for Congress*, by Clare Ribando Seelke and Alison Siski.

CRS Report RL34233. *The MS-13 and 18th Street Gangs: Emerging Transnational Gang Threats?*, by Celinda Franco.

CRS Report RL34112. *Gangs in Central America*, by Clare Ribando Seelke.

Economic Issues

CRS Report RL32934. *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

CRS Report RS22701. *Security and Prosperity Partnership of North America: An Overview and Selected Issues*, by M. Angeles Villarreal and Jennifer E. Lake.

CRS Report 98-253. *U.S. Agricultural Trade: Trends, Composition, Direction, and Policy*, by Charles E. Hanrahan, Beverly A. Banks, and Carol Canada.

CRS Report RL33577. *U.S. International Trade: Trends and Forecasts*, by Dick K. Nanto, Shayerah Ilias, and J. Michael Donnelly.

CRS Report RL31356. *Free Trade Agreements: Impact on U.S. Trade and Implications for U.S. Trade Policy*, by William H. Cooper.

CRS Report RL33087. *United States-Canada Trade and Economic Relationship: Prospects and Challenges*, by Ian F. Fergusson.