

# CRS Report for Congress

## Mexico-U.S. Relations: Issues for Congress

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# Mexico-U.S. Relations: Issues for Congress

## Summary

The United States and Mexico have a close and complex relationship as neighbors and partners under the North American Free Trade Agreement (NAFTA). Although relations with Mexico are generally friendly, and in October 2007, the two countries announced an unprecedented initiative to increase counternarcotics cooperation known as the Mérida Initiative. The enactment of border fence legislation in October 2006 has caused some tension in the bilateral relationship.

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 has requested \$500 million in supplemental assistance for Mexico as part of a \$1.4 billion, multi-year aid package. The Administration requested a further \$450 million in assistance in its FY2009 Budget request. 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.

Felipe Calderón of the conservative National Action Party (PAN) took office in December 2006. Shortly after taking office President Calderón launched operations against drug cartels in nine states. He has increased extraditions to the United States to 73 in 2007, up from the record 63 extraditions in 2006. President Calderón has demonstrated an unprecedented willingness to reach out for counternarcotics assistance from the United States while also openly calling for increased U.S. efforts to reduce the U.S. demand for illicit drugs, gun trafficking, and money laundering.

Migration and border security concerns have dominated the bilateral relationship in recent years. Comprehensive immigration reform was debated early in the 110<sup>th</sup> Congress, but the issue has been 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. In September 2006, Congress also approved initial funding for fence construction, \$1.2 billion, through the FY2007 Department of Homeland Security Appropriations Act.

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 further information on Mexico, refer to the list of related CRS products in the appendix. This report will be updated on a regular basis.

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# Mexico-U.S. Relations: Issues for Congress

## Most Recent Developments

The Bush Administration requested an additional \$450 million in funding to support the Mérida Initiative related programs in Mexico as part of its FY2009 Budget request. This is in addition to the \$500 million requested for Mérida Initiative aid to Mexico included in the FY2008 Supplemental Appropriations request. The United States and Mexico announced the proposed Mérida Initiative in a joint statement issued on October 22, 2007. As proposed, the Mérida Initiative is 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 initiative is named for the location of the March 2007 meeting between Presidents George W. Bush and Felipe Calderón. At that meeting, the two leaders agreed to expand bilateral and regional cooperation in order to combat organized crime and criminal gangs in the region. U.S. and Mexican government officials met over subsequent months to hammer out the details of the initiative. The House Committee on Foreign Affairs Subcommittee on the Western Hemisphere held a hearing on the initiative in February 2008. Both the House Committee on Foreign Affairs and the Senate Foreign Relations Committee held hearings on the initiative in November.

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, is the first phase of the Secure Border Initiative network (SBInet). The current design of the project was not compatible with Border Patrol needs and a new design will not be implemented for another three years. This delays progress of SBInet which aimed to put a virtual fence along 100 miles of the U.S.-Mexico border by the end of 2008; as a result of this setback that goal is not expected to be reached before 2011. The virtual fence is in addition to the nearly 700 miles of physical fencing that the Department of Homeland Security hopes to complete by the end of 2008.

U.S. Border Patrol Agent Nicholas Corbett went on trial in February 2008 for the January 2007 shooting death of a migrant attempting to illegally enter the United States. Agent Corbett is charged with second-degree murder and manslaughter. Agent Corbett maintains that he shot the migrant in self-defense after the migrant threatened to hit Agent Corbett with a rock. Assaults on Border Patrol agents have increased nearly three times since 2002, to 987 in 2007.

In February 2008 Mexico's Chamber of Deputies approved judicial reform legislation that would amend Mexico's constitution to create a system of oral trials and establish the presumption of innocence. The measure now goes to the Mexican

Senate. If approved by the Senate, the reforms would then go to the states for consideration. The reform would have to win the support of 17 of Mexico's 31 states.

Full implementation of NAFTA began on January 1, 2008 when tariff protections of various agricultural products were lifted, including Mexican beans, corn, sugar, and powder milk.

In January 2008, Mexican producers agreed to lower prices through the end of March on various basic goods including eggs, powdered milk, and beans in an effort to combat inflation. Mexican inflation was 3.76% in 2007, but the action was taken in response to fears that global food prices will continue to rise in 2008 due to diversion of grains from the food supply to biofuel production. Tortilla prices also agreed to freeze prices in January 2008. Tortilla producers first implemented voluntary price controls in January 2007 due to 14% increase in the price in the staple of the Mexican diet during 2006. Some analysts have blamed the price increase on U.S. demand for ethanol and a poor U.S. corn harvest in 2006. Others question this, noting that ethanol is made from yellow corn, not the white corn used for tortillas. President Calderón has ordered an investigation into the price increase to determine if it is the result of monopolistic practices of Mexico's tortilla producers. He also authorized the duty-free import of 650,000 tons of corn in January 2007.

On November 8, 2007, the U.S. Office of National Drug Control Policy announced that cocaine prices increased 44% and methamphetamine prices were up almost 75% in the first nine months of 2007. The press statement announcing the increase maintains that the price increases "occurred following unprecedented pressure against narcotrafficking groups through coordinated efforts of the Governments of Colombia, Mexico, and the United States."<sup>1</sup> The National Drug Intelligence Center noted the price increases in its *National Drug Threat Assessment 2008*, but predicted that cocaine prices could rise again in late 2007 or early 2008 because cocaine production increased in 2006.

The pace of extraditions from Mexico to the United States continued to increase in 2007 when a total of 73 suspected criminals were extradited, including the suspected head of the Gulf cartel, Osiel Cárdenas Guillén. Extraditions in 2007 surpassed the record 63 extraditions in 2006. In October 2007, Mexico extradited Manuel Campas Medina, a suspected leader of the Federation alliance among the Juárez, Sinaloa, and other cartels. 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. In 2006, Mexico extradited accused drug kingpin Francisco Rafael Arellano Felix. He subsequently pled guilty to conspiracy to distribute cocaine and intent to distribute based on a 1980 drug bust. In September 2007, Francisco Rafael Arellano Felix was sentenced to six years in federal prison. This is a significant increase in extraditions may be the result of recent decisions of the Mexican Supreme Court. In November 2005, the court determined that life sentences without the possibility of parole were

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<sup>1</sup> U.S. Office of National Drug Control Policy, "White House Drug Czar, DEA Administrator Release New Data Showing Significant Disruptions in the U.S. Cocaine and Methamphetamine Markets," November 8, 2007.

constitutional, thus permitting extraditions to the United States. In a January 2006 ruling, the Court determined that extraditions to the United States need only fulfill the requirements of the 1978 extradition treaty between the two countries, not the general law on international extradition.

Heavy rains in late October devastated the southeastern Mexican state of Tabasco and caused mudslides in Chiapas. At its peak flooding covered 80% of Tabasco and affected 1.2 million people in Tabasco and Chiapas. Nearly all of the state's agricultural production was destroyed by the flooding. The Mexican government allocated nearly \$650 million in disaster relief funding for Tabasco. The United States has provided over \$400,000 in emergency assistance through the U.S. Agency for International Development's Office of Foreign Disaster Assistance.

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 Comprehensive Immigration Reform Act of 2007 (S. 1348) 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) sets border and document security benchmarks that must be met before normalizing the status of illegal immigrant or the creation of a guest worker program.

Since taking office in December, 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 24,000 soldiers and federal police to nine states to combat the cartels. The operations have boosted Calderón's approval ratings to over 60%. These efforts have been praised by the United States.

In September 2006, after unsuccessfully attempting to achieve comprehensive immigration reform, the 109<sup>th</sup> Congress approved the Secure Fence Act of 2006 (P.L. 109-367), to authorize the construction of barriers along 700 miles of the U.S.-Mexico border. After President Bush approved the Secure Fence Act of 2006 (P.L. 109-367), Mexico and 27 other Latin American nations filed a protest against the 700-mile fence at the Organization of American States. Comprehensive immigration reform measures approved by each house (H.R. 4437 and S. 2611) were not enacted due to key differences such as the House provision that would criminalize unlawful presence in the United States and Senate provisions to adjust the status of certain illegal immigrants.

## 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 PRD congressional delegation would interrupt the ceremony. President Calderón has called increasing drug violence in Mexico a threat to the Mexican state, and has suggested reorganizing federal law enforcement to address the issue.<sup>2</sup> 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, meaning that President Calderón will have to forge alliances with other parties in order to achieve some of his campaign platforms, particularly his plan to allow private investment in the oil sector.

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 has urged Congress to approve \$950 million in funding to support the Mérida initiative in FY2008 and FY2009. 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.

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<sup>2</sup> “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.



Since taking office in December, 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 over 24,000 soldiers and federal police to several states to combat the cartels. The operations have 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 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."<sup>3</sup>

## **Economic Linkages**

Mexico is the second leading market for U.S. exports, after Canada and is the third most important source of imports after Canada and China. The United States is Mexico's most important customer by far, receiving about 85% 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.

With nearly 85% of the country's exports going to the United States, Mexico's economy is strongly affected by the U.S. business cycle. Mexico's GDP grew 4.8% in the last year of the Fox administration, the highest of his administration. Economists are less optimistic for 2007, predicting growth of only 3% for the year. Slower growth is anticipated due to declining demand in the United States, declining oil production, and slow growth in remittances sent by Mexicans abroad. After years of high growth, remittances only grew 2.7% in the first half of 2007, possibly due to slower growth in the U.S. economy.

The pace of economic growth slowed during the Fox Administration, 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.

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<sup>3</sup> Ibid and "Bush Reassures Skeptical Mexico on Immigration," Reuters, March 13, 2007.

These economic ties are a marked change from the past. 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.

## Socio-Economic Conditions

Mexico is a middle-income country of 107 million people. According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) nearly 36% of Mexicans lived in poverty in 2005 and just under 12% 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. 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.<sup>4</sup>

Mexico's main program to reduce the effects of poverty is the Opportunities program (Oportunidades, formerly known as Progresa). The Opportunities 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.<sup>5</sup> 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 leading recipient of remittances, accounting for just over 11% of global remittance flows in 2005. Its nationals received \$22 billion in remittances in 2005 and \$23 billion in 2006. While Mexico receives the largest amount of

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<sup>4</sup> United Nations Economic Commission for Latin America and the Caribbean, *Social Panorama 2006*.

<sup>5</sup> Santiago Levy, *Progress Against Poverty*, Brookings Institution, 2006.

remittances in Latin America, it is a comparatively small share of Mexican national income, accounting for 3% of Mexico's gross domestic product (GDP) in 2005. The rate of remittance growth slowed dramatically in the last year. From 2003 to 2006 remittance flows increased an average of 19% annually. In the first half of 2007, remittances grew by just 0.6%. 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 in the U.S. housing market. Some observers 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.<sup>6</sup>

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 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.<sup>7</sup> 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.

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<sup>6</sup> 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.

<sup>7</sup> Richard Lapper, "Village Depends on its Migrants in California," *Financial Times*, May 9, 2007.

## 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 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

### 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.<sup>8</sup> The United States' Mexican-born population increased from 4 million in 2000 to 7 million in the first quarter of 2007.<sup>9</sup> 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 \$23 billion in 2006.

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 Comprehensive Immigration Reform Act of 2007 (S. 1348) 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) sets border and document security benchmarks that must be met before normalizing the status of illegal immigrant or the creation of a guest worker program. (See *Legislation Relating to Mexico in the 110<sup>th</sup> 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 Government of Mexico does not promote illegal migration and calls for the development of a 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

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<sup>8</sup> 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.

<sup>9</sup> Pew Hispanic Center, "Indicators of Recent Migration Flows from Mexico," May 30, 2007.

workers and their families, which, until now cross the border without documents because of the impossibility of obtaining them.”<sup>10</sup>

The 109<sup>th</sup> 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 109<sup>th</sup> 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 109<sup>th</sup> 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.<sup>11</sup> 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.<sup>12</sup>

**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 110<sup>th</sup> Congress is currently considering various proposals.

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, 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

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<sup>10</sup> “Mexico-U.S.: Migration and Border Security,” Embassy of Mexico, February 2006.

<sup>11</sup> For more information on expedited removal, see CRS Report RL33109, *Immigration Policy on Expedited Removal of Aliens*, by Alison Siskin and Ruth Ellen Wasem.

<sup>12</sup> See CRS Report 95-881, *Immigration Legislation in the 104<sup>th</sup> Congress*, by Joyce Violet.

on smuggling or trafficking charges. Over 300 individuals were presented for prosecution in Mexico during FY2007.<sup>13</sup>

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.<sup>14</sup>

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 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,

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<sup>13</sup> U.S. Customs and Border Protection, "Securing America's Borders: CBP 2007 Fiscal Year in Review," November 6, 2007.

<sup>14</sup> U.S. Customs and Border Protection, "U.S. Border Patrol Partners with Agencies to Unveil Operation Lifeguard," October 17, 2007.

Integration, and Oversight that DHS lacked sufficient staff to manage the contract awarded to Boeing to implement SBInet 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. CBP plans to construct 215 miles in additional fencing in CY2008, for a total of 370 miles of new pedestrian fencing under SBI. 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. All 50 designated cars have been fitted with the hardware and CBP expects to begin testing of the system in the near future.<sup>15</sup> 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. The cost of Project 28 is fixed, so delays are not increasing the cost to the federal government. Nevertheless, 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.<sup>16</sup>

On February 27, 2008, the Bush Administration announced delays in Project 28. The current design of the project was not compatible with Border Patrol needs and a new design will not be implemented for another three years. This delays progress of SBInet which aimed to put a virtual fence along 100 miles of the U.S.-Mexico border by the end of 2008; as a result of this setback that goal is not expected to be reached before 2011. The virtual fence is in addition to the 370 miles of pedestrian fencing and 300 miles of vehicle barriers that the Department of Homeland Security hopes to complete by the end of 2008.<sup>17</sup>

On March 23, 2005, President Bush, President Fox, and Prime Minister Martin established the trilateral Security and Prosperity Partnership (SPP) of North America. Through the SPP the three nations will seek to advance the common security and the common 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 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 that are to develop measurable and achievable goals in the specified areas. In August 2006, the SPP working groups submitted their second report to SPP leaders

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<sup>15</sup> Ibid.

<sup>16</sup> Elise Castelli, "Glitches Delay Virtual Fence on Border," *Federal Times*, October 29, 2007.

<sup>17</sup> Spencer S. Hsu, "'Virtual Fence' Along Border to be Delayed," *Washington Post*, February 28, 2008.



outlining completed initiatives and proposing new initiatives to ensure common security and prosperity. The working groups have established an Avian and Human Pandemic Influenza Coordinating Body and a North American Competitiveness Council.

A leaders' meeting was held in Montebello, Canada in August 2007 to follow up on the February 2007 Ministerial meeting. The leaders' meeting commended the ministers for completion of a North American Plan on Avian and Pandemic Influenza; a regulatory cooperation framework; an intellectual property action strategy; and a trilateral agreement for cooperation in energy science and technology. As part of efforts to make North American economies more competitive in the global market, the leaders asked ministers to focus on regulatory approaches in the automotive, chemical, transportation, and information and communication technology sectors. The leaders specified that these regulatory approaches must maintain high levels of health, environment, and safety standards. The leaders also asked ministers to explore possibilities for collaboration on national auto-fuel standards and energy efficiency, as well as ways to bring new technology to the market-place. On the security front, the leaders asked the ministers to develop mutually acceptable inspection standards to detect threats to the security. Finally, the leaders asked ministers to examine obstacles to the swift transfer of personnel and goods needed to respond to emergencies in the three countries. The leaders next meeting will be in April 2008.<sup>18</sup>

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,<sup>19</sup> 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.

On March 5-6, 2004, President Fox, during a visit to President Bush's ranch in Crawford, Texas, announced that Mexicans with border crossing cards would be exempted from the end-of-the-year requirement to be photographed and finger-scanned upon entry into the United States under the US-VISIT program. Currently, Mexicans using the border crossing card to visit for more than 30 days or outside the border area are required to fulfill US-VISIT enrollment requirements. On a related matter, on June 29, 2004, Mexico and the United States signed a social security

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<sup>18</sup> "Joint Statement of Prime Minister Stephen Harper, President Bush, and President Calderón," August 21, 2007.

<sup>19</sup> For more information, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

totalization agreement, subject to congressional approval, that would eliminate dual social security taxation and fill gaps in benefit protection for affected employees who work in both countries.

## 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, he 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.<sup>20</sup> 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.<sup>21</sup>

According to the State Department’s March 2007 International Narcotics Control Strategy Report (INCSR), Mexico is the main 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 main supplier of heroin consumed in the United States. The State Department estimates that 90% of cocaine entering the United States transits Mexico.<sup>22</sup> Despite Mexico’s major role as a producing and transit country in 2006, the Fox Administration was credited with carrying out major efforts to eradicate and seize illicit drugs, and praised for Mexican efforts to combat

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<sup>20</sup> 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.

<sup>21</sup> See CRS Report 98-174, *Mexican Drug Certification Issues: U.S. Congressional Action, 1986-2002*, by K. Larry Storrs.

<sup>22</sup> Department of State Bureau of International Narcotics and Law Enforcement Affairs, *International Narcotics Control Strategy Report 2007*, March 2007, hereafter INCSR 2007.

methamphetamine production. In its 2006 report, the State Department cited a regulatory change on imports of pseudoephedrine, a precursor chemical used to make methamphetamine, which resulted in a 40% decrease in pseudoephedrine imports. The State Department noted, however, that interdiction of drugs was problematic and drug trafficking organizations were able to corrupt officials and easily replace arrested members.

Although in the past Mexico refused to extradite criminals facing the possibility of life without parole to the United States, 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 possibility of parole does not amount to cruel and unusual punishment. As a result of this decision, criminals facing life imprisonment may be extradited to the United States. 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.<sup>23</sup> President Felipe Calderón has indicated that he will use extradition as a major tool to combat drug traffickers. In January 2007, Mexico extradited 15 suspected criminals, including the alleged head of the Gulf Cartel, Osiel Cárdenas. Mexico extradited a record 73 alleged criminals to the United States in 2007; surpassing the record 63 extraditions in 2006.

Counternarcotics cooperation improved significantly during the Fox administration. President Calderón has indicated that combating drug cartels will be a priority of his administration and has called drug violence a threat to the Mexican state.<sup>24</sup> In December, he 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 the border city of Tijuana, the western state of Michoacán, and the southern state of Guerrero, all areas with high rates of drug violence. Since December 2006, the Mexican government has deployed over 24,000 soldiers and federal police to combat cartels in several states. Soldiers and law enforcement have been tasked with arresting traffickers, establishing check points, burning marijuana and opium plants, and interdiction of drug shipments along the Mexican coast. This offensive has been criticized as being ineffective, in part because no cartel leaders have been arrested. Some are also concerned about the militarization of Mexican law enforcement. The Calderón Administration maintains that it must use the military due to the corruption of state and local police by the cartels. Corruption of state and local police is a grave 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,

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<sup>23</sup> 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*.

<sup>24</sup> For more information see CRS Report RL34215, *Mexico's Drug Cartels*, by Colleen W. Cook.

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.<sup>25</sup> On October 22, 2007 U.S. and Mexican officials announced the Mérida Initiative to combat drug trafficking and organized crime in Mexico and Central America. The proposed initiative is discussed in more detail in the section titled "The Mérida Initiative Proposal."

According to Mexican officials, one of the key challenges to effectively combating drugs is that under current legislation drug crime is solely in the jurisdiction of federal law enforcement, and that state and local police cannot be used to investigate drug offenses. The Mexican congress approved legislation in April 2006 that would extend jurisdiction on drug matters to state and local authorities, but controversial language relating to possession of drugs for personal use led President Fox to veto the legislation. Mexican officials hope that a similar reform can be passed this year so that federal law enforcement can concentrate on prosecution of cartel leaders and state and local authorities can investigate lower level drug crimes. Officials also hope that any new legislation clearly indicates that criminal charges are only waived in favor of treatment the first time that an individual is caught with a small amount of drugs for personal use.<sup>26</sup>

There were several significant developments on drug trafficking issues since 2006. The U.S. Coast Guard captured Tijuana cartel leader Francisco Javier Arellano Felix in the Sea of Cortez in August 2006. In December 2006, he pled not guilty in federal court in San Diego to charges including personally ordering abductions and murder; racketeering; and drug trafficking. Francisco Javier Arellano Felix and prosecutors negotiated a plea agreement in September 2007 which spared him the death penalty. Under that agreement, he pled guilty to running a criminal enterprise and money laundering. 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.

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<sup>25</sup> 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.

<sup>26</sup> CRS interview with Mexican Embassy officials, October 27, 2006.

A joint operation between the DEA and Mexican Agencia Federal de Investigaciones (Federal Investigations Agency, AFI) resulted in the February 2, 2006 arrest of Oscar Arriola Marquez, leader of the Los Arriola Cartel. Oscar Arriola Marquez is wanted in the United States for cocaine trafficking and money laundering. According to the DEA, since 2001 the Los Arriola cartel smuggled an average of 2.4 tons of cocaine per month into the United States. The United States is requesting his extradition.

## **The Mérida Initiative Proposal**

On October 22, 2007, the United States and Mexico issued a joint statement 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 initiative is known as the Mérida Initiative, named for the location of the March 2007 meeting between Presidents George W. Bush and Felipe Calderón. At that meeting, the two leaders agreed to expand bilateral and regional cooperation in order to combat organized crime and criminal gangs in the region. U.S. and Mexican government officials met over subsequent months to hammer out the details of the initiative. These negotiations were not public, and Members of both the U.S. and Mexican congresses have expressed frustration that they were not involved in the discussions. The Administration requested \$500 million for Mexico and \$50 million for Central America in the FY2008 Supplemental Appropriations request. The Administration requested an additional \$450 million for Mexico and \$100 million for Central America to support the Mérida Initiative in its FY2009 Budget request. As of February 2008 there was no legislative vehicle for Mérida Initiative funding and no funding had been provided.<sup>27</sup>

According to the joint statement, the goal of the aid package is to complement U.S. and Mexican domestic efforts against drug, human, and weapons trafficking. The joint statement highlights current efforts of both countries, including Mexico's 24% increase in security spending in 2007. The statement also highlights U.S. efforts to reduce weapons, human, and drug trafficking along the Mexican border, though it does not announce additional funding for these efforts. The Southwest Border Counternarcotics Strategy, National Drug Control Strategy, and the U.S. Strategy for Combating Criminal Gangs from Central America and Mexico are cited as examples of efforts to combat crime. The stated objective of the Mérida Initiative 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."<sup>28</sup>

The Central American portion of the Mérida Initiative includes \$50 million in initial funding to bolster the capacity of Central American governments to inspect

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<sup>27</sup> Joint Explanatory Statement to the Consolidated Appropriations Act of 2008, Division J (P.L. 110-161); "Security: President Bush Offers US\$500 Million," *Latin American Regional Report – Mexico and NAFTA*, November 2007 and the U.S. Department of State and Government of Mexico, "Joint Statement on the Merida Initiative," October 22, 2007.

<sup>28</sup> U.S. Department of State and Government of Mexico, "Joint Statement on the Merida Initiative," October 22, 2007.

and interdict drugs, goods, arms and people and to support the regional anti-gang strategy discussed at the July 2007 Central American Integration System (SICA) Summit. At that meeting, Thomas Shannon, Assistant Secretary of State for Western Hemisphere Affairs, pledged U.S. support to strengthen regional security coordination and to fund community action programs engaged in gang prevention and rehabilitation activities. Assistant Secretary Shannon has recently indicated the State Department's hope that the \$50 million for Central America is slated to receive as part of the Mérida Initiative will be followed by a larger, multi-year aid package for that region. Central American officials have said that they may need between \$600 and \$800 million to fund the increased law enforcement and equipment that would be necessary to implement a comprehensive regional security strategy.<sup>29</sup> For more information on the Central American components of the Mérida Initiative, see CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke.

All proposed funding for the Mérida Initiative is designated for the International Narcotics Control and Law Enforcement (INCLE) account, administered by the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL). The table and analysis of the proposed funding amounts discussed below are all subsets of the proposed increase in INCLE funding to Mexico.<sup>30</sup>

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<sup>29</sup> "U.S. Offers Funds to Fight Central America Gangs," *Washington Post*, July 18, 2007; U.S. Department of State Press Release, "Briefing on Mexico, Central America Security Cooperation Package- Assistant Secretary Shannon Discusses Security Cooperation Initiative," October 23, 2007.

<sup>30</sup> Information in this section is from Department of State testimony before the House Committee on Foreign Affairs, November 14, 2007; Department of State, *FY2008 Supplemental Budget Justification*; and Department of State, October 2007.

**Table 1. 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
<b>Total</b>	<b>500.0</b>	<b>450.0</b>

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

**Counternarcotics, Counterterrorism, and Border Security.** This is the largest category of proposed aid and is intended to assist with significant equipment and technology infrastructure improvements for Mexican military and law enforcement agencies. The majority of funding requested in the FY2008 Supplemental Appropriations request (\$208.3 million) would go to the procurement of eight Bell 412 transport helicopters, including a \$24 million logistics, spare parts, and training package, for the Mexican Army and Navy; 87 handheld ion scanners for the Mexican Air Force and Army; two CASA CN-235-300 surveillance planes for the Mexican Navy; and equipment for two aircraft operated by the Mexican Attorney General's Office. Inspections equipment, including scanners and x-ray vans, as well as canine training, valued at \$31.5 million would be provided to Mexican customs for use at points of entry. Another \$31.3 million would be for the expansion and modernization of the Mexican immigration agency's (National Migration Institute, INAMI) database and document verification system, as well as the digitalization of immigration forms and the equipment and training of INAMI personnel in rescue and safety techniques to be used along Mexico's southern border. The Mérida Initiative would also provide \$25.3 million to secure communications systems among Mexican security agencies and inspection facilities for mail facilities. Mexican intelligence agencies would receive \$7.9 million to improve database interconnectivity; data management, and forensic analysis tools. The Administration proposes \$2 million to expand the Mexican Attorney General Office's (PGR) support of the Operation Against Smugglers (and Traffickers) Initiative on Safety and Security (OASISS).<sup>31</sup>

This category would receive just over 50% of funding under the FY2009 Budget request with more emphasis placed on assistance to non-military agencies. In FY2009, the Mexican military would receive less funding than that requested for FY2008. The Mexican Army and Air Force would receive some \$20 million to support transport helicopters, helicopter maintenance, and night vision. The Army would also receive just over \$20 million in Gamma Ray inspection equipment to use at Army checkpoints in Mexico's interior. The Mexican Navy would receive \$100

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<sup>31</sup> Department of State briefing paper distributed to Capitol Hill offices.

million to support fixed wing aircraft for surveillance and counternarcotics interception mission. The remainder of funding under this category, some \$118 million would go to improve infrastructure and information systems at non-military agencies, including Mexico's immigration agency, the Attorney General's office, the intelligence service (CISEN), the postal service, and customs.<sup>32</sup>

**Public Security and Law Enforcement.** The majority of aid requested in this category in the FY2008 Supplemental Appropriations request (\$30 million) would provide inspection scanners and x-ray vans to police in Mexico's Ministry of Public Security (Secretaría de Seguridad Pública), and create a canine detection team also to be used in inspections. The next largest component, \$15.1 million, would support demand reduction efforts of Mexico's Secretariat of Health by providing computer hardware and software to improve links to NGOs and other private groups working in demand reduction. Another \$6 million would provide security equipment, including armored vehicles, and bullet-proof vests, to Mexican law enforcement personnel investigating organized crime. Finally, \$5 million would go to upgrading computer infrastructure and data analysis tools to support the Financial Intelligence Unit's efforts against money laundering.<sup>33</sup>

The Administration requested a \$100 million increase in assistance in this category in the FY2009 Budget request; requesting a total of \$158.5 million. Nearly all of this money (\$147.6 million) would go to support the Mexican federal police. The Mexican federal police would receive transport helicopters and maintenance support (\$106 million); mobile gamma ray inspection equipment (\$26 million); x-ray vans for light vehicles (\$4.8 million); and, canine training (\$750,000). Some \$10.9 million would support demand reduction programs.<sup>34</sup>

**Institution Building and Rule of Law.** This is the second largest category of proposed aid to Mexico under the Mérida Initiative by the FY2008 Supplemental Appropriations request. Some \$60.7 million would go to an array of efforts, including revamping information management and forensics systems at Mexico's Office of the Attorney General (PGR); training in courts management, prison management, asset forfeiture, and police professionalization; support for anti-gang and anti-organized crime units; victim and witness protection program support; and extradition training. The PGR would also receive \$19.9 million for digitalization, database improvements, and a case management system, and \$5 million in unspecified support of the PGR's Forensic Institute. The aid proposal also includes \$15 million to promote anticorruption, transparency, and human rights, though it is not clear what Mexican agencies would receive this funding.<sup>35</sup>

The Administration requested significantly less funding for this category in the FY2009 Budget request; requesting \$30.7 million. Of that money, some \$23.4 million would go to improving the justice system; \$8.5 million would support the

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<sup>32</sup> Ibid.

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.



PGR's Forensic Institute; and \$9.4 million would support improved data collection and analysis.<sup>36</sup>

**Program Support.** The FY2008 Supplemental request includes \$37 million for program support to cover the cost of U.S. personnel, administration, and budget services related to the proposed aid package. Information available to CRS at the time this memo was written did not specify what type of personnel would be supporting the Mérida Initiative in Mexico. The Administration requested significantly less money in this category in its FY2009 Budget request; requesting \$22.5 million in unspecified program support.<sup>37</sup>

## Trade Issues<sup>38</sup>

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 in 10 years, from \$82 billion in 1993 to a high of \$292.5 billion in 2005, 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 \$52.5 billion in 2005 (exports of \$120 billion; imports of \$172.5 billion). High oil prices and growth in the maquiladora sector explain much of the increase in the trade deficit for 2005. 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, Clinton Administration and Bush Administration spokesmen 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

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<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> For more information, see CRS Report RL32934, *U.S.-Mexico Economic Relations*, by M. Angeles Villarreal.

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. In May 2007, Mexico's Ambassador to the United States, Arturo Sarukhan, stated that U.S. objections to Mexican trucks, tuna, and avocados will make it harder for President Calderón to justify full implementation of NAFTA on January 1, 2008. President Calderón is under pressure to resist fully opening Mexico's agricultural market, particularly in corn and beans.

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.<sup>39</sup>

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 contend 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, 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 9<sup>th</sup> Circuit Court of Appeals, which heard arguments on the case in February 2008. The coalition is seeking an injunction to end the pilot program.<sup>40</sup>

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

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<sup>39</sup> Angela Greiling Keane, “Cracking Open the Border,” *Journal of Commerce*, October 23, 2006.

<sup>40</sup> “9<sup>th</sup> Circuit Considers Injunction to Halt Mexican Truck Pilot Program,” *International Trade Daily*, February 13, 2008 and Rosalind McLymont, “Long Haul Across the Border,” *Shipping Digest*, January 7, 2008.

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 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 beginning 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.<sup>41</sup>

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.

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<sup>41</sup> "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.

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 California Avocado Commission (CAC) sued the U.S. Department of Agriculture for allowing the importation of Mexican avocados containing armored scaled insects. The CAC is preparing a motion to request a preliminary injunction on imports of Mexican avocados. The lawsuit has reportedly deterred shipment of avocados from Mexico because growers there are concerned about future market access.

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 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, effectively ending 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 its 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%.<sup>42</sup>

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

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<sup>42</sup> For more information, see CRS Report RS22462, *Mexico's 2006 Elections*, by Colleen W. Cook.

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.<sup>43</sup>

**Allegations of Human Rights Abuses.** According to the State Department’s report issued in early March 2007 on human rights conditions in 2006, the Mexican government generally respected human rights during the year, but many serious problems remained. The conduct of state law enforcement officials in response to protests in Oaxaca and Michoacán was of concern. Security forces were implicated in unlawful killings and kidnappings. There were credible reports that the police sometimes tortured suspects to force confessions and that these confessions were used in prosecution despite a constitutional prohibition. While the government took action against some improper behavior by law enforcement personnel, many officers committed crimes with impunity and without fear of prosecution. Police were also targeted in 2006, with over 123 killed between January and November 2006. Violence against police was of particular concern in the northern cities of Monterrey, Nuevo Laredo, and Tijuana. Narcotics-related killings and violence continued, and there were credible reports that police and military forces were protecting drug traffickers. Despite various judicial reforms, lengthy pretrial detentions, lack of due process, and judicial inefficiency and corruption persisted. Drug violence contributed to a hostile environment for journalists in 2006. During 2006, several journalists were killed and one disappeared because of their profession. Estimates on the number of journalists killed in 2006 vary widely. Self-censorship among journalists who fear reprisals for their work is reported to be common in Mexico. Violence and discrimination against women, indigenous people, religious minorities, homosexuals, and individuals with HIV/AIDS persisted. There were reports of restrictions on freedom of association and inadequate protection of worker rights.

Human rights conditions in Oaxaca were of particular 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. Representative Elliot Engel, Chairman of the House Foreign Affairs Subcommittee

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<sup>43</sup> “Mexico: López Obrador Declared ‘Legitimate President,’” *LatinNews Daily*, September 18, 2006; and “Critica CCS intolerancia perredista,” *La Reforma*, September 14, 2006.

on the Western Hemisphere, requested an update on the status of the investigation into Bradley Will's death.<sup>44</sup>

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 protesters. The Commission also determined that federal police were responsible for the killing of at least one protestor.<sup>45</sup>

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 is currently facing 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

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<sup>44</sup> Representative Elliot Engel, "Opening Statement for Hearing on U.S. Security Assistance to Mexico," October 25, 2007.

<sup>45</sup> "Mexico Rights Panel: Feds Committed Acts of Torture in Oaxaca," EFE News Service, 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.

the statute of limitations did not go into effect until Echeverría left public office in December 1976. Echeverría remains under house arrest. On November 1, 2007, the Mexican Supreme Court heard arguments concerning whether or not President Echeverría can stand trial.

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. In July 2006 the federal government closed its investigation into the rape and murder of 14 women after finding no evidence of a federal crime and returned the cases to state authorities. In August 2006, three suspects were arrested in the United States for alleged connection to the murder of eight women found in a cotton field outside Ciudad Juárez. Two of the three, Alejandro Delgado Valles and Edgar Alvarez Cruz, are now in Mexico facing murder charges. Delgado Valles, who faces charges for one murder, was ordered released due to a lack of evidence. Chihuahua prosecutors are appealing his release and continue to pursue the murder case. In March 2007, Delgado Valles recanted his testimony against Alvarez Cruz, who is facing two murder charges, and now claims that he was forced to lie because of pressure and blackmail. Delgado's attorney maintains that his client is wrongly accused, however, Chihuahua state prosecutors indicate that, in spite of the setbacks, they continue to have a strong case against both men. The third man arrested in Colorado, Francisco Granados de la Paz, remains in U.S. custody on immigration violations. In August 2007 a judge ordered Granados de la Paz to be extradited upon his release from prison in the United States.<sup>46</sup>

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 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.

Violations of press freedom remain a cause for concern. The Committee to Protect Journalists (CPJ) reports that in 2007 three journalists have disappeared as of May 29. According to the CPJ, Mexico is the fourth most dangerous country for

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<sup>46</sup> Mark Scolforo, "Judge Approves Extradition of Suspect in Mexico Border Slayings," *Associated Press*, August 10, 2007 and Alfredo Corchado, "New Doubts Arise on Handling of Juárez Cases," *Dallas Morning News*, March 8, 2007.



journalists — tied with Colombia, Pakistan, and Russia. CPJ reports that two journalists were killed as a result of their work in 2006, including American Bradley Will, who was killed during civil unrest in Oaxaca. CPJ is investigating the deaths of another five journalists and disappearance of a reporter to determine if they are related to the individuals' work. Journalists were victims of other acts of violence in 2006; particularly in the north where threats have limited local media coverage of the drug cartel violence. On February 6, 2006, gunmen suspected of ties with drug traffickers attacked the offices of El Mañana newspaper in Nuevo Laredo, severely wounding one reporter. On February 7, 2006, El Mañana announced it would cease investigative reporting of drug trafficking. Tapes released on February 15 implicate Puebla Governor Mario Marin in a plot to arrest journalist Lydia Cacho in December 2005. Lydia Cacho was arrested in Cancun and driven to Puebla where she was charged with libel for allegations against a prominent businessman in her book about pedophile networks. Mexico announced the creation of a special prosecutor for crimes against journalists on February 15. The Deputy Attorney General for Organized Crime will continue to be responsible for crimes against journalists committed by drug traffickers, terrorists, and human traffickers.

## **U.S. Assistance to Mexico**

Mexico, a middle income country, has not been a major recipient of U.S. foreign assistance. This may change if Congress approves the Administration's request for \$950 million in support of the Mérida Initiative for FY2008 and FY2009 described above. The Administration's FY2008 budget request cuts aid to Mexico by 31% from FY2006 funding levels. The most significant cuts are in the Development Assistance (DA) and International Narcotics Control and Law Enforcement (INCLE) accounts. No funding is requested for DA in 2008, and INCLE programs — which fund counter-narcotics and rule of law programs — are cut by \$12 million. In its Congressional Budget Justification, the Administration maintains that these cuts are justified because Mexico is the thirteenth largest economy in the world.<sup>47</sup> **Table 2**, below, contains data on U.S. assistance to Mexico from FY2003 through FY2009.

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<sup>47</sup> Department of State, *FY2008 Congressional Budget Justification for Foreign Operations*.

**Table 2. U.S. Assistance to Mexico FY2004-FY2009**

<b>Account</b>	<b>FY2004</b>	<b>FY2005</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008 (est)</b>	<b>FY2008 S u p p . Req.</b>	<b>FY2009 (Req)</b>
<b>CSH</b>	3.70	3.23	3.99	3.72	2.68	--	2.50
<b>DA</b>	17.28	15.06	11.36	12.28	8.22	--	14.00
<b>ESF</b>	11.43	13.39	11.39	11.35	11.90	--	--
<b>FMF</b>	--	--	--	--	--	--	2.00
<b>IMET</b>	1.27	1.25	.01	.06	.37	--	.83
<b>INCLE</b>	37.00	39.68	39.60	36.68	26.55	500.00	477.82
<b>NADR</b>	--	.29	.63	1.30	.92	--	3.85
<b>Peace Corps</b>	.99	1.22	1.31	--	--	--	--
<b>TOTAL</b>	<b>71.67</b>	<b>74.12</b>	<b>68.29</b>	<b>65.39</b>	<b>50.64</b>	<b>500.00</b>	<b>501.00</b>

**Accounts**

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

## **Legislation Relating to Mexico in the 110<sup>th</sup> Congress**

### **Consolidated Appropriations Act (P.L. 110-161)**

The Consolidated Appropriations Act, enacted 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.

### **Comprehensive Immigration Reform Act of 2007 (S. 1348)**

This measure 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 the Comprehensive Immigration Reform Act of 2007 (S. 1348). The measure has not been considered since that vote.

## **Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2008 (H.R. 3074)**

Both the House and Senate passed version of this measure include language prohibiting the use of funds provided under the measure to support the Department of Transportation's pilot project that would permit certain Mexican truck carriers to travel throughout the United States.

## **U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007 (P.L. 110-28)**

Section 6901 of this measure, enacted 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, mentioned above. 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.

## **Security Through Regularized Immigration and a Vibrant Economy Act of 2007 (H.R. 1645)**

This bill 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.

## **Methamphetamine Trafficking Enforcement Act of 2007 (S. 132)**

Section Four of 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.

## **Comprehensive Immigration Reform Act of 2007 (S. 9)**

Proposed by Senator Reid, 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 has been 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.

## **Implementing the 9/11 Commission Recommendations Act of 2007 (P.L. 110-53)**

Section 701 of P.L. 110-53 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. This measure signed into law on August 3, 2007.

## **AgJOBS Act of 2007 (H.R. 371)**

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 has been referred to the House Committee on the Judiciary. While not specific to Mexico, Mexican agricultural workers could potentially benefit from the proposed program.

## **Citizenship Reform Act of 2007 (H.R. 133)**

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.

## **Illegal Immigration Enforcement and Social Security Protection Act of 2007 (H.R. 98)**

H.R. 98, introduced by Representative Dreier, 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 has been 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.

## **Laser Visa Extension Act of 2007 (S. 1216)**

Introduced by Senator Domenici of New Mexico, this bill 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.

## **Enforce Act of 2007 (S. 1269)**

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.

## **Emergency Funding Border Security Act of 2007 (S. 2348 )**

S. 2348, introduced by Senator Cornyn of Texas, 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.

## **Border Infrastructure and Technology Modernization Act of 2007 (S. 575/ H.R. 2431)**

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). This bill was introduced by Senator Domenici of New Mexico and was referred to the Senate Committee on Homeland Security and Governmental Affairs.

### **Unaccompanied Alien Child Protection Act (S. 844)**

Introduced by Senator Feinstein of California, this bill 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.

### **Visitors Interested in Strengthening America (VISA) Act of 2007 (H.R. 3270)**

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 has been referred to the Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law.

### **Accountability in Enforcing Immigration Laws Act of 2007 (H.R. 3531)**

H.R. 3531, introduced by Representative Brown-Waite of Florida, 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.

## **Optimizing Visa Entry Rules and Demanding Uniform Enforcement Immigration Reform Act of 2007 (H.R. 4192 )**

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.

## **Fence By Date Certain Act (H.R. 4987)**

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.

## **H.R. 305**

H.R. 305, introduced by Representative Pearce, amends 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.Res. 18 and H.Res. 22**

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.Con.Res. 22**

H.Con.Res. 22, introduced by Representative Goode, 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.Res. 499 and S.Res. 239**

H.Res. 499 and S.Res. 239, introduced by Representative Smith of Texas and Senator Sessions of Alabama, respectively, 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.Con.Res. 40**

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**

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**

### **CRS Products on Mexico**

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

CRS Report RL32724. *Mexico-U.S. Relations: Issues for Congress*, by Colleen W. Cook.

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

### **CRS Products on Immigration and Border Security**

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

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

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

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 RL32839. *Border Security: The Complexity of the Challenge*, by Jennifer E. Lake.

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

## **CRS Products on Drug Trafficking and Policy**

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

CRS Report RL33857. *Methamphetamine: Background, Prevalence, and Federal Drug Control Policies*, by Celinda Franco.

## **CRS Products on 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 RL33541. *Sugar Policy Issues*, by Remy Jurenas.

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 RL33945. *U.S. Trade with Developing Countries: Trends, Prospects, and Policy Implications*, by William H. Cooper.

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