



Mexico: Issues for Congress

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Summary

The United States and Mexico have a close and complex bilateral relationship. As neighbors and partners under the North American Free Trade Agreement (NAFTA), the United States and Mexico have extensive economic linkages. In recent years, security issues have dominated U.S.-Mexican relations, as the United States has supported Mexican President Felipe Calderón's campaign against organized crime through the Mérida Initiative, an assistance package first funded in FY2008. Immigration and border security have also returned to the forefront of the bilateral agenda since Arizona enacted a strict law against illegal immigration in April 2010. In response to concerns about border security, President Obama deployed 1,200 National Guard troops to support law enforcement efforts along the U.S.-Mexico border in July 2010.

Now in the fifth year of his six-year term, President Calderón of the conservative National Action Party (PAN) is focused on strengthening the Mexican economy, which grew by 5.5% in 2010 after contracting by 6.5% in 2009, and combating organized crime and drug trafficking. The Calderón Administration has arrested record numbers of drug kingpins, but the brazen violence committed by the warring criminal groups, partially in response to government efforts, has led to increasing criticism of Calderón's strategy. Security and the economy are the top two concerns among the Mexican public, and are likely to be major electoral issues in the July 2012 elections. Surveys show likely Institutional Revolutionary Party (PRI) candidate Enrique Peña Nieto, governor of the state of Mexico, leading all other potential presidential candidates.

In recent years, U.S.-Mexican relations have grown stronger as the two countries have worked together to combat drug trafficking and secure their shared border, but tensions have emerged in the bilateral relationship. After a March 3, 2011 meeting at the White House, President Obama and President Calderón vowed to bolster bilateral security cooperation and announced a proposal to resolve a longstanding trade dispute regarding NAFTA trucking provisions. Behind the scenes, however, relations have reportedly been strained by the February 2011 shooting of two U.S. law enforcement agents working in Mexico, one of whom was killed, and the March 2011 resignation of the U.S. Ambassador to Mexico. The Obama Administration asked for \$346.6 million in assistance for Mexico in its FY2011 budget request, including \$310 million in Mérida Initiative funding. The exact assistance amount provided to Mexico for FY2011 in P.L. 112-10 is not yet available. The Administration also requested \$333.9 million in assistance for Mexico for FY2012, including roughly \$282 million in Mérida assistance. President Obama has recently nominated career diplomat Earl Anthony Wayne to serve as the next U.S. Ambassador to Mexico.

Congress has maintained an active interest in Mexico with counternarcotics, border, and trade issues dominating the agenda. Congress has appropriated more than \$1.5 billion in assistance for Mexico under the Mérida Initiative and expressed concern about the slow delivery of that assistance. In August 2010, Congress approved \$600 million in supplemental funds for border security (P.L. 111-230). The 112th Congress is likely to maintain a keen interest in how implementation of the Mérida Initiative and related border security initiatives are proceeding. Congress may consider proposals for comprehensive immigration reform or initiatives aimed at resolving discrete migration or border security issues. On the trade front, Congress is likely to maintain interest in how the Obama Administration moves to resolve ongoing disputes related to trucking and tuna with Mexico and facilitate commerce along the U.S.-Mexico border.

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Background on Mexico

Political Developments

Over the past decade, Mexico has transitioned from a centralized political system dominated by the Institutional Revolutionary Party (PRI) to a multiparty democracy in which presidential power is increasingly constrained by Congress and the country's governors.¹ Current President Felipe Calderón of the conservative National Action Party (PAN) won the July 2006 presidential election in an extremely tight race, defeating Andrés Manuel López Obrador of the leftist Party of the Democratic Revolution (PRD) by fewer than 234,000 votes. Final results were not announced until early September 2006, when the Federal Electoral Tribunal completed adjudication of all the challenges to those results. Calderón began a six-year term on December 1, 2006.

In the first half of his term, President Calderón, whose PAN party became the largest party in the Senate and Chamber of Deputies after the 2006 legislative elections, had some success in turning to the PRI for help in advancing his legislative agenda. In 2007, he secured passage of long-awaited fiscal and pension reforms that had stalled under the PAN Administration of Vicente Fox (2000-2006). In June 2008, President Calderón signed a judicial reform decree after securing the approval of Congress and Mexico's states for an amendment to Mexico's Constitution. Under the judicial reform, Mexico will have until 2016 to move from a closed door process based on written arguments to a public trial system with oral arguments and the presumption of innocence. In October 2008, the government secured approval of an energy sector reform designed to improve the transparency and management flexibility of state-oil company *Petroleos Mexicanos* (PEMEX). Critics maintained that the law, which provide only limited opportunities for private investment in the company, would not do enough to encourage new oil exploration.²

Mexico held mid-term elections in July 2009. The PRI performed even better in those elections than polls had suggested it would, capturing 237 of 500 seats in the Chamber of Deputies and five of six governorships. Analysts have attributed the PRI's strong performance to growing popular concern about the country's economic downturn, as well as the party's effective use of its still formidable national machinery. Although President Calderón remained popular, the PAN lost seats in the Chamber (from 206 to 147) and two key governorships, with voters expressing frustration with the party's failure to distinguish itself from the PRI. (The PAN still controls the Senate, however.) The PRD fared even worse than the PAN in the mid-term elections, winning just 72 seats in the Chamber, as internal divisions within the party led López Obrador to throw his support behind left-leaning candidates from smaller parties, many of whom won.

The composition of the current Congress, which was sworn in on September 1, 2009, has complicated President Calderón's legislative agenda, which had included enacting a package of comprehensive political reforms.³ The PRI, which, combined with the support of the allied Green

¹ For background, see Andrew Selee and Jacqueline Peschard, eds., *Mexico's Democratic Challenges: Politics, Government, and Society* (Stanford, CA: Stanford University Press, 2010).

² Alexandra Olson, "Mexico Approves Oil Reform Bill in General Terms, Experts Call it Disappointment for Investors," *AP*, October 28, 2008.

³ Those reforms, submitted to Congress in December 2009, included proposals to allow re-election of federal legislators and mayors, reduce the size of the Senate and Chamber of Deputies, permit independent candidates for political office, and give the president a line-item veto.

Ecological Party (PVEM) party, now controls a majority in the Chamber, appears to be reluctant to enact legislation that could cost the party votes in the 2012 elections. During the legislative session that ended on April 30, 2011, the Mexican Congress failed to pass reforms to the national security law, labor reforms to regulate unions, or political reforms. The Senate did pass a political reform package that would have allowed independent candidates and congressional re-elections, but the PRI-dominated Chamber did not take up the measure. Despite the failure of those reforms, the Congress did enact antitrust legislation, a new immigration law to give migrants (including illegal migrants) increased human rights protections, constitutional reforms on human rights, and a reform to strengthen the National Human Rights Commission.⁴

Figure I. Map of Mexico, Including States and Border Cities



Source: Map Resources, adapted by CRS.

During 2010, political attention in Mexico focused on the state and local elections being held in 15 states as a harbinger of how the major parties might perform in the 2012 presidential elections. Despite an electoral campaign marred by drug trafficking-related violence, which culminated in the June 28, 2010, killing of a popular gubernatorial candidate in Tamaulipas, voters in most states turned out in larger numbers than had been expected for the July 4, 2010, elections. The

⁴ “Blocked Reforms Signal Mexican Political Impasse,” *Oxford Analytica*, May 4, 2011; “Mexico: Congress Leaves Unfinished Business,” *Latin American Weekly Report*, May 5, 2011.

PRI claimed victory in nine states, but lost three states it had previously controlled (Sinaloa, Oaxaca, and Puebla) to candidates representing alliances of the PAN, PRD, and other small left-leaning parties. Although some “Stop the PRI” alliances performed better than analysts had predicted, the divergent ideological orientations of the parties they involve could make governing difficult. It remains to be seen whether similar alliances can be formed in other states and at the national level (either in the Congress or for the 2012 presidential race).⁵

Now in the fifth year of his six-year term, President Calderón retains an approval rating of about 54% (May 2011)⁶, but support for the PAN in general has diminished as a result of the security challenges that Mexico has been facing. Calderón is forging ahead with presidential initiatives aimed at boosting jobs, expanding access to health insurance, and reforming the country’s security apparatus, but is unlikely to be able to push much-needed fiscal and structural reforms through the Mexican Congress. Indeed, even some of Calderón’s key security reform initiatives—including a law to reorganize municipal and state police—have thus far failed to advance.

As 2011 progresses, many analysts predict that President Calderón will enter “lame duck” status as popular attention turns to the 2012 presidential elections. As in 2010, there are a number of gubernatorial elections scheduled for later this year that could impact the major parties’ candidate selections and chances for success in 2012. Given the aforementioned difficulties that Mexico has experienced during the current PAN Administration and the ongoing divisions within the leftist PRD (between Mexico City mayor Marcelo Ebrard and Andrés Manuel López Obrador), many observers are predicting a PRI victory in 2012.⁷ Surveys from May 2011 show likely PRI candidate Enrique Peña Nieto, governor of the state of Mexico, with twice as much support as any other potential candidate. Peña Nieto’s presidential prospects could be further bolstered if the popular mayor the PRI has selected to run as his successor in the July 3, 2011 gubernatorial election in the state of Mexico is victorious (as polls are currently predicting).⁸

Drug Trafficking and Heightened Violence and Crime in Mexico⁹

Mexico is a major producer and supplier to the U.S. market of heroin, methamphetamine, and marijuana and the major transit country for as much as 90% of the cocaine sold in the United States. A small number of Mexican drug trafficking organizations control the most significant drug distribution operations along the Southwest border. U.S. government reports have characterized Mexican drug trafficking organizations as representing the “greatest organized crime threat” to the United States today.¹⁰ Mexican DTOs have expanded their U.S. presence by increasing their transportation and distribution networks, as well as displacing other Latin

⁵ “Alliance Surpasses Expectations in Mexican Gubernatorial Elections,” *Latin American Weekly Report*, July 8, 2010.

⁶ Sara Miller Llana, “Mexico’s Calderón Popular, Despite Massive Protests About his Drug Strategy,” *Christian Science Monitor*, May 9, 2011.

⁷ George W. Grayson, *Mexico’s 2011 Gubernatorial Elections and Their Impact on Drug Policy*, Center for Strategic & International Studies, January 28, 2011.

⁸ “Mexican Regional Vote to Test Presidential Hopeful,” *Reuters*, May 16, 2011.

⁹ For more information, see CRS Report R41576, *Mexico’s Drug Trafficking Organizations: Source and Scope of the Rising Violence*, by June S. Beittel, CRS Report R41349, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea.

¹⁰ U.S. Department of Justice’s National Drug Intelligence Center (NDIC), *2009 National Drug Threat Assessment*, December 2008.

American traffickers, primarily Colombians.¹¹ In the past few years, the violence and brutality of the Mexican DTOs have escalated as an increasing number of groups have battled each other for control of lucrative drug trafficking routes into the United States.

Since taking office in December 2006, President Calderón has made combating DTOs a top priority of his administration. He has called increasing drug trafficking-related violence in Mexico a threat to the Mexican state and has sent thousands of soldiers and police to drug trafficking “hot-spots” throughout Mexico. Joint deployments of federal military and police officials are just one part of the Calderón government’s strategy against the DTOs. That strategy involves (1) deploying the military to restore law and order, (2) expanding law enforcement operations, (3) initiating institutional reform and anti-corruption initiatives, (4) recovering social cohesion and trust, and (5) building up international partnerships against drugs and crime (like the Mérida Initiative).¹² President Calderón has secured legislative approval of a number of constitutional reforms and laws related to national security, including, most recently, an anti-kidnapping law. Other initiatives that he has proposed, including a reform of the national security law, remain pending. The Calderón government has also used extradition as a tool to combat drug traffickers, extraditing 94 individuals in 2010.¹³ Increased intelligence-sharing with U.S. law enforcement agencies have resulted in significant government victories against the DTOs, which have accelerated since the December 2009 killing of Arturo Beltrán Leyva.

Despite these victories, the increasingly brazen violence committed by the drug traffickers, which has occurred partially in response to government pressure, has led to increasing criticism of Calderón’s strategy. According to recent Mexican government estimates, more than 34,500 people died in violence related to organized crime between January 2007 and December 2010. That figure, which was released in January 2011, is substantially higher than those that have been reported by Mexican media outlets. According to *Grupo Reforma*, almost 11,600 Mexicans died in drug trafficking-related violence in 2010, a total more than 70% higher than the 6,587 deaths recorded in 2009.¹⁴ According to *Reforma*, 5,067 drug-trafficking related killings had occurred through May 20, 2011, a number which increased significantly after mass graves were discovered in Durango and Tamaulipas. Targets of that violence most often included rival DTOs or affiliated gang members, but have also included Mexican police, military, and government officials; journalists; and civilians—including Americans. In some cases, Mexican DTOs have used car bombs and political assassinations. These expanding techniques have led some scholars and U.S. officials to liken DTOs’ tactics to insurgents’ tactics.¹⁵ Criminality often associated with the illegal drug trade has also increased the prevalence of related crimes, including kidnapping, robbery, and extortion. The escalating violence and criminality have created regions in Mexico—

¹¹ NDIC, *2010 National Drug Threat Assessment*, February 2010.

¹² Embassy of Mexico, Washington, DC. “Mexico and the Fight Against Drug Trafficking and Organized Crime: Setting the Record Straight,” press release, June 2009, p. ii. President Calderón further expounded on this strategy in an editorial published on June 13, 2010. See http://www.presidencia.gob.mx/prensa/lucha_seguridad_publica/index.html.

¹³ Email from U.S. Department of Justice, January 4, 2011.

¹⁴ For a discussion of the different tallies of the casualties reported by the Mexican media and those of the Mexican government, see Viridiana Ríos and David A. Shirk, *Drug Violence in Mexico: Data and Analysis Through 2010*, Trans-Border Institute, February 2011.

¹⁵ See, for example, U.S. Department of State, Interview With Denise Maerker of Televisa, Interview, Hillary Rodham Clinton, Secretary of State, Guanajuato, Mexico, January 24, 2011.

including the state of Tamaulipas—where the government appears to be unable to effectively exert authority.¹⁶

Many experts assert that, in order to regain popular support for its security policies, the Calderón government will have to show success in dismantling the DTOs, while also reducing drug trafficking-related violence. Calderón officials consulted with local and state officials to revise the government’s military-led strategy for Ciudad Juárez after the massacre of 15 civilians, many of them teenagers, at a private home there in late January 2010. The new strategy that the Calderón government has implemented, “We Are All Juárez,” involves significant federal government investments in education, job training, and community development programs to help address some of the underlying factors that have contributed to the violence. It also involved an April 2010 shift from military to federal police control over security efforts in the city, a strategy shift which has yielded some results.¹⁷ Since August 2010, President Calderón has conducted a series of consultations with academics, policy makers, and civil society leaders on the direction that Mexican security policy should take. He has also indicated a willingness to dialogue with protesters who staged a major march against his policies on May 8, 2011.¹⁸

The increase in drug trafficking-related violence between and among DTOs in Mexico has generated concern among U.S. policy makers that the violence in Mexico might spill over into the United States.¹⁹ U.S. federal officials deny that the recent increase in drug trafficking-related violence in Mexico has resulted in a spillover into the United States, but they acknowledge that the prospect is a serious concern.²⁰ The Obama Administration authorized the deployment of 1,200 National Guard troops to the U.S.-Mexico border in July 2010 to support counternarcotics enforcement pending CBP staff increases. The National Guard deployment was scheduled to end in June 2011, but the Department of Homeland Security (DHS) recently requested authority from Congress to extend the deployment until September 2011.

Economic and Social Conditions²¹

In the late 1980s, Mexico began to transition from a protectionist economy to a free market economy with a strong export sector. This transition accelerated after Mexico entered into the North American Free Trade Agreement (NAFTA) with the United States and Canada in 1994. Through NAFTA, the United States, Mexico, and Canada form the world’s largest free trade area, with about one-third the world’s total GDP. Since NAFTA took effect, U.S.-Mexican trade has more than tripled, with total bilateral trade totaling \$393 billion in 2010.²² Mexico remains the second-largest U.S. oil supplier, but its top exports to the United States now include automobiles and automobile parts. The value of U.S. foreign direct investment (FDI) in Mexico has increased from \$17 billion in 1994 to close to \$100 billion in 2009.

¹⁶ Katherine Corcoran, “Mexico Massacre Question: How did it Happen Twice?” *Miami Herald*, Apr. 16, 2011.

¹⁷ Jorge Ramos Enviado, “Tasa de Homicidios en Juárez Bajo 60%: FCH,” *El Universal*, May 21, 2011.

¹⁸ Charlie Rose, “Interview with Mexican President Felipe Calderón,” *PBS: the Charlie Rose Show*, May 10, 2011.

¹⁹ For background, see CRS Report R41075, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*, coordinated by Kristin M. Finklea.

²⁰ See for example, Department of Homeland Security, “Remarks by Secretary Napolitano on Border Security at the University of Texas at El Paso,” press release, January 31, 2011.

²¹ For background on the Mexican economy and U.S.-Mexican economic relations, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

²² Data compiled by CRS using Global Trade Atlas database.

One downside of this economic integration is that the Mexican economy remains extremely dependent on the United States, the destination for 80% of its exports and its primary supplier of tourism revenues and investment. The Mexican economy grew 3.3% in 2007, the first year of the Calderón government. Slower growth was already anticipated for 2008 due in part to decreasing consumer demand in the United States and declining Mexican oil production. The global financial crisis further reduced GDP growth in 2008 to just 1.4%. For 2009, the Mexican economy contracted by 6.5%, the worst decline in six decades. Experts do not expect Mexico's real GDP to recover 2008 levels until later this year.

In 2009, the Calderón government struggled to cope with the combined effects of the U.S. and global recessions, a nationwide outbreak of H1N1 "swine" flu, and declining oil production. The U.S. recession resulted in steep declines in demand for Mexican exports, particularly in the manufacturing sector. Mexico's exports to the United States declined by 18.5% in 2009 as compared to the previous year. The economic decline in the United States also resulted in declining remittance flows to Mexico. Remittances fell to an estimated \$21.2 billion, the lowest level since 2005. These developments were further exacerbated by the outbreak of pandemic H1N1 "swine flu" in April 2009, which prompted the government to close restaurants and retail establishments for nearly two weeks and resulted in significant declines in tourism revenues. Declining oil prices and production also provided economic setbacks for Mexico, which depends on oil proceeds for over one-third of government revenue.

The Calderón government took a number of measures to cushion the Mexican economy from the fallout of the global economic crisis and U.S. recession. The government used billions in its international reserves to shore up the peso, and the Mexican central bank established a temporary reciprocal currency swap line with the U.S. Federal Reserve for up to \$30 billion. The government also hedged its oil exports for 2009 at a price of \$70 a barrel in an effort to protect the economy from a decline in oil prices. The central government increased liquidity in the banking system. It also increased its credit lines with the World Bank, International Monetary Fund, and Inter-American Development Bank. In 2009, Mexico's fiscal stimulus amounted to 2.5% of GDP and was targeted on infrastructure spending and subsidies for key household budget items. Government programs to support small and medium-sized businesses, worker training, job creation, and social safety nets were maintained and, in some cases, expanded.²³

Since late 2009, the Mexican economy has rebounded, largely as a result of a resumption in U.S. demand for Mexican manufacturing exports. Indeed, even though its domestic economy continued to struggle, the Mexican economy experienced a higher than expected growth rate of 5.5% in 2010. GDP growth could reach close to 5% in 2011.²⁴ As the economy has recovered, the Mexican government has gradually rolled back stimulus measures and increased taxes, but has also extended its credit line with the Federal Reserve and continued to hedge its oil exports. Despite this recovery, investors are still concerned about Mexico's long-term growth potential in light of its low tax base and over-reliance on declining oil revenues, rigid labor market, weak education system, and lack of competition in many sectors.²⁵ Analysts are also increasingly

²³ ECLAC. *The Reactions of the Governments of the Americas to the International Crisis: An Overview of Policy Measures up to 31 March 2009*. April 2009.

²⁴ "Country Report: Mexico," *Economist Intelligence Unit (EIU)*, April 2011.

²⁵ Francisco Gonzalez, "Drug Violence Isn't Mexico's Only Problem," *Current History*, February 2011; Organization for Economic Cooperation and Development (OECD), *OECD Economic Surveys: Mexico*, May 2011.

concerned that drug trafficking-related violence may be deterring foreign investment in some parts of the country, including Monterrey and the export processing zones of northern Mexico.²⁶

As elsewhere in Latin America, there are concerns that the 2009 economic downturn in Mexico has negatively impacted the country's recent progress in reducing poverty. Mexico, with a population of 112.5 million (July 2010), is classified by the World Bank as an upper middle income developing country, with a per capita income level of \$8,960 (2009). According to officials from the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the percentage of Mexicans living in poverty fell between 2000 and 2006, but rose again between 2006 and 2008 to include roughly 45% of the population. ECLAC has also estimated that the number of individuals living in extreme poverty in Mexico and Central America increased by 800,000 in 2009.²⁷

Mexico's main poverty reduction program is *Oportunidades* (Opportunities). The program, formerly known as *Progresa* (Progress), began under President Ernesto Zedillo (1994-2000) and has since expanded to benefit 5.8 million Mexican families (34 million individuals) mostly in rural areas. *Oportunidades* seeks not only to alleviate the immediate effects of poverty through cash and in-kind transfers, but to break the cycle of poverty by improving nutrition, health standards, and educational attainment. It provides cash transfers to families in poverty who demonstrate that they regularly attend medical appointments and can certify that children are attending school. While some have praised *Oportunidades* for its positive effects on educational and nutrition outcomes, others have criticized it for creating dependency on government handouts.²⁸ The Calderón government has established a new program within *Oportunidades* for people in urban areas such as Ciudad Juárez. In 2010, more than 1.3 million urban beneficiaries began receiving assistance through that program.

Another key aspect of Mexico's recent social policy efforts has been to expand access to health insurance for people who are not covered by the country's social security system under a program known as *Seguro Popular* (Popular Health Insurance). In 2003, the Mexican Congress passed a law establishing a system by which public funding for healthcare would be gradually increased over seven years to achieve universal health insurance. The Calderón government has reported that some 50 million people benefitted from the *Seguro Popular* program in 2010, and that by 2012, all Mexicans should have access to healthcare coverage. Many have praised the program for expanding low-income Mexicans' access to medication and healthcare, while others have criticized it for being inefficient and for failing to reach the poorest communities.²⁹

²⁶ Nik Steinberg, "The Monster and Monterrey: The Politics and Cartels of Mexico's Drug

War," *The Nation*, May 25, 2011; David A. Robillard and Duncan Wood, "Public Insecurity and the Private Sector in Mexico," *FOCALPoint: Canada's Spotlight on the Americas*, vol. 10, no. 1 (February 2011).

²⁷ U.N. Economic Commission for Latin America and the Caribbean, *Statistical Yearbook for Latin America and the Caribbean 2008*; "ECLAC: Extreme Poverty Up in 2009 in Mexico, Central America," *Latin American Herald Tribune*, January 23, 2010.

²⁸ Santiago Levy, *Good Intentions, Bad Outcomes—Social Policy, Informality and Economic Growth in Mexico*. Washington D.C.: Brookings Institution, April 2008.

²⁹ Julio Frenk, Octavio Gómez Dantés, and Felicia Marie Knaul, "The Democratization of Health in Mexico: Financial Innovations for Universal Coverage," *Bulletin of World Health Organization*, 2009; Jason M. Lakin, "The End of Insurance? Mexico's Seguro Popular: 2001-2007," *Journal of Health, Politics, and Law*, Vol. 35, No. 3, June 2010; Elisabeth Malkin, "Mexico's Universal Health Care is a Work in Progress," *New York Times*, January 29, 2011.

Foreign Policy Challenges

While the bilateral relationship with the United States has continued to dominate Mexican foreign policy, former President Fox and current President Calderón have pursued more diversified foreign policies than their recent predecessors. The Fox Administration pursued other policy initiatives after the September 2001 terrorist attacks turned U.S. attention away from Mexico and toward the Middle East. Mexico held a temporary seat on the U.N. Security Council in 2002 and 2003 and voted against the U.S. invasion of Iraq, which disappointed the Bush Administration. Fox promoted Plan Puebla-Panama, now called the Mesoamerican Plan, a series of energy, infrastructure, and regional connectivity initiatives with Central America. He attempted to revive the G-3 group trade preferences (Colombia, Venezuela, and Mexico); however, Venezuela formally withdrew from the group in November 2006. Fox also sought better ties with countries in South America. He attempted to expand trade with the European Union under the EU-Mexico free trade agreement (FTA) that went into effect in July 2000, and with Japan under the Mexico-Japan FTA that entered into force in April 2005.

President Calderón has also sought to pursue an independent foreign policy with closer ties to Latin America. Calderón regularly met with former Colombian President Álvaro Uribe, with whom he formed a partnership, along with the leaders of Guatemala and Panama, to combat drug trafficking. The Colombian government has sent dozens of police trainers to teach courses at Mexico's federal police training institute. Calderón is continuing close collaboration with Colombia under the government of Juan Manuel Santos. In April 2011, Presidents Calderón and Santos signed an agreement with the leaders of Chile and Peru to pursue greater trade integration. The Calderón government is still exploring the possibility of forming a Brazil-Mexico FTA, as well as developing greater energy cooperation between PEMEX and Petrobras, Brazil's state-owned oil company. Security cooperation between Mexico and the Central American Integration System (SICA) has expanded, and progress has continued to advance, albeit slowly, on the Mesoamerican Plan. The Mexican government sent significant financial support and humanitarian supplies to Haiti in the aftermath of the devastating earthquake that hit that country in January 2010. President Calderón has also tried to mend relations with Cuba and Venezuela, which had become tense during the Fox Administration.

Mexican-U.S. Relations³⁰

Background

Until the early 1980s, Mexico had a closed and statist economy and its independent foreign policy was often at odds with the United States. Those policies began to shift, however, under President Miguel de la Madrid (1982-1988), and changed even more dramatically under President Carlos Salinas de Gortari (1988-1994) and President Ernesto Zedillo (1994-2000). President Salinas opened Mexico's economy to trade and investment, while President Zedillo adopted electoral reforms that leveled the playing field for opposition parties and increased cooperation with the United States on drug control and border issues.

³⁰ For an overview of current issues in U.S.-Mexican relations, see Andrew Selee et al., *The United States and Mexico: More Than Neighbors*, Woodrow Wilson International Center for Scholars, September 2010, available at <http://www.wilsoncenter.org/topics/pubs/More%20Than%20Neighbors%20Compact%2011.2.10.pdf>.

President Fox (2000-2006) encouraged strong relations with the United States, and called for greater cooperation under NAFTA and for a bilateral migration agreement that would regularize the status of undocumented Mexicans in the United States. In the aftermath of the September 2001 terrorist attacks in the United States, the focus of relations shifted to border security issues as the United States became increasingly concerned about homeland security. Relations became strained during the debate on immigration reform in the United States. After then-President George W. 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.

Under the Calderón government, security cooperation, rather than immigration, has dominated the U.S.-Mexican relationship. During then-President Bush's March 2007 visit to Mexico, President Calderón called for U.S. assistance in combating drug and weapons trafficking. Calderón's willingness to increase narcotics cooperation with the United States led to the development of the Mérida Initiative, a multi-year U.S. assistance effort announced in October 2007 to help Mexico and Central America combat drug trafficking and crime.

Obama Administration

U.S.-Mexican relations have continued to be close under the Obama Administration, largely focusing on cooperation in combating organized crime and drug trafficking. In mid-January 2009, President Calderón visited then President-elect Obama in Washington, DC. That pre-inaugural meeting, which has become somewhat of a tradition for recent U.S. presidents, demonstrated the importance of strong relations with Mexico. Secretary of State Hillary Clinton then traveled to Mexico in March 2009 to discuss a broad range of bilateral issues, including the Mérida Initiative. Perhaps most significantly, Secretary Clinton criticized the failure of past U.S. antidrug policy and acknowledged that an "insatiable demand for illegal drugs" in the United States "fuels the drug trade."³¹ Clinton's visit to Mexico was followed in early April 2009 with trips by Homeland Security Secretary Janet Napolitano and Attorney General Eric Holder.

Presidents Obama and Calderón met twice more in 2009. In April 2009, President Obama traveled to Mexico to discuss security issues, immigration reform, and climate change with President Calderón. During the visit, President Obama acknowledged the U.S. demand for drugs was helping to keep the Mexican drugs traffickers in business, and that "more than 90% of the guns recovered in Mexico come from the United States."³² At the North American Leaders' Summit in Guadalajara, Mexico, in August 2009, President Obama praised Mexico's response to the H1N1 swine flu outbreak and gave his full support for President Calderón's struggle against organized crime. President Obama, President Calderón, and Canadian Prime Minister Harper pledged to work to restore economic growth in North America and to combat climate change.

Throughout 2010, U.S.-Mexican consultations continued at the highest levels. On March 23, 2010, Secretary Clinton chaired a cabinet-level delegation to Mexico that included Defense Secretary Robert Gates, Chairman of the Joint Chiefs Admiral Michael Mullen, Homeland Security Secretary Napolitano, and then-Director of National Intelligence Admiral Dennis Blair. The delegation participated in a Mérida Initiative High-Level Group meeting with their Mexican

³¹ Mark Lander, "Clinton Says Demand for Illegal Drugs in the U.S. 'Fuels the Drug Trade' in Mexico," *New York Times*, March 26, 2009.

³² "President Obama and Mexican President Felipe Calderón Hold News Conference," *CQ Newsmaker Transcripts*, April 16, 2009.

counterparts at which they agreed to a new strategy for the Mérida Initiative. President Obama then welcomed President Calderón to the White House for a two-day state visit on May 19, 2010, during which the leaders pledged to continue working together to combat the organized criminal groups that traffic drugs into the United States and illicit weapons and cash into Mexico. They also reaffirmed their commitment to bilateral efforts to foster economic competitiveness, produce clean energy, and build a 21st century border. Secretary Clinton also met with her Mexican and Canadian counterparts in December to discuss regional issues and to prepare for another North American Leader's Summit to be held in 2011.

U.S. officials have continued to praise the Calderón government's efforts against organized crime and to tout the increase in bilateral cooperation that has occurred as a result of the Mérida Initiative, but tensions have emerged between the two governments. While U.S. officials have generally expressed any concerns that they have had about the efficacy of Mexican institutions involved in antidrug efforts through private diplomatic channels, some of those concerns have been leaked to the press. Bilateral tensions have reportedly escalated since February 15, 2011, when two U.S. Immigration and Customs Enforcement (ICE) agents were shot by Mexican DTOs, one fatally, raising U.S. concerns about the safety of U.S. officials working in Mexico. President Calderón has expressed frustration at the limited steps that the U.S. government has taken to reduce drug demand and the flow of automatic weapons to the DTOs. These tensions were likely discussed during private meetings that took place between Presidents Obama and Calderón in Washington D.C. On March 3, 2011, the two leaders publicly vowed to bolster bilateral security efforts. They also announced a proposal to resolve a longstanding trade dispute regarding NAFTA trucking provisions.

While some analysts maintain that bilateral efforts—particularly Mérida Initiative programs—may be hindered by the March 2011 resignation of the U.S. Ambassador to Mexico Carlos Pascual, others predict that cooperation will continue to advance.³³ On April 29, 2011, Secretary Clinton and Mexican Foreign Secretary Patricia Espinosa chaired another meeting of the Mérida Initiative High-Level Group in Washington D.C. after which both governments “ratified their shared commitment to achieving long-term solutions to challenges to the rule of law posed by transnational organized crime.”³⁴ As part of that commitment, the U.S. government pledged to deliver \$500 million worth of training and equipment to Mexico in 2011. President Obama has nominated Earl Anthony Wayne, a former Ambassador to Argentina and Deputy Chief of Mission in Afghanistan, to succeed Pascual as Ambassador to Mexico.

U.S. Assistance to Mexico

Mexico, a middle income country, traditionally has not been a major recipient of U.S. foreign assistance, but this changed in FY2008 with congressional approval of the Administration's request for funding to support the Mérida Initiative (see “Mérida Initiative” section below). Because of the Mérida Initiative funding, U.S. assistance to Mexico rose from \$65 million in FY2007 to almost \$406 million in FY2008. **Table 1** provides an overview of recent U.S.

³³ Prior to his resignation, Ambassador Pascual was criticized by President Calderón for the comments he made about deficiencies in Mexico's antidrug efforts in confidential diplomatic cables that were leaked to the press. Denise Dresser, “U.S. Ambassador to Mexico Resigned ‘for Doing his Job,’” *Miami Herald*, April 18, 2011.

³⁴ U.S. Department of State, “Joint Statement on U.S.- Mexico Merida High Level Consultative Group on Bilateral Cooperation Against Transnational Criminal Organizations,” press release, April 29, 2011, <http://www.state.gov/r/prs/ps/2011/04/162245.htm>.

assistance to Mexico funded through State Department aid accounts, while **Table 2** provides a breakdown of Mérida assistance by account. Apart from Mérida-related funding, Mexico receives development assistance aimed at reducing poverty and inequality and helping the Mexican economy benefit from the North American Free Trade Agreement. Mexico also benefits from military training programs funded through the State Department's International Military Education and Training Account (IMET), as well as counterterrorism assistance provided through the Non-proliferation, Anti-terrorism and Related Programs (NADR) account.

Table 1. U.S. Assistance to Mexico by Account, FY2007-FY2012

(\$ in millions)

Account	FY2007	FY2008 ^a	FY2009 ^{a b}	FY2010 (est.)	FY2011 req. ^c	FY2012 req.
INCLE	36.7	242.1	454.0 ^f	365.0 ^g	292.0	248.5
ESF	11.4	34.7	15.0	15.0	10.0	33.3
FMF	0.0	116.5	299.0 ^e	5.3	8.0	8.0
IMET	0.1	0.4	0.8	1.1	1.1	1.7
NADR	1.3	1.4	3.9	5.7	5.7	5.4
CSH^d	3.7	2.7	2.9	3.5	0.0	3.7
DA	12.3	8.2	11.2	10.0	26.3	33.3
TOTAL	65.4	405.9	786.8	405.6	346.6	333.9

Sources: U.S. Department of State, *Congressional Budget Justification for Foreign Operations FY2008-FY2011*, *FY2010 Supplemental Spending Plan*; *Executive Budget Summary: Function 150 & Other International Programs FY2012*.

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

- a. FY2008 assistance includes funding from the Supplemental Appropriations Act, 2008 (P.L. 110-252). FY2009 assistance includes FY2009 bridge funding from the Supplemental Appropriations Act, 2008 (P.L. 110-252).
- b. FY2009 assistance includes funding from the Supplemental Appropriations Act, 2009 (P.L. 111-32).
- c. The exact assistance amount provided to Mexico for FY2011 in P.L. 112-10 is not yet available.
- d. Beginning with the FY2010 request, the Child Survival and Health Account became known as Global Health and Child Survival—USAID.
- e. \$260 million provided under the FY2009 supplemental (P.L. 111-32) and counted here as FY2009 funding was considered by appropriators “forward funding” intended to address in advance a portion of the FY2010 request.
- f. \$94 million provided under P.L. 111-32 and counted here as part of FY2009 funding was considered by appropriators “forward funding” intended to address in advance a portion of the FY2010 request.
- g. \$175 million of this funding provided in the FY2010 supplemental (P.L. 111-212) and counted here as FY2010 funding was considered by appropriators as “forward funding” intended to address in advance a portion of the FY2011 request.

Bilateral Cooperation on Counternarcotics and Security Efforts

In the 1980s and 1990s, U.S.-Mexican counternarcotics efforts were often marked by mistrust, especially following an earlier incident in which a U.S. federal agent was killed in Mexico, the 1986 killing of DEA Special Agent Enrique Camarena. Beginning in 1986, when the U.S.

President was required to certify whether drug-producing countries and drug-transit countries were cooperating fully with the United States, Mexico often was criticized for its lack of efforts, which in turn led to Mexican government criticism of the U.S. assessment. Reforms to the U.S. drug certification process enacted in September 2002 (P.L. 107-228) essentially eliminated the annual drug certification requirement, and instead required the President to designate and withhold assistance from countries that had “failed demonstrably” to make substantial counternarcotics efforts.³⁵ In the aftermath of these reforms, U.S. bilateral cooperation with Mexico on counternarcotics efforts improved considerably during the Fox administration (2000-2006), and as described above, combating DTOs has become a priority of the current Calderón administration.

Until 2006, Mexico refused to extradite criminals facing the possibility of life without parole to the United States. However, two decisions by the Mexican Supreme Court facilitated extraditions to the United States. In November 2005, in a partial reversal of its October 2001 ruling, the Court found that life imprisonment without the possibility of parole is not cruel and unusual punishment. Then the Court ruled in January 2006 that U.S. extradition requests only need to meet the requirements of the 1978 bilateral extradition treaty, not Mexico’s general law on international extradition that was promulgated in 1975. That decision made the extradition process easier. President Calderón has used extradition as a major tool to combat drug traffickers. Extraditions from Mexico rose from 41 in 2005 to a record 107 in 2009 before falling slightly to 94 extraditions in 2010.

The State Department’s 2011 International Narcotics Control Strategy report maintains that Mexico “continues to aggressively pursue policies to combat drug trafficking.” According to the report, those efforts resulted in a record number of arrests of high-profile drug traffickers in 2010. Seizures of methamphetamine, heroin, and marijuana increased as compared to 2009, but the amount of cocaine seized fell substantially as compared to the previous year (from 20 metric tons (mt) to 9.4 mt). The report found that production of marijuana, heroin, and methamphetamines in Mexico is “rapidly growing.” It also identified corruption and institutional weakness in the judicial system and among state and local police forces as obstacles to antidrug efforts.

Mérida Initiative³⁶

The United States and Mexico issued a joint statement on October 22, 2007, announcing a multi-year plan for U.S. assistance to Mexico and Central America to combat drug trafficking and other criminal organizations. The Mérida Initiative, named for the location of a March 2007 meeting between Presidents Bush and Calderón, expands bilateral and regional cooperation to combat organized crime, DTOs, and criminal gangs. The stated objective of the Mérida Initiative, according to the U.S. and Mexican government joint statement, is to maximize the effectiveness of efforts against drug, human, and weapons trafficking.³⁷ The Bush Administration first requested funds for Mérida, \$500 million for Mexico and \$50 million for Central America, in its FY2008 supplemental appropriations request.

³⁵ See CRS Report 98-174, *Mexican Drug Certification Issues: U.S. Congressional Action, 1986-2002*, by K. Larry Storr.

³⁶ See CRS Report R41349, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*, by Clare Ribando Seelke and Kristin M. Finklea. For historical information, see CRS Report RS22837, *Mérida Initiative: U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*, by Clare Ribando Seelke.

³⁷ U.S. Department of State and Government of Mexico, “Joint Statement on the Mérida Initiative,” October 22, 2007.

Table 2. FY2008–FY2012 Mérida Funding for Mexico by Aid Account and Appropriations Measure

(\$ in millions)

Account	FY2008 Supp. (P.L. 110-252)	FY2009 Bridge (P.L. 110-252)	FY2009 (P.L. 111-8)	FY2009 Supp. (P.L. 111-32)	FY2010 (P.L. 111-117)	FY2010 Supp. (P.L. 111-212)	Account Totals	FY2011 Request	FY2012 Request
ESF	20.0	0.0	15.0	0.0	15.0 ^a	0.0	50.0	10.0	33.3
INCLE	215.5	48.0	246.0	160.0	190.0	175.0	1,034.5	292.0	248.5
FMF	116.5	0.0	39.0	260.0	5.3	0.0	420.8	8.0	Not applicable ^b
Total	352.0	48.0	300.0	420.0	210.3	175.0	1,505.3	310.0	281.8

Sources: U.S. Department of State, *FY2008 Supplemental Appropriations Spending Plan*, *FY2009 Appropriations Spending Plan*, *FY2009 Supplemental Spending Plan*, *FY2010 Spending Plan*, and *FY2010 Supplemental Spending Plan*. U.S. Department of State, *Congressional Budget Justification for Foreign Operations FY2011*; U.S. Department of State, *Executive Budget Summary: Function 150 & Other International Programs FY2012*.

Notes: ESF=Economic Support Fund; FMF=Foreign Military Financing; INCLE=International Narcotics Control and Law Enforcement.

- a. \$6 million was later reprogrammed for global climate change efforts by the State Department.
- b. Beginning in the FY2012 request, FMF assistance is not included as part of the Mérida Initiative.

Funding the Mérida Initiative

To date, Congress has appropriated a total of \$1.5 billion for Mexico under the Mérida Initiative. Legislative action on Mérida appropriations has included the following.

- In June 2008, Congress appropriated \$400 million in supplemental assistance for Mexico in P.L. 110-252, the FY2008 Supplemental Appropriations Act. Congress divided the funding for Mexico in P.L. 110-252 between the International Narcotics and Law Enforcement (INCLE), Foreign Military Financing (FMF), and Economic Support Fund (ESF) accounts. Congress limited the amount of FMF and INCLE available to provide equipment to the Mexican military and made 15% of FMF and IMET contingent on meeting certain human rights conditions.³⁸ Congress also earmarked \$73.5 million for judicial reform, institution building, rule of law, and anti-corruption activities.
- In March 2009, Congress passed the Omnibus Appropriations Act, (P.L. 111-8) providing \$300 million for Mexico within the INCLE, ESF, and FMF accounts with not less than \$75 million for judicial reform, institution building, anti-corruption, and rule of law activities. The measure contained human rights conditions similar to those set forth in P.L. 110-252.³⁹
- In June 2009, Congress passed the FY2009 Supplemental Appropriations Act, P.L. 111-32, which included \$160 million in INCLE assistance and \$260 million in FMF for Mexico, \$354 million more than the Administration's request. The same human rights conditions as in P.L. 111-8 applied to INCLE funds provided in P.L. 111-32, but not to the FMF funds.
- In December 2009, Congress passed the FY2010 Consolidated Appropriations Act (P.L. 111-117), which included \$210.3 million for Mexico in the INCLE, ESF, and FMF accounts subject to the same human rights conditions as P.L. 111-8. Congress provided less funding for Mérida-related programs in Mexico than the Administration's FY2010 request, but had appropriated significantly more for Mexico than requested in the FY2009 supplemental measure. Congressional appropriators considered \$254 million of the funds provided in P.L. 111-32 as intended to address in advance a portion of the FY2010 request.
- In July 2010, Congress passed the FY2010 Supplemental Appropriations Act (P.L. 111-212), which contained \$175 million in INCLE assistance for Mexico

³⁸ Human rights conditions for Mexico in P.L. 110-252 include (1) improving transparency and accountability of federal police forces; (2) establishing a mechanism to conduct regular consultations among relevant Mexican government authorities, Mexican human rights organizations, and other relevant Mexican civil society organizations, to make consultations concerning implementation of the Mérida Initiative in accordance with Mexican and international law; (3) ensuring that civilian prosecutors and judicial authorities are investigating and prosecuting, in accordance with Mexican and international law, members of the federal police and military forces who have been credibly alleged to have committed violations of human rights, and the federal police and military forces are fully cooperating with the investigations; and (4) enforcing the prohibition, in accordance with Mexican and international law, on the use of testimony obtained through torture or other ill-treatment.

³⁹ P.L. 111-8 also has a provision requiring that prior to the procurement or lease of aircraft, that the Director of the Defense Security Cooperation Agency, in consultation with the Secretary of State, shall submit to the Committees on Appropriations an analysis of alternatives for the acquisition of all aircraft for the Merida Initiative.

- for “judicial reform, institution building, anti-corruption, and rule of law activities” subject to the same human rights conditions as in P.L. 111-8.
- On April 14, 2011, Congress passed legislation to fund government programs for the remainder of FY2011 (H.R. 1473/P.L. 112-10). While the legislation reduced most foreign aid accounts from FY2010 enacted levels, final funding by country and program has not yet been established.

Status of Human Rights Conditions on Mérida Initiative Assistance

The August 2009 submission of the State Department’s human rights progress report for Mexico met the statutory requirement for the release of the FY2008 supplemental and FY2009 regular FMF and IMET funds that had been on hold. Those funds totaled roughly \$88.5 million. Another progress report submitted to congressional appropriators in September 2010 met the statutory requirements for \$36 million in FY2009 supplemental and FY2010 omnibus that had been on hold to be released. Even though it was not statutorily required to do so, the State Department held back \$26 million in FY2010 supplemental funding pending further human rights progress on the part of the Mexican government (see “Compliance with Human Rights Conditions in the Mérida Initiative”).

Status of Implementation

After initial implementation delays, which have been detailed in a series of reports by the Government Accountability Office (GAO),⁴⁰ the pace of Mérida Initiative deliveries has quickened. As of May 1, 2011, a total of \$425.7 million worth of assistance had been provided to Mexico, including \$294.9 million in equipment and \$98.8 million worth of capacity-building.⁴¹ Significant equipment deliveries thus far have included three UH-60 helicopters and eight Bell 412 helicopters. More than 6,800 federal police investigators, 1,800 penitentiary staff, and 4,300 judicial sector personnel have participated in U.S.-funded training events. For 2011, the value of deliveries (equipment and training) to Mexico are expected to exceed \$500 million.

New Mérida Initiative Strategy⁴²

Even though the implementation of Mérida-funded programs is likely to continue for several more years, budgetary support for the Initiative as it was originally conceived ended with the FY2010 budget cycle. As a result, the Obama Administration and the Mexican government have agreed to a new strategic framework for security cooperation. The four pillars of the new strategy are outlined in the FY2011 budget request and include (1) disrupting organized criminal groups; (2) institutionalizing the rule of law; (3) building a 21st century border; and (4) building strong and resilient communities. In terms of funding priorities, the Administration is moving away from providing equipment to Mexican security forces to supporting institutional reform programs in Mexico with training and technical assistance. U.S. assistance is also expanded from the federal to the state and local levels. The FY2011 request included at least \$310 million for these

⁴⁰ GAO, Status of Funds for the Mérida Initiative, 10-253R, December 3, 2009, <http://www.gao.gov/new.items/d10253r.pdf>; GAO, *Mérida Initiative: The United States has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures*, 10-837R, July 21, 2010, <http://www.gao.gov/new.items/d10837r.pdf>.

⁴¹ U.S. Department of State, *Mérida Initiative at a Glance*, May 1, 2011.

⁴² CRS Report R41349, *U.S.-Mexican Security Cooperation: the Mérida Initiative and Beyond*.

programs: \$292 million in INCLE, \$8 million in FMF, and \$10 million in ESF. As previously noted, Congress passed legislation to fund government programs for the remainder of FY2011 (H.R. 1473/P.L. 112-10) in mid-April 2011. While the legislation reduced most foreign aid accounts from FY2010 enacted levels, final funding for Mexico has not yet been established.

Congress is currently in the process of considering the Administration's FY2012 budget request. The FY2012 request included \$281.8 million in Mérida assistance for Mexico: \$248.5 million in INCLE and \$33.3 million in ESF. For FY2012, the FMF assistance requested for Mexico is not considered part of the Mérida Initiative.

Department of Defense Assistance to Mexico

Apart from the Mérida Initiative, DOD has its own legislative authorities to provide certain counterdrug assistance. DOD programs in Mexico are overseen by the U.S. Northern Command (NORTHCOM), which is located on Peterson Air Force Base in Colorado. DOD can provide counterdrug assistance under certain circumstances outlined in Sec. 1004 of P.L. 101-510 as amended through FY2011, and can provide additional assistance to 22 countries as provided for in Sec. 1033 of P.L. 105-85 as amended through FY2011. DOD counternarcotics support to Mexico totaled roughly \$34.2 million in FY2009, \$89.7 million in FY2010, and \$71.7 million in FY2011.⁴³ DOD is developing a plan to use some \$50 million in FY2011 per Sec.1033 of P.L. 105-85 funds to improve security along the Mexico-Guatemala-Belize border. Total DOD support to Mexico in FY2012 may exceed \$75.5 million.⁴⁴

Related Southwest Border Initiatives⁴⁵

In March 2009, Secretary of Homeland Security Janet Napolitano announced a set of Southwest border initiatives aimed at (1) guarding against violent crime spillover into the United States; (2) supporting Mexico's crackdown campaign against drug cartels in Mexico; and (3) reducing the movement of contraband in both directions across the border.⁴⁶

Components of the Department of Homeland Security (DHS) are providing significant assistance to advance those aims. Immigration and Customs Enforcement (ICE) has created 21 Border Enforcement Security Task Forces (BESTs) since 2006, including 12 on the Southwest border and 1 in Mexico City. The task forces serve as platforms for cooperation among local, state, and federal agencies as well as a point of cooperation with Mexico's Secretary of Public Security (SSP). In the last two years, DHS has doubled the number of personnel assigned to BEST task

⁴³ DOD response to CRS request, March 21, 2011. This data reflects non-budget quality estimates of DOD counternarcotics support provided or efforts in these nations/regions; DOD does not budget counternarcotics programs by regions/countries, but by program. These figures reflect both "direct" support to those countries (e.g., training, equipment, information sharing, infrastructure and other categories) and "indirect" support via DOD and other U.S. Government counterdrug operations with regard to those countries (e.g., transportation, communications, intelligence analysis, radar, air and maritime patrol, liaison personnel, and other categories).

⁴⁴ DOD response to CRS request, March 21, 2011.

⁴⁵ For information on U.S. efforts to combat flows of drugs, weapons, and money into Mexico, see the Appendix of CRS Report R41075, *Southwest Border Violence: Issues in Identifying and Measuring Spillover Violence*. For recent funding information, see the Appendix of CRS Report R41189, *Homeland Security Department: FY2011 Appropriations*, coordinated by Jennifer E. Lake.

⁴⁶ U.S. Department of Homeland Security, "Secretary Napolitano Announces Major Southwest Border Security Initiative," press release, March 24, 2009.

forces along the U.S.-Mexico border. ICE has also coordinated the establishment of Special Investigative Units in Mexico that work with ICE special agents on criminal investigations and prosecutions. DHS components such as ICE, Customs and Border Protection (CBP), and the U.S. Coast Guard have long-standing relationships with their Mexican counterparts to jointly disrupt the activities of drug trafficking organizations. CBP and Mexican Customs are now coordinating southbound inspections in search of bulk cash and weapons. For FY2009 and FY2010, DHS also provided more than \$123 million in funds to reimburse Southwest border states for border-security related expenses through Operation Stonegarden.⁴⁷

In March 2009, the Department of Justice (DOJ) announced increased efforts to combat Mexican drug cartels in the United States and to help Mexican law enforcement battle the cartels in their own country. Department of Justice components involved in the increased efforts include the FBI; Drug Enforcement Administration (DEA); Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); U.S. Marshals Service (USM); the department's Criminal Division; and the Office of Justice Programs. Large-scale investigative operations against Mexican DTOs and their affiliates in the United States have led to the arrest of more than 5,500 suspects and the seizure of more than \$300 million in illicit funds.⁴⁸ DOJ's Criminal Division has created a team focused on investigating and prosecuting cases against Mexican DTOs within its Asset Forfeiture and Money Laundering Section. DOJ is also pursuing increased extraditions from Mexico.

Pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act), the U.S. Department of the Treasury's Office of Foreign Assets Control targets and blocks financial assets, subject to U.S. jurisdiction, of drug kingpins and related associates and entities. The U.S. Treasury Department has designated 271 individuals and 135 entities as tied to the illicit activities of Mexican DTOs.⁴⁹

On August 12, 2010, President Obama signed legislation (P.L. 111-230) that provided \$600 million in supplemental funding to strengthen U.S. border security efforts. With that funding, DHS is hiring 1,000 Border Patrol Agents, 250 ICE agents focused on transnational crime, and 250 CBP officers. DHS is also creating two new forward operating locations to coordinate border security efforts and expanding the number of unmanned aircraft systems monitoring the border. The supplemental funds may also enable the U.S. government to provide increased technical assistance and training for Mexican law enforcement.⁵⁰

Money Laundering and Bulk Cash Smuggling

It is estimated that between \$19 billion and \$29 billion in illicit proceeds flow from the United States to drug trafficking organizations and other organized criminal groups in Mexico each year.⁵¹ Much of the money is generated from the illegal sale of drugs in the United States and is laundered to Mexico through mechanisms such as bulk cash smuggling. While bulk cash smuggling has been a prominent means by which criminals move illegal profits from the United States into Mexico, they have increasingly turned to stored value cards to move money. With

⁴⁷ U.S. Congress, House Committee on Homeland Security, Subcommittee on Oversight, Investigations, and Management, *U.S.-Mexico Border Law Enforcement*, 112th Cong., 1st sess., May 11, 2011.

⁴⁸ *Ibid.*

⁴⁹ U.S. Embassy in Mexico City, "Fact Sheet: Combating Money Laundering," press release, April 2011.

⁵⁰ DHS, "Remarks by Secretary Napolitano at the Border Security Conference," press release, August 11, 2009.

⁵¹ DHS, *United States-Mexico Bi-National Criminal Proceeds Study*, June 2010.

these cards, criminals are able to avoid the reporting requirement under which they would have to declare any amount over \$10,000 in cash moving across the border. Aside from bulk cash smuggling and stored-value cards, Mexican traffickers move and launder money by using digital currency accounts, e-businesses that facilitate money transfers via the Internet, online role-playing games or virtual worlds that enable the exchange of game-based currencies for real currency, and mobile banking wherein traffickers have remote access—via cell phones—to bank and credit card accounts as well as prepaid cards.⁵² The proceeds may then be used by DTOs and other criminal groups to acquire weapons in the United States and to corrupt law enforcement and other public officials.

Countering financial crimes—including money laundering and bulk cash smuggling—is one effort outlined by the National Southwest Border Counternarcotics Strategy (SWBCS).⁵³ To curb the southbound flow of money from the sale of illicit drugs in the United States, the SWBCS includes several goals: stemming the flow of southbound bulk cash smuggling, prosecuting the illegal use of money service businesses and electronic payment devices, increasing targeted financial sanctions, enhancing multilateral/bi-national collaboration, and empirically assessing the money laundering threat.⁵⁴

In 2005, ICE and CBP launched a program known as “Operation Firewall,” which increased operations against bulk cash smuggling in the U.S.-Mexico border region. This operation was re-initiated in January 2010, and between January 2010 and April 2011, Operation Firewall resulted in eight arrests and the seizure of \$6 million in U.S. currency.⁵⁵ U.S. efforts against money laundering and bulk cash smuggling are increasingly moving beyond the federal level as well, as experts have recommended.⁵⁶ In December 2009, for example, ICE opened a bulk cash smuggling center to assist U.S. federal, state, and local law enforcement agencies track and disrupt illicit funding flows. Still, the GAO has identified several ways in which CBP outbound inspections and other U.S. efforts against bulk cash smuggling, particularly those aimed at combating the use of stored value cards, might be improved.⁵⁷

The United States and Mexico have created a Bilateral Money Laundering Working Group to coordinate the investigation and prosecution of money laundering and bulk cash smuggling. A recent Bi-national Criminal Proceeds Study revealed that some of the major points along the Southwest border where bulk cash is smuggled include San Ysidro, CA; Nogales, AZ; and Laredo, McAllen, and Brownsville, TX.⁵⁸ Information provided from studies such as these may

⁵² Douglas Farah, *Money Laundering and Bulk Cash Smuggling: Challenges for the Merida Initiative*, Woodrow Wilson International Center for Scholars, Working Paper Series on U.S.-Mexico Security Cooperation, May 2010, p. 161. Hereinafter: Farah, *Money Laundering*.

⁵³ Office of National Drug Control Policy, *National Southwest Border Counternarcotics Strategy*, June 2009, http://www.whitehousedrugpolicy.gov/publications/swb_counternarcotics_strategy09/swb_counternarcotics_strategy09.pdf. Herein after, SWBCS, 2009. The SWBCS is implemented by the Director of National Drug Control Policy, in conjunction with the DHS Office of Counternarcotics Enforcement as well as the DOJ Office of the Deputy Attorney General.

⁵⁴ *Ibid.*, pp. 25-28.

⁵⁵ U.S. Embassy, “Fact Sheet: Combating Money Laundering,” press release, April 2011.

⁵⁶ Farah, *Money Laundering*.

⁵⁷ GAO, *Moving Illegal Proceeds: Challenges Exist in the Federal Government’s Effort to Stem Cross Border Smuggling*, GAO-11-73, October 2010.

⁵⁸ DHS, *United States - Mexico Bi-National Criminal Proceeds Study*, 2010, p. 4-2.

help inform policy makers and federal law enforcement personnel and assist in their decisions regarding where to direct future efforts against money laundering.

Firearms Trafficking

Under Project Gunrunner, DOJ and ATF have stepped up enforcement of domestic gun control laws in the four Southwest border states in an effort to reduce illegal gun trafficking from the United States to Mexico.⁵⁹ Between FY2005 and FY2010, ATF investigations in those border states have led to the seizure of over 8,700 guns and the indictment of 1,705 defendants, of whom 1,170 were convicted, in federal court.⁶⁰ In addition, ATF developed and deployed a Spanish language version of its eTrace program that enables Mexican authorities to submit firearm trace requests electronically to ATF officials in the United States. From FY2007 through FY2010, ATF processed 78,194 trace requests for Mexican authorities.⁶¹ Most of those requests involved firearms that were either manufactured in or imported into the United States for civilian markets.⁶²

DOJ and ATF's efforts have generated recent controversy, however. For one, DOJ and ATF have administratively proposed that gun dealers in Southwest border states be required to submit multiple sales reports on certain rifles, as a means of more readily identifying possible straw purchasers and gun traffickers.⁶³ Several Members of Congress strongly oppose this proposal. They maintain that if Congress authorized multiple handgun sales reporting in statute in 1986, then it is incumbent upon DOJ and ATF to request similar statutory authority from Congress for multiple rifles sales reporting.⁶⁴

Also, DOJ and ATF are alleged to have allowed firearms to be transferred to suspected straw purchasers under an Arizona-based investigation known as Operation Fast and Furious.⁶⁵ Then, either intentionally or unintentionally, ATF allowed those suspected criminals or their associates to smuggle firearms across the border, in an effort to build more complex investigations designed to uncover and dismantle larger gun trafficking conspiracies.⁶⁶ Some of those firearms have been

⁵⁹ For more information on Project Gunrunner, see CRS Report R41206, *The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF): Budget and Operations for FY2011*, by William J. Krouse. For more information on gun trafficking along the Southwest border, see CRS Report R40733, *Gun Trafficking and the Southwest Border*, by Vivian S. Chu and William J. Krouse.

⁶⁰ U.S. Department of Justice, Bureau of Alcohol, Tobacco, Firearms and Explosives, *ATF Congressional Budget Submission, Fiscal Year 2012*, February 2011, p. 5.

⁶¹ U.S. Embassy, *Mexico City, Fact Sheet: Combating Arms Trafficking*, April 2011.

⁶² It is highly probable that most of these firearms were illegally smuggled into Mexico, because the Mexican government only authorizes a relatively small number of firearms to be imported for civilian markets.

⁶³ A "straw purchase" occurs when a person, who is otherwise eligible to purchase a firearm, purchases a firearm from a federally licensed dealer for another person, who is either prohibited from possessing a firearm or does not want a paper trail linking him to the purchased firearm.

⁶⁴ On February 19, 2011, the House adopted an amendment to the Full-Year Continuing Appropriations Act, 2011 (H.R. 1) that would have prohibited ATF from implementing the proposed multiple rifle sales reporting requirement. While the House passed H.R. 1, the Senate rejected this bill on March 9, 2011, for budgetary considerations that went well beyond concerns about the policy rider. The Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10) does not include a similar rider.

⁶⁵ James v. Grimaldi and Sari Horwitz, "ATF Probe Strategy Is Questioned," *Washington Post*, February 2, 2011, p. A04.

⁶⁶ "Is Obama A Gunrunner?," *Investor's Business Daily*, May 9, 2011, p. A16.

implicated in the deaths of two U.S. federal agents, and perhaps hundreds more have been seized by Mexican authorities.⁶⁷ Of note, neither DOJ nor ATF are reported to have informed their Mexican counterparts about these investigations and the possibility that some of these firearms could have been reaching their country.⁶⁸

Human Smuggling

CBP and the Mexican government have partnered through the Operation Against Smuggling Initiative on Safety and Security (OASISS), a bi-lateral program aimed at enhancing both countries' abilities to prosecute alien smugglers and human traffickers along the Southwest border. Through OASISS, the Mexican government is able to prosecute alien smugglers apprehended in the United States. From the time of its inception in 2005 through the end of FY2009, OASISS generated 1,579 cases.⁶⁹ This program is supported by the Border Patrol International Liaison Unit, which is responsible for establishing and maintaining working relationships with foreign counterparts in order to enhance border security.

Trafficking in Persons (TIP)

Mexico is a significant source, transit, and destination country for people trafficked for forced labor or sexual exploitation. According to the Mexican government, some 20,000 children are trafficked within the country each year for sexual exploitation. Mexico is also a transit country for Central American TIP victims, among them, an increasing number of child victims. In the State Department's *Trafficking in Persons (TIP) report, June 2010*, Mexico was listed as a Tier 2 country that has taken steps to implement a federal anti-trafficking law passed in late 2007.⁷⁰ Mexico recently opened its first shelter specifically designated for trafficking victims, and recorded its first TIP convictions in early December 2009 in a case involving five individuals from Tlaxcala, Mexico, accused of trafficking for sexual exploitation.

Human Rights Issues

According to the State Department's human rights report covering 2010, the Mexican government generally respected human rights at the national level, but serious problems remained.⁷¹ These included unlawful killing by security forces; kidnappings; physical abuse; poor and overcrowded

⁶⁷ Ibid.

⁶⁸ Ken Ellingwood, "Mexico: U.S. Never Said Guns Came Across; Washington Didn't Reveal Tracked Arms Were Passing the Border, Agency Asserts," *Los Angeles Times*, March 12, 2011, p. 13.

⁶⁹ Data provided to CRS by DHS Congressional Affairs.

⁷⁰ Since 2001, the U.S. State Department has evaluated foreign governments' efforts to combat trafficking in persons in its annual Trafficking in Persons (TIP) reports, which are issued each June. Countries are grouped into four categories according to the U.S. assessment of efforts they are making to combat trafficking. Tier 1 is made up of countries deemed by the State Department to have a serious trafficking problem but fully complying with the minimum standards for the elimination of trafficking. Those standards are defined in the Victims of Trafficking and Violence Protection Act of 2000 (P.L. 106-386) as amended. Tier 2 is composed of governments not fully complying with those standards but which are seen as making significant efforts to comply. Tier 2 Watch List, first added as a category in the 2004 report, is made up of countries that are on the border between Tier 2 and Tier 3. Tier 3 includes those countries whose governments the State Department deems as not fully complying with TVPA's anti-TIP standards and not making significant efforts to do so. Tier 3 countries have been made subject to U.S. sanctions since 2003.

⁷¹ U.S. Department of State, *2010 Human Rights Report: Mexico*, April 2011.

prison conditions⁷²; arbitrary arrests and detention; corruption, inefficiency and lack of transparency that engendered impunity in the judicial system; confessions coerced through torture; and violence against journalists leading to self-censorship. In 2010, nine Mexican journalists died and four disappeared.⁷³ Societal problems highlighted in the report included domestic violence; trafficking in persons; social and economic discrimination against some members of the indigenous population; and child labor. The report mentions an increase in politically motivated killings likely committed by organized crime in 2010, including the deaths of 14 local mayors and a gubernatorial candidate. The report also cited an estimate from Mexico's National Human Rights Commission (CNDH) that some 20,000 migrants were killed while attempting to transit the country in 2010, including 72 migrants killed in a massacre in Tamaulipas in August 2010. The National Migration Institute has disputed CNDH's figures.

The State Department report maintained that neither the Mexican government nor its forces committed any politically motivated killings, but that there were reports that security forces killed several people during the year, including two university students and one U.S. citizen. The report asserted that the number of allegations of human rights violations committed by military and police forces engaged in counterdrug efforts brought before Mexico's CNDH increased as compared to 2009. The report cites multiple cases of forced disappearances allegedly committed by army and police forces, a problem which the United Nations has also recently identified as a serious human rights issue that Mexico needs to address through prevention, investigation, punishment and reparation for victims.⁷⁴ Corruption was reported to be a major problem, particularly at the state and local level, with police involved in kidnapping, extortion, or providing protection for organized crime and drug traffickers. Impunity was pervasive, according to the report, and was a reason that many victims were reluctant to file complaints.

Compliance with Human Rights Conditions in the Mérida Initiative

Human rights organizations generally lauded the inclusion of human rights conditions in Mérida Initiative appropriations legislation. More recently, however, there have been concerns that Mexico has not been fulfilling the conditions set forth in the legislation. In particular, Mexican and international human rights groups have criticized the Mexican government for failing to hold military and police officials accountable for past abuses.⁷⁵ On July 13, 2009, Human Rights Watch issued a statement asserting that "Mexican military courts ... have not convicted a single member of the military accused of committing a serious human rights violation."⁷⁶ The Mexican army has since created a unit to handle citizen complaints about human rights abuses and

⁷² According to the report, prisons were roughly 26% overcrowded at mid-year. By year's end, some 150 inmates had died and 407 had escaped from prison.

⁷³ Freedom House recently lowered Mexico's annual ranking on press freedom from "partly free" to "not free" as a result of the increased violence and intimidation being carried out against journalists in the country. Freedom House, *Freedom of the Press 2011 Survey*, May 1, 2011.

⁷⁴ U.N. Office of the High Commissioner for Human Rights, *United Nations Working Group on Enforced or Involuntary Disappearances Concludes Visit to Mexico*, March 31, 2011, available at <http://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=10907&LangID=E>.

⁷⁵ See, for example, Human Rights Watch, *Uniform Impunity, Mexico's Misuse of Military Justice to Prosecute Abuses in Counternarcotics and Public Security Operations*, April 2009, available at <http://www.hrw.org/en/news/2009/04/29/mexico-hold-military-account-rights-abuses>.

⁷⁶ Human Rights Watch, "Mexico: U.S. Should Withhold Military Aid: Rights Conditions in Merida Initiative Remain Unmet," July 13, 2009, available at <http://www.hrw.org/en/news/2009/07/13/mexico-us-should-withhold-military-aid>.

developed a website to track cases of human rights abuses that are being handled in military courts. As of December 2010, one officer and seven soldiers had been convicted of abuses.⁷⁷

On August 13, 2009, the State Department submitted a human rights progress report for Mexico to Congress, thereby meeting the statutory requirements for FY2008 supplemental and FY2009 regular funds that had been on hold to be released. While acknowledging that serious problems remain, the report outlined steps that the Mexican government has made to improve police transparency and accountability, consult with Mexican human rights organizations and civil society on the Mérida Initiative, investigate and prosecute allegations of human rights abuses by security forces, and prohibit the use of torture.⁷⁸ Human rights groups criticized the State Department report, and the release of Mérida funds that were on hold. They urged the State Department not to issue another favorable human rights progress report to Congress until measurable improvements have been made.⁷⁹

On September 2, 2010, the State Department submitted a second human rights progress report on Mexico to Congress.⁸⁰ According to that report, the Mexican government had demonstrated enough progress to enable \$36 million in FY2009 and FY2010 regular funds that had been on hold to be released. The report credited the Calderón government with initiating legislation to strengthen the authority of the CNDH, carrying out human rights training for military and police officials, and formalizing a bilateral dialogue on human rights issues with the United States.

While acknowledging the aforementioned progress, the State Department report stated that further progress had to be made in the areas of transparency and combating impunity in order for roughly \$26 million in FY2010 supplemental funds on hold to be released. The State Department urged the Mexican Congress to approve pending legislation that would, among other measures, strengthen the power of the CNDH and the Calderón government to submit legislation to reform the Military Justice Code so that military officials accused of human rights crimes against civilians would be tried in civilian courts. In October 2010, President Calderón submitted legislation to the Mexican Congress that would establish civilian jurisdiction in cases where soldiers are accused of forced disappearance, rape, and torture.⁸¹ That legislation is still pending. In March 2011, the Mexican Congress approved a series of reforms that elevate human rights conditions in international treaties signed by Mexico to the level of the Constitution and strengthen the power of the CNDH and state-level human rights commissions.⁸²

⁷⁷ Ignacio Alzaga. "Sedena se Abre al Escrutinio Público; Sube Quejas a Web." *Milenio*. July 28, 2010; U.S. Department of State, *2010 Human Rights Report: Mexico*, April 2011.

⁷⁸ U.S. Department of State, "Mexico- Merida Initiative Report," August 2009.

⁷⁹ Fundar et al., "Obama Administration's Alleged Release of Mérida Funds: A Violation of U.S. Law That Will Encourage Serious Human Rights Violations in Mexico," August 2009; Washington Office on Latin America (WOLA) et al., "Joint Letter to Secretary of State Hillary Clinton: Human Rights Concerns to Inform the U.S. Department of State's Merida Initiative Reporting on Mexico," May 27, 2010.

⁸⁰ U.S. Department of State, *Mexico-Mérida Initiative Report*, September 2, 2010.

⁸¹ Some human rights groups and Member of Congress have criticized President Calderón's proposal for exempting many crimes, including extrajudicial killings, from civilian jurisdiction. Washington Office on Latin America, "Members of U.S. Congress Urge Secretary Clinton to Raise Human Rights Concerns with Mexico," press release, March 3, 2011.

⁸² Maureen Meyer, "Al Día: Historic Human Rights Reforms Passed in the Mexican Senate; now State Congresses Should Follow Suit," March 16, 2011.

Accountability for Abuses Committed During the “Dirty War” Period

During his administration, President Fox pledged to investigate and prosecute those responsible for past human rights violations, including the “Dirty War” period from the 1960s to 1980s. The CNDH presented a report to President Fox in November 2001 that documented human rights abuses and disappearances of persons in the 1970s and early 1980s, and President Fox named legal scholar Ignacio Carrillo in January 2002 as a Special Prosecutor to investigate these and other cases. 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. Others remain critical since no one has been convicted of charges relating to these alleged crimes.⁸³ Only one of the three presidents from this period, Luis Echeverria (1970-1976), is still alive. President Echeverria faced genocide charges for his role in the repression of a 1968 student protest that left dozens dead when he was interior minister. Echeverria tried to evade prosecution by claiming the 30-year statute of limitations had expired. A judge rejected this argument and reinstated the arrest order in November 2006 after he determined that the statute of limitations did not go into effect until Echeverria left public office in December 1976. In July 2007, the Criminal Tribunal absolved Echeverria of any responsibility for the 1968 killings. This ruling was upheld by a Mexican federal court in March 2009, and was criticized by human rights organizations. Amnesty International maintains that the Mexican government is effectively condoning the abuses of the past by not effectively prosecuting past human rights cases.⁸⁴

Migration

Trends in Mexican Immigration to the United States⁸⁵

Mexico is the leading country of origin among U.S. legal permanent residents (LPRs) and among unauthorized immigrants in the United States, according to the Department of Homeland Security Office of Immigration Statistics (OIS). While the Immigration and Nationality Act (INA) sets a ceiling on immigration from any one country at 7%, most Mexican immigrants are exempt from the statutory numerical limits because they enter as immediate relatives of U.S. citizens. For example, 58% of Mexicans who became LPRs in FY2009 did so as immediate relatives of U.S. citizens. Mexicans made up 62% of the unauthorized aliens living in the United States in 2010 according to estimates based upon the American Community Survey (ACS) of the U.S. Census Bureau. OIS demographers estimated from the ACS that there were 6.7 million Mexican nationals among the estimated 10.8 million unauthorized resident population in 2010.⁸⁶

⁸³ U.N., March 2011, op. cit.

⁸⁴ Amnesty International, “Mexico: Hopes of Justice Vanish,” March 27, 2009.

⁸⁵ Marc R. Rosenblum and Ruth Wasem, Specialists in Immigration Policy, contributed to this section.

⁸⁶ Department of Homeland Security, Office of Immigration Statistics, *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2010*, by Michael Hoefler, Nancy Rytina, and Bryan C. Baker, 2011. For alternative analyses, see Jeffrey S. Passel and D’Vera Cohn, *Unauthorized Immigrant Population: National and State Trends, 2010*, Pew Hispanic Center, February 1, 2011.

According to a 2009 report by the Pew Hispanic Center, migration from Mexico to the United States has declined sharply since mid-decade, but there appeared to be no evidence of an increase in the number of Mexican-born migrants returning home during this period. This analysis drew on data from Mexico's National Survey of Employment and Occupation as well as the U.S. Current Population Survey. The authors concluded: "It remains to be seen whether either trend points to a fundamental change in U.S.-Mexico immigration patterns or is a short-term response to heightened border enforcement, the weakened U.S. economy, or other forces."⁸⁷

Mexico's Immigration Policies

The Mexican government has actively promoted migrants' rights internationally and the rights of Mexican migrants in the United States, but has been criticized by human rights organizations for failing to protect migrants from other countries who transit its territory. In February 2006, the Mexican Congress unanimously approved a concurrent resolution on migration and border security calling 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."⁸⁸ In the resolution, Mexico also accepts the need to revisit its migration policies to consider enforcement along its northern and southern borders, enforcement of Mexican immigration laws that respect the human rights of migrants, and the need to combat human trafficking. The Mexican government further acknowledges that Mexican workers will continue to emigrate until there are more opportunities in Mexico. The February 2006 resolution remains the most detailed explanation to date of the major principles behind Mexico's policy on immigration. President Calderón expressed similar sentiments on immigration during his address to a joint session of Congress in May 2010.

Mexican officials regularly voice 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 to circumvent tighter border controls. Between 3,861 and 5,607 immigrants are estimated to have died while crossing the border between 1994 and 2009, up from an average of about 10 per year during the 1980s.⁸⁹ The Mexican government has been particularly concerned since two Mexican youth were killed by U.S. border patrol agents within a 10-day span, including one youth shot on June 7, 2010, at the El Paso-Ciudad Juárez border crossing.⁹⁰ Despite these concerns, Mexico benefits from unauthorized migration to the United States in at least two ways: (1) it is a "safety valve" that dissipates the political discontent that

⁸⁷ Jeffrey S. Passel and D'Vera Cohn, *Mexican Immigrants: How Many Come? How Many Leave?*, Pew Hispanic Center, July 22, 2009. Similar findings were included in Passel and Cohn, *U.S. Unauthorized Immigration Flows are Down Sharply Since Mid-Decade*, Pew Hispanic Center, September 1, 2010 and in Passel and Cohn, *Unauthorized Immigrant Population: National and State Trends, 2010*.

⁸⁸ The resolution did not specify how many visas would be appropriate, but says that they should include "the biggest possible number of workers and their families." An English translation of the resolution is available at <http://hirc.house.gov/archives/109/Mexico%20Migration%20Phenomenon.pdf>.

⁸⁹ Maria Jimenez, *Humanitarian Crisis: Migrant Deaths at the U.S.-Mexico Border*, ACLU of San Diego and Mexico's National Commission of Human Rights, http://www.aclusandiego.org/article_downloads/000889/Humanitarian%20Crisis%20Report%20-%20web%20version.pdf.

⁹⁰ Investigations into both incidents are still ongoing. However, U.S. border patrol officials maintain that the agent in El Paso was defending himself against rock throwers who had illegally crossed into the U.S. side of the border. Tracy Wilkinson and Richard A. Serrano, "Mexico Protests Slaying at Border; The Second Such Incident in Two Weeks Occurred When an Agent Opened Fire in Self-Defense, U.S. Says," *Los Angeles Times*, June 10, 2010.

could arise from higher unemployment in Mexico, and (2) it is a source of remittances sent by workers in the United States to families in Mexico.

In addition to serving as a country of origin for immigrants to the United States, Mexico is also a transit and destination country for migrants, the vast majority of whom originate in Central America. Reliable estimates on the number of migrants transiting Mexico on an annual basis are not available, but Mexico's National Migration Service has estimated that some 171,000 migrants transited the country in 2008 (the latest year available), down from roughly 450,000 in 2005.⁹¹ In 2010, the Mexican government detained approximately 69,903 migrants, of whom some 65,505 were voluntarily repatriated or deported.⁹² In 2010, federal government "Beta Groups" rescued 4,163 migrants in distress, some of whom were U.S.-bound Mexicans, and others of whom were migrants from other countries.⁹³

Mexico's immigration policy is generally reflected in the General Population Act and its Regulations, which have been reformed several times in the last five years.⁹⁴

- A 2007 law made human trafficking a criminal offense.
- A 2008 reform to the General Population Act made violations of the immigration statute—such as entering the country illegally or overstaying one's visa—no longer criminal offenses punishable by imprisonment, but administrative offenses punishable by fines and voluntary repatriation or deportation.
- A 2009 reform brought the General Population Act more into line with international human rights conventions. The Mexican government also has improved conditions in some migration detention centers and reduced the time migrants spend in those centers prior to being repatriated or deported.⁹⁵
- A 2010 law stiffened penalties for alien smuggling and another stiffened penalties for kidnapping.
- A 2011 reform to the General Population Act further aligns Mexican law with the International Convention on the Rights of Migrant Workers, generally establishes the principle that all immigrants enjoy the same legal protections in Mexico regardless of their migration status, and centralizes authority for migration enforcement within the interior ministry.

Despite these measures, Mexican and international NGOs have continued to document abuses against migrants in Mexico, which often have included intimidation, physical attacks, sexual violence, and kidnapping. As previously stated, Mexico's CNDH found that between September 2008 and February 2009, close to 10,000 unauthorized migrants were kidnapped while attempting

⁹¹ Secretaría de Gobernación (SEGOB), *Informe del Estado Mexicano Sobre Secuestro, Extorsión, y Otros Delitos Cometidos Contra Personas Migrantes en Tránsito por Territorio Mexicano*, July 16, 2010.

⁹² Secretaría de Gobernación (SEGOB), *Boletín Mensual de Estadísticas Migratorias 2010*, available at <http://www.inm.gob.mx/estadisticas/2010/BoletinEst2010.pdf>.

⁹³ *Ibid.*

⁹⁴ Ley General de Población, as amended, D.O., Jan. 7, 1974, latest amendments published in D.O., May 25, 2011, available at http://dof.gob.mx/nota_detalle.php?codigo=5190774&fecha=25/05/2011.

⁹⁵ Amnesty International, *Invisible Victims: Migrants on the Move in Mexico*, April 2010, available at <http://www.amnesty.org/en/library/asset/AMR41/014/2010/en/8459f0ac-03ce-4302-8bd2-3305bdae9cde/amr410142010eng.pdf>.

to transit Mexico and cross the U.S.-Mexico border.⁹⁶ An increasing percentage of abuses, the most violent case of which resulted in the mass murder of 72 U.S.-bound migrants in Tamaulipas, have been perpetrated by criminal gangs and drug traffickers, sometimes with assistance from public officials.⁹⁷ Amnesty International and other human rights organizations have urged the Mexican government to develop an action plan to prevent, punish, and remedy abuses of migrants in Mexico. On August 31, 2010, the Mexican government presented a new strategy to prevent and combat the kidnapping of migrants. The strategy aims to (1) target the criminal groups that carry out such crimes; (2) harness the efforts of all branches of government to treat victims and punish perpetrators; (3) work with countries of origin and destination to find solutions; and, (4) support the efforts of civil society and human rights commissions to protect migrants.

Efforts to Enact Comprehensive Immigration Reform in the United States

Comprehensive immigration reform was debated in the 109th and 110th Congresses, but no comprehensive legislation was enacted.⁹⁸ The Speaker of the House and the Senate majority leader pledged to take up immigration reform legislation in the 111th Congress. In the past, comprehensive bills addressed border security, enforcement of immigration laws within the United States (interior enforcement), employment eligibility verification, temporary worker programs, permanent admissions and, most controversially, unauthorized aliens in the United States.

President Obama reiterated his support for comprehensive immigration reform effort during a joint press appearance with President Calderón on May 19, 2010, but also said that he lacked the votes in Congress to move a reform bill forward.⁹⁹ Some analysts have interpreted President Obama's decision to send 1,200 National Guard troops to the border and to request supplemental funds for border security as designed to gain support for an immigration reform measure from Members of Congress whose top priority is border security.¹⁰⁰ Although the 111th Congress did not take up a comprehensive reform bill, it did consider a narrower DREAM Act bill to legalize the status of certain unauthorized alien students. On December 8, 2010, the House approved a version of the DREAM Act as an amendment to an unrelated bill, the Removal Clarification Act of 2010 (H.R. 5281) on a vote of 216 to 198. Ten days later, a cloture motion in the Senate to agree to the House DREAM Act amendment failed on a 55-41 vote.¹⁰¹

Reactions to Arizona's S.B. 1070¹⁰²

On April 23, 2010, Arizona enacted S.B. 1070, which is designed to discourage and deter the entry to or presence of aliens in Arizona who lack lawful status under federal immigration law.

⁹⁶ CNDH, June 2009, op. cit.

⁹⁷ Amnesty International, op. cit.

⁹⁸ See CRS Report RL33125, *Immigration Legislation and Issues in the 109th Congress*, coordinated by Andorra Bruno, and CRS Report RL34204, *Immigration Legislation and Issues in the 110th Congress*, coordinated by Andorra Bruno.

⁹⁹ Michael Muskal, "Obama Calls for Help with Immigration Reform," *Los Angeles Times*, May 20, 2010.

¹⁰⁰ Jennifer Benderyand John Stanton, "Obama Sends Mixed Messages on Immigration," *Roll Call*, June 1, 2010.

¹⁰¹ CRS Report RL33863, *Unauthorized Alien Students: Issues and "DREAM Act" Legislation*, by Andorra Bruno.

¹⁰² For background, see CRS Report R41221, *State Efforts to Deter Unauthorized Aliens: Legal Analysis of Arizona's S.B. 1070*, by Kate M. Manuel, Michael John Garcia, and Larry M. Eig.

Potentially sweeping in effect, the measure requires state and local law enforcement officials to facilitate the detection of unauthorized immigrants in their daily enforcement activities. The measure also establishes criminal penalties under state law, in addition to those already imposed under federal law, for alien smuggling offenses and failure to carry or complete alien registration documents. Further, it makes it a crime under Arizona law for an unauthorized alien to apply for or perform work in the state, either as an employee or an independent contractor.

The enactment of S.B. 1070 has sparked significant legal and policy debate. Supporters argue that federal enforcement of immigration law has not adequately deterred the migration of unauthorized aliens into Arizona, and that state action is both necessary and appropriate to combat the negative effects of unauthorized immigration.¹⁰³ Opponents argue, among other things, that S.B. 1070 will be expensive and disruptive, will be susceptible to uneven application, and may undermine community policing by discouraging cooperation with state and local law enforcement. While acknowledging the increasing frustration that some states and localities feel as a result of the federal government's failure to tackle immigration reform, President Obama has criticized S.B. 1070, stating that the law threatened "to undermine basic notions of fairness that we cherish as Americans, as well as the trust between police and our communities that is so crucial to keeping us safe."¹⁰⁴ In part to respond to these concerns, the Arizona State Legislature modified S.B. 1070 on April 30, 2010, through the approval of H.B. 2162. Nonetheless, in July, the Department of Justice sued the State of Arizona in the U.S. District Court for the District of Arizona to block S.B. 1070.

In the immediate aftermath of S.B. 1070's enactment, Mexican President Felipe Calderón also expressed his disapproval of the measure and stated that it "opens the door to intolerance and hatred."¹⁰⁵ On April 27, 2010, the government of Mexico issued travel warnings to Mexicans planning to travel to Arizona and stated that Arizona's recent immigration changes show "an adverse political atmosphere for migrant communities and for all Mexican visitors."¹⁰⁶ On May 20, 2010, President Calderón again criticized S.B.1070 during his address to a joint session of Congress by stating that it creates a dangerous precedent of "using racial profiling as a basis for law enforcement." And in July 2010, citing its right under international law and existing US-Mexican treaties to protect the interests of its citizens abroad, Mexico filed a friend of the court brief in another federal lawsuit to block the Arizona law. The brief argues that

SB 1070 institutes an independent state system of immigration enforcement that not only derails bilateral economic, social and security efforts, but imperils the U.S. federal government's effort at a comprehensive solution for immigration policy.... Mexico cannot effectively cooperate or engage in meaningful bilateral relations with the U.S. when states are permitted to interfere with the sovereigns' bilateral efforts.

On July 29, 2010, a federal judge blocked large parts of S.B. 1070, Arizona's controversial new state law against illegal immigration, from taking effect pending the results of a U.S. Department of Justice lawsuit challenging its constitutionality. The state of Arizona filed a countersuit, citing the federal government's failure to enforce immigration laws, but in April 2011 the Ninth Circuit

¹⁰³ Kris W. Kobach, "Why Arizona Drew a Line," *The New York Times*, April 28, 2010, online edition.

¹⁰⁴ Randal C. Archibold, "Arizona Enacts Stringent Law on Immigration," *The New York Times*, April 23, 2010, online edition.

¹⁰⁵ Sara Miller Llana, "Mexico Issues Sharp Rebuttal to Arizona Immigration Law," *The Christian Science Monitor*, April 26, 2010.

¹⁰⁶ Martha Mendoza, "Mexico Issues Travel Alert over New Arizona Law," *The Washington Post*, April 27, 2010.

Court of Appeals upheld the lower court's injunction, likely meaning that the legality of S.B.1070 will be determined by the U.S. Supreme Court in 2012.

Environmental Cooperation

The U.S.-Mexico border region has been the focal point of bilateral conservation and environmental efforts, and some argue that it is an appropriate place to intensify U.S.-Mexican environmental cooperation.¹⁰⁷ The 2,000-mile border region includes large deserts, numerous mountain ranges, rivers, wetlands, large estuaries, and shared aquifers. According to the Environmental Protection Agency, border residents “suffer disproportionately from many environmental health problems, including water-borne diseases and respiratory problems.”¹⁰⁸ The United States and Mexico have been working to address many of these issues through bilateral programs like Border 2012, which relies on local level input, decision-making, and project implementation to address environmental challenges, such as water scarcity.

The United States and Mexico have also been collaborating on geothermal energy projects since the 1970s, but the possibility of expanding joint efforts to produce renewable energy sources has just recently returned to the bilateral agenda. On April 16, 2009, President Obama and Mexican President Calderón announced the Bilateral Framework on Clean Energy and Climate Change to jointly develop clean energy sources and encourage investment in climate-friendly technologies. Among others, its goals include enhancing renewable energy, further exploring the potential of carbon markets, and strengthening the reliability of cross-border electricity grids. On January 26, 2010, the U.S. Department of State hosted the framework's first bilateral meeting, which was attended by officials from an array of agency officials from both countries. Some maintain that efforts to advance progress under the bilateral framework may hasten now that Mexico has demonstrated a commitment to environmental issues by serving as host of the Sixteenth U.N. Climate Change Conference in Cancún in late 2010.

USAID is using \$6 million in FY2010 funds to connect Mexican suppliers of renewable energy equipment to markets, contribute to the development of a Mexican national strategy for reduced emissions from deforestation, and promote energy efficiency adoption by states and municipalities that borrow money on Mexican capital markets. Mexico and the United States also continue to work together, along with Canada, to complete a North American Carbon Storage Atlas by April 2012.

Trade Issues¹⁰⁹

The United States and Mexico have strong economic ties through the North American Free Trade Agreement (NAFTA), which has been in effect since 1994. Prior to NAFTA, Mexico had followed a strong protectionist policy for decades until it began to unilaterally liberalize its trade regime in the late 1980s. Since the implementation of NAFTA, U.S.-Mexico trade has tripled and the stock of U.S. foreign direct investment in Mexico has risen from \$17 billion in 1994 to close

¹⁰⁷ Duncan Wood, “Environment, Development and Growth: US-Mexico Cooperation in Renewable Energies,” Working Paper, May 2010.

¹⁰⁸ <http://www.epa.gov/usmexicoborder/framework/index.html>.

¹⁰⁹ For more information, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

to \$100 billion today. Mexico ranks third as a source of U.S. imports, after China and Canada, and second, after Canada, as an export market for U.S. goods and services. Through NAFTA, the United States, Mexico, and Canada form the world's largest free trade area, with about one-third the world's total GDP. Most studies show that the net economic effects of NAFTA on both the U.S. and Mexican economies have been small but positive, though there have been adjustment costs to some sectors within both countries.

Since NAFTA, the Mexican economy has increasingly become a manufacturing-for-export nation that is dependent on the U.S. economy. Exports represent 32% of Mexico's GDP, up from 10% twenty years ago, and about 80% of Mexico's exports are destined for the United States. In 2010, the top three Mexican exports to the United States were: machinery/electrical goods (40%), cars/auto parts (17%), and oil (15%). Mexico remains the second-largest U.S. oil supplier. When the U.S. economy is expanding, the Mexican economy benefits. However, when the U.S. economy stagnates or is in decline, the Mexican economy tends to be hit hard. In 2009, for example, GDP growth in the United States fell by 2.5% and Mexico's GDP declined by 6.5%. The Mexican economy rebounded in 2010, with better-than-expected GDP growth of 5.5%.

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, TX. In addition, the bilateral Border Environment Cooperation Commission (BECC), located in Ciudad Juárez, Mexico; and the North American Development Bank (NADBank), headquartered in San Antonio, TX, were created to promote and finance 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. 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.

Trade Disputes

Outstanding trade disputes between the countries include access for Mexican trucks to operate in the United States and access for Mexican tuna to the U.S. market. A long-standing dispute involving sugar and high fructose corn syrup was resolved in 2006.¹¹⁰

Trucking¹¹¹

Since 1995, the implementation of NAFTA trucking provisions has been in dispute. In March 2009, Congress included a provision in P.L. 111-8, the FY2009 Omnibus Appropriations Act, to terminate a pilot program that had allowed Mexican-registered trucks to operate beyond the 25-

¹¹⁰ For more information on recent trade disputes, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

¹¹¹ *Ibid*; For background, see CRS Report RL31738, *North American Free Trade Agreement (NAFTA) Implementation: The Future of Commercial Trucking Across the Mexican Border*, by John Frittelli.

mile border commercial zone inside the United States. This move prompted retaliation from Mexico, which argued that the U.S. action was protectionist. Mexico imposed tariffs on over 90 U.S. agricultural and industrial products. The goods accounted for a value of \$2.4 billion in U.S. exports to Mexico in 2007, and most now face Mexican import duties of between 10%-20% of their value, although in the case of fresh grapes, a 45% duty was imposed.¹¹² The FY2010 Consolidated Appropriations Act (P.L. 111-117) and FY2011 Full-Year Continuing Appropriations Act (P.L. 112-10) do not include language that was in P.L. 111-8 prohibiting the Department of Transportation from funding a pilot project for Mexican-registered trucks to operate in the United States.

Obama Administration officials have repeatedly expressed confidence that a resolution to the current trucking dispute can be found that will satisfy congressional concerns about the safety of Mexican trucks, but still fulfill U.S. market access obligations under NAFTA. In January 2011, the Obama Administration released a concept document for a proposed program to implement the trucking provisions. The proposed plan has been endorsed by the Mexican government and was published in the Federal Register on April 8, 2011.¹¹³ The Mexican government has agreed to phase out the retaliatory tariffs it has imposed once the plan has been finalized and to end all retaliatory tariffs once the first Mexican carrier is certified to operate in the United States.¹¹⁴ Some Members of Congress continue to oppose the implementation of the trucking provisions because they remain concerned about the safety of Mexican trucks operating in the United States. Others support a resolution to the issue and contend that Mexico's retaliatory tariffs are having strong negative effects on local U.S. industries and jobs.

Tuna

On tuna issues, the Clinton Administration lifted the embargo on Mexican tuna in April 2000 under relaxed standards for a dolphin-safe label in accordance with internationally agreed procedures and U.S. legislation passed in 1997 that encouraged the unharmed release of dolphins from nets. However, a federal judge in San Francisco ruled that the standards of the law had not been met, and the Federal Appeals Court in San Francisco sustained the ruling in July 2001.

Under the Bush Administration, the Commerce Department ruled on December 31, 2002, that the dolphin-safe label may be applied if qualified observers certify that no dolphins were killed or seriously injured in the netting process, but Earth Island Institute and other environmental groups filed suit to block the modification. On April 10, 2003, the U.S. District Court for the Northern District of California enjoined the Commerce Department from modifying the standards for the dolphin-safe label. On August 9, 2004, the federal district court ruled against the Bush Administration's modification of the dolphin-safe standards, and reinstated the original standards in the 1990 Dolphin Protection Consumer Information Act. That decision was appealed to the U.S. Ninth Circuit Court of Appeals, which ruled against the Administration in April 2007, finding that the Department of Commerce did not base its determination on scientific studies of the effects of Mexican tuna fishing on dolphins.

¹¹² Christopher Conkey, Jose de Cordoba, and Jim Carlton, "Mexico Issues Tariff List in U.S. Trucking Dispute," *Wall Street Journal*, March 19, 2009.

¹¹³ Department of Transportation, Federal Motor Carrier Safety Administration, "Pilot Program on NAFTA Long-Haul Trucking Provisions," FMCSA-2011-097, April 8, 2011.

¹¹⁴ Julie Pace, "Obama, Calderón Reach Trucking Deal," *AP*, March 3, 2011.

In late October 2008, Mexico initiated World Trade Organization (WTO) dispute proceedings against the United States, maintaining that U.S. requirements for Mexican tuna exporters prevents them from using the U.S. “dolphin-safe” label for its products. In April 2009, the WTO agreed to set up a dispute panel to rule on Mexico’s complaint. In June 2010, the WTO panel charged with resolving the dispute put off issuing a final decision in the case until February 2011, a deadline which has been extended until July of this year. Press reports indicate that the panel is likely to agree with some, but not all, of Mexico’s arguments, which could limit the overall impact of the ruling. Separately, in September 2010, the U.S. government requested that a dispute resolution panel be convened under the auspices of the NAFTA agreement rather than through the WTO. The NAFTA panel proceedings have made little progress since that time.¹¹⁵

North American Cooperation on Security and Economic Issues

In addition to the increased U.S.-Mexican bilateral cooperation that has occurred during the past two decades, trilateral cooperation between the United States, Mexico, and Canada has also increased, particularly since NAFTA took effect. During the second George W. Bush Administration, annual meetings between the North American leaders and their ministers took place within the framework of the Security and Prosperity Partnership (SPP) of North America, established in March of 2005.¹¹⁶ Through the SPP, which consisted of expanded cooperation and harmonization of policies, the three governments sought to advance the common security and prosperity of their countries. To make this partnership operational, the leaders established ministerial-led working groups to develop measurable and achievable goals in priority areas: competitiveness, smart and secure borders, energy security and environmental protection, food and product safety, and emergency response. Beginning in June 2005, the SPP working groups provided annual reports to the three North American leaders on their work and key accomplishments, with the last SPP report submitted prior to the April 2008 North American Leaders’ Summit.

North American cooperation has continued to occur, albeit somewhat less intensely, under the Obama Administration, but that cooperation is no longer referred to as occurring under the SPP initiative. As previously discussed, the most recent North American Leaders’ Summit took place in Guadalajara, Mexico, on August 9-10, 2009. In addition to important discussions that occurred with respect to combating drug trafficking and preparing for the fall flu season, the leaders produced, among other things, a list of energy deliverables aimed at reducing carbon emissions in North America.¹¹⁷ The North American leaders did not meet in 2010, as had been planned, prompting some observers to argue that North American integration efforts have waned even as U.S.-Mexican and U.S.-Canadian bilateral efforts have intensified.¹¹⁸ According to the State Department, another North American Leaders Summit is likely to take place in late 2011.

¹¹⁵ “Mexico Prevails in Tuna-Dolphin Fight, But Extent of Victory is Limited,” *Inside U.S. Trade*, May 20, 2011.

¹¹⁶ For more information, see CRS Report RS22701, *Security and Prosperity Partnership of North America: An Overview and Selected Issues*, by M. Angeles Villarreal and Jennifer E. Lake.

¹¹⁷ The White House, Office of the Press Secretary, “North American Leaders’ Declaration on Climate Change and Clean Energy,” August 10, 2009.

¹¹⁸ Andrés Oppenheimer, “The Slow Decline of North America,” *Miami Herald*, March 5, 2011.

Legislation in the 112th Congress

Approved Measures

P.L. 112-10 (H.R. 1473), Department of Defense and Full-Year Continuing Appropriations Act, FY2011. Signed into law April 15, 2011, the measure funds government programs, including foreign assistance to Mexico, at reduced levels for the remainder of FY2011.

Considered Measures¹¹⁹

H.R. 1 (Rogers), Full Year Continuing Appropriations Act, FY2011. Introduced February 11, 2011; House approved February 19, 2011. Senate rejected March 9, 2011. The bill would have reduced funding for foreign assistance, including assistance to Mexico, from FY2010 levels. An amendment to this bill would have prohibited ATF from implementing the proposed multiple rifle sales reporting requirement that was previously described in this report.

H.R. 1540 (McKeon), National Defense Authorization Act for FY2012. Introduced April 14, 2011; House Committee on Armed Services held markup and ordered the bill reported (H.Rept. 112-78). House approved May 26, 2011. The measure contains a provision that allows for the Department of Defense to continue providing support for counter-drug activities in Mexico.

H.R. 2017 (Aderholt), Department of Homeland Security Appropriations Act, FY2012. Introduced May 26, 2011; House Committee on Appropriations ordered the bill reported (H.Rept. 112-91). House approved June 2, 2011. The bill reduces discretionary funding for DHS to \$40.6 billion, some 6.9% below the Administration's request. The bill fully funds the Administration's request for border security fencing and infrastructure, but reduces funding for border surveillance technology and technology pilot programs by \$25 million from the Administration's request. The bill increases funding for CBP by \$44 million above the Administration's request (\$557 million above the FY2011 budget) with increases mainly going to fund additional Border Patrol and CBP port of entry officers and additional cargo and targeting and screening programs. And the bill increases funding for ICE by \$26 million over the president's request (\$84 million over the FY2011 budget), with increases mainly going to Secure Communities (a fingerprint screening program implemented in jails) and increased detention space.

Legislation in the 111th Congress

Approved Measures¹²⁰

P.L. 111-5 (H.R. 1), American Recovery and Reinvestment Act of 2009. Signed into law February 17, 2009, the measure provides \$220 million for construction for the water quantity

¹¹⁹ "Considered" measures includes bills that were reported out of committee and/or voted on.

¹²⁰ For detailed information about immigration and border security legislation that was enacted or considered during the 111th Congress, see CRS Report R40848, *Immigration Legislation and Issues in the 111th Congress*, coordinated by Andorra Bruno.

program of the International Boundary and Water Commission, United States and Mexico. The measure also provides \$40 million in Department of Justice state and local law enforcement assistance for competitive grants to provide assistance and equipment along the southern border and in high-intensity drug trafficking areas to combat criminal narcotics activity, of which \$10 million is to be transferred to ATF for Project Gunrunner.

P.L. 111-8 (H.R. 1105), Omnibus Appropriations Act, 2009. Signed into law March 11, 2009. In Division H, the measure appropriates \$300 million for Mexico as a second installment under the Mérida Initiative. Human rights conditions similar to those included in the FY2008 Supplemental Appropriations Act (P.L. 110-252) apply to 15% of the total funds provided, not including assistance for judicial reform, institution building, anti-corruption, and rule of law activities. In Division I, Section 136, the measure prohibits funds in the act from being used for a pilot program granting certain Mexican trucks access to U.S. highways beyond the commercial zone. In the joint explanatory statement for Division B, not less than \$5 million is provided for Project Gunrunner and other firearms trafficking efforts targeting Mexico and the border region.

P.L. 111-32 (H.R. 2346), Supplemental Appropriations Act, 2009. Signed into law June 24, 2009, the measure appropriates \$420 million in Mérida Initiative funding for Mexico: \$160 million in INCLE assistance and \$260 million in FMF assistance. Of the \$420 million in FY2009 supplemental assistance to Mexico, 15% of the \$160 million in INCLE assistance is subject to the same human rights conditions set forth in P.L. 111-8, section 7045(e) of Division H. However, the FMF funds appropriated are not subject to human rights conditions. According to the conference report (H.Rept. 111-151), the supplemental measure requires a report from the Secretary of State within 45 days of enactment of the measure detailing actions by the government of Mexico since June 30, 2008, to investigate and prosecute human rights violations by members of the Mexican federal police and military forces. The report also calls for a “thorough, independent, and credible investigation” of the murder of Bradley Will, an American journalist killed while covering a protest in Oaxaca in 2006.

P.L. 111-84 (H.R. 2647), National Defense Authorization Act for FY2010. Signed into law October 28, 2009, the measure contains a provision that allows for the Department of Defense to continue providing support for counter-drug activities in Mexico.

P.L. 111-117 (H.R. 3288), Consolidated Appropriations Act, FY2010, Signed into law December 16, 2009. In Division F, the measure appropriates up to \$210.3 million in Mérida Initiative funding for Mexico: \$190 million in INCLE assistance, \$15 million in ESF, and \$5.25 million in FMF assistance. Human rights conditions apply to 15% of the total funds provided, not including assistance for judicial reform, institution building, anti-corruption, and rule of law activities. In the Joint Explanatory Statement to P.L. 111-117, the conferees direct the Secretary of State to submit a report to within 90 days of the enactment of the act addressing how prior Mérida funds have been used, progress to date, any planned adjustments in the uses of funds, and post-Merida plans. Apart from the Mérida Initiative, the measure includes \$10 million in DA assistance for Mexico. The measure does not include language prohibiting funds appropriated in the act from being used for a pilot program granting certain Mexican trucks access to U.S. highways beyond the commercial zone.

P.L. 111-118 (H.R. 3326), Defense Appropriations Act, FY2010, Signed into law December 19, 2009, the measure appropriates \$50 million in funding for counternarcotics communication equipment for Mexico.

P.L. 111-212 (H.R. 4899), Supplemental Appropriations Act, 2010. Signed into law July 29, 2010, the measure includes \$175 million in assistance for “judicial reform, institution building, anti-corruption, and rule of law activities” in Mexico (under the State Department’s INCLE account) and \$5 million in funds for emergency diplomatic security support in Mexico (under the State DC&P account). The INCLE assistance provided is subject to the same human rights conditions as in P.L. 111-8. Funds will also not be made available until the State Department submits a multiyear, interagency strategy on how to address the causes of drug trafficking-related violence and crime in Latin America and the Caribbean to the Appropriations Committees.

P.L. 111-230 (H.R. 6080). Signed into law August 12, 2010, the measure provides \$600 million in supplemental funds for law enforcement efforts along the U.S.-Mexico border. That total includes \$394 million for DHS: \$244 million to hire new CBP officers and Border Patrol agents, \$84 million to hire new ICE agents, \$32 million for two unmanned aerial detection systems, \$6 million for bases for Border Patrol agents, \$14 million for communications equipment, and \$8 million to train new law enforcement personnel. The supplemental funds also include \$196 million to support DOJ efforts on the Southwest border. Those funds will enable the creation of seven new ATF Gunrunner units and five FBI Hybrid Task Forces, as well as support additional DEA agents, federal attorneys, prosecutors, and immigration judges. The supplemental funds will also enable the U.S. government to provide increased technical assistance and training for Mexican law enforcement.

P.L. 111-242 as amended (H.R. 3081), Continuing Appropriations Act, 2011. Signed into law September 30, 2010, the measure, as amended, continues funding most programs, including assistance to Mexico, at the FY2010-enacted level through March 4, 2011.

P.L. 111-376 (H.R. 6472), Anti-Border Corruption Act of 2010. Signed into law January 4, 2011, the measure requires DHS to ensure that within two years of the enactment of the act, all applicants for CBP positions receive polygraph examinations, and that within 180 days of the enactment of the act, CBP begins periodic background reinvestigations of all of its law enforcement personnel.

Additional Considered Measures¹²¹

H.R. 2410 (Berman), Foreign Relations Authorization Act, FY2010 and FY2011. Introduced May 14, 2009; House Committee on Foreign Affairs held markup and ordered the bill reported (H.Rept. 111-136). House approved June 22, 2009. Title IX, Subtitle A of the bill, as introduced, sought to enhance the Mérida Initiative, by, among other measures, designating a high-level coordinator within the Department of State to implement the program; adding Caribbean Community (CARICOM) countries to the Mérida Initiative; establishing and implementing a program to assess the effectiveness of assistance provided under the Mérida Initiative; and creating a reporting requirement regarding the programs and activities carried out under the Mérida Initiative. Title IX, Subtitle B of the bill would have required the President to establish an inter-agency task force on the prevention of illicit small arms trafficking in the Western Hemisphere; increase penalties for illicit trafficking in small arms and light weapons; and express congressional support for the ratification by the United States of the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and

¹²¹ “Considered” measures includes bills that were reported out of committee and/or voted on.

Other Related Materials (CIFTA). **H.Amdt. 201 (Peters) to H.R. 2410**, introduced and agreed to on June 10, 2009, would have required the Secretary of State to report to Congress on the flow of people, goods, and services across the borders shared by the United States, Canada, Mexico, Bermuda, and the Caribbean nations.

H.R. 5281 (Johnson), Removal Clarification Act of 2010. Introduced May 5, 2010. House approved December 8, 2010. This measure contained language commonly referred to as “DREAM Act” language that would have enabled certain unauthorized alien students to legalize their status.¹²²

S. 3676 (Leahy), FY2011 Department of State, Foreign Operations, and Related Programs Appropriations Act. Introduced July 29, 2010; Senate Appropriations Committee ordered the bill reported (H.Rept. 111-237). The bill would have provided approximately \$120 million in assistance for Mexico: \$85 million in INCLE, \$25 million in DA, and \$10 million in ESF.

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¹²² CRS Report RL33863, *Unauthorized Alien Students: Issues and “DREAM Act” Legislation*, by Andorra Bruno.