



Mexico-U.S. Relations: Issues for Congress

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Summary

The United States and Mexico have a close and complex bilateral relationship, with extensive economic linkages as neighbors and partners under the North American Free Trade Agreement (NAFTA). Bilateral relations are close, and characterized by extensive commercial and cultural ties and cooperation on a range of bilateral and international issues. Since the two economies are closely linked, the U.S. recession has had a significant negative effect on Mexico, where economic growth may contract by 7% this year. A current bilateral dispute involves the implementation of NAFTA trucking provisions. In March 2009, Congress terminated a pilot-project for Mexican-registered trucks to operate beyond the border commercial zone, and Mexico responded by imposing import tariffs on more than 90 U.S. agricultural and industrial products.

Drug trafficking issues are prominent in relations since Mexico is the leading transit country for cocaine, a leading supplier of methamphetamine and heroin, and the leading foreign supplier of marijuana to the U.S. market. Shortly after taking office in December 2006, President Felipe Calderón sent thousands of soldiers and federal police to drug trafficking “hot-spots,” and is contending with a significant escalation of drug violence, particularly in several border states. U.S.-Mexican cooperation on drug trafficking has intensified in recent years. In October 2007, both countries announced the Mérida Initiative to combat drug trafficking and organized crime. To date, Congress has appropriated a total of \$1.1 billion for Mexico under the Mérida Initiative in P.L. 110-252, P.L. 111-8, and P.L. 111-32. For FY2010, the Obama Administration requested \$450 million for Mexico under Mérida. The House-passed version of the FY2010 State-Foreign Operations Appropriations measure, H.R. 3081, would provide \$235.8 million in Mérida-related aid accounts to Mexico, while the Senate version of the bill, S. 1434, would provide \$115 million.

President Barack Obama and several members of his Administration have visited Mexico this year. President Obama met with President Calderón in Mexico on April 16-17, 2009, to discuss counterdrug cooperation, immigration reform, and clean energy and climate change. His visit had been preceded by visits in March by Secretary of State Hillary Clinton, who discussed a range of bilateral issues, including the Mérida Initiative, and Secretary of Homeland Security Janet Napolitano and Attorney General Eric Holder, who emphasized new anti-crime efforts.

On August 9-10, 2009, President Obama traveled to Mexico for a second time to participate in the North American Leaders Summit with President Calderón and Canadian Prime Minister Stephen Harper. The leaders discussed developing coordinated responses to the global economic crisis, climate change, and security issues. They pointed to North America’s successful response to the spring H1N1 “swine flu” outbreak as a model for future collaboration.

The 111th Congress is maintaining an active interest in Mexico with counternarcotics, border, and trade issues dominating the agenda. Comprehensive immigration reform efforts could also be considered in the 111th Congress. For more information, see CRS Report R40135, *Mérida Initiative for Mexico and Central America: Funding and Policy Issues*; CRS Report R40582, *Mexico’s Drug-Related Violence*; CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*; CRS Report R40588, *The 2009 Influenza Pandemic: U.S. Responses to Global Human Cases*; and CRS Report RL31738, *North American Free Trade Agreement (NAFTA) Implementation: The Future of Commercial Trucking Across the Mexican Border*.

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Recent Developments

On September 10, 2009, President Calderón's sent his proposed FY2010 budget to the Mexican Congress for consideration. The budget calls for an increase in income taxes for the country's top income bracket, a 2% sales tax on all goods and services, and gradual gasoline price increases to boost government revenue. It also proposes roughly \$16.5 billion dollars in spending cuts.

On September 7, 2009, President Calderón accepted the resignation of Attorney General Eduardo Medina-Mora, who has been a leading figure in implementing Mexico's counterdrug strategy.

On September 2, 2009, President Calderón gave his third state of the union address. In his speech, Calderón outlined the steps his government has taken to address the challenges that Mexico has faced in the last year, including, but not limited to, drug trafficking and related violence, economic crisis, declining oil production, and H1N1 swine flu. He vowed to continue fighting drug traffickers and other organized criminal groups, and to launch new initiatives aimed at reducing poverty, extending healthcare benefits, and reforming the country's monopolistic telecommunications and energy sectors.

On August 21, 2009, a series of reforms to Mexico's Federal Penal Code, General Health Act, and Federal Code of Criminal Procedures entered into force that, among other things, eliminate required jail time for individuals arrested for possessing certain "small amounts" of illicit drugs for personal use, increase penalties for small-scale drug dealers, and make prosecution of drug trafficking a local, state, and federal responsibility.

On August 20, 2009, U.S. Attorney General Eric Holder announced indictments against 43 Mexican drug dealers accused of exporting narcotics into the United States and distributing them in U.S. cities. He praised Mexico-U.S. cooperation in the investigations that led to those indictments.

On August 16, 2009, the Mexican government replaced all of the customs inspectors posted at the country's airports and border crossings with 1,454 new, better-trained inspectors.

On August 13, 2009, the U.S. State Department submitted its human rights progress report for Mexico to Congress, thereby meeting the statutory requirements for FY2008 supplemental and FY2009 regular funds for the Mérida Initiative that had been on hold to be released.

On August 9-10, 2009, President Obama traveled to Guadalajara, Mexico to participate in the North American Leaders' Summit with Mexican President Felipe Calderón and Canadian Prime Minister Stephen Harper. The leaders discussed how to respond to the global economic crisis, climate change, and shared security challenges. They pointed to North America's successful response to the H1N1 swine flu outbreak as a model for future collaboration. They agreed to meet again in Canada in 2010.

On August 9, 2009, Mexico's Supreme Court rejected an appeal by a human rights organization challenging the Mexican military's assertion of jurisdiction in cases involving allegations of human rights abuses committed by soldiers against civilians.

On July 20, 2009, the U.S. Treasury Department designated four drug cartel leaders of the Gulf Cartel and Los Zetas as Specially Designated Narcotics Traffickers pursuant to the Foreign Narcotics Kingpin Designation Act (Kingpin Act), thereby imposing U.S. economic sanctions on

those individuals. The State Department also announced rewards of up to \$5 million each for information leading to the capture or conviction of 10 leaders of the Gulf Cartel and Los Zetas.

On July 16, 2009, President Calderón ordered 5,500 additional federal police and military members to the state of Michoacán in response to a series of retaliatory attacks by La Familia cartel that resulted in the deaths of 12 Mexican federal police officers.

On July 30, 2009, the House passed its version of the FY2010 Defense Appropriations Act, H.R. 3326, which includes a provision that would reportedly provide \$160 million worth of first responder radios to Mexican police.¹

On July 9, 2009, the House passed H.R. 3081, the FY2010 State Department-Foreign Operations Appropriations Act, which would provide \$235.8 million in counterdrug and related assistance for Mexico in the accounts that formerly constituted the “Mérida Initiative.” Also on July 9, the Senate Appropriations Committee approved its version of the FY2010 State-Foreign Operations Appropriations bill, S. 1434, which would provide \$115 million in assistance for Mexico under the existing Mérida framework. Both the House and Senate Appropriations Committee reports (H.Rept. 111-87 and S.Rept. 111-44) state that a significant portion of the Administration’s \$450 million FY2010 request was “forward-funded” in the FY2009 supplemental (P.L. 111-32).

On July 7, 2009, drug gangs abducted and shot two American Mormons living in Sinaloa, reportedly in retaliation for their efforts to get state and local authorities to take more action against organized crime.

On July 5, 2009, Mexico held mid-term elections to fill all 500 seats of the lower house of Congress as well as six governorships and hundreds of mayors. The main opposition party, the Institutional Revolutionary Party (PRI), captured 237 seats and five governorships, resulting in a political setback to President Calderón and his National Action Party (PAN).

On June 24, 2009, President Obama signed into law the FY2009 Supplemental Appropriations Act (P.L. 111-32, H.R. 2346). The measure includes \$160 million in International Narcotics and Law Enforcement (INCLE) assistance and \$260 million in Foreign Military Financing (FMF) for Mexico, \$354 million more than the Administration’s request. INCLE funds will provide equipment for the Mexican federal police, including the Blackhawk helicopters requested by the Administration. FMF funds will provide aviation assistance for the Mexican Navy (SEMAR).

On June 18, 2009, the Government Accountability Office (GAO) released a report identifying problems that exist in the information-gathering and coordination efforts of U.S. agencies charged with combating arms trafficking to Mexico.²

On April 24, 2009, Mexico’s Health Ministry announced the outbreak of a new influenza strain, subsequently dubbed H1N1. The Centers for Disease Control and Prevention (CDC) issued a travel health warning on April 27 advising U.S. citizens to avoid all nonessential travel to Mexico because of the outbreak, but this was subsequently downgraded to a travel health precaution on May 15 that removed the recommendation that travel to Mexico be avoided.

¹ Carol D. Leoning, “Murtha, 12 Colleagues Back a Murky \$160 Million Request,” *Washington Post*, July 23, 2009.

² U.S. Government Accountability Office (GAO), *U.S. Efforts to Combat Arms Trafficking to Mexico: Face Planning and Coordination Challenges*, GAO-09-709, June 2009.

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



Source: Map Resources, adapted by CRS.

Background on Mexico

Political Developments

Mexico has become a more vibrant, multi-party democracy over the past decade. In 2000, the country effectively ended 71 years of one-party rule by the Institutional Revolutionary Party (PRI) when Vicente Fox of the conservative National Action Party (PAN) was elected President. PAN candidate Felipe Calderón won the July 2006 presidential election in an extremely tight race, defeating Andrés López Obrador of the leftist Democratic Revolution Party (PRD) by less than 234,000 votes. The presidential race was so close that final results were not announced until early September 2006, when the Federal Electoral Tribunal completed adjudication of all the challenges to those results.³ Calderón was sworn in to a six-year term on December 1, 2006.

While the PAN made significant gains in the 2006 congressional elections, becoming the largest block in the 128-member Senate and 500-member Chamber of Deputies, it failed to capture a majority in either house.⁴ In the first half of his term, President Calderón 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 Fox Administration. 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 reform, Mexico will have eight years 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 intended to modernize the state-oil company, *Petroleos Mexicanos* (PEMEX), and boost declining production. The enacted reform, which ultimately was supported by a wide majority in Congress, was a watered down version of a reform measure proposed in April 2008 that had met with significant opposition by PRD supporters of Andrés López Obrador. As approved, the reform strives to improve the transparency and management flexibility of PEMEX. Some critics maintain that it will not do enough to encourage new exploration.

Since Calderón's election, however, the PRI has fared well in state and municipal elections around the country and polls predicted that the party would do well in the July 5, 2009, midterm elections. The PRI performed even better than those polls had suggested, capturing 237 of 500 seats in the Chamber of Deputies, five of six governorships, and several municipalities. Analysts have attributed the PRI's strong performance to growing popular concern about the current economic downturn, as well as the party's effective use of its still formidable national machinery. Although President Calderón is still 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

³ For more information, see CRS Report RS22462, *Mexico's 2006 Elections*, by Colleen W. Cook.

⁴ In the 2006 legislative elections, the PRD also made significant gains, becoming the second-largest block of members in the Chamber of Deputies and third in the Senate. For the first time in history, the long-ruling PRI lost its plurality of seats in Congress, although it remained the second-largest voting block in the Senate and the third-largest in the Chamber of Deputies. *Ibid.*

divisions within the party led Andrés López Obrador to throw his support behind left-leaning candidates from smaller parties, many of whom won.⁵

The composition of the new Congress, which was sworn in on September 1, 2009, could complicate President Calderón's agenda in the second half of his term. The PRI, which, combined with the support of the allied Green Ecological Party (PVEM) party, now controls a majority in the Chamber, is likely to try to use its position to gear up for the 2012 elections. Although the PRI may object to large-scale structural reforms or certain budgetary priorities, many observers maintain that, given the severity of the drug violence and economic challenges that Mexico is facing, the party is unlikely to block any security or economic stimulus initiatives. The PRI is also expected to be more cooperative now than it was after winning a majority in the 2003 elections, for fear of being dismissed by voters in 2012 as obstructionist (as it was in 2006).⁶

Drug Trafficking and Heightened Violence and Crime in Mexico⁷

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 (DTOs), often referred to as "drug cartels,"⁸ control the most significant drug distribution operations along the Southwest border. The criminal activities of these Mexican DTOs reach well beyond the towns and cities of the border, extending along drug trafficking routes into cities across the United States.⁹ In the past few years, the violence and brutality of the Mexican DTOs has 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 drug trafficking organizations (DTOs) and drug violence a top priority of his administration. He has called increasing drug violence in Mexico a threat to the Mexican state and has sent thousands of soldiers and police to drug trafficking "hot-spots" in at least 16 states 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) law enforcement operations, (3) institutional reform, (4) recovering

⁵ Andrew Selee and Katie Putnam, "Mexico's 2009 Midterm Elections: Winners and Losers," Woodrow Wilson Center, July 2009; George W. Grayson, "The PRI Makes a Comeback in Mexico," Foreign Policy Research Institute, July 2009.

⁶ "Country Report: Mexico." *Economist Intelligence Unit*, September 2009.

⁷ For more on DTOs and drug-related violence in Mexico, see CRS Report R40582, *Mexico's Drug-Related Violence*, by June S. Beittel.

⁸ The term drug cartel remains the term used colloquially and in the press, but some experts disagree with this because "cartel" often refers to price-setting groups and it is not clear that Mexican drug cartels are setting illicit drug prices.

⁹ The U.S. Justice Department's *National Drug Threat Assessment 2009*, published in December 2008, identified Mexican DTOs as the greatest drug trafficking threat to the United States. The current dominance of the Mexican DTOs over the U.S. drug market arose with the closing of the Caribbean route through which drugs, and particularly cocaine from Colombia, was channeled into the United States. With increased U.S. efforts to interdict narcotic smugglers in the Caribbean and Florida in the late 1980s and 1990s, the Colombian drug cartels began subcontracting with Mexican DTOs to smuggle cocaine into the United States across the Southwest border. By the late 1990s, Mexican DTOs had pushed aside the Colombians and gained greater control and market share of cocaine trafficking into the United States.

social cohesion and trust, and (5) building up international partnerships against drugs and crime (like the Mérida Initiative).¹⁰

In 2008, the government's crackdown and rivalries and turf wars among Mexico's DTOs fueled an escalation in violence throughout the country, including in northern Mexico near the U.S.-Mexico border. In an effort to control the most lucrative drug smuggling routes in Mexico, rival DTOs have been launching attacks on each other, as well as on Mexican military and police. Between the beginning of 2008 and May 2009, some 7,500 Mexicans died in drug-related violence, including hundreds of police and military officers.¹¹ During this period, there has also been a rise in assassinations of high-level law enforcement officials, gruesome murders including beheadings, and at least one incident involving the indiscriminate killing of civilians.¹² Kidnapping for money has also increased significantly. In 2008, 1,028 persons were kidnapped, 31% concentrated in the Federal District and the state of Mexico. Reportedly at least 69 of those abducted were murdered.¹³

The growth and dramatic character of the violence has led some observers to question the strength of the Mexican government, even characterizing it as potentially a "failing" state. A report released in December 2008 by the U.S. Joint Forces Command argued that Mexico potentially could face rapid and sudden collapse in the future because the government, its politicians, police, and judicial infrastructure are under sustained assault by criminal gangs and drug cartels.¹⁴ In late March 2009, however, U.S. Director of National Intelligence Dennis Blair asserted to reporters that "Mexico is no danger of becoming a failed state."¹⁵ Moreover, during Secretary of State Hillary Clinton's trip to Mexico in March 2009, the Secretary said that the Mexican government was making "great progress" against the drug cartels, and asserted that she does not believe "that there are any ungovernable territories in Mexico."¹⁶

Mexican officials have strongly contested the claim that Mexico is a failed or failing state. Indeed, Mexican officials claim the heightened violence may be a sign that the cartels are losing ground and turning on each other as their markets shrink.¹⁷ The Mexican government acknowledges that the country does face a significant challenge from well-financed criminal gangs through violence and corruption, but asserts that the description of Mexico as a failed or failing state "grossly distorts the facts on the ground."¹⁸ In his third state of the union address delivered on September 2, 2009, President Calderón highlighted the fact that some 80,000 drug

¹⁰ Embassy of Mexico, Washington, DC. "Mexico and the Fight Against Drug Trafficking and Organized Crime: Setting the Record Straight," June 2009, p. ii.

¹¹ U.S. Department of State, "Mexico: Merida Initiative Report," August 2009.

¹² A grenade attack in Morelia, Michoacan on Mexican's Independence Day in September 2008, which took place in a crowded public square and resulted in 8 deaths and more than 100 injuries, was allegedly the work of the Mexican DTOs. See Stratfor, *Mexican Drug Cartels: Government Progress and Growing Violence*, December 11, 2008.

¹³ Benito Jiménez y Verónica Sánchez, "Aumentan secuestros," *Reforma* (Mexico), April 5, 2009.

¹⁴ United States Joint Forces Command, "The Joint Operating Environment 2008: Challenges and Implications for the Future Joint Force," December 2008.

¹⁵ Ken Ellingwood, "Clinton: U.S. Shares Blame for Mexico Ills," *Los Angeles Times*, March 26, 2009; and "Mexico Will Not Become 'Failed State': U.S. Spy Chief," *Agence France Presse*, March 26, 2009.

¹⁶ U.S. Department of State, Secretary of State Hillary Rodham Clinton, "Remarks with Mexican Foreign Secretary Patricia Espinosa After Their Meeting," Mexico City, Mexico, March 25, 2009.

¹⁷ "On the trail of the traffickers," *The Economist*, March 7, 2009.

¹⁸ Embassy of Mexico, Washington, DC. "Mexico and the Fight Against Drug Trafficking and Organized Crime: Setting the Record Straight," June 2009.

suspects have been arrested—including 70 DTO leaders arrested in the past year alone—as evidence that his security strategy is working.¹⁹

Economic Conditions and the Effects of the Global Financial Crisis²⁰

Mexico's economy is strongly dependent on economic conditions in the United States because a majority of its exports are destined for the U.S. market and the United States is its primary source of tourism revenues and foreign investment. The Mexican economy grew 3.3% in 2007, the first year of the Calderón government. Slower growth of 2.3 % was already anticipated for 2008 due to decreasing demand in the United States, declining Mexican oil production, and slow growth in remittances sent by Mexicans abroad. The global financial crisis, which caused a run on the Mexican peso, further reduced GDP growth in 2008 to just 1.4%. For 2009, the outlook is worse, with the Mexican economy now forecast to contract by 7% or more, the worst decline in six decades.²¹

The Calderón government has been struggling to cope with the combined effects of the U.S. and global recessions, a nationwide outbreak of swine flu, and declining oil production. The U.S. recession has resulted in steep declines in demand for Mexican exports, particularly in the manufacturing sector. Some 400,000 Mexicans lost their jobs in the first quarter of 2009 alone.²² Economic decline in the United States and elsewhere has also resulted in declining remittances sent from Mexicans living abroad. In 2008, remittances to Mexico fell to an estimated \$25 billion, the lowest level since 2005. They may decline by as much as 15% this year.²³ The outbreak of swine flu in April 2009 resulted in billions of dollars worth of losses in Mexico's tourism sector. Declining oil prices and production have also been major economic setbacks for Mexico, which depends on oil proceeds for over one-third of government revenue. Mexico's Finance Minister has recently acknowledged that the country's oil production has decreased by some 25% since President Calderón took office in December 2006.²⁴

The Calderón government has taken a number of measures to attempt to cushion the Mexican economy from the fallout of the global economic crisis and the U.S. recession. The government has 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 announced that it has hedged its oil exports for 2009 at a price of \$70 a barrel in an effort to protect the economy from the decline in oil prices. In an effort to jump-start the economy, in mid-November 2008, Mexico's Congress approved President

¹⁹ Presidente Constitucional de los Estados Unidos Mexicanos, Felipe de Jesús Calderón Hinojosa, "El Resumen Ejecutivo del Tercer Informe de Gobierno, September 1, 2009, available at: <http://www.informe.gob.mx/descargas/>

²⁰ 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; for information on the effect of the financial crisis on Mexico, see CRS Report RL34742, *The Global Financial Crisis: Analysis and Policy Implications*, coordinated by Dick K. Nanto.

²¹ "Mexico: Riskier Business" *EIU – Business Latin America*, September 7, 2009.

²² Sara Llana Miller and Jonathan Roeder, "As U.S. Economy Struggles, Mexico Feels the Pressure," *Christian Science Monitor*, June 28, 2009.

²³ International Monetary Fund, *Global Markets Monitor*, June 16, 2009.

²⁴ "Mexico: Where Next?" *Latin American Economy & Business*, August 2009.

Calderón's request to increase the 2009 budget by 13%. Spending in some areas was cut back, while funding for education, infrastructure, agriculture, and security was increased.²⁵ The price of cooking gas has been reduced through government subsidies, and petroleum prices in the domestic market have been frozen. Programs to support small and medium-sized businesses, job training programs, and employment generation have been maintained and expanded in some cases.²⁶ These policies, though arguably necessary to prevent the country from falling into an even deeper recession, have put a severe strain on Mexico's finances. As a result, President Calderón's proposed FY2010 budget calls for an increase in income taxes for the wealthy, a 2% sales tax on all goods and services, and gasoline price increases to boost government revenue.²⁷

In late October 2008, the IMF announced that it would be creating a short-term lending facility for emerging markets like Mexico that have a strong economic policy track record and need assistance from the fallout of the global economic crisis. In late March 2009, the IMF officially created the Flexible Credit Line (FCL), and Mexico announced that it would seek as much as \$40 billion from the new fund in order to shore up its declining foreign reserves.²⁸

As elsewhere in Latin America, there are concerns that the economic downturn in Mexico could affect the country's recent progress in reducing poverty. Mexico, with a population of almost 110 million, is classified by the World Bank as an upper middle income developing country, with a per capita income level of \$8,340 (2007).²⁹ According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), nearly 32% of Mexicans lived in poverty in 2006 and just under 9% of Mexicans lived in extreme poverty or indigence. This represents a significant improvement from 2000, when 41% of Mexicans lived in poverty and 15% were indigent.³⁰

Mexico's main poverty reduction program is *Oportunidades* (Opportunities). The program, formerly known as *Progresá* (Progress), began under President Ernesto Zedillo (1994-2000) and has since expanded to benefit 5 million Mexican families (25 million individuals). The program seeks to not only alleviate the immediate effects of poverty through cash and in-kind transfers, but to break the cycle of poverty by improving nutrition, 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.³¹ On April 9, 2009, the World Bank approved a \$1.5 billion loan to Mexico to expand the *Oportunidades* program in an effort to relieve the social impact of the economic downturn.

²⁵ Alexandra Olson, "Mexican Congress Approves 13 Percent Spending Increase for 2009 in Bid to Spur Economy, Jobs," *Associated Press Newswires*, November 13, 2008.

²⁶ Presidente Constitucional de los Estados Unidos Mexicanos, Felipe de Jesús Calderón Hinojosa, "El Resumen Ejecutivo del Tercer Informe de Gobierno," September 1, 2009.

²⁷ "Mexico: Where Next?" *Latin American Economy & Business*, August 2009; "Mexico: Calderón Seeks Government Relaunch," *Oxford Analytica*, September 10, 2009.

²⁸ "Mexico to Take IMF Credit Line," *Wall Street Journal*, April 1, 2009; and "Mexico Seeks \$47 Billion Credit Line from IMF," *IMF Survey Magazine*, April 1, 2009.

²⁹ World Bank, *World Development Report 2009*, November 2008.

³⁰ U.N. Economic Commission for Latin America and the Caribbean, *Statistical Yearbook for Latin America and the Caribbean 2008*.

³¹ Santiago Levy, *Good Intentions, Bad Outcomes – Social Policy, Informality and Economic Growth in Mexico*. Washington D.C.: Brookings Institution, April 2008.

2009 H1N1 “Swine Flu” Outbreak³²

On April 24, 2009, Mexico’s Health Ministry announced that a new strain of influenza—subsequently dubbed pandemic H1N1 by the World Health Organization (WHO)—was affecting the country with just over 1,000 suspected cases and 20 deaths.³³ The Mexican government also announced that it was closing schools and canceling public gatherings in Mexico City and the surrounding state of Mexico through May 6, 2009. This was subsequently extended to all schools throughout the country. By May 6, the Mexican government was reporting that the outbreak was easing in the country, and a number of restrictions on public activities were lifted. According to the Pan American Health Organization (PAHO), as of August 21, 2009, Mexico had reported 19,634 confirmed cases of infection, including 164 deaths.³⁴

During the early days of the outbreak, there had been some criticism about conflicting statistics on flu cases and deaths released by the Mexican government.³⁵ At various times, the Mexican government was reporting the number of suspected, but not confirmed, deaths related to the virus, as well as cases of acute respiratory infection suspected of being caused by the virus. There also had been some criticism of the government’s initial slowness in reporting the outbreak, although others lauded the government’s quick action that provided a warning to other countries and has allowed them to screen for the virus.³⁶

Moreover, the Calderón government took considerable measures to combat the outbreak in Mexico. This included an extensive media campaign, spearheaded by President Calderón and Health Minister José Ángel Córdova Villalobos who has been praised by global health experts for the country’s swift and transparent response.³⁷ In addition to closing all schools and public events through May 6, 2009 (including traditional Cinco de Mayo festivities), the government also ordered a May 1-5 work-stoppage around the country, with the exception of banks, hotels, supermarkets, and the government’s emergency services. According to the Mexican government, the Ministry of Health used preventive and therapeutic resources and existing medical and social assistance resources to combat the outbreak, and acquired additional resources such as medical and laboratory equipment, surgical and dressing materials, and cleansing products. The Mexican army reportedly distributed some 6 million mouth masks.³⁸

In response to the outbreak in Mexico, the Centers for Disease Control and Prevention (CDC) issued a travel health warning, the agency’s highest advisory level, on April 27, 2009 recommending that U.S. citizens avoid all nonessential travel to Mexico. By May 15, however, the CDC downgraded the advisor to a travel health precaution that removed the recommendation

³² For more information, see CRS Report R40554, *The 2009 Influenza Pandemic: An Overview*, by Sarah A. Lister and C. Stephen Redhead and CRS Report R40588, *The 2009 Influenza Pandemic: U.S. Responses to Global Human Cases*, by Tiaji Salaam-Blyther.

³³ Secretaría de Salud (Mexico), “Conferencia de prensa,” Número 2009-133c, April 24, 2009.

³⁴ The Pan American Health Organization (PAHO) is the regional office for the Americas of the World Health Organization. For this data, see “Regional Update: Pandemic (H1N1) 2009,” August 21, 2009.

³⁵ For example, see Jonathan Roeder, “In Mexico City, A Second ‘Pandemic’: Rumors,” *Christian Science Monitor*, April 30, 2009.

³⁶ For example, see “Calderón Takes the Lead on Swine Flu,” *Latin American Weekly Report*, April 30, 2009; and Julio Frenk, “Mexico’s Fast Diagnosis,” *New York Times*, May 1, 2009.

³⁷ William Booth and Joshua Partlow, “Mexico’s Health Chief Receives Plaudits,” *Washington Post*, May 11, 2009.

³⁸ Embassy of Mexico, Washington, D.C. “Mexico’s Response to the Influenza Outbreak,” April 2009.

that travel to Mexico be avoided.³⁹ Citing the CDC's earlier travel health warning, the State Department had issued a travel alert for U.S. citizens on April 28, 2009, but this alert was subsequently lifted on May 15 when the CDC downgraded its advisory.

In response to the influenza outbreak, the United States has provided at least \$16 million in assistance to Mexico, including a \$5 million donation to the WHO and PAHO. On April 29, 2009, Health and Human Services Secretary Kathleen Sebelius announced that her department had begun to move 400,000 antiviral drug treatment courses to Mexico—valued at \$10 million—to help slow the spread of the virus.⁴⁰ On May 2, 2009, the U.S. Agency for International Development (USAID) provided about \$1 million in emergency relief supplies to the government of Mexico. These supplies were in addition to a previous donation of \$1 million in emergency supplies provided by the U.S. military.⁴¹ With international help from the CDC and others, Mexico was able to build a laboratory within record time that was able to process hundreds of tests for H1N1 daily.⁴²

Some observers, and some Members of Congress, had called for the Obama Administration to consider restricting cross-border traffic and some had called for the Administration to prepare a plan to close the U.S.-Mexico border if needed.⁴³ The WHO did not advise any closure of borders, and CDC officials maintained that there would be no public health merit to closing the border.⁴⁴ During congressional testimony, Secretary of Homeland Security Janet Napolitano said that “the strain of virus first detected in Mexico is already present throughout the United States,” and that “there is no realistic opportunity to contain the virus through border closures.”⁴⁵

The H1N1 influenza has had a significant effect on the Mexican economy, which had already been experiencing a severe downturn because of the global financial crisis and U.S. recession. The tourism industry, Mexico's third largest foreign exchange earner, was hard hit by the virus, with a 50% drop in income earned by foreign visitors in May and a 29% drop in June as compared to the year before. The Mexican government has predicted that the country's tourism revenues could fall by some \$4 billion this year.⁴⁶

³⁹ Information on the CDC travel health precaution is available at <http://wwwn.cdc.gov/travel/content/SwineFluMexico.aspx>.

⁴⁰ U.S. Department of Health and Human Services, “HHS Deploys SNS Antivirals to Mexico, and Buys More,” Press Release, April 29, 2009.

⁴¹ Email from the U.S. Agency for International Development Mission in Mexico, August 28, 2009.

⁴² William Booth and Joshua Partlow, “Mexico Raced to Build Flu Testing Laboratory; Lack of Tools Hindered Initial Response,” *Washington Post*, May 8, 2009.

⁴³ For example, see “Federal Swine Flu Response Demands Cross-border Restrictions,” May 1, 2009; Jim Landers, and “As Senators Urge Homeland Security to Tighten Border,” *CongressDaily PM* (National Journal Group), April 30, 2009.

⁴⁴ See “Pressure Rises to Enhance Border Checks But CDC Officials Say There's No Medical Need to Close Crossing,” *Dallas Morning News*, April 30, 2009; “No Need to Contemplate Closing U.S.-Mexico-Border, Says CDC and DHS Officials,” *CQ Today*, April 30, 2009; and “Senate Homeland Security and Governmental Affairs Hold Hearing on the Federal Government Response to Swine Flu,” *Congressional Transcripts*, April 29, 2009.

⁴⁵ U.S. Senate Committee on Homeland Security and Governmental Affairs, written testimony of Secretary of Homeland Security Janet Napolitano at hearing on “Swine Flu: Coordinating the Federal Response,” April 29, 2009.

⁴⁶ “Mexico Foreign Tourism Income Sinks 29% in June,” *Reuters*, August 10, 2009.

Foreign Policy Challenges

While the bilateral relationship with the United States has continued to dominate Mexican foreign policy, former President Fox (2000-2006) 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 2005.⁴⁷

President Calderón has sought to pursue an independent foreign policy with even closer ties to Latin America. Calderón has regularly met with President Álvaro Uribe of Colombia, with whom he has formed a partnership, along with the leaders of Guatemala and Panama, to combat drug trafficking and organized crime. The Colombian government has offered to share training, intelligence, and “best practices” with Mexico that it has gathered through many years of counterdrug operations. In mid-August 2009, President Calderón visited Brazil to discuss 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 also expanded under President Calderón. Progress has also continued to advance, albeit slowly, on the Mesoamerican Project mentioned above. President Calderón has offered his full support for restoring ousted Honduran President Manuel Zelaya.⁴⁸

President Calderón has also tried to mend relations with Cuba and Venezuela, which had become tense during the Fox Administration. In September 2007, Mexican and Venezuelan ambassadors presented credentials to the respective governments, restoring full relations for the first time since November 2005. In May 2004, President Fox recalled Mexico’s ambassador to Cuba; ambassadors were later restored, but relations between the two countries remained tense through the remainder of the Fox administration. A Cuban ambassador to Mexico also presented his credentials to President Calderón in September 2007. In November 2008, a new Mexico-Cuba agreement intended to help slow the trafficking of undocumented Cubans passing through Mexico to the United States took effect.⁴⁹

⁴⁷ For more information, see CRS Report R40784, *Mexico’s Free Trade Agreements*, by M. Angeles Villarreal.

⁴⁸ “Se Consolida Alianza Antidrogas Entre Mexico y Colombia,” *Millenio*, August 13, 2009; “Country Report: Mexico,” *EIU*, September 2009; “President Calderón Participates in 11th Summit of Heads of State and Government of Tuxtla Mechanism of Dialogue and Agreement,” *States News Service*, July 29, 2009.

⁴⁹ “Cuban Envoy to Mexico Says Migration Agreement to Halt People Trafficking,” *BBC Monitoring Americas*, November 20, 2008.

Mexican-U.S. Relations

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). Presidents 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. Cooperation under NAFTA and the annual cabinet-level meetings of the Binational Commission reflected the close and increasing relationships between the countries.

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 President Bush approved the Secure Fence Act of 2006, Mexico, with the support of 27 other nations, denounced the proposed border fence at the Organization of American States.

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

President Calderón reiterated these concerns during President Bush's March 2007 visit to Mexico. During the visit, President Calderón also called for U.S. assistance in combating drug and weapons trafficking. Specifically, Calderón promised to continue his efforts to combat drug trafficking and called for U.S. efforts to reduce the demand for drugs, stating, "while there is no reduction for demand in your territory, it will be very difficult to reduce the supply in ours."⁵⁰ Calderón has displayed an unprecedented willingness to increase narcotics cooperation with the United States. This willingness led to the Mérida Initiative, a multi-year \$1.4 billion U.S. assistance effort announced in October 2007 to help Mexico and Central America combat drug trafficking and organized crime.

⁵⁰ "Bush Reassures Skeptical Mexico on Immigration," *Reuters*, March 13, 2007.

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 D.C. 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 traveled to Mexico City and Monterrey, Mexico, on March 25-26, 2009, to discuss a broad range of bilateral issues, including cooperation under the Mérida Initiative. The Secretary asserted that the U.S. relationship with Mexico “is one of the most important relationships between any two countries in the world” and that both countries “need a strong and sustained partnership, one based on comprehensive engagement, greater balance, shared responsibility, and joint efforts to address hemispheric and global issues.”⁵¹ Perhaps most significantly, Secretary Clinton criticized the failure of U.S. antidrug policy and acknowledged that an “insatiable demand for illegal drugs” in the United States “fuels the drug trade.”⁵²

During her visit, Secretary Clinton and Mexican Foreign Minister Patricia Espinosa announced the creation of a new bilateral implementation office in Mexico where Mexican and U.S. officials will work together on efforts to combat drug traffickers and associated violence. Secretary Clinton also announced that the Obama Administration intended to work with Congress to provide additional funding for Blackhawk helicopters for Mexican law enforcement. Subsequently, on April 9, 2009, the Administration requested \$66 million in FY2009 supplemental assistance for Mexico under the Mérida Initiative to acquire three Blackhawk helicopters. Congress included \$420 million for Mexico in the FY2009 Supplemental Appropriations Act (P.L. 111-32), including funding for the Blackhawk helicopters.

Clinton’s visit to Mexico was followed up in early April 2009 with trips by Homeland Security Secretary Napolitano and Attorney General Holder where they met with Mexican officials and attended an arms trafficking conference. Both officials emphasized new efforts by their agencies to combat the drug cartels, including the deployment of additional personnel and resources to support anti-gun trafficking and interdiction efforts and law enforcement cooperation.

On April 16-17, 2009, ahead of his attendance at the fifth Summit of the Americas held in Trinidad and Tobago, President Barack Obama traveled to Mexico to meet with President Calderón. The two presidents discussed cooperation in the fight against drug-related violence, immigration reform, and a new bilateral framework on clean energy and climate change. During the visit, President Obama acknowledged the U.S. demand for drugs was helping to keep the Mexican drugs cartels in business, and that “more than 90% of the guns recovered in Mexico come from the United States.”⁵³

⁵¹ U.S. Department of State, Secretary of State Hillary Rodham Clinton, “Remarks with Mexican Foreign Secretary Patricia Espinosa After Their Meeting,” Mexico City, Mexico, March 25, 2009.

⁵² Mary Beth Sheridan, “On Mexico Trip, Clinton Criticizes U.S. Drug Policy,” *Washington Post*, March 26, 2009; and Mark Lander, “Clinton Says Demand for Illegal Drugs in the U.S. ‘Fuels the Drug Trade’ in Mexico,” *New York Times*, March 26, 2009.

⁵³ “President Obama and Mexican President Felipe Calderón Hold News Conference,” *CQ Newsmaker Transcripts*, April 16, 2009.

At the North American Leaders' Summit in Guadalajara, Mexico, President Obama praised Mexico's response to the H1N1 swine flu outbreak and gave his full support for President Calderón's struggle against the drug cartels. Obama stated that he has "great confidence in President Calderón's administration applying the law enforcement techniques that are necessary to curb the power of the cartels, but doing so in a way that's consistent with human rights."⁵⁴ During the summit, President Obama, President Calderón, and Canadian Prime Minister Harper pledged to work together to restore economic growth in North America, combat climate change, and prepare for the fall flu season.

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. Because of the Mérida Initiative funding, U.S. assistance to Mexico rose from \$65 million in FY2007 to almost \$406 million in FY2008. As shown in **Table 1**, the FY2008 assistance estimate includes \$352 million in FY2008 supplemental funding (P.L. 110-252) for the Mérida Initiative.

For FY2009, Congress has appropriated an estimated \$786.78 million for Mexico. This includes \$768 million provided for the Mérida Initiative (with \$48 million in FY2009 bridge fund supplemental assistance provided in the FY2008 supplemental appropriations measure, P.L. 110-252, \$300 million provided in the FY2009 omnibus appropriations measure, P.L. 111-8, and \$420 million in the FY2009 supplemental measure, P.L. 111-32). The remainder is for additional development assistance and other projects outside of the Mérida Initiative. (Also see "Mérida Initiative" below for additional details on the assistance.)

For FY2010, the Obama Administration requested almost \$502 million in assistance for Mexico, with \$450 million in INCLE assistance requested for Mexico under the Mérida Initiative. The House-passed version of the FY2010 State-Foreign Operations Appropriations measure, H.R. 3081, would provide roughly \$246.9 in total assistance to Mexico, while the Senate version of the bill, S. 1434, would provide \$125 million. Both the House and Senate Appropriations Committee reports (H.Rept. 111-187 and S.Rept. 111-44) state that a significant portion of the Administration's \$450 million FY2010 request was "forward-funded" in the FY2009 supplemental.

⁵⁴ U.S. Department of State, "Press Release: North American Leaders Discuss Trade, H1N1 Flu, Climate Change," August 10, 2009.

Table I. U.S. Assistance to Mexico by Account, FY2007-FY2010

U.S. \$ millions

Account	FY2007	FY2008 ^a	FY2009 Regular (Est.) ^a	FY2009 Supp.	FY2009 Total	FY2010 Request	H.R. 3081	S. 1434
CSH^b	3.72	2.68	2.90	—	2.90	3.20	0.00	0.00
DA	12.28	8.22	11.20	—	11.20	17.30	10.00	10.00
ESF	11.35	34.70	15.00	—	15.00	3.00	20.00	10.00
FMF	0.00	116.50	39.00	260.00	299.00	10.50	10.50	0.00
IMET	0.06	0.36	0.83	—	0.83	1.10	1.10	n/a
INCLE	36.68	242.05	294.00	160.00	454.00	459.33	205.33	105.00
NADR	1.30	1.35	3.85	—	3.85	7.08	6.63 ^c	n/a
TOTAL	65.39	405.86	366.7878	420.00	786.78	501.51	253.56	125.0

Sources: U.S. Department of State, Congressional Budget Justification for Foreign Operations FY2008-FY2010; House Report to H.R. 3081, the State-Foreign Operations Appropriations bill for FY2010, H.Rept. 111-187; and Senate Report to S. 1434, S.Rept. 111-44.

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. Beginning with the FY2010 request, the Child Survival and Health Account became known as Global Health and Child Survival—USAID.
- c. This estimated total was provided by an email from House Appropriations Committee to CRS received on June 30, 2009.

Bilateral Cooperation on Counternarcotics and Security Efforts

In the 1980s and 1990s, U.S.-Mexican counternarcotics efforts were often marked by mistrust. 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.⁵⁵ 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

⁵⁵ See CRS Report 98-174, *Mexican Drug Certification Issues: U.S. Congressional Action, 1986-2002*, by K. Larry Storrs.

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 1975.⁵⁶ 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 95 in 2008.⁵⁷

The State Department's 2009 INCSR maintains that the degree of U.S.-Mexican cooperation on counternarcotics and law enforcement under the Calderón Administration is unprecedented, and characterizes President Calderón's efforts to deal with increased violence stemming from the drug cartels as courageous. In 2008, Mexican law enforcement seized over 19 metric tons (mt) of cocaine, down from 48 mt in 2007, while seizures of cannabis, and heroin were also down significantly. In the report, U.S. law enforcement agencies attribute the recent reductions in seizures to better Mexican enforcement, which has forced traffickers to seek alternative routes. The decline in methamphetamine seizures is attributed to the government's actions to restrict the importation of precursor chemicals used for the production of the drug.

Mérida Initiative⁵⁸

The United States and Mexico issued a joint statement on October 22, 2007, announcing a multi-year plan for \$1.4 billion in U.S. assistance to Mexico and Central America to combat drug trafficking and other criminal organizations. The Mérida Initiative, named for the location of a March 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.⁵⁹ The Bush Administration first requested funds for Mérida, \$500 million for Mexico and \$50 million for Central America, in its FY2008 supplemental appropriations request.⁶⁰ Due to the grave security situation in Mexico, Administration officials justified the Mérida request in an emergency supplemental request rather than the FY2009 regular foreign aid budget request.

To date, Congress has appropriated a total of \$1.1 billion for Mexico under the Mérida Initiative. Legislative action on Mérida appropriations has included the following:

⁵⁶ Jesus Aranda, "Allana la Corte el Camino para Extraditar a Connacionales a EU," *La Jornada*, February 1, 2006; "Mexico: Court Clears Way for Faster Extraditions to U.S.," *Latin American Weekly Report*, February 7, 2006; and, U.S. Department of State, *INCSR 2006*.

⁵⁷ U.S. Embassy, Mexico City, Mexico, "U.S.-Mexico At a Glance: Extraditions," February 2009.

⁵⁸ For more information, see CRS Report RS22837, *Mérida Initiative: U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*, by Clare Ribando Seelke.

⁵⁹ The joint statement highlights counterdrug and anticrime efforts of both countries, including Mexico's 24% increase in security spending in 2007 under President Felipe Calderón and U.S. efforts to reduce weapons, human, and drug trafficking along the Mexican border. Although the statement did not announce additional funding for U.S. domestic efforts, it cited several examples of such efforts to combat drugs and crime that are already in place. Those examples included the 2007 Southwest Border Counternarcotics Strategy and the 2008 National Drug Control Strategy. See U.S. Department of State and Government of Mexico, "Joint Statement on the Mérida Initiative," October 22, 2007.

⁶⁰ For a detailed description of the Bush Administration's FY2008 supplemental assistance proposal for the Mérida Initiative, see CRS Report RS22837, *Mérida Initiative: U.S. Anticrime and Counterdrug Assistance for Mexico and Central America*, by Clare Ribando Seelke.

- In June 2008, the 110th Congress appropriated \$352 million in FY2008 supplemental assistance and \$48 million in FY2009 bridge fund supplemental assistance for Mexico in P.L. 110-252, the FY2008 Supplemental Appropriations Act. In contrast to the Bush Administration, which requested all Mérida funding in the International Narcotics Control and Law Enforcement (INCLE) account, Congress divided the funding for Mexico in P.L. 110-252 between the INCLE, Foreign Military Financing (FMF), and Economic Support Fund (ESF) aid accounts. Congress limited the amount of FMF and INCLE available to provide equipment to the Mexican Army/Air Force and Navy and made 15% of FMF and IMET contingent on meeting certain human rights conditions.⁶¹ Congress also earmarked \$73.5 million for judicial reform, institution building, rule of law, and anti-corruption activities.
- In March 2009, the 111th 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 continues the same human rights conditions originally set forth in P.L. 110-252.⁶²
- In June 2009, the 111th Congress passed the FY2009 supplemental appropriations measure, P.L. 111-32, which includes \$160 million in INCLE assistance and \$260 million in FMF for Mexico, \$354 million more than the Administration's request. The \$160 million in INCLE funds can be used to supply the Mexican federal police with items such as forensics and nonintrusive inspection equipment, computers, training, and fixed and rotary wing aircraft (including the requested Blackhawk helicopters). The \$260 million in FMF funding is for expedited aviation assistance to the Mexican Navy (SEMAR) to enhance air transport ability and aerial surveillance. While the INCLE funds provided by P.L. 111-32 are subject to the same human rights conditions as in P.L. 111-8, the FMF funds provided are not subject to human rights conditions.

For FY2010, the Obama Administration requested \$450 million for Mexico under Mérida. On July 9, 2009, the House passed H.R. 3081, the FY2010 State Department-Foreign Operations Appropriations Act, which would provide \$235.8 million in security-related assistance for Mexico in the accounts that formerly constituted the "Mérida Initiative." Also on July 9, the Senate Appropriations Committee approved its version of the FY2010 State-Foreign Operations Appropriations bill, S. 1434, which would provide \$115 million in assistance for Mexico under the existing Mérida framework. Both the House and Senate Appropriations Committee reports

⁶¹ 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.

⁶² 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.

(H.Rept. 111-187 and S.Rept. 111-44) state that a significant portion of the Administration's \$450 million FY2010 request was "forward-funded" in the FY2009 supplemental.

Table 2. FY2008-FY2010 Mérida Funding for Mexico by Aid Account
(\$ in millions)

Account	FY2008 Supp. Funds (P.L. 110- 252)	FY2009 Bridge Funds (P.L. 110- 252)	FY2009 Omnibus (P.L. 111- 8)	FY2009 Supp. (P.L. 111- 32)	FY2010 Request	FY2010 House- passed H.R. 3081	FY2010 Senate Approps. S. 1434
ESF	20.0	0.0	15.0	0.0	0	20.0	10.0
INCLE	215.5	48.0	246.0	160.0	450.0	205.3	105.0
FMF	116.5	0.0	39.0	260.0	0.0	10.5	0
Total	352.0	48.0	300.0	420.0	450.0	235.8	115.0

Sources: U.S. Department of State, FY2008 Supplemental Appropriations Spending Plan and FY2009 Appropriations Spending Plan; FY2009 Supplemental Justification, Department of State & U.S. Agency for International Development; Conference Report to accompany H.R. 2346, House Report 111-151; U.S. Department of State, "Summary and Highlights, International Affairs, Function 150, Fiscal Year 2010;" House Report to H.R. 3081, the State-Foreign Operations Appropriations bill for FY2010, House Report 111-187; and Senate Report to S.1434, Senate Report 111-044.

Mérida implementation is still in its initial stages. As of late July 2009, roughly \$328 million of the \$340.2 million in FY2008 funds available at that time had been obligated.⁶³ INCLE funds had supported a bilateral arms trafficking workshop held in Mexico in April 2009, the opening of three new immigration control sites along the Mexico-Guatemala border, the creation of an anti-human trafficking system for the Mexican Attorney General's Office, and the implementation of a train-the-trainer program for Mexican federal prison officers.⁶⁴ FMF funds had enabled the Department of Defense to sign a contract for five Bell 412 helicopters that may begin arriving in Mexico in late 2009. Ion scanners and a CASA surveillance aircraft, which is in the process of being ordered, will also be purchased with FY2008 supplemental funding. ESF funds had enabled USAID to sponsor workshops and study tours for Mexican legal professionals and to co-host a forum on citizen participation councils and public security. USAID also formed four new university partnerships to support Mexico's judicial modernization efforts.⁶⁵

The mid-August submission of the State Department's human rights progress report for Mexico meets the statutory requirement for the release of the FY2008 supplemental and FY2009 regular FMF and IMET funds that had been on hold. Those funds total roughly \$88.5 million. Some \$2.8 million in FY2008 funding is still on hold, however, until Congress is certain that the Mexican Attorney General is thoroughly investigating the murder of Bradley Will, an American journalist killed while covering a protest in Oaxaca in 2006.

⁶³ U.S. Department of State, Fact Sheet provided to CRS, July 22, 2009;

⁶⁴ David T. Johnson, Assistant Secretary, U.S. Department of State, Bureau of International Narcotics and Law Enforcement Affairs, "The Merida Initiative: A New Security Cooperation Partnership," *National Strategy Forum*, Fall 2009.

⁶⁵ U.S. Agency for International Development, "Merida Status Update for CRS," July 22, 2009.

Beyond the Mérida Initiative

In March 2009 congressional testimony, Secretary of Homeland Security Janet Napolitano noted that the United States has a significant security stake in helping Mexico in its efforts against the drug cartels and organized crime. She outlined three major roles for the U.S. government to play: (1) providing assistance to Mexico to defeat the cartels and suppress the flare-up of violence in Mexico; (2) taking action on the U.S. side of the border to cripple smuggling enterprises; and (3) guarding against and preparing for the possible spillover of violence into the United States. Secretary Napolitano noted that there already has been a limited increase in drug-related violence in the United States (such as a rise in kidnappings and weapons violations in cities close to the border such as Phoenix), but maintained that the increase is not the same kind or nearly the same scale as in Mexico.⁶⁶

In a speech on August 11, 2009, Secretary Napolitano said that the “valiant campaign by Mexico to confront the power of drug cartels in that country ... has resulted in more than 12,000 deaths [since 2006].” She asserted, however, “We haven’t seen anything near this order of violence in the United States. Our progress over the past few months to bolster enforcement efforts at the border and support Mexico has already prevented this type of violence from entering the United States.”⁶⁷

Beyond the various programs and projects under the Mérida Initiative, the United States is providing significant additional efforts through several agencies to combat Mexican drug cartels and bolster border security.

Apart from the Mérida Initiative, the Department of Defense provided a \$13 million counterterrorism training and equipment package to the Mexican military in FY2008.⁶⁸ In addition, while DOD provided only some \$3.1 million in CN training assistance to Mexico in FY2008, DOD assistance expanded to roughly \$28.2 million in FY2009 in order to complement Mérida programs.⁶⁹ On July 30, 2009, the House passed its version of the FY2010 Defense Appropriations Act, H.R. 3326, which includes a provision that would reportedly provide \$160 million worth of first responder radios to Mexican police.⁷⁰

Components of the Department of Homeland Security are also providing significant assistance. Immigration and Customs Enforcement (ICE) has created a dozen Border Enforcement Security Taskforces (BESTs) since 2006, including eight on the U.S. southwest border. The taskforces

⁶⁶ Senate Committee on Homeland Security and Governmental Affairs, Testimony of Secretary of Homeland Security Janet Napolitano, hearing on “Southern Border Violence: Homeland Security Threats, Vulnerabilities, and Responsibilities,” March 25, 2009.

⁶⁷ U.S. Department of Homeland Security Secretary Janet Napolitano, Remarks to Border Security Conference, El Paso, Texas, August 11, 2009.

⁶⁸ In the FY2006-FY2008 annual Department of Defense (DOD) authorization bills, Congress provided DOD with authority to train and equip foreign military forces to perform counterterrorism operations. This “Section 1206” authority, as it is known, enables DOD to use defense funds to conduct or support train and equip programs such as those usually provided under State Department security assistance authorities and budgets. U.S. Department of Defense, “Section 1206 Programs Fact Sheet,” July 29, 2009.

⁶⁹ Section 1022 of the National Defense Authorization Act for Fiscal Year 2008 (P.L. 110-181) extends Section 1033(b) of the National Defense Authorization Act for Fiscal Year 1998 to make available train and equip authorities to Mexico. Estimates of DOD CN support to Mexico for FY2008 and FY2009 are from U.S. Department of Defense, “Fact Sheet: Current DOD CN Support to Mexico,” July 2009.

⁷⁰ Carol D. Leoning, “Murtha, 12 Colleagues Back a Murky \$160 Million Request,” *Washington Post*, July 23, 2009.

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).⁷¹ ICE has also coordinated the establishment of Special Investigative Units in Mexico that work with ICE special agents assigned in Mexico on criminal investigations and prosecutions in such areas as money laundering and alien trafficking and smuggling. 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. As discussed below, various DHS components are involved in efforts to deter money laundering and bulk cash smuggling, weapons trafficking, and human smuggling.⁷²

In late 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. Deputy Attorney General David Ogden is leading a Mexican Cartel Strategy that uses federal prosecutor-led task forces that bring together all law enforcement components to identify and dismantle the cartels through investigation, prosecution, and extradition of their key leaders and facilitators. 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), and the Department's Criminal Division and the Office of Justice Programs.⁷³

ATF has begun a new intelligence-driven effort known as Gunrunner Impact Teams (GRITs) and also is beefing up its Project Gunrunner program along with eTrace to stop the flow of guns to Mexico. (For more see "Weapons Trafficking" section below.)

DEA has worked with the Mexican government for decades and has 11 offices in the country. The agency is increasing its agents allocated to the Southwest border field divisions and is forming mobile teams to target Mexican methamphetamine trafficking operations. DEA's cooperation with Mexico has included Project Reckoning targeting the Gulf Cartel and Operation Xcellerator targeting the Sinaloa Cartel. DEA also is the lead agency at the El Paso Intelligence Center (EPIC), a national tactical intelligence center that emphasizes law enforcement efforts on the Southwest border.

Money Laundering and Bulk Cash Smuggling

Interrupting the flow of money from drug sales in the United States to Mexico, estimated to range from \$15 billion to \$25 billion annually,⁷⁴ may be one of the most effective ways to disrupt the activities of the Mexican DTOs. A portion of this money is used to buy weapons in the United States to arm the DTOs and their drug enforcers. Other drug proceeds are used to corrupt law enforcement and public officials, enabling the DTOs to continue to operate with impunity. Some

⁷¹ For more information, see http://www.ice.gov/pi/news/factsheets/080226best_fact_sheet.htm.

⁷² Ibid; and U.S. Department of Homeland Security, "Statement of Mark Koumans, Deputy Assistant Secretary, Office of International Affairs," before House Committee on Appropriations, Subcommittee on Homeland Security, March 10, 2009.

⁷³ U.S. Department of Justice, "Department of Justice Announces Resources for Fight against Mexican Drug Cartels," Fact Sheet, March 24, 2009; and "Fact Sheet: Department of Justice Efforts to Combat Mexican Drug Cartels," *US Fed News*, April 4, 2009.

⁷⁴ Woodrow Wilson International Center for Scholars Mexico Institute, *The United States and Mexico: Towards a Strategic Partnership*, January 2009.

analysts suggest that the U.S. Treasury is doing a good job of making it difficult to launder money within financial institutions. Therefore, the preferred mode to transfer drug proceeds by the Mexican DTOs is through shipments of bulk cash.⁷⁵

In order to address the problem of bulk cash smuggling, the DEA has carried out bulk cash seizures with the FBI, ICE, and Customs and Border Protection (CBP). In 2005, ICE and CBP launched a program known as “Operation Firewall,” which resulted in increased operations against bulk cash smuggling in the U.S.-Mexico border region. Since 2005, Operation Firewall has resulted in 452 arrests and the seizure of more than \$195 million.⁷⁶ Many operations have been carried out in coordination with Mexican customs and the Mexican money laundering vetted unit. In 2008, ICE created a Trade Transparency Unit (TTU) in Mexico. Mexican TTU representatives are receiving training and technical support from ICE officials in how to identify cross-border trade anomalies that could be indicative of bulk cash smuggling.

Precursor Chemicals

Reducing the trafficking of chemicals necessary for drug manufacture is addressed in the Mérida Initiative joint statement. The recent NDIC report of the U.S. Department of Justice credits Mexico’s recently established import restrictions on products containing methamphetamine precursors with reducing Mexican methamphetamine shipments to the United States in 2007 and 2008.⁷⁷ Strong bilateral cooperation between the United States and Mexico has resulted in large drug seizures including the shutting down of five “super” methamphetamine laboratories in Mexico in 2008 according to the Department of State’s 2009 International Narcotics Control Strategy Report released in February 2009.

Weapons Trafficking⁷⁸

The ATF estimates that 90% of the firearms recovered from crime scenes in Mexico originated in the United States.⁷⁹ Mexican drug cartels and enforcer gangs are relying on more powerful weapons, and reportedly are buying semiautomatic versions of the AK-47 and AR-15 style assault rifles, and other military-style firearms in the United States. The cartels often obtain their weapons through “straw purchases,” whereby people who are legally qualified buy the weapons from licensed gun dealers or at gun shows in border states and sell them to smugglers who take them across the border. In November 2008, the Mexican government made the largest seizure of

⁷⁵ Testimony of Andrew Selee, Director of the Mexico Institute, Woodrow Wilson Center before the House Subcommittee on National Security and Foreign Affairs of the Committee on Oversight and Government Reform, March 12, 2009.

⁷⁶ U.S. Department of Homeland Security, Statement of John T. Morton, Assistant Secretary, ICE, before the House Homeland Security Committee, Subcommittee on Border, Maritime, and Global Counterterrorism, June 11, 2009.

⁷⁷ National Drug Intelligence Center, *National Drug Threat Assessment 2009*, U.S. Department of Justice, Product 2008-Q0317-005, December 2008.

⁷⁸ For more information, see CRS Report R40733, *Gun Trafficking and the Southwest Border*, by Vivian S. Chu and William J. Krouse.

⁷⁹ U.S. Embassy, Mexico City, Mexico, “U.S.-Mexico at a Glance: Combating Illicit Firearms,” February 2009. The 90% figure is disputed because it only covers guns that are recovered and turned over to the U.S. government for tracing. An underdetermined fraction of the weapons recovered from crimes by the Mexican government are not turned over to the United States for tracing.

drug-cartel weapons in Mexican history when it found a cache of 540 rifles, 15 grenades, 500,000 rounds of ammunition, and 14 sticks of TNT at a house in the border town of Reynosa, Mexico.⁸⁰

The ATF began a Southwest border initiative dubbed Project Gunrunner in FY2004 that aims to deny firearms to criminal organizations in Mexico, and to combat firearms-related violence affecting communities on both sides of the border.⁸¹ The number of ATF personnel dedicated to Project Gunrunner has increased from around 100 special agents and 25 industry operations investigators in FY2007, to some 148 special agents and 59 industry operations investigators in March 2009.⁸² From FY2004 through June 2009, ATF referred 882 cases for prosecution involving more than 1,838 defendants, including almost 415 cases for firearms trafficking involving more than 1,135 defendants and almost 13,382 guns.⁸³ The 111th Congress has approved legislation providing additional funding to support Project Gunrunner. The American Recovery and Reinvestment Act of 2009 (P.L. 111-5), signed into law February 17, 2009, provided \$10 million for Project Gunrunner. The Omnibus Appropriations Act, 2009 (P.L. 111-8), signed into law March 11, 2009, provided another \$5 million.

In addition to these efforts in the United States, under the Mérida Initiative, ATF received \$4.5 million for the deployment of eTrace firearms tracking technology to U.S. Consulates in Mexico to combat arms trafficking.⁸⁴ In FY2008, Mexico submitted more than 7,500 recovered guns for tracing, showing that most originated in Texas, Arizona, and California.⁸⁵

The Department of Homeland Security (DHS), especially ICE and CBP are also involved in taking action to stop the southbound flow of weapons to Mexico. Both ICE and CBP have the authority to enforce export provisions of the Arms Exports Control Act. In collaboration with Mexican law enforcement authorities, ICE launched a new bilateral program against weapons smuggling in June 2008 known as Operation *Armas Cruzadas*. Among other activities, the program involves intelligence sharing and joint law enforcement efforts with vetted Mexican units. As DHS reported in March 2009, the operation has resulted in more than 100 criminal arrests, 42 convictions, and the seizure of more than 400 weapons.⁸⁶

On June 18, 2009, the Government Accountability Office (GAO) released a report identifying some problems that exist in the information-gathering and coordination efforts of U.S. agencies

⁸⁰ "Mexico: Army Seizes Huge Weapons Cache," *Los Angeles Times*, November 8, 2008.

⁸¹ For background on ATF funding and Project Gunrunner, see CRS Report RL34514, *The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF): Budget and Operations*, by William J. Krouse.

⁸² U.S. Embassy, Mexico, "Border and Law Enforcement, Project Gunrunner," ATF Factsheet, available at <http://www.usembassy-mexico.gov/eng/texts/et080116eTrace.html>; and Department of Justice, Statement of William Hoover, Assistant Director for Field Operations, ATF, and Anthony P. Placido, Assistant Administrator for Intelligence Division, DEA, before Senate Committee on the Judiciary, Subcommittee on Crime and Drugs, March 17, 2009.

⁸³ DOJ, Statement of Anthony P. Placido, Assistant Administrator for Intelligence Division, DEA, and Bill McMahon, Deputy Assistant Director, ATF, before the House Homeland Security Committee, Subcommittee on Border, Maritime, and Global Counterterrorism, July 16, 2009.

⁸⁴ U.S. Department of Justice, "Statement of Joseph M. Arabit, Special Agent in Charge, El Paso Division, Drug Enforcement Administration, and William McMahon, Deputy Assistant Director, Field Operations, ATF," before the Senate Committee on Foreign Relations, March 30, 2009.

⁸⁵ U.S. Department of Justice, "Department of Justice Announces Resources for Fight against Mexican Drug Cartels," Fact Sheet, March 24, 2009.

⁸⁶ U.S. Department of Homeland Security, "Statement of Mark Koumans, Deputy Assistant Secretary, Office of International Affairs," before House Committee on Appropriations, Subcommittee on Homeland Security, March 10, 2009.

charged with combating arms trafficking to Mexico, namely ATF within DOJ and ICE within DHS.⁸⁷ The two agencies have since signed an updated agreement on how to coordinate their Southwest border gun trafficking programs. Further, on August 13, 2009, DHS and DOJ, along with Mexico, signed a letter of intent to develop a coordinated, bilateral arms trafficking strategy, another recommendation suggested in the GAO report.

Mexico, for its part, began a pilot program in February 2009 to screen incoming traffic to look for guns, bulk cash, and other contraband, and is expanding the program across the entire border. On August 16, 2009, the Mexican government replaced all of the customs inspectors posted at the country's airports and border crossings with 1,454 new, better-trained inspectors. Those inspectors are now using non-intrusive inspection equipment provided through the Merida Initiative to check vehicles entering Mexico for arms and/or cash smuggled from the United States.

In light of intensified U.S. efforts to curb weapons trafficking to Mexico, some advocates have called for the U.S. Senate to act on a pending treaty, the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials (CIFTA).⁸⁸ The treaty, which was signed by the United States in 1997 entered into force in July 1998, was submitted to the Senate for its advice and consent in June 1998.⁸⁹ President Obama called for congressional action on CIFTA while in Mexico in April 2009.

Human Smuggling

The Operation Against Smuggling Initiative on Safety and Security (OASISS) is a bilateral effort begun in August 2005 to combat human smuggling. The program, spearheaded by ICE and several Mexican agencies, was initially limited to the area between San Diego, California and Yuma, Arizona, but was extended to El Paso, Texas in April 2006. In August 2007, the United States and Mexico agreed to extend the program to the Mexican state of Coahuila and the area between El Paso and Eagle Pass, Texas. The program assists both the Mexican and U.S. governments in the prosecution of alien smugglers and human traffickers along the southwest border. According to DHS, with funding from the Mérida Initiative, Mexico intends to implement the program across the entire United States-Mexico border.⁹⁰

Human Rights Issues

According to the State Department's human rights report covering 2008, the Mexican government generally respected human rights at the national level by investigating, prosecuting, and sentencing public officials and members of the security forces accused of abuses, but serious problems remained. These included unlawful killing by security forces; kidnappings; physical

⁸⁷ U.S. GAO, *U.S. Efforts to Combat Arms Trafficking to Mexico: Face Planning and Coordination Challenges*, GAO-09-709, June 2009.

⁸⁸ Peter DeShazo and Johnna Mendelson Forman, "A treaty that can help stem drug violence in Mexico," *Washington Times*, February 24, 2009.

⁸⁹ U.S. Department of State, *The Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials*, Fact Sheet, March 25, 2009

⁹⁰ House Committee on Appropriations, Subcommittee on Homeland Security, Statement of Mark Koumans, Deputy y Assistant Secretary, Office of International Affairs, at hearing on "DHS Security Response to Violence on the Border with Mexico," March 10, 2009.

abuse; poor and overcrowded prison conditions; arbitrary arrests and detention; corruption, inefficiency and lack of transparency in the judicial system; confessions coerced through torture; criminal intimidation of journalists leading to self-censorship; impunity and corruption at all levels of government; domestic violence against women; trafficking in persons; social and economic discrimination against some members of the indigenous population; and child labor.

The State Department report maintained that the government or its forces did not commit any politically motivated killings, but that there were reports that security forces killed several people during the year in various cases. The report asserted that cruel treatment and physical abuse of security forces, especially at the state and local level, remained a serious problem. 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.

In the case of the American journalist Bradley Will, shot and killed while covering a protest in Oaxaca in 2006, the State Department report noted that Mexico's National Human Rights Commission (CNDH) issued a report in September 2008 criticizing the federal and Oaxacan state investigations into the killing and implicating Oaxacan state officials. In October 2008, the government arrested three antigovernment protestors for the killing, maintaining that Will was shot at close range. Human rights groups and the CNDH maintain that Will was shot at a distance.⁹¹

In its 2009 human rights report, the New York-based Human Rights Watch asserted that Mexico's criminal justice system remained plagued with human rights problems; that persons under arrest face torture and ill-treatment; and that law enforcement officials often neglect to investigate and prosecute those responsible for human rights violations. On a more positive note, the report praised the Mexican government's approval of justice reform legislation in 2008 that created the basis for an adversarial criminal justice system with oral trials and the presumption of innocence. It raised concerns, however, that individuals suspected of being involved in organized crime could be held for up to 80 days without being charged.⁹²

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. In late April 2009, Human Rights Watch released a report detailing 17 human rights cases (including several from 2007 and 2008) in which military members were allegedly responsible.⁹³ On July 13, 2009, Human Rights Watch issued a statement asserting that "Mexican military courts ... have not convicted a single member

⁹¹ Elisabeth Malkin, "Mexico Says U.S. Journalist Was Killed by a Protester," *New York Times*, October 18, 2008.

⁹² Human Rights Watch, *World Report 2009*, January 2009, pp. 191-195.

⁹³ 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>.

of the military accused of committing a serious human rights violation.”⁹⁴ The head of the Mexican military’s human rights office held a press conference on July 23, 2009, to dispute those assertions, but reportedly did not provide details on particular cases that had been successfully prosecuted in the military justice system.⁹⁵ In late July, a coalition of U.S. and Mexican human rights groups sent a letter to the State Department urging it not to issue a favorable report on the Mexican government’s human rights record.⁹⁶

On August 13, 2009, the State Department submitted its 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 outlines 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. The report acknowledges that human rights complaints against the Mexican military have “increased almost six-fold” since the beginning of the Calderon government. It also states that “the opaqueness of the [Mexican] military court system makes it difficult to analyze the nature and type of complaints filed, the status of cases against members of the military alleged to have violated human rights, or the results of the military prosecution.”⁹⁷

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. 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

⁹⁴ 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>.

⁹⁵ Booth and Fainaru, August 5, 2009.

⁹⁶ Letter from Amnesty International and Other Human Rights Groups to Secretary of State Hillary Clinton, “Human Rights Concerns to Inform the U.S. Department of State’s Merida Initiative Reporting on Mexico, July 24, 2009.

⁹⁷ U.S. Department of State, “Mexico- Merida Initiative Report,” August 2009.

International maintains that the Mexican government is effectively condoning the abuses of the past by not effectively prosecuting past human rights cases.⁹⁸

Migration

Widely cited demographers at the Pew Hispanic Center estimate that there were 7 million undocumented Mexican migrants residing in the United States as of March 2008, accounting for almost 59% of the total estimated illegal alien population of 11.9 million.⁹⁹ Mexico takes the view that the migrants are “undocumented workers,” making the point that since the U.S. market attracts and provides employment for the migrants, it bears some responsibility. Mexico regularly voices concern about alleged abuses suffered by Mexican workers in the United States, and for the loss of life and hardships suffered by Mexican migrants as they utilize increasingly dangerous routes and methods to circumvent tighter border controls. Mexico benefits from illegal migration in at least two ways: (1) it is a “safety valve” that dissipates the political discontent that could arise from higher unemployment in Mexico, and (2) it is a source of remittances by workers in the United States to families in Mexico.

In February 2006, the Mexican Congress 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.”¹⁰⁰ In the resolution, Mexico also accepts the need to revisit its migration policies to consider enforcement of its northern and southern borders, enforcement of Mexican immigration laws that 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. That February 2006 resolution remains the most detailed explanation to date of the major principles behind Mexico’s policy on immigration.

The U.S. Congress last enacted major immigration reform in 1986 and 1996. Main provisions of the Immigration Reform and Control Act of 1986 (P.L. 99-603) included civil and criminal penalties for U.S. employers who knowingly hire undocumented workers; increased border control and enforcement measures; anti-discrimination safeguards; provision for legalization of illegal aliens who resided continuously in the United States before 1982; and a special legalization for farm workers previously employed on American farms. In 1996, two laws relating to immigration were enacted, the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA, P.L. 104-208) and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The first measure sought to control illegal immigration by adding 1,000 Border Patrol agents per year for five years (FY1997-FY2001), along with additional personnel, equipment, and procedures. The IIRIRA increased penalties for unlawful presence and created the expedited removal program.¹⁰¹ Individuals who depart the United States after more than 180 days of unlawful presence now face either a three or 10-year bar to admission to the United States, depending on the total period of unlawful presence.

⁹⁸ “Mexico: Hopes of Justice Vanish,” Amnesty International, March 27, 2009.

⁹⁹ Pew Hispanic Center, *Trends in Undocumented Immigration: Undocumented Inflow Now Trails Legal Inflow*, by Jeffrey Passel and D’Vera Cohn, October 2, 2008.

¹⁰⁰ “Mexico-U.S.: Migration and Border Security,” Embassy of Mexico, February 2006.

¹⁰¹ For more information on expedited removal, see CRS Report RL33109, *Immigration Policy on Expedited Removal of Aliens*, by Alison Siskin and Ruth Ellen Wasem.

In the 110th Congress, the U.S. Senate voted against cloture on the Comprehensive Immigration Reform Act of 2007 (S. 1348) in June 2007, and the measure was not considered after that vote. The bill would have improved border security, established a temporary worker program, and normalized the status of most illegal immigrants in the United States. Mexico has long lobbied for such reforms. Immigration reform legislation also was introduced in the House of Representatives in March 2007. The House measure, the Security Through Regularized Immigration and Vibrant Economy Act of 2007 (H.R. 1645), would have set border and document security benchmarks to be met before normalizing the status of illegal immigrant or the creation of a guest worker program. A variety of other migration-related legislative initiatives were introduced in the 110th Congress, but no action was taken.¹⁰²

It is unclear whether comprehensive immigration legislation will be considered in the 111th Congress.¹⁰³ During Secretary of State Clinton's March 2009 visit to Mexico, she maintained that "President Obama remains committed to comprehensive immigration reform" and that immigration reform "is and will be a high priority for him and his presidency." On June 25, 2009, President Obama and officials in his Administration met with Members of Congress from both parties on comprehensive immigration reform. During that meeting, he announced the formation of a high-level working group headed by DHS Secretary Napolitano to work with Members from the relevant House and Senate committees that will be drafting immigration legislation.¹⁰⁴ At the North American Leaders Summit in early August, President Obama acknowledged that since several of his other major legislative initiatives are still pending, immigration reform is unlikely to occur until early 2010.¹⁰⁵

Trade Issues¹⁰⁶

Trade between Mexico and the United States has grown dramatically since the North American Free Trade Agreement (NAFTA) between the United States, Mexico, and Canada entered into force in 1994.¹⁰⁷ Total U.S. trade with Mexico more than quadrupled from \$82 billion in 1993 to \$367 billion in 2008, but the balance of U.S. trade with Mexico has shifted from a surplus of \$1.3 billion in 1994 to a deficit of \$64.4 billion in 2008 (U.S. exports of \$151.5 billion; U.S. imports of \$215.9 billion). Despite the deficit, Mexico has been one of the fastest growing export markets for the United States in recent years. In 2008, Mexico remained the second largest U.S. export market in 2008 after Canada and ranked third in U.S imports after China and Canada.¹⁰⁸

¹⁰² For a brief history of U.S.-Mexican migration policies, see: Marc R. Rosenblum, "U.S.-Mexican Migration Cooperation: Obstacles and Opportunities," in *Migration, Trade and Development: Conference Proceedings*, Hollifield et al, eds., Federal Reserve Bank of Dallas, 2007.

¹⁰³ For more information, see: CRS Report R40501, *Immigration Reform Issues in the 111th Congress*, by Ruth Ellen Wasem.

¹⁰⁴ The White House, Office of the Press Secretary, "Remarks by the President After Meeting with Members of Congress to Discuss Immigration," June 25, 2009.

¹⁰⁵ Karoun Demirjian, "Obama Says Immigration Overhaul Will Slide Until 2010," *CQ Today*, August 11, 2009.

¹⁰⁶ For more information, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

¹⁰⁷ The NAFTA agreement was negotiated in 1991 and 1992, and side agreements on labor and environmental matters were completed in 1993. The agreements were approved by the respective legislatures in late 1993 and went into force on January 1, 1994. Under the agreements, trade and investment restrictions were eliminated over a 15-year period, with most restrictions eliminated in the early years of the agreement.

¹⁰⁸ U.S. Department of Commerce statistics, as presented by World Trade Atlas.

The United States is Mexico's most important customer by far, receiving about 80% of Mexico's exports, including petroleum, automobiles, auto parts, and winter vegetables, and providing about 50% of Mexico's imports. The United States is the source of over 60% of foreign investment in Mexico, and the primary source of important tourism earnings. Mexico is also the leading country in Latin America in terms of U.S. investment, with the total stock of U.S. investment reaching more than \$120 billion in 2008.¹⁰⁹

While NAFTA has increased Mexican trade with the United States and contributed to rising foreign investment in the country, it has also increased Mexico's dependence on the U.S. economy. Declining U.S. demand for Mexican exports, combined with a drop in tourism revenues and remittances from Mexican workers in the United States, have caused a dramatic downturn in the Mexican economy. Analysts predict that Mexico's economy will be among the poorest performing in Latin America this year, and that the country's GDP will contract by more than 7%. They have attributed the severity of the current crisis in Mexico to a lack of diversification in the country's export markets.¹¹⁰

Functioning of NAFTA Institutions

Several NAFTA institutions mandated by the agreements have been functioning since 1994. The tripartite Commission on Environmental Cooperation (CEC) was established in Montreal, Canada; and the Commission for Labor Cooperation (CLC) was established in Dallas, Texas. In addition, the bilateral Border Environment Cooperation Commission (BECC), located in Ciudad Juarez, Mexico; and the North American Development Bank (NADBank), headquartered in San Antonio, Texas, were created to promote and finance 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 longstanding dispute involving sugar and high fructose corn syrup was resolved in 2006.¹¹¹

*Trucking*¹¹²

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

¹⁰⁹ U.S. Embassy in Mexico City, Mexico, "U.S.-Mexico at a Glance: Foreign Direct Investment," June 2009.

¹¹⁰ "Mexico: No Help From NAFTA," *EIU – Business Latin America*, August 17, 2009.

¹¹¹ For more information on recent trade disputes, see CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

¹¹² For further information, see CRS Report RL31738, *North American Free Trade Agreement (NAFTA) Implementation: The Future of Commercial Trucking Across the Mexican Border*, by John Frittelli.

terminate a pilot program that had allowed Mexican-registered trucks to operate beyond the 25-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 will now face Mexican import duties of between 10-20% of their value, although in the case of fresh grapes, a 45% duty was imposed.¹¹³

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 March 2009, Secretary of State Clinton acknowledged that Mexico had the right to use remedies under NAFTA to impose tariffs on U.S. products, but maintained that neither the U.S. congressional action on Mexican trucking nor Mexico's retaliation were in the best interests of either country.¹¹⁴ Transportation Secretary Ray LaHood submitted a set of principles on how to resolve the issue to the White House in May 2009. President Obama reiterated his commitment to resolving the issue to President Calderon at their August 9, 2009, meeting in Guadalajara, Mexico, but did not present a proposal.

While some Members of Congress favor the creation of a new pilot program with Mexico, others, though concerned about the effects of Mexican retaliatory tariffs on U.S. businesses, remain staunchly opposed to allowing Mexican trucks to operate in the United States.¹¹⁵ In late July 2009, the Senate Appropriations Committee issued a report (S.Rept. 111-69) to the FY2010 Department of Transportation, Housing and Urban Development, and Related Agencies Appropriations measure (H.R. 3288) that includes non-binding language urging the Obama Administration to develop a cross-border trucking program that meets U.S. safety standards.

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,

¹¹³ Christopher Conkey, Jose de Cordoba, and Jim Carlton, "Mexico Issues Tariff List in U.S. Trucking Dispute," *Wall Street Journal*, March 19, 2009.

¹¹⁴ U.S. Department of State, "Press Availability at TecMilenio University," March 26, 2009.

¹¹⁵ For the opposing point of view, see: "Kirk Agrees to Work to Minimize Effects of Mexican Trucking Dispute," *Inside U.S. Trade*, August 14, 2009.

finding that the Department of Commerce did not base its determination on scientific studies of the effects of Mexican tuna fishing on dolphins.

In late October 2008, Mexico initiated World Trade Organization (WTO) dispute proceedings against United States, maintaining that U.S. requirements for Mexican tuna exporters prevents them from using the U.S. “dolphin-safe” label for its products.¹¹⁶ In April 2009, the WTO agreed to set up a dispute panel to rule on Mexico’s complaint. The United States maintained that the dispute should be handled by a NAFTA dispute panel instead of a WTO panel. Since that time, U.S. and Mexican negotiators have held discussions, but no significant progress toward a resolution has been made.¹¹⁷

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 2005.¹¹⁸ 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.

Although President Obama and his counterparts in Mexico and Canada no longer refer to trilateral cooperation as occurring under the SPP initiative, North American cooperation continues to occur on a wide range of economic and security issues. 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.¹¹⁹ The leaders also committed to meet again in Canada in 2010.

¹¹⁶ “Mexico Initiates WTO Dispute Proceeding Against U.S. ‘Dolphin-Safe’ Label for Tuna,” *International Trade Reporter*, October 30, 2008.

¹¹⁷ “WTO Sets Up Panel to Rule on Dolphin-Safe Tuna Labeling Case; U.S. Wants NAFTA Panel,” *International Trade Reporter*, April 23, 2009; “Kirk Highlights Truck Solution Over Challenge of Mexican Sanctions,” *Inside U.S. Trade*, July 31, 2009.

¹¹⁸ 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; also see the website of the SPP, available at <http://www.spp.gov/>

¹¹⁹ The White House, Office of the Press Secretary, “North American Leaders’ Declaration on Climate Change and Clean Energy,” August 10, 2009.

Legislation in the 111th Congress

Enacted and Considered Legislation

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 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. 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.

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, consists of actions to enhance the Mérida Initiative, including the designation of a high-level coordinator within the Department of State to implement the program; the addition of Caribbean Community (CARICOM) countries to the Mérida Initiative; the establishment and implementation of a program to assess the effectiveness of assistance provided under the Mérida Initiative; within 180 days and not later than December 1 of each year thereafter, a reporting requirement regarding the programs and activities carried out under the Mérida Initiative. Title IX, Subtitle B of the bill would require 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 Other Related Materials (CIFTA). H.Amdt. 201 (King) to H.R. 2410, introduced and agreed to on June 10, 2009, provides that the

Secretary of State shall 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. 2647 (Skelton)/S. 1390 (Levin), National Defense Authorization Act for FY2010. House approved June 25, 2009. Senate approved July 23, 2009, with an amendment substituting the language of S. 1390. House and Senate are resolving differences. The measure contains a provision that allows for the Department of Defense to continue providing support for counter-drug activities in Mexico.

H.R. 2892 (Price)/S. 2198 (Byrd), Department of Homeland Security Appropriations Act, FY2010. House approved June 24, 2009. Senate approved with an amendment on July 9, 2009. House and Senate are resolving differences. During June 24, 2009 consideration of H.R. 2892, the House approved H.Amdt. 250 (King), which would redirect funds toward the removal of the lookout posts that have been established along the U.S.-Mexico border. During July 8, 2009 consideration of the bill, the Senate approved S.Amdt. 1399 (DeMint), which would require the completion of at least 700 miles of fencing along the southwest border by December 31, 2010. That provision became section 560 of the Senate version of H.R. 2892.

H.R. 3081 (Lowey)/S. 1434 (Leahy), Department of State, Foreign Operations, and Related Programs Appropriations Act, 2010. House Committee on Appropriations held markup and ordered the bill reported (H.Rept. 111-187) June 26, 2009. House approved July 9, 2009. H.R. 3081 would provide \$246.9 million in assistance for Mexico, including \$235.8 in the INCLE, ESF, and FMF accounts. In H.Rept. 111-187, the Committee no longer refers to this assistance as the “Mérida Initiative,” but would subject funding in the ESF and INCLE accounts to human rights conditions that are similar to P.L. 110-252. The Senate bill was introduced and reported (P.L. 111-44) July 9, 2009. The bill would provide \$105 million in INCLE and \$10 million in ESF for Mexico as part of the Mérida Initiative. It would also provide \$10 million in DA for Mexico. It also contains human rights conditions similar to P.L. 110-252.

Additional Legislative Initiatives

H.Res. 258 (Giffords)/S.Res. 72 (Menendez). H.Res. 258 introduced March 18, 2009; referred to Committee on Foreign Affairs. S.Res. 72 introduced March 10, 2009; referred to Committee on Foreign Relations. The identical resolutions would express full support for Mexico’s efforts to confront drug trafficking organizations, apprehend their members, and bring them to justice. The resolutions would also call on the Department of State to ensure the prompt delivery of Mérida Initiative equipment and training; to continue to support the Mexican government’s efforts to strengthen institutions and the rule of law, root out corruption, and protect human rights; and to ensure full accountability for all assistance and equipment provided by the United States to Mexico.

H.R. 314 (Cuellar), Federal Criminal Immigration Courts Act of 2009. Introduced February 9, 2009; referred to Committee on the Judiciary. The bill would increase Federal judgeships along the southwest border of the United States in Arizona, New Mexico, and Texas.

H.R. 495 (Rodriguez)/S. 205 (Bingaman), Southwest Border Violence Reduction Act of 2009. H.R. 495 introduced January 14, 2009; referred to Committee on the Judiciary and Committee on Foreign Affairs. S. 205 introduced January 12, 2009; referred to Committee on the Judiciary. Both bills would direct the Attorney General to expand the resources provided for ATF’s Project Gunrunner initiative to identify, investigate, and prosecute individuals involved in the trafficking

of firearms across the international border between the United States and Mexico. The bills would authorize \$15 million for each of FY2010 and FY2011 for Project Gunrunner in the United States, and \$9.5 million for each of FY2010 and FY2011 for the Attorney General, in cooperation with the Secretary of State, to assign ATF agents to the U.S. mission in Mexico, provide equipment to support ATF efforts, and provide training for Mexican law enforcement.

H.R. 937 (Filner), Visitors Interested in Strengthening America (VISA) Act of 2009.

Introduced February 10, 2009; referred to Committee on the Judiciary. The bill would waive certain entry documentary requirements for a non-immigrant child (unmarried and under the age of 16) who is a citizen or national of Mexico and accompanying parent or adult chaperone in instances of medical visits, student groups, and/or special community events.

H.R. 1437 (Cuellar), Southern Border Security Task Force Act of 2009. Introduced March 11, 2009; referred to Committees on Homeland Security and the Judiciary. Would establish a task force to coordinate the efforts of federal, state, and local border law enforcement officials and task forces to protect U.S. border cities and communities from violence associated with drug trafficking, gunrunning, illegal alien smuggling, violence, and kidnapping along and across the international border between the United States and Mexico.

H.R. 1448 (Rodriguez), Border Reinforcement and Violence Reduction Act of 2009.

Introduced March 11, 2009; referred to Committees on the Judiciary, Homeland Security, and Foreign Affairs. The bill would authorize the Secretary of Homeland Security and the Attorney General to increase resources to identify and eliminate illicit sources of firearms smuggled into Mexico for use by violent drug trafficking organizations and for other unlawful activities by providing for border security grants to local law enforcement agencies and reinforcing Federal resources on the border. It would authorize: \$150 million for FY2010 and each succeeding fiscal year to the Secretary of Homeland Security for a border relief grant program; \$9.5 million for each of FY2010 and FY2011 for Project Gunrunner (an ATF program) and \$15 million for each of FY2010 and FY2011 for Operation Armas Cruzadas (an ICE program) to deter the trafficking of firearms across the international border between the United States and Mexico.

H.R. 1611 (Flake). Introduced March 19, 2009; referred to Committee on Transportation and Infrastructure. The bill would repeal a provision in the Omnibus Appropriations Act, 2009 (P.L. 111-8, Division I, Section 136) that prohibits the use of funds for a cross-border motor carrier demonstration program to allow Mexican-domiciled motor carriers to operate beyond the commercial zones along the international border between the United States and Mexico.

H.R. 1867 (Kirkpatrick), Border Violence Prevention Act of 2009. Introduced April 2, 2009; referred to Committee on Homeland Security. The bill would authorize additional resources to enhance security activities along the international border with Mexico.

H.R. 1900 (Jackson-Lee), Border Security, Cooperation, and Act Now Drug War Prevention Act.

Introduced April 2, 2009; referred to Committees on Homeland Security and the Judiciary. Among its provisions, the bill would authorize emergency deployments of U.S. Border Patrol, DEA, and ATF agents along the border with Mexico; and would authorize \$150 million in FY2010 and each subsequent fiscal year for a border relief grant program.

H.R. 2083 (Hunter), Border Sovereignty and Protection Act. Introduced April 23, 2009; referred to Committees on the Judiciary, Homeland Security, and Education and Labor. The bill

would require the completion of at least 350 miles of reinforced fencing along the southwest border within one year of the enactment of the measure.

H.R. 3239 (Kirkpatrick) Introduced July 16, 2009; referred to Committees on Homeland Security and Foreign Affairs. The bill would require the Secretary of Homeland Security, in consultation with the Secretary of State, to submit a report on the effects of the Mérida Initiative on the border security of the United States.

H.R. 3252 (Hinojosa). Introduced July 17, 2009; referred to Committee on Financial Services. The bill would authorize the President to agree to an amendment to the agreement between the U.S. and Mexican governments to expand the purposes and functions of the Border Environment Cooperation Commission and the North American Development Bank to allow the Commission to certify, and the Bank to finance, any type of border infrastructure project.

H.R. 3289 (Hunter), Unlawful Border Entry Prevention Act of 2009. Introduced on July 22, 2009; referred to the Committee on Homeland Security, the bill, which is similar to H.R. 2083, would require the Secretary of Homeland Security to complete at least 350 miles of reinforced fencing along the southwest border.

S. 91 (Vitter). Introduced January 6, 2009; referred to Committee on Foreign Relations. The bill would reduce the amount of financial assistance provided to the government of Mexico in response to the illegal border crossing from Mexico into the United States.

S. 339 (Bingaman), Border Law Enforcement Relief Act of 2009. Introduced January 28, 2009; referred to Committee on the Judiciary. The bill would provide financial aid to local law enforcement officials along the nation's borders. It would authorize \$100 million for each of FY2010 through FY2014 for a border relief grant program run by the Attorney General.

S. 1190 (Bingaman), Border Law Enforcement Anti-Drug Trafficking Act of 2009. Introduced June 4, 2009; referred to Committee on the Judiciary. The bill, related to S. 339, would authorize the Attorney General to award competitive grants to local law enforcement agencies and institutions of higher education for combating drug-related criminal activity.

Enacted Legislation in the 110th Congress

P.L. 110-432 (H.R. 2095), Railroad Safety Enhancement Act of 2008. Signed into law on October 16, 2008. Section 416, related to safety inspections in Mexico, provides that mechanical and brake inspections of rail cars performed in Mexico shall not be treated as satisfying U.S. rail safety laws or regulations until the Secretary of Transportation certifies that certain conditions are met.

P.L. 110-329 (H.R. 2638), FY2009 Consolidated Security, Disaster Assistance, and Continuing Appropriations Act. Signed into law September 30, 2008, the bill provides an additional \$37.5 million for the "International Boundary and Water Commission, United States and Mexico" for construction of the water quantity program to meet immediate repair and rehabilitation requirements.

P.L. 110-252 (H.R. 2642), Supplemental Appropriations Act of 2008. Originally introduced June 11, 2007 as the FY2008 Military Construction and Veterans Affairs Appropriations Act, this

bill subsequently became the vehicle for the second FY2008 supplemental appropriations measure, which was approved by the House on June 19, 2008 and the Senate on June 26, 2008. In the final version of the bill, signed into law on June 30, 2008, Congress provided \$400 million in FY2008 and FY2009 supplemental assistance for Mexico, with not less than \$73.5 million for judicial reform, institution-building, anti-corruption, and rule of law activities. The measure provides \$352 million in FY2008 supplemental funds for Mexico within the INCLE, FMF, and ESF accounts, and \$48 million in FY2009 supplemental funds within the INCLE account.

The human rights conditions in P.L. 110-252 are less demanding than earlier versions of the bill, largely because of Mexico's objections that some of the original conditions would have violated its national sovereignty. In the final version, human rights conditions require that 15% of INCLE and FMF assistance be withheld until the Secretary of State reports in writing that Mexico is taking action in four human rights areas. The Secretary of State, after consultation with Mexican authorities, is also required to submit a report on procedures in place to implement Section 620J of the Foreign Assistance Act of 1961. Section 630J prohibits the provision of U.S. assistance to any unit of the security forces of a foreign country if the Secretary of State has credible evidence that such unit has committed gross violations of human rights.

P.L. 110-181 (H.R. 4986), FY2008 National Defense Authorization Act. This bill, signed into law on January 28, 2008, contains a provision in Title X, Section 1022, that allows for the Department of Defense to provide support for counter-drug activities to Mexico.

P.L. 110-161 (H.R. 2764), Consolidated Appropriations Act of 2008. The Consolidated Appropriations Act, signed into law on December 26, 2007, includes several FY2008 appropriations measures. It includes several provisions related to Mexico.

In Division, K, Title I, Section 136 prohibits funding for the establishment of a Department of Transportation (DOT) NAFTA trucking pilot program, under which a limited number of Mexican cargo trucks can deliver goods within the United States.

Division E, Title VI, incorporates the Border Infrastructure and Technology Act of 2007, which includes a provision in Section 606 authorizing funds as needed (from FY2009 to FY2013) for the implementation of projects described in the Declaration on Embracing Technology and Cooperation to Promote the Secure and Efficient Flow of People and Commerce across our Shared Border between the United States and Mexico, agreed to March 22, 2002, Monterrey, Mexico (commonly known as the Border Partnership Action Plan).

In Division G, Title V, Section 526 provides that no funds appropriated by this act may be used by the Commissioner of Social Security or the Social Security Administration to pay the compensation of employees of the Social Security Administration to administer Social Security benefit payments, under any agreement between the United States and Mexico establishing totalization arrangements between the social security system established by Title II of the Social Security Act and the social security system of Mexico, which would not otherwise be payable but for such agreement.

The joint explanatory statement also noted the Administration's request for \$500 million in the FY2008 Supplemental Appropriations request to fund the proposed Mérida Initiative, but stated that the Department of State failed to adequately consult with Congress prior to submitting the budget amendment.

P.L. 110-53 (H.R. 1), Implementing the 9/11 Commission Recommendations Act of 2007.

Section 701 of P.L. 110-53, signed into law August 3, 2007, requires that the Secretaries of State and Homeland Security, with the Director of National Intelligence, and heads of other relevant agencies, submit a report to Congress, no later than 270 days after the bill's enactment, on the status of U.S. efforts to collaborate with allies and international partners to improve border security, global document security, and to exchange terrorist information. Section 511 of the measure calls for the Secretary of Homeland Security to make it a priority to assign personnel from U.S. Immigration and Customs Enforcement (ICE), U.S. Customs and Border Protection (CBP), and the U.S. Coast Guard to regional, state, and local intelligence fusion centers in order to enhance land and maritime border security and to improve dissemination of information amongst the myriad of jurisdictions in border areas.

P.L. 110-28 (H.R. 2206), U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007.

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

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