

# Mexico: Background and U.S. Relations

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## Mexico: Background and U.S. Relations

Mexico, the 10<sup>th</sup> most populous country and 15<sup>th</sup> largest economy in the world, is bound to the United States by geography and strong economic, cultural, and historical ties. In addition to sharing a nearly 2,000-mile border with the United States, Mexico is among the top U.S. trade partners and a major U.S. energy supplier. Criminal violence in Mexico has imperiled U.S. citizen security in parts of Mexico, and fentanyl production and trafficking from Mexico has contributed to surging drug overdoses in the United States. U.S.-Mexico ties, both positive and negative, manifest in legislative activity and interest across a wide range of issues in Congress.

Andrés Manuel López Obrador, the populist leader of the National Regeneration Movement (MORENA) party, which he created in 2014, took office for a six-year term in December 2018. López Obrador has remained popular (63% approval rating in February 2023), likely because of his social programs, minimum wage increases, and ability to connect with voters. Critics have expressed concerns about López Obrador's attacks on freedom of the press, independent government institutions, and judicial independence, as well as his increasing reliance on the military to perform civilian functions. According to the International Monetary Fund, Mexico's economy expanded 3.1% in 2022 and may expand 1.8% in 2023. Observers expect MORENA to dominate the July 2024 presidential elections even though President López Obrador is constitutionally prohibited from seeking reelection.

### U.S. Policy

U.S.-Mexico relations have grown turbulent during the López Obrador administration. Mexico has accommodated changing U.S. immigration and border security policies, negotiated a U.S.-Mexico-Canada free trade agreement (USMCA), worked with the United States on pandemic recovery, and relaunched security cooperation under a new Bicentennial Framework. Nevertheless, ongoing insecurity in Mexico and illicit drug trafficking from Mexico, trade disputes, and U.S. concerns over democracy and human rights issues have caused tension. The Mexican government has pressed for increased U.S. efforts to address drug demand and gun trafficking. Key issues of congressional interest discussed in this report include the following:

- **Transnational Crime and Drug Control:** Congress may continue to fund and oversee bilateral efforts to combat cross-border crime under the Bicentennial Framework signed in October 2021, particularly as “phase two” of the framework, adopted in March 2023, focuses on combating U.S.-bound fentanyl trafficking and Mexico-bound arms trafficking.
- **Irregular Immigration:** Congress may continue to monitor Mexico's role in reducing irregular U.S.-bound migration, including migration control and humanitarian protection efforts.
- **Human Rights:** Members of Congress may continue to support Mexico's efforts to address human rights challenges, including violence against journalists and human rights defenders, enforced disappearances, and femicide.
- **Free Trade:** Congress may closely monitor both countries' adherence to the USMCA, with particular interest in labor conditions in Mexico and energy policies in Mexico that may violate the agreement.
- **Border Environmental Concerns.** Congress may oversee attempts to resolve long-standing transboundary pollution issues and water sharing on the Southwest border and may consider funding for infrastructure improvements to address such problems.

### Legislative Action

Congress has appropriated foreign assistance for Mexico and has overseen bilateral efforts to address U.S.-bound unauthorized migration, illegal drug flows, and USMCA implementation. The 118<sup>th</sup> Congress is considering the Biden Administration's FY2024 \$111.4 million request for foreign assistance to Mexico, which is 14% lower than the FY2022 enacted level of \$127.1 million and 30% lower than the FY2023 request of \$141.6 million. Members of Congress have introduced a wide range of proposals to address fentanyl trafficking from Mexico, including bills that would authorize the use of U.S. military force in Mexico (H.J.Res. 18) and that would designate Mexican drug cartels as foreign terrorist organizations (e.g., H.Res. 216, S. 698), some of which have prompted strong negative reactions from the Mexican government. On migration, legislative proposals have ranged from addressing irregular migration flows through humanitarian pathways and increased access to asylum to codifying policies and procedures to limit access to asylum put in place during the Trump Administration (H.R. 1690, H.R. 2, Title III).

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## Introduction

Congress has maintained interest in Mexico, a neighboring country and top trading partner with which the United States has a close but complex relationship (see **Figure 1**). In recent decades, bilateral relations improved as the U.S. and Mexican economies became more integrated and the countries worked together to address crime, migration, and other issues of shared concern. Disagreements on these issues have emerged on occasion, however, as exemplified by U.S. concerns about fentanyl production and trafficking from Mexico and Mexican government concerns about U.S. counterdrug actions inside Mexico and arms trafficking.<sup>1</sup> The history of U.S. military and diplomatic intervention in Mexico has arguably exacerbated such tension.<sup>2</sup>

Congress remains concerned about the effects of organized crime-related violence in Mexico on U.S. security interests and about U.S. citizens' safety in Mexico. It has increased oversight of U.S.-Mexico security cooperation and may continue to do so as the two nations implement the U.S.-Mexico Bicentennial Framework agreement.<sup>3</sup> Congress has continued to appropriate foreign assistance for Mexico and oversee bilateral efforts to address illegal drug flows, unauthorized migration, environmental issues, and lessons learned on health and supply chain management from the Coronavirus Disease 2019 (COVID-19) pandemic. Implementation of the United States-Mexico-Canada Free Trade Agreement (USMCA) and its labor commitments, Mexico's treatment of U.S. energy firms, and border environmental issues may also receive oversight attention.

This report provides an overview of political and economic conditions in Mexico, followed by overviews of selected issues of congressional interest in Mexico—security cooperation and foreign aid; fentanyl trafficking, extraditions; human rights, trade; migration; energy; and border environmental, water, and health concerns.

## Background

Over the past two decades, Mexico has transitioned from a centralized political system dominated by the Institutional Revolutionary Party (PRI), which controlled the presidency from 1929-2000, to a true multiparty democracy.<sup>4</sup> Since the 1990s, presidential power has become more balanced with that of Mexico's Congress and Supreme Court. Partially as a result of these new constraints on executive power, the country's first two presidents from the conservative National Action Party (PAN)—Vicente Fox (2000-2006) and Felipe Calderón (2006-2012)—struggled to enact some of the reforms designed to address Mexico's economic and security challenges.

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

In 2012, the PRI regained control of the presidency after 12 years in the opposition with a victory by Enrique Peña Nieto over Andrés Manuel López Obrador, then standing for the leftist

<sup>1</sup> Rocio Fabbro and Robbie Gramer, "U.S.-Mexican Relations Fray Over Fentanyl," *Foreign Policy*, April 14, 2023.

<sup>2</sup> Peter H. Smith and Andrew Selee, eds., *Mexico and the United States: the Politics of Partnership* (Boulder, CO: Lynne Rienner Publishers, 2013).

<sup>3</sup> White House, "Fact Sheet: U.S.-Mexico High-Level Security Dialogue," October 8, 2022.

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

Democratic Revolutionary Party (PRD). In 2013, Peña Nieto shepherded reforms on energy, education, access to finance, and politics through the legislature by forming an agreement among the PRI, PAN, and PRD. The energy reform opened Mexico's energy sector to private investment, prompting foreign companies to pledge hundreds of billions of dollars of new investment in the country. During Peña Nieto's term, Mexico continued to contend with high levels of homicides, moderate economic growth (averaging 2% annually), and pervasive corruption and impunity.

**Figure I. Mexico at a Glance**



**Sources:** Created by CRS using data from CIA World Factbook (CIA), Mexico's National Council for the Evaluation of Social Development Policy (CONEVAL), the International Monetary Fund (IMF), Mexico's National Institute of Statistics and Geography (INEGI), and the Trade Data Monitor (TDM).

**Notes:** Mexico's 2020 census did not include ethnicity; two questions asked people whether they self-identify as Indigenous language speakers (6.1% of the population) or as Afro-Mexican or Afro-descendant (2% of the population). See the National Institute of Statistics and Geography, *Así Se Contó México*, 2021.

## Political and Economic Environment

Mexico has undergone significant changes under the populist rule of Andrés Manuel López Obrador, leader of the leftist National Regeneration Movement (MORENA) party, who took office for a six-year term in December 2018.<sup>5</sup> President López Obrador, who created MORENA in 2014, is the first Mexican president in over two decades to enjoy majority support in both legislative chambers, although the size of those majorities decreased following the June 2021 midterm elections (See **Figure 2** below).

President López Obrador's approval ratings have remained high (63% in February 2023) even as he struggled to respond to the COVID-19 pandemic and continues to be challenged by entrenched poverty and corruption.<sup>6</sup> Supporters of the government have generally praised its social programs and minimum wage increases, as well as López Obrador's ability to connect with his constituents through daily press conferences and frequent, countrywide travel. Critics of the government point to López Obrador's attacks on freedom of the press, independent government institutions, and judicial independence, as well as his increasing reliance on the military to perform roles previously carried out by civilian agencies in public security, health, infrastructure, customs, and other sectors. López Obrador has spared his priority, military-built, infrastructure projects from budget cuts while reducing certain other public spending. López Obrador's administration has cut public sector salaries and ministry budgets, especially those of autonomous institutions that he proposes to eliminate or merge into existing bureaucracies.

As of May 2023, MORENA controlled 201 of 500 seats in the Chamber of Deputies and 60 of 128 seats in the Mexican Senate (See **Figure 2**). MORENA relies on ad hoc support from other parties, including the PT, PES, and Green Party, to pass legislation. With these parties, the MORENA-led coalition controls 275 seats in the lower chamber and 76 seats in the senate, short of the two-thirds majority needed to make constitutional amendments. In 2022, the congress blocked a proposed constitutional reform that would have severely limited private sector involvement in the electricity sector.<sup>7</sup> In contrast, the congress approved MORENA-backed legislation to place the National Guard, a military-led federal law enforcement body created by the López Obrador government, under the authority of the defense ministry in September 2022. Mexico's Supreme Court declared that reform unconstitutional in April 2023.<sup>8</sup> Domestic and international observers have criticized legislative reforms enacted in 2023 that, if ruled constitutional by Mexico's Supreme Court, could severely weaken the independence and capacity of the country's independent electoral commission ahead of the 2024 elections.<sup>9</sup>

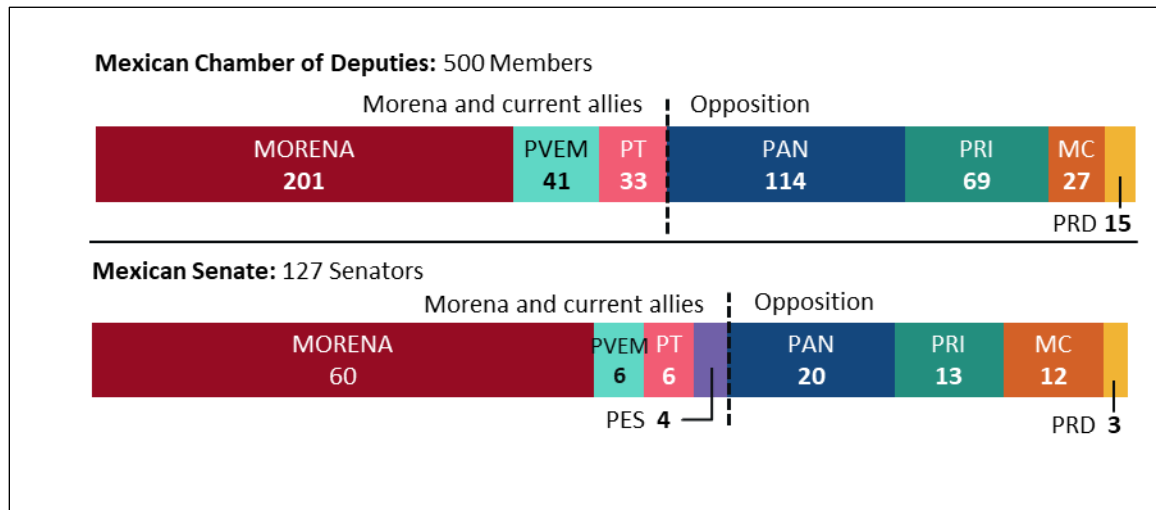
<sup>5</sup> Originally from the southern state of Tabasco, López Obrador, a former mayor of Mexico City (2000-2005), had run for president in the past two elections. After his 2012 loss, he left the center-left PRD and founded MORENA.

<sup>6</sup> Carin Zissis, "Approval Tracker: Mexico's President AMLO," Americas Society/Council of the Americas, March 6, 2023; Economist Intelligence Unit (EIU), *Country Report: Mexico*, March 2023. Hereinafter: EIU, March 2023. On corruption, see "MEXICO: Scandal at Flagship Governmental Body Deepens," *Latin News Security & Strategic Review*, May 2023.

<sup>7</sup> Drazen Jorgic and Dave Graham, "Mexican President's Contentious Electricity Overhaul Defeated in Congress," Reuters, April 18, 2022.

<sup>8</sup> Associated Press (AP), "Mexico Court: National Guard Shift to Army Unconstitutional," April 18, 2023.

<sup>9</sup> David Frum, "The Autocrat Next Door," *The Atlantic*, February 21, 2023.

**Figure 2. Composition of Mexican Congress by Party: May 2023**

**Source:** Created by CRS using data from the Mexican Chamber of Deputies and Mexican Senate.

**Notes:** MORENA = National Regeneration Movement; PVEM = Green Party; PT = Worker's Party; PAN = National Action Party; PRI = Institutional Revolutionary Party; MC = Citizen's Movement; PRD = Democratic Revolutionary Party; and PES = Social Encounter Party.

Political attention in Mexico is focused on who will stand for MORENA in the 2024 elections, as López Obrador is constitutionally prohibited from seeking reelection, and whether the opposition, which remains relatively weak and divided, will be able to select a unified candidate. As of May 2023, no leading candidates for the opposition parties have emerged. Mexico City Mayor Claudia Sheinbaum and Foreign Minister Marcelo Ebrard are among the leading contenders vying to stand for MORENA.

## Security Conditions and Policy Responses

From 2015 to 2018, the homicide rate in Mexico surged some 71%, reaching a record 29 homicides per 100,000 people.<sup>10</sup> Homicides in Mexico remained near those record-setting levels leading up to and during the COVID-19 pandemic but have since declined.<sup>11</sup> High levels of homicides have largely mirrored trends in organized crime-related violence, as criminal groups have fought for control over illicit smuggling routes into the United States (see **Figure 3**).<sup>12</sup> On March 3, 2023, cartel gunmen kidnapped four U.S. citizens (two of whom were subsequently killed) who reportedly had traveled to the city of Matamoros for medical services, prompting significant U.S. concern.<sup>13</sup> By 2021, femicides (targeted killing of women) increased

<sup>10</sup> United Nations Office on Drugs and Crime (UNODC), Global Homicide database, at <https://dataunodc.un.org/content/Country-profile?country=Mexico>.

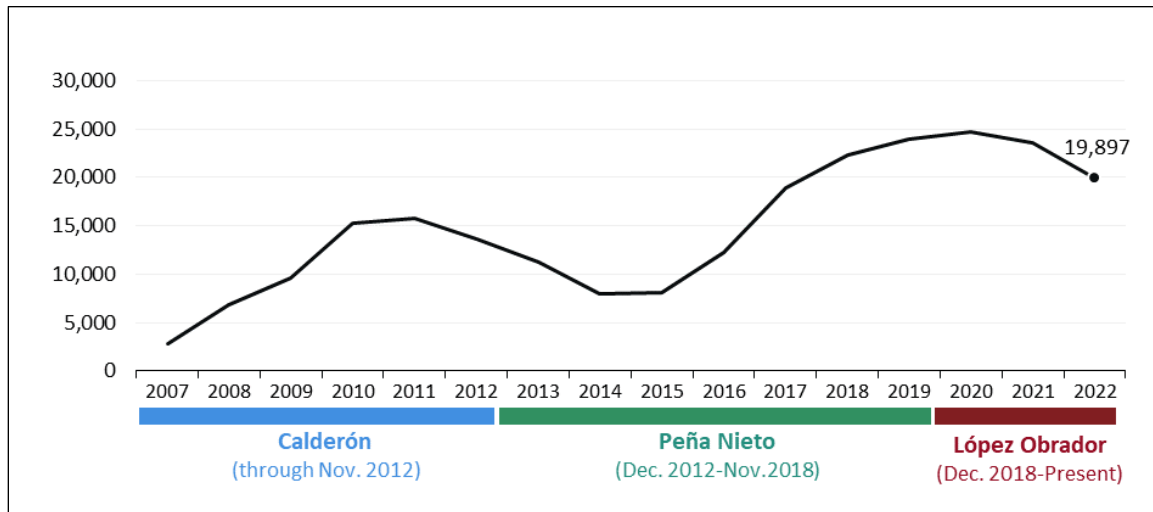
<sup>11</sup> Laura Y. Calderón et al., *Organized Crime and Violence in Mexico: 2021 Special Report*, Justice in Mexico, University of San Diego, October 2021. Hereinafter Calderón et al., *Organized Crime and Violence in Mexico*, 2021.

<sup>12</sup> Infighting among criminal groups has intensified since the rise of the Jalisco New Generation cartel. See CRS Report R41576, *Mexico: Organized Crime and Drug Trafficking Organizations*, by June S. Beittel.

<sup>13</sup> Kevin Sieff et al. "Two of the Americans Kidnapped in Mexico Are Found Dead," *Washington Post*, March 7, 2023.

approximately 137% from 2015 levels.<sup>14</sup> *Enforced disappearances*,<sup>15</sup> kidnappings, and other violent crimes also have surged periodically.

**Figure 3. Estimated Organized Crime-Related Homicides in Mexico**  
(2008-2022)



**Source:** Created by CRS. Information from Lantia Inteligencia, a Mexican security firm.

Mexican transnational criminal organizations (TCOs) have fought to satisfy U.S. drug demand while also engaging in other illicit activities such as alien smuggling, fuel theft, arms trafficking, and money laundering. A 2021 Government Accountability Office report found that some 70% of firearms recovered in Mexico originated in the United States.<sup>16</sup> Bulk cash smuggling continues, but TCOs also launder drug profits through complex schemes, some of which involve Chinese businesses and money traders, as well as through schemes to hide illicit profits in remittance flows sent from the United States.<sup>17</sup>

President López Obrador has rejected calls for a “war” on transnational criminal organizations, as such an approach failed under his two predecessors. Instead, his administration’s security strategy includes a focus on addressing the socioeconomic drivers of violent crime. The administration launched a program that provides scholarships to youth to attend university or complete internships. No one has evaluated the program’s effects on youth employability or crime prevention,<sup>18</sup> and auditors have uncovered irregularities in the program’s implementation.<sup>19</sup>

<sup>14</sup> Woodrow Wilson Center, “Engendering Safety: Addressing Femicide in Mexico,” press release, July 15, 2022, <https://www.wilsoncenter.org/collection/engendering-safety-addressing-femicide-mexico>.

<sup>15</sup> According to the United Nations, *enforced disappearances* occur when “persons are arrested, detained or abducted against their will or otherwise deprived of their liberty by officials of different branches or levels of Government, or by organized groups or private individuals acting on behalf of, or with the support, direct or indirect, consent or acquiescence of the Government.” See <http://www.un.org/en/events/disappearancesday/background.shtml>.

<sup>16</sup> U.S. Government Accountability Office (GAO), *Firearms Trafficking: U.S. Efforts to Disrupt Gun Smuggling into Mexico Would Benefit from Additional Data and Analysis*, GAO 21-322, February 2021.

<sup>17</sup> U.S. Drug Enforcement Administration, *National Drug Threat Assessment*, March 2021; U.S. Department of the Treasury, “Treasury Announces 2022 National Illicit Finance Strategy,” May 13, 2022; Signos Vitales, *Euforia de las Remesas: Éxodo, Lavado de Dinero, y Auge Económico*, March 2023.

<sup>18</sup> Alán Lopez, “Jóvenes Perdiendo su Futuro,” *Nexos*, February 17, 2020.

<sup>19</sup> Zenyazen Flores, “Estas son las Irregularidades que la ASF Encontró en Jóvenes Construyendo el Futuro,” *El*

Neither López Obrador nor Mexico's prosecutor general have devoted resources to strengthening the accusatorial justice system that took effect in 2016 or the independence of the National Prosecutor's Office.<sup>20</sup> The administration has sought to increase the types of crimes subject to mandatory pretrial detention, contravening a goal of the reforms. Impunity for homicide remains above 90%, and Mexico ranks 135 out of 140 countries ranked by the World Justice Project in 2022 based on the performance of its criminal justice system.<sup>21</sup>

In contrast to his campaign pledges, President López Obrador has expanded, not limited, the military's role in public security and an array of other public sector tasks.<sup>22</sup> In 2019, López Obrador backed constitutional reforms that created a National Guard to replace the Federal Police (a force that had received significant U.S. equipment and training). In May 2020, López Obrador signed a decree to allow military involvement in public security to continue through 2025, a policy that Mexico's congress extended through 2028.<sup>23</sup> Although Mexico's National Guard (composed mostly of military police units of the army and navy) is involved in territorial control in high-crime areas, border and immigration enforcement, and communications interception, it has limited capacity to investigate crimes.<sup>24</sup> State and local police forces charged with investigating most crimes, including homicides, have received less federal support from the López Obrador government than they received under prior administrations.<sup>25</sup>

## Addressing Corruption

Corruption is an issue at all levels of government and among all political parties in Mexico. While most evident at the municipal and state level, corruption and collusion between public servants and crime groups occurs at the federal level, as well. In February 2023, a U.S. federal jury convicted Genaro García Luna, public security minister during the PAN administration of President Calderón, on charges of accepting millions of dollars in bribes from the Sinaloa Cartel.<sup>26</sup> In October 2020, the U.S. arrest of former Mexican Defense Minister Salvador Cienfuegos (2012-2018) on drug and money-laundering charges surprised and angered the Mexican government. Responding to Mexican pressure, the United States agreed to drop the case and allow Cienfuegos to return to Mexico, where he was exonerated.

President López Obrador has taken steps to combat corruption, but the key institutions to detect and address corrupt offenses—such as the new criminal justice system, the Prosecutor General's Office, and the National Anti-corruption System—remain weak (see **Appendix A**). President López Obrador has been unwilling to allow prosecutors to investigate allegations involving his family and allies.<sup>27</sup> His administration's focus on reducing government expenditures and efforts

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*Financiero*, February 21, 2021.

<sup>20</sup> See, for example, Justice in Mexico, *Prosecutorial Reform in Mexico: Assessing the Progress of the National Prosecutor's Office*, March 16, 2021.

<sup>21</sup> Impunidad Cero, *Impunidad en Homicidio Doloso y Femicidio 2022*, December 2022; *WJP Rule of Law Index*, 2022.

<sup>22</sup> Craig Deare, *Militarization a la AMLO: How Bad Can It Get?*, Wilson Center, September 2021.

<sup>23</sup> Those reforms contradict a 2018 Mexico Supreme Court ruling that prolonged military involvement in public security violated the Mexican Constitution.

<sup>24</sup> Iñigo Guevara, *Mexico's National Guard: When Police Are Not Enough*, Woodrow Wilson Center's Mexico Institute, January 2020; "Vigila Guardia Nacional 84 Hospitales de IMSS," *Reforma*, April 15, 2020.

<sup>25</sup> Maureen Meyer, *Police Reform and Security Strategies in Mexico in the Context of the war on Drugs and U.S. Support of These Efforts*, Washington Office on Latin America (WOLA), July 2020.

<sup>26</sup> U.S. Department of Justice, "Ex-Mexican Secretary of Public Security Genaro Garcia Luna Convicted of Engaging in a Continuing Criminal Enterprise and Taking Millions in Cash Bribes from the Sinaloa Cartel," February 21, 2023.

<sup>27</sup> See, for example, Andrés Bello, "Why Allegations About His Son Could Hurt Mexico's President," *Economist*,

to punish tax evaders have won praise from some citizens. Nevertheless, observers worry that cuts in public sector salaries have made officials more susceptible to bribes and that tax-related “anti-corruption” probes have sometimes been used to intimidate government opponents.<sup>28</sup>

## Human Rights

Criminal groups, sometimes in collusion with state actors, have continued to commit serious human rights violations against civilians in Mexico.<sup>29</sup> The vast majority of those abuses have gone unpunished, whether they were prosecuted in the military or civilian justice systems. Under Mexico’s new justice system, judges have had to let many defendants go free, even if they may have been guilty, due to police misconduct in gathering evidence.<sup>30</sup> The government continues to receive criticism for not protecting journalists, human rights defenders, migrants, and other vulnerable groups from abuses, as well as for its expansion of military involvement in public security despite abuses committed by security forces.<sup>31</sup> Reports have documented the López Obrador government’s improper use of military-purchased spyware to surveil public officials, civil society leaders, and others.<sup>32</sup>

For years, human rights groups and the U.S. State Department’s *Country Reports on Human Rights Practices* have chronicled cases of Mexican security officials’ involvement in extrajudicial killings, torture, and “enforced disappearances.”<sup>33</sup> The unresolved case of 43 missing students who disappeared in Iguala, Guerrero, in September 2014—which allegedly involved the local police and federal authorities—galvanized global protests. Experts from the Inter-American Commission on Human Rights disproved much of the attorney general’s investigation, and in 2018, a federal judge dismissed that investigation as biased. President López Obrador established a truth commission, and Prosecutor General Gertz Manero created a special prosecutor’s office to focus on the case. As of May 2023, authorities have arrested more than 80 suspects for crimes related to the case but prosecutors have yet to secure any convictions.<sup>34</sup>

Among the human rights challenges facing Mexico, President López Obrador has prioritized addressing enforced disappearances.<sup>35</sup> His administration has met regularly with families of the missing, launched an online portal for reporting missing persons, registered thousands of clandestine graves, and increased the budget for Mexico’s national search commission. The government has sought international assistance to identify tens of thousands of bodies that have been exhumed. Still, in November 2021, the U.N. Committee on Enforced Disappearances

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February 19, 2022.

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

<sup>29</sup> See U.S. Department of State, *2022 Country Report on Human Rights Practices: Mexico*, March 2023. Hereinafter U.S. Department of State, *2022 Country Report*, March 2023.

<sup>30</sup> World Justice Project, *Almanac: Achievements and Challenges of the New Criminal Justice System*, October 25, 2019, at <https://worldjusticeproject.mx/almanaque-enpol16/>.

<sup>31</sup> Human Rights Watch, *World Report 2023: Mexico*, at <https://www.hrw.org/world-report/2023/country-chapters/mexico>; Maria Abi-Habib and Galia García Palafox, “Deadly Attack Exposes Growing Threat in Mexico: The Military,” *New York Times*, April 7, 2023.

<sup>32</sup> Natalie Kitroeff and Ronen Bergman, “How Mexico Became the Biggest User of the World’s Most Notorious Spy Tool,” *New York Times*, April 18, 2023.

<sup>33</sup> U.S. Department of State, *2022 Country Report*, March 2023.

<sup>34</sup> For recent updates, see National Security Archive, “Ayotzinapa Investigations,” at <https://nsarchive.gwu.edu/special-exhibit/ayotzinapa-investigations>.

<sup>35</sup> CRS In Focus IF11669, *Mexico: Addressing Missing and Disappeared Persons*.

criticized the “structural impunity” that continues for perpetrators of disappearances and the involvement of public officials from all levels of government in such crimes.<sup>36</sup>

Human rights organizations have urged the López Obrador administration to fully enact the country’s 2017 law against torture, investigate and punish cases of torture, and take steps to ensure that state agents do not commit acts of torture. After an April 2019 review of Mexico, the U.N. Committee Against Torture welcomed the passage of the 2017 law but stated that torture by state agents occurred in a “generalized manner” and found torture to be “endemic” in detention centers.<sup>37</sup> López Obrador has spoken out against torture, but his government has yet to develop a system to track statistics on torture cases as required by the 2017 law.

Analysts maintain that efforts to protect journalists, human rights defenders, and migrants remain insufficient and, in some cases, have worsened under López Obrador.<sup>38</sup> Some 157 journalists and media workers have been killed in Mexico since 2000, including 7 in 2021 and at least 12 in 2022.<sup>39</sup> Mexico ranks among the top 10 countries globally with the highest rates of unsolved journalist murders as a percentage of population, according to the nongovernmental Committee to Protect Journalists’ 2022 *Global Impunity Index*.

Mexico is also a dangerous country for human rights defenders. In 2022, an estimated 45 human rights defenders were killed.<sup>40</sup> As politicians discredited some human rights groups and questioned their sources of funding, police periodically used excessive force against human rights defenders protesting against femicide and other issues.<sup>41</sup> The López Obrador government has neither strengthened the mechanism intended to protect human rights defenders and journalists nor ensured an adequate budget for prosecutors charged with investigating those crimes.

Migrants in Mexico are vulnerable to abuse by criminal groups and corrupt officials, including human trafficking, extortion, kidnapping, and murder. In January 2021, U.S.-trained state police reportedly killed 18 migrants in Tamaulipas, Mexico.<sup>42</sup>

## Economic and Social Conditions

Beginning in the late 1980s, Mexico transitioned from a closed, state-led economy to an open market economy that has entered into free trade agreements with 50 countries.<sup>43</sup> The transition accelerated after the North American Free Trade Agreement (NAFTA) entered into force in 1994. Since NAFTA, Mexico has increasingly become an export-oriented economy, with the value of exports equaling 41% of Mexico’s gross domestic product (GDP) in 2021, up from 12% of GDP

<sup>36</sup> “Mexico: Over 95,000 Registered as Disappeared, Impunity ‘Almost Absolute,’” *U.N. News*, November 29, 2021.

<sup>37</sup> U.N. Office of the High Commissioner for Human Rights, “Committee Against Torture Reviews the Report of Mexico,” April 26, 2019.

<sup>38</sup> Human Rights Watch, *World Report 2022: Mexico*.

<sup>39</sup> Article 19, “Periodistas Asesinados en México,” accessed on May 3, 2023, available at <https://articulo19.org/periodistasasesinados/>.

<sup>40</sup> Frontline Defenders, *Global Analysis 2022*, April 2023.

<sup>41</sup> *Ibid.*

<sup>42</sup> Parker Asmann, “US-Trained Police Implicated in Mexico Migrant Massacre,” *InSight Crime*, February 3, 2021.

<sup>43</sup> U.S. Department of State, *2022 Investment Climate Statements: Mexico*, at <https://www.state.gov/reports/2022-investment-climate-statements/mexico/>.

in 1993.<sup>44</sup> Mexico remains a U.S. crude oil supplier, but its top exports to the United States are vehicles and auto parts, automatic data processing machines, and electrical machinery.<sup>45</sup>

From 2010 to 2019, Mexico recorded an average annual economic growth rate of 2.7%, but its economy contracted 8.0% in 2020.<sup>46</sup> Although the global pandemic was the principle cause for the 2020 contraction, Mexico's economy also shrank by 0.2% in 2019. Increased U.S. demand for goods and services, higher vaccination rates, and the reopening of businesses powered an economic rebound of 4.7% in 2021.<sup>47</sup> Nevertheless, concerns about tightening monetary policy, inflation and a reduction in U.S. growth projections led to 3.1% growth in 2022 and a 2023 growth forecast of 1.8%.<sup>48</sup>

Mexico's future growth projections are mixed. According to the Organisation for Economic Cooperation and Development (OECD), financial exclusion, a lack of competitiveness, employment in the informal sector, corruption, and low female participation in the workplace are impediments to Mexico's medium-term economic performance.<sup>49</sup> Lingered pandemic-related effects, energy sector reforms that discourage foreign investment, and new challenges related to technological innovation and climate change also could hinder long-term growth.<sup>50</sup> Experts have posited that Mexico's traditional economic assets—plentiful natural resources, a relatively young labor force, and proximity and preferential access to markets in the United States—strategically position it to take advantage of potential nearshoring opportunities as policymakers from the United States and other countries seek to establish supply chains away from Chinese markets.<sup>51</sup>

Despite attempts to diversify its economic ties and build its domestic economy, Mexico remains heavily dependent on the United States as an export market (roughly 76.8% of Mexico's exports in 2022 were U.S.-bound) and as a source of remittances, tourism revenues, and investment.<sup>52</sup> Remittances reached a record of nearly \$58.5 billion in 2022.<sup>53</sup> U.S. foreign direct investment in Mexico stood at \$110.7 billion in 2021; the United States remains Mexico's top source of foreign direct investment.<sup>54</sup>

## López Obrador Government's Economic and Energy Policies

President López Obrador promised to govern austere and bolster economic growth, but a lack of public investment hurt Mexico's pre-pandemic growth rate and the government's limited fiscal response to the pandemic worsened its economic impact on Mexico.<sup>55</sup> López Obrador worked

<sup>44</sup> World Bank, "World Development Indicators," accessed February 14, 2022.

<sup>45</sup> Trade Data Monitor, "Mexico Exports to the United States, All Commodities, November, 2021," accessed February 14, 2022.

<sup>46</sup> International Monetary Fund (IMF), "IMF DataMapper: Real GDP Growth," accessed April 27, 2023.

<sup>47</sup> IMF, *Mexico: Article IV Consultation-Press Release; and Staff Report*, Country Report 2021/240, November 2021. Hereinafter: IMF, 2021.

<sup>48</sup> EIU, March 2023.

<sup>49</sup> Organisation for Economic Cooperation and Development (OECD), *OECD Economic Surveys: Mexico*, February 2022.

<sup>50</sup> IMF, 2021.

<sup>51</sup> Daniel Zega, Alessandra Ortiz, "Mexico at the Cusp of Recovery," Deloitte Insights, December 10, 2021.

<sup>52</sup> Trade Data Monitor, "Mexico Exports to the World, All Commodities," accessed May 3, 2023.

<sup>53</sup> Banco de México, Sistema de Información Económica, accessed April 27, 2023.

<sup>54</sup> U.S. Department of Commerce, Bureau of Economic Analysis, at <https://www.bea.gov/sites/default/files/2022-07/dici0722.pdf>; U.S. Department of State, *2022 Investment Climate Statement: Mexico*.

<sup>55</sup> IMF, 2021.

with the Trump Administration to renegotiate the USMCA, which updated and modernized the NAFTA agreement, assuaging some investor concerns about López Obrador's economic policies. However, his government's energy policies have prompted international concerns, legal challenges, and USMCA consultations that could result in a dispute settlement panel if U.S. and Canadian concerns are not adequately resolved (See "Energy" section).<sup>56</sup> Mexico's congress also passed mining reforms to shorten concessions for foreign companies invested in the sector and to require a percentage of revenues be shared with local communities.<sup>57</sup>

Reduced spending on public administration and several tax settlements with large companies since October 2019 have allowed the López Obrador government to devote significant resources to social programs and major infrastructure projects without adding to public debt.<sup>58</sup> Many of those infrastructure projects have proven costly for the country. Upon assuming the presidency, López Obrador paid \$1.8 billion to cancel the construction of a new airport outside of Mexico City, opting to build in a different location at an estimated cost of \$2.6 billion.<sup>59</sup> His government has continued to construct the Maya Train, a \$9.7 billion railroad line to promote tourism in five southeastern states, despite criticism that it would damage the environment and opposition from indigenous groups in the area.<sup>60</sup> The government devoted \$8 billion to build the *Dos Bocas* coal-powered refinery in Tabasco, but cost overruns, worker strikes, and operational setbacks have derailed the project's budget and timeline.<sup>61</sup>

## Social Conditions

Mexico has long had relatively high poverty rates for its level of economic development, a problem exacerbated by the pandemic. Experts estimate nearly 10 million Mexicans fell into poverty in 2020, widening the poverty rate to 43.9%.<sup>62</sup> Traditionally, poverty has been most acute among those in southern Mexico's rural regions, indigenous populations, and those employed in subsistence agriculture or in the informal sector.<sup>63</sup> Despite predictions to the contrary, poor and working class households received continued remittances sent from family members abroad, even during the pandemic. Remittances to Mexico rose 27% from 2020 to 2021.<sup>64</sup>

Mexico also has experienced high levels of income inequality. According to the *2022 World Inequality Report*, 57% of Mexico's wealth was concentrated in 10% of the population, a figure

<sup>56</sup> In April 2022, the Mexican congress rejected a constitutional reform that would have dismantled the 2013 reforms with respect to the electricity sector; however, Mexico's Supreme Court narrowly upheld the constitutionality of regulatory reforms enacted in 2021 that favor the Federal Electricity Commission (CFE) over private companies. ECPA, "Lingering Uncertainty in Mexico's Energy Sector," May 3, 2022; Jarrett Renshaw and David Lawder, "Exclusive: US Plans Ultimatum in Mexico Energy Dispute, Raising Threat of Tariffs," Reuters, March 27, 2023.

<sup>57</sup> Associated Press, "Mexico Passes Mine Reform, 17 Other Bills in Frenzied Rush," April 29, 2023.

<sup>58</sup> Javier Martínez, Leonardo Núñez, "Análisis del Paquete Económico 2022: El Presupuesto de un Solo Hombre," Mexicanos Contra la Corrupción, September 13, 2021; OECD, *OECD Economic Outlook*, May 2021.

<sup>59</sup> Sonia Corona, "El Nuevo Aeropuerto de México, a Punto del Despegue," *El País*, February 12, 2022.

<sup>60</sup> "El Tren Maya de López Obrador Arranca el Año Con Tropiezos y Dudas," *Los Angeles Times*, February 4, 2022.

<sup>61</sup> Amy Stillman, Lucia Kassai, Max de Haldevang, "Mexico's Crown-Jewel Oil Refinery Is \$3.6 Billion Over Budget," *Bloomberg News*, January 21, 2022; Jon Martín Culléll, "Trabajadores de la Refinería de Dos Bocas Chocan Con la Policía en Su Segundo Día de Paro," *El País*, October 13, 2021.

<sup>62</sup> Consejo Nacional de Evaluación de la Política de Desarrollo Social (CONEVAL), *Informe de la Política de Desarrollo Social 2020*, February 9, 2021.

<sup>63</sup> This figure is from Mexico's National Council for the Evaluation of Social Development Policy (CONEVAL) and is available in Spanish at <https://www.coneval.org.mx/Medicion/MP/Paginas/Pobreza-2018.aspx>.

<sup>64</sup> Banco de México, Sistema de Información Económica, accessed February 14, 2022.

that has stayed between 55% and 60% over the past century. Inequality has historically been due, in part, to the country's regressive tax system, oligopolies that dominate particular industries, a relatively low minimum wage, and a lack of targeting in some social programs.<sup>65</sup>

Economists have asserted that reducing the untaxed and unregulated informal sector, in which workers lack job protections and benefits, is crucial for addressing poverty, while also expanding Mexico's low tax base. Under the Peña Nieto administration, a financial sector reform aimed to increase access to credit for small and medium size businesses (SMEs), which employ a majority of Mexican workers. A fiscal reform also sought to incentivize SMEs' participation in the formal economy. Barriers to formalization remain, however, including complex and sometimes costly state and local regulations.<sup>66</sup>

López Obrador has improved many Mexicans' socioeconomic conditions amid the deepest recession in decades by increasing pensions for the elderly and raising the minimum wage several times. His program to provide monthly payments to youth aged 18-29 to attend school or complete internships has enrolled over 300,000 individuals, despite reported administrative and financial irregularities.<sup>67</sup> However, he has ended *Prospera*, Mexico's largest social program, which had won international praise for targeting those most in need.<sup>68</sup> The government also maintained a fiscally conservative approach during the pandemic, providing less budgetary support to its population than some other countries in the region.<sup>69</sup>

Health experts have criticized the López Obrador government's failure to coordinate "a coherent and unified national response" to the COVID-19 pandemic, which killed roughly 333,188 Mexicans through April 2023.<sup>70</sup> Throughout the pandemic, President López Obrador downplayed the threat posed by COVID-19 and flouted public health guidelines. His administration's budget cuts reduced public health system personnel, testing availability, and hospital capacity; they likely contributed to excess deaths from other causes such as heart disease and diabetes left untreated as hospitals focused on pandemic response.<sup>71</sup>

## Foreign Policy

In contrast to his predecessor, President López Obrador generally has maintained that the best foreign policy is a strong domestic policy. He has rarely traveled outside the country since assuming office. He met in Washington, DC, with President Trump in July 2020 and with President Biden and Canadian Prime Minister Justin Trudeau for the North American Leaders Summit in November 2021. Foreign Minister Marcelo Ebrard (former mayor of Mexico City) has represented Mexico in global fora.

<sup>65</sup> Gerardo Esquivel Hernandez, *Concentration of Economic and Political Power*, Oxfam Mexico, 2015.

<sup>66</sup> Jorge Alvarez and Cian Ruane, *Informality and Aggregate Productivity: the Case of Mexico*, IMF Country Report, November 2019; OECD, *Economic Surveys: Mexico*, February 2022.

<sup>67</sup> Zenyazen Flores, "Estas son las irregularidades que la ASF encontró en Jóvenes Construyendo el Futuro," *El Financiero*, February 21, 2022.

<sup>68</sup> Stephen Kidd, "The Demise of Mexico's Prospera Programme: a Tragedy Foretold," *Development Pathways*, June 2, 2019.

<sup>69</sup> IMF, *Mexico: Article IV Consultation-Press Release; and Staff Report*, Country Report 2021/240, November 2021.

<sup>70</sup> UCSF Institute for Global Health Sciences, *Mexico's Response to COVID-19: a Case Study*, April 2021; Johns Hopkins University, Coronavirus Resource Center.

<sup>71</sup> Lina Sofía Palacio-Mejía et. al., "Leading Causes of Excess Mortality in Mexico During the COVID-19 Pandemic 2020–2021: A Death Certificates Study in a Middle-Income Country," *The Lancet*, Vol. 13, 100303, September 2022.

Under López Obrador, Mexico has returned to its historic noninterventionist and independent approach to foreign policy. Mexico has sought to remain neutral in the Russia-Ukraine conflict and proposed the creation of a high-level caucus for peace in Ukraine within the United Nations. The current administration reversed Mexico's recognition of Juan Guaidó as Interim President of Venezuela but then hosted Norway-led negotiations between officials representing Nicolás Maduro and the political opposition in 2021. The López Obrador government established closer relations with Cuba, granted temporary asylum to ousted Bolivian President Evo Morales, abstained from OAS resolutions condemning the Daniel Ortega regime in Nicaragua, and defended impeached Peruvian President Pedro Castillo.

Despite these developments, Mexico continues to participate in multilateral institutions and support development in Central America. In addition to working within trade fora, such as the Pacific Alliance, Mexico continues to promote its exports and seek new trade partners.<sup>72</sup> The López Obrador administration shares the view of prior Mexican governments that the best way to stop illegal immigration from the Northern Triangle of Central America (Guatemala, El Salvador, and Honduras) is to address the lack of opportunity and insecurity in that region. In December 2021, the United States and Mexico jointly announced *Sembrando Oportunidades*, a new effort to coordinate development projects in the Northern Triangle.<sup>73</sup>

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

Mexican-U.S. relations generally have grown closer over the past two decades. A range of bilateral mechanisms and institutions have helped the Mexican and U.S. federal governments—as well as stakeholders in border states, the private sector, and nongovernmental organizations—find common ground on difficult issues. U.S.-Mexico relations have nevertheless grown turbulent during the López Obrador administration, reaching a low point in recent months over U.S. criticisms of López Obrador's public statements and policy reversals, antidrug investigations and indictments, and proposals for addressing fentanyl trafficking from Mexico—a key congressional concern. President López Obrador has strongly objected to some U.S. antidrug operations in Mexico, U.S. support of democracy and human rights groups critical of his government, and legislative proposals introduced in the 118<sup>th</sup> Congress, particularly those that would authorize the use of U.S. military force in Mexico and designate Mexican TCOs as terrorist groups.<sup>74</sup>

Presidents Biden and López Obrador met in July 2022 and pledged to address inflation, promote renewable energy, modernize border infrastructure, bolster efforts against fentanyl and arms trafficking, and address the root causes of irregular migration.<sup>75</sup> A High-Level Economic Dialogue occurred in September 2022, a High-Level Security Dialogue (HLSD) convened in October 2022, and a second North American Leaders Summit (NALS) with Presidents Biden and López Obrador and Canadian Prime Minister Justin Trudeau took place in January 2023 in Mexico City. While the NALS advanced priorities on inclusivity, the environment,

<sup>72</sup> CRS Report R43748, *The Pacific Alliance: A Trade Integration Initiative in Latin America*, by M. Angeles Villarreal.

<sup>73</sup> U.S. Agency for International Development (USAID), “U.S.-Mexico Joint Statement on Sembrando Oportunidades,” December 1, 2021.

<sup>74</sup> Rocio Fabbro and Robbie Gramer, “U.S.-Mexican Relations Fray over Fentanyl,” *Foreign Policy*, April 14, 2023; Associated Press, “Mexican President Complains U.S. Is Funding Opposition,” May 3, 2023.

<sup>75</sup> White House, “President Biden and President López Obrador Joint Statement,” July 12, 2022.

competitiveness, migration, health, and regional security, the summit did not address ongoing trade disputes or result in new initiatives to address irregular migration or fentanyl trafficking.<sup>76</sup>

## Security Cooperation and U.S. Foreign Assistance<sup>77</sup>

Mexico is a long-time recipient of U.S. counterdrug assistance, but cooperation was limited between the mid-1980s and mid-2000s due to U.S. distrust of Mexican officials and Mexican sensitivity about U.S. involvement in the country's internal affairs. Close cooperation resumed in 2007, when then-President George W. Bush requested, and Congress appropriated, increased counterdrug assistance for Mexico. Although initial U.S. funding for what ultimately would be known as the "Mérida Initiative" focused heavily on training and equipping Mexican security forces, Congress shifted the emphasis of bilateral efforts over time to strengthening Mexican institutions under four broad pillars (See **Figure 4**). Until FY2016, Congress withheld some U.S. security assistance provided through the Mérida Initiative until certain human rights withholding requirements were met (see "Human Rights," below). In compliance with Leahy Law vetting requirements (22 U.S.C. §2378d),<sup>78</sup> U.S. agencies continue to vet individuals and units for potential human rights abuses prior to delivering training and/or equipment.

Congress has funded and overseen the Mérida Initiative, which has accounted for the majority of U.S. foreign assistance to Mexico since FY2008. Congress maintained level funding for the Mérida Initiative even as the Trump Administration requested less support (See **Table 1** for recent U.S. assistance to Mexico and **Table B-1** for Mérida Initiative funding). Nevertheless, elevated organized crime-related violence in Mexico and drug overdose deaths in the United States have led many to question the Mérida Initiative's efficacy.<sup>79</sup>

U.S. security cooperation with Mexico has diminished since López Obrador took office in 2018. López Obrador campaigned against Mexico's military-led "war" on TCOs and his predecessors' strategy of focusing on cartel leaders rather than broader cartel-related crime. He criticized the Mérida Initiative for failing to stem drug-related violence. Cooperation deteriorated further after the October 2020 U.S. arrest of retired defense minister Salvador Cienfuegos on drug trafficking-related charges. By November 2020, the U.S. Department of Justice had dropped all charges against Cienfuegos and released him to Mexico, where the López Obrador government published the U.S. evidence against Cienfuegos, declined to prosecute him, and called the U.S. evidence "fabricated."<sup>80</sup> Meanwhile, the Mexican Congress enacted legislation to limit U.S. law enforcement operations and intelligence sharing. The López Obrador government also paused the issuance of visas for U.S. Drug Enforcement Administration (DEA) agents, slowed extraditions, and declared the Mérida Initiative "dead."<sup>81</sup>

<sup>76</sup> CRS Insight IN12084, *2023 North American Leaders' Summit: Issues for the 118th Congress*, by M. Angeles Villarreal and Clare Ribando Seelke.

<sup>77</sup> See also CRS In Focus IF10578, *U.S.-Mexico Security Cooperation: From the Mérida Initiative to the Bicentennial Framework*, by Clare Ribando Seelke.

<sup>78</sup> See CRS In Focus IF10575, *Global Human Rights: Security Forces Vetting ("Leahy Laws")*, by Michael A. Weber.

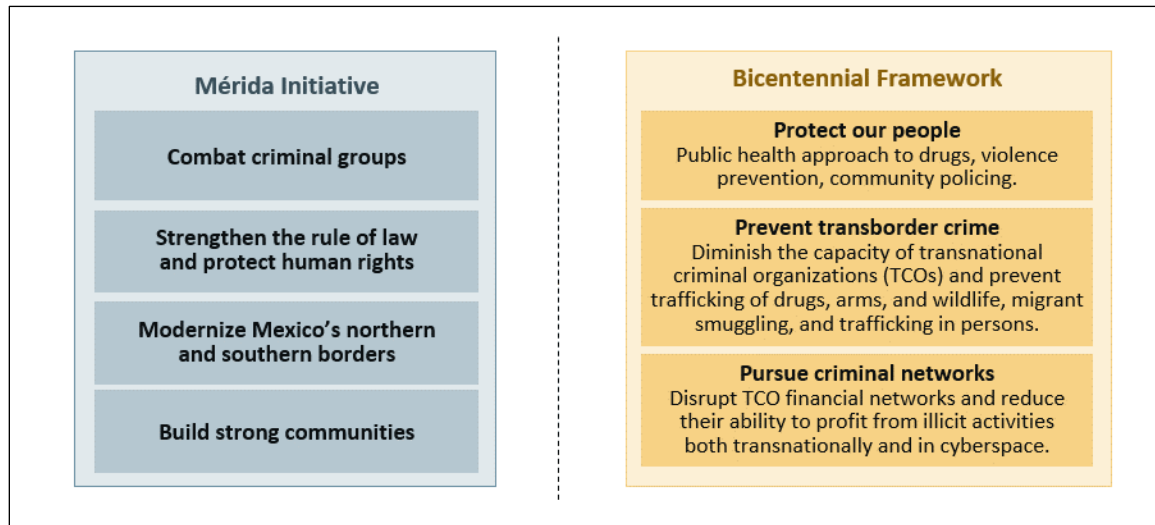
<sup>79</sup> Western Hemisphere Drug Policy Commission, *Report of the Western Hemisphere Drug Policy Commission*, December 2020.

<sup>80</sup> Emilia López Pérez, "AMLO Respalda Exoneración a Cienfuegos: 'Le Fabricaron Cargos in EU', dice," *El Financiero*, January 15, 2021.

<sup>81</sup> Mary Beth Sheridan and Nick Miroff, "They call him the Eagle: How the U.S. Lost a key Ally in Mexico as Fentanyl Took off," *Washington Post*, December 12, 2022; Mary Beth Sheridan and Kevin Sieff, "Mexico Declares \$3 Billion U.S. Security Deal 'Dead,' Seeks Revamp," *Washington Post*, July 29, 2021.

On January 31, 2022, after months of negotiations, the U.S. and Mexican governments published an action plan for implementing the U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities. Launched at the October 2021 HLSD, the framework is a replacement for the Mérida Initiative. The framework's action plan has three broad pillars (see **Figure 4**) that Congress could influence, particularly through the appropriations process. At meetings in March and April 2023, U.S. and Mexican officials announced phase two of the Bicentennial Framework, an effort focused on addressing fentanyl and arms trafficking.<sup>82</sup>

**Figure 4. U.S.-Mexico Security Cooperation Frameworks**



**Source:** U.S. Department of State.

Congress is considering the Biden Administration's FY2024 \$111.4 million request for foreign assistance to Mexico, which is 14% lower than the FY2022 enacted level of \$127.1 million and 30% lower than the FY2023 request of \$141.6 million (see **Table 1**). The explanatory statement accompanying the FY2023 Consolidated Appropriations Act (P.L. 117-328) did not specify a total funding amount for Mexico. The explanatory statement did direct the State Department to continue focusing assistance on helping Mexico protect human rights, prosecute cases of human rights abuses, improve its forensics capabilities, train justice sector operators, and combat synthetic opioids. The explanatory statement includes reporting directives related to Western Hemisphere drug control efforts, migration and refugee assistance, and updating reports required in H.Rept. 117-84. Additional reporting requirements relate to the Bicentennial Framework, human rights progress by the Mexican government, U.S. training of Mexican migration units, and the resilience of North American supply chains, among other requirements.

**Table 1. U.S. Assistance to Mexico: FY2020-FY2024**

(appropriations in millions of current dollars)

Foreign Assistance Account	FY2020	FY2021	FY2022	FY2023 (request)	FY2024 (request)
Development Assistance (DA)	0.0	0.0	4.0	0.0	0.0
Economic Support Fund (ESF)	50.0	50.0	56.8	75.0	60.7

<sup>82</sup> White House, "Joint Statement from Mexico and the United States on the Launch of Phase II of the Bicentennial Framework for Security," March 10, 2023.

Foreign Assistance Account	FY2020	FY2021	FY2022	FY2023 (request)	FY2024 (request)
International Narcotics Control and Law Enforcement (INCLE)	100.0	100.0	64.0	64.0	48.0
Foreign Military Financing (FMF)	5.0	6.0	0.0	0.0	0.0
International Military Education and Training (IMET)	1.8	1.8	1.2	1.6	1.7
Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR)	1.2	1.2	1.2	1.0	1.0
<b>Total</b>	<b>158.0</b>	<b>159.0</b>	<b>127.1</b>	<b>141.6</b>	<b>111.4</b>

**Sources:** U.S. Department of State, *Congressional Budget Justifications for Foreign Operations*, FY2019-FY2024.

The Department of Defense (DOD) is not providing assistance through Mérida accounts, nor is the agency mentioned in the Bicentennial Framework. However, DOD implements International Military Education and Training (IMET) funds, which totaled \$1.2 million in FY2022, and support training programs for the Mexican military, including courses in the United States. DOD also provides additional training, equipping, and other logistical support to Mexico that complements the Mérida Initiative through its own authorities including, but not limited to, Section 333 Building Partner Capacity and Section 284 Counter-drug and Activities to Counter Transnational Organized Crime (both authorized under Title 10 of the *U.S. Code*).<sup>83</sup> Through 22 U.S.C. §2416, Congress requires an annual report on Foreign Military Training by DOD and the State Department; the agencies submitted the most recent version of that report to relevant committees in March 2022.

According Northern Command officials, current bilateral goals focus on “improving regional security, strengthening military ties with regional partners, and expanding force interoperability through the Defense Strategic Framework and the Bilateral Military Cooperation Roundtable.”<sup>84</sup>

Congress may seek to influence how the Biden Administration balances U.S. foreign assistance priorities in Mexico; monitor the efficacy of U.S.-funded efforts; and recommend ways to respond to challenges posed by evolving criminal activities and changes in Mexico’s policies.

## Antidrug Efforts: Focus on Fentanyl Trafficking

Given the ongoing epidemic of fentanyl-related overdoses in the United States, fentanyl control has become a top U.S. priority in the U.S.-Mexico relationship. Some observers have questioned the efficacy of U.S.-Mexico security cooperation since Mexico emerged as the leading source of U.S.-bound fentanyl.<sup>85</sup> At present, most U.S.-destined illicit fentanyl is produced clandestinely in Mexico, using chemical inputs (i.e., precursors) from the People’s Republic of China.<sup>86</sup> This represents a significant shift in fentanyl production and trafficking trends since 2019, prior to

<sup>83</sup> See ForeignAssistance.gov, “U.S. Foreign Assistance by Country,” at <https://foreignassistance.gov/cd/mexico/>, accessed February 23, 2022.

<sup>84</sup> CRS electronic correspondence with U.S. Northern Command officials, February 22, 2022.

<sup>85</sup> See for example, Earl Anthony Wayne, “U.S.-Mexico Security Cooperation: Doubling Down Against Fentanyl, Arms Trafficking, Exploitation of Migrants and Illicit Money,” Wilson Center, opinion, November 4, 2022.

<sup>86</sup> U.S. Department of State, *International Narcotics Control Strategy Report (INCSR)*, Vol. 1: *Drug and Chemical Control*, March 2023, According to the State Department, approximately 96% of all fentanyl seized by U.S. Customs and Border Protection (CBP) agency in FY2022 originated in Mexico (p. 73). Hereinafter: *INCSR*, 2023.

which China was the primary source of U.S.-bound illicit fentanyl. TCOs—particularly the Sinaloa Cartel and Jalisco New Generation Cartel (CJNG)—appear to be largely responsible for the procurement of precursors from Asia (via maritime and air ports of entry).<sup>87</sup> TCOs also manufacture wholesale volumes of low-purity illicit fentanyl in Mexico and control the cross-border trafficking of fentanyl into the United States. Domestically, U.S.-based TCO affiliates distribute illicit fentanyl at the retail level.

As part of the Bicentennial Framework, the U.S. and Mexican governments committed to establishing working-level mechanisms to coordinate on synthetic drugs and precursor chemicals.<sup>88</sup> In 2022, Mexico expanded its nascent “chemical watch list” for dual-use precursors—a move that may spur opportunities for enhanced regional information sharing and regulatory action targeting fentanyl precursors.<sup>89</sup> Joint actions in 2022 included financial sanctions targeting Mexican fentanyl traffickers, the development of a joint action plan to combat synthetic opioids, and increased U.S. efforts to help Mexican military agencies create records of fentanyl and precursor seizures to submit to a central database.<sup>90</sup> The Mexican military leads customs operations at all land, air, and sea ports of entry.<sup>91</sup>

At the Mexico City NALS in January 2023, President López Obrador appeared to recognize concerns about fentanyl production in Mexico and pledged to take increased actions to interdict precursor chemicals and destroy fentanyl labs.<sup>92</sup> With the U.S. and Canadian leaders, President López Obrador pledged to share information on chemicals used in illicit fentanyl production as a key summit deliverable; some criticized the leaders for not announcing any other significant new actions.<sup>93</sup> A notable development in the lead up to the NALS was Mexico’s capture of Ovidio Guzmán, son of imprisoned Joaquín “El Chapo” Guzmán (former leader of the Sinaloa Cartel), on January 4.<sup>94</sup> Ovidio Guzmán is one of the most wanted criminals in the United States for his role in trafficking fentanyl and other drugs. Since the Mexico City NALS, President López Obrador appears to have reversed some antidrug commitments made at the summit.<sup>95</sup>

Tension between the U.S. DEA and the Mexican government, as well as ongoing corruption in Mexico, exemplified by the U.S. conviction of former Public Security Minister García Luna on drug trafficking charges, remain obstacles to cooperation.<sup>96</sup> Proposed U.S. responses to the recent killings of U.S. citizens in Mexico and Mexico’s limited efforts against fentanyl, including using U.S. military force against the cartels or designating the cartels as foreign terrorist organizations,

<sup>87</sup> RAND Corporation, *Commission on Combating Synthetic Opioid Trafficking: Final Report*, February 2022, pp. 8-9.

<sup>88</sup> White House, *Joint Statement: U.S.-Mexico High-Level Security Dialogue*, October 8, 2021.

<sup>89</sup> See for example, “Mexico Launches Online Platform for Dual-Use Precursors,” Associated Press, November 23, 2022.

<sup>90</sup> *INCSR*, 2023, pp. 15, 73-75.

<sup>91</sup> See for example, U.S. Department of the Treasury, “Treasury Sanctions Illicit Fentanyl-Trafficking La Nueva Familia Michoacana and its Leaders,” November 17, 2022, See also U.S. Department of State, *International Narcotics Control Strategy Report, Vol. 1: Drug and Chemical Control*, March 2022, pp. 54-55.

<sup>92</sup> White House, “Remarks by President Biden, Prime Minister Trudeau, and President López Obrador in Joint Press Conference,” January 10, 2023. Hereinafter: White House, January 2023.

<sup>93</sup> White House, “Fact Sheet: Key Deliverables for the 2023 North American Leaders’ Summit,” January 10, 2023.

<sup>94</sup> Mary Beth Sheridan and Kevin Sieff, “Mexico Captures Son of El Chapo, Alleged Fentanyl Trafficker, Ahead of Biden Visit,” *Washington Post*, January 5, 2023.

<sup>95</sup> “Mexico asks China for Help on Fentanyl, Slams US Critics,” Reuters, April 5, 2023.

<sup>96</sup> Gavin Voss, “García Luna Convicted, But Corruption Concerns Endure in U.S.-Mexico Partnership,” February 22, 2023.

have prompted new tension with the Mexican government.<sup>97</sup> President López Obrador also has criticized U.S. intelligence-gathering activities that likely led to the April 2023 U.S. indictments of 28 individuals, including several of El Chapo Guzmán's sons, for fentanyl trafficking.<sup>98</sup> These developments could hinder efforts that have accelerated thus far in 2023 as phase two of the Bicentennial Framework has focused bilateral efforts on combating fentanyl (and arms trafficking from the United States to Mexico).<sup>99</sup>

## Law Enforcement Cooperation and Extraditions

Congress has expressed concerns about friction in U.S.-Mexico security cooperation. During the 118<sup>th</sup> Congress, oversight attention may focus on the Bicentennial Framework's progress in restarting bilateral law enforcement cooperation. The framework's action plan envisions a joint objective of building on past cooperation to investigate and prosecute corrupt actors through the disruption of criminal financial networks, as well as increasing cooperation in extradition matters.<sup>100</sup> However, bilateral law enforcement cooperation on all criminal matters, especially those pertaining to corruption cases, remains a source of friction between the countries.<sup>101</sup>

During the Calderón government (2006-2012), Mexico extradited an average of 98 people per year to the United States, a significant increase over the prior administration. When President Peña Nieto took office, extraditions fell to 54 in 2013 but rose to an administration high of 76 in 2016 (see **Figure 5**). In January 2017, Mexico's decision to extradite Joaquín "El Chapo" Guzmán, leader of the Sinaloa Cartel and one of the DEA's top global targets, was a high point in bilateral cooperation that was praised by many Members of Congress. Extraditions remained relatively level during the first two years of the López Obrador government, before hitting a 20-year low in 2022.

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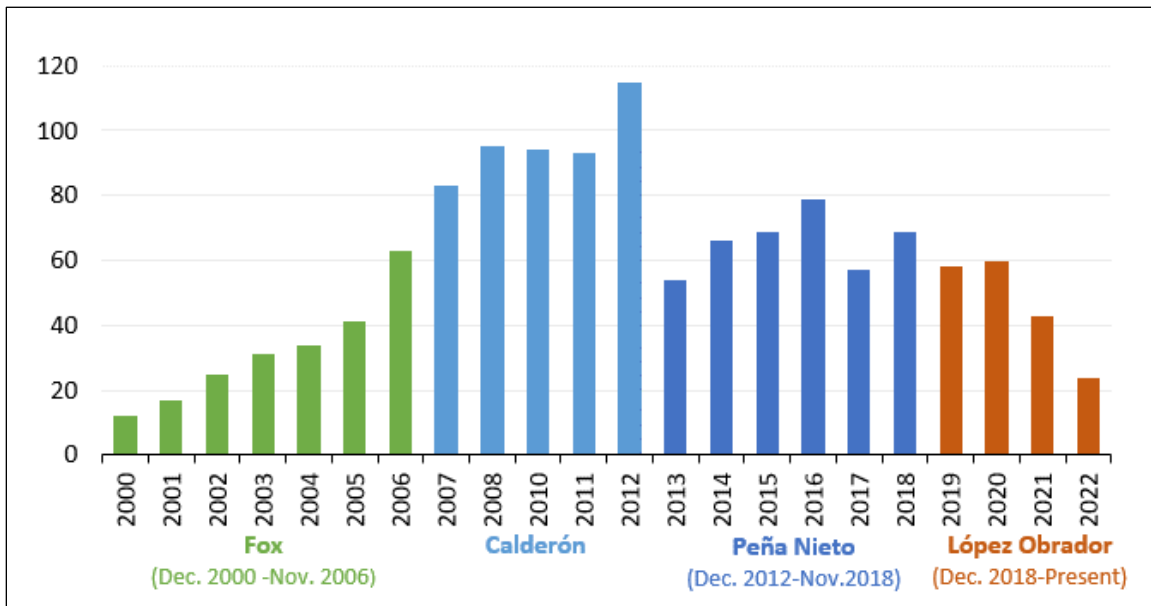
<sup>97</sup> Mary Beth Sheridan, "As Fentanyl Crisis Grows, U.S.-Mexico Divide Deepens," *Washington Post*, April 29, 2023.

<sup>98</sup> Associated Press, "Mexico President Slams U.S. 'Spying' After Traffickers Charged," April 17, 2023.

<sup>99</sup> White House, "Joint Statement from Mexico and the United States on the Implementation of the U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities," April 13, 2023.

<sup>100</sup> U.S. Department of State, "Fact Sheet: Summary of the Action Plan for U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities," January 31, 2022.

<sup>101</sup> Vanda Felbab-Brown, "Crime and Anti-crime Policies in Mexico in 2022: A Bleak Outlook," Brookings Institution, January 24, 2022.

**Figure 5. Extraditions: from Mexico by Administration: 2000-2022**

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

## Human Rights<sup>102</sup>

The U.S. Congress has expressed ongoing concerns about human rights conditions in Mexico through conditions on appropriations, support for human rights programming, oversight hearings, and letters to, and visits with, successive U.S. and Mexican administrations. Recent attention has focused on violence against journalists in Mexico.<sup>103</sup> Congress has continued to monitor adherence to the Leahy vetting requirements that must be met under the Foreign Assistance Act (FAA) of 1961, as amended (22 U.S.C. §2378d), which pertains to State Department aid, and 10 U.S.C. §2249e, which guides DOD funding. DOD suspended assistance to a brigade based in Tlatlaya, Mexico, due to concerns about the brigade's potential involvement in extrajudicial killings but has also worked with Mexico to rehabilitate units once suspended from receiving U.S. assistance.<sup>104</sup> Congressional concerns about labor conditions in Mexico and the government's ability to implement USMCA commitments prompted the inclusion of \$210 million in funds for the U.S. Department of Labor's Bureau of International Labor Affairs (ILAB) technical assistance programs in the USCMA's implementing legislation (P.L. 116-113).<sup>105</sup>

<sup>102</sup> See also: CRS Report R45199, *Violence Against Journalists in Mexico: In Brief*; CRS In Focus IF11669, *Mexico: Addressing Missing and Disappeared Persons*.

<sup>103</sup> Senator Tim Kaine, "Kaine and Rubio Urge State Department to Address Ongoing Violence Against Journalists in Mexico," February 8, 2022.

<sup>104</sup> Michael Evans, *US: Mexico Mass Graves Raise "Alarming Questions" About Government "Complicity" in September 2014 Cartel Killings*, National Security Archive, Electronic Briefing Book No. 515, May 2015; Col. Andrew M. Leonard, "Leahy Law Diplomacy: Human Rights Vetting and Foreign Policy," *FAOA Journal of International Affairs*, 2019.

<sup>105</sup> The purpose of the funding is for ILAB to administer technical assistance grants to support worker-focused capacity building and efforts to reduce workplace discrimination, child labor, forced labor, human trafficking, child exploitation and other efforts related to implementation of Mexico's labor commitments.

From FY2008 to FY2015, Congress made conditional 15% of U.S. assistance to the Mexican military and police until the State Department sent a report to appropriators verifying that Mexico was taking steps to comply with certain human rights standards. In FY2014, Mexico lost \$5.5 million in funding due to human rights concerns.<sup>106</sup> For FY2016-FY2021, human rights reporting requirements applied to FMF rather than to Mérida Initiative accounts. In recent years, human rights reporting requirements have been in explanatory statements rather than the legislation. The explanatory statement accompanying the FY2023 Consolidated Appropriations Act (P.L. 117-328) requires a report on human rights progress in Mexico, but the reporting directive is not tied to any conditions on assistance provided to Mexico.<sup>107</sup> The State Department reportedly has not sent human rights reports to Congress since FY2017, as the agency maintains it is not legally obligated to do so.<sup>108</sup>

U.S. assistance to Mexico has supported the Mexican government's efforts to reform its judicial system and improve human rights conditions in the country.<sup>109</sup> Congress has provided funding to support Mexico's transition from an inquisitorial justice system to an oral, adversarial, and accusatorial system that aims to strengthen due process and human rights protections for victims and the accused.<sup>110</sup> U.S. officials have issued statements on specific human rights concerns, including a 2022 tweet by Secretary of State Antony Blinken expressing concern about violence against journalists and a 2023 State Department spokesperson statement supporting "respect for judicial independence" and an "independent electoral system."<sup>111</sup> Protecting human rights and "vulnerable populations" is included under the first pillar of the Bicentennial Framework (see **Figure 4**). The State Department engages with human rights and freedom of expression organizations in Mexico and ensures U.S. training programs for justice sector actors have units on human rights.

The U.S. Agency for International Development (USAID) provides technical assistance to the Mexican federal and state governments as well as complementary support to think tanks and civil society organizations on human rights issues.<sup>112</sup> USAID's human rights programming includes a new \$24 million initiative to support national and state implementation of laws against torture and enforced disappearances and to provide forensic assistance to address unidentified remains. Other ongoing initiatives seek to better protect journalists and human rights defenders, as well as to address enforced disappearances, femicides, and torture in selected states. In December 2020, USAID published its five-year strategy for Mexico, which integrates these efforts into a broader

<sup>106</sup> As a result of the State Department's decision not to submit a report for Mexico, some \$5 million in FY2014 International Narcotics Control and Law Enforcement (INCLE) assistance was reprogrammed by the State Department to Peru. Mexico lost close to \$500,000 in Foreign Military Financing (FMF), as well.

<sup>107</sup> The explanatory statement can be found at <https://www.congress.gov/117/cprt/HPRT50348/CPRT-117HPRT50348.pdf>.

<sup>108</sup> CRS interview with State Department official, March 20, 2020.

<sup>109</sup> For an overview, see GAO, *U.S. Assistance to Mexico: State and USAID Allocated over \$700 Million to Support Criminal Justice, Border Security, and Related Efforts from Fiscal Year 2014 Through 2018*, GAO 19-647, September 10, 2019.

<sup>110</sup> While DOJ has supported reform efforts at the federal level, USAID programs have been at the state level since 2016. See USAID, "Mexico: Rule of Law," September 2020, available at <https://www.usaid.gov/mexico/rule-of-law>.

<sup>111</sup> Secretary Antony Blinken (@SecBlinken), "The high number of journalists killed in Mexico this year and the ongoing threats they face are concerning. I join those calling for greater accountability and protections for Mexican journalists," Twitter, February 22, 2022, 8:47 p.m. U.S. Department of State, "Protests Against Electoral Overhaul in Mexico," press statement, February 23, 2023.

<sup>112</sup> USAID, "Mexico: Human Rights," December 2022.

strategy to help state and local governments committed to addressing impunity and violence.<sup>113</sup> USAID continues to support organizations that have received criticism for their anti-corruption and human rights advocacy from President López Obrador and his party.<sup>114</sup>

Congress is likely to continue monitoring human rights conditions in Mexico, including compliance with reporting requirements included in the explanatory statement to the FY2023 Consolidated Appropriations Act (P.L. 117-328) and commitments to improve labor conditions made under USMCA.<sup>115</sup> Some Members of Congress have written letters to U.S. and Mexican officials regarding human rights concerns, including allegations of extrajudicial killings by security forces, violence against journalists, and abuses of migrants.

Congress may monitor how the López Obrador administration moves to punish past human rights abusers; how Mexico's National Guard, along with other security and judicial actors, is or is not respecting human rights; what mechanisms exist to address allegations of abuse and wrongdoing by such actors; and the adequacy of victims' assistance. Congress also may question how the State Department and USAID can provide support to emerging human rights priorities, as well as the effects of ILAB technical assistance programs on labor conditions in Mexico.

## Migration Management

Migration issues continue to be a high priority for U.S. policy and Congress, particularly as U.S. Customs and Border Protection encounters record levels of irregular migrants on the Southwest border. Since a 2019 U.S.-Mexico migration agreement, and particularly since the March 2020 U.S. launch of so-called Title 42 expulsions, Mexico has accepted U.S. policies that have shifted some of the burden of handling migrants from the United States to Mexico.<sup>116</sup> The López Obrador administration has worked jointly with U.S. officials to help arrest 7,000 human smugglers since mid-2022 and to invest in development projects aimed at addressing the root causes of migration from northern Central America.<sup>117</sup> Asylum applications and apprehensions have risen significantly in Mexico; both Mexico's cash-strapped Commission for Refugee Assistance (COMAR) and overcrowded shelter system have struggled to respond, even with U.S. assistance (see **Figure 6**).<sup>118</sup> In March 2023, 38 migrants perished because Mexican officials failed to unlock

<sup>113</sup> USAID, *Mexico: Country Development Cooperation Strategy*, available at <https://www.usaid.gov/mexico/cdcs>.

<sup>114</sup> Rafael Bernal. "Mexican President Calls on U.S. to Stop Funding Groups Critical of his Administration," *The Hill*, February 21, 2022.

<sup>115</sup> The explanatory statement asserts,

Not later than 45 days after enactment of this Act, the Secretary of State shall report to the Committees on Appropriations on the extent to which the Government of Mexico is: (1) credibly investigating and prosecuting violations of human rights in civilian courts; (2) enforcing prohibitions against torture and the use of testimony obtained through torture; and (3) searching for victims of forced disappearances and credibly investigating and prosecuting those responsible for such crimes. Prior to the submission of such report, the State Department shall consult with United States and Mexican human rights organizations regarding progress in meeting the elements detailed in this paragraph.

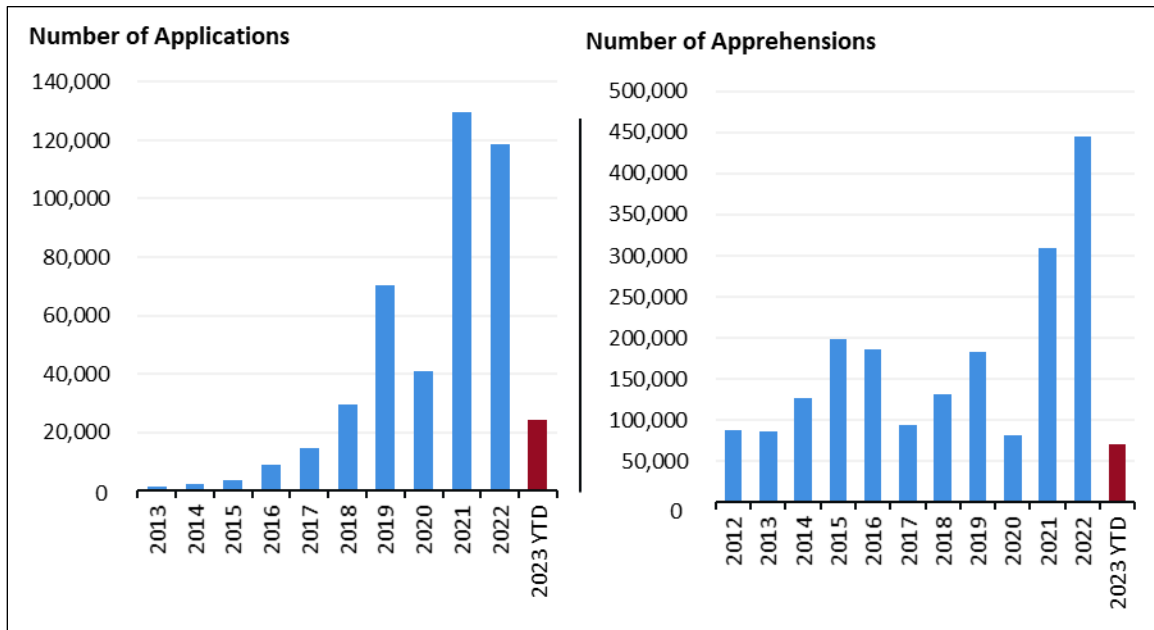
<sup>116</sup> In response to the pandemic, the Department of Homeland Security (DHS) largely suspended asylum processing at the U.S.-Mexico border in March 2020 under a Centers for Disease Control and Prevention (CDC) public health order (referred to as *Title 42*) that restricted the entry of foreign nationals without proper travel documents to prevent the spread of disease. For additional background on Title 42, see CRS Legal Sidebar LSB10874, *COVID-Related Restrictions on Entry into the United States Under Title 42: Litigation and Legal Considerations*, by Kelsey Y. Santamaria.

<sup>117</sup> White House, January 2023.

<sup>118</sup> CRS In Focus IF10215, *Mexico's Immigration Control Efforts*, by Clare Ribando Seelke and Ramon Miro.

a migrant detention facility during a fire. Authorities charged Mexico's National Migration Institute's director for involvement in the crime; he remains in his position.<sup>119</sup>

**Figure 6. Mexico: Reported Asylum Applications and Apprehensions**  
(2013-2023)



**Source:** CRS, based on data from Mexico's Commission for Refugee Assistance and Secretary of the Interior.

On October 12, 2022, Mexico agreed to accept an unspecified number of U.S.-bound Venezuelan migrants who do not apply to come to the United States legally through a new Venezuela parole program and are expelled at the U.S. border under Title 42.<sup>120</sup> In exchange, the Department of Homeland Security (DHS) made available additional H-2B visas for temporary nonagricultural workers. Historically, the majority of H-2B visas have been issued to Mexican nationals. On January 5, 2023, DHS announced the expansion of the Venezuela parole program to Haitians, Nicaraguans, and Cubans.<sup>121</sup> As part of that agreement, Mexico agreed to receive up to 30,000 expelled migrants from those three countries per month who are encountered irregularly instead of through the parole process, a number that U.S. officials assert could increase.<sup>122</sup>

President Biden thanked Mexico for this cooperation during his remarks at NALS, but the summit did not address detailed migration policies.<sup>123</sup> The summit did produce an expansion of U.S.-

<sup>119</sup> Juan Montes, "Mexico's Immigration Chief Indicted over Detention Center Fire," *Wall Street Journal*, May 1, 2023.

<sup>120</sup> The new parole program allows Venezuelans who have a U.S. sponsor to apply for immigration parole and fly directly into the United States. CRS Insight IN12040, *New Immigration Policies Related to Venezuelan Migrants*, by Audrey Singer, Jill H. Wilson, and Clare Ribando Seelke. For Mexico's approach, see Government of Mexico, Interior-Foreign Affairs-Migration Joint Press Release, "Mexico Is Coordinating with the U.S. a New Approach to Orderly, Safe, Regular and Humane Migration in the Region," October 12, 2022.

<sup>121</sup> DHS, "DHS Implements New Processes for Cubans, Haitians, and Nicaraguans and Eliminates Cap for Venezuelans," January 6, 2022.

<sup>122</sup> Government of Mexico, Interior-Foreign Affairs-Migration Joint Press Release, "Mexico Welcomes the Announcement of new U.S. Actions to Achieve Orderly, Safe, Regular, and Humane Migration," January 5, 2023; White House, "Press Gaggle by National Security Advisor Jake Sullivan," January 9, 2023.

<sup>123</sup> For more information, see CRS Insight IN12084, *2023 North American Leaders' Summit: Issues for the 118th*

Mexico efforts to address the root causes of migration to a trilateral action plan, as well as the creation of a virtual platform to allow migrants to access legal pathways to migration.

In preparation for the May 11, 2023, ending of Title 42, the United States, Mexico, and other regional partners have ramped up cooperation on migration management, countering alien smuggling and disinformation, and related efforts.<sup>124</sup> The Biden Administration deployed 1,500 National Guard troops to the border in anticipation of a post-Title 42 migration surge in arrivals. Mexico has pledged to continue receiving rapid deportations of certain non-Mexican nationals who have to date been expelled under Title 42.<sup>125</sup> Mexican border cities, some of which have high rates of violent crime, have been sheltering tens of thousands of migrants. Some migrants have experienced precarious living situations and attacks by criminal groups.<sup>126</sup> Human rights groups are concerned about how the end of Title 42 will affect conditions for migrants in Mexico.<sup>127</sup>

U.S. funds appropriated under the Mérida Initiative have supported Mexico's immigration control efforts and global funds provided through the Migration and Refugee Assistance program to improve asylum processing, shelters, and assistance to migrants in Mexico. Congress is considering legislation, foreign assistance, and restrictions on U.S. assistance that could affect those efforts, as well as overseeing the adequacy of existing foreign policy efforts to manage regional migration.

## Economic and Trade Relations and the U.S.-Mexico-Canada Agreement<sup>128</sup>

The United States and Mexico have a strong economic and trade relationship that deepened significantly through the entry into force of the North American Free Trade Agreement (NAFTA) in 1994. NAFTA removed virtually all tariff and nontariff trade and investment barriers among the United States, Mexico, and Canada, and provided a rules-based mechanism to govern North American trade. It also made permanent Mexico's unilateral market opening measures of the late 1980s and early 1990s. Most economic studies concluded the net economic effect of NAFTA on the United States and Mexico was small but positive, though there were adjustment costs to some sectors in both countries. In July 2020, the United States-Mexico-Canada Agreement (USMCA) replaced NAFTA. While maintaining most of the market opening measures of NAFTA, USMCA updated and modernized the agreement in some areas but scaled back certain provisions.<sup>129</sup>

Recent U.S. Administrations have worked with Mexico to coordinate economic issues. The Obama Administration worked with Mexico to balance border security while facilitating legitimate trade and travel, promoting competitiveness, and pursuing greater energy integration through a cabinet-level High-Level Economic Dialogue (HLED) chaired by then-Vice President Biden. The High-Level Regulatory Cooperation Council helped align regulatory principles.

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*Congress*, by M. Angeles Villarreal and Clare Ribando Seelke; and White House, "Fact Sheet: Key Deliverables for the 2023 North American Leaders' Summit," January 10, 2023.

<sup>124</sup> U.S. Department of State, "Fact Sheet: U.S. Government Announces Sweeping New Actions to Manage Regional Migration," April 27, 2023.

<sup>125</sup> White House, "Mexico and United States Strengthen Joint Humanitarian Plan on Migration," May 2, 2023.

<sup>126</sup> Doctors Without Borders, "Pushed Back, Beaten and Exposed: Stories from the US-Mexico Border," March 29, 2022.

<sup>127</sup> WOLA, "U.S. And Mexico Must End Policies That Expose Migrants to Death and Danger," March 29, 2023.

<sup>128</sup> This section is drawn from CRS Report RL32934, *U.S.-Mexico Economic Relations: Trends, Issues, and Implications*, by M. Angeles Villarreal.

<sup>129</sup> For more information, see CRS In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*, by M. Angeles Villarreal.

Trilateral (with Canada) cooperation occurred under the aegis of the North American Leadership Summits (NALS).

Under the Trump Administration, neither the HLED nor the NALS took place. However, the Executive Steering Committee (ESC), which guided efforts along the border during the Obama Administration, expanded to focus on boosting competitiveness. The U.S.-Mexico CEO Dialogue also continued to convene biannual meetings and issue recommendations for both governments. As previously mentioned, the Biden Administration has restarted both the HLED and the NALS.

## Modernizing the U.S.-Mexico Border

Congress has long expressed concerns about delays and unpredictable wait times at the U.S.-Mexico border. The majority of U.S.-Mexico trade passes through a port of entry along the southwestern border, often more than once, due to the increasing integration of manufacturing processes in the United States and Mexico. Past bilateral efforts have contributed to reductions in wait times at some points of entry, but infrastructure and staffing issues remain on both the U.S. and Mexican sides of the border. While Congress has enacted (P.L. 114-279) legislation to allow public-private partnerships to address some border infrastructure issues, staffing issues remain challenging.

In May 2010, the United States and Mexico declared their intent to collaborate on enhancing the U.S.-Mexico border.<sup>130</sup> A Twenty-First Century Border Bilateral ESC has met since then, most recently in December 2022, to develop binational action plans and oversee implementation of those plans.<sup>131</sup> The ESC sets goals within broad objectives: coordinating infrastructure development, expanding trusted traveler and shipment programs, establishing pilot projects for cargo preclearance, improving cross-border commerce and ties, and bolstering information sharing among law enforcement agencies.

The COVID-19 pandemic posed several challenges for U.S., Mexican, and Canadian officials that Congress has examined via oversight hearings. Officials initially struggled to maintain the integrity of supply chains for industries deemed essential during the pandemic while protecting the health of workers employed in those sectors. More recently, concerns over the smuggling of fentanyl through U.S. ports of entry have led to enhanced screening of commercial and passenger vehicles entering from Mexico and have sped the deployment of advanced imaging technologies used for cargo inspections. Congress may monitor how the Biden Administration balances trade and infrastructure issues with other priorities along the U.S.-Mexico border.

## U.S.-Mexico-Canada Agreement<sup>132</sup>

Congress played a key role in modifying, considering, and approving implementing legislation for the USMCA, which entered into force on July 1, 2020. Congress is actively overseeing the USMCA's implementation and USMCA-related trade disputes. In May 2017, the Trump Administration sent a 90-day notification to Congress of its intent to begin talks with Canada and Mexico to renegotiate and modernize NAFTA, as required by the 2015 Trade Promotion

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<sup>130</sup> White House, "Declaration by the Government of the United States of America and the Government of the United Mexican States Concerning Twenty-First Century Border Management," press release, May 19, 2010. As mentioned, U.S.-Mexico security cooperation along the border did not begin with the Mérida Initiative.

<sup>131</sup> The Executive Steering Committee (ESC) coordinates efforts with Mexico in three areas: infrastructure, secure flows, and law enforcement/security. See U.S. Department of State, United States-Mexico Bilateral Executive Steering Committee of the 21<sup>st</sup> Century Border Management Process, December 1, 2022.

<sup>132</sup> This section is drawn from the summary of CRS Report R44981, *The United States-Mexico-Canada Agreement (USMCA)*, by M. Angeles Villarreal.

Authority (TPA). Negotiations began on August 16, 2017, and were concluded on September 30, 2018. USMCA was signed on November 30, 2018. The House Democratic leadership recommended modifications to USMCA (on labor, the environment, and dispute settlement, among other topics) that led to changes to the agreement and a subsequent negotiation with Mexico and Canada on a USMCA protocol of amendment on December 10, 2019. The House approved USMCA implementing legislation in December 2019, and the Senate followed suit in January 2020 (P.L. 116-113).

On April 24, 2020, the U.S. Trade Representative notified Congress that Canada and Mexico had taken the legal and regulatory steps necessary to implement the USCMA and that the agreement would enter into force on July 1, 2020.

USMCA, composed of 34 chapters and 12 side letters, retains most of NAFTA's free-trade provisions and other measures, but it makes notable changes to auto rules of origin, dispute settlement provisions, government procurement, investment, and intellectual property right (IPR) protection. It also modernizes provisions in services, labor, and the environment and addresses new trade issues, such as digital trade, state-owned enterprises, anti-corruption, and currency misalignment. Key issues for Congress in the debate surrounding USMCA included workers' rights protection in Mexico, IPR provisions and access to medicine, the enforceability of labor and environmental provisions, and the constitutional authority of Congress over international trade and its role in revising, approving, or withdrawing from the agreement.

Congress included \$180 million over four years in the USCMA's implementing legislation (P.L. 116-113) for technical assistance projects related to the agreement and \$30 million to pay for labor attachés and other staff to monitor Mexico's USMCA compliance.<sup>133</sup> The goals of recent assistance have been to ensure enforcement of Mexican labor laws and legitimate collective bargaining rights; increase measures to mitigate COVID-19 among workers; and address child labor and forced labor in Mexico's supply chains, including in agriculture.<sup>134</sup> Some Members of Congress have praised two recent votes by Mexican workers in favor of establishing independent unions at their automotive plants as steps toward improving workers' rights and representation.<sup>135</sup>

Now that USMCA is in the implementation phase, Congress may wish to consider various issues regarding the agreement. These issues include how the new importing requirements under USMCA are being phased in; whether the new rules of origin for the motor vehicle industry are being implemented as planned; how the more stringent requirements are affecting the North American motor vehicle industry; how well Mexico is implementing labor law reforms to provide more workers' rights protection; how well the new labor enforcement measures are working; and the extent to which USMCA's updated dispute resolution procedures are improving the enforcement of the agreement's provisions, among other issues.

#### **Selected CRS Products on the U.S.-Mexico-Canada Agreement**

CRS Report R44981, *The United States-Mexico-Canada Agreement (USMCA)*, by M. Angeles Villarreal

CRS In Focus IF10997, *U.S.-Mexico-Canada (USMCA) Trade Agreement*, by M. Angeles Villarreal

CRS In Focus IF11308, *USMCA: Labor Provisions*, by M. Angeles Villarreal and Cathleen D. Cimino-Isaacs

CRS In Focus IF11167, *USMCA: Investment Provisions*, by Christopher A. Casey and M. Angeles Villarreal

<sup>133</sup> U.S. Department of Labor, Bureau of International Labor Affairs, "Labor Rights and the United States-Mexico-Canada Agreement (USMCA)," at <https://www.dol.gov/agencies/ilab/our-work/trade/labor-rights-usmca>.

<sup>134</sup> U.S. Department of Labor, "U.S. Department of Labor Announces \$20 Million in New Grants to Support USMCA Implementation, Bringing the 2020 Total to Nearly \$50 Million," News Release, December 16, 2020.

<sup>135</sup> Associated Press, "Mexico Sees 2<sup>nd</sup> Major Win for Independent Unions," March 1, 2022.

CRS In Focus IFI2082, *USMCA: Motor Vehicle Rules of Origin*, by Liana Wong and M. Angeles Villarreal

## Energy

Congress has expressed ongoing interest in the future of energy production in Mexico, as it is important for Mexico's economic growth and for the U.S. energy sector. Mexico has considerable oil and gas resources, but its state oil company (Pemex), has struggled to counter declining production and postponed needed investments due to fiscal challenges. Many Members of Congress praised Mexico's 2013 constitutional reforms on energy that opened up oil, electricity, gas, transmission, production, and sales to private and foreign investment while keeping ownership of Mexico's hydrocarbons under state control. Members of Congress have expressed serious concerns about the López Obrador administration's treatment of U.S. energy companies and measures it has taken to favor the state-owned electrical utility and Pemex. Members of Congress demonstrated bipartisan support for the 2022 U.S. request for consultations with Mexico over potential violations of the USMCA.<sup>136</sup> Should those consultations not lead to an agreement, the U.S. and Canada could request a dispute settlement panel; the panel could result in retaliatory tariffs on Mexico.<sup>137</sup>

The 2013 reforms created opportunities for U.S. businesses in exploration, pipeline construction and ownership, natural gas production, and commercial gasoline sales. Although the reforms did not privatize Pemex, they did expose the company to competition and hastened its entrance into joint ventures. Because of the reforms, Mexico received more than \$160 billion in promised investment.<sup>138</sup> Many experts argued at that time that deepened energy cooperation with Mexico could give North America an industrial advantage.<sup>139</sup>

Despite their promise, the energy sector reforms failed to reverse production declines or to address structural problems within Pemex. While proponents still predict the reforms will bring long-term benefits to Mexico, opponents within the López Obrador government have sought to curtail private involvement in the sector.<sup>140</sup>

In light of concerns about the López Obrador government's counterreform policies, the United States sought to cement Mexico's energy reforms through the NAFTA renegotiations. NAFTA included some reservations for investment in Mexico's energy sector. USMCA reinforces Mexico's 2013 constitutional reforms and the current legal framework for private energy projects in Mexico. It includes investor-state dispute settlement mechanisms similar to those that existed in NAFTA for the oil and gas, infrastructure, and other energy sectors, even as those mechanisms

<sup>136</sup> Office of the United States Trade Representative, "What They Are Saying: United States Requests Consultations Under the USMCA over Mexico's Energy Policies on Behalf of U.S. Stakeholders," July 20, 2022.

<sup>137</sup> Jarrett Renshaw and David Lawder, "Exclusive: U.S. Plans Ultimatum in Mexico Energy Dispute, Raising Threat of Tariffs," Reuters, March 27, 2023.

<sup>138</sup> Duncan Wood and John Padilla, *Mexico's new Hydrocarbons Model: a Critical Assessment Four Years Later*, Wilson Center & IPD Latin America, April 2018.

<sup>139</sup> Earl Anthony Wayne and David Shedd, *Assuring Energy Security with a Modern NAFTA*, Wilson Center Mexico Institute, May 9, 2018.

<sup>140</sup> Duncan Wood et al., *Changing the Guard in Mexico: AMLO's Opportunities and Challenges*, July 2018.

were limited for other sectors.<sup>141</sup> In addition, the free trade agreement maintains tariff-free exports of U.S. natural gas to Mexico, which have increased significantly since the 2013 reforms.<sup>142</sup>

Over time, López Obrador's energy policies have concerned energy investors and U.S. companies with large parts of their supply chains in Mexico. The government's decisions to halt new auctions in the oil and gas sector, as well as in wind and solar energy projects, stunned investors and put hundreds of existing projects in limbo.<sup>143</sup> Private sector actors lobbied for adjustments in the proposed electricity reform that would enable Mexico to keep its Paris climate agreement pledges and respect private investment while still strengthening the CFE.<sup>144</sup> They have filed numerous legal challenges to the 2021 enacted reforms.

Opportunities exist for continued U.S.-Mexico energy cooperation in the energy sector, but the future of those efforts may depend on the outcome of López Obrador's reforms. The Biden Administration has engaged Mexico in high-level meetings to express concerns over the electricity reform and others, citing concerns that they could hinder U.S.-Mexico cooperation on clean energy initiatives and violate the USMCA.<sup>145</sup> Bilateral efforts to accelerate Mexican action on renewable energy development and other policies to reduce greenhouse gas emissions could continue through a newly created U.S.-Mexico Climate and Clean Energy Working Group.<sup>146</sup>

In addition to monitoring López Obrador's proposed energy reform as it pertains to USMCA, congressional oversight may involve broader issues related to the fairness of policies adopted by the López Obrador government toward foreign energy companies and investors.

## Border Environmental Issues<sup>147</sup>

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

<sup>141</sup> CRS In Focus IF11167, *USMCA: Investment Provisions*, by Christopher A. Casey and M. Angeles Villarreal.

<sup>142</sup> "USMCA Deal to Keep Tariffs Off North American Oil, Gas Trade," *S & P Global Market Intelligence*, December 10, 2019.

<sup>143</sup> Kate Linthicum, "For Mexico's President, the Future Isn't Renewable Energy—It's Coal," *Los Angeles Times*, April 12, 2021.

<sup>144</sup> Dave Graham, "Analysis: Hints of Compromise Emerge over Mexico's Contentious Power Bill," *Reuters*, February 15, 2022.

<sup>145</sup> U.S. Department of Energy, "Statement by U.S. Secretary of Energy Jennifer M. Granholm on Travel to Mexico City, Mexico," press release, January 21, 2021.

<sup>146</sup> U.S. Embassy and Consulates in Mexico, "Special Presidential Envoy for Climate John Kerry Visits Mexico City," press release, February 9, 2022.

<sup>147</sup> Elena H. Humphreys, Analyst in Environmental Policy, authored this section.

## International Boundary and Water Commission

The IBWC, consisting of U.S. and Mexico sections, implements boundary and water treaties between the United States and Mexico.<sup>148</sup> IBWC's activities are conducted through Minutes, which have the force of law when both the U.S. and Mexican governments provide written approval through their respective sections of the IBWC. To address the issue of transboundary effluent flows, the IBWC has taken actions under numerous Minutes.<sup>149</sup> Under this authority, IBWC has constructed and currently operates three wastewater treatment plants, two of which treat Mexican wastewater on the U.S. side of the border. These two wastewater treatment plants are the South Bay International Wastewater Treatment Plant in San Ysidro, CA, and the Nogales Wastewater Treatment Plant in Nogales, AZ. Further, IBWC operates the Nuevo Laredo Wastewater Treatment Plant in Nuevo Laredo, Mexico.

Congress appropriates funds to the IBWC for construction activities through State Department appropriations. The State Department's FY2023 budget requested \$41.8 million in construction funds for a range of projects, including rehabilitating IBWC wastewater infrastructure in Nogales, AZ.<sup>150</sup> The Consolidated Appropriations Act, 2023 (P.L. 117-328), includes an appropriation of \$53.0 million for IBWC construction, roughly \$2 million above enacted FY2022 IBWC construction appropriations.

In recent years, congressional appropriators have shown interest in oversight regarding transboundary sewage flows. The joint explanatory statement for the Consolidated Appropriations Act, 2023 (P.L. 117-328), requires the IBWC to submit to the appropriations committees an operating plan for FY2023, including plans for new and ongoing construction projects. The FY2021 Consolidated Appropriations Act (P.L. 116-260) included a requirement for the Secretary of State, in coordination with the heads of other relevant federal agencies, to submit a report to the appropriations committee on the implementation of the interagency plan developed pursuant to the Further Consolidated Appropriations Act, 2020 (P.L. 116-94), within 90 days of enactment. P.L. 116-94 directed the Secretary of State, as well as other relevant federal agencies, to develop a plan to address the impacts of toxic transboundary flows on U.S. communities.

## U.S. Environmental Protection Agency

Congress annually provides funding to EPA for high priority water and wastewater infrastructure projects in the U.S.-Mexico border region. In 1997, EPA and NADB entered into an agreement, under which EPA contributes much of its annual border infrastructure appropriation to NADB for grants to construct water infrastructure on both sides of the border. For FY2023, Congress provided \$36.4 million for the Border Water Infrastructure Program (BWIP) through an EPA account in the Consolidated Appropriations Act, 2023 (P.L. 117-328). EPA in turn provides these

<sup>148</sup> In 1882, the United States and Mexico created the International Boundary Commission (IBC) as a temporary boundary-setting body. See 1882 Boundary Convention, Article 3. The United States and Mexico reestablished the IBC in 1889 and made it permanent in 1900. See Convention Between the United States of America and the United States of Mexico, Extending for an Indefinite Period the Treaty of March 1, 1889, Between the Two Governments, Known as the Water Boundary Convention, U.S.-Mex., Nov. 21, 1900, 31 Stat. 1936. Treaty Between the United States of America and Mexico Respecting Utilization of Waters of the Colorado and Tijuana Rivers and of the Rio Grande, U.S.-Mex., February 3, 1944, 59 Stat. 1219, at <https://www.ibwc.gov/Files/1944Treaty.pdf>. The 1944 Treaty, Article 3, states that the countries agree to give preferential attention to the solution of all border sanitation problems.

<sup>149</sup> These Minutes can be found at [https://www.ibwc.gov/Treaties\\_Minutes/Minutes\\_ByProject.html](https://www.ibwc.gov/Treaties_Minutes/Minutes_ByProject.html).

<sup>150</sup> Department of State, *Congressional Budget Justification Department of State, Foreign Operations, and Related Programs*, Washington, DC, March 28, 2023, p. 57, [https://www.state.gov/wp-content/uploads/2022/06/FY-2023-Congressional-Budget-Justification\\_Final\\_508comp.pdf](https://www.state.gov/wp-content/uploads/2022/06/FY-2023-Congressional-Budget-Justification_Final_508comp.pdf).

funds to two programs: (1) the Project Development Assistance Program (PDAP) and (2) the Border Environment Infrastructure Fund (BEIF).<sup>151</sup> The PDAP and BEIF programs are intended to identify and fund drinking water quality and/or wastewater management infrastructure projects. Project sponsors can apply jointly to the PDAP/BEIF program through NADB, which screens for initial eligibility and prioritizes projects using EPA's ranking methodologies.<sup>152</sup>

The USMCA Implementation Act (P.L. 116-113) included a supplemental appropriation of \$300 million for EPA to support high-priority wastewater facilities, after consultation with the appropriate border commission. The act directs EPA to carry out design, construction, operation, and maintenance activities of high-priority treatment works in the Tijuana River Valley to treat wastewater flows originating in Mexico. Section 7069 of the Consolidated Appropriations Act, 2023, authorizes EPA to transfer funds provided by P.L. 116-113 to the IBWC to construct, own, and/or operate treatment works to (1) address transboundary pollution and inadequacies or breakdown of existing treatment works in Mexico, and (2) provide treatment of flows, including the operations and maintenance of new treatment works.

### **USMCA Implementation Act, IBWC, and Minute 328**

In July 2022, the U.S. and Mexican sections of the IBWC agreed to Minute 328, "Sanitation Infrastructure Projects in San Diego, California – Tijuana, Baja California for Immediate Implementation and for Future Development."<sup>153</sup> Minute 328 identifies specific projects to be constructed in San Diego and Tijuana, and the financial commitments of each country to these projects. These funds are dedicated to expanding the capacity of the South Bay International Wastewater Treatment Plant in San Diego County; rehabilitating pumping plants, pump stations, and pipelines in Mexico, as well as constructing a new wastewater treatment plant in Mexico.

### **North American Development Bank**

In 1993, the United States and Mexico adopted an agreement to establish the Border Environment Cooperation Commission (BECC) and the NADB to provide financial assistance for a range of environmental infrastructure projects in the border region.<sup>154</sup> The agreement noted the need for environmental infrastructure, especially in the areas of water pollution, wastewater treatment, and municipal solid waste. The BECC was authorized to help border states and communities coordinate, design, and mobilize financing for environmental infrastructure projects, and to certify projects for financing. The NADB evaluates the financial feasibility of BECC-certified projects and provides financing as appropriate. In 1993, Congress authorized U.S. participation in the BECC and NADB in legislation implementing the NAFTA (P.L. 103-182). In 2004, P.L. 108-215 authorized several operational reforms to the NADB. In 2017, BECC and NADB were integrated into a single institution.<sup>155</sup>

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<sup>151</sup> Project funds are divided between EPA Region 6 (for projects in New Mexico, Texas, Chihuahua, Nueva Leon, Coahuila, and Tamaulipas) and EPA Region 9 (for projects in Arizona, California, Baja California, and Sonora).

<sup>152</sup> Project application documents can be found at <https://www.nadb.org/infrastructure-financing/grants/border-environment-infrastructure-fund-beif-pdap>.

<sup>153</sup> IBWC, "Minute 328," <https://ibwc.gov/Files/Minutes/Min328.pdf>.

<sup>154</sup> The amended agreement can be found at North American Development Bank (NADB) website "Agreement Between the Government of the United States of America and the Government of the United Mexican States Concerning the Establishment of a North American Development Bank" at [https://www.nadb.org/uploads/content/files/Policies/Charter\\_Eng.pdf](https://www.nadb.org/uploads/content/files/Policies/Charter_Eng.pdf).

<sup>155</sup> NADB, "NADB and BECC Merge," press release, November 7, 2017, <https://www.nadb.org/news/nadb-and-becc->

The USMCA Implementation Act (P.L. 116-113), Title VIII, Subtitle C, called for U.S. NADB board members to urge NADB to prioritize financing environmental infrastructure projects (over road or commercial projects), streamline project certification and financing procedures, and develop project performance measures. The FY2021 Consolidated Appropriations Act (P.L. 116-260), Division O, Title VI, authorized the U.S. Treasury to contribute up to \$1.02 billion for U.S. shares of NADB capital stock. The 2021 NADB annual report stated that, as of July 2022, the United States has provided \$225 million in paid-in capital to the NADB and that Mexico intended to provide matching payments.<sup>156</sup>

## Water Resource Issues<sup>157</sup>

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

The U.S.-Mexico Water Treaty of 1944 and other binational agreements guide how the two governments share the flows of these rivers.<sup>158</sup> The binational IBWC administers these agreements and includes a U.S. Section that operates under foreign policy guidance from the U.S. Department of State. Since 1944, the IBWC has been the principal venue for addressing river-related disputes between the United States and Mexico.

Under the U.S.-Mexico Water Treaty of 1944, the United States is required to provide Mexico annually with 1.5 million acre-feet of Colorado River water.<sup>159</sup> U.S. deliveries to Mexico in the Rio Grande basin near El Paso/Ciudad Juárez occur annually under a 1906 binational convention, whereas Mexico's deliveries downstream of Fort Quitman, TX, are established in the U.S.-Mexico Water Treaty of 1944. The 1944 treaty typically requires Mexico to deliver to the United States a minimum amount during a five-year cycle.

**Developments in the Colorado River Basin.** The United States continues to meet its Colorado River annual delivery requirements to Mexico pursuant to the U.S.-Mexico Water Treaty of 1944. Recent IBWC actions on the Colorado River have focused on how to manage the Colorado River's water and infrastructure to improve water availability during drought and to restore and protect riverine ecosystems. The most recent minute governing Colorado River basin operations, Minute 323 (signed in September 2017), is a set of binational measures that provides for cooperative basin water management, including environmental flows to restore riverine habitat. Minute 323 also provides for Mexico to share in cutbacks during shortage conditions in the U.S. portion of the basin, including delivery reductions under drought contingency plans authorized by Congress in April 2019.<sup>160</sup> In addition, Minute 323 designates a "Mexican Water Reserve"

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<sup>156</sup> *Paid-in capital* consists of funds contributed by the two governments to NADB. NADB, *North American Development Bank 2021 Annual Report*, June 30, 2022, p. 41.

<sup>157</sup> This section is drawn from CRS Report R45430, *Sharing the Colorado River and the Rio Grande: Cooperation and Conflict with Mexico*, by Nicole T. Carter, Stephen P. Mulligan, and Charles V. Stern.

<sup>158</sup> Another example of a water resource related treaty provision is Article IV of the 1970 Treaty to Resolve Pending Boundary Differences and Maintain the Rio Grande and Colorado River as the International Boundary, U.S.-Mexico, signed November 23, 1970.

<sup>159</sup> Under the treaty, the United States must supply an additional 200,000 acre-feet when surplus is declared. During drought, the United States may reduce deliveries to Mexico in similar proportion to reductions of U.S. uses.

<sup>160</sup> Drought Contingency Plans for the Upper and Lower Colorado River Basin were enacted in April 2019 in P.L. 116-14. For more information, see CRS Report R45546, *Management of the Colorado River: Water Allocations, Drought,*

through which Mexico can delay its water deliveries from the United States and store its delayed deliveries upstream at Lake Mead, thereby increasing the lake's elevation.<sup>161</sup> For the Colorado River Basin, issues before Congress may be largely related to oversight of Minute 323 implementation and water management associated with potential shortage conditions and any additional proposed delivery reductions in response to ongoing drought.<sup>162</sup> Congress also may be interested in the upcoming 2026 expiration of Minute 323 and the negotiation of any extensions or replacement agreements in the interim.

**Developments in the Rio Grande Basin.** On multiple occasions since 1994, Mexico has not met its Rio Grande delivery obligations of 1,750,000 acre-feet within the five-year cycle established by the U.S.-Mexico Water Treaty of 1944, most recently during the five-year cycle from 2010 to 2015.<sup>163</sup> Mexico avoided ending the October 2015 to October 2020 cycle with a water delivery deficit by transferring to the United States Mexican water stored at binational IBWC dams. A minute concluded in October 2020, Minute 325, provided that a shortfall would be avoided through the transfer of water stored at two IBWC dams from Mexican to U.S. ownership. Minute 325 resulted in the transfer of ownership of 144,728 acre-feet of water.<sup>164</sup>

Minute 325 also allowed for negotiation of an agreement for potential temporary use of U.S. water for minimum municipal needs in Mexico below the Amistad Dam. In addition, Minute 325 indicated that two Rio Grande working groups would be established as part of the efforts to reach a goal of developing a minute on increased reliability and predictability of Rio Grande deliveries to water users in the United States and Mexico by December 2023. To date, Congress has been primarily involved in conducting oversight through reporting requirements for the U.S. Department of State, such as those included in P.L. 116-6 (S.Rept. 115-282). Pursuant to the various reporting requirements, reports have been delivered to various committees of Congress. During the current five-year cycle (October 2020-October 2025), Mexico's deliveries were among the lowest observed for the first 22 months of a cycle. Deliveries increased in August and September 2022 and then flattened out through March 2023. Mexico has another 2½ years to meet the 5-year delivery obligation.

## U.S.-Mexico Health Cooperation

As with neighboring Canada, robust trade, migration, and an extensive shared border have made public health cooperation a critical part of the U.S.-Mexico bilateral relationship.<sup>165</sup> Collaboration on health matters has been strong for more than two decades, particularly since the Anthrax release in 2001 when Mexico became part of the Global Health Security Agenda and later on in

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*and the Federal Role*, by Charles V. Stern and Pervaze A. Sheikh.

<sup>161</sup> Lake Mead elevation is the baseline used by the United States for determining shortage conditions and associated water delivery cutbacks for the Lower Colorado River Basin states of Arizona, California, and Nevada.

<sup>162</sup> For example, in January 2023 six of the seven Colorado River basin states submitted a proposal to the Department of the Interior that recommends conserving Colorado River waters by assessing evaporative losses on deliveries to Lower Colorado River basin states and Mexico. See Letter from Colorado River Basin State Representatives of Arizona, Colorado, Nevada, New Mexico, Utah, and Wyoming to Tanya Trujillo, Assistant Secretary, Water & Science, U.S. Department of the Interior, January 31, 2023.

<sup>163</sup> Mexico made up for those shortfalls in subsequent five-year cycles, as authorized under the U.S.-Mexico Water Treaty of 1944.

<sup>164</sup> Amount of the transfer is described in Letter from Jayne Harkins, Commissioner, U.S. IBWC, to Greg Abbott, Governor of Texas, November 3, 2020.

<sup>165</sup> This paragraph draws from Andrew I. Rudman and Duncan Wood, *Pandemics and Beyond: The Potential for U.S.-Mexican Cooperation in Public Health*, Woodrow Wilson Center's Mexico Institute, March 2020.

response to the outbreaks of SARS-CoV (2002-2004). In response, both countries collaborated on the development of an electronic early warning surveillance system for infectious diseases.

Building on lessons learned from the H1N1 (2009) Influenza pandemic, Mexico, Canada, and the United States launched the 2012 North American Plan for Animal and Pandemic Influenza (NAPAPI). The 2012 NAPAPI created a flexible platform to prevent, prepare, and respond to any potential or actual health security threat to North America through the North American Health Security Working Group (NAHSWG). Since its creation, the NAHSWG has hosted multiple tabletop exercises on emergency communications and deployments of medical countermeasures, medical personnel, and laboratory samples.<sup>166</sup> The NAHSWG is led by the U.S. Department of Health and Human Services (HHS) and has U.S. government representation from several HHS offices, such as the CDC, the U.S. Food and Drug Administration (FDA), and the National Institutes of Health (NIH) and from other agencies (such as DHS and the State Department). In addition to this trilateral collaboration, Mexico is one of five countries that has a permanent HHS health attaché representing the Office of the Secretary, overseeing the work of HHS agencies operating within the U.S. Embassy in Mexico City, and leading health diplomacy efforts.

**Response to COVID-19.** In January 2020, the NAHSWG convened to respond to COVID-19. The group enabled the sharing of best practices on issues such as epidemiological surveillance, laboratory diagnostics regulation, testing policies, supply chains, workers' safety, COVID-19 variants, and vaccine confidence. Through the HHS health attaché, Mexico received funding support to strengthen the COVID-19 response in the areas of epidemiological and laboratory surveillance, risk communication, and research. HHS also supported Mexico with diagnostics test kits, facilitated the acquisition of ventilators, hosted bilateral dialogues on vaccine and therapeutics development, and provided expertise on vaccine deployment matters. Mexico received nearly 17 million vaccine doses from the U.S. government.<sup>167</sup>

**Border Health Coordination.** The U.S.-Mexico Border Health Commission was created in July 2000 with the signing of an agreement by the Secretary of Health and Human Services of the United States and the Secretary of Health of México to provide international leadership to improve health and quality of life along the U.S.-Mexico border.<sup>168</sup> Under the Biden Administration's HHS leadership, the U.S. section of the commission is tasked with conducting health needs assessments and serving as a key advisory body on border health matters to the HHS Secretary in alignment with larger bilateral collaboration frameworks and with its public law mandate. Since 2018, the U.S. section has provided funding and technical advice through the CDC's Binational Border Infection Disease Surveillance (BIDS) program, which in turn funds the four U.S. states on the U.S.-Mexico border to improve the detection, reporting, and prevention of infectious diseases of binational importance.

The NAHSWG and the U.S.-Mexico Border Health Commission reviewed lessons learned from COVID-19 at the federal and border level, as called for during the 2021 North American Leaders' Summit.<sup>169</sup> While some transborder communities (e.g., San Diego, California-Tijuana, Baja

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<sup>166</sup> CRS interview with the HHS Office of Global Affairs, March 16, 2022.

<sup>167</sup> Ibid.

<sup>168</sup> HHS, "U.S.-Mexico Border Health Commission," at <https://www.hhs.gov/about/agencies/oga/about-oga/what-we-do/international-relations-division/americas/border-health-commission/index.html>.

<sup>169</sup> White House, "Fact Sheet: Key Deliverables for the 2021 North American Leaders' Summit," November 18, 2021. That review reportedly examined emergency communications; joint outbreak investigation; laboratory capacity; development of and access to medical countermeasures; supply chains; health systems capacity and interoperability; and workers' protections.

California) used existing mechanisms to coordinate their pandemic responses, others (e.g., El Paso, Texas-Ciudad Juárez, Chihuahua) struggled to do so.<sup>170</sup> Limited federal support from underfunded border health entities and disjointed national travel restrictions and vaccine policies added to the challenges faced by local officials in binational communities.<sup>171</sup> At the 2023 NALS, a key deliverable included revising the 2021 NAPAPI to better respond to health threats.<sup>172</sup>

## Outlook

U.S.-Mexico relations are likely to be tested in 2023 by ongoing tension in security and energy relations and by U.S. concerns over human rights, the weakening of Mexico's democratic institutions, and the military's growing role in Mexico's economy and society. Most experts maintain the best way for both countries to address these challenges is to continue working together and with Canada to ensure the best possible outcomes for North America. A series of high-level meetings in 2022 and thus far in 2023 have kept dialogue open between the Biden and López Obrador administrations. Nevertheless, tough U.S. congressional criticism of Mexico's inability to address fentanyl trafficking and Mexican criticism of U.S. intervention and violations of Mexican sovereignty have caused renewed tension. In addition, bilateral cooperation may falter as both countries convene presidential elections in 2024. Congress is likely to maintain significant interest in Mexico, with trade, security, drug policy, migration, health, and environmental issues as probable areas of funding and oversight efforts.

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<sup>170</sup> Barbara Jiménez and Justine Kozo, "The Development of a Collaborative Binational Strategy to Support the San Diego-Tijuana Transborder Community During the COVID-19 Pandemic," *Front Public Health*, vol. 10, July 2022; Martha Pskowski and Lauren Villagran, "Too Many People Died for Us to Walk Away': Renewed U.S., Mexico Cooperation Vital to Saving Lives in Next Pandemic," *El Paso Times*, March 24, 2022.

<sup>171</sup> *Ibid.*

<sup>172</sup> White House, "Fact Sheet: Key Deliverables for the 2023 North American Leaders' Summit," January 10, 2023.

## Appendix A. Key Justice Institutions

### Key Institutions for Strengthening the Rule of Law

**New Criminal Justice System.** By the mid-2000s, most Mexican legal experts had concluded that reforming Mexico's corrupt and inefficient criminal justice system was crucial for combating criminality and strengthening the rule of law. In June 2008, Mexico implemented constitutional reforms mandating that by 2016, trial procedures at the federal and state levels had to move from a closed-door process based on written arguments presented to a judge to an adversarial public trial system, with oral arguments and the presumption of innocence. These changes aimed to create a new, more transparent, impartial, and efficient criminal justice system.

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

President López Obrador has not dedicated significant resources to strengthening the justice system. His administration attempted to implement some reforms, including mandatory pretrial detention for more crimes, which would have contradicted the new system's goals. Mexico's Supreme Court struck down those reforms.

**Building an Independent Prosecutor General's Office.** Analysts who study Mexico's legal system have long highlighted the inefficiency of the attorney general's office (known as the PGR). The PGR struggled with limited resources, corruption, and a lack of political will to resolve high-profile cases, including those involving corruption or human rights abuses. Many civil society groups that pushed for the new criminal justice system also lobbied the Mexican Congress to create an independent prosecutor's office. Amid petitions from civil society organizations, Mexico's senate was to appoint an independent individual to lead the new prosecutor general's office for a nine-year term under 2014 constitutional reforms.

President López Obrador downplayed the importance of the new office during his campaign, but Mexico's Congress established the office, now known as the Prosecutor General's Office (FGR), after López Obrador's inauguration. In January 2019, Mexico's senate named Dr. Alejandro Gertz Manero, a close associate and former security adviser to López Obrador, as prosecutor general. Gertz Manero directed prosecutors to focus on emblematic cases, but few have progressed. Critics maintain Gertz Manero has been slow to implement the reforms enacted by the Mexican Congress to strengthen the FGR.

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

In February 2019, Prosecutor General Gertz Manero named a special anti-corruption prosecutor, who received a significant budget for 2020 and 2021 amid generalized budget cuts for the institution. Cases involving corruption in the social development ministry and corrupt payments from the Brazilian construction company Odebrecht to the head of *Petróleos de México (Pemex)* during the Peña Nieto administration are moving forward. However, some 500 reports of corruption referred to the FGR by the Ministry of Public Administration in the current administration have yet to be presented before a judge. In January 2022, the López Obrador administration proposed to eliminate NAS's technical support arm charged with evaluating the country's anti-corruption activities as part of a larger consolidation strategy to reduce public spending.

**Sources:** Octavio Rodríguez Ferreira and David Shirk, *Criminal Procedure Reform in Mexico, 2008-2016: The Final Countdown to Implementation*, Justice in Mexico, October 2015; World Justice Project México, *Mexico's New Criminal Justice System: Substantial Progress and Persistent Challenges*, June 2018; "AMLO Asegura que Respetará Decisión de Prisión Preventiva Oficiosa por Defraudación Fiscal," *El Economista*, October 26, 2021; Arturo Angel, "Gertz en Tres Años con FGR: Despidos, Opacidad e Incumpliendo Plazos de su Propia Ley," *Animal Político*, January 27, 2022; and Jorge Monroy, Pedro Villa y Caña y Alberto Morales, "Va AMLO por Fusionar 16 órganos en Dependencias," *El Universal*, January 28, 2022.

## Appendix B. Mérida Initiative Funding

**Table B-1. Estimated Mérida/Bicentennial Framework Funding: FY2008-FY2022**  
(in millions of dollars)

Account	ESF	INCLE	FMF	Total
FY2008	20.0	263.5	116.5	400.0
FY2009	15.0	406.0	39.0	460.0
FY2010	9.0	365.0	265.2	639.2
FY2011	18.0	117.0	8.0	143.0
FY2012	33.3	248.5	Not app.	281.8
FY2013	32.1	190.1	Not app.	222.2
FY2014	35.0	143.1	Not app.	178.1
FY2015	33.6	110.0	Not app.	143.6
FY2016	39.0	100.0	Not app.	139.0
FY2017	40.9 <sup>a</sup>	90.0	Not app.	130.9
FY2018	39.0 <sup>b</sup>	100.0	Not app.	139.0
FY2019	39.0 <sup>c</sup>	110.0	Not app.	149.0
FY2020	33.0 <sup>d</sup>	100.0	Not app.	133.0
FY2021	50.0	100.0	Not app.	150.0
FY2022	50.0 <sup>e</sup>	64.0	Not. app.	114.0
<b>Total</b>	<b>486.9</b>	<b>2,543.2</b>	<b>428.7</b>	<b>3,458.8</b>
FY2023 req.	75.0	64.0	Not. app.	139.0
FY2024 req.	60.7	64.0	Not. app.	124.7

**Sources:** U.S. Agency for International Development (USAID) budget office, November 3, 2016; U.S. Department of State, November 18, 2016; P.L. 115-141; P.L. 116-6; P.L. 117-103; U.S. Department of State, *Congressional Budget Justification for Foreign Operations, FY2022*; Explanatory statement accompanying P.L. 116-94; Explanatory statement accompanying P.L. 116-260; and Explanatory statement accompanying P.L. 117-103.

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

- For FY2017, Mérida programs administered by the U.S. Agency for International Development (USAID) were funded through the Development Assistance account rather than ESF.
- Of the \$45 million in funds appropriated for ESF, some \$6 million supported non-Mérida Initiative programs.
- Of the \$45 million in funds appropriated for ESF, some \$6 million supported non-Mérida Initiative programs.
- Of the \$50 million in funds appropriated for ESF, an estimated \$13 million will be used to support non-Mérida Initiative programs focused on clean energy and sustainable landscapes. USAID, CN #71, December 16, 2020.
- Of the \$50 million in funds appropriated for ESF, an estimated \$18 million will be used to support non-Mérida Initiative programs focused on clean energy and sustainable landscapes. USAID, CN #193, July 18, 2022.
- A portion of the funds appropriated will support programs related to clean energy and sustainable landscapes.

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