



Integrated Country Strategy

Mexico

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1. Chief of Mission Priorities

Few relationships are as consequential as that between the United States and Mexico. It has a direct impact on the everyday lives of millions of U.S. citizens, whether through public security, trade, border management, or tourism. Bilateral relations are characterized by constant engagement at all levels and across nearly every agency of each government. This engagement occurs in the capitals but also at the nine constituent posts in Mexico, and along the length of our 2,000 mile border. U.S. security and prosperity are intimately connected with conditions in Mexico and are our top priorities.

The relationship is in transition. Mexico's 2018 presidential election means new actors not only at the top but deep into the bureaucracy. The recent election of a President from outside the two traditional parties means we may see novel approaches to issues of bilateral concern. The North American Free Trade Agreement (NAFTA), which has driven the U.S.-Mexico relationship for a quarter century, is under negotiation. Mexico and the United States suffer the predations of Transnational Criminal Organizations (TCOs). The narcotics they traffic are fueling an epidemic of overdose deaths in the United States. In Mexico they are causing unprecedented violence. U.S.-Mexico law enforcement cooperation and U.S. assistance in Mexican efforts to strengthen the rule of law are essential if we are to carry out the February 9, 2017, Presidential Executive Order on Enforcing Federal Law with Respect to Transnational Criminal Organizations and Preventing International Trafficking.

Mission Mexico has identified four priorities for the Integrated Country Strategy:

Protect and assist U.S. citizens in Mexico: Mexico is the most popular foreign destination for U.S. tourists and home to the largest U.S. expatriate community in the world. The magnitude of the U.S. population in Mexico, as well as the populous border region, makes protecting and assisting U.S. citizens in Mexico a top priority. Natural disasters – including earthquakes, hurricanes, and volcanic eruptions – are frequent in Mexico and require rapid and comprehensive action by Mission Mexico to protect U.S. citizens. Likewise, as violence intensifies in Mexico, we must prioritize the timely sharing of security condition information so U.S. citizens can make informed decisions about their safety while traveling or residing abroad.

Promote U.S. public security by partnering with Mexico to fight Transnational Criminal Organizations (TCOs): We will build on already strong relationships with Mexican counterparts – police, military, prosecutors, judges, corrections officials, private sector, and civil society – to defeat TCOs. Robust law enforcement cooperation is one key. Foreign assistance through the Merida Initiative in support of Mexico's efforts to strengthen its rule of law institutions is another. The two efforts must be mutually reinforcing. Merida fosters greater cooperation between U.S. and Mexican law enforcement by increasing Mexico's capacity to find and arrest criminals, interdict narcotics and arms, and disrupt illicit financing networks. Our cooperation with Mexico has never been more vital to saving U.S. lives than in the fight to combat fentanyl, heroin, and synthetic drugs. Merida also promotes greater respect for human rights – a crucial

element for public security forces working to gain citizen confidence – and engages Mexican civil society in championing effectiveness, transparency, and accountability.

Curb illegal immigration and protect U.S. borders: We will work with Mexico to disrupt the flows of irregular migrants and illicit goods entering and transiting its territory en route to the United States. Safe and efficient management of our shared border is key. Mexico is an important ally in controlling Central American migration and its National Migration Service (INM) works closely with the Department of Homeland Security (DHS) on migration issues, and with U.S. law enforcement agencies to catch fugitives and return them to the United States to face justice. Smugglers and traffickers are active in the border region, and close binational cooperation is necessary to disrupt their networks. The Merida Initiative fuels our bi-national cooperation and assists Mexico in controlling its borders with improved information-sharing programs and telecommunications systems. Likewise, we will continue our work with Mexican authorities to facilitate lawful trade and travel over our shared border, thereby strengthening our economy. Cooperation between the United States and Mexico along our border includes coordinating with state and local officials on cross-border infrastructure, transportation planning, and collaboration with institutions that address natural resource, environment, and health issues. We will also prioritize increasing trilateral cooperation with Central American countries to curb illegal migration and mitigate the social conditions driving Central Americans to migrate.

Increase U.S. economic prosperity, especially through enhanced opportunities for the export of U.S. goods and services: We will deepen economic cooperation with Mexico to ensure new and growing markets for U.S. exporters and thereby create jobs in the United States. Mexico is the United States' second-largest export market (after Canada) and third-largest trading partner (after Canada and China). In 2017, two-way trade in goods and services totaled \$623 billion. Mexico is also the largest export market for U.S. refined petroleum products and a growing market for U.S. natural gas. Supporting U.S. exporters and an improved business climate through commercial advocacy helps level the playing field and create U.S. jobs. Poverty and the large numbers of workers in the informal ("off the books") sector hamper Mexican growth and limit its domestic market for U.S. exports. Helping Mexicans tackle long-term issues of economic development, formality, and inequality must remain at the center of our strategy to help more Mexicans enter the middle class. Likewise, supporting Mexico's historic structural reforms in such areas as energy and telecommunications are key to creating new opportunities for U.S. businesses and promoting inclusive growth and sustainable development.

2. Mission Strategic Framework

Mission Goal 1: Protect and assist U.S. citizens in Mexico.

Mission Objective 1.1: U.S. citizens have accurate and timely information about safety and security conditions in Mexico.

Mission Objective 1.2: U.S. citizens affected by disaster, crises, and emergencies in Mexico receive effective and appropriate assistance.

Mission Goal 2: Protect U.S. citizens from TCOs, increase U.S.-Mexico law enforcement cooperation, and increase the capacity of Mexican rule of law institutions

Mission Objective 2.1: Mexican security forces demonstrate increased capacity to prevent and combat all types of criminal activity, especially TCOs, through modern and professional law enforcement means.

Mission Objective 2.2: Mexican federal authorities develop a comprehensive counternarcotics strategy and become increasingly effective in the eradication of illicit crops such as opium poppy, the detection and destruction of clandestine drug laboratories, and the interdiction of narcotics, particularly heroin, fentanyl, and cocaine.

Mission Objective 2.3: Mexican federal and state prosecutors and judiciaries demonstrate increased capacity and political will to investigate, prosecute, and punish criminal activity, especially the activities of TCOs. (Incorporates CDCS DO 2)

Mission Goal 3: Curb illegal immigration and protect U.S. borders.

Mission Objective 3.1: Mexico demonstrates increased capacity to interrupt the flow of irregular, clandestine migrants and illicit goods entering, transiting, and leaving its territory in coordination with the United States and regional partners.

Mission Objective 3.2: Mexico and the United States cooperate on joint border management programs that facilitate lawful trade and travel while reducing the numbers of irregular and clandestine migrants, illicit goods, and other threats to the health and safety of U.S. citizens on the U.S.-Mexico border.

Mission Goal 4: Increase U.S. economic prosperity, especially through enhanced opportunities for the export of U.S. goods and services

Mission Objective 4.1: Support policies and programs to help Mexico develop a more robust domestic market and middle class through higher wages and reductions in poverty and informality, in turn creating a larger market for U.S. goods.

Mission Objective 4.2: Boost opportunities for U.S. business through sustained advocacy efforts on behalf of exporters bidding on government procurements/projects, commercial diplomacy efforts to level the playing field and improve the business climate for U.S. companies, and support for macroeconomic stability in Mexico.

Mission Objective 4.3: Support Mexican Government structural reform initiatives aimed at creating more inclusive growth and sustainable development, especially in the education, energy, and telecommunications sectors.

Management Objective 1: All Mission elements are operating from office spaces that meet current security standards, and all embassy and consulate offices are co-located.

Management Objective 2: Mission facilities are properly operated and maintained and Management Sections are able to meet or exceed International Cooperative Administrative Support Services (ICASS) service standards across the full gamut of services provided at all ten posts.

3. Mission Goals and Objectives

Mission Goal 1: Protect and assist U.S. citizens in Mexico.

Description and Linkages: Mexico is the most popular foreign destination for U.S. citizen travelers and, with 1.5 million U.S. citizen residents, home to the largest U.S. citizen expatriate community in the world. These millions of U.S. visitors and residents face a deteriorating security situation as murders increased 15 percent in 2016 compared to 2015 and increased another 27 percent in 2017. In addition, Mexico faces significant threats from natural disasters, including earthquakes, hurricanes, and volcanoes. Protecting and assisting U.S. citizens in Mexico is critical to achieving the Consular Affairs (CA) Functional Bureau Strategy Strategic Goal 1: Protect the lives and serve the interests of U.S. citizens overseas. The Mission Goal also supports Strategic Objective 1.5 of the U.S. Department of State and U.S. Agency for International Development Joint Strategic Plan: Strengthen U.S. border security and protect U.S. citizens abroad.

Mission Objective 1.1: U.S. citizens have accurate and timely information about safety and security conditions in Mexico.

Justification: A key priority for the Department of State is to ensure U.S. citizens can make informed decisions about their safety while traveling or residing abroad. Three challenges complicate that task in Mexico: the large number of U.S. citizens in Mexico, the deteriorating and varied security situation, and local concerns about the economic effects of U.S. messaging. Mexico is home to the largest number of U.S. citizens abroad. U.S. citizens made 31.2 million trips to Mexico in 2016, ranging from visits of a few hours across the border to longer vacations to visit family or to tourist destinations across the country. In addition, an estimated 1.5 million U.S. citizens reside in Mexico, making it the largest U.S. citizen expatriate population in the world. U.S. citizens in Mexico face a complex and deteriorating security situation. While crime and murder rates are increasing, the security situation varies significantly across the country. Through this objective, Mission Mexico will ensure the millions of U.S. citizens in Mexico better understand the security situation and are able to make informed decisions about their safety in Mexico.

Mission Objective 1.2: U.S. citizens affected by disaster, crises, and emergencies in Mexico receive effective and appropriate assistance.

Justification: Mexico faces an annual hurricane season between May 1 and November 30 and risks from earthquakes and volcanoes. For example, a 7.1 earthquake September 19, 2017, killed hundreds of people, injured thousands more, and destroyed dozens of buildings in Mexico City and beyond. In addition, the tens of millions of U.S. citizens who visit or live in Mexico face individual emergencies, including death, illness, injury, and arrest. Mission Mexico works to increase the effectiveness and efficiency of its emergency response by collaborating further with local government partners and continually improving its own emergency response procedures. The Mission also seeks

to support vulnerable populations of U.S. citizens, including victims of crime, minors, and arrested U.S. citizens.

Mission Goal 2: Protect U.S. citizens from TCOs, increase U.S.-Mexico law enforcement cooperation, and increase the capacity of Mexican rule of law institutions (Incorporates CDCS DO1, DO2, and DO3).

Description and Linkages: The continued operation of TCOs in Mexico degrades the safety and security of U.S. citizens, especially as those operations relate to the production, trafficking, and distribution of illicit drugs on both sides of the U.S.-Mexico border. Reducing the ability of these groups to operate within Mexico will help to protect American citizens from violence, illicit drug use, and criminal activities associated with TCO operations. This Mission Goal directly supports Strategic Objective 1.1 of the WHA-LAC Joint Regional Strategy Framework: Counter TCOs and illicit networks.

Mission Objective 2.1: Mexican security forces demonstrate increased capacity to prevent and combat all types of criminal activity, especially TCOs, through modern and professional law enforcement means.

Justification: The United States has a clear national security interest in strengthening Mexico's ability to target, disrupt, and prosecute TCOs that operate on both sides of our shared border. To do this, Mexico must support strong and effective security actors and institutions with the capacity to prevent crime and to target the illicit activities of TCOs and other criminals. U.S. law enforcement agencies, including ATF, CBP, DEA, FBI, ICE, USMS, IRS-CI, DS, and the Secret Service, enjoy strong and longstanding partnerships with Mexican authorities and have developed an impressive joint capacity against high-value targets and for disrupting and degrading criminal organizations. These relationships are critical to our success in counternarcotics and other criminal investigations. As TCO groups compete over diversified revenue streams, including from drug, human and wildlife trafficking, kidnapping, extortion, illegal mining, and fuel theft, they seek to neutralize and co-opt the weakest government institutions, particularly at the municipal and state levels. In response, both countries are now heavily engaged in efforts to strengthen actors and institutions across Mexico's chain of justice, from police first responders through investigators, forensics labs, criminal analysts, prosecutors, judges, and correctional institutions, with the goal of reducing corruption and impunity, as well as improving transparency at all levels.

Mission Objective 2.2: Mexican federal authorities develop a comprehensive counternarcotics strategy and become increasingly effective in the eradication of illicit crops such as opium poppy, the detection and destruction of clandestine drug laboratories, and the interdiction of narcotics, particularly heroin, fentanyl, and cocaine.

Justification: Overdose deaths in the United States caused by illicit drug use, especially opioids, have risen to epidemic levels. Mexico is the source country for the vast majority of heroin, methamphetamine, and fentanyl entering the United States, and a major transit country for cocaine entering the United States from Colombia. Joint security cooperation is

critical to improving the eradication of illicit crops, dismantling clandestine drug laboratories, and increasing interdictions on land and at sea. The United States must work with Mexico to decrease the supply of these illicit substances and thereby reduce their availability for illicit use in the United States.

Mission Objective 2.3: Mexican federal and state prosecutors and judiciaries demonstrate increased capacity and political will to investigate, prosecute, and punish criminal activity, especially the activities of TCOs.

Justification: Although Mexico completed its constitutionally mandated transition from an inquisitorial to an accusatorial criminal justice system in 2016, the consolidation of that system remains far from complete. As the United States supported Mexico's transition, we must now support the consolidation of that system throughout Mexico's 32 states to ensure the effective functioning of judicial institutions, coordination between judicial actors, reduced opportunities for corruption and impunity, and the delivery of justice to TCO groups that take advantage of legal loopholes to continue their criminal enterprises.

Mission Goal 3: Curb illegal immigration and protect U.S. borders.

Description and Linkages: Mexico is a transit country for both irregular migrants and illicit goods on their way to the United States. The United States will be safer if we work with Mexico to address shared challenges, including irregular migration, human trafficking, narcotics and firearms smuggling, and threats to the health and safety of U.S. and Mexican citizens. Mexico is also a partner in our engagements with Central American countries, a primary source of migrants who try to cross the U.S.-Mexico border. This Mission Goal supports Strategic Objective 1.5 of the U.S. Department of State and U.S. Agency for International Development Joint Strategic Plan: Strengthen U.S. border security and protect U.S. citizens abroad. It also supports Strategic Objective 1.2 of the U.S. Department of State and USAID Joint Regional Strategy for Western Hemisphere Affairs-Latin America and Caribbean: Protect U.S. borders and prevent illegal immigration.

Mission Objective 3.1: Mexico demonstrates increased capacity to interrupt the flow of irregular, clandestine migrants and illicit goods entering, transiting, and leaving its territory in coordination with the United States and regional partners.

Justification: Mexico is a transit country for Central American and extra-continental migrants heading to the United States and increasingly a destination for migrants, but itself is a declining source of migrants. Mexico is also a transit country for illicit drugs and human trafficking into the United States. Mexican government agencies are important partners in our efforts to curb irregular migration and illicit trade.

Mexico can also serve as a partner in our engagements with the Northern Triangle countries to address the root causes of Central American migration and

trafficking. Mexican efforts to interdict narcotics, firearms, precursor chemicals, and illicitly-gained cash will not only address criminality in Mexico, they will also prevent these goods from reaching the United States.

Mission Objective 3.2: Mexico and the United States cooperate on joint border management programs that facilitate lawful trade and travel while reducing the numbers of irregular and clandestine migrants, illicit goods, and other threats to the health and safety of U.S. citizens on the U.S.-Mexico border.

Justification: The 2,000-mile U.S.-Mexico border not only represents an opportunity for economic integration, shared prosperity, and mutual understanding, but also is a potential vulnerability. Criminal organizations traffic and smuggle narcotics, firearms, precursor chemicals, cash, and people into and out of the United States. A continuation of U.S.-Mexico border security collaboration is essential for the security of both countries. We have made great strides under the rubric of “shared responsibility” and “co-management” of our shared border and have coordinated patrols in some border areas to reduce dangerous incidents. Cooperation with Mexico on border infrastructure projects, cargo pre-inspection, coordinated enforcement efforts, disease surveillance, and other programs can strengthen the border while facilitating efficient movement of travelers and legal goods between our two countries.

Mission Goal 4: Increase U.S. economic prosperity, especially through enhanced opportunities for the export of U.S. goods and services (Incorporates CDCS DO3 and DO4).

Description and Linkages: Mexico and the United States have highly intertwined economies, with Mexico acting as the United States’ second-largest export market and third-largest trading partner. Mexico buys 46 percent of its imports from the United States. However, the United States had a \$71 billion trade deficit with Mexico in goods in 2017 and a \$7 billion surplus in services, which are growing particularly in the energy sector. A major priority for Mission Mexico is to expand exports to Mexico and level the playing field between the two countries, thus creating jobs for U.S. citizens and opportunities for U.S. businesses. Crucial components of this strategy are to strengthen Mexico’s domestic market for U.S. goods and services, create a more supportive business environment for U.S. companies, foster macroeconomic and financial stability in Mexico, and help advance structural reforms in key sectors for U.S. businesses interests. This Mission Goal supports Goal 2 of the WHA/LAC Joint Regional Strategy Framework to create a prosperous hemisphere, Goal 2 of the State-USAID Joint Strategic Plan to renew America’s competitive advantage, and Goal 2 of the National Security Strategy to promote American prosperity.

Mission Objective 4.1: Mexico develops a more robust domestic market and middle class through higher wages and reductions in poverty and informality, in turn creating a larger market for U.S. goods and services.

Justification: A long-term challenge to Mexico's economic growth and its development of a robust domestic market is its high and stagnant levels of poverty and number of workers laboring in the informal sector. Over half of Mexicans suffer from income poverty and only 22.6 percent of the population is not poor or economically vulnerable. While unemployment remains low at 3.4 percent, the majority of workers – 57 percent – work in the informal sector, which is highly correlated with poverty and limits worker productivity and wage growth. Mexico's minimum wage remains below the official poverty line and is declining in real terms. A growing Mexican middle class provides a bigger market for U.S. goods and services and new opportunities for U.S. businesses.

Mission Objective 4.2: Mexico boosts opportunities for U.S. businesses as a result of sustained advocacy efforts on behalf of exporters bidding on government procurements/projects, commercial diplomacy efforts to level the playing field and improve the business climate for U.S. companies, and support for macroeconomic stability.

Justification: U.S. companies must have a fair opportunity to compete for business in Mexico. Unfair trade barriers, violations of labor laws, high levels of corruption, and opaque bureaucratic processes have made it difficult for U.S. businesses to compete on a level playing field. The NAFTA renegotiation offers an unprecedented opportunity to create more balanced, reciprocal trade that supports more high-paying jobs for U.S. citizens and grows the U.S. economy. Likewise, Mission Mexico prioritizes advocacy and programs to improve accountability and transparency in addition to maintaining Mexico's macroeconomic stability – important factors in improving the business climate.

Mission Objective 4.3: The Mexican Government advances structural reform initiatives aimed at creating more inclusive growth and sustainable development, especially in the education, energy, financial, and telecommunications sectors, in turn creating more opportunities for U.S. businesses and a more competitive and integrated North American market.

Justification: Mission Mexico prioritizes the deepening of Mexico’s structural reforms as a means of supporting a more secure and economically prosperous neighbor, creating more opportunities for U.S. businesses, and strengthening North American competitiveness and integration. Mexico’s historic structural reforms in education, energy, finance, and telecommunications have opened new opportunities for U.S. businesses and improved efficiencies and competitiveness for an integrated North American market. The brightest spot in the economic relationship is the surge in energy trade since Mexico passed historic energy reforms in 2014. The reforms sparked a boom in U.S. energy exports to Mexico, particularly in refined fuels and natural gas, culminating in a record \$14.7 billion trade surplus in 2017. Likewise, allowing for more sustainable growth and a better-educated Mexican workforce reduces wage disparities with the United States, mitigates migration pressures, and creates a more secure neighbor. Worryingly, political factors have slowed some structural reforms and the incoming Lopez Obrador administration may choose not to continue the prior administration’s policies.

4. Management Objectives

Management Objective 1: All Mission elements are operating from office spaces that meet current security standards, and all embassy and consulate offices are co-located.

Justification: The Embassy, six of the nine consulates, and seven of the nine Consular Agencies operate from buildings that do not meet current security standards. In addition, embassy staff operate from six locations in Mexico City and consulate staff in Guadalajara operate from two locations, hampering communication, coordination, and collaboration among agencies and sections at those posts. Operations and morale are also affected negatively by cramped and compartmentalized conditions in many posts.

Management Objective 2: Mission facilities are properly operated and maintained and Management Sections are able to meet or exceed ICASS service standards across the full gamut of services provided at all ten posts.

Justification: The bilateral relationship with Mexico is one of our most important, and consistently providing the ICASS support needed by the disparate elements of the Mission to accomplish our goals ensures maximum efficiency and effectiveness in our activities. In addition, OBO is in the process of investing more than \$ 2 billion in new facilities in Mexico that will dramatically increase our ability to accomplish our objectives. Operating and maintaining those facilities correctly will ensure that we maximize the effect of that major investment.