

Mexico and the United States: A Strategic Relationship

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Every Ambassador to Washington is compelled to highlight the importance of his or her country's relationship with the United States. And as is self-evident, every Ambassador will state that the relationship of her or his country with the United States is of paramount importance. However, if we measure the impact two countries have on each other's well-being, security and prosperity, it is safe to unequivocally say that there are no two as important to one another as Mexico and the United States. This is more than a premise; it is a reality.

Our two countries share much more than a 2,000 mile-long border, key values and a transnational community with roots on both sides of the Rio Grande. The intensity of our economic exchange is perhaps the most obvious sign of the strategic nature of our bilateral engagement today: Mexico is the United States third largest trading partner and the second largest buyer of US exports in the world. Mexico buys more US exports than all of Latin America and the Caribbean put together; it buys more exports from the United States than Germany, the United Kingdom, France, and the Netherlands combined; and it buys much more from the United States than Japan and China together, or the aggregate US imports of the so-called BRICs (Brazil, Russia, India and China). In fact, every day, over \$1 billion dollars worth of trade go back and forth across our common border.

Mexico is the most important trading partner and largest export market for all US Southern border states. For instance, Arizona exported over \$5 billion, and more than 110,000 jobs there rely on trade with Mexico. California exports to Mexico totaled \$21 billion in 2010; that is almost 15 percent of all California exports, and nearly 700,000 California jobs depend on trade with Mexico. And among all US states, Texas is the number one exporter of goods to Mexico, with over \$72 billion in 2010. Nearly 35 percent of all Texas exports went to Mexico, and a total of over 460,000 jobs in that state depend on this commercial exchange. But it is noteworthy that bilateral trade is also very important for a large number of states beyond those situated along the Southwest border. Indeed, the benefits of trade with Mexico do not only accrue in border states. US exports to my country come from across the nation. In fact, 22 US states list Mexico as their first or second most important export destination, and Mexico ranks among the top five export destinations for 36 US states. Moreover, about a third of US exports to Mexico are actually produced by small and middle enterprises (SMEs)—a crucial source of employment—and these firms have Mexico as their main export destination.

Our two countries have also developed highly integrated production chains. In fact, for every dollar of products that the US buys from Mexico, there are 40 cents-worth of US inputs, and 37 percent US value-added in Mexico's global exports. Additionally, the US Chamber of Commerce estimated that in 2010 United States-Mexico trade directly supported nearly six million jobs in the United States.

This economic interaction reflects the undeniable accomplishments that the North American Free Trade Agreement (NAFTA) has brought about since it came into effect in 1994. This Agreement, together with over 15 years of sound macroeconomic policy and the continuity of extremely successful poverty reduction programs (through conditional cash transfers) have given way to an expansion of the Mexican middle class, perhaps one of the greatest and often underreported success stories occurring in my country today. Additionally, NAFTA has made many Mexican and US citizens recognize that we are two countries joined at the hip for good, and that a rising tide can, will and should lift boats on both sides of our border. NAFTA has been a true strategic game-changer for our two countries, and in many ways has ushered in a paradigmatic sea-change: our relationship has ceased being transactional and has become strategic.

With NAFTA as a cornerstone, the Mexico-United States relationship has developed a strong muscle tone, particularly over the past five years, in which our two countries have been working on five drivers to continue propelling our strategic partnership forward.

The first one is security. On the one hand, and particularly since 9/11, a threat to the security of the United States—or a mere perception of a threat—will have a profound impact on our bilateral agenda. So it is imperative for Mexico to work hand-in-hand with the United States to ensure that our common border is safe and is not used either by potential terrorists or by transnational organized crime to undermine the security and the well-being of our two nations. On the other, in recent years, Mexico and the United States have developed an unprecedented level of cooperation and trust, based on the principle of shared responsibility, critical to jointly confront Transnational Criminal Organizations (TCOs) that operate on both sides of our common border. Mexico and the United States have clearly understood that it is necessary to work together to defeat these criminal syndicates. Mexico is working tirelessly to strengthen human security and to prevent drugs from reaching Mexican and US citizens. At the same time, we continue to work together to shut down the flow of weapons and bulk cash that is crossing the border from the United States into Mexico and feeding TCOs and the violence they have unleashed. We still have much work to do in this regard, but we have witnessed a sea-change in the way our two nations interact and collaborate in areas of our bilateral agenda that would have been unthinkable in the past, including security cooperation.

A second driver in deepening and widening our strategic partnership is border infrastructure and trade facilitation. Just as we must ensure security along the border, we also need to keep our borders open to the flow of goods and services; about 70 percent of bilateral trade moves through surface transportation. We can and should walk and chew gum at the same time, ensuring that enhanced border security does not negatively impact the legal flow of goods and people between our two nations. With this in mind, in May 2010, during President Calderón's state visit to Washington, he and President Obama announced the 21st Century Border Initiative. This program represents a truly holistic approach to improve our border infrastructure, environment and security, and it sets up benchmarks and a timeline to accomplish specific tasks. We continue to work on establishing new Ports of Entry (three new Ports of Entry were inaugurated last year) and additional FAST and SENTRI lanes to facilitate border crossing for goods and people who

have been previously screened. The implementation of the Global Entry program in airports in both countries also contributes to this end. All these programs provide tangible proof of the degree of positive engagement and forward-leaning momentum achieved between our two countries.

The third driver is how we further promote economic growth and translate it into greater well-being for all our citizens. We need to continue working on how to materialize the enormous synergies of a capital-abundant nation next to a labor-abundant one, and by taking advantage of these complementarities. No single issue will have more of a profound impact on the well-being and competitiveness of North America than getting labor mobility and immigration right. The Calderón administration is working on generating more well-paying jobs in Mexico, expanding the middle class, so that thousands of entrepreneurial and talented women and men, who represent remarkable human capital, don't have to cross the border in search of a better-paying job. These women and men are instrumental for Mexico to be able to grow at the rate that it needs to grow to bridge the economic asymmetries that exist between Mexico and the United States. At the same time, the United States needs to address the shortcomings of its own immigration system by bringing people out of the shadows and bringing back circularity to the labor movement between Mexico and the United States through a temporary worker program that ensures that people cross the border in a secure, orderly, legal and transparent fashion.

The fourth driver of our bilateral agenda is how we address energy security and energy efficiency while we also take care of the environment. Mexico is the second largest supplier of oil to the United States after Canada, and we continue to work on ways to ensure reliable and efficient sources of energy for both countries. An example of this is the landmark agreement regarding the joint exploration and exploitation of transboundary oil reservoirs in the Gulf of Mexico that we signed just this past February. The legal framework set forth in the US-Mexico Transboundary Hydrocarbons Agreement is intended to encourage joint, equitable and safe exploration and exploitation of transboundary hydrocarbon structures based on commercial incentives for oil and gas companies in order to maximize the long-term benefits from their exploitation, as well as to protect the resources of both countries. We can help wean the United States from less reliable sources of oil in the Hemisphere and beyond. And as we think about energy security we also have to understand how Mexico and the United States can work together on clean technology and renewable energy, and green jobs. For example, together with US companies, Mexico has developed wind farm projects across the country, including one in Santa Catarina, Nuevo León, which will supply electric power to six different counties in the region, including Monterrey. These are examples of what we have been doing and what we could achieve together as Mexico and the United States rethink ways in which both countries can come together in the development of clean fuel.

Finally, the last driver that Mexico and the United States are pursuing is how we deepen our dialogue on regional and global affairs. Mexico is a leader in finding global solutions to global challenges. Mexico's presidency of the UN Climate Change Conference (COP-16) during 2010, and our current presidency of the G20 represent ways in which Mexico is actively promoting and finding global solutions to global challenges. Likewise,

our most recent participation as a non-permanent member in the UN Security Council (2009-2010) allowed us to expand our global geostrategic dialogue with Washington. Together, our countries have worked on devising appropriate responses to worrisome actions taken by North Korea and Iran, and have played a role in seeking to ensure that the Arab Spring turns into summer in Egypt by building reliable and transparent electoral institutions. The conversations our two countries are holding on a host of regional and global issues are truly unprecedented, and the fact that we have increasingly been working together, finding common perspectives and common agendas, is yet another powerful reminder of the profound strategic partnership that Mexico and the United States have developed today.

With a truly “intermestic” agenda, in which a growing number of issues on the US domestic policy agenda have become foreign policy issues for Mexico and vice versa, the challenge for our two countries is to effectively tackle our increasingly-complex relationship with a greater number of relevant actors engaged across our common border. All politics is local, and our bilateral agenda has become local politics. Our relationship unfolds not only at the “top” between our two federal governments, but it also manifests itself in daily life, on Main Street in every city and town. Thus, conventional diplomatic channels no longer suffice to cut through the domestic political Gordian Knots that impact our bilateral agenda. To do so successfully, we require the commitment and willingness of politicians and pundits from both sides of the border to engage the public beyond our capital cities, and use the bully pulpit to promote a deeper and closer Mexico-United States relationship.