

Forward Together/Avanzando Juntos/Avançando Juntos – A Conference Looking at the Changing Politics of the Americas

April 11, 2011

Mexico Ambassador Arturo Sarukhan

[Unofficial Transcript]

Thank you, Simon for those very kind words. I always say that when I hear stuff like that if my parents in the room my father would be proud and my mother would believe every word that you said. So thank you it's a pleasure to be here in this very important seminar.

I can't overstate the importance that NDN has been playing in the debate over both the growing need to politically empower and successfully integrate Latinos into the fabric of American society. And because of that and the changing demographics and politics that will accompany this tectonic sea change that is occurring in American society, the importance of the relationship between the United States and the rest of the hemisphere. The inter-Americans relations which is so critically important, despite some of the pundits that were questioning whether President Obama should have cancelled or postponed or shortened his trip to Latin American because of Libya, I don't consider why he would at any point considered doing that. I think that the relationship with the hemisphere, regardless of the other issues that clutters the President's or White House's radar screen, whether it's Iraq, the Middle East, or Northern Africa, Korea, potentially North Korea, the relationship with the Americas is critically important. I don't think I have to remind this group that many, many years ago, Henry Kissinger (I never remember if he was then Secretary of State or whether he was National Security Advisor to the President) when he was asked about the geo-strategic important of Latin America to the United States quipped that Latin America was a dagger pointed at the heart of Antarctica. Meaning that the relevance of Latin America to the geo-strategic design of the hemisphere was negligible, to say the least. I'm not saying today that Latin America is geo-strategically a threat or a challenge

to the United States, but I do think that many of things that are taking place in our hemisphere, whether it's trade or organized crime, whether it's the role of several nations are playing with new alternatives to means of generating energy, whether it's how we are looking at the world from a very different perspective, I think this relationship is critically important. I want to underscore our recognition and the importance of the work of NDN, and Simon and his team and his staff have been playing and putting this and underscoring the importance and understanding what is going on demographically and politically within the United States itself and the importance of the relationship with the hemisphere as well.

I was asked to speak about one of the most important aspects of our bi-lateral cooperation with this Administration and what has fundamentally changed the dynamic of our two-way relationship. Which is a concept paper, a statement, which was put out by both Presidents (President Obama and President Calderon) during the state visit by President Calderon in Washington in May of last year—it's a 21st century declaration. For those of you interested, there's a host of faces. I see Andrew Seely, here from the Mexico Institute of the Woodrow Wilson, who's doing a terrific job in Washington, DC. But I'm sure that Andrew on his webpage and here at NDN, we have it on our webpage, the statement and the declaration that both Presidents put out there. It's there, you can consult it there. And I'm going to talk about this because I think it encompasses the two most important buzz words of this relationship today. On the one hand, a bilateral relationship that has become truly strategic. And on the other, a bilateral relationship that has become truly intermestic. I'll talk about these two issues as I flush some of my initial remarks. And I have... you want me to wrap up by...1:15? Ok... I'll try and be quick so I don't bump the rest of the panels further down the afternoon.

Let me start with why the relationship is strategic and how the 21st century border vision fits into this strategic concept. Let me start by reminding some of you who follow US-Mexico issues or Mexican foreign policy curtly, that many, many years ago—decades ago—I’ll name the sin but not the sinner, a then-sitting Mexican president went to Singapore to meet Premier Lee Kuan Yew, on what was the first trip a Mexican president had ever made to Singapore. They sit down, and in the usual chit chat that accompanies formal diplomatic meetings, Premier Lee Kuan Yew asks this Mexican president—“Mr. President, remind me how many kilometers of a border does Mexico share with the United States?” And this Mexican president responded—“Unfortunately, 3,000 kilometers.” Lee Quan Yew kind of stayed silent for about ten seconds, scratched his head, and looked at this Mexican president and said—“Mr. President, what would Singapore give for one kilometer of a border with the United States.” What this Mexican president said 25 plus years ago, A) would never be said by any serious, responsible Mexican public official or president or politician today (and that’s a sign of how much the relationship has changed) and B) did not take into account what precisely the 21st century border vision is trying to do, which is to understand the huge synergies that exist because of this 3,000 kilometer border that both countries share. And if you look at how the border has played a role in the creation of this strategic relationship, you just have to look at trade and the role that trade has played in changing the face and the nature of this bilateral relationship.

Since NAFTA’s implementation in 1994, more than 40 million new, additional jobs had, and I say had obviously because in 2009 the recession had thrown some of this off the works it wasn’t because of NAFTA it wasn’t because of Mexico, it was because of something that had happened here in the United States. Certainly since 1994 40 million new, additional jobs have been created in the North American economies. Now this is too sophisticated of a crowd for me

to come in and say that every single one of those 40 million jobs was the direct result of NAFTA. But what I think we can fairly say is that the Ross Perot sucking sound of jobs never materialized because of NAFTA—40 million new, additional jobs.

Annual trade among NAFTA partners now total \$946 billion, more than triple what it was in 1993. US exports to Mexico have risen 221.2%. Mexican exports to the US have grown 364% and Mexican exports to Canada have grown 641.1%. And actually, Simon, it's slightly different and depends on where your orientation and focus is. If your focus is on additional trans-Atlantic ties with Western Europe, Mexico buys more US goods than the combined purchases of Germany, France, Great Britain and Italy. If your focus is on the South, Mexico buys more goods than all of the rest of South America put together. And if you're focused east towards the Pacific, Mexico buys more than what Japan and China together buy from the United States. Regardless of over all the ballyhoo over China these days, for every dollar that China is buying from the United States, Mexico and Canada together are buying nine dollars of American exports. We are your second largest buyer of exports on the face of the earth. And we have become the second largest trading partner of the United States these last three trimesters because of the surge that we have seen in Mexico's economy coming off the effects of the 2009 recession. If you look at some of these trade numbers, there's an impressive story to be told as to how NAFTA changed the dynamics of our bilateral relationship and why we are doing what we're doing, which I'll explain in a few minutes regarding the 21st century declaration and vision.

Moreover, if you look at two other additional factors that explain Mexico's strategic role for the United States. One is that in the new World Bank business report, Mexico ranked 35, the

highest in Latin America, with Chile in place number 43, Brazil in 127, and Argentina in 115. So Mexico is clearly moving in terms of its competitiveness and its ability to attract businesses.

But more importantly, a story that is seldom understood and talked about in the United States, which is probably the most important success story that you see in Mexico today—the expansion of the Mexican middle classes. A combined effect of Mexico’s moving into the international trade via trade and via NAFTA, we are the country along with Chile, who has the largest number of free trade agreements on the face of the earth. We just ratified the upgrade with our free trade agreement with Colombia, and therefore given that I’m in view of the Capital here, I’ll abuse this as an infomercial to underscore why it is so geo-strategically important for the US Congress to follow suite and ratify Panama and Colombia as soon as possible. But the expansion of the middle classes that has occurred because of the moving of Mexico’s economy in the international globe arena through the free trade agreements, B) through sensible, sustained macroeconomic policies that have been put in place since the last economic crisis that we were responsible for in 1994. Plus, what is probably today the most important extreme poverty alleviation program on the face of the earth, a program on which Brazil is now giving conditional cash transfers to the female head of household has brought approximately 40 million people out of extreme poverty in Mexico. These three factors put together have expanded the middle class in Mexico. And it is no surprise, and this is not an infomercial for the company that I will mention here, it’s no surprise and it’s not rocket science that Wal-Mart has the largest chain of stores outside the United States today in Mexico. So this is completely changing the dynamics of our relationship. So this is why the border plays a very important role because the 21st century border seeks to understand the challenges of the bilateral relationship and to propel a vision where we won’t have common security unless we can also trigger common prosperity.

Understanding that on the border, you have to deal with the issues related to security. Simply because of the impact of 9/11 and the impact that 9/11 has had on border security issues and on the bilateral relationship per se. For anyone who does not understand that a threat to the security of the United States, or the perception of threat to the security of the United States, that materializes across our common border will have a very profound effect on this relationship that we have been building on with the United States.

So the challenge that we had when we devised a 21st century border vision—how did we at the same time, as we thickened border security as we strengthened border security, ensure that this trade that I have just mentioned, this two-way trade, that has propelled the economies of both our nations does not sputter? That as we seek to enhance our ability to stop potential terrorists or transnational organized crime from plowing their trade in one direction and guns and cash going in the other direction, we don't clamp down on this huge two-way trade of approximately one million legal crossings per day and 75,000 trucks that on any given day reach our border in both directions. So as we enhance our ability to ensure security on both sides of the border, we also need to make sure that we are putting into place policies that provide for trade facilitation and that deliver the border infrastructure that we need to be able to continue to compete. So it's common security and common prosperity and how we bind these two issues together.

This is why, as we move forward with the Obama administration, we have been working on five strategic drivers to propel the relationship forward—four of which fit perfectly into the 21st century border vision. The first one, no surprise, is security. Not only on how we take on drugs and thugs, how we prevent our border being used by potential terrorists who want to undermine the national security of Mexico or the United States. But also, how do we tackle some of the new threats like pandemics? And I think the efforts and the work that Mexico and

the United States did together in 2009 to confront and contain H1N1 was very powerful proof of how our two countries are thinking outside the box. Back in 2005, both countries in the face of the avian flu and SARS in Asia, very quickly figured out at some point, our two countries were going to be faced with some type of outburst like this one whether it was avian or SARS coming across the ocean into North America or something that had developed here. In 2005, we started working together to develop protocols to work on challenges together like this one. We started devising a road map, we started devising on how to address the issue, which authorities needed to start training and working together. And it is this architecture that we started building in 2005 that allowed both countries to very quickly address the challenges of H1N1 in 2009—to transparently, quickly and effectively inform our societies of what was going on, identify the strain of virus contained and shut it down.

The second strategic driver is border structure and trade facilitation, something which I've already mentioned. How do we continue to ensure that we have the border structure to continue to compete and grow? And a lot of you around this table have heard me say this, but I still find it very powerful to underscore. Last year, Mexico and United States inaugurated three new ports of entry across our common border. They're the first new ports of entry that have been built and inaugurated on our common border in more than a decade. And we're now waiting for clearance for the development of two new railroad crossings along our border. These two railroad crossings, when built, will be the first ones built on our common border since the Mexican Revolution in 1910. This is the border structure we basically had a hundred years ago and a border structure that we have to pull up from the bootstraps. So how do we develop a much more modern, but also secure border infrastructure that can allow us to do nonintrusive inspections of cargo and conveyances? Of how we can ensure that we have customs and pre-

clearance systems? Of how we can enhance business people coming across the border? This is why we have a global entry program, which Mexico is now a full participant as of a few months ago is so critically important. And why truckers and solving trucking is such an important piece of the equation. I couldn't listen to all of Ambassador Shapiro's remarks; I arrived almost at the end. But I don't know if you talked about the issue of trucking and why it is so critically important that our two administrations get this issue of US non-compliance for more than 17 years on trucking resolved. And it is all about how do we continue to enhance the ability of North America to compete? So how do we enhance and modernize this border infrastructure?

The third strategic prong is how do we take on energy efficiency and energy security and the safe exportation of resources in the Gulf of Mexico? This is an issue of course we have obviously been working on because of the effects of Deepwater Horizon, as you well know Mexico has most of its significant oil extraction facilities in the Gulf of Mexico. As we learn from the experiences from Deepwater Horizon, as we seek to enhance our ability to provide new alternative means of energy in the North American market, as we seek to deepen to provide energy efficiency in North America. This is a critical component of our dialogue and one that also has to be factored in as to how we understand the dynamics on both sides of our common border.

The fourth strategic driver, and these are the four drivers that are pressing for the 21st century border vision, is how do we continue to trigger economic growth and social wellbeing? Not only through labor mobility, writ in large that is both the ability of companies to hire the best and the brightest in Canada, Mexico or the United States respectively. Or how do we deal with the very challenging issue of undocumented immigration and the need for us to reconcile what is a conundrum on the border? Whereas on the one hand, you have on one side you have a sign that

says “Help Wanted” and the other hand you have a sign that saying “No Trespassing.” And how we have to take into account that we have a labor abundant country living next to a capital abundant country? How do we trigger synergies that will allow both countries to continue to grow and compete on the global arena? And an understanding at the end of the day that there is no more important asset for North America than our human capital and how we bind that into what we are doing across the border.

These four prongs, and I’ll mention the fifth one in passing, but I don’t want to dwell on that one because it’s not relevant to this discussion on the 21st century border vision. These four prongs are fundamental pieces of the 21st century border because what we’re doing, for the first time in the history of the relationship with the United States, we have one holistic vision for border management. We have eliminated the old stuffed pipe system in which each one of these issues was dealt with in a separate bin, and there was connection or connectivity of the different issues that were critical to understanding the border and the dynamics on the border. This concept and this vision and the articulation of these policies is doing, it is ensuring as we move forward on security, we’re also moving forward on trade facilitation, as we move forward on how to trigger economic growth and wellbeing on the border. We’re also tackling environmental degradation on the border. How do we deal with critical issues like water? How do we deal with migratory species going back and forth across our common border? This is the first time in our bilateral relationship that we have a common, articulated, unified vision of dealing with challenges on the border.

The fifth prong, which I’ll just mention in passing, is how do Mexico and the United States continue to deepen their footprint in their engagement and dialogue on global and regional issues that are critically important personally to me and to the Mexican government, it is one

which I am convinced that as we deepen the conversation, the discussion on foreign policy, regional, global issues on which Mexico and the United States have common concerns and common interests. Iran. How we work successfully with Mexican stewardship on the UN Security Council last year when we sent an unequivocal message to Iran that it needed to comply with its obligations for the specific use of nuclear energy. This is a very important component of our dialogue, but it's obviously less relevant to the 21st century border vision that we're working together.

The second buzz word that I mentioned in the beginning of my remarks is that this is an intermestic relationship. I'm stealing a concept from Bayliss Manning, who many of you know was President of the Council on Foreign Relations and who was in the late 70s wrote an article in the Foreign Affairs coining this phrase of intermestic. And what he wanted to try and explain was that there were certain issues and certain countries where the distinction between foreign policy and domestic policy was blurring. The foreign policy issues became domestic policies for the other, and the domestic policies of one became the foreign policy issues of the other.

Today, I think, if there is one country on the face of the earth that is truly witness to the "intermesticity" of the relationship, it's the US-Mexico relationship. Every single issue of the US-Mexico bilateral agenda, whether it's how we fight transnational organized crime on both sides of the border, whether it's labor issues, whether it's trade, whether it's border structure, whether it's water, whether it's energy, whether it's green jobs—any and every single one of these issues has very powerful domestic roots, constituencies, and actors in both countries on the both sides of the border. And for the foreign policy agenda of both countries for the bilateral relationship to move forward, we need to tackle these domestic constituencies and politics. And only sometimes by cutting the Gordian knots of parochialism and domestic constituencies, can

we make sure we can move this agenda forward? And this is why sometimes, despite what I have said and some of you, I see some of my Mexican reporter friends in the room, many of you have said—well, the Ambassador has been drinking too much Kool-Aid. Because not everything is rosy and peachy.

Of course! Not everything is rosy and peachy in this bilateral relationship simply because of how complex and how diverse this relationship is. But I can say two things. One, is that we have been extremely able to compartmentalize and prevent contamination of the agenda as a whole by disputes or disagreements in specific issues of the agenda. And two, that the muscle tone and the strategic direction that we have today in the US-Mexico bilateral relationship is probably unheard of since the days we decided to negotiate NAFTA.

We are facing in many ways a Dickensian Tale of Two Cities. The formal diplomatic between both countries and the direction of this relationship is uniquely strong. But the public perceptions on both sides of the border, for different reasons and different motivations in the US because of issues related to perceptions of insecurity on the border or issues related to how polarizing immigration has become as a national debate in the United States. In Mexico, because of the issue of guns, because what is growing as a sense of, in Mexican public opinion, need of the United States to do more to stem the flow of guns and the flow of cash, bulk cash into Mexico. So public perceptions on both sides of the border, which seem to suggest that the worst of times in the bilateral relationship, whereas if you actually look at what is going on at the ground with both government and both executives. And I'd say between border governors and state assemblies and mayors, the muscle tone of the relationship is uniquely strong.

What this 21st century border will do is take into account these two buzz words. It is intermestic, which is why we have devised this holistic vision for border management, in which we're putting all the different issues together. And moving them forward together. But also the strategic direction of the relationship. And I do think that if you look down the road, the 21st century border vision, which we will have by the way a working group meeting next week in Washington, DC to continue moving the 21st century border vision forward, but to continue benchmarking the next steps from here until 2012 when both administrations... well, at least mine will end and this one will end its first term, we don't know what will happen, obviously. But as both administration head to 2012, we will seek to put out those benchmarks so that this border vision that we have developed can continue to move and continue to change the dynamics that occur on the border between our two nations.

The border is the spark plug of the relationship. As the border goes, so does the general bilateral relationship between Mexico and United States. And a lot of the dynamics that we see, despite the challenges we see regarding security as it relates to organized crimes, or regarding the challenge of undocumented flows of migrants across that border. The dynamics that you see on the border today, whether it's interactions between border governors, border mayors between civil societies and NGOs on both sides of the border is I think very promising and I am convinced that this border vision we have put out there together, both Mexico and the United States and the leadership of both our Presidents, will continue to build upon this very different way of understanding of how the border fits into the larger equation of our bilateral relationship.

Thank you very much.