

**THE BROOKINGS INSTITUTION**

**PRESS BRIEFING: President Obama's Upcoming Trip to  
Mexico and Costa Rica**

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## P R O C E E D I N G S

MR. PICCONE: Hi, everyone. I'm Ted Piccone. I'm a Senior Fellow and Deputy Director for Foreign Policy, here at the Brookings Institution. And I'm delighted to get such a great turnout. We'll talk about the President's trip to Mexico and Central America.

We're going to make some very brief comments to open up the discussion, and then take your questions. How much time will we have?

SPEAKER: We'll have about 30 minutes for the question-and-answer period.

MR. PICCONE: Oh, that's plenty of time. I -- just as an opening, and then I'll introduce my colleagues -- you know, I've done a few of these trips myself -- organizing them from the National Security Council. And there's always a lot of work involved in -- from the White House point of view -- in managing the pictures, and the optics, and the politics of what this is going to look like back home.

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And we're -- you know, it's interesting, because it's a second-term trip for the President, but it's early in his second term. And I think he's got a lot of heavy lifting, still, to do on issues that are particularly important to Latin America -- and especially important to Mexico and Central America.

And these are issues that are not the typical ones on the foreign policy agenda. These are issues that are bread-and-butter, hot-button domestic political issues. But they're very important to the Latins, particularly in Mexico and Central America.

So, I think it's worth keeping that top-of-mind. And first -- and I'll just mention a few of the issues in mind. One is jobs, the economy. You know, we're still not where we want to be, in terms of coming out of it. Latin America and the Caribbean present great opportunities for the United States.

We're already taking advantage of those opportunities, but there is more upside there. It's the second fastest regional market in the world. It's one of our fastest markets for exports, and our

economies are increasingly integrated. We have a lot of value added to the economic and trade relationship, and we'll hear more on the trade side from Josh Meltzer, who's to my right.

Another big issue on the agenda, of course, is immigration. And that's very high, currently, in Washington. We have Neil Ruiz here, who's going to be speaking on the immigration issue. We have, you know, 5 million, 6 million -- no, I'm sorry -- 11 million Mexicans in the United States, and over half of them -- about 6 million -- are undocumented. There's a growing number of Central Americans coming into the United States -- of course, mainly through Mexico.

For the first time in my memory, this is a domestic and political issue that's now moving -- and the White House is pushing it hard -- and that's really important for these countries. And it's a good sign, and a good story that works on both sides of the border.

The third issue I'd point to is guns and drugs, and security in general. You know, the flow of

guns north to south remain basically out of control. And the President can say on this trip that, "I'm trying to do something about it."

Now, of course, he's not doing it because it's something that Mexicans and Central Americans have asked him to do, but it's one of those hot-button political issues here that also has the value of selling well down there. But he can say, "I'm working on this one." It didn't get through the Senate, but he's tried, and I think he'll continue to try. And I think that's a big selling point.

The key point I'm trying to make is that the issues that are most important to these countries when it comes to the United States are hot-button domestic political issues, and they happen to be ones that the President is starting to tackle in serious ways, which is not always the case when the President makes this kind of trip.

I'm also going to ask Diana Negrofonte to talk about some of the specifics of our relationship with Mexico and, I think, maybe with some of the

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Central Americans, as well.

That's all I have to say as an intro, and I think we'll turn now to the trade side of it, and then we'll do immigration with Neil. And then we'll turn to Diana on some of the bilateral issues, okay?

Josh.

MR. MELTZER: Yep. Okay, great. Thanks.

I'll just give a couple of brief highlights, I think, that are going to be part of the administration's focus, particularly on his trip to Mexico.

I think some of this came, actually, out of the White House press briefing that happened earlier today, which I think is this idea of changing minorities. I think there's been a view around for a while now that the bilateral relationship, at least, with Mexico has been kind of dominated by drugs and violence.

And I think there's going to be a concerted effort here to refocus attention onto the depth and the size of the economic relationship. And I think

that's actually even got an immigration angle, because, I think, to the extent of that, it's successful, and it will also, hopefully -- I think the hope is that it will play into a debate here, where immigration is also saying, "I'm through more of an economic plan," rather than sort of the current security legs of this at the moment.

On the economic file, I'll probably echo just quickly what Joe's saying -- that I think that there's a heavy -- obviously, it plays very important, and I think the need to find sources of growth -- Obama's still got his export initiative, and I think Mexico and Central America are sources of export growth for the United States.

I think, actually, importantly, also, it's one where there -- because of the integration of the two economies, as a result -- part of it, at least, of NAFTA -- that there is, you know -- the figures now actually suggest that for every import from Mexico, that's got a 40 percent U.S. value add into it. So, it also, I think, helps narrative here that this is

not only about exports, but about, you know, growing the economies together.

And so what Mexico does on some of its domestic reform side is going to be good for Mexico; it's also going to be good for the United States.

One last thing is to keep in mind that Mexico's recently joined the Transpacific Partnership negotiations. They joined last year with Canada, and Japan is going to be joining the -- formally, the next round of TPP negotiations in July. So, I think this is also going to be an opportunity to discuss, have these goals ahead, and also have these overlays -- the NAFTA framework.

MR. PICCONE: Great. Thanks, Josh.

Neil, please.

MR. RUIZ: Yeah. I think for immigration as a hot-button issue, of course, it's something that's still live here in the U.S., and there's no reform yet to report back to Mexican and Central American leaders. But these meetings actually set the stage for building a relationship, for working together once



immigration reform is implemented into law.

Of 40 million immigrants living in the U.S., we have about 11 million from Mexico, which is 29 percent. El Salvador has 3.1 percent of all immigrants. And all the rest of Central America is about 4.5 percent of the total.

And we have to remember that U.S. immigrants are basically economic ambassadors that tie the U.S. with its southern borders. They contribute to two economies simultaneously, providing work here in the United States as labor, as well as sending remittances. These are the flows of money back to their members -- their households back into communities of origin.

And just to give you perspective, U.S. immigrants sent \$46 billion to Latin America and the Caribbean, according to the World Bank. And for Mexico, they're the third largest receiving country in the world, with \$23 billion. But if you actually look at Central America, it's even more interesting, because El Salvador, which only receives about \$4 billion -- it's 16 percent of their GDP. Honduras --

\$2.9 billion, 17 percent of their GDP. Nicaragua -- 13 percent of their GDP.

And we have to remember that, you know, this money is actually four times the amount of official development assistance to the developing world. So, I think that is something to give us perspective of what it means, tying the two countries -- or our borders.

Another thing I think President Peña Nieto is talking a lot about -- you know, wants to talk about educational exchange with the United States. And in looking at our Brookings data on foreign students, we know that Mexico is the 10<sup>th</sup>-highest sending country of foreign students to the United States. Latin America in general is about 8.4 percent of all students in the U.S.

And what's interesting enough in our data shows that there's a clear preference for Mexican foreign students to study in business administration and economics. They have -- six percent of PhDs for Mexicans are in economics, as well as engineering and materials engineering.

So, what do Latin American leaders are looking for on the U.S. immigration reform? Well, there's this extension of TPS, which is temporary protective status. This is for -- between -- it allows six to eighteen months for immigrants to stay if there's problems -- natural disasters in the country of origin or military problems. El Salvador is up for -- it's expiring this September, so for El Salvador, that -- they benefit the most from this program, with 217,000 El Salvadorians living in the U.S. -- Honduras, 66,000, and Nicaragua, about 3,000.

All leaders have expressed kind of their, you know, hope for immigration reform in the United States, and there's concern that we'll have hopefully less deportation, because over the last year, you know, year, you saw that Mexico had about 63 percent of all deportations; Central America, about two percent of all deportations.

You know, another concern for Latin American leaders is that they want, you know, to deal with the legalization of undocumented workers, so that they can

actually move freely -- come in and out between the two nations. Over half of undocumented immigrants come from the U.S., and 14 percent of all undocumented come from El Salvador, Guatemala, and Honduras.

So, what is the potential impact of immigration reform? You know, it's important that -- for President Obama to really, you know, work with our southern partners, and think about -- you know, if we do have a legalization program, what are the documentation requirements? And that documentation comes from the countries of origin.

Temporary worker program -- there's talks about expanding it -- a legal route of temporary workers coming to us, and that is something you have to think about -- how do you, by nationally, coordinate with the southern border? And then there's also a lot of focus on securing the border.

And then, also, immigration reform -- the Senate Gang of Eight bill actually does have allowing temporary protective status -- TPS -- to have the ability to adjust their status to legal permanent

residence -- which, right now, still doesn't allow that.

So, those are kind of the highlights.

MR. PICCONE: Great. Okay. Thank you, Neil.

Diana Negroponte.

MS. NEGROPONTE: Well, this is a time when Enrique Peña Nieto, the newly elected Mexican President, has got a chance to really celebrate the strength of the Mexican economy -- 3.5 percent GDP growth this year; 3.9 percent GDP growth last year. Per capita income is now at \$10,146; up from \$7,900 just two years ago -- growing middle class -- which means more people with a car and an ability to take a vacation -- with iPods, with cellular telephones, and more mobile.

Peña Nieto himself has succeeded in gaining, through this pact with the opposition parties, labor reform, and education reform, and, most important of all, a competition reform, which takes on significant heavyweights in the Mexican society -- namely

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telecommunications.

But, as you go with the skeptical eye that I'm expecting from you, I want you to be looking at, how does Mexico become more productive? Its quality of education, its length of time that its students stay in school puts it at the bottom of all OECD countries.

They will tell you that they have more engineers per population than we do in the United States, but do their engineers know how to solve a problem, or are they just good at following instructions?

Corruption remains endemic. The fact that this new gendarmerie will only have 10,000 -- a force of 10,000 -- indicates how hard it is to find the men -- and hopefully some women -- who can be vetted sufficiently to be able to participate in the information sharing that we are involved in.

Human rights remains a problem. According to the Mexican Commission on human rights, 26,000 people disappeared in the six-year period of Calderón.

This occurs because the police enter into communities where the locals have said, "The gangs are giving us trouble," they pick up all members of the gang, they throw them into jail; they do not have sufficient evidence to be able to bring a successful prosecution, so they are disappeared. This is affecting not just in low-income neighborhoods; this is affecting middle-class areas. Parents are warning children, "Do not go out with your friends, because you might be picked up."

Judicial reform -- slow. The process is due to take eight years; that is to be finished in 2016. The feds have barely started reforming the criminal procedure. Certain states have changed, but to ask a society which was based on a presumption of guilt to turn that on its head, to our system of a presumption of innocence, open trials, contestation between the prosecutor and the defense in open court, is very hard.

Of a 12-week law course in criminal procedure, the last lesson -- the 12<sup>th</sup> session -- is on

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the reformed process. So, there is concern on our side of the border that greater help needs to be given in order for Mexico to reform its system.

I think I've given enough in this opening.

MR. PICCONE: Super. I think that touches on some of the big issues that are going to be on the agenda for the President's trip. We could certainly drill down into other specific issues. I think education is one that is traditionally seen as a soft issue, but it actually goes to the heart of what the future of this part of the world's going to look like, and they're way behind.

And I think, you know, in a very parochial way, this is important for Mexico -- that American students -- we talked about Mexicans coming to the United States, but there's been a real decline in American students going down there, because it's security concerns, and that's likely to change, and likely to hear an announcement that there'll be areas declared safer for American students to go.

So, that'll be a little deliverable that I

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imagine we'll hear more about on the trip.

But why don't I stop there, and we can open it up to questions?

SPEAKER: Okay - George Condon -- National Journal.

Let me ask you a general question -- Mexicans and all of Latin America are accustomed to American presidents coming in, saying, "I'm going to be different. I'm going to really listen to you, care about the region, and deliver," and then they usually ignore or focus on our national security interests elsewhere.

What is the view in the region and in Mexico of Obama?

MR. PICCONE: Actually, I just saw some polling yesterday about this, that the Pew Hispanic Center released, that shows that Obama's ratings among Mexicans have actually gone up nicely in the last year or two -- better opinions about him, and whether he cares about Mexico and Mexicans, and the problems that they face on a daily basis. They're also a little

more positive about U.S. foreign policy under his leadership.

So, some good signs there that he'll be pretty well-received in Mexico by the general Mexican public. I think they also, with their economy doing better, seeing the benefits of staying at home. You know, the migration from Mexico to the United States - - way down.

And I think there's maybe a growing realization among some Mexicans of the benefits of a duality of their lives -- back and forth, some family in the United States; some in Mexico -- and a general sense that, "My family is doing well in the United States. It's a decent country, and now we're able to do better at home."

All those kind of spill over into a more generally positive feeling than there has been in the past.

As far as kind of what importance the United States puts on these countries -- certainly, Mexico remains very high on the President's agenda -- and not

just the President's, but across the Cabinet departments. And, you know, we have regular, very senior-level meetings and dialogues at all levels of government.

Of course, we didn't talk about border security, but that's a major factor for Janet Napolitano and her counterparts -- constant exchange going on, on everyday basis.

So, I think -- and, of course, the first meeting that the President had was with -- on his second term was with Peña Nieto. That's a tradition. I think that Mexico's not the issue.

Central America, on the other hand -- and the rest of Latin America -- to be honest, will not stay high on the President's agenda. It just won't. That's the reality of foreign policy for many years -- and particularly when you have hotspots in the Middle East, and North Korea, and elsewhere. There are bigger fires to put out. This is a part of the world that has some endemic, chronic problems, but not the urgent crisis that's happening on your doorstep that

you have to drop everything for. And I don't think that's going to change.

SPEAKER: Can I ask a few questions on the polling that Pew put out yesterday?

Do you attribute the uptick in his popularity among Mexicans to the pursuit of -- and maybe successful pursuit soon, if it works -- of the immigration reform? Is that kind of what's -- is that message getting down there?

And then second, on the question, I think you had said, Josh, about the fact that there's a focus on -- there's going to be a big focus -- which we've heard elsewhere -- on the economy, rather than on the security issues -- is that, do you think, a way -- is that effort to change that narrative in part because they want to avoid the sort of difficult conversation that they might have with this new government over what looks like it might be a changing perception or changing desire among the new Mexican government about what that security relationship is with the United States?

I mean, I don't know if you saw the story in *the [Washington] Post* over the weekend that talked about that. I mean, is the effort to talk about the economy because they know that the other conversation's not going to be a good one?

MR. PICCONE: Mm-hmm. Diana, do you want to add on the first one? I'm happy to --

MS. NEGROPONTE: Yes, it's a combination.

The Mexican government is very proud of its economic success -- increasing productivity in the automobile industry, aerospace industry, rising in the knowledge economy -- and they want to showcase that.

Crime lurks in the background throughout everything. They know it. Peña Nieto and his team know it, but Dana Priest's article will succeed in gaining the new President brownie points, because he is standing up to the United States, and he's telling the United States, "You cannot have people in our fusion centers." That's good, in Mexico.

MR. PICCONE: Yeah.

MS. NEGROPONTE: So, I would suspect that

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they can use the security in various ways to assert national sovereignty.

MR. PICCONE: Yeah. I would just say that it really kind of cuts both ways, you know. The economic situation has generally lifted votes on both sides of the border. And, you know, if you look at the success -- frankly, the success of NAFTA in creating jobs on both sides of the border, that's a win/win.

But you also should look at the number of deportations of -- under this administration, back to their home countries -- huge, huge numbers of Mexicans who are being sent back to their countries. You would think that that would have a negative effect on opinions towards Obama. But that didn't come through in the poll.

Josh?

MR. MELTZER: Well, I think they're going to have to address the security issue. So, I don't think this is necessarily an attempt to just avert attention from that.

As I said before, I do think there is a certain linkage, though, to the extent that I think that, you know, part of the emphasis on the economic relationship is also an attempt, I think, to change perception in America about Mexico and Mexican immigrants. So, I think that actually could positively flow through to, you know, the broad immigration bag, which I think is sort of still couched in terms of, you know, violence, and drugs, and gang warfare, rather than saying there's a sort of economic underpinning to sort of the flows of immigration.

SPEAKER: Just as one quick followup -- you guys talked about sort of the Mexican reasons why they might want to focus on the economy and whatever.

What about the White House? Does the White House want to not have the conversation about security?

MS. NEGROPONTE: They don't want it to be the number one priority on the agenda.

MR. PICCONE: Right.

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MS. NEGROPONTE: I think they're ready for it to be an issue, because it is still in formation within the Mexican government.

MR. PICCONE: But they don't want to lead with it. They want the lead story to be about the economy, and trade, and growth. And there's actually a good story to tell there. It's not a fake story; it's real.

When you see the trade flow numbers -- and maybe one of you has the statistics handy. But it's, what -- \$1 trillion among NAFTA a year, and \$500 billion a year between U.S. and Mexico? Wow. That's over \$1 billion a day in trade that cross the border. This is a new world. I mean, this is a much more integrated North American market than we've seen in the past.

And I think it's updating the American public about that new reality that is the main -- should be and, I think, is the main objective for the White House.

MR. MELTZER: And I'll just add -- I think a  
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number of these Mexican domestic issues, whether it's around education, or infrastructure, or so -- at the end of the day, also an economic issue -- I mean, to the extent that the economy's become increasingly (inaudible).

You know, the more Mexico can become a competitive place to do business, the more it can become an opportunity to, you know, not only export different types of goods, but it becomes a base to manufacture higher up the manufacturing level, and move the economy generally in that direction.

MR. PICCONE: We should say, we haven't talked about energy. Maybe that's going to be one of the questions, but that is another area that is particularly important for -- well, for all parties involved.

Huge potential upside on the Mexico relationship, and they have, still, massive amounts of untapped shale gas, offshore oil and gas that have been blocked for many years because of this nationalist sentiment that's so strong in Mexico.

And this remains very much on Peña Nieto's agenda -- that he still has to wrestle with. And probably what you'll see in Mexico is very little discussion from President Obama on energy, because he doesn't want to step into what is such a sensitive domestic political issue in his Congress, in trying to get some changes through in Mexican law.

On the flip side, Central America's in a different situation. They are energy-starved, and energy is very expensive in Central America. There are various efforts to try to get integration -- more electric grid integration, and shift more toward bio-fuels and renewable. But that's a real challenge for the Central Americans.

MR. FELSENTHAL: I'm Mark Felsenthal, you know, with Reuters.

Could you talk a little bit more about that? Publicly, perhaps, Obama won't want to talk about energy, but, perhaps, privately, he may find a way to do that.

As you mentioned, there remains this vast,

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unexploited potential. United States energy companies would clearly love to, you know, avail themselves of that, or have access to it. There is this initial sort of agreement regarding exploration that's kind of stalled at the moment.

How does that discussion go, given the economic integration that's gone along so far in other areas? Both in terms of the private discussions, as well as what we'll hear publicly.

MS. NEGROPONTE: Private is where this discussion will go on. And Peña Nieto's answer is going to be, "We are reforming PEMEX, to convert it from a government agency into a for-profit company, May. When that is complete, and we see the shape of it, and we judge the degree of opposition we're getting from the PEMEX labor unions, we will then move to the actual reform of the energy sector itself. Do not expect that until October."

So, this is a step-by-step process. The technocrats around President Peña know what needs to be done. But it is the old members of the Pre, whose

heart is still tied to March 18, 1937 and the nationalization, who have to be brought along.

And, therefore, Peña has to move slowly; not because of opposition, although there is from the PRD -- the left-wing party; the principle opposition is within his own party.

MR. FELSENTHAL: And could you also talk about that? He does have on his reform agenda the energy sector --

MS. NEGROPONTE: Yes.

MR. FELSENTHAL: But that's sort of a second -- or a down-the-road -- stage objective, as I understand it.

MS. NEGROPONTE: That's correct.

MR. FELSENTHAL: But then he's also just recently run into some political difficulties in holding this coalition together.

MS. NEGROPONTE: Yes, yes.

MR. FELSENTHAL: How will that affect the chances of his energy reform hopes?

MS. NEGROPONTE: I'm very impressed that the

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PACTOR has held as long as it is. If you ask for the PACTOR here in the United States, you wouldn't hold it together for four months.

It's held to today, which, as you know, is the end of the Mexican congressional season. They will all go off now until September, and there have been contestation -- quite severe -- on a number of issues, which make it unlikely that he can hold this coalition of oppositional parties together through the summer months, and into the next session.

But meantime, he did get education reform and the competitiveness bill passed. So, he's got something to show for it. Energy could end up more complicated, but, remember, the first stage is, reform the company, PEMEX, first, and see whether you can get more profit and more productivity out of PEMEX, before you have to tackle the toughest.

There's another tough one; it's called fiscal reform.

MR. PICCONE: Do we have any questions from the line?

MR. GOLDFARB: Yep. This is Zach Goldfarb.

When the political leaders meet behind closed doors, and say things to each other that the other side might not want to hear, what will those things be?

MR. PICCONE: Well, I think we will --

MR. GOLDFARB: Just say who's talking. It's a little hard.

MR. PICCONE: I mean, I think we've touched on some of them. The security conversation will be a quieter conversation behind closed doors, but, obviously, they'll be ready, both of them, hopefully with some common talking points, or different shadings of a common view -- that it's a shared responsibility, and that we've got these common challenges, et cetera.

And I wish that one of the areas that you might hear about is cooperation between the United States and Mexico in Central America -- and maybe bring in the Colombians on board with that, as a kind of trilateral -- or even four-party -- concrete security cooperation -- you know, the Colombians have

a lot of experience, as well, to bring to the table.

And it's really, really -- the weak underbelly of Central America in this whole picture is dramatic. And it's where governance is weakest, the infrastructure, the presence of gangs -- although you have to -- I acknowledge that El Salvador has recently made some progress through a gang truce, and Diana might say more about that.

But I think we're spending a lot of time talking about Mexico. It's the big fish in this conversation, but it relates to U.S. security. You've got to look at it with Central America in the picture -- and Colombia. And we'll see what they say on those issues, but I think a lot of that will be private.

On the gun issue, I would think that would be largely public, actually. Both sides have advantages -- points they want to get across for their respective publics.

We talked about how energy needs to be a quieter item, for political reasons, for Obama and Peña Nieto in Mexico.

They're going to want to put a good face on this education story I mentioned, but the reality is, some of the points that Diana made about the quality of education in Mexico and in Central America being so low is something that you kind of can't hide from.

And it has a lot to do with how much you're going to have a future with these countries, or they're going to keep sending people north, because they don't have a future, other than, you know, low-skilled, low-wage jobs, or crime in those countries.

So, that's, I think, a fine line they're going to have to walk on the education story.

Do others want to weigh in?

MR. MELTZER: I'll point -- just add that I think --

MR. PICCONE: Say your name.

MR. MELTZER: Yeah, sorry -- Josh Meltzer.

One of the quieter conversations on the trade front might be the role that Mexico is seeking in the Transatlantic negotiations. I think the Mexicans are particularly focused on how the United



States does this in a way which sort of reflects the economic underpinnings now that exist between the United States and Mexico.

Mexico, I think, ideally, would like to be part of that, and have been pushing for the idea that it would be a NAFTA negotiation with the E.U., and I don't think it's going to happen. But, you know, there's definitely, I think, some discussions about how Mexico can be kept in a loop in a way which sort of deals with their -- not only their concern, but also makes sure that any outcome is reflective of, actually, the economic realities.

MR. PICCONE: More questions?

MS. NEGROPONTE: I think Joe had just got one.

SPEAKER: Let me ask -- go back to the borders security issue. You go back to, I mean, Morpez Mortio -- I mean, you have -- Mexican leaders always are very opposed to talk of taller walls and border fences, and they see this debate, and the Congress insisting on it. Are they not worried about

that because they believe the President, basically, will block it, or is this something they're likely to bring up, and raise their usual protests?

MR. PICCONE: Go ahead, Neil.

MR. RUIZ: I think that -- this is Neil Ruiz -- and I think that people see what Obama's strategy -- because he has to secure the border in order to have a path to the legalization for all the undocumented -- unauthorized immigrants here in the United States.

So, I think that's what you would probably have to explain to them, and I think he has proven that -- has consistently said that. This is part of kind of their strategy of securing the border so that you don't have future flows. Once you legalize, you don't have a big pull for more people coming from the south, up to the United States.

So, I think that's kind of what -- and President Obama has to convince kind of the American legislators that he's securing the borders. So, in that sense, we don't have more undocumented workers coming to the United States. So, I think he --

SPEAKER: But I'm just asking, specifically,  
about --

MR. PICCONE: On the Mexican --

SPEAKER: -- the wall itself.

MR. PICCONE: Yeah.

SPEAKER: I mean, they do not want an  
unbroken --

MR. RUIZ: Yeah.

SPEAKER: -- wall, which isn't really  
technically possible.

MR. RUIZ: Yeah.

SPEAKER: But it's always being pushed for  
by Republicans and Congress. I mean, are they -- do  
they believe that's ever going to happen, so they're  
not worried about it, or --

MR. RUIZ: I think they're probably not  
worried about it. I mean, other people could talk  
more about this, but I think it's not a big, like -- I  
mean, honestly -- I mean, from the southern side, they  
would want, of course, free flow of -- you know, this  
is a big problem for trade, for economic relations,

moving between the two countries, and having a big fence and a lot of bureaucracy to move between. It makes it difficult, and challenging, and costly.

But at the same time, I think it all depends on what we -- if Congress here can at least get the bill done -- comprehensive immigration reform -- and then move forward from there. I think that's kind of important, but --

MR. PICCONE: Yeah. I think, politically, the Mexicans have accepted the fact, the political reality, that border security's the price they have to pay for getting the other changes in the package.

Border security's not just a wall; it's also surveillance. It's not that they're going to create a wall across the entire stretch, but there's going to be some Congressional requirement of surveillance of the entire stretch. And now we have drones, and we have lots of other ways -- technological ways -- of doing that.

So, I think there's more consensus now than previously, on both sides, about how to handle this.

On the trade side, there is a real problem with the ease of flow. And finally, there seems to be some movement on some common infrastructure projects, and what to prioritize to get the flow going -- including, for the first time, a new railroad line -- for the first time in 100 years, I was told recently.

You might want to double check that fact, but that tells you that there's an effort to regularize, legalize the flow, get those points of entry working properly, and then surveil and close up everything else.

SPEAKER: Well, actually, let me follow real quickly on -- you just -- both of you talked about free flow of trade.

There was a lot of concern when the sequester went through that you were going to see at Otay Mesa, at, you know, Juárez -- at border crossings, the lines, which already were pretty long, were going to be hours longer.

Are we seeing any results from the sequester there? Is there -- are we no longer worried about

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that, or --

MS. NEGROPONTE: Well, I waited an hour and 10 minutes at Dulles to come here. So, I --

SPEAKER: That's almost Mexico.

MS. NEGROPONTE: Yeah. No, but it's the same agency which lets me through there.

SPEAKER: Yeah, yeah.

MS. NEGROPONTE: So, if that's the length of the wait in Dulles Airport, I anticipate that Otay Mesa, and Laredo, and Ciudad Juárez, El Paso is going to be equally long.

SPEAKER: It's not happening yet, though. The sequester hasn't been translated.

MS. NEGROPONTE: I haven't looked down at the wait time, though.

MR. PICCONE: More questions from a line? No more questions?

SPEAKER: How about round the table?

SPEAKER: So, just to follow up on the immigration question -- is there -- you know, obviously, the bill's not there. There's still a kind

of difficult process in this country that the President's going to have to go through to convince Republicans, first in the Senate and, ultimately, in the House, to kind of, you know, sign on.

Now part of that's their own perceptions of their own political future. But is there concern that sort of sticking this trip in the middle of that delicate political effort --

MR. PICCONE: Mm-hmm.

SPEAKER: Are there things that the administration is worried that the Mexican President could say, or messages that could come across from the border that would actually be politically difficult for him, as he tries to sort of finish this thing up?

MS. NEGROPONTE: Mexicans have an understanding of noninterference. So, they do not want us to talk about energy, and they will not talk about immigration. It's a *quid pro quo*.

MR. PICCONE: That said -- and, Neil, you might want to --

SPEAKER: Can I before you get -- just --

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MR. PICCONE: Yeah.

SPEAKER: And the reason they wouldn't talk about immigration would be because it could be perceived that our President is doing this to somehow benefit -- that somehow, the immigration bill would benefit Mexicans, as opposed to Americans?

MS. NEGROPONTE: No.

SPEAKER: I mean, what would it be that the Mexicans aren't saying that could cause Obama problems?

MS. NEGROPONTE: Mexicans -- and Neil can relate to this much more -- Mexicans are very concerned about the low number of H2B visas --

SPEAKER: Mm-hmm.

MS. NEGROPONTE: -- because those are the Mexicans who want to come and work here.

If this is a conversation, it will be in a corridor with minimum people around.

Having said that it's a concern, if Peña were to raise that in a public session, that would indicate a degree of irritation in the relationship --



MR. PICCONE: Mm-hmm.

MS. NEGROPONTE: -- and risk backlash from the Congress.

SPEAKER: Mm-hmm. And -- I'm sorry -- you were --

MR. PICCONE: No, let Neil go.

MR. RUIZ: Yeah, I -- this is Neil -- I agree with Diana. It is a domestic issue. I mean, immigration is -- you wouldn't want to have the perception -- President Obama wouldn't have the perception that he's getting influenced by other leaders. It's a sovereignty issue.

SPEAKER: Mm-hmm.

MR. RUIZ: So, I think that's why he left alone, and had -- that the U.S. resolve its issues.

MR. PICCONE: One issue that Mexico feels very strongly about, though, is treatment of Mexicans in the United States --

MS. NEGROPONTE: Mm-hmm.

MR. RUIZ: Yep.

MR. PICCONE: -- regardless of their legal

status. And that has, in the past --

MS. NEGROPONTE: Mm-hmm.

MR. PICCONE: -- been raised at pretty high levels -- maybe not something Peña Nieto wants to lead with --

SPEAKER: Mm-hmm.

MR. PICCONE: -- and for the reasons you already heard. But I'm sure that issue is on the agenda, somewhere, for the Mexican side -- not that there's been, lately, a particularly notorious case that's kind of inflamed it, but it's always there.

SPEAKER: Got it.

MR. SHEN: One more chance -- are there any questions from the line? If not, we're going to wrap up. I just want to let everybody know that we'll have the audio -- and we'll send it around, we'll post it this afternoon, by close of business today. And then tomorrow, we'll have a full transcript and send it around tomorrow, to you all.

And so for any of those on the line, if you're looking for that, and you didn't RSVP to us --

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we took down your names, so we'll send it to you. But if you want to email us back, we can also make sure to get it to you.

And then you can always follow up with any of us for follow-up interviews.

All right. Thank you very much.

\* \* \* \* \*

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