

**TESTIMONY OF
ROGER F. NORIEGA
ASSISTANT SECRETARY OF STATE,
BUREAU OF WESTERN HEMISPHERE AFFAIRS (WHA)
DEPARTMENT OF STATE
BEFORE
THE COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE
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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the U.S. relationship with Mexico. As President Bush has said, the United States has no more important relationship than that which it enjoys with Mexico. Despite some disagreements and a history that has not been without some difficult episodes, the economies and societies of our two countries are interwoven. Both nations are stronger for it. The strength of each country's democracy and economy is fundamental to the other's, and the relationship directly affects the lives of millions of United States and Mexican citizens every day. The meeting between President Bush and President Fox in Crawford March 5 and 6 reflects a strong bilateral relationship forged by shared geography and growing economic ties. Under Presidents Bush and Fox, relations between the United States and Mexico demonstrate the desire of both countries to address common challenges pragmatically and to collaborate in building a more prosperous future for both countries. Bilateral relations have been defined in recent years by law enforcement concerns such as border security and narcotics trafficking, burgeoning trade, and immigration, as well as by unprecedented levels of cooperation. I would like to take this opportunity to discuss some of the key bilateral issues in more detail.

Border Security, Counter-narcotics, and Law Enforcement

Mexico has offered outstanding cooperation in improving border security and counter-terrorism efforts. During the threat to aviation security at the end of 2003, Mexico worked closely with the U.S. Government, canceling some AeroMexico flights to Los Angeles and stepping-up passenger screening. Earlier last year, at the time of the war in Iraq, the Government of Mexico implemented a plan by which its military assumed a higher state of alert and afforded enhanced protection for potential targets of international terrorism, including key

infrastructure sites and centers of tourism. Funding provided by the United States under the Border Partnership Accord, signed by Presidents Bush and Fox in March 2002, is improving infrastructure at ports of entry, expediting legitimate travel, and increasing security related to the movement of goods. The plan focuses on the use of technology to improve security while diminishing delays in the movement of goods and people. We are also implementing systems and developing training programs to identify individuals who pose a national security threat either before their arrival at airports in North America or at our common border.

During the last three years, U.S. and Mexican officials have enjoyed unprecedented cooperation in the area of law enforcement. President Fox's anti-corruption efforts and institutional reforms have made it possible to expand information sharing and conduct successful joint investigations. In 2003, U.S. and Mexican officials developed a common targeting plan against major drug trafficking organizations in Mexico and the United States and developed secure mechanisms for two-way sharing of sensitive intelligence data without compromise. Mexican authorities have achieved impressive results in capturing leaders of major drug trafficking organizations. In 2003, Mexican authorities arrested over 7,500 persons on drug-related charges. They seized over 20 metric tons of cocaine and more than 2,000 metric tons of marijuana, 165 kilograms of heroin, and 652 kilograms of methamphetamines in 2003. The Mexican Secretariat of National Defense reports that it deployed up to 30,000 troops to eradicate drug crops manually, while the attorney general's office employed helicopters to spray illicit crops. These efforts destroyed 90,000 acres of marijuana and over 49,000 acres of opium poppy in 2003. Nevertheless, Mexico remains a major drug producing and transit country, money-laundering venue, and base of operation for criminal organizations that operate in the United States. Narcotics-related violence in border communities, particularly Ciudad Juarez, Nuevo Laredo, and Tijuana, is a serious problem, exacerbated by rivalries among trafficking organizations in the wake of the arrests of first and second tier drug traffickers by federal police. Institutional underdevelopment and corruption of state and local law enforcement officials are serious challenges. However, President Fox has not backed away from his efforts to target drug traffickers. The border security, counter-narcotics, and law enforcement situation in Mexico is both a great challenge and a great opportunity, which offers more hope than at any time in many years. President Fox has radically strengthened law enforcement cooperation with the United States and with our support has begun the process of reforming and rebuilding law enforcement and counter-drug institutions. With International Narcotics and Law Enforcement funding, the Department of State

will be able to continue robust support of Mexican efforts to improve the capacity of their law enforcement institutions and to enhance their operations.

Extradition is an area where we have seen improvement but where significant challenges remain. Mexico extradited 31 fugitives to the United States in 2003, surpassing the 2002 record of 25. Moreover, Mexico deported or expelled an additional 88 fugitives to the United States for immigration violations in 2003. Mexico does not extradite suspects facing the death penalty, which is in accordance with our bilateral extradition treaty. However, a 2001 Mexican Supreme Court ban on the extradition of fugitives facing life imprisonment without parole, coupled with confusion in some lower courts that are applying the ban too broadly, is a serious concern. This has kept high-level drug traffickers and some of those alleged to have committed the most heinous state crimes from being extradited. We have also voiced our concerns about the quantity and type of evidence required by the Mexican courts. Denial of extradition by courts asserting a “lack of evidence” is in part due to differences between our two legal systems. We are working with the Mexican Government to address these issues and hope that the Mexican Supreme Court will have occasion to revisit the issue of life imprisonment.

Human Rights and Trafficking in Persons

President Fox has made historic advances in the area of human rights with the passage of an unprecedented freedom of information act, the creation of a new federal professional criminal investigative body, and the appointment of a special prosecutor for historic human rights cases. President Fox’s unparalleled decision to support the opening of an office of the United Nations High Commissioner for Human Rights (UNHCHR) in 2002 was an important sign of how far Mexico has come. One of the fruits of this cooperation was a study of the human rights situation in Mexico, which the representative of the UNHCHR presented to President Fox in December 2003. Certainly, as the Government of Mexico has recognized, challenges remain. Particularly at the state level, corruption, impunity, and the use of torture to extract confessions continue to be serious problems. To meet these continuing challenges, President Fox has promised to use the UNHCHR study to develop a national human rights program. Realistically, it is going to require years of sustained effort in Mexico to overcome many of these problems.

A particularly tragic circumstance is the situation in Ciudad Juarez where, since 1993, some 300 women have been murdered, approximately 90 of them in circumstances suggesting the possibility of serial killing. We have followed this

issue closely and have discussed the matter with officials of the Mexican Government, including in conversations between Secretary Powell and Foreign Secretary Derbez. We note that President Fox has ordered the attorney general to assist local authorities, recently naming a special prosecutor, and has appointed a commissioner to coordinate the Mexican Government's assistance. While the crimes are Mexico's to solve, the U.S. Government has provided training and technical assistance in the past and stands ready to provide further assistance.

As President Bush said during President Fox's visit to Crawford, "Mexican and American officials are working together to arrest dangerous criminals, including drug smugglers and those who traffic in human beings." Trafficking in persons -- the buying, selling, and transport of human beings, mostly women and children, for sexual slavery or labor exploitation -- is a worldwide curse, and one that neither the United States nor Mexico is prepared to tolerate. Our 2,000-mile border and extensive ties of commerce and tourism make it imperative that we work together to combat this heinous international crime. We are therefore exploring with the Mexican Government ways in which we can intensify joint efforts to address this mutual problem.

Water

Texas farmers in the border region depend heavily on water provided from Mexico under the 1944 Waters Treaty. When the Fox Administration came to office, it inherited a deficit of well over one million acre feet in water owed to the United States. The current government pledged not to permit any further increase in the water debt, and it has kept that pledge. However, it has not significantly reduced the deficit, which now stands at over 1.3 million acre-feet. We are pleased that Mexico not only met but exceeded the minimum annual average water delivery under the treaty by mid-January of this year. Our farmers need this kind of certainty in order to make planting decisions. Nevertheless, we also need a significant effort to reduce the deficit. Mexico has greater volumes of water in storage now than at any time in the past ten years. This is a point we continually emphasize in our bilateral discussions, and we hope for progress in water talks we are seeking to schedule in April.

Trade and Development

Our economic relationship with Mexico is healthy and thriving. The North American Free Trade Agreement (NAFTA) is clearly working for all three countries. Trade between the United States and Mexico almost tripled from \$81

billion in 1993 to \$236 billion in 2003. Canada and Mexico together receive 37 percent of all U.S. exports and supply 30 percent of all U.S. imports. Mexico remains our second largest trading partner after Canada.

While most trade crosses the border without difficulties, we do have some problems, including disputes over telecommunications, sweeteners, apples, beef, poultry, rice, stone fruit, and pork. These issues are being managed through ongoing negotiations and via NAFTA and World Trade Organization trade dispute resolution mechanisms.

We are extremely pleased by the activity of the Partnership for Prosperity or P4P. Presidents Bush and Fox established P4P in 2001 to build on the bonds between our countries and to promote economic growth and higher standards of living for the citizens of both nations. P4P is a public-private alliance that seeks to spur growth and address the root causes of migration in those regions of Mexico from which a disproportionate number of persons emigrate to the United States illegally. P4P initiatives include projects to reduce the cost of remittances, expand Mexico's housing pool, extend credit to small and medium sized enterprises, establish university linkages, expand opportunities for indigenous handicrafts and promote good corporate citizenship. A 2003 workshop brought together 800 business and government representatives. A second P4P workshop in Guadalajara in June will focus on financial services, housing, information technology, human capital, and competitiveness.

President Fox recognizes the need for comprehensive economic and fiscal measures to make Mexico more competitive and to generate jobs sufficient for his citizens. Toward this end, he has introduced legislation to reform Mexico's fiscal structure and energy sector.

Regional Cooperation

The United States and Mexico enjoy more active and productive engagement on regional and world affairs today than ever before. We have a common interest in promoting democracy and prosperity in the hemisphere. Mexico has hosted a number of important multilateral conferences, including the recent Special Summit of the Americas and the Hemispheric Security Conference and serves as the venue for the ongoing talks on the Free Trade Area of the Americas. The Mexican Government has voted in favor of United Nations Commission on Human Rights resolutions addressing the problems in Cuba the last two years, and we hope it will do so again this year. Underlining its policy of

engagement in support of democracy in this hemisphere, Mexico has co-chaired with us a Bolivia support group and has been an active participant in the Friends of Venezuela group.

Binational Commission

As befits a unique relationship, the United States and Mexico maintain a unique bilateral forum. The annual meetings of the Binational Commission (BNC), initiated in 1981, provide a cabinet-level review of our joint activities. The BNC, which last met in November 2003, is comprised of 14 working groups, co-chaired by U.S. and Mexican cabinet officials, addressing topics such as: migration and consular affairs, law enforcement, security and border coordination, foreign policy, trade and economics, science and technical cooperation, and energy. The next meeting of the BNC will likely be in Mexico City in late November.

Immigration

The well being of the Mexican community in the United States -- including those who reside here legally and those who have entered illegally -- represents the most important foreign policy issue on Mexico's agenda with us. Remittances from Mexicans in the United States totaled \$13.3 billion in 2003, accounted for 2.4% of GDP, and surpassed foreign direct investment flows and income from tourism; only crude oil revenue was higher. A full 23 percent of Mexicans indicate they receive remittances of some kind. With approximately 22 million people of Mexican ancestry living in the United States, many of whom are dual nationals, immigration reform affects not only Mexico's economic picture but also directly affects family unity, circularity, travel across the border, as well as educational and cultural ties. Therefore, the Government of Mexico has a very immediate and real interest in our immigration policy.

My colleagues from the Department of Homeland Security will describe in more detail the President's January 7 proposal on immigration, where it currently stands, and the steps this Administration is taking to develop the vision of safe, orderly, humane, practical, and market-sensitive immigration. President Bush has proposed a temporary work program, not an amnesty program, that will offer legal, temporary worker status to undocumented persons who were employed in the United States at the time of his announcement. Under the President's program, America will also welcome workers from foreign countries who have been offered jobs for which American employers have been unable to find American

employees. Thus, the President's program will match willing foreign workers with willing employers. The program would also permit these temporary workers to seek existing paths to permanent residency in the United States if they qualify, but they will take their place at the end of the line so as not to disadvantage those who have obeyed the law and have waited in line to achieve permanent residence and American citizenship.

This new temporary worker program is nationality neutral (i.e., it would apply to immigrants from all countries, not just Mexico). But since Mexican illegal immigrants represent the single largest nationality group among the undocumented population, the effect of the proposed reform of our immigration regime would have a profound impact on Mexicans and Mexico. The new program represents an opportunity to strengthen both the American and Mexican economies. The United States will benefit from the labor of hard-working immigrants. Mexico will benefit as productive citizens are able to return home with money to invest and spend in their nation's economy. This system will be more humane to foreign workers who will be less reluctant to assert their rights to the protections provided to all workers in America. Moreover, as the illegal workers emerge from the shadows and register themselves, our homeland security interests will also benefit.

President Fox and the Government of Mexico welcomed the President's initiative and recognize the importance of the announcement. Needless to say, Mexico looks forward to an efficient, humane temporary worker program. While the United States and Mexico continue our dialogue on issues concerning immigration and consular matters, there is also an understanding that achieving immigration reform is very much a U.S. domestic policy matter.

Conclusion

The progress in the United States-Mexico relationship over the last three years has been extraordinary and will continue, to the benefit of both countries. To be sure, difficulties exist. They always do between friends. Over the past year, we have worked through some hard issues. In each case we have been able to keep the dialogue open and ultimately move forward constructively. And that is what we expect from friends: to be able to discuss our differences frankly and seek constructive solutions to difficult problems in a spirit of mutual respect.

