

December 26, 2009

NOTE FOR THE SECRETARY

From: Carlos Pascual

RELEASE IN PART
B1, B5, 1.4(D)

Subject: Mexico -- Recapping 2009 and Looking Ahead

Our relations with Mexico ended well in 2009. One of the most notorious drug lords, Arturo Beltran Leyva, was killed in a Mexican operation made possible by U.S. intelligence. [redacted]

B1
1.4(D)

[redacted] We completed more extraditions (over 100) to the United States than in any other year. Equipment under the Merida Initiative is flowing, despite misleading public reports. We have a new U.S.-Mexico strategy to guide us. We have stronger organizational structures on both sides to act on our strategy. [redacted]

B5

Fragile Steps Forward

\$700 million in equipment and technology will be delivered under Merida through 2010. Our technical assistance and training programs will add to that. [redacted]

B1
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- In Ciudad Juarez, the military will transfer its local command early in 2010 to the federal police. Already 1,600 federal police have deployed. [redacted]

B1
1.4(D)

[redacted] The goal is to develop civilian enforcement models that could help get the military into support functions.

- [redacted]

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B7(E)

B7(E)

- We have a stronger vision - one that you and Secretary Espinosa launched in September - to guide our work. We are no longer fixated on capturing high-

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value targets, even though that remains necessary. Now we are moving to assess and penetrate the drug trafficking organizations (DTOs) as corporations, and to build the civilian institutions to enforce the rule of law.

B5

[Redacted]

- For the first time, the GOM agreed to engage on a socioeconomic agenda targeted at communities to stop the flow of recruits to the DTOs. Pilot projects in Juarez and Tijuana could pave the way for other cities. USAID has already had success with models to issue state and municipal bonds to support job creation and infrastructure. But there is no means to align federal, state and municipal programs, budgets and policies into coherent community programs - a classic urban planning conundrum.

B5

[Redacted]

- Our community engagement is stronger than ever. The project to get Mexican cell phone companies to make available free SMS messaging to "denounce" violence with security tips is moving, but it is more complicated and expensive than appeared at first blush.

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[Redacted]

[Redacted] Alec Ross has been invaluable in his support. We are working to bring together all the pieces by end February.

- Organizationally, we are stronger than ever.

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[Redacted]

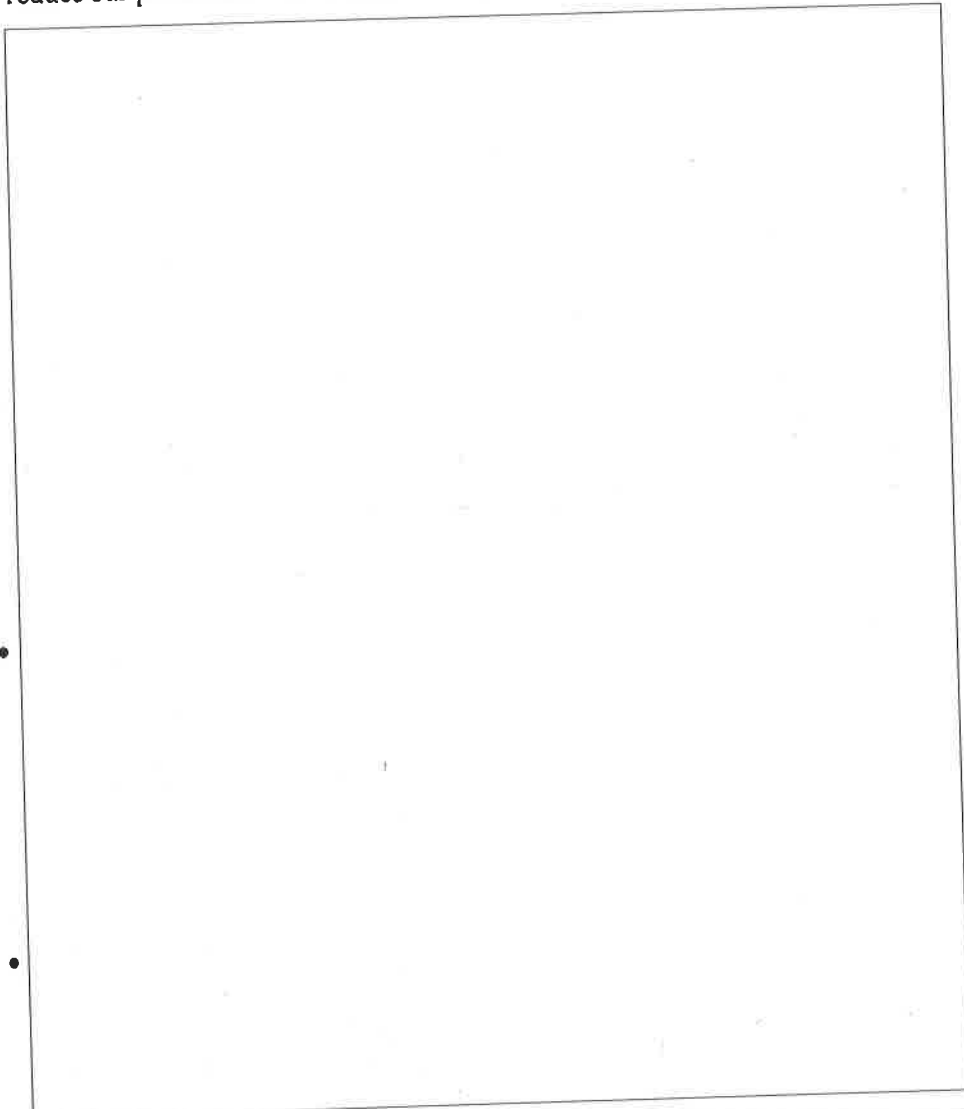
[Redacted] Assistant Secretaries in each program area have met at least twice to ensure that those with policy and implementation responsibilities engage directly. At the end of January, John Brennan and his Mexican counterparts will review our strategic plans. That will set the stage for you to meet with Espinosa, and ideally others in the cabinet, in February.

Expanding the Agenda

As we institutionalize the security agenda, we will focus more on economic competitiveness and energy in 2010. To date, macroeconomic recovery has absorbed 70% of the economic agenda. Trade disputes have taken up 25%, leaving a small residual to advance Mexican and U.S. competitiveness in a global economy.

Having spoken with all major industrial and service groups, it is striking that we cannot produce globally-competitive cars and tractors in the United States without integrating our production lines with Mexico. We are working to document this -

but the anecdotal evidence is profound. While we may lose some jobs in some sectors to Mexican labor, on the whole we would lose more if Mexico did not help us to reduce our production costs. These are key areas where we will focus attention:



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[Redacted]

We have made progress because of the openings that you and the president have created. We will need your ongoing engagement to sustain progress.

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[Redacted]

Thank you for setting a tone that has stimulated the entire U.S. interagency. We are making a difference, and we have a chance to institutionalize our impact in the coming year.

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