

NWX-WOODROW WILSON CENTER

**Moderator: Drew Sample
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Coordinator: Excuse me, this is the operator. I would like to remind all parties today's conference call is being recorded. If you have any objections you may disconnect at this time. You may begin.

Drew Sample: Okay great thank you. So as I was saying we'll dedicate the first 20 minutes to Mexico and the latter 20 minutes to Costa Rica abroad or sort of Central American and Latin American issues or thereabouts. We can be a little bit flexible with that depending on what people's questions are.

On the call today we have Cynthia Arnson, Director of our Latin America program here at the Wilson Center, Duncan Wood joining us from Mexico Director of our Mexico Institute. And he's...

Duncan Wood: Good morning.

Drew Sample: ...the Vice President for programs here in Senior Advisor the Mexico Institute, Eric Olson Associate Director of our Latin America programming and Chris Wilson our associate at the Mexico Institute.

We also have on the call Colby Goodman a consultant with the Woodrow Wilson Center who just wrote an excellent paper on arms trafficking in Mexico and Guatemala with some really striking figures about arms trafficking in those countries. So if you have any questions about that you can direct them to him.

Add one more very quick announcement shameless self-promotion we will also for any White House correspondence on the call here be doing a briefing at 9:30 on Wednesday morning the President of South Korea's trip to Washington DC. So hope some of you can join us for that as well.

With that I think we will go ahead and kick things off and feel free to jump in with any questions.

Duncan Wood: Thank you Drew. This is Duncan Wood speaking. If it's okay with you guys I'll kick it off with just a general overview of why the President's visit to Mexico matters.

And then I'll ask other members of our team to chime in with opinions on different aspects of the visit and the bilateral relationship.

So this visit comes at a very, very interesting time for Mexico. Mexico as you are all aware has been receiving incredibly positive press internationally.

Pretty much all of the news that seems to be coming out of Mexico these days seems to be good. And, you know, it reflects part of the success of the new administration in changing the image about Mexico.

The administration of Enrique Pena Nieto has focused on generating positive news about the country and focusing on strong economic fundamentals that exist in Mexico right now.

President Obama's visit will take place in that context. It's the second meeting between the presidents of the first meeting as President because Pena Nieto visited Washington back in the fall of last year before he actually took over as President.

It's a diverse agenda that's been set for the meeting. And I think that we can say that this is a bilateral meeting which will set the tone for the official relationship for the next 3-1/2 years.

On the agenda are themes as diverse as education innovation, economic competitiveness, energy cooperation questions of security cooperation.

And it's going to be interesting to see an issue which hasn't been discussed very much which is the cooperation in foreign policy in particular in the region of Central America.

The visit also comes on the heels of weeks of high level intensive interaction between cabinet ministers from both sides.

Mexicans have been visiting DC and interacting with their counterparts in the American government. My own personal opinion on this is that this is been a crucial phase of the relationship.

When we've seen people from the Mexican cabinet some of whom are very, very familiar with United States, have studied up in the United States, done graduate work, have worked in the United States in the private sector.

But then you've had another group of Mexican current administrators who are not very familiar with the United States.

And their interaction with their counterparts in Washington has been very, very important in, you know, getting to know each other and to - for setting the tone. And for actually working out exactly what can be achieved in bilateral relations over the next few years.

I think a lot of people are in - are going to focus on the economic dimensions of the relationship right now.

And I think that the two presidents would like to say great deal about that. In a second I'll turn you over to my colleague Chris Wilson who can talk more about that issue.

A lot of people of course are going to be focusing on the question of migration being such an important domestic issue in the United States.

And it remains to be seen whether that will feature as a topic of conversation between the two presidents.

A lot of you on the call I think will be interested in learning about what's happening in terms of security in Mexico and in the bilateral relationship.

That's one of the more fascinating elements of the bilateral relationship right now because it's been one of those areas which has been identified as really turning over a new leaf between the two countries that during six years of the Felipe Calderon administration in Mexico a very high level of interaction and cooperation developed between the two countries.

The change of government in Mexico some people believed that this would create tensions and would - obstacles to cooperation would emerge.

And were waiting to see right now exactly how the security cooperation agenda shakes out but it does seem as though there is a process of mutual understanding beginning between the two countries.

There's a number of issues on security that the two countries have identified as possible areas of collaboration.

But the new government in Mexico very much wants to focus on questions of justice reform and talks the language of institution building still which is a continuation of the policies of the previous administration there.

But there is a desire -- and I think most of you on the call understand this - there's a desire to depoliticize and to lower the profile of security cooperation at least at the level of public consciousness because there's a desire to focus on the strong economic fundamentals, competitiveness.

And also this new issue that's on the agenda of education and innovation which will be - we'll wait and see exactly what kind of proposal will come out of this.

But we believe that'll focus on questions of educational exchange, collaboration and research between universities on both sides of the border, trying to dramatically increase the number of students that cross over from Mexico to the United States and from the United States to Mexico for one or two semesters. And even the sense of joint graduate programs between the two countries.

A lot of that is going to depend upon the capacities of Mexican students. A lot of it's going to depend upon their language skills.

We can say the same thing of US students being able to travel to Mexico to study there. I think a lot of investment is going to have to take place on building up Spanish language skills and English language skills respectively.

A lot of it's going to depend upon generating the financing mechanisms that are required to move large numbers of students around I'm sorry across the border.

And of course some of it will depend upon getting in place the, you know, the study visas that are required to do this.

It's an issue that is - that's relatively new on the agenda but it fits in very well with the existing US government program of 100,000 strong trying to increase the number of international students studying in the United States right now.

With that I think that gives you the general overview. I'll be happy to answer more questions in the Q&A afterwards but at this point I'd like to turn you over to my colleague Chris Wilson who can talk about what the economic agenda is between the two countries. Chris?

Chris Wilson: You know, it might be more useful for everyone on the call to just be able to ask questions so we don't take up all the time - take up anybody's time, you know, talking about things that they don't need specific answers on. Is that okay we could go straight into questions?

((Crosstalk))

Man: Yes that's fine.

Man: Why don't we go straight to Cindy were doing that.

Woman: I think we were doing it sequentially.

Duncan Wood: Yes. So if anyone has any questions about Mexico particularly the US-Mexico relationship in Obama's travels there please feel free to chime him.

Dudley Althaus: Yes Duncan this is Dudley Althaus in Mexico City, the Global Post.

Duncan Wood: Hi Dudley. How are you?

Dudley Althaus: Just fine thanks. I just heard you on the radio with Sergio Sarmiento as well. It's very obvious they're trying to change the narrative about what's going on in Mexico but can you point to anything specifically that's changed between the last six months of the Calderon administration and this - in the first six months of this administration?

I mean...

Duncan Wood: Okay.

Dudley Althaus: ...if we've - a lot of us who've been around Mexico for quite a while like we've seen this movie before. And PR only goes so far.

Duncan Wood: I think it's a really good question. It's a question a lot of people are asking here in Mexico of course. Yes I'm currently at the Mexican Bankers

Association Convention. And I'll be doing a panel later on exactly on this question.

But as you know Mexicans are traditionally very skeptical about this kind of, you know, positive propaganda campaign.

The question that you ask about what has changed I mean I listened to Carstens yesterday made a great presentation where he showed how the economic fundamentals of Mexico have been gradually improving over a 20 to 25 years.

This has been a long term process but it does all seem to be coming together right now. And in a part of this is as a result of, you know, the recovery from the 2008 2009 crisis.

And so you see the strong economic growth after the crisis. But if you were to eliminate that economic crisis 2008, 2009 from the chart you'd see a steady progressive improvement over many, many years.

So a lot of the economic fundamentals are not different than they were before the question is that, you know, is there other things going on I think on the political level which have generated the enthusiasm.

So it really is that the President Pena Nieto's reform agenda and his ability to get those reforms passed through the legislature which is a sharp contrast with both Calderon and the Fox administration's where you didn't see major structural reforms being pushed through.

It's not that their legislative programs weren't successful they got a lot of legislation passed but it was the big issues that they were really trying to move that they couldn't actually achieve.

And so I think that's a big part of the positive narrative that's coming out of Mexico right now. But obviously the question that remains for a lot of people is is the security situation getting a lot better? Is it dramatically different than it was before?

And there has been a, you know, a slight but significant drop in the numbers of homicides but numbers are very, very tricky. And that's, you know, the other question that we, you know, we don't really know the answer to right now is what is the real situation in Mexico in terms of organized crime.

So I think that, you know, in terms of international image of Mexico this is a very fragile situation. And I think that we've seen that, you know, in recent days with the rising levels of social violence, you know, down here in Guerrero for example with the teachers taking to the streets and attacking political party officers that has been, you know, actions that have been widely condemned by the political elite in Mexico.

But that kind of news coming out really threatens to damage or at least weaken the positive image about Mexico.

Chris Wilson: If I can maybe just add on very quickly -- this is Chris Wilson -- just to add something very short on that.

I mean I think the reality is is that the situation on the ground in the last six months has only changed a little bit.

But the perception prior to the change of administration was perhaps overly negative about Mexico.

The perception now with the new government moving on some of these major reform issues on the agenda economically speaking it may have created a perception in the news anyway in some cases that's overly positive.

But the reality is is that Mexico's economy is moving. And the questions remain on the security. But it's a matter of perhaps the - an a correction of the narrative that was uberly negative previously. And in that sense it does make sense to have a shift in the narrative.

Andrew Selee: And let me add to that this is Andrew Selee. Hi Dudley. But, you know, I think if there's a mantra from this the current administration it's cooperation, coordination, cooperation, coordination.

And they've done a very impressive job in this administration both of seeming much more coordinated on the security front and internally on their messaging and everything they're doing.

They look very coordinated in cooperation with other parties in actually moving a legislative agenda forward has been impressive.

I, you know, they really have made some progress on this. Coordination and cooperation only get you so far in the long term however which is in the short term it's great but that there will be questions about what the strategy is on security going forward.

It's certainly good to have good coordination internally and its positive but there also has to be a strategy that goes with that.

And the cooperation to get things passed has been impressive and kudos to all sides on this. I mean to (unintelligible) PRD and the civil society that has pushed a lot of these issues seeing Mexican society and Mexican politicians coming together like never before on this that's great.

They all deserve a great deal of credit. But the question then will become what do you do with these reforms and how do they get implemented? And that requires a strategy going forward. So so far so good but then need to see what the next phase is on all of this.

George Condon: This is George Condon with the National Journal. If I could ask two questions one how intently is Mexico following the current immigration bill debate in Washington?

And secondly you mentioned foreign policy cooperation. Did - there's a long history of the two countries not cooperating most notably when 9 11 happened a week after a state dinner for President Fox and they needed support the United States on - at the United Nations and really burned his relationship with Bush. Is there really foreign policy cooperation going on?

Duncan Wood: If it's okay with you all answer the foreign policy one Andrew would you like to answer the immigration one?

And so on foreign policy I think is, you know, it's a good point that you make. I mean the relationship on foreign policy has traditionally been very prickly.

And that's largely because of the traditions and conventions of Mexican foreign policy which have prevented a more interventionist stance over the years.

I mean going back to the 1920's Mexico set these traditions of foreign policy which prevented them from even expressing an opinion about internal policy in other countries which clearly was a big obstacle in trying to cooperate internationally with any country.

But I think what we're seeing right now is that the situation in Central America is of such great importance and significance to Mexico that they're willing to engage in a more outwards looking approach and trying to stabilize the countries of Central America will be a priority for them.

Probably it's in the context of their own struggles against organized crime. But also it's because of the question of, you know, a general threat in terms of infectious diseases, instability political instability and of course the economic growth of the region.

Mexico is actually an economic power in Central America. A lot of Mexican businesses have significant investments there.

It's a natural region for Mexico to invest in and to have markets. And so raising the overall level of Central America makes a lot of sense.

Being able to collaborate with the United States it's clear that won't be the easiest thing in the world but it's an area that makes sense.

And the other thing that I didn't mention earlier on is that this is very much seen as being an area of the world where it's not just Mexico and the United States that will collaborate but Mexico and the United States and Colombia who, you know, will bring together their joint knowledge of the region, their interests in Central America to try to engage.

One of the big questions that remains is how much or how many resources will these countries be able to bring to bear on the situation?

Andrew Selee: And on immigration George just quickly I think the Mexican government is following the US immigration debate very closely.

But I think both as a matter of principle and a matter of politics are trying to keep a reasonably visible role in this.

I think the Mexican government does keep in contact with people in the political system particularly members of Congress to let them know that the Mexican government's view is.

But there is a sense that the US policy discussion the Mexican government does not want to be overly vocal because that also opens the opportunity for US politicians to be overly vocal about Mexican decisions internally.

So as a matter of principle I think they want this government has wanted to be restrained. And I think in the matter of practicality and politics.

They don't yet know as we don't yet know whether this will - the immigration debate will lead to a final result that is favorable.

And so they are being - I don't think want to spend a lot of political capital publicly in saying much about the US immigration debate until there is a greater parity on this debate going forward otherwise in the past what has happened is Mexican politicians put a lot of political capital into talking about migration which is a very sensitive issue for Mexican's is something that many people are personally close to because of family members and friends

abroad and then nothing happens and it looks bad politically. And so I think they will be cautious for political reasons as well as matters of principle.

Chris Wilson: This is Chris again. Just go back to the foreign policy question but a little different tap on it. I would just say it is a tremendous opportunity for cooperation between the US and Mexico on global trade issues right now that specifically the transpacific partnership which US and Mexico are both a part of the negotiations for and will definitely be coordinating pieces of the positions together where the pieces that make sense.

And a lot of the pieces do make sense because the United States and Mexico don't just trade goods to each other but they actually produce goods together.

So what happens, you know, exports from one country are actually exports from both countries in many cases.

And then this approach can also be expanded. And I think we'll probably be explored in terms of the upcoming negotiations the United States and Europe in that trade deal in which, you know, Mexico already has a trade (unintelligible) union but it will be important for the two least be able to be coordinated so that it will produced jointly in North America will have access to the European market that they need at the end of those negotiations.

Man: There is a strong echo. It's hard to follow.

Drew Sample: Yes I'm sorry I'm not sure what to do about that. I'll turn down our phone a little bit. Is that any better?

Man: So so.

Drew Sample: Yes sorry. I'll ask the operator to see if we can clear that up.

Man: Any other questions? On to Central America.

Man: Yes go.

Man: Okay guys.

Man: We'll move on to Central...

Man: Yes.

Cynthia Arnson: We can sure we can move onto Central America. There is people in the line?

Man: Yes.

Man: Yes.

Cynthia Arnson: Great okay. Cindy Arnson here the Director of Latin American Program Eric Olson the Associate Director of Latin American Program.

You know, there's obviously a concern because of the ongoing high levels of crime and violent especially in the three countries (unintelligible) here Guatemala, Honduras (unintelligible), Guatemala Honduras and El Salvador excuse me but also because of the way that the moving of the drug cartels into Mexico and from Mexico into Central America has really produced an incredible (unintelligible) crisis and a crisis of government in addition to crisis of security.

So the President will be meeting with the state of the countries that are together in the peak of the Central American what is it...

Man: Integration.

Cynthia Arnson: ...integration system which I think have, you know, been try more to collaborate and coordinate their policy.

But there's still a lot to be a lot, you know, that needs to be done. But more importantly what needs to happen is internally (unintelligible) country to build sort of more inclusive (unintelligible) to focus on crime and violence not just through a (Monolura) approach but through a much more, you know, integral approach that includes improving education opportunities employment opportunities.

The whole phenomenon in Central America of the so called me me the people who are neither in school or working. The figure in all Salvador is something like 300,000, you know, young people.

And, you know, that is just a huge problem and, you know, this is going to take not only a whole of government approach but a whole of society approach, you know, private sector invests (unintelligible) in creating opportunities.

And I mean there's just - there's so much basic and so many basic things that have not happened, you know, in society to address the just the huge social deficits left over from even before, you know, the outbreak of the civil wars in the 1980s.

So, you know, there's really only so much the United States can do, you know, financially. I think there's a huge problem of absorptive capacity to, you know, to get more aid.

But the principal challenge is to get, you know, governments, and elites, and grassroots organizations, you know, from top to bottom to agree on what is really a development plan for those countries.

Man: Eric.

Eric Olson: I mean I think that the important message that the US wants to try to promote in Central America is the linkage between the economic development component and the security component.

And try to make sure that there is a focus on both as a way of solving, you know, in a long run these problems.

As Cindy said there's an enormous problem with both use violence and youth under education and opportunity for them. And so - the challenge is to try to focus not only on the security problems but also the economic opportunities that a big part of the society has not had until now.

We can take questions right?

Cynthia Arnson: Sure. Go right ahead.

(Luis Alonzo): Hi. This is (Luis Alonzo) here in Washington. Many thanks for doing this call. What concrete mention or what complete consequence of the Central American meeting do you expect if any?

Cynthia Arnson: Direct consequence, well that's a good question. I think there are indications that in this year's budget there is increased US assistance for Central America.

And that will be coupled with a, you know, sort of an urging of Central American countries themselves to do more amongst themselves regionally but also, you know, within their own borders.

And I - I'm not sure, you know, to be honest I'm not sure other than expressing the deep concern of the United States about the deterioration in the region there is much that will be expected.

I think - I mean I'm not sure I want to be quoted on this but I think part of this subtext is hoping for a change in leadership in SECA to make it a much more dynamic institution.

A lot of times, you know, you have the institutions regional, you know, institutions that you're given not necessarily the ones that you want.

And the US effort all along I mean even, you know, during the first Obama administration was to get the Central Americans together to define a common agenda and set goals and priorities.

And that has happened. But it's happened as, you know, as kind of a long wish list, you know, of equipment and programs that countries want.

And they, you know, foreign ministers come to these meetings and judge their success by what they come away with.

And, you know, there's really much more that needs to take place dynamically within the region but there are some, you know, there are some countries

where it's just really hard to find institutional partners and Honduras would be one of those countries where, you know, they're a credible allegations that the head of the police force has been involved in corruption and criminal violence.

And, you know, so if the idea is to integrate, you know, and get greater cooperation but you don't have a viable national partner I mean, you know, what can you do?

And if there are not elites in society that are willing to push for a transformation, you know, then what are you going to do.

And you see, you know, sort of glimmers of that happening in a positive way in Guatemala. But the levels of political polarization are still so high in countries like El Salvador and Guatemala it's just very hard, you know, to see the countries coming together around, you know, a model of what should take place.

What does seem I think, you know, I'm kind of digressing at least but there does seem to be a recognition that these policies against gangs of (Monolura) an (Super Monolura) which, you know, just succeeded in, you know, swelling the prison population, you know, had not been effective in reducing crime and violence.

So there is no hope that there's, you know, openness to a more, you know, comprehensive approach but, you know, in order to develop you have to have a qualified workforce which means you have to have investment in public education and technical training and Central America is so behind on all of these indicators.

George Condon: This is George Condon again from the National Journal if I can just follow on one thing that you said about the President's involvement.

There seems to be a historic pattern that keeps repeating of American President's promising they're going to be really involved in the region and then getting an office and spending all their time on Europe and Asia. How does the region view President Obama now?

Cynthia Arnson: Eric why do you take that.

Eric Olson: Well I mean the - any public opinion polling of people's attitudes or impressions of Obama are extremely high.

He has personally very well-liked and respected in the region. But I think, you know, there's a difference between that and what people expect from the US in terms of their leadership on different issues.

And I think there's an awareness that comes up over and over again that the US has been focused on other crisis areas of the world.

The truth of the matter is that I think the most, you know, Obama is not going to Central America for that matter he's not going to Mexico with a whole list of things to hand out in new aid programs. That's not the message there.

I think the message is really one of wanting to work together or partnering but also especially in Central America the US will partner with people in that region but the region itself needs to stand up to the challenges and take their own, you know, destiny in their own hands and then the US will partner with them.

But they're not going with some new initiatives some new set of gifts and goodies to hand out which would have been common, you know, 20 years at other points.

Now it's really about putting on the responsibility on them with the - with the President being there to deliver that.

Cynthia Arnson: What - if I could just add to that. I mean I agree with Eric that, you know, President Obama is, you know, wildly popular, you know, throughout Latin America.

But in many countries Guatemala in particular and also El Salvador there is a tendency to blame the United States and demand for drugs in the United States for what's happening, you know, in their countries.

And there's obviously, you know, certainly piece, you know, a heavy piece of US responsibility. All these countries are sort of along with Mexico, you know, adjacent to the largest drug market, you know, largest drug consumer in the world.

What there is not yet as there is a Mexico is a sense of shared responsibility. There is not a sense that when, you know, you have, you know, child malnutrition at 50% of your population, and you bank, you know, a pittance on education budget, and in fact your social policy is remittances or the lack of social policy, you know, is permitted because so many core migrants have been sending back remittances, you know, to their families.

You know, there isn't - there are glimmers - -and I don't want to sort of exaggerate -- but there as, you know, whole of society approaches, a widespread recognition, you know, of the role that the private sector needs to

play, you know, in paying taxes, in requiring on the part of the governments, you know, in improving the, you know, administration, and institutions, and service delivery and all this kind of stuff. I mean it's really quite striking how, you know, how far behind Central American societies are.

Eric Olson: You know, in fairness the Central American governments especially the northern triangle have some issues with the US too some criticisms of the US.

And those are primarily around the issue of deportations and the impact that's had in their countries.

I think El Salvador in particular feels at some level that the gang problem they have now originated in LA. And is the byproduct of a deportation policy that's really affecting most of the northern triangle now.

The second issue they'll raise is the issue that US promises funding and promises programs but the delivery of those dollars and cents is always very, very slow and they feel frustrated with this.

The same criticism we heard in Mexico four or five years ago. So the delivery part of it is a challenge.

And the third thing which we highlighted in our report that Colby wrote is the issue of firearms and firearms trafficking.

And the fact that firearms are coming into Mexico, and coming into Guatemala, and having an impact on their lives.

There's a sense in Guatemala in particular voiced by their President that we're paying the cost of your drug consumption in terms of violence, deaths, and growing consumption.

So I think in balance we have to realize that yes the US has some issues with that region but that region sort of pushes back on a number of fronts as well.

Man: Colby did you want to say anything about firearms trafficking?

Colby Goodman: I can wait for questions unless you just like for me to give an overview?

Man: Can I throw in another question?

Man: Sure.

Man: Thank you. These border disputes several of them they are in Central America and they're actively been discussed.

Do you think - do you expect those disputes to play any role? Do you think that they could weaken or hamper the chances for the region to come to this meeting with a cohesive position, with a cohesive voice or that's not a factor at all?

Cynthia Arnson: I would say that it's a limited factor. I mean there, you know, Obama will have a bilateral meeting with President Chinchilla of Costa Rica.

And I would be surprised if she didn't raise it in terms of the number of difficulties that she faces, you know, with Nicaragua.

But Costa Rica and Nicaragua are actually two countries that are doing relatively well, you know, vis-à-vis the rest of the region.

So, you know, I mean there are huge political differences, you know, in the leadership, you know, among the countries.

But I think I really would not expect that that'll be a major factor in the SECA meeting I don't know if Eric feels differently?

Eric Olson: Well I do think there are some challenges and this is built into the a little bit of the weakness of SECA because the southern countries Panama, Costa Rica, and Nicaragua sometimes feel frustrated and left out with the discussion about security being solely focused on the northern triangle.

And if the idea is for them to have a common position it gets in the way of them having that common position.

And SECA has tried to build itself as the, you know, the place at which all of these countries can come together and can be the distribution point for that aid.

But, you know, I think there in - the rivalries between those governments gets in the way. And SECA's not as strong institution to be able to play that role.

I agree with Cindy it's not a, you know, the number one issue on everyone's mind but it does have an impact on how that sub-region really works together.

Man: Okay thank you.

Cynthia Arnson: Anything else?

Man: No. That'll do it.

Drew Sample: All right. Well yes if there no further questions then we'll go ahead and sign off. I want to thank everybody again for participating today.

And if you have any further questions feel free to reach out to me at drew.sample@wilsoncenter.org or to any of our experts directly and we'll look forward to talking to you leading up to the trip. Thanks everybody.

Man: Yes.

Man: Thank you.

Woman: Thank you.

Man: Bye.

Man: Bye.

END