



U.S.-MEXICO
FORUM 2025



REPORT 2022





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Introduction

On Jan. 14-15, 2021, the Center for U.S.-Mexican Studies (USMEX) at the UC San Diego School of Global Policy and Strategy (GPS) organized the U.S.-Mexico Forum 2025 convinced that Joseph Biden's election represented a major opportunity to rethink the bilateral relationship. The forum's objective was to provide recommendations for greater coordination over the four years during which Biden and Mexico's President Andrés Manuel López Obrador will govern simultaneously (2021-2025).



As a result of the forum's first stage in 2021, a group of Mexican and U.S. scholars, practitioners and experts created five [white papers with specific recommendations](#) to encourage cooperation and improve the bilateral relationship. These white papers were written and discussed extensively by each of the forum's working groups on the five most relevant issues in the relationship: migration; energy and sustainability; trade, economy and work; security and public health; and strategic diplomacy.

On June 1-2, 2022, USMEX organized the first in-person meeting of the U.S.-Mexico Forum 2025. Nearly 150 people convened to evaluate the progress in each issue area over the first year of Biden's presidency. This report summarizes their discussions as well as the presentations held during the forum on the new world order, the state of democracy in Mexico and the U.S., the potential role of action research in policy, consular diplomacy and the power of women in U.S.-Mexico relations. Additionally, USMEX presented the Jeffrey Davidow Good Neighbor Award to recognize outstanding actors in the bilateral relationship whose efforts and actions help bring our two nations closer.

This report has been developed through a collaborative process and does not necessarily reflect the views of any individual participant or the institutions where they work. We thank the University of California Alianza MX, Otay-Tijuana Venture, L.L.C., Semptra Infrastructure and Volaris for their support in the organization of the U.S.-Mexico Forum 2025.



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New World Order: The End of Pax Americana?

It is premature to argue that the end of the Pax Americana has arrived. However, the current world order is under threat. The triumph of democracy in the 1990s and the idea that economic integration would lead to democratization is under threat within multiple countries, leading to democratic backsliding and hindering global cooperation. Currently, small informal groups of like-minded countries get together to work on issues rather than try to coordinate among bigger groups.

The Russian invasion of Ukraine is a major event that has challenged the U.S. in its role as the major world leader. However, the U.S. has taken a central role in addressing this crisis and the western nations have rallied in their response. This contrasts with the lack of unity in the past within the west.

The world has changed since China entered the stage. Disorder is greater seen in the political dimension (relations between governments) rather than the business dimension. The coordination of global central banking systems remains led by international organizations such as the International Monetary Fund, World Bank and World Trade Organization. Still, China's relevance continues to rise in technology, and the World Bank is seen as less relevant since China has grown in its aid to developing nations.

In Latin America, the conflict in Ukraine has significantly shifted political alliances. This changing paradigm should allow Latin America to play a constructive role on the Asian and U.S. side, given its strategic position to export commodities. Aside from migration, it is often up to Latin American countries to approach the U.S. with solutions, but its own political dynamics are absorbing it.

**“Countries begin to not see
an immediate benefit of
aligning with the United States.”**

The membership of global institutions is crucial for economies to flourish. Evidence suggests that key strategies to help countries or regions in economic difficulty include workforce development, technical assistance to businesses in navigating uncertainty, and coordinating infrastructure investment to help regions insert themselves into supply chains effectively.



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Resilience against democratic backsliding is needed. Small-scale regional efforts are essential but limited. The institutional perspective is vital to understand a country's abilities to cooperate and create necessary frameworks to promote democratization. Questions regarding the role of international organizations remain: do we need new institutions, or can we fix the ones we have? The U.S. also faces a big question moving forward: how important is it to support democracies?



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The State of U.S. Democracy: Implications for Mexico

The U.S. has shown the risk factors related to civil war: anocracy and fractionalization along ethnic and religious lines. The transformation in the U.S. moving from a white majority to a nonwhite majority is fueling much of the discontent among the white population. Perceptions of loss of status in political and social dominance lead to defending what is perceived as their rightful claim to power. Trump is a symptom, not the cause of the problem. Unless this is addressed, it will likely spread to Mexico and other countries.

Democrats control the executive and legislative branches, which usually results in significant policies being passed. This has not been the case in Biden's first two years in office because he has not been able to secure the votes needed from more moderate Democrats. Thus, midterm elections will not be very consequential because, even if Republicans gain control of the Senate, it will not impact the current status quo of Congress being stalled in passing legislation, though 2024 is a different story. The Republican base is enamored with populist messages and is the party of the white evangelical system. They cannot win with this base with fair and free elections, which has led to efforts for voter suppression.

Related fears about migration, border management and drug trafficking intensify the U.S.-Mexico relationship, making it harder to manage by government elites on both sides of the border. Mexicans who believe in the structure of checks and balances are disheartened by what is happening. Fear among people in Mexico and Mexican Americans in the U.S. will likely spread as they become the target of U.S. extremist groups.

The decline of democracy worldwide began after the explosion of social media and how it became the main news source for many people. Regulating social media to tamp down the incendiary content being shared is needed for the U.S. to leave these divisions behind. People should be allowed to post what they want, but tech companies' abilities to magnify these messages should be regulated. The [Center for Humane Technology](#) shares detailed regulation recommendations.



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An Outlook on U.S.-Mexico Relations

Mexico and the U.S. share more than just a geographic border. We enjoy a dynamic, complex and multi-thematic relationship. Beyond commercial ties, we agree on many issues under the principle of cooperation. As partners and allies, we maintain close communication on all fronts, aware that only through collaboration can we move forward and make North America a more prosperous and competitive region.



In September 2021, one of the most important cooperation mechanisms between Mexico and the U.S. was relaunched: the High-Level Economic Dialogue (HLED). At that time, it was agreed that HLED's work would revolve around four pillars: i) building back together, ii) promoting sustainable economic and social development in southern Mexico and Central America, iii) securing the tools for future prosperity and iv) investing in our people. These pillars reflect the commitment of both countries to promote regional economic growth, job creation, workforce training and the reduction of inequalities and poverty. On April 18, 2022, the co-chairs of this dialogue met to

review the main achievements so far, discuss priority initiatives and interactions with relevant actors, and plan the next steps and the annual meeting to be held in Mexico in the fall 2022.

The main achievements of the HLED include the agreement between both governments to collaborate in the semiconductor and information and communication technology (ICT) sectors, the signing of a Memorandum of Understanding with companies to facilitate emerging technologies and workforce development in Mexico and progressing dialogue to collaborate in the pharma and medical device sector. It is essential to have the participation of the private sector, civil society, academia and other non-governmental organizations to help the HLED foster an open dialogue that considers inclusive and diverse points of view and ensures transparency in decision making.



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In the same spirit of cooperation, the first meeting of the High-Level Security Dialogue (HLSD) was held in October 2021, replacing the Mérida Initiative. With this mechanism, both countries recognize their shared responsibility and commit to finding joint solutions against organized crime backed by justice, law enforcement and data. This dialogue allows implementing a vision focused on attending to the causes of violence, the treatment of addictions from a public health perspective, using financial intelligence to dismantle transnational crime and the fight against arms trafficking to Mexico.

As a result, the Mexico-United States Bicentennial Framework for Security, Public Health and Safe Communities establishes a comprehensive and long-term setting that guides binational actions. With this new vision, two central aspects of Mexican security policy are recovered: i) addressing the structural causes of violence and ii) that the current drug policy based on prohibitionism has not been effective.

Another mechanism resumed last year was the North American Leaders Summit (NALS). This is the trilateral forum at the highest level in which the leaders of Canada, Mexico and the U.S. meet to define lines of action that promote the region. The reactivation of this mechanism represented in itself a great achievement since the objective of strengthening and institutionalizing North American integration was established. IX NALS was organized by the U.S. and held in Washington D.C. on Nov. 28, 2021. Discussion topics focused on: i) COVID-19 and North American health security, ii) promoting competitiveness and creating the conditions for equitable growth and iii) development, migration and a safe North America.

This meeting was key for Mexico to advance the construction of a North American vision in a post-pandemic context, as well as to specify trilateral commitments that are priorities for the Mexican government: cooperation for development in Central America, regional economic integration and universal access to COVID-19 vaccines. In 2022, the X NALS will be organized by Mexico. Priority will be given to national interests that, at the same time, concern the region, such as the fight against arms trafficking, the construction of a North American identity and safe and orderly migration.

The migration agenda represents a fundamental challenge. Mexico has insisted on expanding regular routes of labor mobility, as well as carrying out more direct investments and creating more jobs in migrants' communities of origin. Canada, Mexico and the U.S. are working together to organize a meeting in Central America with the aim of presenting Mexico's social programs in communities of origin and exploring new ways to expand cooperation in the region.



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Achieving economic growth requires adequate political and security conditions. Governments need to continue seeking spaces for dialogue at the highest level between the key actors of both countries as they help strengthen bilateral collaboration.



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The State of Mexican Democracy and Its Impact on U.S.-Mexico Relations

Andrés Manuel López Obrador was elected by the 70% of people who think that political officials are only taking advantage of their power. His successes thus far include: i) his labor agenda in terms of reducing outsourcing and increasing minimum wage (it has increased 67%), ii) social spending focused on saving money and iii) corruption as it has reduced by 19%. However, his administration is failing at tax collection (which has only increased by 2.3% compared to Enrique Peña Nieto's 18% increase), violence against the press and economic reforms.



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Fostering U.S.-Mexico Policy Solutions through Action Research: University of California Alianza MX

The Plug-in Hybrid and Electric Vehicle Research Center at UC Davis has identified collaboration opportunities between Mexico and the U.S. on the topic of electric vehicles. Electric vehicles can help solve emission issues in cities and are expected to become cheaper to buy and use than gas vehicles. In the last six years, 6 million electric vehicles sold worldwide. Five years prior, this number was in the thousands. Electric vehicles have been forced on society and have subsidies and incentives. Consumers like electric vehicles, but car companies do not want to make them because they know how to make more profit with regular gas cars.

Electric vehicles are becoming more prominent in Canada and the U.S., not so much in Mexico. Still, traditional car manufacturing is on the decline worldwide with new types of employment being created from electric vehicles and new assembly lines. It remains to be determined how car batteries will be recycled and what policies will be needed.

Another line of research pointing to policy solutions is the economics of migration: 5% of the total U.S. economy is made up of migrants, and 25% of nonskilled workers in the U.S. are Mexican. While the number of migrants in the U.S. is still growing, many Mexican migrants are returning to Mexico.

The nature of migration is changing to more young professionals and increasing student visas. There is a possible need for new visas and newer, more defined policies to develop the field of economics of migration and have an open discussion with policy makers.

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Consular Diplomacy in the California-Mexico Connection Toward 2025

It is evident how the relationship between the U.S. and Mexico hits at a local level in CaliBaja. The relationship is very complex and dynamic in terms of migration, infrastructure, security, and environment. From the 9 U.S. consulates in Mexico and the 50 Mexican consulates in the U.S., this is considered the only region where all bilateral issues are, having massive implications in both nations. This has 2 important implications: i) everyone in CaliBaja knows about the interdependence of U.S. and Mexico that is specific to Tijuana and San Diego, and ii) the people in this region are innovative as the binational relation is constantly changing.

It is estimated that 30 thousand migrants from Central America and 15 thousand Ukrainians have crossed from Tijuana into San Diego. Over 500 Russian nationals are crossing weekly. These flows impact people going back and forth for work, school, and commerce, impacts which are being addressed by the U.S. Border Patrol. The region is so economically dynamic and diverse that the focus is not just on maquilas. Migration is an issue that spills over and impacts all factors of mobilization. Working with nongovernmental organizations (NGOs) is needed, but it can be complicated because some NGOs view issues in black and white terms.

Security is a serious issue in the region since Tijuana is by far the deadliest violent city for U.S. citizens worldwide. It is clear for people in the region that safety on one side of the border depends on safety on the other side. During the pandemic, people were seen crossing from San Diego to Tijuana to help with the shortage of vaccines while people from Tijuana crossed to San Diego to get vaccinated. People tie the bicultural region as many live on both sides and in both cultures.

Consular diplomacy will likely remain successful in the short term since the local consulates have experienced teams, good relations with media, and established protocols. Local conditions are favorable to each diaspora in terms of integration and protection. In the medium to long terms, Mexico's middle class and the Mexican population in the U.S. are expected to increase. Mexico needs to place roots in California and Texas and focus on the long term of the next generation.



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The actions of individual leaders matter tremendously. The governments of Baja California and California have completely different attitudes compared to the federal governments regarding integration. The more leaders we have that embrace the integration of both countries, the better we will be.

Multiple improvement areas were identified for the U.S. and the 10 Mexican consulates in California:

- Increase engagement focused on innovation and research
- Find ways to connect research with issues in agenda
- Expand student exchanges and attract talented professionals
- Take advantage of best practices with California and Texas and continue building these relations
- Replicate Californian labor laws and protection policies for agricultural workers in other U.S. states
- Work together to address the impacts of the pandemic on Latinos
- Identify a joint strategy to address responsibilities to future generations



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The Power of Women in the U.S.-Mexico Relationship

The role of women in professional spaces is seldom discussed, resulting in the lack of actions favorable to women. Gender-based gaps persist in both Mexico and the U.S. The gender gap in labor force participation rates (i.e., the difference between women and men's participation as a percentage of the working-age population) is 34.9 percentage points in Mexico, 12.6 in the U.S., and 9.1 in Canada. The gender gap in working poverty (i.e., the difference between women and men who are employed and live in poverty) is 4.3 percentage points in Mexico, 1 in the U.S., and 0.1 in Canada. Gaps also persist in terms of wages, unpaid care work, leadership positions, access to the justice system, human rights, domestic violence, and representation in language.

Although Mexico is among the countries with the best laws on women's inclusion, few actions are actually implemented. The largest gender-based gaps are due to impunity, lack of rule of law, and lack of institutional support systems for women interested in returning to the paid labor market.

Commitments have been made to incorporate a gender perspective in each of the main issues of the bilateral relationship. For instance, chapter 23 of the United States-Mexico-Canada Agreement (USMCA) established cooperation mechanisms to address labor issues related to gender.

It is important to start at home and reflect on potential actions to spark change. Intersectionality is a crucial element in equitable public policy and must go beyond women's representation in forums. Although representation is important, women's presence in different spaces does not guarantee a gender perspective.

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WORKING GROUPS

Migration

The start of the Biden administration in 2021 brought hope for a repositioning in U.S.-Mexico relations, especially in migration and border management. This hope, however, has turned into uncertainty. On the one side, the Biden administration continues to implement the policies initiated during the Trump administration, such as metering and expulsions under Title 42, and the treatment of migrants and asylum seekers varies greatly across cases. On the other side, more people who reach the U.S.-Mexico border are allowed to enter the U.S. and conversations between federal governments are held to expand the legal pathways to migration, improve refugee resettlement, and expand the conversation to include all American countries.



New circumstances are likely to impact U.S. migration policy and collaboration with Mexico:

- The end of the Title 42 policy, set to end on May 23, 2022, will likely increase pressure on the Biden administration to manage the border.
- The risk of an economic recession will likely pressure U.S. authorities to act unilaterally and increase border enforcement and deportations.
- New actors, such as state governments and the judicial branch, are becoming increasingly engaged in migration policy, increasing the risk of negotiating with the federal executive branch since negotiations might not stand.
- The Mexican government is losing ground to criminal organizations, especially in border cities, bringing into question whether it is capable to implement any commitments regarding the management of migration flows and the protection of migrants.
- Forced internal displacement in Mexico to border cities is also important to consider since it could further strain the need for resources.
- The mass reception of Ukrainians in Europe shows that receiving large numbers of refugees is possible when there is political will.



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- Rising extra-continental migration challenges U.S. asylum and repatriation processes while increasing humanitarian needs at the U.S.-Mexico border. Mexican migration to the U.S. seems to be increasing as well.¹

It remains to be seen whether the impacts of these dynamics will be positive or negative. Potential negative consequences include continuing or strengthening current deterrence policies. The arrival of Ukrainian refugees at the U.S.-Mexico border could lead to a narrative differentiating between those who “deserve” asylum (i.e., people from countries at war) and those who “do not” (i.e., everyone else). This has already been evidenced by differential treatment and available resources for Ukrainians compared to Central Americans at the border.

On the positive side, this context of active conversations and openness can be taken as a moment of opportunity to think about policy innovation and accelerate change. The next Summit of the Americas, taking place in June 2022, can be useful to learn the best practices implemented by South American countries to manage large migration flows. The arrival of Ukrainians at the border could lessen the perception of Central American migration as a border crisis, and it could also lead to the collaborative improvement of refugee systems.



Local civil society is expected to continue its predominant role at the border. Dialogue between civil society organizations and the Mexican government remains difficult. There are no official channels to broadly discuss migration policy, even when most people returned from the U.S. are Mexican and more migrants are deciding to stay in Mexico. The military is increasingly present in Mexican airports. Racial profiling and abuse against migrants have been detected.

Overall, the five principles² suggested in the [forum's last report](#) to balance bilateral cooperation on migration

¹ This could be an effect of the Title 42 policy. Since these expulsions were not processed as deportations, bars to return to the U.S. were not placed, lowering the opportunity cost of trying to cross multiple times. Thus, it is unclear whether the increase in Mexican migration will be a lasting tendency.

² 1) Migration and migrants can be central to restarting our economies, 2) economic pressures in Central America and Mexico demand creative pathways for labor mobility, 3) persistent violence in the region requires proactive humanitarian protection measures, 4) migration management needs to be professionalized and 5) investing in development, public security and rule of law is the only long-term solution.



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remain applicable. However, the new circumstances previously presented can help identify specific policy recommendations. For instance, coordination among American countries on visa-free travel regimes, identified as a significant predictor of migration among extra-continental migrants, can help improve migration and border management. A larger investment is needed on both sides to fund the overwhelmed asylum systems and integration policies. There is no single answer to resolve all challenges of border management but rather a range of policies simultaneously implemented to give these systems coherence.

Three achievable things that the U.S. and Mexico could work on together in the next year include:

- More regular pathways, with one aspect being documented labor migration into Mexico, and the U.S. visas for occupations that are more likely to be inclusive of women should be identified.
- Security and humanitarian support for migrants, especially in Mexico. The U.S. has a responsibility to assist.
- Collaboratively address how borders work for extra-hemispheric migration so the rule of law is applied without discrimination.

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Energy and Sustainability

The global movement toward net zero and sustainability has become stronger. Countries all over the world representing 90% of global GDP committed to net zero. Reducing emissions is critical, especially for developing countries since they face the greatest impact. Developing countries need significant investment to provide their populations access to clean energy and meet their sustainability goals. Collaboration between Mexico and the U.S. is crucial to continue reducing emissions globally and to facilitate energy access, especially in Mexico.

The net zero movement will have massive implications for supply chains. The nature of the power that is used in industrial processes has become critical to the competitiveness of companies and their ability to access capital. Products will soon compete in terms of their carbon content in addition to their cost and quality. The proposed changes to the U.S. regulatory system for the disclosure of climate risks and scope 1, 2 and 3 emissions will make this a requirement for all companies by 2024-2025. The Russian invasion of Ukraine and frictions with China are huge opportunities for nearshoring in Mexico, but the ability to realize

“When Ukrainians came to San Diego, the government was able to process thousands [...]. When the will is there, things can be done.”

these opportunities will depend on the availability of clean, affordable and reliable energy. Dialogue between high-level officials and facilitating the participation of the private sector have never been more important.



Tensions are growing between governments and private companies due to the recent regulatory changes and policies that harm the energy transition and the protection of investment rights. The U.S. Senate recently approved a non-binding motion to address Mexico's noncompliance of the United States-Mexico-Canada Agreement (USMCA) on energy issues. Other challenges include rising interest rates, inflation and rising oil prices.



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Although the constitutional amendment proposed by López Obrador on the energy sector did not pass, the private sector in Mexico is concerned with the negotiations that will follow. Furthermore, the new electricity law will continue to cause uncertainty until the litigations challenging it are resolved in multiple courts. The passage of the lithium law is also negative for the sector. Meanwhile, institutional changes in Mexico have hindered the progress of the carbon market as the rules for the emissions trading system remain to be published and the Ministry of the Environment and Natural Resources (SEMARNAT) absorbed former National Institute of Ecology and Climate Change (INECC) functions.

The mechanisms that can and should exist between the two governments on energy and climate have not been effectively mobilized. The High-Level Economic Dialogue was created but does not address energy issues. A high-level working group on clean energy and climate has been pursued by the U.S. government but rejected by the Mexican government. The increased engagement of [Congress](#), [subnational](#) and private entities in bilateral energy relations should be seized given the rising tensions between both federal governments.



There are opportunities, if the environment is constructive, on renewable energy investment that can still be developed and should be considered. New power investments that extend to low carbon and zero carbon power generation are needed. The recommendations made in the [original report](#) of working together to identify ways in which the Federal Electricity Commission (CFE) can be a purchaser of lower carbon energy and the need to find creative mechanisms to address challenges in transmission and distribution are as applicable now as they were when the report was written. Natural gas continues to be a major driver of the bilateral relationship in energy as it continues to be a priority for Mexico. Sempra LNG and IEnova are building the first liquefaction-export facility on the North American Pacific Coast in Ensenada, Mexico. Sempra also has a joint venture with CFE to build a second liquefied natural gas (LNG) export facility in Topolobampo and is tailing CFE for a third one in Salina Cruz.



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The Russian invasion of Ukraine has highlighted the enhanced importance of energy security in the global environment as well as the importance of adequate access to oil and gas to support the energy transition. It has helped rebalance the importance of sustaining and advancing access to hydrocarbon supplies while moving forward with the energy transition. The war makes more evident the need to consolidate the integration of U.S.-Mexico value chains. The fuel stocks that Russia supplied to the U.S. could be replaced by Mexican supplies. A



more prominent role of North America in the global LNG market could help U.S. allies in Asia and Europe. Mexico could be the outlet for U.S. LNG from the Pacific Coast given its privileged geographic position and ongoing infrastructure projects.

These global realities underscore the critical importance of the integration of energy markets between Mexico and the U.S. to substitute the availability of hydrocarbons and natural gas as necessary and tap the natural gas resources in both countries. We can further develop the recommendations made in the [original report](#) about the complementarity between heavy oil in Mexico and

refinery requirements in the U.S. A real-life example of potential integration is Mexico's purchase of the Deer Park refinery in the U.S. Pursuing similar areas of cooperation between the two countries can develop real benefits in terms of sustained access to resources and lowering the carbon content of regional products.

It is important to implement specific emission reduction projects, especially in the area of methane. There are specific projects that would allow methane capture which could be used to support higher energy supplies in Mexico with corresponding environmental benefits. This might be one of the more promising areas for collaboration since there is a greater willingness within Pemex to act on it.

“We can also work together on resilient communities to deal with the level of change we know is coming [and on] preserving natural systems [...]. These are things that suit both countries' political situations.”



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Cooperation on renewable energy will benefit both countries. We can increase competitiveness by taking advantage of U.S. natural gas and Mexico's opportunities to develop renewables. Energy is often treated as a side issue to avoid controversy, but it needs to be a central conversation.

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Trade, Economy and Work

The main improvement in bilateral economic relations during Biden's presidency has been their institutionalization. Discretionary decision-making has become less likely since there are new and enhanced mechanisms, such as the High-Level Economic Dialogue and the dispute settlement mechanisms in the U.S.-Mexico-Canada Agreement (USMCA), which include the Rapid Response Labor Mechanism (RRLM). Other areas of success include the expansion of the Mexican tourist industry, manufacturing and the export of Mexican labor to the U.S. in agriculture and manufacturing.





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Still, dispute settlement mechanisms are not enough to achieve an effective collaboration. The progress toward more integrated economies is hindered by the lack of commitment of both federal governments and the predominance of migration as the center of bilateral discussions. Furthermore, dispute settlement mechanisms are not always used, and many issues are still managed through personal and political means including the dispute about U.S. fresh potato access to Mexico and the U.S. suspension of avocado imports from Mexico.

The rising tensions between both governments have forced a more predominant role of private firms to advance economic relations. Despite the current public policies, Mexican exports have increased above 2019 levels. Remittances from the U.S. to Mexico have continued to set records. Nearshoring and foreign investment in manufacturing are common, and Mexico's economy is expected to grow 2% in 2022.

There is a general capacity problem in North America. Government human resources are insufficient to meet all USMCA commitments. While the Biden Administration faces challenges to be more inclusive of disadvantaged

“Nearshoring is at the same time a possibility and something that requires more work because those companies and investments will not come naturally to the region.”

communities and small and medium-sized enterprises (SMEs), the Mexican Secretariat of Economy struggles to get other government agencies to work on USMCA commitments. Given the limited resources, priorities need to be established.

The most promising areas for U.S.-Mexico economic cooperation include:

- Facilitating the expansion of digital trade, since it is an issue of interest for the private sector in both countries. As suggested by the [Brookings Institution](#), it should be easy to create a council under the USMCA framework that tracks progress on digital trade similar to the Australia-Singapore Digital Economy Agreement.
- Forced labor. U.S. Customs and Border Protection (CBP) discretionally leads the efforts to prevent the imports of merchandise produced using forced labor. There needs to be a process to attend these allegations within the USMCA.
- Cybersecurity. Mexico should name an authority to work with its Canadian and U.S. counterparts on cybersecurity to have a more coordinated policy.
- Adding the Paris Agreement to the list of environmental treaties covered under the USMCA.



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- Increasing transparency, community outreach and stakeholder engagement to disseminate why the USMCA is important and how it works.
- Collaborating with the private sector to identify the specific segments of the supply chains where there can be more integration through nearshoring. It has been done successfully in the semiconductor sector. It will be further discussed in the U.S.-Mexico CEO Dialogue. Business Roundtable, the Business Council of Canada and the Mexican Business Council are launching a taskforce to work on three more sectors.

The most challenging areas for U.S.-Mexico economic cooperation include:

- Workforce development in North America because it requires a high level of cooperation. The Competitiveness Committee has agreed to hold three meetings on workforce development (one in each country), but that is the only progress so far. A champion is needed to advance this issue. It could be Mary Ng, the Canadian Minister of International Trade, Export Promotion, Small Business and Economic Development, if workforce development focuses on training SMEs and entrepreneurs to connect better digitally.
- U.S. nationalistic policies on rules of origin and electric vehicles, and Mexican nationalistic policies on biotech and energy.
- The increased use of the RRLM by the U.S. Trade Representative. There will likely be disputes that are difficult to solve. The U.S. government expects the RRLM to help lower the wage gap with Mexico as it deals with corrupt unions, but [experts suggest that the wage gap will actually grow](#).
- The U.S.-Mexico Forum and the Review Mechanism can be timely opportunities to explain the reach of the RRLM and its unbalanced design since it focuses on Mexico's defects in labor relations but leaves unattended the problems in the U.S., which also include freedom of association and collective bargaining.
- Different visions between the leaders of the three countries, especially between Mexico and the U.S. in terms of energy and climate change. This will affect the agenda on integrated supply chains as it affects energy access in Mexico.





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Security and Public Health



There is an urgent need for new ideas to solve security problems, mainly regarding the state of security in Mexico and the border region. Organized crime in Mexico has evolved beyond drugs and violent crimes; it is also involved in human trafficking, crimes against the environment and extensive political control of municipalities. Meanwhile, the federal government continues dismantling institutions such as the federal police. Overdose deaths are high in the U.S. and border regions. The Republican Party in the U.S. might control the country in the next few years. They might use the fentanyl epidemic in their rhetoric and hinder bilateral dialogue.



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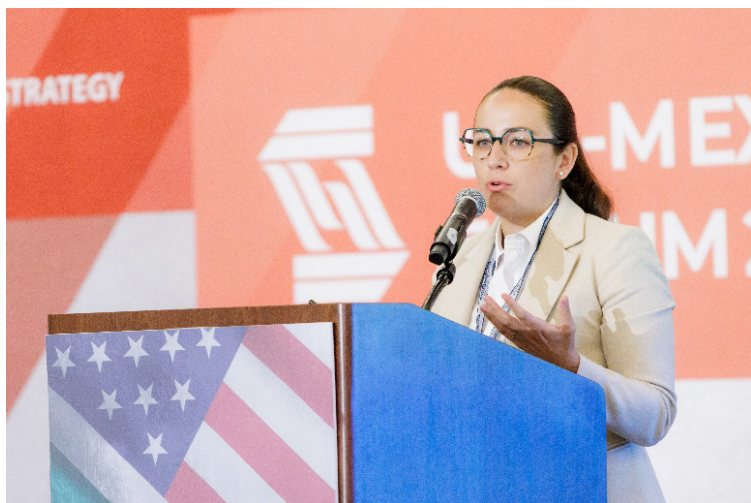


The security relationship is in its worst state since the 1990s. The main problem for cooperation between the U.S. and Mexico is frustration on both sides, coupled with no security strategy on the Mexican side. Fentanyl has become franchised and the problem more complex, but the Mexican government is not interested in confronting the problem. Both countries are not doing enough and should be held accountable.

“The border is a zone of innovation. There is some space to [...] intervene in harm reduction starting in the state of Baja California.”

Mexico and the U.S. need to find common ground. Instead of focusing on their differences, governments should start by talking about their shared interests. Effective cooperation usually depends on the trust and information sharing between the authorities involved in policy implementation. In Mexico, there must be a stronger relationship between the military and the police. In the U.S., there is an intelligence agency, which is a crucial factor in cooperation across different institutions. Fostering a better partnership between Mexican and U.S. officials will require commitment and trust on both sides.

Collaboration must have real achievable goals, especially within the Bicentennial Framework. It is not enough to say that we are trying to improve communities; the message and strategy has to be clearer, more efficient and further institutionalized. We need better metrics to evaluate strategies and know what models work best. Mexico needs to transform the judicial system and, most importantly, decrease the level of impunity that exists today. While there is space for harm reduction actions, they do not always result in decreasing homicides.



As people and local authorities cannot rely on the federal governments to act, we must focus on regional solutions that include input from local and state governments, civil society organizations and academia. However, these efforts would likely be challenged with the limits to the power of local officials established in the national security law.



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Drug policy must change completely. Dealing with marijuana might be a window of opportunity to work with the U.S. and from there see how we can treat other problems. Harm reduction and risk prevention policies are needed in the Mexican rural sector. The agenda must change its focus from security to one of public health.

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Strategic Diplomacy

Biden's election resulted in the recovery of institutional mechanisms to manage bilateral relations in three spaces: the North American Leaders' Summit, the Bicentennial Framework and the High Level Economic Dialogue. However, motions within these mechanisms are unbalanced. While the U.S. government has maintained a proactive stance, the Mexican government has remained reactive and unprofessional. Furthermore, other spaces such as the CEO Dialogue and the Binational Commission have been lost.





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Overall, dialogue between high-level officials is far from what it was. The U.S. Senate recently approved a nonbinding motion to initiate urgent consultations with the Mexican government for its energy policy and violations to the U.S.-Mexico Canada Agreement (USMCA). A unique moment for the bilateral relationship is being lost. If Lula wins the upcoming Brazilian elections, it is expected that the U.S. will turn its attention to rebuild its relations with Brazil at the expense of relations with Mexico. Even in the relations' best years, Mexico and the U.S. succeeded in dialogue but not in solving shared problems.

López Obrador's anti-U.S. rhetoric and the politization of the most important issue areas of the relation (migration, border management and security) in the U.S. are expected to lead to more frictions between both governments, especially if Republicans get the majority in the U.S. House of Representatives given the party's radicalization. Other points of friction include:

- The increase in migration flows in the U.S.-Mexico border. Biden needs the Mexican government's help in managing flows at the border, which is why López Obrador believes he has bargaining power.
- The unprofessional declarations by López Obrador regarding U.S. elections and foreign policy, especially in priority issues for the U.S., such as the Russian invasion of Ukraine.

The factors identified to facilitate a more moderate and collaborative stance from the Mexican government include:

- The Mexican government's interest in the success of the North American Leaders' Summit and celebrations of the bicentennial of the bilateral relationship.
- The joint stance on the need for a regional agreement on migration that tackles the structural drivers of Central American migration.
- The interest of both governments in a common stance regarding China.

State governments in both countries are increasingly involved in the bilateral relationship. On the U.S. side, some Republican state governments use the relations' frictions politically. For instance, Texas governor Greg Abbott





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ordered a reinforcement of inspections of commercial trucks at the border to negotiate more migration controls with Mexican border governments. On the Mexican side, the governments of the main states of origin of migrants have increased their efforts to promote economic relations with the U.S. and facilitate the integration of returned migrants.

[Four of the six key recommendations](#)³ from the forum's first stage have already been implemented. Next steps will depend on international and domestic contexts, as well as the leaders' attitudes and dispositions to improve cooperation. Federal governments must limit frictions and plan joint strategies to 1) put into effect the institutions that were recently recovered to manage bilateral relations and 2) show a joint stance in priority geopolitical issues. It is recommended to highlight Mexico's role as a U.S. top trading partner to change the relation's narrative. It is also recommended to facilitate the increasing participation of Mexican state governments given the federal government's inaction.

It matters who wins the election in 2024 as it will shape the future of the bilateral relationship. It is necessary to improve the institutions between the two countries to bring more continuity into the relationship. Institutions matter for cooperation and coordination, and they help build trust. They especially benefit the less powerful nation to help level the playing field. However, we must keep in mind that institutions depend on sustained political will.

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³ 1) Build trust and partnership around areas of common interest; 2) work to avoid an early crisis on issues such as migration, USMCA labor enforcement, and human rights; 3) strengthen the institutional basis of the U.S.-Mexico relationship to ensure it depends less on heads of state and more on multi-agency working groups; 4) improve the narrative of Mexico in the U.S. and the U.S. in Mexico; 5) cooperate in international arenas such as the U.N. Security Council; 6) enable sustainable management of the ecosystems and water resources shared between the two countries.



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The Jeffrey Davidow Award

To honor Ambassador Davidow's emblematic diplomatic career and to acknowledge those who promote cooperation and understanding between the U.S. and Mexico, USMEX created the Jeffrey Davidow Good Neighbor Award. The award seeks to recognize outstanding actors in the bilateral relationship whose efforts and actions help bring our two nations closer.

The award has two categories. The first category refers to the implementation of a successful public policy that benefits both countries. For the second category, the recipient was Jose Galicot, whose work, leadership and initiative have contributed to the integration between the U.S. and Mexico.

As founder of Tijuana Innovadora and thanks to his work for over 12 years, Galicot has contributed to improving the narrative of Tijuana and San Diego, thereby fostering regional integration.

In 2022, USMEX gave the public policy award to four institutions that oversaw the vaccination of more than 100,000 Mexicans along the San Diego-Tijuana border. This initiative is extremely important because it was the first vaccination model and is an extraordinary example of U.S.-Mexico cooperation. The awardees are:

- Consulate General of Mexico in San Diego
- UC San Diego Health
- Consejo de Desarrollo de Tijuana
- San Diego County Health Department





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