

U.S.-MEXICO FORUM

Center for U.S.-Mexican Studies

UC San Diego
SCHOOL OF GLOBAL POLICY AND STRATEGY

Report 2023

Introduction

In 2021, the Center for U.S.-Mexican Studies at UC San Diego's School of Global Policy and Strategy (USMEX) created the U.S.-Mexico Forum 2025 to provide policy recommendations that would strengthen cooperation between the two countries during the simultaneous governments of Joseph Biden and Andrés Manuel López Obrador.

Since then, a group of scholars, practitioners, and experts from Mexico and the U.S. have convened yearly to discuss the most relevant issues in the bilateral relationship, assess their progress toward effective collaboration, and recognize outstanding actors whose actions help bring both nations together through the Jeffrey Davidow Good Neighbor Award. The results of these conversations were summarized in [five white papers from 2021](#) and the [Forum's report of 2022](#).



The Forum's third edition was held on May 8-9, 2023, with nearly 250 participants. This report summarizes its discussions, covering diverse themes such as the realignment of international relations given China's continued growth, the state of democracy, cross-border collaboration, water management, the role of soccer in regional integration, the war on drugs, and nearshoring. The timeliness of this meeting to look at how both countries can grow and work together was highlighted since presidential elections will be held in Mexico and the U.S. in 2024.



This report was developed through a collaborative process and does not necessarily reflect the views of any individual or the institutions where they work.

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Acknowledgements

The U.S.-Mexico Forum represents a prime opportunity to learn, analyze and impact the key issues in bilateral relations. In the face of constant change and the upcoming 2024 presidential elections in both countries, these exchanges are more important than ever.

The endurance of this initiative, now in its third year, would not be possible without the support of our sponsors, whose proceeds contribute to the activities of USMEX. In this regard, I would like to thank our presenting sponsors for their outstanding generosity: Sempra Infrastructure, Coppel, Otay-Tijuana Venture, and Inmobiliaria BIP.

I would also like to acknowledge the key contributions of our champion sponsors: Innovaciones Alumbra, Tijuana Innovadora Binational, and Banco BASE; of our benefactor sponsors: Volaris, Fundación Coppel, and Mexicana Logistics; and, last but not least, of our supporting sponsors: Santamarina y Steta, Baker McKenzie, Caffenio, Casa Magoni, Edelman, Grupo HIR, Smart Border Coalition, and the U.S.-Mexico Border Philanthropy Partnership. The Forum's success would not have been the same without your support.

Likewise, the USMEX Advisory Board has played a central role in our decisions on how to best influence policy in Mexico and the U.S. I would like to specially thank the board members who participated in the Forum: Allert Brown-Gort, Mariana Cordera Rascón, Jeffrey S. Davidow, Aaron Feldman, José Galicot, Andrea Giralt, José Larroque, Carlos Laviada, Alicia Lebrija, Gastón Luken Aguilar Sr., José A. Meade, Antonio Ortiz-Mena, Mariana Sanz, Andrew D. Selee, and Abraham Zamora.

I am confident that our continued collaboration through the Forum's dialogues will help consolidate U.S.-Mexico relations through the active involvement of stakeholders in academia, civil society, government, and the private sector. I am very excited with the work accomplished thus far and eager to ensure this space's continuity in the following year.

Rafael Fernández de Castro
Director, Center for U.S.-Mexican Studies

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China and North America

The economic challenges faced by North America include inflation and shifts in the global economy. The growing tensions between the U.S. and China have further accelerated these challenges, raising concerns about the future of the U.S.-Mexico relationship.

“We are not necessarily facing a new Cold War, but a new stage in the international arena in which U.S. influence is decreasing while China’s influence increases with their many global development initiatives.”

U.S.-China relations currently remain at a low point, with negative views of diplomatic prospects on both sides. The competing priorities in national security and business interests in technological innovation may pose challenges in defining the future trajectory of the relationship.

Two different approaches to U.S.-China policies are maintaining the trade partnership and de-risking from China. The expansion of economic sanctions could be expected. Sanctions on China's semiconductor industry was a significant setback for China's aspirations to establish a world-class semiconductor supply chain. China's restructuring efforts are complex and evolving, with potential implications for increased investment in Mexico.

The current geopolitical realignment presents Mexico with unique opportunities in terms of economic and political position and influence. The economic relationship between the U.S. and China is multifaceted, resulting in differing trends depending on the specific sector.

The conditions that made Mexico a competitor of China are changing, creating an opportunity for Mexico to tap into some powerful economic and political trends. Chinese investment in northern Mexico, particularly in Nuevo León, and the Belt and Road Initiative (BRI) is expected to impact Mexico's relationship with the U.S. and China.

There is a need to consider not only the economic dimension but also democracy, human rights, and international law in the U.S.-Mexico-China relationship. The separation between economic and political issues, often sought by some, is not perceived in the same way by the Chinese. The U.S. is attempting to promote democratization efforts within China and influence elite demands for change. Chinese leaders perceive these efforts as a significant threat to their regime's stability.

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As a response, China has shaped U.S.-China policy from within the U.S. Congress by hiring lobbyists to advocate for a more positive view of China. This strategic approach, involving increased lobbying and political influence, is seen as a medium- to long-term strategy to foster a pro-China sentiment.

Various methods are employed by China to mitigate the most hostile aspects of American policies. For instance, lobbying efforts targeting lower-ranking members of Congress rather than the White House and less hostile areas of the U.S. government. Also, propaganda campaigns aimed at promoting positive views of China in the U.S. through radio stations. However, both sides are displaying their strengths, potentially leading to further escalation of tensions. While Mexico has not been vocal regarding Taiwan, the U.S. expects its allies to be more engaged.

Policy recommendations

- Increased transparency in dealings with Chinese tech firms, such as TikTok and Huawei, emphasizing the importance of scrutinizing their operations.
- Collaboration between the U.S. and Mexico to invest in public infrastructure, which could greatly impact both countries' economic competitiveness.
- Maintained transparency, collaboration, and vigilance as China is expected to use its economic actors to influence politically.
- Clearly define the most effective Mexican foreign policy with China as an U.S. ally.

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Panelists

Amb. Julián Ventura, Senior Advisor, Dentons Global Advisors, Albright Stonebridge Group Americas

Barry Naughton, So Kwan Lok Chair of Chinese International Affairs, UC San Diego School of Global Policy and Strategy

Erin Baggott Carter, Assistant Professor, Department of Political Science and International Relations, University of Southern California

Moderator: Claudia Ruiz Massieu, Mexican Senator

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The State of U.S. Democracy: Vigilante Groups in the U.S. and Misinformation

The increasing polarization is a potential threat to democracy in the U.S. Polarization in the U.S. is driven more by animosity towards the opposing party than by genuine support for one's own party. This affective polarization hampers compromise, weakens electoral accountability, erodes democratic norms, and increases support for extremist politicians. It is a deeply entrenched feeling that is resistant to change based on facts or rational arguments.

The loss of an election often leads to decreased trust in the results, which has been exacerbated by the "winner effect," a human instinct that fuels suspicions of electoral fraud. Threats to election officials and politicians have increased, and there is a significant number of individuals who believe that the 2020 election was stolen. This erosion of trust in the electoral process poses a substantial challenge to democracy.

The wider misinformation and media manipulation seen in the U.S. could threaten democracy as well. Homegrown sources, including traditional media and small media groups, have been the primary drivers of misinformation in the past five years. Addressing the challenges posed by misinformation requires concerted efforts to promote media literacy and combat strategic manipulation by politicians.

A central question remains: what will happen as polarization and mistrust in institutions keep rising given the easy access to guns in the country? A survey targeted at people with high levels of racism, support of political violence and right-wing ideology revealed that, even among those who considered that political violence is justified in the abstract, nearly 80% would not commit it personally. Further, two-thirds of the respondents representing the whole U.S. population rejected political violence altogether.

The weakening state of democracy in the U.S. over the past five years has far-reaching consequences, particularly for Mexico. With Mexico potentially having to navigate policy issues on partisan grounds and stabilize its democracy independently, the reliance on the U.S. for democratic guidance diminishes. The U.S. must be mindful of its role as a beacon of

“Partisan bias is widespread and happening in Mexico, too. Although sympathy for parties is lower and nascent in Mexico, there is high polarization in terms of support towards Andrés Manuel López Obrador.”

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democracy, as continued manipulation or violence in elections would further damage its prestige.

Policy recommendations

- More measures to properly monitor U.S. elections must be implemented.
- Advance research on how to limit the negative effects of misinformation.
- Given that bipartisan agreements are increasingly difficult in the U.S., Mexico should strategize its lobbying practices and target them at the state level.



Panelists

Thad Kousser, Co-Director, Yankelovich Center, UC San Diego

Kathleen Bruhn, Professor, Political Science, UC Santa Barbara

Garen Wintemute, Susan P. Baker-Stephen P. Teret Chair in Violence Prevention, and Director of the Violence Prevention Research Program, UC Davis

Moderator: Ana Paula Ordorica, Journalist

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Primero los pobres? An Evaluation of AMLO's Social Policy

Mexico's social progress, as measured by the Social Progress Index (SPI), has been declining nationally. In 2021, the states with the best results in this regard were Mexico City, Aguascalientes, Nuevo León, Querétaro, and Jalisco, while the states with the worst performance were Puebla, Veracruz, Chiapas, Guerrero, and Oaxaca.

The COVID-19 pandemic has further exacerbated economic, health, and educational disparities, contributing to increased inequality. Between 2018 and 2021, 30 states suffered decreases in their SPI, with only Aguascalientes and Tabasco reporting slight increases. The states with the largest declines in this period were Oaxaca, Puebla, Veracruz, Sonora, and the State of Mexico. The maximum national SPI score was observed in 2018.

Andrés Manuel López Obrador's primary social strategy involves monetary transfers to the poor. His administration's significant changes to social policy include: the replacement of the health insurance program Seguro Popular with Insabi and, more recently, IMSS Bienestar, reducing the percentage of covered people; the replacement of targeted monetary transfers with universal transfers; a less rigorous registry of beneficiaries; the elimination of social programs to improve the quality of life for women and their enrollment in the labor market, among others.

“In the last two years, the number of extremely poor households benefiting from social programs decreased while it has doubled in richer households. Reducing redistribution is expected to have mixed results.”

Relying solely on monetary transfers neglects crucial aspects of social wellbeing and requires a more comprehensive political strategy. Despite López Obrador's emphasis on social programs, the poorest in Mexico currently receive less financial support than they did five years ago. This contradiction raises questions about the effectiveness and impact of his social policies, highlighting a paradox in his approach.

The structure of social policy in Mexico has undergone significant changes. While there are now fewer programs, they receive a larger share of the budget compared to before. This shift has resulted in an increased budget allocation for cash transfers, with reduced funding for essential social programs such as childcare. Pensions for the elderly have experienced a substantial increase in recent years. However, there

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are concerns about the lack of financial reform or sustainable funding sources to support these pension increases, highlighting the need for responsible financial planning.

Self-employed individuals who are not obligated to contribute to social protection schemes are being left out of the financing framework. This exclusion raises concerns about the adequacy and inclusivity of social programs, particularly for vulnerable populations working in the informal labor market. While the removal of conditionalities in cash transfers was deemed beneficial as it helps combat stigmatization of the poor, the panelists observed a polarization effect in the implementation of social programs.

Policy recommendations

- While monetary transfers are important, there is a need to also focus on providing access to quality public services and infrastructure.
- The disproportionate growth of pension expenditures compared to the government's revenue highlights the need for responsible financial planning to support these increases.
- Polarization suggests a need for more balanced and inclusive approaches to ensure effective social welfare.

Panelists

Sofía Ramírez, Director, México, ¿Cómo Vamos?
Gonzalo Hernández Licona, Director,
Multidimensional Poverty Peer Network
Máximo Jaramillo, Instituto de Estudios sobre
Desigualdad, Universidad de Guadalajara
Mariana Campos, Program Director,
Government Expenditure and Accountability
Program, México Evalúa

Commentator: José Antonio Meade
Kuribreña, Independent Non-Executive Director,
HSBC

Moderator: Gabriela Warkentin, Journalist,
WRadio



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Strengthening the CaliBaja Partnership

Binational coalitions are crucial to actively address and resolve the increasingly complex challenges in the CaliBaja region. Policymakers face the daunting task of grappling with the rapid and intense pace of change. Coordinating efforts and defining the priorities needed to seize opportunities and solve problems becomes a formidable challenge. Universities must have a central role in this process, but they tend to be distanced from swift transformations, hindered by their limited ability to provide timely research and adapt to the evolving landscape.

These complexities motivated the creation of Alianza UC-MX, which aims to redesign the research process in a way that is more efficient and useful for stakeholders. Currently, Alianza UC-MX has been able to build a coalition of 150 actors who have produced nearly 28 different policy recommendations for the CaliBaja region.

The energy transition is a prime example of opportunity since its infrastructure and human resources can make the region competitive in this industry globally. California passed the Advanced Clean Fleets (ACF) rule which seeks to reduce greenhouse gas emissions and improve public health in overburdened communities by electrifying fleets. Given this rule, California faces an amazing opportunity to become a worldwide leader in the electrification of transport.

However, Mexico has been slow in developing a plan for electrification. Mexico is the fourth largest exporter of vehicles and the seventh largest producer of cars in the world. Therefore, the energy transition will have important implications for the country, especially in terms of manufacturing. If informed by the right policies and recommendations, nearshoring may present a once in a lifetime opportunity for the economic development and growth of the industrial sector in Mexico. Within this framework, California and Mexico have a great chance to produce the talent needed for the transition.

Investing in technology is key to making border crossing more efficient. CBX, considered one of the most exciting projects in the border region in the last 25 years, is currently working with Customs and Border Protection (CBP) to make crossings easier for Mexican passport holders and expediting their entry into the U.S.

“The border represents opportunity and the future in terms of attracting talent and innovation.”

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Policy recommendations

- Increase researchers' involvement in policymaking.
- Invest in technology in land ports of entry to expedite crossings.
- Stronger bilateral cooperation is needed for both sides of the border to benefit from the opportunity of energy transition. Mexico should define a clear strategy to attract nearshoring in this sector.
- Use local connections to look for solutions beyond the federal governments' deadlocks. Strategies should be specific to each issue and state.

Panelists

Ma. Isabel Studer, Directora, Alianza MX
Jorge Goytortúa, CEO, Cross Border Xpress
Maritza Díaz, CEO, ITijuana

Moderators

Thomas E. Reott, U.S. Consul in Tijuana
Carlos González Gutiérrez, Consul General of Mexico in San Diego

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Exemplary Water Management: The Colorado River

It is urgent to address the critical issue of water scarcity and cooperation between the U.S. and Mexico, especially in the face of climate change, drought, and regional growth.

The 1944 Water Treaty between the U.S. and Mexico established that Mexico is guaranteed an annual quantity of 1.5 million acre-feet of water, with provisions for additional water deliveries during surplus conditions. The ground-breaking agreements known as Minutes 319 and 323 demonstrated the commitment of both countries to a binational drought contingency plan. These pacts aimed to ensure the common use of U.S. infrastructure for water usage and jointly engineer post-flow operations. The agreements ushered in a bilateral management approach, fostering cooperation and water management.

The successful cooperation in the Colorado River basin is a potential model that could be applied to the Rio Grande basin. A white paper was developed to assess the applicability of Colorado River cooperation and the successes that could be replicated. Mexico lacks a Colorado River reservoir and needs to store more water to avoid drastic future cuts.

The crisis in the Rio Grande River exemplifies the severity of water conflicts and the absence of effective mechanisms to address them. In Chihuahua, various parties resorted to force in an attempt to preserve their water rights. Not everyone could achieve their desired outcomes, leading to a prolonged period of negotiation until a mutually acceptable solution was reached. The violent conflict with protestors at the Boquilla Dam highlighted the challenges of maintaining control over reservoirs during such conflicts.

“We need to innovate in nature-based solutions in agriculture and work with local communities. Providing water to the people, as well as agricultural and environmental users must be addressed as an integrated issue.”

The existing agreements, such as Minute 323, are insufficient to handle the growing pressure caused by drought, which could potentially lead to a collapse of the system. Cooperation and innovative approaches are needed to avert similar issues and sustain the economic growth and supply chain integration in the region. Water conservation is considered crucial for preparing for future water constraints.

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Challenges related to water management include outdated irrigation systems, water conservation, salinity management, flow viability, and regulatory measures. Water users in both countries have diverse needs, including consumptive, industrial, and commercial purposes.



Policy recommendations

- Research and development of sustainable agricultural practices and the desert area.
- Additional agreements and improvements in water deliveries are needed in both countries.
- Addressing disinformation and promoting public awareness on the need of water conservation.
- Sustainable solutions require the involvement of stakeholders, such as farmers, municipal water managers, nongovernmental organizations, and local communities.

Panelists

Roberto Velasco, Chief Officer, North America Unit, Mexican Ministry of Foreign Affairs

Adriana Reséndez Maldonado, Mexican Commissioner, International Boundary and Water Commission

Sally Spener, Foreign Affairs Officer for the U.S. Section, International Boundary and Water Commission

Commentator: Gastón Luken Aguilar, Board Member, Center for U.S.-Mexican Studies & Awardee of The Jeffrey Davidow Good Neighbor Award

Moderator: Carlos de la Parra, Professor and Researcher, Colegio de la Frontera Norte

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Armchair Conversation

Ambassador Esteban Moctezuma and Rafael Fernández de Castro discussed some of the governments' current priorities in U.S.-Mexico relations: nearshoring, integrated value chains, and migration.

The process of nearshoring is ongoing, with private companies and entrepreneurs establishing operations in Mexico, such as Walmart and Tesla. The country received the record-high foreign direct investment last year. Further, there are projects to concentrate support and subsidies for industries like semiconductors in specific locations, which would help modernize the Mexican economy. The advantages that foster nearshoring are expected to continue to benefit Mexico in the long term.

There is a strong trade relationship between Mexico and California fostered by California's liberal stance and integration of Latinos and Hispanics within the state, with Mexico being the first importer of Californian goods. Despite political differences, the economic integration between Texas and Mexico remains significant, contributing to a strong relationship. Economic ties will continue to thrive regardless of political opinions.

There are undergoing diplomatic efforts to take advantage of the mobile and electric vehicle (EV) sectors and ensure the inclusion of all of North America in these industries' value chains. This integration would benefit all parties involved and contribute to competition against Chinese EVs.

There has been a shift in migration flows, with people from 80 countries attempting to enter the U.S., including countries such as Colombia, Turkey, and Peru. Mexico itself has become a country of asylum seekers and ranked third globally. Closing doors to legal migration would be detrimental to both the U.S. and Mexico.

“There is strong bilateral cooperation for regular, safe, and documented migration. The U.S.-Mexico border is linked to the wellbeing of the whole world.”

Overall, addressing migration issues, promoting investment and nearshoring, strengthening the U.S.-Mexico relationship, and leveraging opportunities in the mobile and EV sectors will be crucial for the development and prosperity of both countries.

Policy recommendations

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- Focus on the backhand of the semiconductor supply chain and prepare Mexican engineers for this aspect through collaboration with universities.
- If U.S. companies were to exploit lithium resources, they should invest in Mexico for battery production, creating an integrated regional economy.
- There is an urgent need for a comprehensive approach and cooperation in the U.S. Congress to address migration issues.



Panelists

Amb. Esteban Moctezuma, Ambassador of Mexico to the U.S.

Rafael Fernández de Castro, Director, Center for U.S.-Mexican Studies, and Aaron Feldman Family Chancellor's Endowed Chair in U.S.-Mexican Studies in Memory of David Feldman, UC San Diego School of Global Policy and Strategy

Moderator: Catheryn Camacho Bolaños, Associate Director, Center for U.S.-Mexican Studies, UC San Diego School of Global Policy and Strategy

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INEGI-USMEX Relation

The National Institute of Statistics and Geography (INEGI) is the Mexican public agency responsible for preserving a fully integrated and articulated data system capable of adapting to international and domestic changes. It is celebrating its 40th anniversary in 2023.

INEGI is the country's main public producer of information with 172 programs and indicators that include censuses, surveys, administrative records, and cartography for social, demographic, economic, geographic, environmental, government, public security, and justice issues. Their main products in 2022-2023 include the Agricultural Census, the National Survey of Discrimination, the National Survey of the Care System, the National Survey of Children's Work, among others. It also coordinates the National Statistical and Geographic Information System formed by 1 national advisory council, 4 subsystem executive committees, 38 technical committees, and 32 state committees.

INEGI and USMEX are developing a strategic alliance through two main initiatives. UC San Diego will be the first international user of INEGI's micro data laboratory, a research tool that has been previously implemented only in Aguascalientes and El Colegio de México in Mexico City. INEGI will also conduct a seminar with USMEX of six conferences with the participation of INEGI's experts and scholars to facilitate the analysis of their recent surveys and censuses.

“This collaboration will mark the first time a country allows the use of micro data in another country, requiring an innovative legal framework.”

Panelist: Graciela Márquez, President, INEGI



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Soccer: The New Frontier of North American Integration

Soccer could be central in promoting North American integration given its untapped market potential and its role as a catalyst for change and diplomacy in the face of the North America 2026 FIFA World Cup and the Leagues Cup. The 2023 Leagues Cup will be the biggest thus far with the participation of all 47 first division clubs in Canada, Mexico, and the U.S. It will be broadcast in 110 countries.

The popularity of the Liga MX in the U.S. is a prime opportunity to capitalize the North American market for soccer. Beyond revenues, there is the potential to create entertainment, develop international markets, increase the visibility of Mexican players in the international scope, and attract foreign talent to the region.

“The Liga MX is the 6th most viewed sports league in the U.S. with 60 million followers. North America is the most powerful soccer region in the world.”

Further, soccer can be a powerful tool for change and diplomacy, especially in terms of changing the narrative of North American integration beyond trade given the large amount of soccer fans. The 2026 FIFA World Cup is an excellent opportunity to increase free movement by facilitating migration procedures for attendees.

The positive impacts of sports diplomacy efforts could include using soccer to change political narratives and invest in the training of young soccer players. By showcasing up-and-coming players, soccer can transform communities and create heroes to look up to, especially for children and women. The integration of a block like the European Union in North America could further enhance the success and impact of the soccer industry.

Collaboration and cooperation between the U.S. and Mexico is crucial to leverage the power of soccer in fostering integration.

Policy recommendations

- Create a new tournament that rivals March Madness and attracts large audiences.
- Create a working group that includes governments, private companies, academics, and civil society to establish a clear regional strategy to change the region’s integrated image beyond trade.
- Prioritize integration in women’s leagues because they might be easier to modify, and women Mexican players are generally bilingual.

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- Adapt the Leagues Cup initiative for women's leagues.



Panelists

Alicia Lebrija, President, Fundación Televisa

Mikel Arriola, President, Liga MX

Mariana Sanz, CEO Latin America & General Manager México, Edelman

Mauricio Doehner, Executive Vicepresident of Corporate Affairs and Enterprise Management, CEMEX

Moderator: Enrique Perret, Managing Director, U.S.-Mexico Foundation

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U.S. & Mexico: Reviving the War on Drugs?

The world is facing the most severe drug epidemic in history, with fentanyl causing over 100,000 deaths annually in the U.S. What sets fentanyl apart is its impact on all sectors of society, surpassing its effect on marginalized communities and transcending national boundaries. Typically, adults tend to cease drug use after the age of 50. However, in the case of fentanyl, many adults initiate usage and develop addiction later in life.

While China has intensified enforcement efforts domestically, they refute being the primary source of fentanyl. The impact of the fentanyl crisis extends beyond public health concerns. It affects various sectors, including fisheries, maquilas, and agriculture, causing extortion, takeovers, and economic instability. As the crisis worsens, Mexico must care due to its potential future implications and the increasing use of fentanyl in the country.

“Criminal organizations are taking over territories, people, legal economies, and institutions, influencing candidates and elections.”

Harm reduction strategies aim to minimize the negative consequences associated with drug use. These strategies involve reaching out to individuals who may want to quit substance use, providing methadone for withdrawal symptoms (which is currently unavailable in Mexico), addressing the rising number of new users and relapses, and providing safer drug use supplies.

Funding for harm reduction was reduced in Mexico in 2018; however, nongovernmental organizations have continued their efforts to save lives. For instance, in border cities like Mexicali, naloxone is being provided to combat overdoses. It is estimated that this approach saved nearly 500 lives between 2019 and 2021, which is nearly equal to the number of murders in the city.

There is a shared responsibility between Mexico, the U.S., and Canada given their shared borders. The structures of free trade inadvertently facilitate illegal trade, leading to a lack of acknowledgment and understanding of the escalating problem at the border. While local governments recognize the issue and have implemented harm reduction measures such as providing naloxone for emergency purposes, the distance from Mexico City hampers the understanding of the border region's specific challenges.

Security cooperation between Mexico and the U.S. faces severe challenges. While the Mexican government expressed a desire to move away from militarization, recent events, such as the Cienfuegos

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case, have strained cooperation. Also, Mexico stopped producing data on drug consumption. Consequently, the need for effective policing in Mexico remains a pressing issue.

Policy recommendations

- The Mexican government must acknowledge the scale of drug use in the country so that solutions start to be defined and implemented.
- Implement harm reduction as a formal strategy at the federal level in both the U.S. and Mexico.
- Cooperate to distribute the surplus of naloxone available in California in Mexico.



Panelists

Vanda Felbab-Brown, Director, Initiative on Non-State Actors, The Brookings Institute
Jaime Arredondo, Canada Research Chair in Substance Use and Health Policy Research, University of Victoria

Moderator: Cecilia Farfán-Méndez, Head of Research, Center for U.S.-Mexican Studies, UC San Diego School of Global Policy and Strategy

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Nearshoring and the U.S. Emergent Industrial Policy

The changing dynamics in global trade facilitate Mexico's position as a nearshoring destination. The impact of the COVID-19 pandemic, geopolitical tensions, and the role of policies such as the United States-Mexico-Canada Agreement (USMCA) are expected to continue shaping nearshoring trends in the long term.

The decoupling of the U.S.-China trade relationship is a central factor of nearshoring trends. While China's share of U.S. imports has declined, Mexico has been a beneficiary, gaining some share of U.S. imports. Although decoupling is occurring, Mexico and China remain deeply intertwined economically. Mexico has seen a rise in foreign direct investment, particularly from China, as companies set up manufacturing operations to sell products to the U.S. market.

The U.S. government has identified specific industrial sectors as foundational for the country's economic growth, providing support through initiatives such as the Inflation Reduction Act and the CHIPS and Science Act. In terms of foreign economic policy, the U.S. has created exemptions to the World Trade Organization agreement for promoting clean energy, leading to the formation of like-minded partnerships like the ones with the European Union and Japan.

Mexico is ready to adapt to changing global value chain dynamics and its strategic geographic position makes it well-placed to participate in these partnerships. The economic incentives and political thinking in Washington are key factors in shaping nearshoring decisions and industrial policies. The USMCA creates a favorable economic environment and provides rules in areas such as digital trade and e-commerce. It is crucial for the private sector to actively engage in promoting Mexico as an investment destination and in enhancing the entrepreneurial ecosystem.

“A central challenge in Mexico is providing enough quality services to satisfy the needs of companies wishing to invest in the country, such as border infrastructure, energy, and water.”

Policy recommendations

- Government-led dialogues between Mexico and the U.S., with stakeholder involvement, are key to support nearshoring strategies, particularly in high-tech supply chains.
- Bilateral discussions and a precise policy-making approach are important to address the complex agenda between the U.S. and Mexico. Contentious issues such as migration, drug trafficking, and

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USMCA need to be addressed alongside nearshoring initiatives to maximize the benefits of nearshoring for the region's economy.

- Focusing on clean energy, border issues, digitalization, cybersecurity, migration, supply chain formation, and financing, and identifying which areas need regulatory convergence.



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Panelists

Luz María de la Mora, Non-Resident Senior Fellow, The Atlantic Council

Ildefonso Guajardo, Mexican Congressman

Sergio Gómez Lora, CEO, Business Council of Mexico Representation in the U.S.

María Ariza, CEO, Bolsa BIVA

Caroline Freund, Dean, UC San Diego School of Global Policy and Strategy

Commentator: Roberto Velasco, Chief Officer of the North America Unit, Mexican Ministry of Foreign Affairs

Moderator: Damián Martínez Tagüeña, Managing Director, Strategic Communications, FTI Consulting

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U.S.-Mexico on the Threshold of 2024

The future of U.S.-Mexico relations leading up to the 2024 elections will likely depend on the implications of the USMCA agreement, the dynamics between President López Obrador and President Biden, and the key policy and practice changes expected in both countries. Bilateral relations are expected to revolve around migration, energy integration, and national security challenges.

The current situation of migration is considered akin to a game of poker, with both Mexico and the U.S. placing their bets and dealing with unknown outcomes. The focus is on managing migratory flows and establishing common goals and coordinated operations at the border. There is a need for quicker turnaround of asylum seekers, but the required operative infrastructure is not yet in place. López Obrador may have the upper hand over Biden in the short term, as migration is a critical issue in U.S. elections, and Republicans may gain control of the U.S. House and Senate in 2025, leading to a one-dimensional narrative on migration and potential blame on Mexico.

“Mexico will do everything possible within its capacities with migratory flows, including accepting the returned. The question is, what will it want in exchange?”

Two trends in the global energy market are key in U.S.-Mexico relations: the energy transition towards cleaner sources and the importance of energy integration for security. Mexico's energy potential depends on achieving clean, reliable, and affordable energy. Mexico, with its access to abundant natural resources and the world's most abundant natural gas coming from the U.S., can play a crucial role in nearshoring and exporting clean energy to the U.S.

The lack of a comprehensive security vision in both Mexico City and Washington are a central concern. Migration and fentanyl are considered the most significant national security threats along the U.S.-Mexico border. The tensions between the two countries have historically led to extremist voices on both sides, especially as political parties ramp up their rhetoric.

Looking ahead, it is important for society to take charge, not just governments, due to the interconnectedness of both economies. The border must be redefined beyond migration and violence, recognizing the significance of sister border cities. While acknowledging that there may be messy moments in the coming months, the panelist expressed optimism that patience and a focus on public governance and state capacity could lead to positive outcomes.

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Policy recommendations

- The long-term importance of migration in the bilateral relationship requires cooperation beyond just the border.
- Attract investments and design an integrated energy policy to take advantage of the regional natural resources and facilitate nearshoring.
- Both federal governments should acknowledge, facilitate, and capitalize on the experienced cooperation along the border to lower tensions and pave the way for consolidating binational institutions.
- Strengthen relations with Latinos in the U.S. as they can be key facilitators of bilateral relations.

Panelists

Amb. Tom Shannon, Senior International Policy Advisor, Arnold & Porter
Tania Ortiz Mena, Group President Mexico, Sempra Infrastructure
Amb. Arturo Sarukhán, President, Sarukhan and Associates LLC
Roberto Suro, Professor, University of Southern California

Moderators

Pamela Starr, Professor, University of Southern California
Graciela Márquez, President, INEGI



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The Jeffrey Davidow Good Neighbor Award



The Jeffrey Davidow Good Neighbor Award has been granted at the Forum's yearly conference since 2022 to honor Ambassador Davidow's outstanding diplomatic career and acknowledge individuals who have dedicated their work to promoting good relations between Mexico and the U.S.

In 2023, Gastón Luken Aguilar was granted this award due to his extraordinary contributions to U.S.-Mexico relations and the Tijuana-San Diego region specifically.



Mr. Luken Aguilar is a pivotal figure in understanding, creating, and achieving a new dialogue between civil society and government regarding the preservation of natural resources in the region of the Sea of Cortez, also known as The World's Aquarium. His impact is particularly evident in the Tijuana-San Diego metropolis, where, among other successes, Luken Aguilar helped create important environmental organizations for sustainable water management to protect and better the Colorado River and the Sea of Cortez. He has generously invested his time and resources and has personally developed relationships that have yielded great advances in environmental management in the region.



His beliefs and ideals are captured in his personal motto:

“Water in sufficient quantity and quality for humans, the economy, and the environment”

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