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TAGS: OVIP (CLINTON, HILLARY), PREL, PGOV, SNAR, ECON,
ETRD, ELTN

SUBJECT: Secretary Clinton's January 24, 2011

Conversation with Mexican Foreign Secretary Espinosa

1. (U) Classified by: Virginia Bennett, Deputy
Executive Secretary, S/ES, Department of State. Reason
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2. (U) January 24, 2011; 2p.m.; Guanajuato, Mexico.

3. (SBU) Participants:

UNITED STATES

The Secretary

Amb. Carlos Pascual

A/S Arturo Valenzuela, WHA

Senior Director Daniel Restrepo, NSS

Jake Sullivan, Deputy Chief of Staff

Huguette Thornton (Embassy Notetaker)

MEXICO

Secretary Patricia Espinosa Cantellano

Amb. Arturo Sarukhan

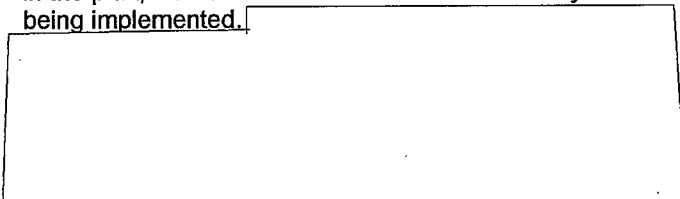
**REVIEW AUTHORITY: Adolph Eisner, Senior
Reviewer**

U/S Julian Ventura, SRE
Rafael Fernandez de Castro, Senior Advisor for Foreign
Affairs of the Presidency
Counselor Eduardo Baca, Director General for North
America, SRE Damian Martinez (Notetaker)

4. (C/NF) SUMMARY. During a bilateral meeting and subsequent working lunch, the Secretaries discussed a range of issues, beginning with the importance of ensuring that the bilateral relationship produces positive results for both countries, but also doing everything possible to portray the relationship constructively. In this context, they discussed President Calderon visiting Washington and developing a narrative about the depth and breadth of the relationship that goes beyond security matters. Especially in light of the way in which WikiLeaks and the worsening security situation in Mexico has affected the public image of the relationship, both Secretaries agreed that our narrative must help our respective Congresses and publics understand the joint investments we are making in security and help sustain their support. The Secretaries agreed to develop a calendar to track and drive the many diverse aspects of the bilateral relationship. They agreed to seek a date for the next Merida High-Level Consultative Group meeting and to create a deadline to drive the agendas and check our progress. The Secretaries also discussed security cooperation, trucking, arms trafficking, the 21st Century Border Initiative, transboundary issues, the environment, Haiti, immigration, and extraditions. They discussed the results of their meeting in a separate meeting that evening with President Calderon. END SUMMARY.

WIKILEAKS AND SECURITY SITUATION IMPACT BILATERAL
RELATIONS

5. (C) Espinosa began by thanking the Secretary for showing interest in the bilateral relationship by coming to Guanajuato. She said several issues had been discussed in the past, and now it was time to make sure they were being implemented.



She said President Calderon still had a 54 percent approval rating, but almost 70 percent of the population blamed him for the worsening security situation.

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6. (C) Espinosa confirmed that President Calderon is determined to continue the fight against the transnational criminal organizations (TCOs) and said Mexico and the United States need to come to an agreement on coordinated public messaging. [REDACTED]

[REDACTED] She said it was important to focus on the clear signs of progress, including achievements during Calderon's presidency that have not been publicized. For example, out of a list of the 36 most wanted drug lords, 20 have been arrested or killed. Additionally, President Calderon has made substantial achievements in the area of social development policies (i.e. health coverage and poverty reduction through education and childhood nutritional support and infrastructure). Espinosa stressed that the issue of coordination within the Mexican government is a very sensitive one. "You cannot say that there is a lack of coordination. President Calderon meets every week with his national security cabinet," she said.

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7. (C) Secretary Clinton said it was important to have an open dialogue, stressing the importance of getting beyond WikiLeaks and reaffirming our partnership and cooperation. From the outset she and President Obama have made it clear that the United States shares a responsibility for the role and impact of TCOs in Mexico. The Secretary noted President Obama's admiration of Calderon's commitment and courage against the TCOs. The Secretary said the U.S. recognizes the political context that Calderon faces, and, as a friend, wants to be helpful and not undermine the substance of President Calderon's efforts. She apologized for any embarrassment caused by the WikiLeaks situation, but expressed confidence the partnership would weather WikiLeaks. Secretary Clinton sought a better understanding of what the United States could do to meet Mexico's needs. She reiterated that both countries share a common goal and responsibility for the current challenges.

DEVELOPING A COMMON NARRATIVE

8. (C) Espinosa recognized that Secretary Clinton and President Obama had changed the tone of the relationship beginning with their visits in 2009. With the Calderon Administration entering its final two years in office, Espinosa urged both sides to concentrate efforts to improve the bilateral relationship. [REDACTED]

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9. (C) Secretary Clinton said the narrative should express the full story of the relationship. On the U.S. side, we have to explain to Congress why foreign assistance money under "Beyond Merida" should continue. Violence has increased, it is reported in the United States, and we need to put this in context. She pointed out that the U.S. political climate was challenging. She stressed that both countries needed an overarching theme, with a narrative explaining what we are doing together and why it is working.

PRESIDENTIAL AND HIGH-LEVEL GROUP MEETINGS

10. (C) Secretary Clinton proposed that President Calderon visit Washington in the spring to meet with President Obama. Espinosa agreed the visit would be good for the relationship, reiterating Calderon's earlier invitation to President Obama for a state visit to Mexico late this year or early next, before the Mexican Presidential election process goes into full swing. Both Secretaries agreed the personal contact between the two Presidents has been very valuable, and to seek short side meetings between the Presidents in multilateral settings whenever possible.

11. (C) Secretary Clinton said we would start working on a date when Calderon could visit. Both agreed it would be preferable to have a bi-national High-Level Group meeting first to prepare the presidential visit, but also noted that scheduling realities may determine when the visit occurs. In any case, they affirmed that we should proceed to find dates for the High-Level Group meeting. Espinosa noted President Calderon is scheduled to receive a Congressional Hispanic Leadership Institute award in Washington, so perhaps he could meet the President when he receives the award. Secretary Clinton also said it would be beneficial for Calderon to meet with Congress and noted the positive nature of the having had members of the Mexican legislature as part of the Mexican delegation during President Calderon's state visit to Washington.

12. (C) Secretary Clinton said both countries needed to put together a calendar of Merida-related and other bilateral events. Functional groups should track and implement these activities. She noted the need for a clear and mutually agreed upon plan for what needs to be done and clearly tasked responsibilities to both interagencies. She said that to produce results across this agenda, senior level policy makers must stay engaged, and a clear timetable with highlighted priorities must be developed quickly.

COMPETITIVENESS/21ST CENTURY BORDER

13. (C) Espinosa noted that three border crossings had been inaugurated last year, which created jobs and improved quality of life on both sides. Espinosa felt the new border entries showed very good progress, but that the public did not appropriately perceive the 21st Century Border Initiative. She questioned whether more could be done to highlight arms seizures at the border. Secretary Clinton said our strongest tool against trafficking is the use of ATF's e-trace system to build and prosecute cases. Ambassador Sarukhan agreed that the Mexican side needed to train more people to use e-trace.

14. (C) Espinosa said they should formulate a plan regarding the modernization of the border for the next 50 years. Secretary Clinton said this was currently being done with Canada, and that it would be good for Presidents Obama and Calderon to announce a U.S.-Mexico border modernization plan. Ambassador Pascual recalled that a great deal of progress had been made. The two Presidents issued a border vision statement last May and an Executive Steering Committee (ESC) met in December. The latter approved an action plan that includes pilot projects in Nogales, Mexico and Laredo, Texas to work out principles and authorities for pre-clearance. Now we need to implement those and replicate the concept. One of the issues was what authority U.S. Customs and Border Protection would have on the Mexican side. U/S Ventura said implementation of the plan would allow both sides to get behind the models that work.

15. (C) Espinosa discussed the need for a holistic strategic vision and not become fixated on specific projects. Mr. Restrepo mentioned the ESC includes a long-term agenda. The pilot projects inform the long-term vision. Ambassador Sarukhan said the United States needed to develop a common vision for both Canada and Mexico. Secretary Clinton said that we need to extend the lessons that work.

COMPETITIVENESS AND COMMERCIAL ISSUES

16. (C) Espinosa said she had met with Geronimo Gutierrez, the new Managing Director of NAD Bank. She wondered whether NAD Bank could be used to further stimulate commercial activity on the border. Ambassador Pascual explained that the Assistant U.S. Treasury Secretary had been in Mexico last week and had met with NAD Bank. Creative ideas had been shared about the role NAD Bank can play, within the context of its environmental mandate, to invest in a range of projects

from infrastructure to renewable energy to increase sustainability. Potential exists for pairing NAD Bank with other development banks (such as the Inter American Development Bank), public-private partnerships, EXIM, and OPIC. All agreed that the next step would be to identify a specific project in the border area and move to implement it. Secretary Clinton said that the HLG meeting can be used to ensure that we are making progress.

17. (C) Espinosa asked if agreement on a new trucking program could be reached by the time of the HLG meeting. Ambassador Sarukhan said that a good first meeting was held by the negotiators on the trucking program, that the teams are developing a roadmap, and that they hoped to reach closure in three to four months. Secretary Clinton urged that we try to accelerate this timeframe. Both Secretaries agreed that while other Departments had the lead on this issue, the foreign ministries should stay engaged to encourage progress and make sure that any obstacles are addressed.

18. (C) Secretary Clinton said that we should also advance the work of the High-Level Regulatory Cooperation Council. Creating common regulations and standards will reduce the cost of doing business and help both countries export more and create more jobs. She said that we hoped to bring Canada into this process at the next North America Leaders Summit. She noted the progress made by trade ministers when they met two weeks ago in Mexico in the context of the N. America Free Trade Commission. Turning to commercial engagement, Secretary Clinton said that both sides could help better utilize the \$1 billion MOU signed between EXIM Bank and Banobras. Ambassador Sarukhan said that Banobras found the borrowing costs too high. Ambassador Pascual noted that EXIM Bank President Hochberg would travel to Mexico in early March, and that we should try to tap these resources to build infrastructure in a way that creates jobs in Mexico and facilitates U.S. exports of goods and services. Noting PEMEX had borrowed close to \$7 billion from EXIM, there seemed to be a reasonable case that the financing could be put to good use.

ENVIRONMENT, ENERGY, & BIG BEND BI-NATIONAL PARK

19. (C) Secretary Clinton congratulated Espinosa on Mexico's environmental leadership, on her personal role in COP 16, and for Mexico's engagement on energy efficiency issues in the Energy and Climate Partnership of the Americas (ECPA). The Secretary said that under the ECPA, the United States provided \$1 million to the OAS for energy efficient programs. She noted possible areas for cooperation with the ECPA electricity task

force, and urged that we continue our efforts to inter-connect the Central American electricity grids. Ambassador Pascual explained a potential transborder renewable wind energy project between Baja California and California. He said there already was a U.S. company which was recently given licenses in California for the transmission line to support California's grid. He said former Energy Secretary Kessel had been very involved, and it would be good to involve the new Energy Secretary. Espinosa said Calderon was also passionately committed to the environment and that she would talk to the new Energy Secretary to get this done.

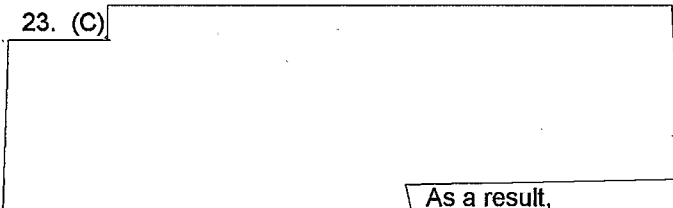
20. (C) Espinosa said the cooperation on the Colorado River Basin had been great, and that NGOs and other organizations were involved in how the water was being used. She said this was a significant change from four years ago.

21. (C) Espinosa was cautiously optimistic on progress toward at least a limited border crossing for scientists and park personnel at Big Bend National Park. Ambassador Sarukhan said that now both countries needed to go a step further and that both Presidents should issue an "aspirational" statement on the desire to create a bi-national park. Secretary Clinton said she had talked to Interior Secretary Ken Salazar about this twice, and that this was another item to place on the agenda.

22. (C) Secretary Clinton said we also had to sustain progress on negotiating an agreement on transboundary oil reserves. This would open a landmark opportunity for cooperation between U.S. energy companies and PEMEX. Responding to a question from Ambassador Sarukhan, the Secretary said that Special Envoy Richard Morningstar would take over from David Goldwyn in leading these negotiations for the U.S. side.

COP-16 FOLLOW-UP

23. (C)



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As a result, Mexico had a strong stake in following up on the outcomes of the Cancun meeting and shaping the possible results in Durban. Espinosa said clarity was needed for a post-2012 regime under the Kyoto Protocol. The Japanese will not join a second phase of Kyoto if the United States and China do not take on more responsibilities. She said she hoped the United States would find public ways of showing

commitment and political will, noting that concrete U.S. actions on mitigation allow consensus-building. Calderon was very ambitious and expected a lot of results. In addition, she encouraged the United States to help ensure that "fast start" funds flow quickly to the island states for adaptation. The island states, she argued, are key to keep a balanced and more flexible negotiating environment.

24. (C) Secretary Clinton shifted the discussion to focus on the Green Climate Fund. She said that Espinosa's continued presidency would provide the basis for Mexico to convene the first meeting to define and shape the Green Climate Fund, which emerged from Calderon. She said the United States stood ready to work with Mexico to design and move forward on the fund. The Secretary wanted to add this issue to the bilateral agenda.

Using bilateral funds, the Secretary said that the United States is developing adaptation programs with island nations, large and small.

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SEEKING MEXICAN SUPPORT ON HAITI AND CENTRAL AMERICA

25. (C) The Secretary requested Mexico's support on Haiti.

Espinosa said she would support a process which is in line with the Inter-American Democratic Charter.

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[REDACTED]
[REDACTED] She offered the Mexican Electoral Institute's participation and support.

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26. (C) The Secretary mentioned ongoing efforts to develop a Central America Security Strategy working closely with the Spaniards, Canadians, the European Union, and other donors. She noted both Mexico and Colombia could play an important role in supporting that effort. Espinosa noted Mexican concern for increased violence and drug trafficking in Central America and ongoing efforts on Mexico's part to support its southern neighbors. Both agreed to participate in subsequent efforts to both focus donor groups and to help individual Central American countries such as Guatemala or to work to strengthen SICA (the Central American Integration System) to more effectively improve the security situation in the region.

IMMIGRATION

27. (C) Secretary Clinton said the President was still fully committed to Comprehensive Immigration Reform, [REDACTED]

Espinosa [REDACTED] stressed the need to find ways of opening dialogue. The Secretary agreed on the need to find a way to talk about immigration. [REDACTED]

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28. (C) Espinosa expressed concern over potential state legislation that would impede the granting of citizenship to children born in the United States to undocumented parents. DG Baca said they were worried about the growing anti-immigrant environment in states like Arizona and Florida and about the negative media portrayal of immigrants. Espinosa said they had to find a way to make positive stories about immigration more visible, especially the Mexican story. She offered the example of a Mexican-American who helped in the aftermath of the Tucson shooting as a positive story which portrayed pride in being an American of Mexican origin.

29. (C) Ambassador Sarukhan said he had visited 43 states so far, trying to build alliances on immigration with mayors and governors. [REDACTED]

All agreed that Mexico's 52 consulates in the United States could be an asset to educate both U.S. citizens

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and migrants about the role of migrant labor. The Secretary noted the potential to engage the private sector, and that perhaps they could help in polling education efforts. That said, the Secretary noted that it was important to be sensitive to U.S. culture, noting Mexican flags during the 2006 demonstrations did not help Mexico's case. [REDACTED]

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CENTRAL AMERICAN TRANSMIGRATION

30. (C) Fernandez de Castro raised the issue of Central American transmigration. He felt the United States and Mexico needed to take the lead in a dialogue with the Central American states, with Colombia also participating. The Secretary said there has to be a push to help Central America with security. Espinosa said that Mexico's southern border is very porous, and this is becoming a very big issue in the media. Baca noted there will be a SICA dialogue regarding these issues in February. [REDACTED]

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31. (C) Espinosa mentioned how Central Americans have been victims of crime, mentioning the August massacre of 72 immigrants in Tamaulipas. [REDACTED]

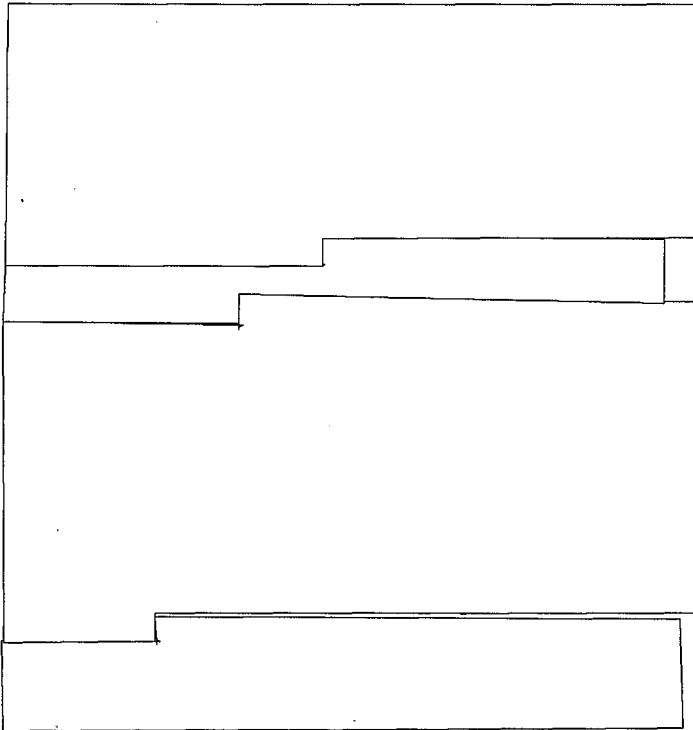
[REDACTED] Espinosa noted that the current violence brings a new angle to immigration, which needs to be addressed through cooperation. Espinosa noted the immigration bill currently before the Mexican Congress is designed to deal with some of the complex issues associated with transmigration.

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AVENA CASE/BORDER VIOLENCE

[REDACTED]
[REDACTED]
[REDACTED]

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CLINTON

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