

Mexico's New Border Commission: A First Look

For years, Mexico's northern border region was regarded in Mexico City's corridors of power as a political and economic hinterlands of little or no significance. In recent years, with the growing economic importance of the maquiladora industry and cross-border trade, and the ability of the Partido Acción Nacional (PAN) to establish a political toehold in the north, this perception has begun to change. Now, Mexico's new government has created a commission to handle border affairs and has named ex-Baja California Governor Ernesto Ruffo Appel as its first "border czar." What can we expect from Ruffo and his commission?

by David A. Shirk

The 2,000-mile-long U.S.-Mexican border holds numerous challenges, including rapid industrialization, a population explosion, scarce resources, and the complexities of governing such a culturally and economically bifurcated region. On February 8, 2001, Mexico's interior secretary announced the formal creation of a new government Commission for Northern Border Affairs (Comisión para Asuntos de la Frontera Norte, CAFN) to deal with these and other border problems. Former Baja California Governor Ernesto Ruffo Appel has been appointed as head of the CAFN and will work with a permanent staff of approximately fifty people with office locations in Tijuana, Ciudad Juárez, and Monterrey.

When Mexico's new president, Vicente Fox Quesada, took office this December, he divided his cabinet and high-level appointees into three "branches" to reflect the policy priorities of his administration: equitable economic growth (*crecimiento con calidad*), social development (*desarrollo humano*), and security and order (*orden y respeto*). The CAFN is included under *crecimiento con calidad*—reflecting the importance that Fox assigns U.S.-Mexican relations and the border's role in Mexico's economic prosperity.

The CAFN is structured to function as a working group that will take responsibility for the creation,

coordination, and promotion of initiatives by federal, state, and municipal government agencies to foster the border region's further development. The commission incorporates the chiefs and high-level functionaries from Mexico's secretariats of the Interior; International Relations; Treasury and Public Credit; Social Development; Environment and Natural Resources; Energy; Agriculture, Rural Development, Fisheries and Food; Communications and Transportation; and Tourism. The heads of the President's Office for Public Policy, the Office for Attention to Migrants, and the National Water Commission will also be integrated into the CAFN.

On the one hand, this structure reflects Fox's strategy of administrative organization, which involves the integration of different agencies with multiple policy jurisdictions under the umbrella of a coordinating commissioner. In this way, Fox hopes to promote interjurisdictional cooperation in addressing the border region's multiple problems. Ideally, by

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coordinating infrastructure planning with programs for environmental protection, for example, this approach could enable the commission to actually make some progress in promoting sustainable development in the region.

On the other hand, the emphasis on the participation of multiple levels of government is illustrative of the new administration's focus on building a more balanced federal system, where all three levels of government share appropriate levels of responsibility. This is a markedly different approach from Mexico's traditional concentration of fiscal resources and decisionmaking in the hands of the federal government, particularly the executive branch. By facilitating intragovernmental cooperation across multiple policy jurisdictions, the CAFN could provide a useful point of contact to facilitate cross-border policy and communication. The lack of such a trigovernmental nexus has been a cause for frustration in the past for U.S. policy-makers attempting to establish agreements with their state and local Mexican counterparts.

The fine points of CAFN's role and agenda have yet to be defined. Indeed, the commission itself will be responsible for identifying and diagnosing key problems and goals for Mexico's northern border. Still, there are a number of issues that are clearly within its mandate. Notably, the commission is charged with the task of generating proposals and initiatives to:

- Provide material and legal mechanisms to improve public services along the border.
- Ensure sustainable development and protection of the border's environment.
- Reduce social inequalities along the border.
- Promote social development in the border region.
- Protect the rights and interests of Mexican border crossers.
- Attend to the social and economic needs of migrants to the northern border from the rest of the country.

The new commission's formal mission appears to leave ample room for interpretation with regard to its actual function and role in policymaking. Two possible directions for the evolution of the commission include: 1) becoming a sort of federal envoy regarding non-security-related border affairs or 2) providing an active forum for coordinating government agencies, private sector interests, and border communities.

With regard to the second possibility, the past decade has seen increased activity on the U.S. side of the border by interagency government planning groups, cross-sectoral policy forums and advisory bodies, and academic and nonprofit think tanks directed toward resolving regional and trans-boundary problems. These efforts have helped spur research, dialogue, and governmental initiatives addressing issues of critical importance, and have been accompanied by a general increase in communication between different federal agencies as well as between federal, state, tribal, and local governments. Some initiatives promoting integrated associations of governments have even had considerable success at achieving consensus and intergovernmental cooperation on border-related concerns. Still, though there is increasing awareness on both sides of the border that cooperation is the key to resolving mutual problems, until now, there has been a lack of comparable initiatives on the Mexican side of the border.

Yet despite CAFN's promise, a high degree of ambiguity with regard to its role, functioning, and influence on policy also hints at a troubling lack of substance behind the initiative. Although the CAFN makes rhetorical appeals to such noble objectives as sustainable development and social development, it is fairly clear that the commission itself will neither have the decisionmaking capacity nor the resources to realize these goals for the border on its own. Thus, unless careful steps are taken to develop firm policy prescriptions through interagency and intergovernmental collaboration, Ruffo and the CAFN may ultimately serve as little more than a direct link to Mexico City on border affairs.

This, in itself, would not be entirely insignificant. As noted above, Mexico's political system has historically been quite centralized, with all roads leading to Mexico City and with very few direct efforts to deal with the pressing issues facing the peripheral provinces. The fact that Fox has institutionalized his willingness to keep an open ear to the problems of the border region represents a substantial change on this front.

In the end, the direction of the new commission probably depends on two factors: Ernesto Ruffo's own personal style of management and organization, and the availability of other high-level officials to intensively participate in coordinated deliberative efforts addressing border issues. So far, the outlook for these two factors suggests that the tendency will be toward a more streamlined approach, with Ruffo acting as the federal government's border liaison rather than developing a broad-based body for dialogue and collaboration.

Anatomy of a Border Czar

Fox's appointment of Ernesto Ruffo Appel as head of the CAFN makes sense. As the first opposition governor in modern Mexican history (PAN, Baja California, 1989-1995), Ruffo is practically a household name for many Mexicans. His 1989 electoral victory paved the way for other PAN gains in Baja and elsewhere during the 1990s, which eventually helped set the stage for last year's historic presidential election. First as mayor of the seaside city of Ensenada and later as governor, Ruffo championed the causes of democratization, fiscal decentralization, and local autonomy.

Like Mexico's new president, Ruffo was one of many businessmen who became involved in politics in reaction to economic mismanagement by the ruling Institutional Revolutionary Party (PRI)—particularly in the wake of the peso devaluation and bank nationalizations of the early 1980s. Young professionals like Ruffo breathed new life into the National Action Party (PAN), which had languished in semianonymity for forty years under PRI hegemony. In 1986, partly thanks to PRI divisions and disaffected voters, Ruffo ran for and won the mayorship of Ensenada, marking the PAN's first officially recognized victory in Baja. As mayor, Ruffo suffered harassment by the state government, which delayed or denied fiscal transfers, and even encouraged municipal government employees to go on strike. Ironically, such abuses actually helped catapult him into the governorship. Ruffo's conflicts with the state government generated high levels of public sympathy for the PAN mayor, which snowballed into statewide "Ruffomania" when he launched his candidacy for governor. In 1989, with the recognition of his victory by President Carlos Salinas, Ruffo became the first opposition governor since the rise of the PRI.

During his six-year term as governor, Ruffo revamped public administration and instigated major improvements in infrastructure and public services in Baja California. Moreover, in a system where PRI governors traditionally cowered before Mexico's all-powerful president, Ruffo instead pressured Mexico City for a more equitable distribution of federal revenue to state governments. He also promoted increases in self-generated revenue for Baja California's state and municipal governments, partly through anticorruption measures, administrative reforms, and improved tax collection. Finally, within the state, Ruffo encouraged greater decentralization in certain aspects of city planning and services, including regulation of construction and housing developments, transit and transport, and water and drainage services.

On the flip side of the coin, Ruffo struggled without much success with the difficult challenges of border crime. During much of his administration, Baja California experienced a troubling crime wave, and, like prior PRI governments, the Ruffo adminis-

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tration was weakened by internal corruption. In 1994, for example, a state attorney general stepped down amid charges that Baja officials were protecting members of the Arellano Felix cartel.

After his term as governor, Ruffo ran for the PAN's national leadership. But after a defeat by the party's more traditional, ideological wing, he withdrew from the political arena and started offering consulting services to investors in Baja California and throughout Mexico.

When given the opportunity to support Fox's presidential campaign, Ruffo suited up to become head of the Amigos de Fox organization in Baja California. His selection to head the CAFN is a natural choice and is one of only a few high-level political links to the PAN in Fox's administration. Ruffo's experiences in government have made him well aware of the need for binational collaboration in dealing with the border's many challenges. As a frequent participant in regional and binational forums in the San Diego-Tijuana region, Ruffo has first-hand experience collaborating on a variety of complicated issues in one of the most populous, heavily trafficked, and economically diverse regions on the border.

Numerous Challenges Await New Border Commission

Despite inequalities and some serious quality-of-life issues, economic growth rates, employment

WEB SOURCES:

Border Action

www.actionla.org/border

Frontera Norte/Sur

www.nmsu.edu/~frontera

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rates, levels of education, and average standards of living along the border are among the highest in Mexico. Yet over the past decade, the region's governments, businesses, and local communities have struggled to deal with the many problems sparked by the border's industrial boom. The list of challenges is extensive: steady population increases, continuous inflows of poor and uneducated migrants from southern and central Mexico, unbridled industrialization, unprotected natural resources, haphazard planning, inadequate physical infrastructure, meager government services, inadequate public and private finance mechanisms, and intractable problems of narco-related corruption and violence.

Key challenges facing the new commission include:

Deepening development. Much of the border's growth has come via the maquiladora program, which allows manufacturing plants to import and assemble foreign-made components for export. Fox and Ruffo hope to promote actual nonimported manufacturing and high-tech industries in the border zone while providing incentives for businesses to locate low-tech assembly plants to less-developed areas in central and southern Mexico. In short, their goal is to create better jobs and a better quality of life by moving the border to a higher stage of industrial development.

This strategy is not entirely new or misdirected. Except in the northeastern borderlands—where automotive-related production has been strong—the electronics subsector has accounted for the most significant growth among maquilas in recent years. Still, the shift in the makeup of the industry hasn't necessarily implied significant improvements in wages for workers or higher rates of skills transfer. Indeed, industry promoters argue that growth of the so-called second-generation maquiladoras remains dependent largely on low wages.

Moreover, it is not clear how the new government will provide the necessary supporting infrastructure and educated work force to meet its increased expectations. It would take years to match the potential of Guadalajara—Mexico's "Silicon Valley"—which benefits from a highly educated population, several universities and technological institutes, and a critical mass of established high-tech industries. At best, the CAFN will serve as a promoter for the border region but will not have the resources or decisionmaking authority to achieve larger development-related goals. The big question, of course, is how well CAFN will actually manage balancing development objectives with sustainability goals.

Managing population growth. How can you provide quality water, housing, sewage treatment, and education on a shoestring budget for a population that grows at a rate of over 5% a year? For most Mexican state and local governments along the border, the answer is simple: you can't. Though official population estimates are highly unreliable due to constant flows of migration from poorer regions of Mexico, there is universal agreement that the metropolitan centers along the border are experiencing a population explosion. The region's rapid demographic growth puts a tremendous strain on available resources, infrastructure, and public services. Access to decent, affordable housing is a critical problem, given the lack of credit and financing mechanisms and the difficulty of enforcing zoning regulations. Meanwhile, providing other essential services—like sewage and waste disposal, education, and electric power—remains extremely problematic, especially in the ever-expanding shantytowns that are home to much of the border's low-paid work force.

Fox has proposed expanding the role of NAFTA institutions—particularly the North American Development Bank (NADB), created to assist local governments with environmental infrastructure projects—to address these issues, and recently the bank decided to begin looking at some of these new priority areas. However, given the inadequate credit worthiness and scant loan seeking experience of local and regional public entities in Mexico, the NADB has had difficulty finding eligible projects—a problem it's not certain the expanded mandate will resolve.

The CAFN will have its hands full as it attempts to coordinate multiple agencies and different levels of government in dealing with growth-related problems. At the very least, Ruffo and his commission might help restructure public financing in Mexico, so that local governments can better meet priority needs.

Developing and protecting scarce resources. Economic interdependence along the border has led to shared problems regarding environmental management and sustainability. Growth patterns of low-density sprawl on both sides of the line contribute to a heavy dependence on automobile transportation, which complicates environmental problems and quality-of-life issues such as air quality and traffic congestion. The Mexican side suffers from additional problems, such as weak regulation of hazardous industrial waste, inadequate treatment of sewage waste, and the proliferation of unplanned communities. The border region also faces severe problems of water supply and quality, both of which are sure to worsen.

WEB SOURCES:

Border Information and Outreach Service
www.us-mex.org

CRLAF Border Project
www.crlaf.org/border.htm

Secretariat External Relations
www.sre.gob.mx

en as communities in the southwestern U.S. scramble to redirect and control flows of the precious liquid to meet their own needs.

Mexico's new border commission has an explicit mission to promote sustainable development to better manage the increasing human impact on the region's environment. Thus, the CAFN may help to address environmental problems by acting preemptively to foster greater coordination in planning the region's transportation infrastructure, land use, energy use, water treatment, and air quality control. Still, the commission's mission seems to be primarily an economic one, and references to environmental protection may prove to be mere rhetoric. As a first step, the CAFN could demonstrate a credible commitment to its green agenda by bringing interested environmental groups on both sides of the border to the table to foster policy recommendations and deliberation.

Reducing social inequality. The benefits of economic growth in Mexico's borderlands have failed to materialize for many of the region's inhabitants. According to Fox, this is due in part to the continual flows of migrants from the poorest regions of the country who put a drag on wages and living conditions in northern states and prevent them from reaching their potential. The president has pledged that the CAFN will work to promote equitable growth in the border region, saying that Mexico's North should be a model, not a magnet, for the rest of the country. Though low wages and poor living conditions may, unfortunately, be precisely the factors that facilitate border economic growth rates, Fox's stated concern for equity issues speaks to one of the most important and difficult challenges of embracing the global economy.

The CAFN's efforts could be complemented by Fox's Program for Regional Development (*Programa de Desarrollo Regional*), which he says will invest in Mexico's underdeveloped center, south, and southeast to provide the economic development necessary to reduce the northbound migration of people in search of better opportunities. Nonetheless, this goal clearly presents one of the most difficult hurdles for the border region and the new commission.

Protecting migrants on both sides of the border. The number of Mexicans and Mexican-Americans in the United States is estimated at over 20 million persons, and represents about two-thirds of the U.S. latino population. An estimated 1.5 million Mexicans are arrested annually for attempting to cross the border without documentation. Hundreds die in the process, as they are pushed to ever-greater extremes to avoid capture by the Immigration and Naturalization Service

(INS) or harassment by vigilante groups, and as they place their lives in the hands of unscrupulous human smugglers.

Such migrants make important contributions to the Mexican economy by sending billions of dollars each year back to their families. Fox himself is politically indebted to Mexicans abroad, many

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of whom supported his presidential campaign by contributing money, by urging relatives back home to vote for him, or by travelling back to Mexico to vote for him in the July 2000 elections.

Eventually, Fox hopes to stem the exodus to the U.S. by providing all Mexicans with greater employment opportunities, better wages, and a higher quality of life in Mexico. Meanwhile, Fox has said that the new commission will work actively to advocate for the rights of Mexicans travelling to and working in the United States. What the CAFN can do that will be different from past efforts, however, remains to be seen.

Working with northern neighbors. The border region faces problems that cross both political and jurisdictional boundaries with ease, and that affect numerous policy domains—such as the environment, transportation infrastructure, health services, and the economy. Collaboration with U.S. officials will be critical to addressing many of the new commission's challenges. The recent meeting between presidents Fox and Bush seemed to set a positive tone for future collaboration. Despite Bush's simultaneous use of big-stick diplomacy against Iraq, the two nations signaled a willingness to negotiate as equal partners on issues of shared strategic interest, such as addressing migration,

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Guidelines For International Calls

To call Mexico from the U.S., dial: 011-52 (city code) + the number

To call the U.S. from Mexico, dial: 001 (area code) + the number

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The center is the largest U.S. academic program devoted to the study of Mexico and U.S.-Mexican relations.

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This congressional commission (lower house) was reconfigured under the new administration to combine three previous commissions (Population, Northern Border, and Southern Border). Its mission is to help formulate border policies related to environmental protection, human rights, and public security. Other activities include evaluating Mexico's Paisano Program and monitoring Mexican border crossings for instances of corruption, extortion, or abuse. Additionally, on January 27 the commission convened a meeting of border-region attorneys (procuradores) to discuss immigration issues. Dip. Piñeyro recently met with members of the U.S. Hispanic Caucus and the U.S.-Mexico Chamber of Commerce to discuss amnesty for undocumented Mexican workers in America.

Cámara de Senadores, Commission on Border Affairs

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Among other issues, Sen. Jones' areas of focus include: trade, tourism, environment, infrastructure, drug policy, and migration.

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The Mexico Solidarity Network is a coalition of over 80 organizations struggling for human rights, economic justice, and democracy in the United States and Mexico. In 2000, the Network developed a comprehensive policy paper outlining a progressive vision of U.S.-Mexico relations.

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Refer to article by David A. Shirk on page one. The commission is currently in the initial stages of organization.

Congressman Silvestre Reyes (D-TX, Dist. 16)

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Rep. Reyes is a leading congressional actor in U.S. border policy formulation.

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A regional public policy center at UCSD which sponsors research projects and public education programs on issues affecting the future of both San Diego and the San Diego/Tijuana cross-border region. In early March convened a Foro Fronterizo with Ernesto Ruffo Appel to discuss the future of Mexico's new Commission for Northern Border Affairs.

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This office forms part of the Bureau of North American Affairs of the SRE. Its responsibilities include organizing forums for crossborder cooperation and promoting improvements to border environmental and transportation infrastructure. Ms. Rueda also coordinates the Binational Commission working group on bridges and international crossings.

Seminario Permanente de Estudios Chicanos y de Fronteras

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Has studied the phenomenon of regional integration and its impact on national borders with a particular focus on narcotrafficking, violence, and border militarization.

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The Office of Mexican Affairs of the U.S. State Department handles U.S. relations with Mexico on a broad range of issues.

Washington Office on Latin America

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Monitors and reports on the impact of U.S. foreign policy on human rights, democracy, and equitable development in Latin America. A leading progressive authority on U.S.-Mexico relations and Mexican politics.

Web Sources**Border Information and Outreach Service**

<http://www.us-mex.org/>

BIOS's own website offers extensive information and analysis of border affairs.

Border Trade Alliance (BTA)

<http://www.thebta.org/>

Pro-trade, pro-business crossborder group with a strong lobbying presence in both the U.S. and Mexico.

El Colegio de la Frontera del Norte

<http://www.colef.mx/elcolef.html>

Research and graduate studies institution whose work focuses on U.S.-Mexico border issues, including public policy, the environment, immigration, and economic development.

Foreign Policy In Focus

<http://www.foreignpolicy-infocus.org/>

A nonprofit, progressive "think tank without walls" working on U.S. foreign policy issues. Cosponsored by BIOS's parent organization, the IRC. Offers extensive information, analysis, and commentary regarding U.S.-Mexico relations.

Mexico: Government and Public Administration

<http://www.lanic.utexas.edu/la/mexico/government.html>

Extensive collection of Mexican governmental links from the Latin American Network Information Center at the University of Texas-Austin.

Mexico-U.S. Advocates Network

<http://www.mexicousadvocates.org/>

A binational network working on aspects of U.S.-Mexico migration issues.

Resource Center of the Americas

<http://www.americas.org/>

Works to defend human rights in the era of globalization. Good source of news and analysis regarding Mexico and U.S.-Mexico relations.

U.S.-Mexico Binational Commission

http://www.state.gov/www/regions/wha/000518_usmex_binational.html

Until recently, the primary binational forum for regular cabinet-level exchanges between the two countries on a wide range of issues important in U.S.-Mexico relations, including border cooperation; energy; environment and natural resources; anti-narcotic issues; migration and consular affairs; trade and investment; and transportation.

U.S.-Mexico Chamber of Commerce

<http://www.usmccoc.org/>

Leading player in U.S.-Mexico crossborder relations in favor of liberalizing trade and investment between the two countries.

U.S. Embassy in Mexico

<http://www.usembassy-mexico.gov/>

This U.S. embassy site provides a wealth of information on the United States and the U.S.-Mexican relationship.

border briefs

INS Apprehensions Are Down. Why?

The INS has reported a dramatic drop in its number of apprehensions along the border. In January, normally the time migrants begin their exodus back across the border after holiday visits to relatives in Mexico, arrests were down 33%. According to INS statistics, the decrease reverses an eight-year trend of a steady increase in the number of Border Patrol apprehensions. That has a lot of people asking, "Why?"

The INS says the decrease is largely due to increased border enforcement and the inauguration of President Fox, which has increased optimism about more jobs and higher wages in Mexico. Some observers are saying that an increased availability of jobs in Mexico has lessened the need for Mexicans to cross the border to look for work. But others argue that it is premature credit improvements in the Mexican economy. There are other possible explanations, they say, including: weakness in the U.S. economy; the ongoing militarization of the border at traditional crossings; more undetected crossings; and fewer migrant returns to Mexico resulting in fewer return apprehensions. Another possible explanation was suggested in the March edition of *Migration News* (migration.ucdavis.edu): the increased smuggling of aliens at official ports of entry.

Drug War: OAS Alternative to Certification

A new multilateral drug evaluation process designed by the Organization of the American States (OAS) is being implemented throughout the Americas and could offer an alternative to the contentious annual U.S. certification of countries' anti-drug efforts.

The reports of 34 countries utilizing the OAS's Multilateral Evaluation Mechanism (MEM) were released Feb. 1, and suggested more than 400 recommendations for improving national and regional antinarcotics efforts. OAS Secretary General Cesar Gaviria told reporters that the MEM's approach could strengthen international cooperation in the fight against drug trafficking, adding that the reports underscore the idea that it is not productive to label countries as producers, consumers, or trans-

it points, because most countries in the Americas experience all of those dynamics to varying degrees.

In contrast to the unilateral nature of the U.S. "certification" process, all of the 34 countries participating in the MEM drug evaluation process were involved in design of the diagnostic mechanism and developed their reports collaboratively using a uniform system of collecting and analyzing data.

When asked if the MEM will be a substitute for the U.S. "certification" program, Gaviria said the two processes are distinct, and that only the U.S. Congress has the power to decide the fate of certification. He added, however, that most OAS members consider certification a source of friction and hope that it will be abolished.

The results of the MEM reports are being evaluated by the Summit Implementation Review Group, which is expected to release hemisphere-wide mandates in three areas related to anti-drug efforts: establishing financial intelligence units in each country to track drug-related transactions; fundraising for alternative development projects; and creating a uniform system for measuring the social and economic costs of drug production and trafficking.

More changes for NADBank?

On Dec. 7, 2001, BECC's board of directors approved a resolution allowing the institution to certify types of infrastructure projects not originally considered in its founding charter, which specified a focus on water, wastewater treatment, solid waste, and related projects. The decision came on the heels of a similar decision on Nov. 27 by NADBank's board. (See background stories from *borderlines'* email supplement, online at www.us-mex.org/borderlines/updater/.)

BECC is currently in the process of identifying potential pilot projects in the new infrastructure areas. Additionally, as part of mandate expansion, on Feb. 16 BECC released a draft version for public comment of new certification criteria for private-sector projects.

Beyond these changes, it looks as if Presidents Fox and Bush have more in mind for the NADB. After seeing Bush off at the airport after their meeting last month, Fox

told *La Jornada* that he and the U.S. president agreed to eventually make additional changes to the NADB in order to make it a promoter of small business projects. According to Mexican Deputy Secretary of Foreign Affairs Enrique Berruga, "we want to change its mandate, expand its faculties and make possible greater financing, so it's not only dedicated to border and environment issues... but also works on regional development issues."

Miscellany & FYI

EPA issued a draft Public Involvement Policy recently and is taking comments until April 27, 2001. Visit www.epa.gov/fedrgstr/EPA-GENERAL/2000/December/Day-28/g33157.htm to view the policy.

Groups along the entire border are planning two days of international action on the border April 21 and 22. For more information contact (505) 345-5792.

In preparation for the Bush-Fox Summit, Human Rights Watch prepared a background report available online at www.hrw.org/background/america/mex0212.htm.

The 8th annual Border Energy Forum will be held Oct. 25-26 in Tucson, AZ. See www.glo.state.tx.us/border/forum8.html for more information.

The Good Neighbor Board will meet in Yuma, Arizona, on March 21-22, 2001. For more information email Koerner.Elaine@epamail.epa.gov.

The Latin American Studies Program at the University of Arizona and a variety of campus departments and programs will host a conference entitled, "Labor in the Americas: Globalization, Inequality and the Challenges for Activism" on March 23-24, 2001. Visit www.gened.arizona.edu/jstillerman/labconf.htm.

The Texas Center for Policy Studies and el Programa LaNeta have issued a call for papers which study the impact of NAFTA on the environment and community health. For more information visit www.texascenter.org/bordertrade/index.htm or www.laneta.apc.org/emis.

Cross-border Energy Connections: Truth and Fiction

by **Jonathan Treat**

President Bush isn't ready to open the U.S.-Mexico border to people, but when it comes to gas and electric energy from Mexico, the door is wide open. In his February summit with Mexican President, Vicente Fox, Bush called for cross-border cooperation in the production and distribution of energy. That involves opening up Mexico to private foreign investment to develop its oil, natural gas, and electric industries and smoothing the way for the transfer of energy resources to the United States. Fox has nodded his approval, and spoke during the summit of a "new vision" of cooperation in the development of a regional energy policy.

The recent easing of some restrictions and legal loopholes has allowed some international companies to already begin investing in Mexican energy by building gas-fired electricity plants near the border. Other companies are poised to begin investing in energy development south of the border as well.

But the genial talk of cooperation and the sharing of energy resources has raised concerns among Mexican environmentalists, academics, utility workers, unionists, and political parties. For many, talk of the privatization of national energy production flies in the face of ideals engendered by the Mexican Revolution—such as public ownership of Mexico's resources and respect for national sovereignty. Privatization of Mexico's state-controlled energy sector, they argue, would threaten the country's independence, leave Mexico vulnerable to foreign control, weaken labor, further marginalize the poor, and encourage environmental destruction.

Beyond those concerns, some energy industry analysts argue that Bush's hope that Mexico can significantly help satisfy the seemingly insatiable U.S. appetite for energy in the near future is simply unrealistic, given Mexico's own energy deficit.

Presidents Bush and Fox each face the pressing task of finding sources for the energy that their countries need—not just in the future, but immediately. The power crisis in California, rocketing energy prices across the nation, and vulnerability to the volatile OPEC oil market are powerful motivations for the United States to look for help from its neighbor to the south. And although Mexico has

vast reserves of oil and natural gas, it lacks the technology and money needed to adequately develop them. The answer, according to Bush and Fox, is to encourage private and foreign investment.

Importing Power, Exporting Pollution?

Bush has used electricity shortages and rolling blackouts in California as evidence of the need to encourage private and foreign investment to build electric power plants and transmission lines in Mexico that would send power north. When the energy crisis hit California, the U.S. president said, "the quickest way to have an impact on the energy situation is for us to work with Mexico, and to a certain extent Canada, to build a policy for the hemisphere. We need more product, and it doesn't matter where the product comes from."

But for many people, it does matter. Most Mexicans, for example, aren't thrilled with the idea of having polluting power plants in their backyards—especially when the energy those plants produce isn't even for domestic use. Mexican environmental organizations, such as Greenpeace Mexico, say they have already witnessed the dynamic of wealthier countries exploiting the people and resources of developing countries to produce cheap sources of power, while ignoring environmental destruction. These groups warn that opening up Mexico's power industry to foreign investment could mean more of the same.

"It started with maquiladora plants that came here because they had labor or environmental problems in the United States. Then they built, or tried to build, waste dumps just a few miles from the border. Now it's this," said Alejandro Calvillo, director of Greenpeace Mexico, in a recent interview with the *San Diego Union Tribune*. "This is part of Mexico's serving as a backyard for the United States."

Greenpeace Mexico estimates that Mexico is one of the top 20 countries in terms of greenhouse emissions, and that its utilities are the leading man-made source of carbon dioxide in the country. So the environmental organization is naturally

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Web: www.greenpeace.org.mx

Public Citizen
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"An Energy Overview of Mexico"

U.S. Dept. of Energy

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Mexico Energy

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Solstice

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concerned about adding still more polluting power plants, just so U.S. consumers can have the energy they want, without the pollution.

Instead of changing constitutional laws to allow for private investment, Greenpeace Mexico wants the government to address inefficiencies in the country's existing electrical system and to encourage conservation efforts. Specifically, the environmental organization's demands include: a nationwide study analyzing patterns of energy consumption to identify potential savings, initiation of a national energy-saving program, development of a national sustainable energy program for the next 30 years, and amending Article 27 of the Constitution to legally recognize renewable energy resources.

Previously, the Fox administration had given environmentalists hope when it said that the NAFTA partners needed to look at alternative energy sources in order to solve North American

Nonetheless, many sectors of Mexican society continue to express grave concerns over the implications of the proposed regional energy strategy for national sovereignty. Mexico nationalized its oil industry in the 1930s, and the Constitution still prohibits foreign control of any energy production. State control of energy is a source of national pride for Mexicans.

After meeting with Bush, Fox voiced support for a regional energy policy, calling it a "win-win situation for everyone." He added, however, "what is important is to have a common policy whereby no one takes advantage of the other." What Mexico wants, said Deputy Secretary of Foreign Affairs Enrique Berruga, is to "create a group of experts from Panama to Canada to work around this theme of regional power supplies and how we can better take advantage of our resources."

That Mexico might find itself in an unbalanced and inequitable relationship, however, is precisely the concern voiced by critics of Bush's proposed cross-border energy initiatives. These critics cite Mexico's spotted record with opening up state-controlled enterprises and communally owned *ejido* lands to private ownership as an object lesson.

Mexico's Own Budding Energy Crisis

While some critics worry about economic imperialism and environmental racism, additional practical concerns are being raised by utility industry analysts on both sides of the border. One of the most obvious questions is: how can Mexico export something it needs too, but doesn't have?

Indeed, when President Bush first suggested that Mexico might help alleviate California's power crisis, some officials scoffed at the prospect, pointing out that Mexico can't even meet its own exploding energy demand. In fact, Mexican energy plants on the Baja peninsula are barely able to meet domestic demand—a fact that in the past has forced Mexico to buy energy from the U.S. market. Currently, power production in Baja California Norte is 1,600 megawatts, and domestic demand is only 1,200 megawatts. Given this current surplus, Mexican officials last month began sending 50 megawatts of that surplus electricity each day to California—less than one half of 1% of California's deficit. But most other Mexican power plants are operating at capacity, and demand is expected to increase by as much as 7% over the next five years. To meet that demand, Mexico will have to invest billions of dollars into bolstering its electric production system.

A few foreign companies are already building gas-fueled power plants along the border. And many others are lining up for the chance to build more electric generation plants and liquefied natural gas facilities.

energy problems. But environmentalists were disappointed that Mexico didn't address the issue of sustainable energy alternatives during the Fox-Bush meeting.

The Slippery Slope of National Sovereignty

The new U.S. administration anticipated that popular opinion in Mexico would be wary of the call for a "hemispheric energy policy" that includes opening up Mexico's utilities to private and foreign investment. Prior to the Bush-Fox meeting, the White House issued a statement promising that although the two presidents would be discussing "how to capitalize energy development in Mexico," the United States would remain "respectful" of Mexico's economic structures and sovereignty.

Last November, the Zedillo administration estimated that meeting national energy demands would require \$50 billion in natural gas drilling over the next ten years. Another \$50 billion would be needed to develop new power generating capacity. (The Zedillo team acknowledged that such goals were seemingly hopeless, considering that the annual Mexican national budget is roughly \$120 billion.) More recently, Juan Camilo Mourino, president of the energy committee in the lower house of the Mexican Congress, told the *New York Times* that Mexico will have to double its electric production and at least double its production of natural gas in the next ten years just to meet domestic demand. Private-sector industry analysts, for their part, estimate that Mexico will need to pump \$200-250 billion into its energy sector by 2015 to meet its own needs.

But even if Mexico did have a regular supply of surplus electricity to sell to California, there aren't enough transmission lines connecting the two countries' power grids. Canada and the United States share a thoroughly integrated 200,000-mile network of power transmission lines, but there are only three connections between American and Mexican power grids. Some power currently flows between Baja and Southern California, but there are not enough transmission lines to support any significant power exports in either direction. In a recent interview with the radio news program *Cupula Empresarial*, Alfredo Elias Ayub, director of Mexico's Federal Electricity Commission, said it is nearly impossible at present for Mexico to help California through its energy crisis.

"We do export some electricity to California, but in reality it is very little. The deficit, according to what the California governor said, is something like 15,000 megawatts, and we barely export 50 to 80 to them," Elias said. "We can do a little, but there is not the physical infrastructure to do more."

The situation with Mexican oil is similar. Pemex, Mexico's state-run oil monopoly, is the world's fifth-largest oil company. It produces all of the country's oil and extracts all its natural gas. Yet though Mexico has larger reserves of crude oil than the United States, it has neither the technology nor the money to exploit them. Last year Mexico bought about \$5 million of gasoline from the United States. Pemex has said that in order to become self-sufficient in gasoline by 2007, it will need an investment of \$10 billion.

President Bush would like to see private and foreign money help develop Mexico's struggling oil industry. But before that can happen, Fox must convince Mexican lawmakers to enact legislation allowing what the Mexican Constitution currently

prohibits—a combination of private investment and public ownership. Early in his presidential campaign, Fox suggested that Pemex should be privatized. Public outcry quickly quashed that idea.

Mexico's natural gas industry also needs massive infusions of money and technology. During the next nine years, for example, Mexico's natural gas supply is expected to grow by 7% a year, but the forecasted increase in demand is 10%. That means that by 2009 Mexico will need to import 25% of its natural gas to meet demand.

In spite of the obstacles to investing in Mexico's energy sector, a few foreign companies are already building gas-fueled power plants along the border. And many others are lining up for the chance to build more electric generation plants and liquefied natural gas facilities in Mexico.

Sempra Energy International, based in San Diego, is building a \$350-million gas-fired electric power plant nine miles west of Mexicali and three miles from the border. The plant is believed to be the first in Mexico to be entirely owned and operated by a foreign interest. Although all other electric power plants in Mexico are currently owned and operated by the Mexican government, the Sempra plant will enjoy a loophole exemption. The plant, *Termoeléctrica de Mexicali*, will be connected to the U.S. electric grid via a new, 230,000-volt transmission line. InterGen Corporation, a Boston-based conglomerate, is also taking advantage of the loophole in order to build a power plant near Mexicali, six miles south of the border. The 765-megawatt facility will send about a third of its electricity to the United States.

The motivation for building power plants in Mexico is high. Cheap labor, less stringent environmental regulations, and a streamlined permit process are enticing to foreign power companies. The race to supply California with the energy it needs is certainly controversial. Some say the jobs and the additional electricity for Mexico are benefits that outweigh the additional pollution the power plants will inevitably bring to the region. Others point to the construction of power plants to serve California's energy needs as a blatant example of economic imperialism behind a smiling mask of free trade—the U.S. gets its energy, while Mexico is left with the pollution. Regardless of the perspective of those observing the drama of energy development in Mexico, the race is on. And it would appear that the likelihood of developing more sustainable energy alternatives for the hemisphere is lost in the dust. ■

Jonathan Treat, a journalist who has lived and worked extensively in Mexico and Central America, is a regular writer for borderlines.

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mex-i-co.com

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establishing a cross-border energy market, bolstering antinarcotics efforts, and expanding the terms of trade under NAFTA. For the CAFN, the challenge will be to foster collaborations at the regional and local level that move beyond mere good faith efforts, as admirable as these are, and aim at real, measurable results.

Facilitating cross-border synergy. The artificial barriers created by the U.S.-Mexico border region seem anachronistic in today's globalized age. Government officials and agencies on both sides of the border are limited in the extent to which they can cooperate with their neighbors to remove those impediments because of traditionally centralized frameworks for decisionmaking. For example, federal control of customs and immigration means that local communities are not empowered to reduce border-related inefficiencies that prevent stronger economic linkages between U.S. and Mexican communities. Though the border region could ultimately benefit from the creation of a fully empowered, joint decisionmaking body for handling such problems, the creation of the CAFN may help to provide some coordination of policy on the Mexican side. The CAFN may thus serve as a useful point of contact for the multiple agencies and governmental associations in U.S. border states.

Crime is the most obvious policy area omitted from the CAFN's ample agenda. In late December, the newly inaugurated President Fox visited key northern states and outlined his priorities for the region, with particular emphasis on security and crime prevention. Actually, recent opinion polls indicate that crime and violence are less of a concern along the border than in other parts of Mexico (particularly in the large metropolitan areas of Mexico City and Guadalajara). Still, Fox's emphasis on security

plays well in the region, which in recent years has been plagued by the murders and disappearances of women in Ciudad Juárez and has experienced extreme but targeted acts of violence related to migrant smuggling and narcotrafficking. Ostensibly, keeping intractable problems such as narcocorruption and violence off the CAFN's plate should enable the commission to focus on planning for economic prosperity.

The real key to the CAFN's success will lie in the role it takes in promoting deliberation, collaboration, and concerted efforts to resolve problems affecting both sides of the border. At the very least, the formation of the new commission acknowledges the importance of Mexico's industrialized North, and its ties to the United States. Ruffo and the CAFN can potentially meet the federal government's goal of strengthening the border economy while providing border governments greater access to policymaking in Mexico City. One hopes that, over time, the new commission will evolve into a forum for dialogue and a unifying force across different policy jurisdictions, multiple levels of government, diverse business interests, and heterogeneous communities. ■

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