

Andrés Manuel López Obrador

Mexico City, July 12, 2018.

Mr. Donald J. Trump

President of the United States of America

First, I would like to thank you for the goodwill and respectful treatment received from you as of July 2nd, when we held an extended telephone conversation. I also appreciate the presence of a delegation of secretaries from your cabinet and other senior officials in my office to start talks about the future of our countries' relationship.

As I anticipated in our conversation, I share the following proposal, which purpose is to initiate a new stage in the relationship between Mexico and the United States based on mutual respect and the identification of areas of understanding and common interests.

I propose to you, in the first place, to make an effort to progress fully in the substantive areas in which the essence of the bilateral relationship is: trade, migration, development, and security. Of course, there are other very important areas in our future, but I think it is necessary to find a common path in these four issues to be able to advance in other points of the bilateral relationship.

Mexico, Mr. President Trump, is the home for the largest number of Americans living outside the American Union. In the same way, the United States is the largest home for Mexicans outside of our borders. I believe that

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the understanding that I propose in this letter should lead us to a worthy and respectful treatment of these communities.

In the matter of trade, I think it is worth making an effort to conclude the renegotiation of the North American Free Trade Agreement. I think that prolonging the uncertainty could slow down investments in the medium and long-term, which obviously hinders economic growth in Mexico and, therefore, the government's strategy that I will lead that seeks to generate jobs and better living conditions for all Mexicans. At this point, I propose to resume negotiations with the participation of representatives from Mexico, Canada, and the United States. Our transition team would participate in coordination with the officials of the current Mexican government.

Regarding migration, I must comment that the most essential purpose of my government will be to ensure that Mexicans do not have to migrate because of poverty or violence. We will try to make emigration optional and not necessary. We will strive to ensure that people find work and wellbeing in their places of origin, where their families, their customs, and their cultures are. To achieve this fundamental purpose, the incoming government will carry out the greatest effort ever undertaken in Mexico.

The new national project that we will put into practice will banish corruption, abolish impunity, act with austerity, and allocate everything that is saved to finance the development of the country.

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From December 1st of this year, we will have more public investment which will be used as seed capital to encourage private investment and to allocate significant resources to production, job creation, reactivation of the agricultural and energy sectors, education, culture and health; as well as the financing of regional development from South to North, with the implementation of projects to retain the population in their villages, expanding opportunities for work and wellbeing.

So, for example, we are going to plant a million hectares of fruit and timber trees in the southeast of the country, both for the purpose of ecological restoration and to create four hundred thousand jobs. Tourism will be promoted in the Caribbean and in the archaeological zones of the Olmeca and Maya cultures because we are going to build a railway line for a high-speed train that will travel the Cancun-Tulum-Bacalar-Calakmul-Palenque route.

An economic and commercial corridor will also be created in the Isthmus of Tehuantepec. This project involves taking advantage of the strategic location of this strip of the national territory to unite the Pacific with the Atlantic and, thereby, facilitate the transport of goods between the countries of Asia and the east coast of the United States. It is a 300-kilometer corridor, where a railway line will be built to transport containers. The existing road will be expanded, the ports of Salina Cruz and Coatzacoalcos will be rehabilitated, oil, gas, water, wind, and electricity of the region will be taken advantage of, and industrial plants will be installed to assemble parts and manufacture crafts. All that stretch of the Isthmus will become a free trade zone. Obviously, this project will be carried out without detriment to

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our sovereignty and will be promoted with the participation of the public, private and social sectors. In this case, as in any other project, the environmental impact will be considered, and the rights of the villagers and landowners will not be trampled over, on the contrary, they will be taken into account, consulted, and incorporated as substantive parts of the project. In particular, the owners of the lands that will be part of this corridor will be invited to participate as shareholders of the company that will be constituted for this purpose. The construction of these works and the factories that are installed will generate a significant number of jobs and will avoid, with this, that young people in the region continue to migrate north in search of work.

Likewise, we will promote development along the three thousand one hundred and eighty-five kilometers of border with the United States, and there a free trade zone will be created to promote investment, productive and technological development, as well as the creation of jobs. This will be the last curtain to retain workers in our territory.

In a timely manner, I point out the following: Mexican customs will travel to the south, inland, from twenty to thirty kilometers from the dividing line; in the free trade zone, the Income Tax (IT) will be reduced to 20 percent; the Value Added Tax (VAT) will be 8 percent on average, half of what is currently charged. Specifically, in the border cities of Mexico the same tax rate will apply as in the US side; that is, in California, they charge 8.5 percent, in Arizona, 8.2; in New Mexico, 7.5; and on the border with Texas, 8.2 percent; Special Taxes on Production and Services (STPS) will be reduced to establish rates and prices for gasoline, diesel, and electricity equal

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to those of the United States; on January 1st, 2019, in the entire free trade zone of the border area, the minimum wage will be increased to at least double the amount stipulated at present.

This is a matter of justice and without risks of inflation because there will be, as we have said, a reduction in taxes and energy prices, so that, by raising the salary and lowering other prices, the general level of prices would remain the same or, even, it could go down; in all the cities of this border free trade zone, an integrated urban development plan will be carried out, which will include land zoning, the introduction of drinking water, drainage, street paving, housing construction, nurseries, sports units, cultural spaces, schools, hospitals and other services.

We will make many changes, Mr. President Trump. And, in this new environment of progress with wellbeing, I am sure that we will be able to reach agreements to face both the migration phenomenon and the problem of border insecurity, based on mutual respect and cooperation for development, and under the premise that peace and tranquility are the fruits of justice; all of this, with an absolute respect to human rights.

Also, as I stated in our telephone conversation, I believe that the migration problem should be addressed in a comprehensive manner, through a development plan that includes the Central American countries, where millions of inhabitants do not have job opportunities and are forced to leave their villages to seek life and mitigate their hunger and poverty.

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I share with you that my government is willing to present to the Congress of the Union the bill and appropriation proposal to contribute with our economic resources and experience in this joint effort. If the United States and Mexico participate in this plan, and we include the Central American countries, each one contributing according to the size of its economy, we could gather a considerable amount of resources for the development of the region, which would be allocated 75 percent to finance projects to create jobs and fight poverty, and the remaining 25 percent, to border control and security. In this way, I reiterate, we would be addressing the causes that originate the migration phenomenon. At the same time, every government, from Panama to the Rio Grande, would work to make the migration of its citizens economically unnecessary and take care of their borders to avoid illegal transit of merchandises, weapons and drug trafficking, which, we believe, would be the most humane and effective way to guarantee peace, tranquility, and security for our peoples and nations.

Mr. President Trump, I await your comments on my approach that seeks to reach a friendly understanding and mutual respect with you, with your people and with the great nation that you represent.

Mexico and the United States have been two countries that have had a unique shared history, among other things, because of our geographical situation. There have been moments of tension and disagreement, but also of understanding and respect. Many good things bond us. Ties that cannot be broken: culture, language, traditions, and above all, a long friendship and a lot of solidarity. Honoring that is that we should work alongside to help each other.

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Regarding politics, I am encouraged by the fact that we both know how to fulfill what we say and we have faced adversity successfully. We managed to put our voters and citizens at the center and displace the political establishment. Everything is ready to start a new stage in our societies' relationship based on cooperation and prosperity.

I send you a warm hug,

Andrés Manuel López Obrador