

**Opening Statement of the Honorable Ed Royce (R-CA), Chairman  
House Foreign Affairs Committee Hearing on  
“Future of U.S.-Mexico Relations”  
May 20, 2014**

This hearing will come to order. Today we look at the “Future of U.S.-Mexico Relations.” Despite our strong cultural ties, our relationship with neighboring Mexico has never received the sustained attention from official Washington that it deserves.

This Committee is working to change this. In December, Chairman Salmon’s Western Hemisphere Subcommittee held an important field hearing in Arizona of facilitating trade between the two countries. And Ranking Member Engel has had a sustained interest in the Western Hemisphere, particularly U.S.-Mexico relations. We will all be watching Secretary Kerry’s trip to Mexico City with interest.

This partnership is very important to both countries’ economic competitiveness. As a top trading partner, trade in goods and services with Mexico tops \$500 billion annually, supporting millions of American jobs. With structural reforms underway in Mexico, this could increase significantly. The “High Level Economic Dialogue” should advance border management and trade efficiency. But most of all, a successful conclusion of the Trans-Pacific Partnership negotiations – which includes both countries– would spur economic growth across a region that represents more than 40 percent of global trade.

A particular area of growing significance is energy. Mexico is one of the 10 largest oil producers in the world, being one of the largest sources of U.S. oil imports. Last December, Mexico announced historic energy reform, ending the 75-year state-monopoly, PEMEX. This Committee will be watching closely as Mexico finalizes these reforms, which are expected to result in a large and productive influx of private capital, technology and expertise. If done right, this will allow Mexico’s energy sector to thrive, improving U.S. energy security by creating a more reliable source of oil from our close southern neighbor.

And this Committee played a key role in the passage of the U.S.-Mexico Transboundary Hydrocarbons Agreement, paving the way for greater energy exploration. As a Mexican official told Committee staff in Mexico City last week, “Mexico wants to work with the U.S. and Canada to help North America achieve energy independence.”

Of course, the biggest threat to Mexico’s success is the ongoing threat of violence from drug cartels and criminal organizations. U.S. efforts with Mexico to tackle these transnational criminal organizations must be monitored and improved. After taking a post-election pause to consider and review Mexico’s national security policy - and with a lot of U.S. aid sitting in the pipeline - it appears that the Nieto Administration will continue partnering closely with the U.S. Both countries have an interest in reducing the capacity of the cartels. February’s joint

operation between Mexico and U.S. authorities to take down “El Chapo” Guzman was a key success in this partnership.

Mexicans are hopeful they are witnessing a new era in their country. Under the Pena Nieto Administration, reforms already passed are proving that our southern neighbors are serious about liberalizing and modernizing institutions. These improvements in trade and investment should improve our relations.

I’ll now turn to the ranking member for any comments he may have.