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**Mexican Secretary of Foreign Relations
Luis Videgaray Caso, and Mexican Secretary of Government Miguel Angel Osorio
Chong**

Secretary of State Rex Tillerson And Secretary of Homeland Security John Kelly,

SECRETARY TILLERSON: Morning, all, and thank you for coming. I appreciate the opportunity to meet again with Foreign Secretary Videgaray and Secretary of the Interior Osorio, and I also want to express my appreciation for the entire Mexican delegation who made the trip up to Washington, D.C. today for very, very useful and fruitful conversations. Also want to thank my colleague, Secretary Kelly, and the representatives of the Department of Homeland Security who participated today, as well as Treasury, who had participants here in our dialogue.

Both Mexico and the United States are focused on destroying the criminal organizations that bring drugs into the United States and carry out violence across Mexico. We will keep our commitments to protecting our people from lawlessness, drugs, and criminal violence. Almost 20,000 Americans died from overdoses of heroin or synthetic opioids, including fentanyl, in 2015. An estimated 100,000 Mexicans have died in drug-related violence since 2006, many of them brave members of law enforcement who died in the line of duty, and we honor their sacrifice.

America must also confront the reality that we are the market, but for the seemingly endless demand by addicted users and the successful recruitment of young and vulnerable new users, there would be no market. We as Americans, parents, and friends of those who become addicted or would-be targets, must take new approaches as well. We Americans must own this problem. It is ours.

Stopping the cross-border flow of drugs is an essential step in putting an end to widespread addiction and drug-related violence. Too many families in America have been devastated by illegal drugs and we must stop this epidemic in its track. No parent should endure the nightmare of a child succumbing to drug addiction. By aggressively confronting the cartels operating in the United States and Mexico, we're striving to stop merchants of death who have already helped cause unspeakable pain to so many on both sides of the border.

Today, we identified fresh strategies to attack the business model of these multi-billion dollar criminal organizations with particular emphasis on cash flow and the flow of weapons. We will work with Mexico to refocus assistance on better disrupting the business model of the

traffickers. We will attack their means of production, their cross-border distribution networks, their cash flow and their weapons procurement.

The Trump administration's efforts to fight the demand for these devastating drugs and the criminal activity and drug trafficking at the Mexican border and elsewhere has only just begun. We will continue to partner with Mexico to disrupt and destroy the criminal organizations which threaten our citizens, our communities, and our country, and we will commit to addressing the pervasive demand for illicit drugs among our fellow citizens. Thank you.

FOREIGN SECRETARY VIDEGARAY: Thank you very much. Thank you, Secretary Tillerson, for hosting us. Thank you, Secretary Kelly, for being here. And for all the – to all the people involved from the U.S. Government as well as the Mexican agencies that participated in this meeting today, thank you very much.

I will switch to Spanish in a moment to refer to the conversation that we just had here at the State Department, but before doing that, let me refer to something that just happened today, which is very important to the U.S.-Mexico relationship and to North America. And today, as you all know, the U.S. Trade Representative sent notice to the U.S. Congress about its intention to start the process of NAFTA renegotiation. The Government of Mexico welcomes this development; we are prepared; we are ready. This is to work together with both the governments of the U.S. and Canada to make our trade agreement better – better for the people of Mexico, the people of the U.S., and the people of Canada.

And we understand that this is a 25-year-old agreement, when it was negotiated. The world has changed, we've learned a lot, and we can make it better. We can make this a negotiation that is good for the three parties involved, certainly, under a win-win framework. The ministry of the economy in Mexico, *la secretaria de economia*, will lead the process. We have a very capable negotiating team. And we'll approach this process constructively and we are sure that this is going to be a step towards improving our relationships and building a future together.

Now, if you'll allow me, I will switch to Spanish.

(Via interpreter) Today, we have taken one more step in the building of a new bilateral relationship between Mexico and the United States – a broad, deep, and undoubtedly complex relationship, a relationship with many angles, and all of them from a comprehensive perspective we are working. Just as for trade there is a process underway, also our cooperation on the issue of security and especially in the fight against criminal organizations operating in both territories and other regions of the world is an essential element of our cooperation. Today's discussions were based on previous discussions – in particular, the meeting where we had the honor of counting with Secretaries Tillerson and Kelly in the City of Mexico, where we decided to discuss this shared problem from the perspective of a team and a comprehensive approach, understanding all of the components of the problem. Today we had an analysis meeting with shared diagnoses so as to build a new shared strategy.

While it was not a meeting where we reached new agreements or where specific strategies were developed, it was indeed a meeting where we were able to achieve fundamental agreements on the nature of the problem, on our diagnostics, and also an understanding that we need to tackle jointly all of the elements in the chain of this criminal business model. We need to overcome the blame game and the finger-pointing aspect. We must understand that every demand creates supply and every supply creates demand. If the governments of Mexico and the United States discuss who's to blame, who's responsible, the only one who wins is organized crime that is bringing violence and death on both sides of the border.

The time has come for us to dare think in a different way. We need to trust more in ourselves and work jointly on all of the elements in this production chain, starting with the crops, the importation of material, production, financial flows of cash, flows of weapons, and of course, the problem of demand, which is at the root of this scourge which has cost so much to both countries. We will continue to work. Undoubtedly, it is a long path ahead, but today we have taken an important step by establishing together the diagnosis and undertaking the commitment – the commitment for both governments to work together as a team to face this problem, which is a problem of everyone.

I'd like to express my thanks to the different areas of the Mexican Government, the secretary of government, and other areas of our government who are represented here – with the ministry of finance, the general prosecutor's office, the financial intelligence agency – with the objective of reaching shared diagnostics. They will continue to work jointly on the process.

Finally, and from this podium, I'd like to acknowledge the Mexican armed forces which for years have been an essential pillar in the fight against this serious phenomenon and which, with their lives and their effort, have shown their love for their motherland, so our gratitude and highest level of recognition to them for their participation in this action.

Thank you very much, Secretary Tillerson. Thank you, Secretary Kelly.

SECRETARY KELLY: Well, thank you for that. It's certainly a great pleasure for me to be meeting with our good friends again from Mexico. In my previous life, I served at the SOUTHCOM – as the SOUTHCOM commander. During that period of time, I built relationships with the Government of Mexico and particularly with the military and the police that serve Mexico, and I would like to add my voice to the minister's voice, to the Secretary's voice, about the brave men and women in the Mexican armed forces and police that have done so much to protect your country and to provide leadership in the region. You've lost many, many hundreds of men and women in this fight against these terrible scourges.

One of my first stops – well, my first stop, actually, as the Secretary of Homeland Security was to Mexico City, as has been referenced, to meet with the foreign secretary and many others in the Mexican Government, to include the president. We are in constant contact – I am, my department is – with our counterparts in Mexico, and our people, Mexican and Americans, work together every day, whether it's to deal with drug smuggling or human smuggling or terrorism.

Our working relationship is vitally important and it is a very, very good one. Part of that is because of our collaboration is built on co-responsibility. We must own the problems of cartels and the solutions to deal with those cartels. While the United States is indeed the magnet that feeds drug smuggling through Central and South America, and all the ills that are associated with that activity, it is mostly our friends in Mexico and to the south that feel the brunt of the violence and the crime.

We are attacking the cartels in many ways, including to attack their business models, attacking their financing, attacking their funding, attacking their ability to run a profitable criminal business, and it has been successful to a degree, and we will continue – as you have heard up here, we'll continue that, deepen it, and broaden it, with some very, very innovative new ideas.

Now, while the specific focus today was on the cartels and other aspects of the drug trade, this is an indication of the broadened number of issues we – the United States and Mexico – work with every single day.

I look forward to working with my Mexican friends later this summer when they are participating – indeed, co-sponsoring a Central American Security and Prosperity conference in Miami, where a wide range of security issues will be on the agenda, including transnational criminal organizations. This will be an opportunity to bring Mexico and their fantastic leadership team together on these issues as we deal with the problems of security and economic conditions in the Northern Triangle countries. And we'll try to address the regional threats to security and stability. We are excited – I am personally excited to have Mexico as a partner at that conference.

And so I will close by saying thank you, secretaries, and Rex Tillerson as well, for this opportunity to collaborate in this very, very important endeavor. Thank you.

GOVERNMENT SECRETARY OSORIO: (Via interpreter) Good afternoon, Secretary Tillerson, Secretary Kelly, Secretary Videgaray. Today, representatives from both countries, as it was already said – we had a follow-up meeting, and we addressed one of the most important issues in our bilateral agenda, which is the joint activities to combat organized crime related to drug trafficking. This phenomenon is one of the largest risks to the health, security, and of course, for the development of the peoples in Mexico and the U.S.

During this meeting, the representatives of Mexico expressed our vision and our experience in the fight against organized crime. And as a result of this, both countries have agreed how urgent it is to work on a bi-national level in a more equitable way, as Secretary Videgaray just said, and we have to work in a comprehensive manner. We understand the decision and the commitment of Secretary Tillerson and Secretary Kelly to look for new ways to address this issue. We have found in them a shared vision and a spirit of cooperation. We agreed how important it is to address the whole chain of supply and to fight the organized crime organizations that operate on both sides of the border.

It is a meeting that would – that allowed us to work on an issue that affects both countries, that generates violence, that calls for a lot of resources on both countries. And if we cannot

coordinate in an efficient manner, and if we don't share information, we won't be able to progress.

I think that this meeting gives us a good path to follow in the fight against the drug trafficking, and it's very important for both countries and the continent.

MS NAUERT: We'll open it up to questions now. If you could please ask your question – direct your question to one minister at a time. We'll start first with Felicia Schwartz from *The Wall Street Journal*. Felicia.

QUESTION: Thank you. Secretary Tillerson, this is at least the third time that the President has made an announcement ahead of your talks with the Mexicans that could sour them. When you flew to Mexico, he said that he would deport all migrants there, which the Mexicans didn't appreciate. He signed an executive order about the wall when the foreign minister was in town, and then this morning told Congress that he'd renegotiate NAFTA. Are you going to be able to negotiate with Mexico when the President keeps stepping on your toes?

MR VIDEGARAY: I want to say something.

SECRETARY TILLERSON: Okay.

QUESTION: And also, to Mr. Foreign Minister: Are the Americans negotiating in good faith, and what did you say about NAFTA in your meetings?

SECRETARY TILLERSON: Well, I hope what this morning's press avail with you is demonstrating is that there are a broad range of issues of great importance and common concern between the United States and Mexico. Obviously, trade is an important, extremely important, issue. And I think the filing of the authorities with the Congress this morning to start moving towards a fast-track authority is a very positive move, and I think it does demonstrate a sincere effort on the part of the President. And I'll leave it to those who will be involved directly in those discussions to comment in the future about those.

But what I would tell you is I hope what you take away from today is an understanding that there is much more to the U.S. relation – U.S.-Mexico relationship than just NAFTA. The wall does not define our relationship. We have so many areas of mutual interest, and I think the focus on trans-criminal organizations, the focus on the devastating effect that drug trafficking, illicit trafficking of drugs, and other illicit trafficking through organized crime is affecting both of our countries in very tragic ways. And I think what – we had a spirit today of very open, very frank, very candid conversations about where we have succeeded in the past, what is standing in the way of our success in the future, and I think a very strong willingness – and you've heard this expressed, I think, in the comments of both secretaries from Mexico – a very strong commitment to overcoming whatever those obstacles may have been in the past. Whether it be in sharing of intelligence information, sharing of resources, we have one common objective here, and this is to end the tragic impacts of illicit drug trade on both sides of our border. We know what we own, and we as Americans need to confront that we are the market. There is no other market for these activities. It is all coming here. But

for us, Mexico wouldn't have the trans-criminal organized crime problem and the violence that they're suffering. And it's – we really have to own up to that.

So I think we've had very open, frank conversations. There are so many areas of cooperation between our two countries, and we're going to focus on those that we can make progress on now. And there will be other talks to make progress on other areas of importance, including the renegotiation, restructuring of NAFTA.

FOREIGN SECRETARY VIDEGARAY: Let me just be really clear about this. We've been informed all along the way, at each and every step of the process of sending the notice that happened today by the USTR's office, by the Department of Commerce, and by the White House. And let me say something else: This is something that we very much welcome, and this is a development that we've been waiting for for quite some time. It's good news for Mexico and we are willing and we are prepared to start the constructive negotiation once the 90 days period go by. This will be mid-August, and we're ready to go. So this is – what happened today, what the USTR sent to Congress, is something that is a significant net positive for the Mexico-U.S. relationship, and we will build upon that.

MODERATOR: (Via interpreter) We give the floor to Jose Diaz Briseno from newspaper *Reforma*.

QUESTION: Secretary Videgaray, the Mexican – sorry – the U.S. Government continues to toy with the idea of splitting NAFTA into two bilateral agreements and not just one trilateral. Is this an up-jump for Mexico?

And Mr. Tillerson, journalists in Mexico are being killed at record numbers. This week, probably one of the most important reporters covering the drug trade was killed in Mexico. Will you raise this issue with the Mexican Government of effectively prosecuting these crimes?

FOREIGN SECRETARY VIDEGARAY: (Via interpreter) Thank you. NAFTA is a trilateral agreement and the conversations need to be trilateral in nature. This is our position. And what we have heard from the United States Government, especially from Wilbur Ross, the secretary of trade, is that the United States does not have a preference in one sense or another. We do have a preference. The agreement is trilateral and should continue to be a trilateral platform. Why? Because this is what allows us to maximize the competitive potential of the region that should be the most competitive one in the world, North America. Chains of value are highly integrated, especially with regards to manufacturing, and this would allow us to have the best platform to continue to work in this regards.

We need to acknowledge that, even with the current treaty, there are certain aspects that apply only bilaterally. Each of the countries excluded, at the time, over 20 years ago, certain sectors from the agreement. Some sectors in Mexico have a special treatment as a result of the agreement. So within the framework of the agreement, there could be certain issues that are bilateral in nature between Mexico and the United States, or Mexico and Canada, or Canada and the United States. But our preference is clear: We believe the framework of a

trilateral agreement is the most suitable and the most convenient for the peoples of Mexico, Canada, and the United States.

SECRETARY TILLERSON: With respect to the tragic death of the important journalist in Mexico, we offer our deepest condolences, certainly to the loved ones and the family members. And it is, yet again, another tragic loss among journalists but also many others as a result of the violence related to the illicit drug trade. I think in terms of how we address that, we had very good discussion about how do we improve the information-sharing among law enforcement agencies on both sides of the border, because these cartels and organizations operate across the border as well. And we discussed how do we identify those organizational connections, how do we share information that will allow us to better identify who is responsible, have those people arrested and brought to justice.

Similarly, we had discussions around how to strengthen the judicial system, and we know that Mexico has a draft law and – for consideration that would allow the seizure of property and assets of those who have been arrested and charged in the illicit drug trade. We have similar laws in this country, and we have encouraged Mexico to proceed with the enactment of that law as well. So there has been very good sharing among ideas on the law enforcement side as well and the justice side, so we are working together cooperatively to attack the problem.

MS NAUERT: Rich Edson from Fox News.

QUESTION: Secretary Kelly and Secretary Tillerson, given the frequency with which you both interact with foreign counterparts, as evidenced by today and much of what's involved in your everyday work, and given the investigations, the former FBI director's memo, and all that's happening domestically ahead of the President's first foreign trip with significant meetings scheduled with foreign leaders, has the President lost leverage or credibility, and have these issues hampered efforts that you have with international counterparts? Thank you.

SECRETARY KELLY: Can I go first?

SECRETARY TILLERSON: Yep, go ahead. I'll go when --

SECRETARY KELLY: No. I would tell you, I just actually returned from a trip I took to Jordan and Saudi Arabia, and they are so looking forward in that part of the world to the arrival of the President and the gesture of where he's going first. I could say the same thing about the Israelis and others. I'll let the Secretary of State answer that.

But no, I interact with a fairly large number of international players, often – most often by phone, but Europeans, Latin Americans, Central Americans, Africans, I mean across the globe – and they are working with us as partners on a range of issues – aviation security, drugs as you've heard here today, immigration. So I feel no effect at – from when the President is, say, taken to task in the press about something he may or may not have said, and certainly something he may or may not have meant. So --

QUESTION: On intelligence sharing, sir?

SECRETARY KELLY: Am I concerned about intelligence sharing?

QUESTION: Are foreign countries concerned about sharing intelligence with the U.S.?

SECRETARY KELLY: We share – and as I say, I interact with a great many foreign leaders at the ministerial level, my counterparts, and I share as much information with them as our laws allow, and they are open to that. In those places I cannot share more, they understand that, and the fact that this country, my department, our President, has the safety of our citizens and their citizens number one in his mind.

SECRETARY TILLERSON: I guess I would characterize the expectation among the rest of the world and whether – and I have had the opportunity now to pretty well interact and meet with leaders from Europe to Russia to Central Asia to the Middle East, to Africa, to Southeast Asia, Northeast Asia, so I have a pretty good exposure now to the – globally to how the world is seeing the current administration.

And what I would tell you is there is a great sense of expectation and I think a great welcomeness of America returning to the scene. Many of the leaders, particularly in the part of the world we'll be traveling – the Middle East, Central Asia, and even parts of Africa – are ready for a period of what they view to have been neglect to outright dismissal of their concerns. They're ready for re-engagement with America.

And so I think there is a great anticipation of the President's trip as to what could be accomplished, and we in our dialogues have identified much that can be accomplished when we work together. And that is the purpose of this trip, is really one of conveying a message that America is back in terms of our role as a convener, our role as a facilitator to address the daunting challenges that exist in that part of the world, most particularly the challenge of global terrorism and how we confront global terrorism as a global peoples. It is not just one nation's challenge; it is one that's shared by all of us.

And I think the importance of this trip and President Trump's leadership around bringing people the world over to understand we are in this together. This is not a battle about religions. This is not a battle about cultures. This is a battle about good and evil. And their – the goodness of people of all faiths will prevail over this evil, and that is the President's message he'll be taking. And he will be convening people globally to confront this face of evil wherever it presents itself in the world. There is a great anticipation around that leadership.

QUESTION: And is the domestic (inaudible)?

SECRETARY TILLERSON: I think the people in the rest of the world take – do not have the time to pay attention to what's happening domestically here. They are more concerned about what they see happening in the relationship with their country and what we are bringing to address these very serious challenges that are affecting all of us.

MS NAUERT: Rich, thank you.

MODERATOR: (Via interpreter) The last question by Ruben Barrera from Notimex. Go ahead, please.

QUESTION: (Via interpreter) Thank you. Secretary Osorio, I would like to see if you could explain when you said that you would like to see a bi-national effort that is more balanced, what do you mean by that? And what would be the possible changes that could happen vis-a-vis how the Mexican Government is fighting the drug trafficking organizations based on the start of these comments.

(In English) And for you, Secretary Kelly, the Trump administration has been talking a lot about the drop in illegal crossings because of the policy that President Trump has announced on the immigration front. But we have not heard anything regarding drugs. My question is why, and if – can we expect to see a significant drop on drugs issue across the south border after the wall is finished, maybe by the end of this administration?

GOVERNMENT SECRETARY OSORIO: (Via interpreter) When we were taking this dialogue, we talked about the costs to the U.S. and to Mexico, the issue of the drugs. We are talking about human cost in the U.S. because of consumption and human loss in Mexico on the side of the armed forces and the law enforcement and different organizations that fight organized crime. So we can't just talk about unilateral actions under U.S. or Mexico; we have to have very strong actions based on actions for both. We have to share information and we have to reach agreements that will – would not allow access to market to these organizations. And Mexico is part of the problem. Production has to be curtailed. So, basically, that's the balance that we have to achieve, and it has to be based on these comprehensive talks, as Secretary Videgaray said.

One of the issues is security. We have to work on that because we don't want to give the idea that this violence is not being addressed on our side, and this is why we talked about the comprehensive issue on all the problems that both sides face and what are the alternatives that we could find to solve this issue together.

SECRETARY KELLY: On the issue of the smuggling of drugs into the United States, we already do a great deal at the border, and not alone. We do it with our Mexican counterparts to the south. The vast majority of hard drugs – methamphetamines, cocaine, and heroin – come up smuggled primarily in vehicles – trucks, that kind of thing – oftentimes with the – particularly in the commercial trucks. Oftentimes the driver doesn't even know that they're in there.

So the first point, or the – let me start at the end. The end is to get after the TCOs, transnational criminal organizations, the networks in Mexico and in the United States. That's the last thing. The first thing we need to do, because it is – it generates all of the problems, and that is the drug demand in the United States. And not only the drugs that are used by addicts, but the recreational use of drugs – if Americans understood that playing around with drugs on a weekend for fun ultimately ends or results in the lives lost in Mexico by law enforcement and by the military, or lives lost in Colombia or Central America – if Americans

understood that recreational playing around with drugs is resulting in the deaths of reporters and media people throughout the region, but particularly, unfortunately, in Mexico right now; police officers; as I say, soldiers; prosecutors, judges – if Americans that use drugs recreationally understood that and stopped doing that, that would significantly reduce the amount of drugs and, consequently, the amount of profits that come out of the United States.

So the most important thing we can do is reduce the drug demand. We've never tried it, we've never done it. We have to have – develop a comprehensive drug demand reduction program in the United States that involves everybody – involves professional sports, Hollywood; involves governors, mayors; involves parents, priests; involves everybody. We can reduce the amount of drugs consumed in the United States significantly – never go to zero, but we can reduce it. But until we do, we'll be fighting at best a neutral battle on the border. The drug traffickers are extremely agile, extremely innovative in how they do business, incredibly brutal. If you won't take their bribes and their money, they'll kill your daughter and make their point that way. So it's all about drug demand and drug demand reduction.

QUESTION: (Off-mike.)

SECRETARY KELLY: No, the physical barriers work. Where there is – there are 650 miles of physical barrier already on the southwest border between the United States and Mexico, all of that built previous to this administration. So there is use for physical barrier. There's also use for technology. There's – to say the least, there's use in terms of the collaboration between Mexican authorities and U.S. authorities. And then, obviously, it's all about people that patrol, talk to each other; police actions on both sides of the border. So there's no one single solution to this. It's a multifaceted problem and it needs multifaceted solutions.

MS NAUERT: Thank you. That's all we have time for.

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