CLOSING PLENARY | A CONVERSATION WITH MEXICO SECRETARY OF FOREIGN AFFAIRS ROBERTO VELASCO ALVAREZ

Maria Jose Ochoa 00:03

Buenas tardes a todos [Spanish: Good afternoon, everyone]. I am Maria Jose Ochoa, Director of Global Government Affairs at the Milken Institute, and it is an honor to see how this symposium just continues to grow. Now in our third year in Mexico City, the momentum could not be clearer. And that is thanks to everyone in this room, the people, the partnerships, our speakers, our partners and sponsors, without whom this event would not be possible. We opened today with Secretary of Finance Edgar Amador and his perspective on Mexico's financial outlook. Our theme, *Capital in a Changing World*, has guided the conversations that followed, on Mexico's role in North American competitiveness, the energy and infrastructure needed to support its growth, and what it'll take to turn opportunity into long-term value. For investors, these questions shape decisions that extend well beyond today. Where to commit capital, how to navigate uncertainty, and which partnerships to build. That is why we convene at the Milken Institute: to bring investors, business leaders, and policymakers to the same table, deepen understanding, and help move investment forward. We look forward to continuing these conversations at our upcoming gatherings, Global Dialogue in São Paulo, Brazil, on November 9, Middle East and Africa Summit in Abu Dhabi, December 7 and 8, and the Global Conference in LA, May 2–5. We hope you will all join us there. Having begun with Mexico's financial outlook, it is fitting to close with its engagement with the world. Investment and international partnerships are closely aligned, and our final conversation brings that connection into focus. It is my honor, then, to introduce a friend of the Milken Institute and someone who has supported our work in Mexico since the very beginning, Mexico's Secretary of Foreign Affairs, Roberto Velasco. Secretary, thank you for your continued support and for helping us bring this third symposium to a close. Join me in welcoming Secretary Velasco and JP Spinetto of Bloomberg.

JP Spinetto 02:29

All right. Thank you. Thank you, secretary. I'm going to go straight to the point. I think it's already quite late and everybody here loves to know about USMCA. So, where are we standing now in these negotiations? I think we saw hope of a deal in September, then things got sidetracked. Now I think there is new hope.

Roberto Velasco Alvarez 02:58

Well, as you know, we have different tracks of conversations. The first one has to do with current 232 tariffs, and what the US describes as nontariff barriers, on which we have been making a lot of progress during the past months of conversations. So, naturally, we hope, and I always say I'm cautiously optimistic about getting a deal about these two

issues. Of course, this is not an easy conversation. This is not a simple conversation. But we are working on that, and the talks, of course, are led by USTR, in our case, the Secretariat of the Economy, and we continue to work on that. Whether we will achieve this in a particular timeframe, I think, will be a conclusion of the talks themselves and not of trying to achieve some deadline. That's one part. And the other part that we continue to discuss with the United States is the revision of the USMCA per se, where we obviously want to continue to have this trade agreement that is the basis of so much trade between the three countries, and I think we all agree on that. But of course, we want to have increased certainty around the USMCA. Of course, we understand that there are some areas where the US has concerns that we believe we can attend in a constructive way, and that there are probably win-win scenarios for the three countries. For example, on rules of origin in certain sectors. We also believe that there's an opportunity to bring our agreement to the new reality that we're facing in terms of what we're seeing in terms of the growth in technology, the explosion in technology, and of course this boom of investments in artificial intelligence in the United States.

JP Spinetto 05:19

Is also energy an issue—part of these talks?

Roberto Velasco Alvarez 05:24

I wouldn't say it's an issue. I mean, of course, we're always listening to ways in which we can continue to have the kind of important investments that we've had from US companies in Mexico and to make sure that everybody is continuing to get fair treatment and that we continue to grow the opportunities that we have ahead of us. I wouldn't say that it's an area of—an issue but rather, again, a constructive conversation that we have.

JP Spinetto 05:59

We have midterms next week in the US. Is anything changing for Mexico in this one? And the interesting part is that Mexico hasn't been part of these debates, unlike other elections in the US. Is that good?

Roberto Velasco Alvarez 06:16

Well, on the latter, I think it's very good. I mean, obviously, we prefer not to be part of the political debate, less the electoral debate, of any other country. So, I think that's an excellent development, and I think it's part of the progress that we have in many different areas. The reality is that we have excellent results of our cooperation on security. We've increased our cooperation on security in several areas. For Mexico, it is very important for that to happen with respect of our sovereignty and our territorial integrity, with mutual respect, with, obviously, shared responsibility about the issues that we're facing and the concept that we always used of coordination or cooperation without subordination. But the results are pretty dramatic. We've seen a decrease of almost 70 percent of the seizures of fentanyl in the border. We're seeing a very important increase of the investigations that the US is doing on arms trafficking. We've seen the detention here in Mexico of extremely important targets on organized crime, and that is partly due to this cooperation with these principles that we have with the United States. So, that's very significant progress. And on migration as well, we have the lowest numbers of irregular migration in the border in decades or ever, probably. So, all of that is good progress, and of course, has allowed us to focus on the trade conversations. It has allowed us to focus on different challenges that we are facing, and it has allowed for these topics not to become an electoral topic of debate in the United States. Now, what is going to happen and what is going to change for Mexico, I think it's too early to say. We can talk about that next Wednesday, maybe. Maybe it will take a few more days. I've heard that Alaska is a little bit not that quick on their vote counting. We're very respectful on electoral processes, and of course, we don't want to comment before the election. Let's see what happens. Of course, we will continue to engage, as we have had with the executive, with the administration of President Trump. That will continue to be our main focus. But let's see what happens in Congress, and we can talk about what effects that will have for the relation in a few days.

JP Spinetto 08:57

Roberto, you have been minister since April, right? My impression, and correct me if I'm wrong, is that there are clear changes in the strategy, in the diplomatic strategy of Mexico since you arrived. The agreement with Peru is a good example. You had a very active participation, for instance, in United Nations Week. You are all the time on an airplane, right, traveling the world, as it should be. And I see a more pragmatic approach, trying to focus on getting investment, getting companies to invest in Mexico. Is that—I'm right in describing this strategy?

Roberto Velasco Alvarez 09:41

Well, what I can tell you is that, of course, as with any of my predecessors, and probably the ones that will succeed me, part or the most important part of our job, given the importance of the relation with the United States and with Canada, is to make sure that our relation with North America is going as well as it can go. And that continues to be a big chunk of my time and my daily work. But we have also tried, at the same time, to make sure that we have a constructive dialogue and a positive engagement with all the other regions in the world. Of course, we always want to start with our own neighborhood, with Latin America, that is close to us in terms of culture, in terms of language, in terms of many different things, and I wouldn't even say in terms of our heart, because there are so many things that connect us to this region. And we have tried to have a constructive dialogue with governments that do not think like us, where we have important political and ideological differences. That is the case of Peru that you mentioned. We don't think alike, but we found that President Fujimori wanted to restart the relations, and of course, we said, "Let's do that. We can have a conversation about what led us to this situation, and we can even think about the future of the relation." And we're focusing on economic cooperation. We're focusing on cultural cooperation. We're focusing on the Pacific Alliance, and that is working well. And we're doing the same with other countries in the region, including Colombia, including Chile, including Argentina, where we've had important conversations. And of course, we're also working very close with Brazil. They are the other very large economy, very large country of Latin America, and we feel that it's a responsibility for us to make sure that we are as close as possible. And we have made, I think, great progress with Brazil. But we're also working with the Middle East. We've had a strategy to be closer to the countries in the Middle East, to Saudi Arabia, to United Arab Emirates, to Qatar, and other countries. And I think we're making great progress on that. We just had some visitors from Qatar. I just had meetings with all of their foreign ministers—in some cases, like Qatar, the prime minister—in New York, and we continue to find ways to work in different spaces. Obviously, the economic space is the most important, the investments that they can make in Mexico and how we can increase trade.

JP Spinetto 12:42

Is that your priority, trying to find investments?

Roberto Velasco Alvarez 12:43

Of course. That is the priority right now of the Foreign Ministry. We have a new area of the Foreign Ministry focusing on economic diplomacy, and we have an economic diplomacy plan that we're bringing to the entire world and focusing in some regions. But we're also finding other venues. With Qatar, for example, we created a group, together with Norway and with Switzerland, of mediator countries. We're also working very close with countries in Asia. We just had the president of the Republic of Korea here in Mexico City, and we basically took our relation to a very different level. We have initiatives on every front. We're countries that in many ways are alike, and there's a great potential for the relation, and this visit, I think, showed that and had a lot of different deliverables on all different areas. So, that was very positive. I'm probably getting ahead of my communications team, but I will be in Japan in a few days. I was in China recently, and the president will be in China very soon in the APEC summit. So, that is another important aspect as well.

JP Spinetto 13:53

So, is it fair to say, or is this too strong to speak about, that diversification of the foreign policy, in a way, is what Canada is doing, but in a more subtle way?

Roberto Velasco Alvarez 14:04

Look, I mean, some people didn't like that I said Mexico doesn't think about the world in terms of powers. We have a tradition of looking at the world in terms of the legal equality of states before international law. But what I said as well is that in something that we agree with Canada is that it is important right now to strengthen our relations with all the different regions of the world, and of course, we're doing that, and of course, we're trying to diversify our relations. But of course, that does not mean that we're going to stop working in what is our most important trade relation, which is the United States and Canada. So, this is not something that we're trying to replace, but rather we're trying to work in all the different opportunities that we have around the world.

JP Spinetto 15:05

Let me ask you about this incoming trip to China, because it's a big trip for President Sheinbaum. What are the targets, the goals of this trip? Are we going to have a bilateral with President Xi, I imagine?

Roberto Velasco Alvarez 15:23

Well, I can go ahead of my communications team, but not the president. So, I will let her announce her own set of bilateral meetings. She will decide when and how to communicate that. So, I will not get ahead of myself. But what I can tell you is that, of course, there will be several important bilateral meetings in this space with Asian countries and with other countries that are part of APEC. I can also tell you that we're in the middle of an important process with APEC because we will be the host country—

JP Spinetto 16:01

Next time, yeah.

Roberto Velasco Alvarez 16:02

—in 2028. So, that's part of the objectives of this trip. And of course, with China, I was just there a few weeks ago, and part of what we're trying to do, of course, we have a trade relation with China. Of course, there's also the fact that we have Plan México, which intends to increase the added value in our supply chains here in Mexico, to increase investments in our country, and to substitute some imports that we can produce in our own country. But we have a history of good political relations with China, and we're trying to make sure that we continue to have a healthy political dialogue with China and that we continue to have this historic friendship that we have with China and to have the cooperation that we've always had and to find different ways to cooperate. So, that will be part of the mix, and I think it will be a very significant trip. For President Sheinbaum, it will be the first trip to Asia. So, it will be very important. And I'm sure—

JP Spinetto 17:23

I think it's the first time a Mexican president goes to China in almost a decade, right?

Roberto Velasco Alvarez 17:26

Yes. That's correct as well. So, it will be very important. And again, we're not just working with China, we're also working with Japan. The president has been communicating with the prime minister, with Prime Minister Takaichi as well. They share the fact that they are both the first female leaders of their countries. So, of course, there's a lot of things that they share in that space, and the relation with Japan has always been very important economically. It has been a very important political relation for a very long time. And as I said, we're working with South Korea and with some other countries in the region. With Singapore, for example, we had the president of Singapore here. They opened their first embassy in Latin America here in Mexico this year. We're working for them to become part of the Pacific Alliance. So, we have good progress there, and we're also in the process of joining ASEAN, so that should be very important too.

JP Spinetto 18:33

Roberto, let me ask you about Brazil that you mentioned. I imagine that the surprising comeback from President Lula is good news in terms of the relationship that you guys have built with that government. In concrete terms, what can we expect in the next few months or the next year with Brazil?

Roberto Velasco Alvarez 18:51

Well, yes, I think it's something that we're very happy about. As I said, I was just in Brazil a couple of months ago. We had, right before the elections, our political commission, and we have a series of projects that we're pursuing together. The most important one is a strategic alliance between Pemex and Petrobras. So, that's very important. Of course, we have our laws and our constitution that only allow certain things to happen, but we're working with them. And we're working with Brazil in many different spaces, including in the multilateral sphere, in the commercial sphere, and to make sure that we continue to partner in Latin America. So, you will see some of those projects materializing. And the presidents just spoke. President Lula told President Sheinbaum he will come to Mexico.

JP Spinetto 19:53

Oh, wow.

Roberto Velasco Alvarez 19:54

President Sheinbaum is also committed to go to Brazil, so we will continue to have a very close partnership with them.

JP Spinetto 20:00

All right. Thank you. Thanks for the time, for talking to us and sharing these thoughts.

Roberto Velasco Alvarez 20:04

Thank you very much, Juan Pablo. And happy to be here in the Milken Conference here in Mexico. It's great that you continue to have this event, and I'm very happy that you continue to invite me. So, thank you very much.

JP Spinetto 20:17

Join me in applause, please.

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