

# Brief: U.S.-Mexican Relations Go South

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**Background:** The U.S.-Mexico relationship is among the most difficult to manage for both Washington and Mexico City. Disagreements are common but are normally kept in check by necessity. The Mexican economy needs access to the U.S. markets, and the U.S. – especially Texas and California – needs a secure southern border with frictionless movement of goods and labor.

**What Happened:** Late last week, Mexican President Andres Manuel Lopez Obrador announced **proposed changes to the country's National Security Law** regarding the operations of foreign agents. The 10-point plan calls for greater federal government oversight of foreign agent activities and includes the removal of immunity, as well as requirements for embassies and foreign agents to share with the government information on matters of security and anything covered by bilateral agreements involving the foreign agent's government. Mexico City also opened talks with the private sector to **delay until February proposed changes to laws that would outlaw outsourcing**. This comes just days after **U.S. legislators warned** that the proposed changes could jeopardize the U.S.-Mexico-Canada Agreement.

U.S. lawmakers have also **complained about Mexico's planned energy policy changes**, which give preferences to state firms, saying those could compromise the USMCA too. On Monday, Mexico's energy secretary **noted in a document** outlining the country's five-year plan for natural gas transportation and storage that the U.S. could cut off natural gas supplies.

**Bottom Line:** Though Mexico has some room to maneuver in the bilateral relationship with the U.S., Washington almost always has the upper hand. But Lopez Obrador, who is not a member of either party that has dominated Mexico's presidency for most of the last century, was elected on a promise to shake things up. And as he pushes ahead with the more controversial elements of his reform agenda, it will inevitably put him more at odds with Mexico's northern neighbor, laying the groundwork for tensions to rise in the months ahead.

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