A politically stable, economically healthy and cooperative Mexico is of crucial importance to U.S. national security. Therefore, it is U.S. policy to foster the political stability and economic well-being of Mexico; to strengthen our cooperation on issues of mutual interest and concern with a view to overcoming our bilateral and multilateral differences; and to achieve better understanding and acceptance of U.S. foreign policy, especially with respect to Central America and a reduction of narcotics production, transshipment, and distribution. The complexity and vital importance of our relationship with Mexico, particularly the harm to U.S. interests which would be an inevitable consequence of Mexican instability, require that greater attention be given to U.S. policies, programs and actions regarding Mexico. To support this U.S. policy, the President has made the following decisions based on the interagency study dated April 14, 1987, prepared in response to National Security Study Directive 5-87: (S)

1. The Interagency Group on Mexico, chaired by the Assistant Secretary of State for Inter-American Affairs, shall meet regularly to assure the fullest coordination of coherent and consistent policies, programs and actions regarding Mexico. The executive secretary of the IG, designated by the chairman, will be the principal point of contact for all departments and agencies in assuring appropriate interagency coordination. Reports required by this NSDD shall be submitted to the Executive Secretary of the IG with a copy sent to the NSC. The functions of the Interagency Group shall include but not be limited to the following: (S)

--- coordination of public statements, meetings with Mexican officials, and other actions by senior U.S. officials so as to maintain a high-level dialogue in a climate which fosters cooperation, progress and mutual understanding; (S)

--- avoidance, to the extent possible, of the U.S. becoming a major issue in the 1988 Mexican elections or of otherwise strengthening elements in Mexico which are hostile to U.S. interests; (S)
preparation of plans for the 1988 meeting of the U.S. and Mexican Presidents; (S)

-- review and coordination of the implementation of other U.S. policies, programs and actions, including those described below, in order to assure that such implementation best supports overall U.S. objectives; (S)

-- coordination of the implementation of other recommendations set out in the interagency study. (S)

2. The Secretary of State shall devise and the Interagency Group implement a strategy toward (a) countering Mexican opposition to U.S. foreign policy objectives, in particular in Central America, in the United Nations, and the Organization of American States; and (2) gaining Mexican cooperation on these issues. State shall submit a written plan in this regard for consideration of the Interagency Group within 30 days. (S)

3. The International Standing Committee of the National Drug Policy Board will review U.S. narcotics cooperation toward Mexico with a view to strengthening all aspects of cooperation. This assessment should analyze the level of personnel and financial resources and recommend changes in their allocation commensurate with the magnitude of the volume of narcotics entering the United States from Mexico. This assessment shall be submitted to the Interagency Group within 30 days of the effective date of this NSDD. (S)

4. To strengthen U.S.-Mexican trade and investment ties, and support Mexico's economic recovery, the Economic Policy Council will examine prospects for establishing a special trade and investment relationship with Mexico. The EPC will also examine developments in trade and investment along the U.S.-Mexico border to determine their effect on the overall bilateral economic relationship. The EPC shall submit its report within 30 days. (S)

5. The Secretary of the Treasury will devise a long-term strategy for helping Mexico overcome its external debt problems, including external financial support linked to progress on Mexican economic reforms, financing from multilateral development banks and private direct investment, to supplement lending to Mexico by private commercial banks. It should be understood that
Mexican efforts to frustrate U.S. policy in Central America will also affect the U.S. attitude toward such assistance. Treasury will submit in writing a strategy for IG consideration not later than 30 days from NSDD effective date. (S)

6. The Secretary of State and the Attorney General shall assure that the Immigration and Naturalization Reform and Control Act of 1986 is implemented with minimal disruption of bilateral relations with Mexico. (S)

7. To achieve greater mutual understanding between our two societies, and greater acceptance of U.S. policies by the Mexican public and opinion leaders, the Director of USIA will report on the existing program of interaction already begun with Mexican leaders to explain U.S. policies and outline our plans to increase this effort within approved Agency resource levels. USIA progress report is due within 30 days from the effective date of this NSDD. (S)

8. The Secretary of Defense will devise a long-term strategy to strengthen relations with the Mexican military through exchanges, visits and assistance in its modernization efforts. The strategy shall be submitted within 30 days. (S)

The IG will report the status of the actions taken in response to the foregoing decisions, and make specific recommendations on how these subjects should best be treated at the 1988 meeting of Presidents Reagan and de la Madrid. (S)