1. (SBU) Summary: The inauguration of the Defense Bilateral Working Group (DBWG) on February 1 comes at a key moment in our efforts to deepen our bilateral cooperation in security and economic issues. This initiative comes at a time when Mexico faces significant security challenges, and we are committed to working closely with Mexico to achieve its modernization goals.

2. (SBU) The DBWG is an important component of our overall bilateral Merida strategy for 2010. We ended 2009 with an unprecedented commitment from the Mexican government to work with the United States on a broad range of security issues. The inauguration of the DBWG is a formalization of this commitment and a key moment in our efforts to deepen our collaboration in addressing the security challenges facing Mexico.

3. (SBU) It is a challenging moment to address some of the institutional weaknesses that dot the Mexican political landscape and which periodically impair the country’s ability to effectively address security challenges. The Calderon administration has taken important steps to address these weaknesses, but we must continue to support Mexico’s efforts to improve its security institutions.

4. (SBU) Meanwhile, the opposition Institutional Revolutionary Party (PRI) is in the ascendency, cautiously managing its illusory unity in an effort to maintain its front-runner status in the run-up to the 2012 presidential election. With a presidential election scheduled for 2012, we must be prepared to work with Mexico’s political landscape.

5. (C) Calderon has aggressively attacked Mexico’s drug trafficking organizations but has struggled with an unwieldy and uncoordinated interagency and institutional landscape. The failure to reduce violence has focused attention on the military’s perceived failures and led to a major course change in January to switch to a more civilian-led approach.

6. (SBU) The DBWG is just one mechanism for addressing the challenge of modernization. SEDENA’s shortfalls are at times quite noticeable and serve for d...