1. (SBU) THIS CABLE IS SENSITIVE BUT UNCLASSIFIED

ISSUES FOR WASHINGTON -- PROJECTS ON HOLD

2. (SBU) 2009 LOA: 2009 projects are being defined and scoped by joint USG-GOM working groups but on hold because of extensive delay in preparation and now signing of LOA. We are dipping into pipeline funding, now down to less than $25M and heavily leveraged, to maintain momentum on key projects.

3. CORREOS: On hold pending determination of requirements from SCT ($1.5M).

4. (SBU) NON INTRUSIVE INSPECTION EQUIPMENT ($39.4M):
   - Procurement for 19 GAMMA Radiation Mobile Trucks (18 for SSP and 1 for SEDENA) was cancelled in March 2010 due to protests by competing vendors. Procurement is on hold considering options ($20M).
   - Procurement for Fixed Portal GAMMA Vacis units (SAT) - 3 Cesium ($4.7M) and 1 Cobalt ($1.8M) was cancelled by RPSO, due to concern over possible protests; on hold pending new procurement strategy.
   - Procurement of X-Ray Portal for SAT ($10.4M) was cancelled by RPSO;
5. (SBU) AVIATION: ISR Aircraft ($15.5M) agreement on technical specs not completed. Fixed Wing (now rotary wing - $83.5M) pending final decision of best aircraft.

6. (SBU) OASSIS: This deployment (and future development) is at a standstill until an MOU between DHS and GOM is completed and executed.

7. (SBU) SCT SECURE SATELLITE: Proposed acquisition by SCT officials was significantly higher than what is available for this project so it will take some negotiations to trim the project back to the current funding levels.

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INTERNAL DEVELOPMENTS
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8. (SBU) NO LETUP IN VIOLENCE: After mid-month announcements by GOM officials that DTO-induced violence was down by 40 percent, March ended as one of the bloodiest months on record, with an estimated 900 killings nationwide. The January to March total stands at 2614, which matches last year's pace.

9. (SBU) CIUDAD JUAREZ REMAINS VOLATILE: President Calderon visited Ciudad Juarez on March 16, his third trip there in six weeks, just days after the killing of one consulate employee, her spouse, and the spouse of another consulate employee. Calderon's Todos Somos Juarez plan includes 160 actions the government is proposing to improve the socio-economic situation that there is seen as key to reversing the violence. The SSP also took various steps to better coordinate operations and improve its deployments and investigative capacity. The pace of killings was unmoved though, in Chihuahua there were 624 killings from January to March, exactly on par with last year. U.S. law enforcement agents led by the FBI are involved in the investigation into the consulate killings and Ricardo Valles de la Rosa, reputed leader of the Barrio Azteca gang, was arrested in Chihuahua State in connection with the case. ICE also announced it will no longer send Mexicans who have committed crimes in the U.S. back to Juarez but rather route them to ports of entry in Texas such as Del Rio, Laredo and Eagle Pass. According to ICE, more than 6,000 deported convicts arrived into Juarez from the U.S. in 2009. On a positive note, a facebook group named "Youths for Juarez," has grown to include more than 4,000 members. This group is now working with a federal program called "Sensores" to help detect warning signs among peers who could fall into criminal gangs.

10. (SBU) NORTHEAST MEXICO: GOM officials predicting a downturn in violence got it wrong in large part because they did not anticipate the uptick in violence in the north-east as the Zetas took on all comers to control the lucrative plazas there. The violence has cut a swath across north-east Mexico, and included key towns in Tamaulipus, Coahuila, and Nuevo Leon, and even in neighboring Durango. DTO's have operated fairly openly and with freedom of movement and operations, with tactics that include roadblocks, the takeover of towns, and bottling up local military units and
security forces. In many cases they operated with near total impunity in the face of compromised local security forces. GOM responded with a considerable show of force including military and federal police. In one prominent case in Durango State, 10 young people were traveling from their small farming community to Los Naranjos to collect financial aid for students when a man in military dress stopped the truck. An unknown number of attackers then shot and killed the youths.

11. (SBU) VIOLENCE ESCALATES IN MONTERREY: Gang warfare between the Gulf Cartel and Zetas left nearly 50 people dead in March in Monterrey, Mexico’s third largest and most prosperous city. Among the victims were two graduate students at the Monterrey Institute of Technology, killed during a shootout between the army and Zetas. The wave of violence prompted a citizen protest on March 29, in which approximately 8,000 citizens dressed in white marched against violence just hours after two soldiers and a civilian were wounded in a shootout between troops and gunmen in the city. Shortly after the protest concluded a shootout with soldiers killed five people.

12. (SBU) ATTACKS ON MEXICAN ARMY GARRISONS: Also new this month was a wave of coordinated attacks on two army garrisons in Reynosa and Matamoros on March 31. Well-armed gunmen in armored vehicles attempted to trap army troops by cutting off access and blocking highways. The military came out ahead in this battle, with just one injured soldier to the 18 attackers who were killed. They also confiscated more than 50 assault rifles, 61 grenades and 8 homemade explosive devices, as well as grenade launchers and armored vehicles.

13. (SBU) PRISON BREAK SEASON V: In Matamoros, 41 inmates escaped from a state prison on March 25. Prison staff, including the prison director, is currently under investigation for their role in the incident.

14. (SBU) DTO’S DIVERSIFYING: In addition to violence, criminal gangs are spreading their wings in other ways. Anecdotal evidence indicates that as many as 80 of every one hundred businesses that operate in the areas of Reynosa, Tijuana, and Ciudad Juarez pay between two and five million pesos in extortion fees to organized criminal groups in order to stay in business. Other businesses in those areas have opted to close their doors and relocate to the United States.

15. (SBU) LEGAL AND POLICY DEVELOPMENTS: A proposal by the National Governor’s Conference to dissolve municipal police and create single commands at the state level has been opposed by several PAN Senators. The plan would absorb some 2,000 municipal police organizations into 32 state-level agencies in order to have greater institutional capacity among police forces. The opposition argues that the State police are inefficient, and that creating and operating such a system would be highly complex while politically benefitting the party in power in key states. Meanwhile, members of the Security Commission in the House of Deputies and the Senate backed President Calderon’s position against legalizing drugs in order to reduce narcotics-related violence. Also in March, Calderon called on all government entities to accelerate the implementation of justice system reforms approved in 2008. The 2008 reform calls for the adoption of oral trials, simplified
legal processes and rights and protections for victim of crime.

16. (SBU) PUBLIC IMAGE: President Calderon called on Mexican officials to defend the image of their country in the face of endless reports on crime. In an attempt to put the situation in perspective, he publicly cited data from the Brookings Institution indicating that Mexico suffers 11.5 homicides for every 100,000 inhabitants, "a high and worrisome number," but below the figures for Jamaica, 67; the Dominican Republic, nearly 50; and Brazil, where the rate is 22 murders per 100,000 residents.

MERIDA INITIATIVE

17. (SBU) SRE hosted the ninth Merida Mexico Bilateral Implementation Meeting in Mexico City on March 5. The meeting included attendees from all U.S. and Mexican agencies involved in the Merida Initiative. Key issues raised during the meeting were:

-- The GOM hosted a civil society meeting in Monterrey on March 4 as part of its ongoing effort to engage local communities and NGOs in a dialogue on Merida.

-- The GOM stressed the importance of having accurate documentation on Merida projects. Joint U.S.-Mexico documents are used to brief President Calderon on Merida progress.

-- The GOM reported on the Demand Reduction program and the six bilateral priorities that came out of the Bilateral Demand Reduction Conference in Washington during the week of February 22, 2010.

-- NAS Director stressed importance in capacity building of train-the-trainer programs; training units over individuals; and increasing the size of Mexico's physical plant for training.

-- NAS briefly highlighted the success of the Ciudad Juarez/El Paso Merida Planning Initiative that took place from February 21-26.

-- The GOM expressed concern with programs being initiated at the state level without the involvement of the federal government.

-- The GOM lamented slow timelines for CASA aircraft and UH-60Ms and asked if it would be possible to speed up delivery of these key pieces of equipment.

-- Several GOM agencies, specifically Customs (SAT), are concerned with slow pace of deliveries. The GOM has requested that the USG produce a calendar displaying delivery dates when made available.

-- The next Bilateral Implementation meeting is scheduled for April 21, 2010.

18. (SBU) U.S. Secretary of State Hillary Rodham Clinton led a high-level delegation to Mexico City on March 16, 2010. Secretaries Clinton and Espinosa agreed to commission a joint survey on drug consumption, to improve our strategic communications on Merida and cross border security, and to speed delivery of Merida equipment and training. They also focused the group on having a clear road-map of our joint activities, with responsibilities, resources, and timelines clearly spelled out in advance of the state visit by President Calderon May 19.
POLICE PROFESSIONALIZATION & TRAINING

19. (SBU) TRAIN THE TRAINER AND ACADEMY DEVELOPMENT: In February NAS initiated the Academy Development Program, a Train the Trainer Program to certify 53 Federal Police Academy personnel. The second iteration, completed in March, graduated an additional 57 instructors. Top students from each program continued with a Curriculum Development, Evaluation of Training and Training Administration and Management Program. To date 12 individuals have completed the POI and an additional 18 will start in April.

20. (SBU) CUSTOMS: Several courses are programmed for Customs (SAT) training but require signature of the LOA and disbursement of FY 2009 funds to begin initiatives.

CORRECTIONS SYSTEMS REFORM

21. (SBU) The 25 participants of the 3rd Classification Course held in Colorado graduated on March 5. 72 individuals have now received training and a group of instructors, trained in Colorado, designed the classification course for the Federal Penitentiary System and are now teaching it to existing classification staff at the Xalapa Academy.

-- The Fourth Correction Instructor Course began on March 8 at the New Mexico Corrections Academy with 29 participants. The class will graduate on April 23.

-- Corrections Advisor advised SSP on design and production of prison cells from Casaflex manufacturing plant in Hidalgo.

-- Equipment for training facility continues to arrive and prisoner vans will be delivered early in April.

-- SSP is finalizing Undersecretary Patino’s visit to Washington DC currently scheduled for May 17-21, 2010: He will be meeting with Director of the Federal Bureau of Prisons and other staff.

NON-INTRUSIVE INSPECTION EQUIPMENT

22. (SBU) INL and NAS Mexico continue discussing different procurement approaches and alternatives to expedite the procurement of NIIE, in order to prevent the series of contractor protests that have literally stopped four Merida Initiative NIIE projects totaling approximately $35M.

INTERNAL CONTROLS - CONTROL DE CONFIANZA

23. (SBU) An expert polygraphist from the US traveled to Mexico City to provide advanced training to 30 PGR polygraph operators in the areas of interviews and interrogation, narco-terrorism and ethics. During the week of
March 15, a DACA/CBP representative conducted advanced polygraph training in adjudication at CISEN, consisting, of a presentation of strategic polygraph CISEN executives and a review of CISEN and PGR polygraph procedures.

DEMAND REDUCTION

24. (SBU) NAS is currently working on a contract with Alutiiq to jump-start the delayed program to bring web-based interconnectivity to more than 300 New Life Centers as part of the National Network for Data Transfer for Addressing Addictions (RENADIC). we have held several meetings with CONADIC to identify the equipment needed to link all the New Life Centers.
MONEY LAUNDERING

35. (SBU) The Office of Technical Assistance Resident Advisor, Joe Parker, has arrived at post. Over the course of 2010, OTA has planned 35 courses including financial investigative techniques, forensic financial analysis and anti-corruption training.
LEGAL REFORM TRAINING

36. (SBU) NAS-DOS partner National Institute of Criminal Sciences (INACIPE) concluded its second course on Mexico's recently enacted criminal justice and drug trafficking reforms. Eleven instructors from INACIPE conducted thirteen training courses in nine cities around the country to approximately 800 state prosecutors, researchers, university professors, and members of the state judiciaries. The instructors were themselves trained on reform issues during a NAS-DOS-sponsored Train the Trainer series in 2009. INACIPE instructors will continue training in all Mexican states throughout 2010. The total number of trained experts in the states is now about 2,000 officials.

CULTURE OF LAWFULNESS

37. (SBU) FEDERAL CoL TRAINING: NAS-DOS partner National Strategy Center (NSIC) held the first of a series of introductory seminars on Culture of Lawfulness for government and NGO managers. Thirty members of Mexican federal government agencies and local NGOs attended the course, which focused on basic Culture of Lawfulness concepts and how they can contribute to foster the culture within their organizations. NSIC local partner Mexico Unido contra la Delincuencia (Mexico United Against Crime) presented its activities and programs, and offered to support any organization in the implementation of CoL training. Officials from the Secretariat of the Comptroller were among key participants.

38. (SBU) STATE CoL TRAINING: The Culture of Lawfulness Project prepared 12 program managers from 5 Mexican border states (Baja California, Chihuahua, Nuevo Leon, Coahuila, and Tamaulipas) to implement the Regional Police CoL Education Initiative. These program managers were appointed by each state's Secretary of Public Security to direct a rule of law integrity program for all ranks, combining formal academy courses with practical implementation of rule of law principles.

39. (SBU) In addition, the CoL Project accredited 12 Mexican instructor trainers during a four day seminar (March 3-6) in Mexico City. Starting in April, these instructors will prepare over 125 new instructors from Mexico's northern border states to teach 40-hour rule of law/integrity courses to new and current state policemen and women as part of the Regional CoL Police Education Initiative.

40. (SBU) CoL TRAINER ACCREDITATION: Formal procedures and criteria have been established for accrediting two different levels of police CoL instructors to ensure quality and consistency in rule of law integrity instruction. The first level is for instructors, the second, more advanced level, is for instructor trainers. This accreditation approach is being applied in the Federal Police Culture of Lawfulness/Integrity Education program and the northern border state-level Regional Police CoL Educational
Initiative.

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AVIATION PROGRAM
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41. (SBU) A/S Johnson met with SSP Secretary Garcia Luna to discuss options for the Merida Initiative funds that were originally destined for a cargo aircraft. Bristow Academy (Northrop Grumman subcontractor) personnel arrived in Mexico to begin the UH-60L pilot and crewmember training.

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CANINE
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42. (SBU) On April 2, twelve K-9 Handlers and two K-9 instructors graduated from a 6-week course at the Border Patrol Canine Academy in El Paso, Texas, qualified to detect drugs, weapons, and currency. The graduation is the first of three that will take place as part of the Merida Initiative K-9 project with Mexican Customs (SAT).

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MANAGEMENT
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43. (SBU) The Binational Implementation Office is slated to open on or about May 16 with American staff moving first, followed by GOM staff. NAS Mexico City will coordinate with INL and the Embassy Front Office on an appropriate "ribbon cutting" ceremony that will take into account necessary security.

44. (SBU) INL/RM Procurement Tim Henderson will be at post the week of April 11, along with INL/LP Mark Smith to review the FY-09 Acquisition Plan, in order to expedite procurement once the FY-09 LOAs are signed. In addition, NAS Mexico City looks to INL/RM to expedite the hiring of the new PSC in Law Enforcement Programs, German Zuniga.

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