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Fact Sheet

Office of the Press Secretary
 The White House, Washington, DC
 March 22, 2002

U.S.-Mexico Partnership for Prosperity

President George W. Bush and President Vicente Fox today welcomed a concrete action plan to promote economic development in the parts of Mexico where growth has lagged and fueled migration.

Origins of the U.S.-Mexico Partnership for Prosperity

When they first met as Presidents, in February 2001, President Bush and President Fox explained that, 'Among our highest priorities is unfettering the economic potential of every citizen, so each may contribute fully to narrowing the economic gaps between and within our societies.'

In September of 2001, during President Bush's first state visit, President Bush and President Fox took an important step toward realizing that vision. They launched the Partnership for Prosperity, a private-public alliance to harness the power of the private sector to foster an environment in which no Mexican feels compelled to leave his home for lack of jobs or opportunity.

After six months of work, the Partnership has produced a concrete action plan. The plan draws upon the best ideas emerging from two conferences (one in Merida, Mexico and one in Washington, D.C.) attended by over one hundred experts from the private and public sectors. The Partnership has been led in the United States by Deputy Treasury Secretary Kenneth Dam and Under Secretary of State Alan Larson.

Leveraging the Resources and Expertise of the Private Sector

The action plan builds on the President's New Compact for Development. As President Bush said last week before the Inter-American Development Bank, "Most of the money for development does not come from aid. It comes from domestic investment, foreign direct investment, and, especially, from trade." The action plan, therefore, seeks to leverage private sector resources and expertise.

Action Plan

The action plan includes projects to facilitate investment in small business, housing, agriculture, roads, ports, airports, and information technology. Specific examples include:

- Increasing investment in housing. The U.S. Treasury Department will coordinate the provision of technical assistance to Mexico's Sociedad Hipotecaria Federal (SHF) to encourage securitization of mortgages and the creation of a secondary mortgage market in Mexico. In these efforts, Treasury will draw upon experts with experience in housing finance from private financial institutions, government-sponsored agencies (like Fannie Mae, Freddie Mac, and Ginnie Mae), and the U.S. Office of Federal Housing Enterprise and Oversight (OFHEO).
- Investing in infrastructure for commerce. The Partnership will lead an effort to spur the participation of U.S. companies in the development of Mexican infrastructure projects including: ports, an air cargo facility, and an expansion of Mexico's internet connectivity.
- Financing U.S. franchise opportunities for Mexican entrepreneurs. A U.S. franchise can be more than a brand-name, it can also be a set of best practices. As U.S. businesses share more of their business practices, technology, and distribution systems with Mexican entrepreneurs, productivity in the Mexican economy will rise.
- Supporting small businesses in Mexico. The Partnership, through the Small Business Administration and other agencies, will provide assistance in establishing small business development centers in Mexico to promote entrepreneurial competitiveness.
- Lowering the cost of sending money home. Last year, Mexicans and Mexican-Americans in the U.S. sent \$9.3 billion home to family and friends in Mexico. But they paid high fees to do so. More competition in financial services will lower the fees and help make sure that more money gets to the people who need it most and helps strengthen regional economies. Also, U.S. Treasurer Rosario Marin will work to highlight awareness of competitive products by promoting financial literacy and expanded use of the banking system by American Hispanics.

Next Steps

Just as President Bush called for more accountability in development, the action plan calls on the Partnership for Prosperity to hold itself accountable for producing results.

Accordingly, the Partnership will continue and oversee the implementation of the action plan. In six months, the Partnership will report its progress. Drawing on President Bush's Management Reform Agenda, the Partnership will rate itself using a traffic light system of red, yellow, and green lights:

- The principal measure of the Partnership's success will be productivity - whether the Partnership succeeds in unfettering the economic potential of people in the parts of Mexico where growth has lagged and fueled migration.
- The Partnership will also rate itself on the degree to which it is led by private sector participants, ideas, and projects.
- Finally, the Partnership will rate itself on the speed of the implementation.

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