

Dispute Resolution
Institute

**Vice Chair
National Chamber
of Commerce
MEXICO**

General Background

It is the fall of 2023. The previous two years have seen a number of dramatic developments in the state of New Mexico. The state's economy has been hit hard by massive cuts from Washington in defense spending and the planned closing of major air force and army bases, which have disproportionately impacted New Mexico. All of the bases inside of New Mexico, including the famed White Sands missile base, have been slated for closing by end of 2015. The closings alone would nearly double the number of unemployed New Mexicans, which was already near the highest in the United States at almost 20%. More than one-third of New Mexicans are already at or below federal poverty levels.

Despite significant economic recovery in the rest of the country, New Mexican private industry has suffered its own set of financial issues. New U.S. agreements with India and China have limited many New Mexican technology companies from growing their business with Mexico and South American partners. A trade embargo on Venezuela earlier this year has put three of New Mexico's largest manufacturers on the brink of bankruptcy.

In addition, new and stricter immigration policies that were enacted in spring of 2014 have been very unpopular with the majority of New Mexico's residents. Many of the Mexican-American residents in the state were put in the position of having to deport some of their relatives or face criminal charges. Recent discussions in Congress on establishing English as the official national language also deeply rankled the New Mexican populace and leadership.

Everything came to a boil last year at the state's centennial celebration. The Vice President and other U.S. dignitaries were literally booed off the stage. Hours later, federal marshals and secret service agents were summoned to help defend the IRS office three blocks away after a small group had fire bombed the building. Four New Mexican residents were killed by one of the trucks carrying federal marshals. The four had attempted to prevent the truck from pulling into the parking area by lying down in the street. The driver of the truck claimed that he did not see them because of the smoke and darkness, although it was 3:00 in the afternoon.

The response from Washington did not ease tensions. Washington took a hard line against calls from New Mexico to provide assistance ("we must continue to act in accordance with what benefits all of the citizens of the United States and not play favorites"). During a press conference, the President failed to acknowledge the deaths of the four residents and instead called on the people of New Mexico to resist "violence and terrorism" and to "abide by the laws of this great country."

After two more incidents of fire bombing (one at a postal station in Santa Fe and another attack at a small IRS office in Roswell), additional federal marshals were ordered to guard other federal facilities throughout New Mexico. Federal troops were stationed at the state borders on federal interstates to inspect trucks entering the state. Outraged at the level of federal intervention, the New Mexican congressional delegation submitted their joint resignations the next day.

Incredibly, within a matter of weeks, the state government began to consider seriously the extraordinary possibility of seceding from the United States. The Governor went on state-wide internet broadcast to explain how the U.S. federal government has now made life in New Mexico impossible under “its tyrannical stranglehold.” The state legislature, buoyed by 80% poll numbers in favor of secession by New Mexican residents, enacted special legislation and officially seceded from the United States. Last month, in a historic, state-wide special referendum, the citizens of New Mexico voted more than three to one to finalize their independence as a fully autonomous, separate nation.

This development has been very difficult for the remaining United States. The current administration still considers New Mexico part of its sovereign nation and has not recognized New Mexico as an independent country. The rest of the world, on the other hand (which has been monitoring the situation closely for the past few months), has embraced New Mexican independence and has tried to put pressure on the United States to relinquish its claims to New Mexican assets. As one leader of a prominent Middle Eastern nation put it, “if we are to promote democracy across the planet, we must be willing to promote it inside of our own borders.”

Tensions between the new nation and its parent country have heightened since the formal secession vote last month. Many international observers worry about the real possibility of formal conflict between the two countries. Of particular concern is that New Mexico, by virtue of Los Alamos, White Sands and other former United States military facilities and weapons systems, is now the third largest nuclear weapons power in the world, behind the United States and the Russian Federation.

A number of specific actions have also contributed to the anxiety. The United States has deployed nearly 10,000 National Guard troops along the interstates and U.S. highways that connect New Mexico to its neighboring states. Another 7,500 troops are guarding the New Mexico – Mexico border. The troops have been ordered to block all trucks from entering or exiting the new nation, effectively blockading all ground transportation to and from New Mexico. In addition, the United States has frozen the banking assets of companies that claim New Mexico as their home country (which includes some major aerospace and defense companies with important ties internationally).

On the other side, there have been two attacks on U.S. military bases in Arizona where explosives were used against empty transport equipment. These attacks were carried out by militia who claim loyalty to New Mexico (but disavowed by New Mexico leadership). There has been reported sniper fire on some of the U.S. troops patrolling the New Mexican border, but no reported injuries. There is real concern that more conflict could erupt.

The United Nations has appointed a delegation (bypassing a threatened Security Council veto from the United States) to try to broker some sort of agreement to reduce the current tensions. The delegation has asked representatives from each country to attend meetings this afternoon.

Confidential Information for the Vice Chair of the National Chamber of Commerce, MEXICO

The following is a brief description of your role. Please read and consider the information carefully. Note that you have both individual and team goals. You may not share this document with any other class member (whether or not they are on your team), but you are free to share or withhold this information as you see fit during discussions or in written correspondence.

You are the vice chair of the National Chamber of Commerce for Mexico (Estados Unidos Mexicanos). You work with business and banking leaders in Mexico and you have been asked to serve as part of the Mexican negotiation team. Your negotiation team is new to you, and you have never worked together before. The team has been granted full authority to make whatever agreements are appropriate in light of the information below.

The independence of New Mexico, a territory that once belonged to Mexico, has become an extraordinarily important national matter for your country. More than one-third of the New Mexican citizens were either born in Mexico or have parents living in Mexico. Mexico was the first country in the world to recognize New Mexico as an independent country.

You have been asked to join the negotiation team to help New Mexico open up its economic trade. The U.S. blockade and asset freeze has created major issues for a number of Mexico's key companies. The freeze of New Mexican assets has impacted the cash flow of many of your major industries. You must find a way to get the U.S. to back away from its economic sanctions.

In addition to economic concerns, the administration also believes that these discussions are an important opportunity for Mexico to establish itself on the international stage. The matter is of obvious importance to Mexico from a global perspective, and you know the world is watching to see what role and what impact your government has in this matter.

This could be quite an opportunity to promote the role and prestige of the Mexican business community. You can just imagine the press conference announcing the nonaggression pact between New Mexico and the United States that was brokered by Mexico, with you right there at the podium.

You want to make sure that Mexico has a key role in taking credit for any agreement. You will need to ensure that you are part of the drafting committee of any press announcements or statements, and have some control over the public relations of the discussion's outcomes.

You know that one possible lever to secure the agreement may be some assurances on your part concerning other possible secession activities. Many U.S. citizens and politicians are concerned that other former Mexican states, like Arizona in particular, may consider secession initiatives as well. Some in the U.S. even feel that Mexico may be behind such efforts as a way to recapture its former lands.

The United States has also expressed its extreme displeasure with how friendly you have been with New Mexico. A showing of some toughness with New Mexico could go a long way to rebuilding your relationship with the United States.

Nevertheless, you must be careful not to look like you are caving into U.S. demands. The administration has made it clear that Mexico must come out of these talks as an international force, not a U.S. lapdog. You know that the U.S. will try to limit New Mexico's trade with its South American partners. Make sure that any such concessions bring value not only to New Mexico, but also to Mexico in this deal.

Lastly, you are concerned about the lack of clear process for the talks with the United Nations. You have not seen any formal agenda or even been contacted about when the talks will begin! You need to negotiate your way into these talks. While you do not expect to sit in on every meeting, you need to accomplish at least the following:

1. Get meetings with both the United States and New Mexico individually (e.g., a Mexico – New Mexico meeting); and
2. Be a part of any major group discussions.

Failure to play a key role in these talks would be an international humiliation for your country.