Eyes on Mexico: Monthly Political Overview

July 2026

Top Highlights

USMCA Trilateral Review Meeting. The ministerial review meeting under the United States-Mexico-Canada Agreement (USMCA) was held on July 1, 2026. The three countries agreed to maintain the agreement in force through 2036 with annual reviews after the U.S. declined a proposal by Mexico and Canada to automatically extend the agreement for an additional 16 years. Mexico Secretary of Economy Marcelo Ebrard emphasized that the treaty will continue operating under its current rules, and there is no indication that any party intends to withdraw from the agreement.

USMCA's Third Round of Negotiations. The third round of the USMCA review negotiations took place in Mexico City from July 21 to July 23, 2026. Although no joint communication was issued, the governments reported meaningful progress on key issues, including rules of origin, the automotive sector, and steel and aluminum. Following the negotiations, Mexico President Claudia Sheinbaum met with U.S. Trade Representative Jamieson Greer, and both officials reaffirmed their commitment to advancing the USMCA review and strengthening the bilateral trade agenda. Mexico continues to seek a long-term agreement that provides greater certainty for businesses while preserving the country's preferential access to the U.S. market. The fourth round of negotiations will take place in Washington, D.C., during the first two weeks of September 2026.

Section 301 Tariffs. Following the imposition of new tariffs triggered by a forced labor investigation by the Office of the U.S. Trade Representative (USTR), President Sheinbaum confirmed that Mexico's tariff treatment remains unchanged, with zero tariffs on USMCA-compliant goods (except steel and certain vehicles) and a 10 percent tariff on non-USMCA products under the current U.S. Section 301 framework. Mexico was not subject to additional measures during the first phase of the investigation. However, the second phase – focused on global excess capacity and expected to conclude in early August 2026 – could influence future U.S. tariff decisions. The Mexican government will closely monitor the outcome while continuing negotiations to protect Mexico's competitive position and maintain preferential treatment under the USMCA.

Indigenous Rights Consultation. The Mexican government will launch a national consultation on August 7, 2026, regarding the secondary legislation implementing the constitutional reform on the rights of Indigenous and Afro-Mexican peoples. The legislation will establish the legal framework for implementing the constitutional reform, including consultation procedures, community participation and institutional responsibilities. The consultation seeks to gather input from Indigenous communities through local assemblies and a digital platform before the final bill is submitted to Congress in October 2026.

Congressional Report

Morena's Legislative Agenda. The parliamentary group of the National Regeneration Movement (*Movimiento de Regeneración Nacional* or Morena) has outlined its priorities for the ordinary period beginning September 1, 2026, focusing on a regulatory framework for 1) artificial intelligence regulation, 2) femicide reform, 3) implementing legislation on Indigenous peoples' rights, 4) animal welfare legislation and 5) reforms to private health insurance aimed at addressing rising medical costs and potential insurer abuses. The ruling party will seek cross-party consensus to advance these bills.

Executive Branch

Modernized Global Agreement. The European Union (EU) has completed its internal approval process for the Modernized Global Agreement (MGA) with Mexico, including securing the endorsement of all 27 EU member states. The agreement is now pending ratification by the Mexican Senate before it can enter into force. In addition, the Interim Trade Agreement (ITA) – which covers the trade pillar of the modernization – has been approved by both the European Parliament and the Council of the EU. It is also awaiting ratification by the Mexican Senate, after which the updated trade provisions can enter into force while remaining legal procedures for the MGA continue.

Institutional Program for the National Antitrust Commission. The National Antitrust Commission (*Comisión Nacional Antimonopolio* or CNA) published its Institutional Program for 2026-2030, establishing the strategic framework to strengthen competition policy in Mexico. The program aims to combat anticompetitive practices, eliminate barriers to competition, improve merger review and promote a culture of fair competition, with the broader objective of fostering more competitive markets, protecting consumers and providing greater certainty for investment and economic growth.

National Gasoline and LPG Facilities Compliance Program. Beginning in August 2026, the Agency for Safety, Energy and Environment (*Agencia de Seguridad, Energía y Ambiente* or ASEA) will implement the 2026-2030 National Gasoline and Liquefied Petroleum Gas (LPG) Compliance Program (*Programa de Ordenamiento Nacional de Instalaciones de Gasolinas y Gas Licuado de Petróleo* or PRONAGAS) to regularize gasoline stations, LPG facilities and distribution plants through inspections and environmental compliance reviews. Companies that voluntarily participate and meet the program's requirements may qualify for reduced penalties and streamlined environmental compliance procedures.

Renewable Energy Financing Initiative. The Mexican government is evaluating a joint financing mechanism of up to US$4.6 billion in funding to support renewable energy and energy storage projects. The initiative aims to attract private and institutional investment, reduce financing costs and accelerate the development of public-private infrastructure projects under Mexico's new energy framework.

Environmental Capital Fund. The Mexican government launched its Environmental Capital Fund, a public-private financing initiative designed to mobilize domestic and international investment for projects focused on ecosystem restoration, climate action, circular economy, sustainable water management and biodiversity conservation. The fund, with an initial target of driving up to US$10 million, supports Mexico's broader strategy to expand sustainable finance and accelerate environmental investment without increasing public spending.

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