Eyes on Mexico: Monthly Political Overview

August 2026

Top Highlights

U.S.-Mexico Bilateral Engagement Ahead of USMCA Talks. In recent weeks, Mexico's Secretary of Economy Marcelo Ebrard held meetings in Washington, D.C., with U.S. Trade Representative Jamieson Greer to advance the United States-Mexico-Canada Agreement (USMCA) review, focusing on priority issues, including rules of origin, tariffs, economic security and regional supply chains. A fourth round of negotiations is expected in the first week of September 2026. In a parallel diplomatic engagement, Mexico's Secretary of Foreign Affairs Roberto Velasco Álvarez met with U.S. Secretary of State Marco Rubio in Washington to discuss migration, fentanyl trafficking, organized crime and bilateral security cooperation. Mexico's Ambassador to the U.S. Roberto Lazzeri Montaño participated in the meeting, alongside other senior Mexican officials.

Against this backdrop, Mexico's President Claudia Sheinbaum rejected U.S. concerns that Mexico is being used to transship Chinese or other Asian goods into the U.S. to circumvent USMCA rules of origin. She also stated that Mexico has provided evidence that many products undergo legitimate value-added processes before export and reiterated Mexico's willingness to strengthen regional content and North American production, while calling for appropriate implementation timelines.

Renewal of Fuel Price Stabilization Agreement. The federal government and representatives of the fuel retail sector agreed to extend Mexico's National Strategy to Stabilize Regular Gasoline and Diesel Prices for an additional six months, maintaining prices below MX$24 and MX$27 per liter, respectively. The agreement also extends working groups on regulatory simplification, combating the illicit fuel market, reducing fees and improving security and logistics efficiency, with the aim of providing greater stability and certainty to the fuel market. The agreement is expected to be formally signed by President Sheinbaum in the coming days.

Second State of the Nation Address. President Sheinbaum will present her Second State of the Nation Address on September 1, 2026, outlining major achievements and results of her second year in office. Ahead of the full report's publication, the Mexican government has launched an official platform providing state-by-state reports and regional data on federal programs and actions.

FDI Reaches Record High. Mexico's Ministry of Economy *(Secretaria de Economía*) reported a record $34.97 billion in foreign direct investment (FDI) during the first half of 2026, up 2.1 percent year over year and the highest level ever recorded for a first half. The U.S. remained the largest source of FDI, accounting for 48.2 percent, while manufacturing led investment by sector at 38.6 percent. The ministry attributed the results to Mexico's macroeconomic stability and the investment strategy promoted under Plan México.

Mexico Evaluates Unconventional Gas Development. President Sheinbaum created a 54-member scientific committee to assess the technical, economic, social and environmental feasibility of unconventional gas development, including fracking. The committee found that Mexico currently imports 75 percent of its natural gas and recommended prioritizing renewables, energy efficiency, conventional gas production and reduced gas flaring. Any potential fracking project would require strict safeguards – including no freshwater use, at least 75 percent water recycling, community consultation and environmental monitoring – and development in the Tampico-Misantla basin would be excluded.

Stronger Anti-Money Laundering Rules. The Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público* or SHCP) strengthened Mexico's anti-money laundering framework by introducing a risk-based approach for entities engaged in activities considered particularly vulnerable to illicit financial flows. The new rules reinforce customer due diligence, beneficial ownership and Politically Exposed Person (PEP) identification, transaction monitoring, recordkeeping and reporting requirements.

The framework particularly affects sectors classified as vulnerable activities, including 1) real estate, 2) construction and property development, 3) gambling, 4) jewelry and precious metals, 5) vehicle sales, 6) virtual assets, 7) lending and credit services outside the financial system, 8) professional services and 9) certain high-value transactions. Implementation will be gradual, with authorities prioritizing supervision of activities presenting higher money-laundering risks.

Congressional Report

Congress Prepares for New Legislative Session. Mexico's House of Representatives is preparing for the new ordinary legislative session beginning September 1, 2026. The National Regeneration Movement (*Movimiento de Regeneración Nacional* or Morena*)* will hold its parliamentary meeting on August 30, 2026, to define approximately 30 legislative priorities. Lawmakers will also elect the new board of directors for the third year of the LXVI Legislature. The agenda is expected to include economic and trade issues, including the 2027 Economic Package, pending legislation and government priorities, alongside the formal submission of President Sheinbaum's Second State of the Nation Address.

Executive Branch

Environmental Law Reform. The Ministry of Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales* or SEMARNAT) presented a proposal to overhaul Mexico's General Law of Ecological Balance and Environmental Protection, updating the framework in place since 1988. The initiative seeks to strengthen environmental justice, climate and biodiversity protection, ecosystem restoration, circular economy and pollution prevention, while providing greater legal certainty for communities and investment. It also introduces strategic environmental assessments for major projects and stronger protections for environmental defenders. The bill is expected to be introduced when the ordinary period of sessions in Congress begins on September 1, 2026.

Clean Energy Certificate Requirements. The Ministry of Energy (*Secretaría de Energía* or SENER) set the Clean Energy Certificate (CEL) requirement at 13.9 percent of total electricity consumption for both the 2025 and 2026 compliance period. The requirement has remained unchanged at 13.9 percent since 2022. SENER will subsequently determine and publish the requirements for 2027-2029 under a new methodology.

Federal Transparency Requirements. The Mexican government issued a decree strengthening transparency and accountability requirements across federal agencies. The measure requires monthly disclosure of public procurement information and additional reporting by Petróleos Mexicanos (PEMEX) and Federal Electricity Commission (*Comisión Federal de Electricidad* or CFE) subsidiaries, including financial statements, corporate governance, contracts, policies and reports. It also expands disclosure requirements related to federal government audit and oversight activities.

CFE Procurement Framework. CFE published new procurement rules governing the acquisition of goods, services, leases and infrastructure works under its new status as a state public enterprise. The framework establishes procedures for competitive bidding, restricted invitations and direct awards, and strengthens requirements for contract management, supplier registration, transparency, integrity and dispute resolution.

CFE 2026-2030 Development Program. Mexico's CFE presented its 2026-2030 Development Program, outlining its investment and expansion strategy through 2030. CFE plans to increase generation capacity from 46.6 gigawatts (GW) to 70.7 GW, while adding 15.2 GW of renewable and clean energy capacity. The expansion will be supported by CFE resources, private capital and market-based financing, with the goal of strengthening the public utility and advancing Mexico's energy transition.

Pacific Alliance Regional Integration. Mexico hosted Pacific Alliance meetings in Mexico City from August 20 to August 21, 2026, bringing together representatives from Chile, Colombia, Peru, Costa Rica and Mexico to advance regional integration, trade, investment and cooperation. Discussions covered FDI attraction, regional value chains, Singapore's accession as an associate state and Costa Rica's accession process. Mexico will continue to hold the Alliance's pro tempore presidency until January 2027.

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