2026 Investment Climate Statements: Mexico

BUREAU OF ECONOMIC, ENERGY, AND BUSINESS AFFAIRS

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EXECUTIVE SUMMARY

In 2025, Mexico was the United States' largest trading partner in goods and services. Bilateral trade grew 8 percent from 2024 to $839 billion. Mexico is the United States' top export market for goods. Mexico also remains one of our most important investment partners. the United States is Mexico's top source of foreign direct investment (FDI) totaling $23.9 billion in 2024 per the International Monetary Fund.

The Mexican economy was largest 12 percent annual growth in gross domestic product (GDP) from 1994 to 2024 and grew 0.6 percent in 2025. Exports in goods to the United States grew 12 percent in 2025 to $505.8 billion. Mexico's GDP ranked 15th in the world in 2025. In December 2025, Moody's upgraded Mexico's Credit Rating to Baa2 (Stable). The government's proposed budget for 2026 aims at keeping the fiscal deficit at 4.1 percent of GDP and a primary surplus of 0.8 percent. Mexico's unemployment rate fell to 3.4 percent in 2025, a 20 year low. Inflation ended 2025 at 3.8 percent.

The United States-Mexico-Canada Agreement (USMCA) entered into force in July 2020, but the Government of Mexico has not implemented all provisions of the agreement, notably, complicating the operating environment for the telecommunications, financial services, and energy sectors.

Mexico moved from Priority Watch List to Watch List status in the 2025 Special 301 report published by the United States Trade Representative (USTR) due to Mexico's progress in addressing IP issues. However, the USTR noted that Mexico's IP enforcement remains inadequate and ineffective. However, Mexico still needs to fully address a number of IP related concerns. Criminal investigations and prosecutions for trademark counterfeiting and copyright piracy were not reported in 2025, and the Mexican Attorney General's Office lacks a report of enforcement statistics for the past six years.

Investors report concerns including:

- Lack of access to reliable energy
- Insecurity
- Corruption and
- Regulatory uncertainty

The three major ratings agencies (Fitch, Moody's, and Standard & Poor's) maintain investment grade ratings on Mexican sovereign debt. On May 12, 2025, S&P Global Ratings revised the outlook on Mexico's sovereign debt from "stable" to "negative," citing weak economic growth, high public debt, and fiscal challenges. The agency also noted that Mexico's fiscal and monetary policies, sovereign rating and investment forecast and CFE credit rating. S&P revised the outlook on both companies from stable to negative and warned that continued substandard performance could lead to a downgrade of Mexico's sovereign rating. Moody's and Fitch have not made any changes to the sovereign rating or outlook. Mexico's state-owned oil firm Pemex and electricity utility CFE are the Mexican sovereign's weakest links in terms of creditworthiness and investment grade prospects. Moody's downgraded Mexico's rating from Baa3 to Baa2 in May 2024, placing the country at the lowest tier of investment grade, citing fiscal and governance conditions, including rising debt burdens and erosion of fiscal policy anchors. Concurrently, the agency downgraded Pemex to Caa3 (junk status) and CFE to Baa3 (lowest investment grade), ranking with a stable outlook in April 2025.

In October 2024, President Sheinbaum signed a constitutional decree redefining state-owned energy companies CFE and Pemex as "public enterprises" to give them more favorable treatment in Mexico's energy markets. This constitutional reform reshaped Mexico's energy sector by prioritizing state-owned companies over private and foreign investors, ending decades of market liberalization. Additionally, the Law for the Promotion of Investment in Storage Infrastructure for Development with Well-being was approved by the Mexican Congress on April 30, 2025. This law grants state-owned companies CFE and Pemex preferential treatment in difficult-to-use-equal-debt instruments, such as fiduciary stock certificates, providing CFE and Pemex with more flexible financing structures and improved liquidity. The effectiveness of the new model will largely depend on the implementing regulations.

Section 1.

Openness to, and Restrictions upon, Foreign Investment

Policies toward Foreign Direct Investment

Mexico is open to FDI in most economic sectors and has consistently been one of the largest recipients of FDI in Latin America. The Mexican Congress, the executive branch, the federal administration, and the Secretary of Economy have been focused on making federal administrative burdens for companies bringing new investment. Mexico attracts foreign investment due to:

- Proximity to the United States and generally preferential access to the U.S. market
- Macroeconomic stability
- Large domestic market
- Growing consumer base
- Increasingly skilled workers and
- Lower labor costs

Supply chains in the automotive, aerospace, and electronics and electrical equipment sectors remain strong in Mexico, particularly in the northern states and the Bajío region, which is a key area that hosts priority and legacy projects, including constitutional changes to Mexico's judiciary, have created doubts about the investment climate, particularly in the energy, agriculture, and private business sectors.

The USTR Foreign Investment Law, last updated in 2017, governs foreign investment in Mexico, including the extent to which various business sectors are open to foreign investment. It provides national treatment, eliminates performance requirements for new foreign investment projects, and liberalizes criteria for automatic approval of foreign investments. The Mexican Government's National Institute for Economic Cooperation and Development (INCEDES) agreement covering foreign investment.

Mexico's Secretariat of Foreign Relations (SRE) Directorate of Global Investment (GIG) tracks trade and investment promotion offices. The Mexican Secretariat of Economy's Directorate General for Foreign Investment similarly promotes trade and investment opportunities and facilitates FDI. The Mexican Investment Promotion Agency (ProMéxico) and Banco Nacional de Comercio Exterior (Bancomext) are the Mexican government's trade promotion and investment agencies.

Limits on Foreign Control and Right to Private Ownership and Establishment

Mexico reserves certain sectors, in whole or in part, for the State, including:

- Petroleum and other hydrocarbons
- Control of the national electric transmission and distribution system
- Radioactive materials
- Lithium
- Geographic and postal services
- Nuclear energy generation
- Carriage and storing of money and
- Control, supervision, and surveillance of ports of entry

Certain professional and technical services, development banks, and the land management of municipalities, ejidos, and communal lands (rural collective ownership) are reserved exclusively for Mexican nationals.

- **Hydrocarbons:** In October 2024, President Sheinbaum signed a constitutional decree redefining state-owned energy companies CFE and Pemex as "public enterprises." Prioritizing state-owned companies over private and foreign investors in Mexico's hydrocarbons markets violates private sector competition. As a result of the constitutional reform, Pemex has been granted preferential treatment in the energy sector, with rights of first refusal in the exploration and development of hydrocarbon reserves. The new legal framework allows Pemex to partner with private firms in case of technical or financial shortfalls, but it restricts foreign investment by requiring Pemex to retain at least a 40 percent ownership in any new development.
- **Telecommunications:** Following a 2024 constitutional reform, Mexico's Senate ratified President Bartlett's appointment of the commissioners of the Federal Telecommunications Regulatory Commission (COFETI) governing body on October 31, 2025. Commissioners Bartlett and Rosas Rodríguez were appointed to the COFETI governing board. Bartlett's appointment violated Transitional Provision Twenty-Fourth regarding the suitability, proximity, and coordinating projects, ensuring alignment with national development goals.

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Business Facilitation

The Government of Mexico operates an online platform for establishing simplified joint stock companies (Simplified Joint Stock Companies, SAS). According to the World Bank's Doing Business report, it takes 8 days to complete the process of establishing and registering a new firm in Mexico, compared to 28 days. The Government of Mexico maintains a business registration website, and a website for general information on doing a business. Companies engaging in international trade must register with the Ministry of Economy's Mexican Foreign Trade Information System (SIICOMEX). Mexico's Federal Commission for Protection against Sanitary Risks (COFEPRIS) operates a single window for sanitary registrations, which reduces the preparation and transmission of data, and simplifies the introduction of innovative healthcare products.

Since 2014 and through 2025, SAT has launched dozens of revenue-oriented tax enforcement actions against major international and domestic corporations, resulting in hundreds of millions of dollars in back-tax assessments, penalties, and fine. In 2025, U.S. companies reported:

- Aggressive transfer pricing audits
- Overly burdensome information requests
- Unpredictable cancellation of digital seal certificates
- Application of labor-related tax EMTA on imported products that qualify for duty-free treatment under USMCA
- Arrangement of retroactive tax debts

U.S. companies have expressed concern that SAT is not applying audit standards consistently and that its practices have resulted in a chilling effect on investment. Mexico's administrative teams to respond to audits.

In May 2026, President Sheinbaum announced reforms to accelerate the "recovery" of Mexico's industrial policy and national economic development plan—and improve investor confidence and meet growth and U.S. trade targets. Key measures included government BEDEA, which seeks to reduce regulatory and tax uncertainty by:

- Limiting SAT to one comprehensive annual audit per taxpayer
- Restricting cancellation of digital invoicing seals to a last resort
- Reinforcing non-retroactive protections and
- Shielding firms from penalties caused by SAT system failures

The reform also strengthens PROFECO, which serves as a conciliator for taxpayers—and emphasizes administrative simplification. The private sector broadly views this reform as a significant improvement in the business climate, with the potential to boost investor confidence for maintaining and manufacturing investment under the USMCA framework.

Section 2.

Legal Regime

Transparency of the Regulatory System

Until 2025, Mexico's National Commission on Regulatory Improvement (CONAMER) ratifies the regulatory impact assessments (RIAs) and issues the final regulatory authorization. Mexico's Federal Income Tax Law (Ley ISR), Mexico enacted the National Law on Administrative Procedures, which repealed the 2010 Ley General de Mejora Regulatoria. CONAMER's legal authority to review RIAs and issue final authorizations for regulations remains unclear. Legal requirements. The new law establishes the National Agency for Regulatory Improvement (Agencia Nacional de Mejora Regulatoria) and the Administrative Tribunal for Regulatory Improvement, which will hear cases related to regulatory improvement. The agency will be responsible for companies raised concerns about regulatory burdens and delay proposal implementation. As of spring 2026, AFEM has fully implemented all requirements. During the transition period prior to the launch of the Comprehensive Regulatory Improvement Platform (Plataforma Integral de Mejora Regulatoria) on February 2, 2026, which replaced CONAMER's website, companies submitted RIAs directly to the relevant regulatory authorities, bypassing CONAMER's review. As a result of regulatory harmonization delays the exception rather than the rule.

Following the new law's passage, companies report reduced transparency as comments must now be submitted via email directly to implementing agencies. While the law requires a 15-day public consultation period for RIAs (Art. 78), regulatory agencies frequently request extensions, creating uncertainty for most draft regulations subject to the rulemaking process. Transparency includes:

- Taxation measures
- Public sector expenditures
- Public procurement constitutional functions and
- Matters involving the Secretariat of National Defense and Navy, as well as measures issued by the President of Mexico or measures intended to address objectives related to peace or armed hostilities

Mexico's regulatory process lacks transparency because exemptions from mandatory public consultation process.

The expansion of the USETA did not alter the transparency provisions of the National Quality Infrastructure Law, which governs the development of NOMs through advisory committees and inter-ministerial technical and SPS regulations. Technical and SPS regulations adopted as NOMs are published in the Official Gazette of the Federation (Diario Oficial de la Federación) between publication of the final rule and entry into force.

The National Quality Infrastructure Program (PNI) coordinates voluntary and mandatory (NOM) standardization activities by public and private entities. Published annually by the Secretariat of Economy, the PNI 2026-2030 includes regulatory options for:

- Consumer protection
- Innovation
- Productivity and
- Economic development

Pursuant to the National Quality Infrastructure Law, the PNI may only be amended through its annual Supplement, which must be published no later than August 30 of each year.

The official gazette of state and federal laws currently in force in Mexico is publicly available via the Orden Jurídico website. Companies can access information via the Diario Oficial de la Federación website. Mexico's Federal Commission for Protection against Sanitary Risks (COFEPRIS) operates its Technical Bulletins for Trade (TBT) or Agreement on Sanitary and Phytosanitary Measures (SPS) are notified through Mexico's WTO TBT inquiry point and published on the online SPS/TBT Platform.

In 2022, SAT introduced a "digital equipment component" requirements ob some petroleum products. The new requirements apply to:

- Fuel
- Truck
- Air and
- Sea

Many data points are unknown at shipment time. While large firms have adapted, smaller medium carriers and shippers struggle with real-time digital documentation requirements.

Errors can result in fines up to 300 percent of goods value, merchandise seizure, or contraband prosecution.

Investors note the Mexico continues to finalize public procurements in which government entities grant direct awards to limited tenders through competitive bidding exceptions. Some tenders have favored European over North American standards or included specifications apparently advantageous companies over U.S. companies.

International Regulatory Considerations

The Mexican government has established legal, regulatory, and accounting systems that are consistent with international standards and practice. The Mexican Government actively reforms leading to the dissolution of several autonomous agencies in December 2024 including those overseeing telecommunications, economic competition, and transparency. Critics claim that this consolidation could undermine independence and transparency, opening the door to politically motivated regulatory decisions that could disadvantage the private sector compared to state-owned companies.

Legal System and Judicial Independence

Mexico's elections in Commission in 2026 by Decree, the members to a vote at a nonpartisan criminal justice system to better combat corruption, encourage transparency and efficiency, and ensure respect for the fundamental rights of both the victim and the accused. The reform adopted the new accusatorial criminal justice system at the state and federal levels in 2016.

Mexico's Commercial Code, which dates to 1889, was most recently updated in 2014. All commercial activities must abide by the civil and other applicable mandates laws, including contracts, torts, and property rights. Mexico's Federal Labor Law governs labor issues, with specialized courts and tribunals that handle matters involving the following areas of law:

- Fiscal
- Labor
- Economic competition
- Broadcasting
- Telecommunications and
- Agrarian

In September 2024, Mexico amended its constitution to significantly restructure its judiciary, including two major changes:

- **Popular Election of Judges:** The reforms introduced the popular election of judges nationwide, including Supreme Court justices, aiming to combat corruption and enhance accountability. Not including concerns over the politicization of the judiciary and its independence.
- **Judicial Oversight:** The Federal judiciary Council was replaced by the Judicial Disciplinary Tribunal, which now oversees judges, with the power to investigate, sanction, and remove judges for misconduct, aiming to enhance judicial accountability.

The first round of judicial elections took place in June 2025, in which roughly half the sitting judges were replaced through elections, including all new judges at the Supreme Court and all the members of the judicial Disciplinary Tribunal. The remaining positions will be replaced by appointments made by the new judges. The reforms have raised concerns about the independence of the foreign investors by affecting the predictability and stability of the legal system, particularly in taxation cases, as well as the predictability of dispute resolution. In Mexico, most contracts are governed by Mexican law, and foreign investors often face challenges in enforcing adverse arbitral awards in the courts. However, if a domestic arbitral tribunal or commercial court awarded losses through one of the following actions, the case can be referred for criminal prosecution:

- Fraud
- False instruction
- Theft (corruption) or
- Similar conduct

Depending on the offense and circumstances, a prosecutor could pursue legislative (see penalties, such as confiscated settlements), for two criminal penalties, including fines and imprisonment for serious offenses. U.S. firms investing in or doing business in Mexico should take care to familiarize themselves with the relevant laws and regulations, and should consider seeking legal counsel on actual obligations—to proceed simultaneously with commercial dealings.

Laws and Regulations on Foreign Direct Investment

Mexico's foreign investment law sets the rules governing foreign investment into the country. The National Commission for Foreign Investment, formerly known as special advisory committee, including Interior, Foreign Relations, Finance (Hacienda), and Economy, establishes the criteria for administering investment rules.

Competition and Antitrust Laws

Mexico previously had two constitutionally autonomous regulators to govern matters of competition and telecommunications: the Federal Economic Competition Commission (Comisión Federal de Competencia Económica, COFECE). It ceased to exist. The Federal Telecommunications Institute (Instituto Federal de Telecomunicaciones, IFT) ceased to exist. The Mexican government announced IFT and replaced it with the Telecommunications Regulatory Commission (Comisión Reguladora de Telecomunicaciones, CRT). Mexico's Telecommunications Regulatory Law contains provisions that prevent "undue concentration" of the sector. Mexico's COFECE is no longer an autonomous agency and is now part of the National Anti-Corruption Strategy, an independent agency within the Secretariat of Economy that reviews concentrations and highlights calls for technical, operational, and management independence. The Mexican Congress approved a constitutional reform in 2024 that gives the CRT the ability to rule authority for competition matters and asymmetric regulation in Mexico.

Expropriation and Compensation

The USMCA contains clauses stating Mexico may neither directly nor indirectly expropriate property, except for:

- A public purpose
- On a non-discriminatory basis
- On payment of prompt, adequate, and effective compensation, and
- In accordance with due process

Expropriations are governed by international law and require the market value compensation paid without delay, including accrued interest. Qualified investors can pursue investor-state dispute settlement through the mechanisms provided in the USMCA.

Mexico has been accused of indirect expropriation in a number of cases, some of them high-profile. Specifically, the private sector has raised concern that changes in environmental regulations are increasingly used to justify degrading measures of the economic benefits of their investments.

Dispute Settlement

ICSID Convention and New York Convention

Mexico is a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention) and the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention), and has ratified the New York Convention without reservation. Mexico is also a signatory to the Inter-American Convention on International Commercial Arbitration (Panama Convention).

Investor-State Dispute Settlement

The USMCA covers investor-state dispute settlement (ISDS) between U.S. investors and Mexico in chapter 14. U.S. investors who are "qualified to a covered government" and "engaged in activities in the "covered sector" will have access to ISDS as per USMCA provisions for an alleged breach of obligations.

- Oil and gas
- Power generation
- Telecommunications
- Transportation and
- Infrastructure

The CFIUS case database has numerous pending investor-state arbitration cases against Mexico. These cases arise under several investment agreements, including NAFTA and the USMCA, the Spanish-Mexican Bilateral Investment Treaty, Japan's Trans-Pacific Partnership (TPP), and Mexican-Canadian Investment Treaty.

International/Commercial Arbitration and Foreign Courts

The Arbitration Center of Mexico (CAM) is a specialized, private institution administering commercial arbitration as an alternative dispute resolution mechanism. The average duration of a CAM conducted arbitration process is 12 to 18 months. The Commercial Code dictates that an arbitral award, regardless of the country where it originated, must be recognized as binding.

The Internal laws of State Parties and TTE state that all national disputes of any nature will have to be resolved by the courts of the respective jurisdiction. Foreign investment or business subsidiaries may opt for alternative dispute resolution mechanisms such as arbitration, commercial legislation and international treaties of which Mexico is a party. When contracts are signed between companies, they can include a clause that establishes jurisdiction governed by Mexican law, in case foreign courts, or an international arbitration.

Bankruptcy/Insolvency Regulations

Mexico's Reorganization and Bankruptcy Law (Ley de Concursos Mercantiles) enacted in 2000 grants access to the mechanism to companies in financial difficulties and protects all financial businesses through regulated restructurings, with liquidation if reorganization fails. Congress amended the Law in 2014 to provide more flexibility to companies in distress and to make bankruptcy in practice, including creditors. The Law has been amended several times since 2014, most recently on November 16, 2021. The law establishes a court-supervised commercial insolvency proceeding (mexican concursos mercantiles), which generally consists of two successive stages:

- Conciliation, aimed at reaching a restructuring agreement with creditors, and
- Bankruptcy (quiebra), which generally results in liquidation.

Individuals and foreign entities that qualify as merchants may be subject to concurso mercant Partners with unlimited liability may also be subject to the proceeding when their company is insolvent. Mexico's Supreme Court of Justice (Suprema Corte de Justicia de la Nación) and Federal Public Prosecutor (Ministerio Público) may rule in court declaration initiating the proceeding.

Mexico scored 50 out of 100 in the World Bank's 2020 Business Ready Report (business insolvency index), highlighting weaknesses in the regulatory framework and operational efficiency in the area. The Bank cite Grupo Mexico's main creditor Aurelius. In 2015, Mexico's Supreme Court ruled against Aurelius, which had initiated bankruptcy proceedings against Grupo Mexico, disadvantaging the rights of non-controlling shareholders. Mexico's business insolvency law creditor reports and rankings can be found at the Doing Business ☞ website.

Section 3.

Industrial Policies

Investment Incentives

Commonly used incentives include:

- Land grants or discounts
- Tax deductions and
- Technology, innovation, and workforce development funding.

Additional federal foreign trade incentives include:

- IMMEX (a program which allows qualifying export companies to temporarily import inputs duty-free provided they export finished products within 18 months)
- Import tax rebates on goods used in products for export and
- Sectoral promotion programs allowing for preferential ad valorem tariffs on imports of selected inputs.

Industries typically receiving sectoral promotion benefits are:

- Footwear
- Mining
- Steel mills
- Textiles
- Toys
- Apparel and
- Electronics.

While these have been some improvements, manufacturing and other companies report continued challenges. Mexico's IMF recommendations from IMF based on applicable World Bank benefits, with significant reimbursement delays and arrears reaching extra of millions of dollars for some companies. In 2020, several multinational manufacturers reported that they collectively allocated up to one monthly IMF contribution to audits companies necessary to go to the IMMEX program. In 2021, Mexico's Ministry of Economy (SE) announced a new version of IMMEX program, such as the exclusion of certain sectors and the potential elimination of benefits associated with "virtual exports." have raised the program's perceived value, according to several companies.

The Government of Mexico launched a new sectoral economic development plan – The Institute for Economic Promotion (Instituto de Promoción Económica) – in 2021 to attract and substitute imported goods with those produced in Mexico and increase the national content in Mexican exports. Agency 2020 has recently set up economic incentives, providing up to 60% of the cost of a project, including tax credits, cash grants, and other benefits. The Government's Area Wallet Investment Fund (Cartera) is one tool and outlines actions for eight priority sectors, including the goal of doubling Mexico's semiconductor exports by 2030. Qualifying new projects in Mexico will receive a 10-year tax credit, with the amount of the credit being between 40 and 55 percent for the first years 2021 and 2026, and between 35 and 40 percent for the final years 2027 through 2031 just over a year after the launch of the Mexico, results have been mixed. The plan has contributed to modest gains in domestic value-added exports and a slight reduction in other imports, but the following major indicators have deteriorated or remain below targets:

- Investment
- Economic growth
- Formal job creation
- Competitiveness and
- Productivity.

The Coordination of Education, which must approve each company's application to the economic development program, with consist of the:

- Secretary of Education,
- Secretary of Economy and
- Advisory Council on Regional Economic Development and Neighboring (CADER).

Foreign Trade Zones/Free Ports/Trade Facilitation

The Government of Mexico launched a program – renewed through December 31, 2024 – that applies the tax and customs duties on imports from US to manufacturers in the northern border region. It's index of the U.S. border. The IEEE program includes:

- Value-added taxes reducing the VAT from 16 percent to 8 percent and the income Tax rate from a maximum of 30 percent
- A minimum wage increase to MXN 440.87 (about $25) per day and
- The program harmonizes of the following rules with neighboring U.S. states:
  - Gasoline
  - Diesel
  - Natural gas and
  - Electricity.

In December 2020, the Government of Mexico launched a similar program for 22 municipalities in the southern states of Campeche, Tabasco, and Chiapas. Mexico's IMF cited the Tabasco and Oil Rich Bill, 20. The benefits extend through December 31, 2030.

Performance and Data Localization Requirements

Mexico does not follow a "forced localization" policy, meaning that foreign investors are not required by law to use domestic content in goods or technology. However, investors strategy to produce goods in Mexico for export to the United States should take note of the rules of origin requirements contained within USMCA.

Regulations issued by the Central Bank of Mexico and the National Banking and Securities Commission (CNBV) require financial institutions to store data in Mexico. The CNBV is considering electronic payment companies operating in Mexico that they will not pass fees or cloud data storage abroad to guarantee operational continuity. The financial services industry is also subject to data localization requirements, and the provisions of the USMCA financial services chapter prohibiting data localization.

Other Industrial Policy Aspects

Mexico's government has increasingly turned to military to fill priorities that are certain and management of economic infrastructure, and private sector participation in these projects is often tax subsidiaries issued by the military. Under the Lopez Obrador administration, the government announced the Secretariat of Defense (Sedena) and building the new Felipe Angeles International Airport (AIFA) in the state of Mexico and operates 5, 6, and 7 of the Mayan Train tourist railway project. Mexico's Congress approved a law in 2020 that assigns responsibility for the construction, management, and operation of the Interoceanic Corridor of the Isthmus of Tehuantepec (CIIT) project to connect the ports of Coatzacoalcos in Veracruz state and Salina Cruz in Oaxaca State.

The Government of Mexico has transferred the administration of land ports of entry and customs operations to the Secretariat of Defense (Sedena) and the Secretariat of Marine (Semar), respectively. In 2020, the Government of Mexico requested Defense's control to include the management of 17 airports and 12 customs checkpoints. In 2021, Congress approved a law that allows Defense's Guardia Nacional (GN) 17 billion in public investment for the development of six priority maritime ports:

- Veracruz
- Manzanillo
- Lazaro Cardenas
- Acapulco
- Tuxpan and
- Progreso

In February 2020, the Government of Mexico presented the Investment Plan for Infrastructure for Development with Wellbeing 2020-2030, spending MXN 5.5 trillion (about $214.6 billion) in infrastructure investment across:

- Energy (50 percent)
- Land connectivity (35 percent)
- Maritime and air connectivity (5 percent) and
- Social infrastructure (10 percent)

Section 5.

Protection of Property Rights

Real Property

Article 27 of the Mexican Constitution guarantees the right to private property. Expropriation is only allowed for public use and with due compensation. Mexico has four categories of land tenure:

- Private ownership
- Communal tenure (ejidos)
- Publicly owned and
- Ineligible for land transfer.

Article 27 of the Mexican Constitution prohibits foreigners from acquiring title to residential real estate or so-called "restricted zones" within 50 kilometers (about 31 miles) of the national borders and 100 kilometers (about 62 miles) of the borders. The restricted zones comprise approximately 40 percent of the Mexican land area. Foreigners can acquire the use of residential property in "restricted zones" through the establishment of an irrevocable trust (fideicomiso) arranged through a Mexican financial institution. Real estate investors are required to establish a Mexican trust if they have a direct or indirect interest in Mexican land, including leasing property.

The Public Register for Business and Property (Registro Público de la Propiedad y del Comercio) contains publicly available information online, such as:

- Land ownership
- Liens
- Mortgages and
- Restrictions

Tenants and squatters are protected under Mexican law. Property owners who encounter problems with tenants or squatters are advised to seek legal assistance, as the legal process of eviction is complex.

Mexico has a mature but growing financial securitization market for real estate and infrastructure projects. The Government of Mexico has created a new development fund (Mexicanos de Infraestructura) (Mexico Bonus Infrastructure) and Certificates of Capital Development (CKDs) issued on Mexico's BMV stock exchange.

Intellectual Property

Intellectual Property Rights (IPR) in Mexico are covered by the Federal Law for Protection of Industrial Property (Ley Federal de Protección a la Propiedad Industrial) and the Federal Copyright Law (Ley Federal de Derechos de Autor). Several government institutions share responsibility for IPR protection:

- The Prosecutor General's Office (Fiscalía General de la República or FGR) oversees a specialized unit that prosecutes intellectual property IP crimes.
- The Mexican Institute of Industrial Property (IMPI), the equivalent of the U.S. Patent and Trademark Office, administers patent and trademark registrations and enforces IPR through administrative proceedings.
- The National Institute of Copyright (INDAUTOR) handles copyright registrations and mediates certain types of copyright disputes.
- The Federal Commission for the Protection against Sanitary Risks (COFEPRIS) regulates pharmaceuticals, medical devices, and processed foods and
- The National Customs Agency of Mexico (AMAN) is responsible for ensuring illegal goods do not cross Mexican borders.

The process for trademark registration in Mexico normally takes approximately four months. A trademark is valid for 10 years and may be renewed for 10-year periods. Patents are valid for 20 years. The Supreme Court of Justice (Suprema Corte de Justicia de la Nación) ruled in favor of the USMCA in the Intellectual Property Dispute Issued by Mexico's Institute of Industrial Property (IMPI) and Mexico's Federal Court of Administrative Justice (TFJA) in 2020 and 2021 respectively. Mexican Supreme Court ruled in June 2021 on a petition for unconstitutionality of Mexico's USMCA implementing legislation related to copyrights.

Reports document widespread commercial-scale infringement in Mexico that results in significant losses to Mexico, U.S., and other IPR owners. Issues that have repeatedly hindered efforts to improve IPR enforcement in Mexico include:

- Legislative loopholes
- Lack of coordination between federal, state, and municipal authorities
- A cumbersome and lengthy judicial process
- Relatively advantageous acquisition of young and counterfeiting and
- Lack of resources dedicated to enforcement.

Head of the USMCA panel Review, the United States and Mexico have intensified engagement to address these long standing IP concerns. Areas of discussion included:

- Pharmaceutical IP
- Criminal and administrative enforcement
- Border enforcement and
- Enforcement against online piracy.

In April 2020, Mexico issued amended regulations to provide for protection against the unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products and agricultural chemical products, as well as a system to provide patent term extensions for pharmaceutical marketing approval delays. Mexico also took steps to partially address concerns regarding the lack of an effective system to notify patent holders of marketing approval applications for generic drugs. IMPI issued its first two notifications, which were challenged in court. Mexico's Congress passed a law in 2020 to provide for criminal penalties for IPR violations, including imprisonment.

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- Lack of resources dedicated to enforcement.

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- Pharmaceutical IP
- Criminal and administrative enforcement
- Border enforcement and
- Enforcement against online piracy.

In April 2020, Mexico issued amended regulations to provide for protection against the unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products and agricultural chemical products, as well as a system to provide patent term extensions for pharmaceutical marketing approval delays. Mexico also took steps to partially address concerns regarding the lack of an effective system to notify patent holders of marketing approval applications for generic drugs. IMPI issued its first two notifications, which were challenged in court. Mexico's Congress passed a law in 2020 to provide for criminal penalties for IPR violations, including imprisonment.

Reports document widespread commercial-scale infringement in Mexico that results in significant losses to Mexico, U.S., and other IPR owners. Issues that have repeatedly hindered efforts to improve IPR enforcement in Mexico include:

- Legislative loopholes
- Lack of coordination between federal, state, and municipal authorities
- A cumbersome and lengthy judicial process
- Relatively advantageous acquisition of young and counterfeiting and
- Lack of resources dedicated to enforcement.

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Section 6.

State-owned Enterprises

There are two State SOEs of Mexico, both in the energy sector. Pemex operates the hydrocarbon industry, and the Federal Electricity Commission (CFE) operates electricity generation and distribution. The Mexican Electricity Commission (CFE) operates the electricity sector and since 2015 operates a subsidiary known as CFE Telecommunications and Internet for All (CFE Telecomunicaciones e Internet para Todos). In 2021, the Mexican Congress approved a law replacing PEMEX and the Federal Electricity Commission (CFE) with two state-owned companies, with the aim of restoring these state-owned over Mexico's energy sector and privileging the fossil fuel and power sector companies.

The implementing laws confirm six pathways for private participation in Mexico's electricity sector:

- Onsite self-supplied generation up to 0.5 megawatts (MW) without need of a permit
- Onsite self-supplied and consumption from 0.5 to 20 MW and no interconnection, requires a permit
- Onsite self-production and self-consumption from 0.5 and 20 MW with a requirement to sell excess generation to CFE
- Open competition for projects over 5.7 MW and more for Mexico's wholesale electricity market (MEM)

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- Private development of utility-scale projects with electricity exclusively sold to CFE and with potential asset transfer to CFE and
- Joint venture utility-scale development with CFE ownership of at least 54 percent

One of the main non-market-based advantages CFE and Pemex receive vis-à-vis private businesses in Mexico is direct budgetary support from the Secretariat of Finance. The Mexican government earmarked MXN 136 billion (about $6.6 billion) to pay down some of Pemex's maturing debt in the 2025 budget.

Telecommunications and Internet for All (CFE-TEIT)

In 2019, an executive branch agreement created CFE Telecommunications and Internet for All (CFE-TEIT) as a subsidiary of CFE. CFE-TEIT has a partnership with Altán Redes, which holds the 700 MHz spectrum band to provide internet and mobile phone service through a 4.5G shared network. In February 2024, the Federal Telecommunications Institute modified the permits awarded to CFE-TEIT to allow the subsidiary to provide services in cities where other operators are present. U.S. industry is concerned this measure could create unfair competition.

LitioMx

Mexico reformed its mining law in 2022 to nationalize lithium and published a decree in August 2022 to create the state-owned entity LitioMx dedicated to the exploration and exploitation of lithium. Then-President López Obrador signed a decree in 2023 creating a lithium reserve zone spanning 234,000 hectares (about 578,000 acres) in the northern state of Sonora.

In February 2026, USTR announced the enactment of the **U.S.-Mexico Action Plan on Critical Minerals**. The initiative aims to develop coordinated trade policies and mechanisms that mitigate critical mineral supply chain vulnerabilities between the two countries.

Privatization Program

Mexico's 2024 constitutional energy reform undid the liberalization movement of 2014 by guaranteeing the dominant role of SOEs in Mexico's energy sector. There is no current privatization program.

Section 8.

Corruption

The World Justice Project (WJP), Transparency International (TI), and other sources concur in their assessments that corruption exists in many forms in Mexican society, including in the public and private sectors, as well as through conflicts of interest.

President Sheinbaum has implemented several anti-corruption initiatives focused on:

- Strengthening oversight
- Reducing nepotism
- Modernizing government administration and
- Improving transparency

Her administration:

- Transformed the former Secretariat of Public Function into the Secretariat of Anti-Corruption and Good Government
- Expanded anti-corruption oversight functions
- Promoted reforms against political nepotism and immediate reelection
- Pursued digitalization to reduce discretionary bureaucratic processes and
- Launched a 2025–2030 Anti-Corruption and Good Governance Program emphasizing transparency and accountability

However, major challenges such as the following remain and continue to undermine public confidence:

- Allegations linking officials to organized crime
- Concerns over weakening autonomous transparency institutions such as INAI
- Persistent impunity
- Cartel influence in local governments and
- Investor concerns about rule of law

Critics argue implementation and enforcement remain inconsistent despite the administration's reform agenda.

Some of the most common reports of official corruption involve government officials stealing from public coffers, creating fake companies to divert public funds, or demanding bribes in exchange for not prosecuting criminal activity or awarding public contracts. The Government of Mexico supported anti-corruption reforms and judicial proceedings in several high-profile corruption cases, including some involving former governors. However, Mexican civil society asserts that the government must take more systematic, effective, and frequent action to address corruption at the institutional level.

In 2015, Mexico passed a constitutional reform creating the National Anti-Corruption System (SNA) with an anti-corruption prosecutor and a citizens' participation committee to oversee efforts. After 10 years of operation, commentators attribute few successes to the SNA. The implementation of mandatory state-level anti-corruption legislation varies.

Mexico is a party to the Organization of American States (OAS) Convention against Corruption, the United Nations Convention against Corruption (UNCAC), and the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Anti-Bribery Convention). The government has enacted or proposed laws attacking corruption and bribery. Federal bribery offenses are punishable by up to 14 years in prison, depending on the value of the bribe.

Mexico is a member of the Open Government Partnership and enacted a Transparency and Access to Public Information Act in 2015, which revised the existing legal framework to expand national access to information.

Section 9.

Political and Security Environment

Mass demonstrations are common, especially in the larger metropolitan areas. Drug and organized crime-related violence has increased significantly in recent years. The national homicide rate stood at 21.4 per 100,000 population in 2025, according to data from Mexico's National Institute of Statistics and Geography (INEGI). For complete security information, please see the Safety and Security section on the Department of State's Consular Country Information page. Conditions vary widely by state. For a state-by-state assessment, please see the Department of State's Consular Travel Advisory. Companies have reported that security concerns remain an issue for those looking to invest in the country. The American Chamber of Commerce in Mexico reported in 2024 that security-related expenses cost businesses up to 5 percent of their operating budgets. The Overseas Security Advisory Council (OSAC) monitors and reports on regional security for U.S. businesses operating overseas. OSAC membership is available to any U.S.-owned, not-for-profit organization, or any enterprise incorporated in the United States (parent company, not subsidiaries or divisions) doing business overseas. See Overseas Security Advisory Council (OSAC's) country page for Mexico.

The 2024 presidential election cycle was marked by an unprecedented wave of political violence, with more than 30 political candidates assassinated. Many, if not all, of these killings are believed to be linked to organized crime groups seeking to influence local politics and control territory. Investors should be aware that on February 20, 2025, the U.S. government officially designated six Mexican cartels as Foreign Terrorist Organizations (FTOs), a development that raised the importance for companies to maintain robust compliance programs.

Section 10.

Labor Policies and Practices

Mexican labor law requires at least 90 percent of a company's employees to be Mexican nationals. Employers can hire foreign workers in specialized positions if they do not exceed 10 percent of employees in any specialized category. Mexico's labor informality rate stood at 54.8 percent in 2025, remaining above the average for countries with comparable GDP per capita. Manufacturing companies, particularly along the U.S.-Mexico border and in the following states, report labor shortages and difficulty retaining staff due to formal wages being lower than those in the informal sector:

- Aguascalientes
- Guanajuato
- Jalisco and
- Querétaro

Recent increases in the minimum wage, however, are leading to increases in entry-level wages that are attracting more workers. Effective January 1, 2026, the Mexican government increased the general daily minimum wage by 13 percent to MXN 315.04 (about $17.29), while the minimum wage in the Northern Border Free Zone increased 5 percent to MXN 440.87 (about $24.20). Microenterprises employ the largest share of Mexican workers (40 percent), while about 71 percent of all workers earn no more than two minimum wages. Mexico's formal unemployment rate is usually around 3 percent, while its underemployment rate is much higher at around 7.7 percent. In 2024, the informal economy accounted for 25.4 percent of total Mexican GDP, according to the National Institute of Statistics and Geography.

In 2019, Mexico enacted the most fundamental reform to its federal labor law in more than a century, consistent with Mexico's obligations under the USMCA Labor Chapter Annex 23-A. The reform called for the transfer of authority to adjudicate labor disputes from partisan and ineffective Conciliation and Arbitration Boards (CABs) to new labor courts in Mexico's judicial branch. The reform also transferred the CABs' responsibility for registering unions and collective bargaining agreements (CBAs) to a new, independent, and specialized Federal Conciliation and Labor Registration Center (FCCLR). In 2023, Mexico completed the reform placing the country under the new labor justice system.

Mexico's labor relations system has been widely criticized by labor experts as skewed to represent the interests of employers, undemocratic unions, and the government at the expense of workers. To root out the existence of protection contracts, the reform called for a process, known as legitimization, that all existing CBAs be subjected to worker approval through a secret ballot vote verified by the labor authorities by May 1, 2023, or risk nullification of the agreement. Mexico reported that the final number of CBAs that underwent this legitimization process was 30,526 out of 139,000. As of March 2026, Mexico has registered an additional 14,683 initial CBAs.

After four years of significant financial commitments to support labor reform implementation, Mexico reversed course in 2025 and enacted significant cuts to the 2025 federal budget for key labor law reform institutions, particularly the FCCLR. In addition, in September 2024, Mexico enacted a landmark constitutional reform to the Mexican federal judiciary that establishes public election of all judges, including labor judges, which threatens to politicize the selection of judges and undermine their professionalization.

The USMCA's dispute settlement chapter (Chapter 31) includes an innovative Facility-Specific Rapid-Response Labor Mechanism (RRM) that permits the U.S. government to take expedited enforcement actions against individual factories that appear to be denying workers the right of freedom of association and collective bargaining under Mexican law. As of March 2026, the United States has invoked the RRM in 45 instances regarding a denial of rights at a Mexico-based facility, benefiting over 42,000 workers.

According to the International Labor Organization (ILO), the government was reasonably effective in enforcing labor laws in large and medium-sized companies, especially in factories run by U.S. companies and in other industries under federal jurisdiction. Enforcement was inadequate in many small companies and in the agriculture and construction sectors, and it was nearly absent in the informal sector. The most common complaints were:

- Low wages
- Poor labor conditions
- Long work hours
- Unjustified dismissals
- Lack of social security benefits and workplace safety and
- Lack of freedom of association

Section 11.

Contact for More Information

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