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## Mexico: Key Issues for the Sheinbaum Administration and U.S.-Mexican Relations

On October 1, 2024, Mexico—a top U.S. partner in trade, security, and migration matters—is scheduled to inaugurate Claudia Sheinbaum for a single, six-year presidential term. Sheinbaum—a close ally of outgoing President Andrés Manuel López Obrador, founder of the of the National Regeneration Movement (MORENA)—won 59% of the vote in a three-way election on June 2. MORENA and its allies also secured the two-thirds majority required to amend the constitution in the Chamber of Deputies and fell three seats short of a supermajority in the Senate. López Obrador, with Sheinbaum’s support, is seeking to leverage MORENA’s majorities in Mexico’s Congress (seated September 1) to pass several controversial constitutional reforms before leaving office on October 1.

President Biden has congratulated Sheinbaum on her election, and some in the U.S. Congress have expressed optimism about working with the Sheinbaum administration due to positive meetings thus far. At the same time, U.S. officials, some Representatives, and certain Senators have expressed concerns about many of the constitutional reforms, particularly the recently enacted reforms that include the direct election of judges. Observers warn that the recently ratified judicial reforms—which took effect September 15—could weaken judicial independence, foster corruption, and harm U.S. trade and investment relations with Mexico.

### López Obrador and Proposed Reforms

Outgoing President López Obrador has concentrated power in the executive and dominated public discourse. His government reduced salaries and most nonmilitary spending, while it increased the minimum wage, pensions, and social programs. Poverty reduction has been key to his popular support. Critics maintain that López Obrador has tried to weaken independent government institutions and the judiciary. Increased use of the military for civilian law enforcement also prompted some concern, particularly as violent crime and impunity rates (the percentage of crimes that remain unpunished) remained high.

In September 2024, López Obrador began shepherding constitutional reforms through the MORENA-dominated legislature. He has asserted that the reforms will increase citizen participation in government, reduce wasteful spending, and combat judicial corruption. The reforms include

- the popular election of Supreme Court and other federal judges and the dismissal of thousands of current judges (took effect on September 15);

- the elimination of seven autonomous agencies (including those responsible for access to information and preventing monopolies) and regulators; and
- the transfer of the National Guard, the primary federal law enforcement entity created in 2019, from civilian to military control by placing it under the defense ministry.

### President-Elect Sheinbaum

President-elect Sheinbaum, who is to become Mexico’s first female president, is a former head of government of Mexico City (2018-2023) and protégé of President López Obrador. Several observers suggest that López Obrador could exert influence on a Sheinbaum administration since her candidacy benefitted from his political base. The extent to which Sheinbaum will maintain López Obrador’s policies remains to be seen. During her campaign, she pledged to build on key López Obrador policies, such as minimum wage increases, cash transfer programs, and infrastructure projects. Sheinbaum has also tapped several officials who served under López Obrador for cabinet posts.

At the same time, Sheinbaum has placed key allies in certain public security and energy-related posts, which suggests that she plans changes to government policy in those areas. Some observers assess that Sheinbaum’s reported pragmatism as mayor, a scientific background as an engineer, and past work on climate change mitigation could lead her to diverge from López Obrador on some issues. For example, Sheinbaum plans to focus on developing renewable energy sources with private sector investment rather than focusing only on state-led oil production. Sheinbaum also asked legislators to postpone consideration of electoral reforms proposed by López Obrador, reportedly to submit her own proposal.

Sheinbaum and her cabinet are expected to inherit a fiscal deficit exceeding 5% of gross domestic product at the end of 2024. The incoming administration is also facing challenges that could deter foreign investment, including continued crime and violence and shortages of water and electricity. Funding and staff shortages in many ministries that emerged following López Obrador’s budget and salary cuts could hinder Sheinbaum’s ability to address these and other challenges and implement her agenda. Judicial reforms may further dissuade foreign investors.

### Prospects for U.S.-Mexican Relations

U.S.-Mexican relations have grown tense during the López Obrador administration on issues related to U.S. antidrug operations in Mexico. Some analysts predict relations may be smoother under President-elect Sheinbaum, who has said that her government’s relationship with the United States

will be one of “friendship, mutual respect, and equality.” In mid-June 2024, Vice President Harris and Sheinbaum discussed shared priorities, including improving security, addressing migration, and strengthening trade ties. Nevertheless, Sheinbaum, like López Obrador, has bristled at U.S. criticism of Mexico’s judicial reforms, which could portend complicated U.S.-Mexican trade ties and hinder security and rule-of-law cooperation.

### Security Cooperation and Efforts Against Fentanyl

According to the 2024 *National Drug Threat Assessment*, the Mexico-based Sinaloa and Jalisco New Generation Cartels are the primary organizations responsible for smuggling multiple drugs, including fentanyl, into the United States. These cartels are also involved in migrant smuggling, and the violence they perpetrate threatens U.S. tourists, businesses, and other interests in Mexico.

Some observers suggest that bilateral security cooperation might improve under the Sheinbaum administration. They point to successes by Sheinbaum, as mayor, and her police chief, Omar García Harfuch, in reducing homicides through civilian policing and shared intelligence with U.S. law enforcement agencies. Sheinbaum has proposed binational working groups on security issues, as well as doubling federal investigators and expanding the National Guard. As public security minister, Harfuch is to control the National Intelligence Center. He also would coordinate with the National Guard and state security agencies, many of which are run by former military officials. U.S. concerns about Mexico’s military-led security strategy and its effects on human rights could limit future security cooperation.

Developed in 2021, the Bicentennial Framework guiding U.S.-Mexican security cooperation focuses on protecting people, preventing transborder crime, and pursuing criminal networks, with a particular emphasis on combating fentanyl and arms trafficking. The extent to which the United States will continue to support the Framework is unlikely to be determined until the inauguration of the next U.S. President in 2025. Some experts have urged the United States to continue providing low-profile support for Mexican covert operations that have led to major arrests, seizures, and extraditions. Others question the strategic effectiveness of targeting top cartel leaders.

### Migration Control

U.S. Customs and Border Protection encountered record numbers of migrants at the U.S. Southwest border in FY2022 and in FY2023. Mexico, like the United States, has struggled to deal with large flows of migrants from around the world, especially families and unaccompanied minors, many of whom seek asylum. Mexico also remains a source country for U.S.-bound migrants.

The Biden Administration has sought to manage regional migration with Mexico and other countries through commitments made under the 2022 Los Angeles Declaration on Migration and Protection. Under López Obrador, Mexico has accommodated U.S. policies that have shifted some of the burden of interdicting migrants and hosting asylum seekers from the United States to Mexico. Tough enforcement in Mexico may have helped reduce

U.S. encounters to date in 2024. The Mexican government also has endorsed development projects and labor mobility opportunities intended to address the drivers of irregular migration. The humanitarian protection and asylum systems in Mexico reportedly remain overwhelmed.

Some experts predict the Sheinbaum administration will maintain the same approach to migration as its predecessor. Sheinbaum, like López Obrador, may seek increased U.S. investment for addressing the root causes of migration in southern Mexico and Central America in exchange for strong migration enforcement efforts. Other analysts suggest she is likely to follow a U.S. administration’s lead on migration policies.

### U.S.-Mexico-Canada Agreement (USMCA) Compliance

Mexico ranks first among all U.S. trading partners, and the United States is Mexico’s most important trading partner, with 80% of its exports going to the United States. Much of the economic relationship between the two countries occurs in the context of the 2020 USMCA, which replaced the 1994 North American Free Trade Agreement (NAFTA). According to Mexican government data, the United States is the largest source of foreign direct investment (FDI) in Mexico, accounting for 37.8% of the total FDI flows to Mexico in 2023.

Many industry representatives and experts have expressed concerns that the constitutional reforms risk harming the bilateral trade and investment relationship under USMCA. Some analysts contend that the reforms would negatively impact Mexico’s economic regulatory environment, jeopardize its ability to fulfill USMCA commitments, undermine private investment in the energy sector, and challenge North America’s competitiveness. In a letter to U.S. government officials, nine industry associations expressed that they are “deeply concerned” that the judicial reforms would limit the ability of U.S. investors to have “fair and predictable recourse” in Mexico’s judicial system.

### Congressional Considerations

Congress may influence U.S. relations with the Sheinbaum administration through a variety of legislative and oversight efforts, including whether or not

- to appropriate funding for, and to oversee, U.S. components of the Bicentennial Framework;
- to impose conditions or restrictions on U.S. foreign assistance to Mexico;
- to enact additional measures to combat the smuggling of fentanyl from Mexico;
- to monitor Mexico’s migration control efforts; and
- to review in July 2026 the USMCA, which all parties must reaffirm if they wish to continue the agreement for a new 16-year term.

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