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## Mexico: Political Overview and U.S.-Mexican Relations

On October 1, 2024, Mexico—a top U.S. partner in trade, security, and migration matters—inaugurated Claudia Sheinbaum for a single, six-year presidential term. Sheinbaum—Mexico’s first female president and ally of former President Andrés Manuel López Obrador, founder of the National Regeneration Movement (MORENA)—won 59% of the vote in a June 2024 three-way election. MORENA and its allies secured the two-thirds majority needed to amend the constitution in the Chamber of Deputies and fell three seats short of a supermajority in the Senate. López Obrador and Sheinbaum leveraged MORENA’s majorities in Mexico’s Congress (seated September 1) to pass 17 constitutional reforms through January 2025.

Some Members of Congress have expressed optimism about working with the Sheinbaum administration. Some Members have expressed concerns about certain constitutional reforms, particularly those requiring direct election of federal judges and dissolution of autonomous agencies and regulators. On January 20, 2025, President Trump signed executive orders (E.O.s) on security, immigration, and trade that could strain bilateral relations.

### Political Situation

Former President López Obrador (2018–2024) concentrated power in the executive branch and dominated public discourse. His government reduced public sector salaries and most nonmilitary spending while increasing the minimum wage, pensions, and social programs. His poverty reduction policies garnered popular support. Critics maintain that López Obrador tried to weaken independent government institutions and the judiciary. Increased use of the military for civilian law enforcement also prompted concern, particularly as violent crime and impunity rates (the percentage of crimes unpunished) remained high.

In September 2024, López Obrador secured legislative approval of two of his proposed constitutional reforms. Observers warned that the first reform—a judicial reform requiring the popular election of Mexican Supreme Court and other federal judges—could weaken judicial independence and cause corruption. The second, which transfers Mexico’s National Guard (the federal law enforcement entity created in 2019) from civilian to military control under the defense ministry, raised concerns about the militarization of public security.

### The Sheinbaum Administration

President Sheinbaum is a former head of government of Mexico City (2018–2023) and protégé of López Obrador. Her campaign platform pledged to build on certain López Obrador policies, such as minimum wage increases, cash transfer programs, and infrastructure projects. Several of

Sheinbaum’s cabinet officials served under López Obrador. Sheinbaum has placed certain allies in some public security and energy-related posts. Some observers assess that Sheinbaum’s reported pragmatism as mayor, scientific background as an engineer, and past work on climate change mitigation could lead her to diverge from López Obrador on some issues. Despite Sheinbaum’s plans to develop renewable energy with private investment, she backed a 2024 energy reform that reversed 2013 reforms opening the sector to private investment.

Since entering office, the Sheinbaum administration has sought to strengthen Mexico’s economy, continue López Obrador’s legacy, and advance its own priorities. President Sheinbaum inherited a fiscal deficit exceeding 5% of gross domestic product at the end of 2024. The president and her cabinet launched a “Plan Mexico” industrial policy plan aimed at attracting \$277 billion in investment, reducing imports from Asia and boosting North American production. She has shepherded 12 constitutional reforms through Mexico’s Congress. The majority of the reforms had been proposed by her predecessor, and some reflected her own priorities, including advancing gender equality and expanding the power of the public security ministry.

Several challenges could affect Mexico’s investment climate, including cartel-driven crime and violence and water and electricity shortages in some regions. Some argue that certain constitutional reforms that took effect in 2024 could hinder private investment. For example, observers warned that judicial reforms requiring the popular election of Mexican Supreme Court and other federal judges could weaken judicial independence, foster corruption, and hinder Mexico’s trade with the United States. In December 2024, a reform eliminated several autonomous agencies (including one in charge of access to public information), telecommunications and energy regulators, and the antitrust agency. As government agencies take on the former functions of these independent agencies and regulators, observers are concerned about their potential politicization.

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

U.S.-Mexican relations grew tense during the López Obrador administration on issues such as U.S. antidrug operations in Mexico and Mexico’s treatment of U.S. companies; cooperation on migration control and other issues continued. Some analysts initially predicted relations would be smoother under President Sheinbaum, who said her government’s relationship with the United States would be one of “friendship, mutual respect, and equality.” Sheinbaum, like López Obrador, has bristled at U.S. criticism of Mexico’s judicial reforms and then President-elect Trump’s threats to impose tariffs on goods from Mexico unless the Mexican government further addresses

fentanyl trafficking and unauthorized migration. In response, President Sheinbaum warned of retaliatory tariffs and stated that “the best path is dialogue.”

### U.S.-Mexico-Canada Agreement Compliance

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

Industry representatives and experts have expressed concern that Mexico’s constitutional reforms risk harming bilateral trade and investment. 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. officials, nine industry associations commented that the judicial reforms would limit the ability of U.S. investors to have “fair and predictable recourse” in Mexico’s judicial system.

On January 20, 2025, President Trump directed the Secretaries of Commerce and Homeland Security to “assess the unlawful migration and fentanyl flows from Mexico” to the United States and “recommend appropriate trade and national security measures” by April 1, 2025. He said that he may impose a blanket 25% tariff on all imports from Mexico as soon as February 1, 2025. Such tariffs could violate the USMCA, and Mexico could file a USMCA dispute. Potential Mexican retaliatory tariffs on U.S. exports could affect billions of dollars of U.S. exports.

### 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 types of drugs, including fentanyl, into the United States. These cartels also are involved in migrant smuggling, and the violence they perpetrate threatens U.S. tourists, businesses, and other interests in Mexico.

President Sheinbaum has proposed addressing the cartels and fentanyl trafficking by doubling federal investigators, expanding Mexico’s National Guard, and creating binational working groups. As mayor, Sheinbaum and her police chief, Omar García Harfuch, reduced homicides through civilian policing and shared intelligence with U.S. law enforcement agencies. As president, Sheinbaum named Harfuch as public security minister, responsible for running the National Intelligence Center and coordinating with the National Guard and state security agencies. In December 2024, Mexico recorded its largest ever fentanyl seizure. Some observers view Sheinbaum’s security strategy as a step forward from López Obrador’s nonconfrontational approach to the cartels, although they deem it thus far insufficient to address violent crime in an integral way.

The Trump Administration has proposed more aggressive strategies to address Mexican cartels than the Bicentennial Framework that guided bilateral efforts during the Biden Administration. On January 20, 2025, President Trump signed E.O. 14157 giving the Secretary of State authority to designate cartels and other criminal organizations as foreign terrorist organizations, a move opposed by Mexico. The Sheinbaum administration is likely to oppose any proposal to use unilateral U.S. military force to confront cartels in Mexico, a policy option some Trump officials have reportedly discussed. Rather than confrontation, some experts have urged the United States to continue providing low-profile support for Mexican covert operations that have led to major drug seizures, arrests, and extraditions.

### Migration Control

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 have sought asylum in Mexico even as Mexico remains the top country of origin for migrants encountered by U.S. Customs and Border Protection (CBP). CBP encountered record numbers of migrants at the U.S. Southwest border in FY2022 and FY2023 before recording a slight decline in encounters in FY2024. Tougher enforcement in Mexico coincided with fewer U.S. encounters in 2024.

On January 20, 2025, President Trump signed 10 immigration-related E.O.s. As part of E.O. 14165, President Trump called for restarting the Migrant Protection Protocols (MPP), a move the Mexican government has not yet agreed to implement. Under MPP, the first Trump Administration returned tens of thousands of migrants to Mexico to await their U.S. immigration proceedings. The E.O. also announced the start of large-scale removals of unauthorized migrants residing in the United States; in response, the Mexican government has begun to increase legal services for Mexicans in the United States and establish additional shelters to receive deportees in northern border cities. Mexico has reportedly received some non-Mexican deportees, but it is unclear how many individuals and from what countries they are receiving U.S. removals.

### Congressional Considerations

Congress may influence U.S. relations with Mexico through legislative and oversight efforts, including whether or not to

- appropriate funding for, and to oversee, U.S. assistance to Mexico;
- impose conditions or restrictions on U.S. foreign assistance to Mexico;
- enact additional measures to combat the smuggling of fentanyl from Mexico;
- monitor Mexico’s migration control efforts; and
- 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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