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Mexico: Background and Key Issues in U.S. Relations

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Clare Ribando Seelke
Specialist in Latin
American Affairs

Danielle M. Trachtenberg
Analyst in International
Trade and Finance

Mexico: Background and Key Issues in U.S. Relations

Mexico, the 10th most populous country and 13th largest economy in the world, is bound to the United States by geography and deep economic, cultural, and historical ties. In addition to sharing a nearly 2,000-mile land border, Mexico was the top U.S. trade partner in goods in 2025 and the second-largest oil supplier, behind Canada. Drug cartels, six of which the Trump Administration has designated terrorist organizations, have endangered the lives of people, including U.S. citizens, in parts of Mexico. U.S.-Mexico ties and issues, including addressing the production and trafficking of fentanyl from Mexico, have prompted legislative activity and oversight interest in the 119th Congress.

Mexico has undergone significant change under successive National Regeneration Movement (MORENA) presidencies. The party's founder, former President Andrés Manuel López Obrador (2018-2024), concentrated power in the presidency and focused government efforts on raising wages and increasing social programs. Observers criticized López Obrador for trying to weaken autonomous institutions and the judiciary and for increasing military involvement in public security.

In October 2024, President Claudia Sheinbaum took office for a six-year term. Sheinbaum, a former head of government of Mexico City (2018-2023), is Mexico's first female president and a close ally of López Obrador. She has benefitted from MORENA and its allies' two-thirds majorities in both chambers of the legislature seated in September 2024. In her first year, Sheinbaum shepherded 22 constitutional reforms through congress, many of which were proposed by López Obrador. Although President Sheinbaum has continued aspects of López Obrador's policies, she has adopted a more aggressive public security policy and appears to have partially aligned her trade policy with that of the United States by backing legislation that imposed tariffs on imports from the People's Republic of China and other countries with which Mexico does not have a free-trade agreement. Some observers are concerned that MORENA has increased control of the federal, state, and local governments just over a decade since its founding as a party.

U.S. Policy

U.S.-Mexican relations have been tested as the Sheinbaum administration has sought to maintain Mexico's sovereignty while addressing U.S. concerns on various issues. Since February 2025, President Trump has used the imposition or threat of tariffs to spur the Mexican government into action on migration control, drug trafficking, and Rio Grande water deliveries to the United States. President Trump has repeatedly threatened unilateral U.S. military intervention in Mexico to combat drug cartels, which could derail cooperation. A successful joint review of the U.S.-Mexico-Canada Agreement (USMCA)—through which most Mexican exports entered the United States duty-free in 2024—is a top priority for Mexico.

The 119th Congress has considered legislation and conducted oversight on varied aspects of U.S. relations with Mexico through hearings, delegations, and letters. The FY2026 National Defense Authorization Act (P.L. 119-60) requires several reports, plans, and strategies to track Mexico's efforts against illicit synthetic drugs and to improve joint training and security cooperation. The National Security, Department of State, and Related Programs Appropriations Act, Division F of the FY2026 Consolidated Appropriations Act (P.L. 119-75), conditions the provision of non-fentanyl-related U.S. foreign assistance on Mexico's water deliveries to the United States. The Senate Intelligence Committee's reported version of the FY2026 Intelligence Authorization Act (S. 2342) would require U.S. intelligence agencies to develop plans to improve their antidrug collaboration with the Mexican government. The Senate Foreign Relations Committee reported legislation (S. 1780) that would require a strategy for U.S. security assistance to Mexico and annual reporting on its implementation, as well as legislation (S. 860) that would impose targeted sanctions related to the production and trafficking of synthetic opioids. Congress has a consultative role in the 2026 USMCA joint review and may evaluate whether potential revisions to USMCA require congressional approval. Congress also may consider legislation to shape U.S. trade policy and/or to authorize or prohibit certain tariffs or other trade measures. Regarding Administration threats for military action in Mexico, Congress could authorize or prohibit such activity, appropriate or restrict funding for such policies, and conduct oversight through hearings, inspector general reports, letters, or other measures.

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Over the past year, Mexico has experienced increasing one-party dominance, modest economic growth, and challenges in its relations with the United States. Supporters assert that the governing National Regeneration Movement (MORENA) has empowered working people after decades of economic dominance by elites; by contrast, some critics compare MORENA to the Institutional Revolutionary Party (PRI), which led authoritarian governments in Mexico from 1929 to 2000 with few checks and balances.¹ Growth remained modest in 2025 due to fiscal tightening amid high levels of public debt, uncertainty limiting investment and consumption, a decline in remittances, and tariffs imposed by the Trump Administration.² This report provides an overview of Mexico under President Claudia Sheinbaum's administration (2024-present), an analysis of selected bilateral issues—security cooperation, migration control, and trade and tariffs—and options for how Congress may shape U.S. policy toward those issues.

Political and Economic Situation

Mexican President Claudia Sheinbaum was inaugurated to a six-year term in October 2024. Sheinbaum, a climate scientist, is Mexico's first female president and a close ally of MORENA founder and former President Andrés Manuel López Obrador (2018-2024). Sheinbaum won 59% of the vote in a three-way race in June 2024 after pledging to build on her predecessor's legacy of poverty reduction. In the concurrent legislative election, MORENA and its allies also secured the two-thirds majorities in both the Chamber of Deputies and the Senate which are necessary to pass constitutional reforms. Seated on September 1, 2024, before Sheinbaum took office, the new congress approved some constitutional reforms proposed by former President López Obrador, including a reform requiring the direct election of federal judges. The first round of judicial elections, held in June 2025, had low turnout (10%) and resulted in a MORENA-aligned supreme court and other federal courts, deepening concerns about MORENA's one-party dominance.³

President Sheinbaum has maintained approval ratings near or above 70%.⁴ She has continued aspects of López Obrador's legacy by holding daily morning press conferences, passing and implementing constitutional reforms he supported, and maintaining social welfare programs despite budget limitations. The majority of the 22 constitutional reforms enacted during Sheinbaum's first year were proposed by López Obrador, but some reflected Sheinbaum's priorities, including reforms aimed at broadening the public security ministry's authorities, advancing gender equality, and addressing extortion. For 2026, Sheinbaum is seeking to pass constitutional electoral system reform that would end proportional representation in congress, reduce public funding for political parties, and allow voters to select National Electoral Institute (INE) councilors.⁵ Supporters assert the reforms would reduce costs, whereas critics warn the reforms could weaken pluralism, end small parties, and politicize INE staff who run the elections.

¹ Humberto Beck, "Lopez Obrador's Transformation of Mexican Democracy," *Current History*, February 2025; Aldo F. Ponce, "The Weakening of the Mexican Party System: The Rise of AMLO's MORENA," in *Political Parties and the Crisis of Democracy: Organization, Resilience, and Reform*, eds. Thomas Poguntke and Wilhelm Hofmeister (Oxford University Press, 2024).

² International Monetary Fund (IMF), *Mexico: 2025 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Mexico*, October 27, 2025; BBVA Research, "Mexico: 11 Consecutive Years of Remittances Growth End, Falling 4.6%," February 3, 2026.

³ Emiliano Rodríguez Mega and Simon Romero, "In Mexico, Thousands Ran for Office, Few Voted and One Party Dominated It All," *New York Times*, June 15, 2025.

⁴ Chase Harrison, "Approval Tracker: Mexico's President Claudia Sheinbaum," Americas Society/Council of the Americas, January 9, 2026.

⁵ Alexandra Helfgott, "What Are Sheinbaum's Electoral Reforms? 'Plan D' Electoral Reforms Explained," *Moments in Mexico*, August 6, 2025.

Figure I. Mexico at a Glance: Map and Fast Facts



Sources: Created by CRS using data from Mexico’s National Institute of Statistics and Geography (INEGI), International Monetary Fund (IMF), UN Economic Commission for Latin America and the Caribbean (CEPAL), Trade Data Monitor (TDM), and Department of Commerce’s Bureau of Economic Analysis (BEA).

The Sheinbaum administration arguably has abandoned what some observers regarded as López Obrador’s passive approach to drug cartels. Mexico’s public security strategy under Sheinbaum focuses on addressing the root causes of crime and violence, increasing intelligence gathering and investigations, consolidating the Mexican National Guard under the defense ministry, and

strengthening federal interventions in high-crime states.⁶ From October 2024 to December 2025, Mexican authorities detained 40,000 individuals accused of serious crimes, recorded a 40% reduction in homicides, and seized 320 tons of illicit drugs in Mexico.⁷ Some observers point out that surging violence in some states, ongoing disappearances—some perpetrated by collusion between crime groups and state authorities—and corruption, collusion, and impunity still need to be addressed.⁸

Mexico's economy grew an estimated 1% in 2025 and is forecast to grow 1.5% in 2026.⁹ Economic growth could be affected by U.S. tariff rate changes, changes in Mexico's tariffs on other countries, the outcome of the U.S.-Mexico-Canada Agreement (USMCA) 2026 joint review, and the effects of constitutional reforms on Mexico's investment climate. In January 2025, the Sheinbaum administration launched Plan Mexico, an industrial policy plan aimed at attracting \$277 billion in domestic and foreign direct investment, including private investment in renewable energies.¹⁰ The State Department's 2025 *Investment Climate Statement* reports that some U.S. investors have raised concerns about reforms that replaced autonomous regulators with entities in executive agencies that could be politicized, energy reforms that favor state agencies over private investors, and the potential effects of directly elected judges aligned with political parties on judicial impartiality.¹¹

President Sheinbaum arguably has implemented a more active foreign policy than López Obrador. Sheinbaum and her administration have maintained an active dialogue with the Trump Administration, pursued closer relations with Canada, and concluded an updated free-trade agreement with the European Union. Sheinbaum has participated in multilateral forums, including the Group of Seven and the Group of 20.

Some U.S. policymakers reportedly have criticized the Sheinbaum administration for continuing aspects of Mexico's foreign policy, including a preference for nonintervention in other countries' affairs and support for Cuba. Mexico has maintained its opposition to the U.S. embargo imposed on Cuba and, despite U.S. opposition, has shipped oil to Cuba to help alleviate fuel shortages on the island. In late January 2026, President Sheinbaum reportedly said Mexico had made a "sovereign decision" to pause such shipments; her government has subsequently sent humanitarian aid to the island and offered to mediate talks between the United States and Cuba.¹² According to the 2025 State Department *Trafficking in Persons* report, Mexican labor inspectors did not screen Cuban regime-affiliated medical professionals working in Mexico for signs of forced labor.¹³ Critics have argued that the contracts through which these professionals are hired violate USMCA labor rights provisions, but President Sheinbaum has expressed disagreement.¹⁴

⁶ Gobierno de México, Secretariado Ejecutivo del Sistema Nacional de Seguridad Pública, *Estrategia Nacional de Seguridad Pública 2024-2030*.

⁷ Gobierno de México, "Conferencia de Prensa de la Presidenta Claudia Sheinbaum Pardo," January 16, 2026.

⁸ Will Freeman, "The Hole in Mexico's Security Strategy," *Foreign Affairs*, June 9, 2025.

⁹ International Monetary Fund (IMF), *World Economic Outlook*, October 2025.

¹⁰ Government of Mexico, "Plan México: Equitable and Sustainable Economic Development Strategy for Shared Prosperity," <https://www.planmexico.gob.mx/>.

¹¹ U.S. Department of State, *Investment Climate Statement: Mexico, 2025*, pp. 12, 30-31, 38.

¹² AP, "Mexican President says her Country has Paused oil Shipments to Cuba," January 28, 2026. Evan Williams, "Mexico's Sheinbaum warns US against regime change in Cuba: 'There must be no invasions,'" *MSN*, February 19, 2026. For more on Cuba, see CRS In Focus IF10045, *Cuba: U.S. Policy Overview*, by Joshua Klein.

¹³ U.S. Department of State, *Trafficking in Persons Report: Mexico*, June 2025.

¹⁴ Arturo McFields, "Mexico Is Violating USMCA by Supporting Exploitation of Cuban Doctors," *The Hill*, December 8, 2025; and Gobierno de México, "Conferencia de Prensa," October 16, 2025.

Like the preceding government, the Sheinbaum administration reportedly has not moved to expel Russian diplomats whom U.S. officials identified in 2022 as spies conducting covert operations.¹⁵ On Venezuela, the Sheinbaum government opposed the U.S. capture of Venezuela's Nicolás Maduro, including in sessions of the United Nations Security Council and the Organization of American States.¹⁶

U.S.-Mexican Relations and Issues for Congress

U.S.-Mexican relations arguably have been more volatile during the second Trump Administration than during President Trump's first term. President Sheinbaum largely has sought to accommodate and privately negotiate with President Trump and his Cabinet rather than publicly challenge U.S. policies, with the exception of U.S. statements threatening unilateral U.S. military actions in Mexico. In December 2025, President Trump threatened to impose a 5% tariff on Mexico for not meeting prescribed water deliveries to the United States agreed upon in the 1944 Water Treaty, which governs how the two countries share flows of the Rio Grande and Colorado Rivers. After high-level talks, Mexico reportedly agreed to provide a specified level of water per year; the tariffs have not been implemented.¹⁷ Presidents Trump and Sheinbaum met in person in December 2025 at a FIFA World Cup event in Washington, D.C. Presidents Trump and Sheinbaum have spoken regularly by phone; on January 29, 2026, they reportedly discussed the USMCA review.¹⁸ On February 4, 2026, the Office of the U.S. Trade Representative announced expanded economic cooperation with a new U.S.-Mexico Action Plan on Critical Minerals.¹⁹

Security Cooperation

In 2025, the Trump Administration declared a national emergency on the U.S. southern border related to drug trafficking (and unauthorized migration), imposed tariffs on certain Mexican imports to compel the Mexican government to address those issues, and designated six Mexican drug cartels as Foreign Terrorist Organizations (FTOs).²⁰ The State Department reportedly has revoked visas of some Mexican politicians, many from MORENA, in some cases for alleged involvement in drug trafficking.²¹ The Trump Administration also has expanded the U.S. military presence at the southern border and issued a National Security Strategy and a National Defense

¹⁵ Maria Abi-Habib, "The U.S. Gave Mexico a List of Russian Spies. Mexico Let Them Stay," *New York Times*, December 8, 2025.

¹⁶ CRS Insight IN12618, *U.S. Capture of Venezuela's Nicolás Maduro: Considerations for Congress*; Gobierno de México, "Mexico Condemns Military Intervention in Venezuela," Press Release No. 001/2026, January 3, 2026.

¹⁷ U.S. Department of Agriculture, "Statement by Secretary of State Marco Rubio and Secretary of Agriculture Brooke Rollins," February 3, 2026. See CRS In Focus IF12976, *1944 U.S.-Mexico Water Treaty: Issues in the 119th Congress*, by Charles V. Stern, Elena H. Humphreys, and Nicole T. Carter.

¹⁸ Alex Vasquez, "Trump, Sheinbaum Talk Trade, But Not Cuba, in Latest Call," *Bloomberg*, January 29, 2026.

¹⁹ Office of the U.S. Trade Representative, United States-Mexico Critical Minerals Action Plan, February 3, 2026, https://ustr.gov/sites/default/files/files/Press/Releases/2026/FINAL%20Critical%20Minerals%20Action%20Plan_US%20MX%20for%20release%204%20Feb%202026.pdf.

²⁰ Executive Office of the President, Proclamation 10886 of January 20, 2025, "Declaring a National Emergency at the Southern Border of the United States," 90 *Federal Register* 8327, January 29, 2025 (hereinafter Executive Office of the President, Proclamation 10886); U.S. Department of State, "Foreign Terrorist Organization Designations of Tren de Aragua, Mara Salvatrucha, Cartel de Sinaloa, Cartel de Jalisco Nueva Generacion, Carteles Unidos, Cartel del Noreste, Cartel del Golfo, and La Nueva Familia Michoacana," 90 *Federal Register* 10030, February 20, 2025; U.S. Department of Homeland Security (DHS), "Notice of Implementation of Additional Duties on Products of Mexico Pursuant to the President's Executive Order 14194," 90 *Federal Register* 11429, March 6, 2025;

²¹ Ashleigh Fields, "U.S. Revokes Visas of Over 50 Mexican Politicians in Drug Cartel Crackdown," *The Hill*, October 14, 2025.

Strategy (NDS) that prioritize homeland defense.²² The NDS asserts that the U.S. military is ready to “take focused, decisive action” to advance U.S. goals, as it did in the operation to capture Maduro in Venezuela.²³ President Trump repeatedly has raised the possibility of U.S. strikes on FTOs in Mexico.

President Sheinbaum has demonstrated a continued commitment to work with the United States on security and counternarcotics issues but has opposed unilateral U.S. actions that would violate Mexican sovereignty. In February 2025, Sheinbaum deployed thousands of additional National Guard troops to the country’s borders, and her government has transferred a total of 92 drug traffickers into U.S. custody, most recently in January 2026.²⁴ Public security minister Omar García Harfuch has increased intelligence sharing and operations with U.S. agencies (as he did as Mexico City’s public security minister). Mexico has provided financial intelligence that the U.S. Department of the Treasury has used to impose sanctions on people and entities engaged in money laundering.²⁵ Mexican security forces have deepened coordination and cooperation with U.S. counterparts in Mexico, despite restrictions on such operations enacted by Mexico in 2020. Bilateral efforts led to the January 2026 U.S. arrest of a major Canadian drug kingpin in Mexico and the Mexican military’s killing of Nemesio Rubén Oseguera Cervantes (“El Mencho), head of the Cartel Jalisco Nueva Generación (CJNG).²⁶

In September 2025, during Secretary of State Marco Rubio’s visit to Mexico, the U.S. and Mexican governments issued a joint statement announcing a new high-level implementation group on security cooperation.²⁷ The joint statement listed a broad variety of priorities based on principles, including “respect for sovereignty” and “shared and differentiated responsibility.” The statement did not identify clear goals or a means of assessing progress toward them. It did not tie U.S. assistance to the strategy’s execution, but Secretary of State Rubio has offered to provide Mexican law enforcement agencies intelligence and equipment if requested. The third meeting of the high-level implementation group took place on January 23, 2026.²⁸

U.S. security assistance to Mexico has been provided largely through International Narcotics Control and Law Enforcement (INCLE) funds. INCLE to Mexico averaged \$100 million annually from FY2015 through FY2021 before falling to \$64 million in FY2022 and \$48 million in FY2023 (latest publicly available data). Security cooperation with the U.S. military also has continued, but Economic Support Fund (ESF) assistance for human rights and rule-of-law programs ended following the Trump Administration’s termination of many foreign aid programs.

²² CRS In Focus IF13044, *Defense Primer: U.S. Northern Command (USNORTHCOM)*, by Robert Switzer and Clare Ribando Seelke.

²³ U.S. Department of Defense (DOD), *2026 National Defense Strategy*, January 2026, p. 3. DOD is “using a secondary Department of War designation,” under Executive Order 14347, dated September 5, 2025.

²⁴ U.S. Department of Justice (DOJ), Office of Public Affairs, “37 Mexican Nationals Wanted for Serious Crimes Transferred to the United States from Mexico, Including Leaders of Foreign Terrorist Organizations,” January 21, 2026.

²⁵ U.S. Department of the Treasury, “Treasury and Government of Mexico Partners Target Transnational Criminal Organization,” November 13, 2025.

²⁶ Steve Fisher et al., “A Secret FBI Bust Nabbed an Alleged Drug Lord—and Rocked Relations with Mexico,” *Wall Street Journal*, January 28, 2026; “US Citizens Urged to ‘shelter in place’ after Mexico Drug Lord’s Killing Sparks Wave of Violence,” *CNN*, February 23, 2026.

²⁷ U.S. Department of State, “Joint Statement on Security Cooperation Between the United States and Mexico,” September 3, 2025.

²⁸ U.S. Department of State, “Third Meeting of the U.S.-Mexico Security Implementation Group,” January 23, 2026.

The FY2026 National Defense Authorization Act (NDAA; P.L. 119-60) requires a report on joint training with Mexico to combat transnational criminal organizations (TCOs; §1274), a plan to improve bilateral counterdrug cooperation (§6717), a report on addressing fentanyl trafficking from countries such as Mexico (§8313), annual reports on efforts to prevent methamphetamine smuggling from Mexico (§8318), and a strategy for countering TCOs in Mexico (§8365). The National Security, Department of State, and Related Programs Appropriations Act, Division F of the FY2026 Consolidated Appropriations Act (P.L. 119-75), withholds 30% of the unspecified INCLE funds made available to Mexico until the Secretary of State certifies that the Mexican government has met five antidrug- and law enforcement-related conditions.

The Senate Intelligence Committee's reported version of the FY2026 Intelligence Authorization Act (S. 2342) would require U.S. intelligence agencies to develop plans to improve their antidrug collaboration with the Mexican government. The Senate Foreign Relations Committee reported legislation (S. 1780) would require the Secretary of State to submit a report to it and the House Foreign Affairs Committee a report with a strategy for U.S. security assistance to Mexico and to report annually on its implementation. The committee also passed legislation (S. 860) that would impose targeted sanctions related to the production and trafficking of synthetic opioids.

In addition to the legislation that has been enacted and considered, the 119th Congress could specify a level of INCLE assistance for Mexico and require the Administration to publicly release data on how INCLE and other funding from FY2024 onward has been spent. Congress also could recommend how funds be used and potentially withhold assistance until certain conditions are met. In addition, Congress could pass a resolution to authorize or prohibit strikes or other U.S. military operations at the border, at sea, or inside Mexico. Congress could hold hearings, conduct delegations, or write letters to both U.S. and Mexican officials to assess current cooperation.

Collaboration on Migration

Trump Administration actions to counter unauthorized migration into the United States have affected Mexicans in the United States and migrants seeking to enter the United States from third countries through Mexico. On January 20, 2025, President Trump suspended the entry of unauthorized migrants at the southwest border, including nearly all asylum seekers;²⁹ that suspension of asylum has been subject to legal challenge. President Trump also ended use of the CBP One application, a U.S. Customs and Border Protection tool the Biden Administration created to manage appointments for asylum seekers at ports of entry, thereby canceling the appointments of thousands of migrants waiting in Mexico.³⁰ The Department of Homeland Security (DHS) has sought to increase removals of Mexican nationals residing in the United States and is sending many non-Mexican nationals to Mexico. The U.S. military has expanded its footprint at the border, including in newly established *national defense areas* where migrants detained in those areas can be charged with criminal trespassing.³¹ These policies have contributed to a more than 91.5% reduction in migrant encounters at the U.S. southwest border from February through September 2025 compared with the same period in FY2024.³²

²⁹ Executive Office of the President, Proclamation 10886.

³⁰ Executive Order 14165 of January 20, 2025, "Securing Our Borders," 90 *Federal Register* 8467, January 30, 2025.

³¹ The White House, "Military Mission for Sealing the Southern Border of the United States and Repelling Invasions," Presidential Memorandum/NSPM-4, April 11, 2025; Immigration Policy Tracking Project, "DOJ Prosecutes Migrants for Novel Charges Under Title 50 for Entering Military Zone at the Border," May 1, 2025.

³² DHS, U.S. Customs and Border Protection, "Southwest Land Border Encounters," <https://www.cbp.gov/newsroom/stats/southwest-land-border-encounters>.

At her December 10, 2025, press conference, President Sheinbaum said the Mexican government had received some 140,700 Mexican nationals deported or returned to Mexico and nearly 11,900 non-Mexicans since President Trump took office.³³ In January 2025, DHS announced the restart of the Migrant Protection Protocols (MPP) or Remain in Mexico policy, previously implemented from 2019 to 2021, which allows officials to return migrants to Mexico to await U.S. immigration proceedings. The MPP has faced legal challenges.³⁴ Some analysts maintain that the DHS decision to send repatriation flights to southern Mexico and U.S. foreign assistance cuts have complicated humanitarian efforts to assist deportees.³⁵

President Sheinbaum has expanded support for Mexicans in the United States and reception and integration services in Mexico for Mexican nationals returned or removed from the United States. The government created reception centers for Mexican arrivals along the border and offered services such as cash support, basic health care, consular services, and legal advice. Mexican government services offered to non-Mexicans are limited.³⁶

The Sheinbaum administration has expanded migration enforcement operations and continued to limit the number of humanitarian visas granted to migrants encountered in Mexico. The Sheinbaum government also has continued to repatriate Venezuelan nationals via flights that began in 2023.³⁷ From January to September 2025, Mexico received some 58,000 asylum applications, with most applicants originating in Cuba, Venezuela, and Haiti and presenting their claims in southern Mexico, a region that the United Nations' refugee agency reports is lacking in shelter spaces and services.³⁸

Congress may influence U.S.-Mexico migration cooperation through legislation, including appropriations, and oversight. P.L. 119-21 (H.R. 1), the budget reconciliation law enacted in July 2025 and commonly known as the One Big Beautiful Bill Act, included a significant increase in funds for immigration enforcement but no funds for migration-related services or support for the asylum system in Mexico. Congress could consider legislation to authorize, change, or prohibit the MPP and related policies. Congress also could consider expanding, restricting, or placing conditions or reporting requirements on any U.S. migration control or humanitarian assistance to Mexico and assessing the effects of reductions of such assistance amid ongoing returns of third-country migrants to Mexico.

Trade and Tariffs

U.S. trade with Mexico has expanded significantly since the entry into force of the 1994 North American Free Trade Agreement (NAFTA), which was replaced by USMCA in July 2020 (see “USMCA Joint Review,” below). USMCA provides that the majority of trade between the United States, Canada, and Mexico is duty-free, as NAFTA provided. In 2025, Mexico was the United States' largest single trading partner in goods, with total bilateral trade (imports plus exports)

³³ Mexico agreed to receive individuals from Cuba, Haiti, Nicaragua, and Venezuela during the Biden Administration. Mexico continues to accept such migrants, including those who had their parole status in the United States revoked.

³⁴ DHS, “DHS Reinstates Migrant Protection Protocols Allowing Officials to Return Applicants to Neighboring Countries,” January 21, 2025.

³⁵ Daniel Gonzalez, “Under New Strategy, U.S. Flies Deportees to Southern Tip of Mexico,” Pulitzer Center, October 30, 2025.

³⁶ Human Rights First, “Third Country Deportation Watch: Mexico,” January 21, 2026, <https://www.thirdcountrydeportationwatch.org/mexico>.

³⁷ Government of Mexico, “Mexico and Venezuela Strengthen Cooperation on Migration,” December 30, 2023.

³⁸ United Nations High Commissioner for Refugees, “Mexico Fact Sheet,” September 2025, <https://data.unhcr.org/en/documents/details/119406>.

amounting to \$840.0 billion. Following Mexico were Canada (\$761.8 billion) and China (\$582.0 billion).³⁹ Top goods imports from Mexico were autos and auto parts, machinery and appliances, and electronics and parts. Top U.S. goods exports to Mexico were electronics and parts, machinery and appliances, oil, and autos and auto parts.⁴⁰ Much of U.S.-Mexico goods trade occurs in the context of production sharing, particularly in the automotive industry, resulting in high two-way trade in some industries. Total services trade (imports plus exports) between Mexico and the United States was \$96 billion in 2024 (the most recent available data), making Mexico the fourth-largest services trading partner after Canada, Ireland, and Switzerland. When considering trade in goods and services together, Mexico is the United States' top trading partner.

Tariffs

President Trump has invoked multiple legal authorities to increase tariffs on U.S. imports from numerous countries, including Mexico. U.S. imports from Mexico are subject to a 10% tariff imposed under Section 122 of the Trade Act of 1974 (19 U.S.C. § 2132), first announced on February 20, 2026, and effective February 24, 2026.⁴¹ On February 21, 2026, President Trump announced that the tariffs imposed under Section 122 would be raised to 15%.⁴² President Trump exempted goods that claim and qualify for duty-free treatment under USMCA from the Section 122 tariffs. Goods that qualify for duty-free treatment under USMCA generally meet product-specific rules of origin established in the agreement.⁴³ Section 122 limits tariffs to a period of 150 days at a maximum rate of 15%, unless the period is extended by an act of Congress.

From March 2025 until February 2026, imports from Mexico were subject to 25% tariffs under the International Emergency Economic Powers Act of 1977 (IEEPA, 50 U.S.C. §§1701 et seq.). In February 2026, the U.S. Supreme Court ruled that IEEPA cannot be used to impose tariffs under IEEPA.⁴⁴ The tariffs under IEEPA were first announced in February 2025 and implemented in March 2025, in response to a declared emergency related to fentanyl and migration.⁴⁵ Goods that claimed and qualified for duty-free treatment under USMCA were exempt from the tariffs under IEEPA. In October 2025, \$43.1 billion (88%) of U.S. imports from Mexico were imported under USMCA, up from 45% in January 2025.⁴⁶

In July 2025, President Trump wrote a letter to President Sheinbaum stating that the United States would increase tariffs imposed under IEEPA to 30% due to the ongoing fentanyl crisis, but later announced a 90-day pause on the tariff increase to allow time for negotiation.⁴⁷ At the time the

³⁹ CRS calculations using data from the U.S. Census Bureau, accessed through Trade Data Monitor.

⁴⁰ U.S. International Trade Commission, "Dataweb: U.S. Trade and Tariff Data," <https://dataweb.usitc.gov>.

⁴¹ White House, "Imposing a Temporary Import Surcharge to Address Fundamental International Payments Problems," Presidential Proclamation, February 20, 2026, <https://www.whitehouse.gov/presidential-actions/2026/02/imposing-a-temporary-import-surcharge-to-address-fundamental-international-payments-problems/>.

⁴² President Donald J. Trump, Truth Social Post, February 21, 2026, <https://truthsocial.com/@realDonaldTrump/posts/116109447886304328>.

⁴³ For more information on rules of origin, see CRS In Focus IF12082, *USMCA: Automotive Rules of Origin*, by Liana Wong and Kyla H. Kitamura.

⁴⁴ *Learning Resources, Inc. v. Trump*, No. 24-1287, (U.S. Feb. 20, 2026) (slip op).

⁴⁵ For more information on tariff actions, see CRS Report R48549, *Presidential 2025 Tariff Actions: Timeline and Status*, by Keigh E. Hammond and William F. Burkhardt.

⁴⁶ CRS calculations using data from U.S. International Trade Commission, "Dataweb: U.S. Trade and Tariff Data," <https://dataweb.usitc.gov>.

⁴⁷ Letter from President Donald J. Trump to President Claudia Sheinbaum Pardo, July 11, 2025, <https://truthsocial.com/@realDonaldTrump/posts/114840265771030416>; and President Donald J. Trump, Truth Social Post, July 31, 2025, <https://truthsocial.com/@realDonaldTrump/posts/114948452793702817>.

IEEPA tariffs were invalidated by the Supreme Court in February 2026, the pause remained, although neither side had confirmed an extension of the pause. In January 2026, President Trump issued Executive Order 14380, which would have created a system to impose tariffs under IEEPA on any country that the Secretary of Commerce finds “directly or indirectly sells or otherwise provides any oil to Cuba.”⁴⁸ Mexico has supplied oil to Cuba through a mix of humanitarian and commercial shipments (see “Political and Economic Situation” above).

Certain U.S. imports from Mexico also are subject to tariffs of varying rates under Section 232 of the Trade Expansion Act of 1962 (Section 232, 19 U.S.C. §1862, as amended).⁴⁹ For example, U.S. steel, aluminum, and copper imports from Mexico are subject to a 50% tariff. Section 232 tariffs also impact imports from Mexico of autos and auto parts (25%), trucks (25%), buses (10%), and related parts (25%), but USMCA-compliant parts receive a full exemption and vehicles receive a partial exemption. In addition, Section 232 tariffs are in place on imports of timber, lumber, and derivative products, from all sources, and there are ongoing investigations under Section 232 on numerous other sectors that may result in tariffs or other import restrictions on key Mexican products.

Mexico has not implemented any retaliatory tariffs on imports from the United States. While a number of bilateral trade issues between the United States and Mexico may be addressed during a 2026 review of USMCA (see below), no party has publicly stated whether or how during the review it may seek to address tariffs imposed by the United States under Section 122 and Section 232. Ahead of the 2026 review, the Sheinbaum government has taken steps to address U.S. concerns related to low-priced third-party goods in North American supply chains. In late 2025, the Sheinbaum government announced that effective January 1, 2026, it would impose a 50% tariff on over 1,000 products imported from countries with which Mexico does not have a free trade agreement, including India and the People’s Republic of China.⁵⁰ The tariffs may help shield Mexican industries from import competition and address U.S. concerns, but opposition lawmakers in Mexico have voiced concerns that the tariffs could raise prices for Mexican consumers.⁵¹

As part of its oversight of the U.S.-Mexico relationship and international trade, Congress may consider whether to maintain, limit, or expand presidential authorities related to tariffs imposed under Section 122, IEEPA, or Section 232 that impact imports from Mexico. Congress may consider enacting legislation related to or otherwise indicating its views on these tariffs and their impact on relations with Mexico. Tariffs imposed under Section 122 expire after 150 days unless extended by an act of Congress. Congress also may consider whether tariffs imposed on Mexico under Section 122, IEEPA, and Section 232 are consistent with USMCA or other obligations under other international trade agreements.

⁴⁸ Executive Order 14380 of January 29, 2026, Office of the President, “Addressing Threats to the United States by the Government of Cuba,” 91 Federal Register 5085, February 3, 2026. See CRS Insight IN12650, *U.S. Policy Toward Cuba: Recent Developments and Congressional Considerations*, by Joshua Klein.

⁴⁹ For more information, see CRS In Focus IF13006, *Section 232 of the Trade Expansion Act of 1962*, by Kyla H. Kitamura.

⁵⁰ Diario Oficial de la Federación, “Decreto por el que se reforman diversas fracciones arancelarias de la Tarifa de la Ley de los Impuestos Generales de Importación y de Exportación,” December 29, 2025, https://dof.gob.mx/nota_detalle.php?codigo=5777376&fecha=29/12/2025#gsc.tab=0.

⁵¹ Jack Nicas and James Wagner, “Mexico Approves 50% Tariffs on Many Chinese Imports,” *New York Times*, December 11, 2025; Reuters, “Mexico’s Senate Approves Tariff Hikes on Chinese, Other Asian Imports,” December 11, 2025.

USMCA Joint Review

USMCA contains a provision for a joint review process through which all parties decide whether to continue the agreement.⁵² The first joint review is scheduled for July 1, 2026. U.S. Trade Representative (USTR) Jamieson Greer reported to the House Ways and Means Committee and the Senate Finance Committee that the United States intends to use the joint review to “negotiate firmly” to resolve bilateral and trilateral issues.⁵³ In his remarks to the committees, USTR Greer indicated a number of bilateral issues between the United States and Mexico, including labor and environmental law enforcement in Mexico, concerns related to Mexican energy policies, agricultural issues, concerns over a Mexican spectrum use fee, treatment of U.S. electronic payment systems in the Mexican market, and use of third party content in North American supply chains. Bilateral discussions between the United States and Mexico related to the joint review began in January 2026 with a meeting between USTR Greer and Mexican Economy Minister Marcelo Ebrard.⁵⁴

USTR Greer also indicated numerous trilateral issues related to USMCA that may be addressed in the joint review process, including strengthening rules of origin and incentivizing more mining and processing of critical minerals in the region. The joint review may involve revisions to the existing USMCA chapters. Revisions could be subject to approval by the U.S. Congress, the Mexican Congress, and/or the Canadian Parliament.⁵⁵

Congress could consider whether and how to participate in the 2026 USMCA joint review, including by assessing potential changes to the agreement, or consulting on topics to be discussed during the review. Some Members of Congress have written letters to the Administration with recommendations for issues to be addressed during the joint review.⁵⁶ Congress also could consider passing legislation to clarify or strengthen its role in the review process, which is outlined in the USMCA Implementation Act (P.L. 116-113), such as by adding additional reporting requirements from the executive branch to Congress, or clarifying what types of revisions to USMCA would require congressional approval. In addition, Congress may consider whether U.S. implementation of any proposed revisions to USMCA would require enacting new legislation. Congress also could consider voting on the revised agreement, regardless of the types of changes made to USMCA.

⁵² For more information, see CRS Report R48787, *USMCA Joint Review: Process and Role of Congress*, by Kyla H. Kitamura and Danielle M. Trachtenberg.

⁵³ Remarks by U.S. Trade Representative Jamieson Greer, “Opening Statement for House Ways and Means and Senate Finance Committees,” December 16 and 17, 2025, <https://ustr.gov/sites/default/files/files/Press/Releases/2025/Ambassador%20Greer%20Reported%20to%20Congress%20on%20the%20Operation%20of%20the%20USMCA.pdf>.

⁵⁴ Office of the U.S. Trade Representative, “Readout of Ambassador Greer’s Meeting with Mexican Secretary of Economy Marcelo Ebrard,” press release, January 28, 2026.

⁵⁵ For more information on Congress’s constitutional and legal authorities in this field, see CRS Report R47679, *Congressional and Executive Authority Over Foreign Trade Agreements*, by Christopher T. Zirpoli.

⁵⁶ See, for example, Letter from Rep. Rosa DeLauro et al. to President Donald J. Trump, November 3, 2025, <https://delauro.house.gov/sites/evo-subsites/delauro.house.gov/files/evo-media-document/delauro-usmca-letter-10.27.25.pdf>.

Author Information

Clare Ribando Seelke
Specialist in Latin American Affairs

Danielle M. Trachtenberg
Analyst in International Trade and Finance

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