

## Public Affairs Chatter

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### Terrorism Labels, Sovereignty and Photographs

Donald Trump delivered on his promise of labeling Mexican cartels as global terrorist organizations, and many fear the consequences could be far-reaching. The ties between Mexico's legitimate businesses and criminal groups, while not widespread, are still not insignificant—not just because extortion is widespread but also because cartels often use legitimate companies for money laundering. Now, even indirect connections could lead to terrorism charges.

President Claudia Sheinbaum has naturally opposed the designation, arguing it infringes on national sovereignty and may justify U.S. military interventions. The designation could also compromise international cooperation and affect trade, migration, and security policies.

As part of her response, Sheinbaum submitted a mostly symbolic constitutional reform initiative on February 20 to strengthen national sovereignty, even if foreign intervention is already prohibited by Mexican law. Its stated objective is to reinforce the prohibition of any foreign intervention in Mexico's internal affairs, especially in matters related to terrorism and illegal arms trafficking, even if the real goal is mostly political.

The initiative explicitly states that Mexico will not tolerate foreign interference, including coups, election meddling, or territorial violations. It also clarifies that international cooperation in crime investigation and prosecution must strictly adhere to Mexican law. Additionally, the reform proposes harsher penalties for terrorism and nationals or foreigners involved in illegal arms trafficking. It includes mandatory pre-trial detention for any foreigner participating in activities that violate national sovereignty. Sheinbaum is also considering further legal action against U.S. gun manufacturers for their role in arms trafficking.

As this went on, Ismael “El Mayo” Zambada's request for consular assistance dominated some headlines. Along with Chapo Guzman, El Mayo helped found the Sinaloa cartel back in the 1970s and operated with apparent impunity until he was betrayed in May last year by Joaquin “Chapito” Guzman, son of El Chapo, who kidnapped him and took him to the US where they are now both in custody. El Mayo had reportedly been called to a meeting by El Chapito with Ruben Rocha Mayo, the Morena governor of Sinaloa, raising eyebrows on the nature of the state government's relationship with the leading drug cartel.

El Mayo stated in a public letter that his transfer to the United States was irregular and against his will, and that, without intervention from the Mexican government, he would face the death penalty. The document, released by his defense team, demands his “immediate repatriation”. The controversy took a further twist when photos surfaced of Sheinbaum and other politicians with Juan Pablo Penilla Rodríguez, one of Zambada's legal advisors. Sheinbaum promptly denied any familiarity with Penilla, dismissing the photo as just one of many campaign snapshots.

Many interpreted the letter as a threat by El Mayo to cooperate with US authorities, and name names on who in the army, police, federal and state government had allowed him to operate so long and so ruthlessly without capture. Unusually, after the consul letter came public, one of El Mayo's lawyers gave an interview to CrashOut Media, the top substack on the Mexican drug trade. The report said "Sinaloa kingpin Ismael "El Mayo" Zambada has not given any information to U.S. prosecutors or agents about other drug traffickers or corrupt Mexican politicians since his arrest in July, his lawyer Frank Perez told CrashOut. Furthermore, Mayo is not looking to become a cooperator or informant but is prepared to make a plea agreement in which he would admit his guilt in exchange for the death penalty being taken off the table, Perez said."

But will the US now put pressure on El Mayo to cooperate in return for him avoiding the death penalty? And if he does eventually sing, what he will say, and how will this affect Mexico's relations with the US?

## **The Tariff Gamble: Sheinbaum Caught Between Trump and China**

With March 4 fast approaching, Mexico is scrambling to avoid Trump's 25% tariffs on its exports. (Trump said publicly on Monday that tariffs on Mexican and Canadian imports "are going forward on time, on schedule," sending stock markets down). Negotiations are of course ongoing with apart from previous demands on security and immigration, Washington apparently now also pressing Mexico to impose tariffs on Chinese imports in exchange for an exemption, as part of Trump's broader strategy to curb China's influence in North America.

Sheinbaum has made it clear that her long-term priority is the USMCA, not rushed trade concessions. "Mexico will always act in its own interest," she stated, pushing back against pressure to align with U.S. trade wars. However, she acknowledges the urgency of securing a deal and has not ruled out direct talks with Trump.

The stakes are high. If Mexico rejects U.S. demands, it risks the full impact of Trump's tariffs, while if it targets Chinese imports, it could face retaliation from Beijing, in addition, of course, of an all-but-certain increase in inflation. As negotiations continue, Sheinbaum is walking a tightrope, balancing diplomacy with economic survival – and her own political capital.

## **Morena's New Regulatory Overhaul: Centralizing Competition and Telecommunications Oversight**

Following the elimination of the Federal Economic Competition Commission (Cofece) and the Federal Telecommunications Institute (IFT), Morena's veteran Deputy Alfonso Ramírez Cuéllar, (and former interim president of the party and vice-coordinator of Morena in the Chamber of Deputies), has introduced an initiative to create the National Agency for Competition and Economic Welfare (Agencia Nacional para la Competencia y el Bienestar Económico). It remains unclear at the time of writing whether the executive arm is supportive of this initiative or if it's

just an attention-grabbing proposal by a radical albeit senior Morena deputy who is known to be one of the president's key operators.

This new entity is designed to consolidate and centralize competition regulation, telecommunications oversight, and market fairness policies under a single government body. According to the proposal, the agency will wield expanded regulatory powers, overseeing key sectors such as energy, telecommunications, health, transportation, and food, focusing on preventing monopolistic practices and promoting consumer welfare.

Supporters of the initiative argue that merging regulatory bodies will streamline decision-making, reduce bureaucratic inefficiencies, and allow for quicker investigations and enforcement of competition laws. The proposal also introduces enhanced sanctioning powers and shorter resolution timelines, aiming for more responsive market interventions.

However, critics warn that concentrating such broad oversight within a single agency risk undermining regulatory independence, increasing political influence over market decisions, and weakening protections against anti-competitive behavior. As the debate unfolds in Congress, questions remain about whether this restructuring will truly foster fairer economic competition or merely consolidate government control over key industries.

### **Biocultural Preservation vs. Competitiveness: The GM Corn Dilemma**

Mexico's long-standing debate over genetically modified (GM) corn has reached a critical point. The Chamber of Deputies advanced a constitutional reform to ban the cultivation of genetically modified corn, citing the need to protect native maize varieties, national identity, and indigenous heritage. The initiative underscores food sovereignty and environmental protection while opposing genetic modifications that exceed natural reproductive barriers. This move reflects a broader push for agroecological practices and biocultural preservation, but it also raises questions about its impact on trade and agricultural innovation.

Alicia Bárcena, Mexico's Environment Minister, supports the constitutional reform. She warns that GMOs could erode native species and stresses the need for sustainable agricultural innovation. Bárcena also advocates for complementary secondary laws, such as the Biosecurity Law, to ensure comprehensive protection.

Sheinbaum said that the reform has the approval of the Ministries of Agriculture, Rural Development, Science, Humanities, Technology, and Innovation, along with representatives from the organization "Sin maíz, no hay país" ("No country without corn").

However, the opposition, particularly from agrarian producers, industry leaders, and trade experts, warns that banning domestic production while relying on GM imports is contradictory, as Mexico imports millions of tons of GM corn annually, mainly for livestock feed and industrial use. Opposition lawmakers further argued that the ban on genetically modified corn is culturally



driven rather than technically sound and could negatively impact the USMCA trade agreement. Critics warn that without strategic planning, the ban could hurt Mexico's agricultural competitiveness.

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