

Public Affairs Chatter

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From Border Walls to Tariff Walls: Mexico Joins Trump's Trade Crusade

Mexico ended the year with a fast-tracked tariff overhaul targeting 1,463 product lines, pushed through by presidential urgency and Morena's legislative muscle. Branded as industrial defense, the measure conveniently doubles as a political offering to Washington and a cold shoulder to Beijing, landing just in time for the 2026 USMCA review.

The government insists it's about defending domestic jobs, especially in textiles, plastics, cars, and mid-tech manufacturing. Economy Secretary Marcelo Ebrard framed the move as a "protective belt" around national industry, highlighting that cars imported from China or India "leave nothing behind"—no supply chains, no local parts, no jobs. In fact, he argued, those imports actively displace Mexican employment. Hence, tariffs on imported vehicles will now range from 20% to 50%, drawing immediate applause from the Mexican Automotive Industry Association (AMIA).

Truth is, Mexico is following a familiar script: shut the door (partially) to China, nod firmly toward the U.S., and reframe it all as economic patriotism. Those without trade agreements face a clear choice—set up shop in Mexico or pay the toll. This isn't just fiscal policy; it's geopolitical choreography. Sheinbaum's administration is borrowing language straight from Trump's original playbook, ahead of a trade deal review that will reward loyalty and punish ambivalence.

China, unsurprisingly, isn't amused. Its Ministry of Commerce called on Mexico to scrap what it called "wrong practices of unilateralism and protectionism," warning that the proposed tariffs send the wrong message at the wrong time. While Mexico maintains that the reform "targets no country," the intent is lost on no one. Everyone, Beijing included, sees strategic pressure. Washington sees alignment. Mexico, for now, is fine with that.

In a column for the Financial Times, Peter Navarro, former trade adviser to President Trump, hailed Mexico's new tariffs as a defining moment in what he calls "Trump's trade revolution". Navarro argues that by imposing duties of up to 50% on over 1,400 Chinese and Asian product lines, Mexico has gone from passive partner to active participant in the global tariff realignment aimed at containing Beijing's "predatory export machine." For Navarro, this is not just about Mexico shielding its industries: it's about Mexico closing the door to Chinese dumping and aligning itself strategically with Washington ahead of the 2026 USMCA review.

He casts Mexico's move as a signal to other allies: if you want privileged access to North America, you can't also be a backdoor for state-subsidized Chinese goods. Navarro predicts Europe is next, warning that without stronger trade defenses, its industrial base could suffer the same erosion. The root of the issue, he says, is China's economic model, built on overproduction, underconsumption, and mercantilist dumping. Unless Beijing retools its economy to empower domestic consumers, the tariff walls, Navarro argues, will keep going up.

Banamex's New Chapter: A Fast-Track Approval, a Familiar Name, and a Strategic Signal

Banamex, Mexico's historic financial institution, has officially entered a new phase. On December 15, Citi announced the sale of a 25% stake to businessman Fernando Chico Pardo had received necessary approvals. The process took just a couple of months, a much faster than expected green light (when the deal was first announced in October, Citi said it expected to close by the second half of *next* year). Mr. Chico Pardo has now assumed the role of Chairman of the Board chairman.

The regulatory fast-track was no coincidence. The Sheinbaum administration welcomed the deal as "good news," with President Claudia Sheinbaum noting she had been personally briefed by Citi CEO Jane Fraser. Ms. Fraser's lobbying strategy was a complete overhaul of the previous try, first announced in January 2022. Back then, Citi's attempt at a competitive sale process faced interference by then-president López Obrador, who imposed explicit conditions, a presidential prerogative in the highly regulated Mexican banking industry, where regulators have ample discretionary power to approve new major shareholders. This time around, a much more discreet process, with direct lobbying early on, helped the deal sail through.

Mr. Chico Pardo's reputation, which Citi's official statement made sure to underscore, along with his good standing with the administration, also contributed to a smoother path to approval. "I'm making a very significant personal investment. What really encouraged me was the confidence I have in President Claudia Sheinbaum's government and her national project", he said back in October. His remarks left little doubt that this was more than a business decision, it was also a political endorsement: you don't buy into a systemically-important bank if you don't have confidence in the country's prospects.

The transaction lands at a pivotal moment for Mexico's financial sector, which posted record profits of 288 billion pesos in 2024. With regulatory reform on the horizon and the USMCA review approaching, Banamex's restructuring sends a clear message: the bank is returning to Mexican hands, but with a modernization agenda—and a political alignment designed to ensure its smooth transition. Citi, meanwhile, still intends to float the remaining 75% via IPO in late 2026, if market conditions allow.

Congress and the Court Close the Year at Full Speed

Mexico's Congress wrapped up its final legislative period of 2025 with a flurry of approvals, legal housekeeping, and some carefully timed gestures. From energy drinks to extortion laws, lawmakers touched nearly every corner of the political spectrum. Among the standout achievements were the constitutional reform on extortion, the General Water Law, the Circular Economy Law, and adjustments to the customs code and fiscal framework—each one signaling policy alignment with both domestic priorities and upcoming international scrutiny.

Of the newly minted laws, five have already been published in the Official Gazette (DOF), and are now in effect nationwide, including the long-awaited General Law on Extortion and the Water Law. One remains pending: the Circular Economy Law, a flagship environmental measure aimed at reducing waste and extending product life cycles. Other legislative victories included the Organic Law of the Navy, the Federal Revenue Law for 2026, and new frameworks for coffee production and economic sustainability.

Two constitutional reforms were also approved: one giving Congress the power to define minimum penalties for extortion crimes, and another handing the Senate the authority to ratify top commanders of the National Guard. The reform to the Federal Consumer Protection Law introduced new cancellation protocols for subscription services, heralded as a win for consumers, or at least their inboxes. Meanwhile, the legislature signed off on Ernestina Godoy as the new Attorney General following the exit of Alejandro Gertz Manero.

Among the regulatory clean-ups, Congress approved sweeping changes to bring national codes in line with the new National Code of Civil and Family Procedures. They also tweaked the Amparo Law, the Fiscal Code, and the Federal Law of Public Servants, ostensibly to boost union autonomy and streamline accountability.

With the curtain down on 2025, lawmakers will continue to face a crowded stage come February. On deck: electoral reform, a reshuffle of the recall referendum process, a push to reduce the workweek, and delayed regulations on indigenous rights, customs law, and animal welfare. Hovering over it all is the looming 2026 USMCA review, an external pressure that will test the coherence of Mexico's fiscal, trade, labor and environmental policies.

For its part, the Supreme Court ended its own cycle with historic rulings and the promise of more ahead. It delivered its first ever General Declaration of Unconstitutionality (on military pensions for concubines) and redefined the legal stance on disability by removing stigmatizing language and adopting the social model in full. It also handed down a landmark ruling on indigenous autonomy in Michoacán and dealt the final blow to Ricardo Salinas Pliego's tax fight, upholding over 40 billion pesos in fiscal obligations.

Looking ahead, the Court is gearing up to review automatic pre-trial detention, the legal use of minimum wages versus UMA units for compensation, and the constitutional obligation of prior consultation for people with disabilities and indigenous communities. The stakes will be high, not just legally but politically, as these decisions shape rights frameworks for decades.

Just as notably, the Court wants to be seen. Justice Arístides Guerrero, the new head of the Transparency Committee, pledged to make it "the most transparent court in the world," while criticizing past administrations for leaving 80 files unattended since 2019. Justice Yasmín Esquivel highlighted the Court's renewed pluralism and public openness, and Lenia Batres called attention to its shift toward cases of high social impact—especially those affecting historically marginalized groups.



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