

Miranda Intelligence – Public Affairs Chatter

State-Led, Investor-Friendly Growth (Terms Apply)

At the annual banking convention last week, President Claudia Sheinbaum repeated the administration's core economic message: macro stability is not enough; Mexico needs faster growth, and it needs growth that translates into what the government calls "shared prosperity", higher incomes, lower inequality and visible gains in living standards. The policy implication is that public investment alone will not be enough. The administration wants to use the state as an anchor to crowd in private capital, while keeping strategic control in public hands.

That is the purpose of the newly proposed Law for the Promotion of Investment in Strategic Infrastructure for Development with Well-being. In practical terms, the bill would create a dedicated legal framework for mixed public-private investment in priority projects, establish specialized investment vehicles to channel capital, formalize long-duration Strategic Investment Contracts, and create a permanent Strategic Planning Council chaired by the federal executive to prioritize and coordinate projects. The initiative is also paired with changes to the budget framework intended to protect these projects from discretionary cuts once they are underway. In other words, the government is trying to move from ad hoc project structuring to a standing architecture for infrastructure finance.

The attraction for investors is straightforward. The bill is designed to improve bankability: contracts could run for as long as 40 years, projects would sit inside dedicated purpose vehicles that can use trusts, corporations or even market instruments to raise funds, and the government is explicitly promising greater legal certainty around how mixed-capital projects are selected, financed and paid. That is a meaningful shift for a country where infrastructure policy has often been shaped by political discretion, changing priorities and execution bottlenecks.

The scale of the ambition is large. The broader infrastructure plan linked to the initiative targets MXN5.6 trillion in public and mixed investment through 2030, with most of the spending concentrated in energy, rail and roads. In energy alone, the government says it wants roughly 30,000 megawatts of additional generation capacity by 2030, combining CFE-led expansion with private participation, while also expanding gas and transmission infrastructure and raising the share of renewables.

The upside is real. If the bill works as intended, it could reduce one of Mexico's biggest infrastructure constraints: the lack of a credible pipeline of investable projects with clear risk allocation, long-term revenue visibility and institutional coordination. Banks have already reacted positively, in part because a more standardized mixed-investment

framework could unlock not just project finance for large assets but also more lending into the supplier ecosystem, including SMEs tied to infrastructure buildout.

But the caveats matter. First, the law does not by itself solve execution risk: a better framework is not the same thing as faster permits, stronger procurement, or technically sound project preparation. Second, the proposal centralizes project selection around a council led by the presidency, which may improve coordination but also increases political concentration over what counts as “strategic” infrastructure. Third, shielding projects from budget cuts may help long-term planning, but it could also reduce fiscal flexibility if growth disappoints or public finances come under pressure. Finally, investors will still want clarity on how cash flows are prioritized, how disputes are resolved, how off-take and termination risks are handled, and whether the state’s promise of “rectoría” leaves enough room for commercially attractive returns.

The bill is more serious than a slogan: it attempts to build a permanent legal and financial regime for mixed investment in infrastructure, something Mexico has lacked outside isolated projects. But whether it moves the needle will depend less on the rhetoric of “shared prosperity” than on the quality of the secondary rules, project governance, and the government’s willingness to offer genuine predictability to private capital while preserving political control over the strategic sectors it cares about most.

Getting banks to lend more...

Complementing this was a parallel commitment by the ABM at the Cancun event to expand credit (from the current 38% to 45% of GDP by 20230). Such promises are more political than actually binding. (The ABM does not have any power to force banks to lend, and not even individual banks commit to multiyear credit/GDP targets.) But clearly if Mexican banks fail to meet these credit commitments, they face the risk of a less friendly regulatory environment, so one can assume they will make an effort. And anyway, as long as they avoid too many bad credits, they make more money by expanding credit.

But to lend more the banks have made it clear they need the government to help digitalize and formalise the economy. (And improve the rule of law – but that is a subject for another day). Without clear financial and tax data it's hard to extend credit to the millions of people and SMEs out of the banking system. To that end, the banks received some mixed news in Cancun. On the positive side, the government says it is going to make digital payments mandatory in fuel and tolls. On the other hand, the banks agreed to forsake (for now) interchange fees on use of cards in gas stations, creating a precedent of lowering or removing card fees to digitalise the economy, help offset Iran-driven increases in oil prices. Meanwhile the Central Bank says it is going to revamp commission-fee but underwhelming CoDi and DiMo payments platform (no banks seemed too worried).

Consultations over broader reduction in Interchange fees on credit and debit cards were postponed earlier in the year in a notable victory for the banking establishment. The government had claimed high fees (compared to Europe at least) stop small retailers accepting cards, and represent huge and undeserved cash cows for the large card issuers (that some argue remove the pressure on banks to lend more). The banks claims these fees underpin the economics of low-cost banking and credit card access; removing them without a broader redesign of the payments ecosystem risks undermining financial inclusion rather than expanding it. For now, decisions on what to do have been delayed.

The fight over interchange represents a bigger issue – how best to organize the banking system to digitalise and formalise the economy, expand credit, boost investment, improve tax collection, drive productivity and economic growth. For the banks at stake is around US\$18bn of profits, a full third made by BBVA alone. Their objective is not just preserving and growing the total profit pool, but for some maintaining rules of the game that keep profits so concentrated in favor of the big incumbent names (who mostly control the ABM). For the government, economic growth, political support from the 50% of Mexicans outside the formal economy and mostly avoiding tax, and the country’s fiscal outlook are all in play. The stakes could not be higher.

Freeze First, Justify Later

The Supreme Court’s pending ruling on account freezing mechanisms is less about technical banking rules and more about redefining how far administrative power can go before breaching fundamental rights. At the center is Article 116 Bis 2 of the Law of Credit Institutions, which allows the Financial Intelligence Unit (UIF) to place individuals on a “blocked persons list” and trigger the immediate suspension of their financial activity. The draft resolution leans on a key distinction: this is not a sanction, but a precautionary administrative measure. That framing is doing most of the heavy lifting, because it effectively lowers the bar for state intervention.

Under this logic, authorities can act on “sufficient indications” without prior judicial authorization. Banks are expected to comply in real time—freeze first, notify later. Formal guarantees remain in place, but they arrive after the fact: affected parties can challenge the decision before the UIF and, eventually, in court. Due process, in practice, is reconfigured as a corrective stage rather than a gatekeeper.

This architecture aligns neatly with international anti-money laundering standards, where speed is treated as a feature, not a bug. But it also opens the door to familiar risks. A discretionary evidentiary threshold combined with immediate execution raises the likelihood of overreach, particularly when the consequences—frozen liquidity, paralysed operations—can ripple across entire businesses before any liability is formally established.

The ruling also quietly expands the role of financial institutions. Banks are no longer just compliance actors; they become operational arms of enforcement, executing state decisions with limited room for interpretation. That shift carries its own exposure, especially in cases where notifications, justifications or underlying evidence are contested.

At a broader level, the Court is sketching a model in which administrative action comes first and judicial scrutiny follows. Whether that balance holds will depend less on the principle itself and more on how rigorously “sufficient indications” are defined—and how meaningful the promised review mechanisms turn out to be in practice.

Plan B or Plan Ballot

The breakthrough came late and, notably, after direct political intervention. Following a meeting convened by the president with PT and PVEM leadership, Morena managed to secure the alignment that had eluded it for days. Shortly after 10 p.m., Senate majority leader Ignacio Mier confirmed that outstanding differences had been reduced to matters of legislative drafting and harmonisation of transitional provisions. The dictamen, he said, would be circulated within hours, alongside the formal call for joint committee sessions to approve it immediately—effectively clearing the path for a fast-tracked approval with no substantive changes.

At the centre of Morena’s stalled electoral reform lies a politically sensitive issue of timing: the ruling party’s push to allow a presidential recall referendum to coincide with midterm elections in 2027. The logic is hardly subtle. Appearing on the ballot would turn the president into a mobilisation anchor for the entire electoral cycle, effectively “magnetising” votes across races. Yet the risk is equally evident. A midterm recall would not simply ratify leadership—it could open the door to a broader evaluation of the governing 4T project, with outcomes that are less predictable than the initial premise suggests.

Chatter box

- **Charity, Under Audit.** Mexico’s tax authority has revoked the charitable status of more than 100 civil society organisations, including IMCO, Mexicanos Primero and México Evalúa, citing non-compliance with current legal requirements. The affected groups insist their accreditation processes are still pending and that they have met all fiscal obligations, framing the issue as administrative rather than substantive. Still, the consequences are immediate: without authorised status, donations lose their tax-deductible benefit, directly undermining fundraising capacity and operational continuity.

The move sits within a broader tightening of the regulatory framework, particularly following the 2026 Fiscal Miscellany, which introduces more rigorous and ongoing oversight. The SAT now evaluates not only initial compliance but the continued alignment between an organisation's activities and its stated purpose, alongside stricter transparency requirements through detailed reporting and electronic accounting. The stated objective is to reduce opacity and strengthen trust, though it also raises the administrative burden across the sector.

In practice, the shift recalibrates the balance between fiscal control and the viability of civil society organisations. Greater scrutiny may enhance credibility over time, but it also amplifies short-term financial and reputational risks tied to procedural lapses. The signal is clear: philanthropy remains part of the system, but it now operates under tighter supervision—where compliance capacity is becoming just as critical as the causes being pursued.

- **INE Appointments on Fast-Track.** The 2026 appointment process for three new INE councillors is shaping up as a stress test of institutional design. The entire procedure—registration, evaluation and final selection—has been compressed into just five weeks, formally preserving safeguards like a Technical Evaluation Committee and gender parity, but in practice narrowing the window for public scrutiny. The real constraint, however, is political: the need for a two-thirds majority in the Chamber of Deputies creates a built-in veto point that, in the current fragmented environment, is difficult to overcome.

As seen in 2023, the system is designed to move forward regardless of political agreement, falling back on random selection or even Supreme Court intervention. That ensures continuity, but at the cost of diluting political accountability over the outcome. The process now unfolds alongside a broader electoral reform debate, placing the INE in a moment of both internal transition and external uncertainty. The result may be procedurally valid, but its legitimacy will depend less on the rules and more on whether the outcome is perceived as credible.

- **Simplify the Rules, Centralise the Power.** Mexico's electricity sector has entered a new regulatory phase with the introduction of a unified contract model for interconnection and connection, following the disappearance of the Energy Regulatory Commission. The new framework consolidates what was previously a fragmented system into a single instrument that covers interconnection, connection and hybrid schemes. In practice, this reduces formal complexity and allows certain contractual adjustments without prior regulatory approval, streamlining project management—at least on paper.

One of the most notable shifts is the formal inclusion of energy storage within the regulatory framework, signalling its transition from a complementary feature to a core component of grid stability. At the same time, operational control is tightened: measurement systems are now centralised under grid operators, increasing oversight of energy flows and settlement processes. Institutional roles are also redefined, with the National Energy Commission concentrating regulatory authority while the system operator assumes a more active role in coordinating and even instructing contractual arrangements.

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