

Miranda Intelligence – Public Affairs Chatter

The Vote Can Wait; The Corrections Cannot

After weeks of awaiting an official declaration, the government has now taken a formal position on the timing of the second stage of judicial elections. The newly installed Legal Counsel to the Executive, Luisa María Alcalde, presented recommendations at President Sheinbaum's morning press conference, including a proposed constitutional amendment to postpone the election of the second group of new judges from 2027 to 2028. The delay would also push to 2028 any future possible revocation-of-presidential-mandate vote.

The stated reason is electoral logistics. In 2027, voters are already expected to elect new members of the Chamber of Deputies, 17 governors, local legislatures and mayors. The government has concluded that adding hundreds of judicial candidates to the ballot would create an unmanageable voting process and raise questions about legitimacy and voter comprehension.

The National Electoral Institute (INE) reinforced the argument last week, estimating that postponing the vote until 2028 could save up to MXN2bn. For a government that has repeatedly criticised the cost of Mexico's electoral system and sought to reduce the INE's budget, the fiscal case is politically useful. Ricardo Monreal, Morena's leader in the Chamber of Deputies, quickly endorsed the proposal after meeting INE president Guadalupe Taddei.

But the reform now being discussed goes well beyond a simple date change. The government is effectively acknowledging many of the criticisms levelled at the first stage of judicial elections by investors, lawyers and even Morena legislators themselves.

The proposal would simplify the judicial ballot, reduce the number of candidates and create a central coordinating commission involving the executive, legislative and judicial branches to standardise evaluation criteria. Candidates would now face technical examinations through the National Judicial Training School, alongside requirements for professional experience and "good public reputation" — notable additions given that the absence of meaningful filters was one of the principal criticisms of the first version of the reform.

The election itself would also become more manageable. Rather than forcing voters to choose among sprawling candidate lists, as occurred in the first stage, the revised model would narrow races to individual judges or magistrates, making the process easier both to administer and to explain politically.

None of this arrives in a vacuum. Morena legislators including Alfonso Ramírez Cuéllar, Olga Sánchez Cordero, Mariana Benítez and Javier Corral had already floated proposals to

postpone the vote and tighten candidate selection. What initially appeared to be isolated concerns inside the ruling coalition has now become official government policy.

The shift also reflects pressure from the business community which according to reports in the Mexican press privately urged President Sheinbaum to reconsider elements of the reform, arguing for both postponement and stricter professional standards for judicial candidates than occurred in the first stage. Six months after the original judicial reform, a survey of business leaders reported by Milenio found that 65 percent have seen no improvement in the administration of justice, 27 percent believe it has worsened, and 81 percent report little or no confidence in the Supreme Court. Bloomberg has shown companies operating in Mexico increasingly avoiding litigation altogether, preferring arbitration or mediation in an environment of legal uncertainty, where concerns about inexperienced judges and fears of politicised rulings are weighing on contracts and investment planning.

The government now appears to recognise that the original reform was undermining one of the country's core economic assets: predictability (more or less). What was initially presented by the government as a historic democratic transformation came to be seen by always sceptical investors as an increasing source of institutional volatility.

Postponing the second stage of the election therefore serves several purposes simultaneously. It eases a congested electoral calendar, reduces political risk ahead of the 2027 midterms, gives the government time to redesign parts of the reform, and attempts to reassure investors that the judicial overhaul may be (somewhat) less destabilising than so far has been the case.

All that said, it remains unclear how far the new modifications will actually change the substance of the original judicial reform. Judges will still be elected, and Morena is likely to play the decisive role in shaping who ultimately reaches the bench. Political control over the judiciary therefore still looks set to continue. While the adjustments are welcome, they also fit a broader pattern in the Sheinbaum government: trying to contain or soften the damage caused by earlier reforms, rather than fundamentally changing policy direction. This original judicial reform may have been designed by López Obrador, but was in fact carried out by Sheinbaum, who is now rolling it back (a bit).

Mexico and Europe Reopen an Old Trade Deal

The signature of the modernised EU–Mexico trade agreement on May 22 in Mexico City will close one of the longer pending negotiations in Mexico's trade policy and reopen a relationship that had become politically stagnant. The original TLCUEM, negotiated in the late 1990s and in force since 2000, was never an easy agreement to build, nor always an easy one to operate. It lacked the cleaner architecture of NAFTA, particularly on investment

protection, and for years remained commercially secondary to Mexico's far deeper integration with the United States.

The EU is Mexico's third-largest trading partner, behind the United States and China, and Brussels now presents the modernised package as part of a broader strategic and geopolitical relationship rather than simply a trade deal. The EU Council authorised the signing on May 11, and António Costa and Ursula von der Leyen are travelling to Mexico for the summit, the first at that level in 11 years.

The updated package combines a broader Global Agreement with an Interim Trade Agreement covering commercial matters, while expanding cooperation into investment, climate, sustainable development and political coordination. The commercial changes are substantial. The agreement removes or reduces tariffs across a wide range of products, including important agri-food lines, and is expected to improve customs procedures, sanitary standards and regulatory transparency.

For Mexico, that should mean better access for exports such as avocado, fruit, coffee, beer, tequila and mezcal, while also opening greater room for automotive exports, SMEs and participation in European public procurement markets. The agreement also contains binding chapters on labour rights, environmental standards and human rights, reflecting the EU's growing preference for embedding trade inside a wider regulatory framework.

Perhaps the most significant structural change, however, lies in investment protection. The modernised agreement replaces the older bilateral arbitration framework with a new Investment Dispute Resolution Tribunal intended to provide greater predictability and legal certainty for cross-border investors.

The new mechanism is broader than traditional investor-state arbitration. It covers not only companies, but also shares, bonds, loans, service concessions, construction contracts, intellectual property rights, leases and guarantees. Investments are protected from the moment capital is committed, provided they comply with local law.

The tribunal itself is designed to look more institutional and rules-based than earlier arbitration systems. Panels will consist of representatives from Mexico, the EU and neutral chairs, with cases expected to be resolved within 120 days. The agreement also establishes clearer procedural rules, evidence standards and transparency requirements.

For European investors in Mexico — particularly in sectors such as banking, infrastructure, manufacturing and energy — the new framework is meant to reduce concerns around arbitrary discrimination, forced technology transfer or abrupt regulatory treatment. The agreement also guarantees national treatment and free capital transfers, while limiting governments' ability to impose local-content or export requirements on foreign investors.

That matters politically as much as commercially. Europe is diversifying under pressure from trade friction with Washington and broader uncertainty in the global economic system, while Mexico is again being reminded of the risks of depending excessively on one market for more than 80 per cent of exports. The modernised agreement gives both sides a hedge, though not an immediate one.

Even after the May 22 signing, the agreement will not fully enter into force until late 2026 or 2027, since it still requires ratification by the European Parliament and the Mexican Senate. The political symbolism, however, arrives much sooner. At a moment when Mexico faces questions around institutional predictability, energy policy and investor confidence, the agreement allows both Mexico and Europe to signal that the relationship remains economically open, strategically relevant and legally anchored.

A New CEO For the Same Old Pemex

Pemex has a new chief executive, but not necessarily a new direction. President Sheinbaum has appointed Juan Carlos Carpio Fragoso, until now the company's low key CFO, to replace CEO Víctor Rodríguez Padilla, a left-wing academic who was vocal on energy policy in his writings but lacked administrative experience to run a company as complex as Pemex, in a move framed not as a reaction to recent difficulties but as a planned transition.

Carpio's is expected to preserve continuity of operational and financial execution across the company's strategic projects; however, the handover comes at a time when continuity is not necessarily reassuring. A series of recent accidents — including an oil spill in the Gulf, where Pemex's delayed acknowledgement of responsibility compounded the fallout — had inspired speculation about Rodríguez's exit, though Sheinbaum has rejected this as the reason for his departure.

The appointment also points to the growing power of Energy Secretary Luz Elena González. Carpio worked under González in the Mexico City government 2018-2024, where she was Finance Secretary and he was Director General in Finance Administration. His arrival at Pemex is therefore likely to strengthen further her control over the state energy giant. In practice, the new Pemex CFO-turned-CEO may be less an autonomous oil executive than the person tasked with implementing González's financial and operational discipline across the company.

Carpio inherits a company under pressure from both operations and markets. S&P Ratings recently revised Mexico's outlook from stable to negative and, with it, the outlook on Pemex and CFE, arguing that both are a burden on public finances and a risk to the government's fiscal adjustment path. The company's standalone credit profile remains deep in speculative territory, at CCC+, meaning investor confidence rests on assumed state backing rather than

the company's own fundamentals. Pemex's dependence on public money is not receding and may yet intensify. In that sense, appointing the finance chief is a rational signal to creditors, even if it does not by itself answer the more awkward questions about production, infrastructure and governance.

Replacing the chief executive with a low-key and mostly unknown former Mexico City finance public official may help signal tighter financial control and a more disciplined relationship with creditors, but markets are unlikely to treat a management change as a substitute for structural improvement. That caution is reinforced by the company's latest financing decisions: before Juan Carlos Carpio Fragoso took over, Pemex agreed to push back payment on 67 percent of its debt with suppliers for eight years, according to the 2025 Public Accounts. Investors will therefore be watching for something more concrete than a new name at the top.

Freeze First, Ask Questions Later

Mexico's Financial Intelligence Unit has now confirmed the preventive freezing of bank accounts linked to Rubén Rocha Moya and other current or former Sinaloa officials indicted by U.S. prosecutors for alleged ties to “Los Chapitos”. The UIF frames its position carefully: the measures are administrative and precautionary, triggered by financial-system alerts following the U.S. indictments. Mexican banks, acting within their correspondent relationships with U.S. institutions, activated monitoring protocols that led to “24-hour LPB” reports, giving the UIF the basis to place those names on the Blocked Persons List. President Sheinbaum confirmed the move in her morning press conference but stated explicitly that the freezing does not amount to a presumption of guilt or, at this stage, to a formal criminal investigation in Mexico.

The government is trying to thread a needle: between acting on cross-border financial alerts and resisting an accusation from the U.S. automatically turning into a Mexican prosecutorial conclusion. The UIF says those affected retain the right to challenge the measures through administrative and judicial channels, while the presidency continues to insist that any further legal action requires “conclusive evidence”. The government’s balancing act has become harder to sustain as the case evolves. Two of the indicted former Sinaloa officials, Gerardo Mérida Sánchez and Enrique Díaz Vega, surrendered voluntarily to U.S. authorities last week — likely hoping to make a deal if they collaborate with prosecutors.

Teacher’s Day Offer Turned Down

Teacher's Day has come and gone, and Education Secretary Mario Delgado still has not reasserted control over the education agenda. While Delgado was speaking inside the SEP on May 15, dissident teachers were already making clear that the government's offer of a 9

percent pay raise was insufficient. The CNTE described the SEP's formal response to its demands as little more than a catalogue of social programmes, and confirmed a national strike starting on June 1, with an indefinite encampment in the Zócalo and prior mobilisation in states such as Oaxaca. Its core demands remain the repeal of the ISSSTE 2007 law, the rollback of the education reforms associated with both Peña Nieto and López Obrador, and wider changes to pensions, hiring and labour rights. That leaves Delgado in an exposed position. He has survived rumours of his removal, and Sheinbaum has publicly backed him, but the underlying problem remains unresolved.

Chatter box

- **Plan México Looks for Quicker Money.** Mexico's Finance Ministry is reportedly considering a staple financing structure (where a pre-arranged lending package is attached to eligible projects) to help move projects under Plan México, especially in sectors such as renewable energy. The basic idea is to combine commercial bank lending with backing from development banks, likely including Banobras, so that private developers can access funding faster and at a lower cost. According to Bloomberg Línea, officials are exploring a structure that could support multiple eligible projects under a shared financing umbrella rather than requiring a full case-by-case credit process for each one. That would fit the government's broader push to accelerate infrastructure delivery, without relying exclusively on direct public spending.
- **TLAC Tweaks.** Mexico's CNBV, with input from Banco de México, updated Total-Loss-Absorbing-Capacity (TLAC) rules following global practices for the country's domestic systemically important banks: BBVA, Banamex, Banorte, Citibank, HSBC, Inbursa, Santander and Scotiabank. The change raises the risk-weighted-assets-based TLAC minimum to 10%, from 6.5%, while leaving the adjusted-assets requirement unchanged at 3.75%. Banks will have four months to comply with the revised framework but already broadly comply with the revised framework given over capitalization so the practical impact will be limited.
- **World Cup Spectrum by Special Permit.** The CRT has now activated, for the first time in Mexico, the temporary spectrum mechanism provided under Article 166 of the new Telecommunications and Broadcasting Law, authorising the use of the 600 MHz, 1.9 GHz, 2.5 GHz and 3.3–3.6 GHz bands by Telcel, AT&T Mexico and Altán Redes ahead of the World Cup. The measure includes discounted charges for this exceptional use of spectrum and is intended to strengthen mobile capacity and service continuity as visitor volumes rise across host cities and transport corridors.
- **Nineteen Programmes and a Longer State To-Do List.** On Monday, the Official Gazette published a decree approving 19 national, regional and special programmes for the

2026–2030 period under the National Development Plan. The decree requires federal agencies to implement and monitor these programmes using their approved budgets, under the oversight of the Ministry of Anti-Corruption and Good Government and the coordination of the Finance Ministry. The programmes cover areas including security, water, human rights, equality, science, telecommunications, civil protection and regional development.

- **A Friendlier Tax Framework.** Mexico's Finance Ministry has issued a new Agreement on Productive Investment and Tax Compliance that is meant to make the tax authority look more predictable without reducing its legal powers. Published in the Official Gazette on May 4 and in effect since May 5, the measure instructs the SAT to apply tax treaties properly, avoid double taxation, favour a single "concentrated" audit per taxpayer per fiscal year, and treat restrictions or cancellations of digital tax certificates (CSDs) as a last resort rather than a reflex. It also stresses non-retroactivity in audit criteria and respect for limitation periods. The Agreement points towards more sampling-based audits, fewer overlapping reviews across multiple years, and a greater emphasis on preventive action before more damaging measures are imposed.
- **More CNBV Signatures, Fewer Internal Detours.** Mexico has quietly reworked part of the CNBV's internal operating structure, and for regulated entities the practical effect is more important than the bureaucratic wording. The reform, which took effect on May 15, delegates decision-making authority not only to vice-presidents but also to coordinators, giving them formal powers to process and resolve matters previously channelled through general directorates. The shift is particularly relevant in anti-money laundering supervision, where the prevention directorates gain reinforced support through specialised coordinators, including delegated powers under the Fintech Law. It also formalises the supervisory architecture for financial technology institutions, payment fund entities and novel models, while giving the authority greater operational capacity to approve, amend or extend self-correction programmes.

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