MIRANDA INTELLIGENCE

Miranda Intelligence – Public Affairs Chatter

External Hands, Internal Do-Overs

Congress will convene an extraordinary session this week to review a slate of electoral legislation that aims to shore up some institutional weaknesses in the current electoral set-up without weakening and possibly cementing still further Morena's political control of the process.

There are four items proposed by the executive on the agenda:

1. A constitutional amendment to postpone the second judicial election from 2027 to 2028.
2. The creation of an INE body for ex ante probity review of party candidates for office.
3. A constitutional reform to make foreign interference a formal cause for election annulment.
4. Corresponding changes to the General Law on Electoral Challenges to operationalise the new cause for annulment.

The session will open Tuesday, May 26, with the Chamber of Deputies acting as originating chamber and the Senate as reviewing chamber. All four reforms must be approved and enacted before June 1 in order to be applicable to the 2027 elections

The postponement of the judicial election has already been communicated. The government now openly accepts that trying to run a nationwide judicial vote alongside the 2027 midterm elections would create an unmanageable overlap of ballots, offices and polling logistics. That correction had already been floated by Morena legislators weeks ago and has since been defended by senior figures in Congress as a necessary adjustment to the judicial reform calendar.

However, this does raise the issue of the timing of the possible presidential recall referendum. Sheinbaum's proposal opens the door to holding the presidential recall vote on the same day as the judicial election in 2028, should a petition with sufficient citizen signatures trigger the referendum. The 2019 reform had established that recall votes must be held on a date separate from federal or local elections, but the administration has tried to modify this, first by moving it up to 2027 (which failed) and now by lumping it in with the judicial election. Sheinbaum says this is to avoid excessive electoral costs and logistical burden.

When asked whether this means her image would appear on a potential recall ballot alongside judicial candidates, Sheinbaum said only that the question would be resolved later through the constitutional petition process.

The proposed Candidacy Integrity Verification Commission would be housed within the INE, staffed by 5 electoral councillors elected by the INE's General Council for 3-year terms. The process would require parties to voluntarily submit their list of prospective candidates to the Commission, which consults with four government agencies: the Financial Intelligence Unit (UIF), the National Banking and Securities Commission (CNBV), the National Intelligence Centre (CNI), and the Attorney General's Office (FGR). Those agencies would then analyse the names and determine whether a "reasonable risk" of organized crime ties exists and report back to the Commission — crucially, without specifying *what* underlying matter triggered the risk finding, to protect due process. The Commission notifies parties simply whether a reasonable risk exists or not, naming which agencies flagged it.

Key conditions include: Politicians seeking candidacy must formally consent to evaluation, regardless of whether the party ultimately nominates them; the entire process is conducted with strict confidentiality; and the Commission itself cannot block candidacies, leaving this responsibility to the parties.

INE president Guadalupe Taddei warned that the candidacy integrity initiative could turn the institute into a "judge and party" if the rules are not carefully designed, arguing that asking the INE to assess the probity of candidates would directly undermine its role as a neutral and impartial authority. The specific tension is structural: by having INE councillors staff a body that liaises with government intelligence and security agencies to flag candidates as potential criminal risks, the INE would simultaneously be the referee organizing the election *and* a participant influencing who gets to compete in it. Taddei argued that the INE's exclusive institutional role is to organize elections and guarantee equity, legal certainty, and legality — not to validate the integrity of candidacies — and that the law must maintain a clear separation of functions between the electoral institute and government security agencies. Opposition senators from Movimiento Ciudadano echoed similar concerns, warning the proposal could become a discretionary political tool if clear and transparent rules are not established.

An even more politically inflammatory proposal is the reform on foreign interference, which would add a new constitutional basis for nullifying federal or local elections where individuals, organisations or governments from abroad are found to have tried to influence voter preferences or results. That language is drawing sharp criticism since it is broad enough to cover everything from foreign funding to disinformation, media activity, diplomatic pressure, digital manipulation or "any other conduct" affecting electoral authenticity. In electoral law, that opens a wide door for taking the drastic measure of nullification.

That is also where the legal concern becomes harder to dismiss. Former election chief Luis Carlos Ugalde has argued there is no recent evidence of foreign intervention in Mexican elections, and that the reform could allow allegations about politicians' criminal links to be reframed as external meddling. Other analysts had gone in a similar direction, warning that the drafting leaves the concept of "foreign intervention" too open-ended and could generate overly broad interpretations in future electoral disputes. The difficulty is institutional as much as textual: the INE rules on candidacy eligibility, but the Electoral Tribunal rules on nullity. And if the judicial calendar is pushed back, the current composition of the Electoral Court would remain in place through the 2027 midterms.

That said, the provision may ultimately function less as a legal instrument than as political posturing. It gives Morena a vehicle for nationalist flag-waving, allowing the party to frame electoral scrutiny through the lens of foreign interference. In doing so, it could also distract attention from other, more consequential elements of the reform that may do more to tilt the institutional playing field in its favour. If indeed the broader objective was to distract attention from other, more consequential aspects of the reform, it has so far been quite successful.

Mexico's Privacy Reset

Mexico is preparing a significant update to its private-sector data protection framework, the most substantial since the law took effect in 2010. The proposal being developed by the Anticorruption Secretary would expand the law to cover areas such as biometric data, neurodata, algorithmic profiling, tracking technologies and artificial intelligence, while also clarifying its application to entities with no domicile in Mexico where local data processing is involved.

It would also incorporate elements of the APEC Cross-Border Privacy Rules, introduce a data portability right for the private sector, require impact assessments and data protection officers, and shorten certain rights-protection procedures. In practical terms, the reform seeks to update the legal framework to reflect the way personal data is now collected, processed and transferred.

Alejandro Encinas Nájera, the deputy minister for Good Government and head of the new privacy authority, has already begun presenting the proposal to external audiences. The expectation is that the initiative will be sent to Congress during the September legislative session, after this period of consultation and socialisation.

EU and Mexico finally sign their updated trade and investment deal

Amidst much fanfare, Mexico and the European Union finally signed the modernised version of their Global Agreement last week in Mexico City, ending a negotiation that had spent years drifting in political limbo. The timing was ideal. Within days, Mexico entered the opening phase of the USMCA review process with Washington, giving Claudia Sheinbaum's government an opportunity to arrive at the table with a broader trade and investment narrative.

The package must now pass through the European Parliament, the national legislatures of EU member states and the Mexican Senate. Full implementation is expected only in late 2026 or during 2027.

The agreement of course does not alter the central reality of the Mexican economy. The United States remains overwhelmingly dominant, accounting for more than 80 per cent of Mexican exports and close to US$900bn in annual bilateral trade. By contrast, EU-Mexico trade currently amounts to roughly just €86bn in goods and €29.5bn in services. But the point of the agreement is not for EU-Mexico to rival US-Mexico, but to reduce just slightly concentration risk and perhaps give Mexico a tiny bit of additional leverage at a moment when US trade policy is more protectionist and unpredictable.

The original EU-Mexico agreement came into force in 2000. Its modernisation was substantially negotiated by 2018 before stalling under Andrés Manuel López Obrador amid disputes over energy policy, investor protections and the role of the state in strategic sectors. For several years, the negotiation appeared effectively dead. Europe's priorities shifted toward Covid recovery, Ukraine and energy security, while Mexico showed little appetite to reopen politically sensitive concessions. The fact that the agreement has now been revived and signed signals (even if it awaits ratification) that both sides still see some strategic value in deeper economic integration in a more challenging global trading environment.

The deal liberalises most remaining tariffs, expands market access for agricultural exports and modernises rules covering digital trade, customs procedures and services. Rules of origin are eased in sectors including automotive, aerospace, chemicals and pharmaceuticals. Mexico's economy ministry projects exports to Europe could rise by 50 per cent by 2030, increasing from roughly US$23.8bn to US$36.1bn. The government expects growth not only in traditional exports such as beer, tequila, berries and avocado, but also in higher-value industrial sectors such as telecoms equipment, medical devices and aerospace components.

The agreement also creates new public procurement opportunities. European companies will gain broader access to Mexican government purchasing markets, particularly in infrastructure, transport, healthcare and industrial projects where Mexico may lack sufficient domestic suppliers. Even though the same applies to Mexican firms, European companies are much better positioned to take advantage of these openings given their scale, financing capacity and experience operating across regulated procurement systems.

The agreement establishes a permanent investment court system that gives European investors a route outside Mexico's domestic judiciary for dispute resolution. At a time when concerns over judicial reform and legal certainty in Mexico have grown, that provision could be helpful. EU investors operating in Mexico will enjoy stronger arbitration protections than many domestic Mexican investors themselves, as do US and Canadian investors under USMCA. Perhaps no wonder foreign investment in Mexico is holding up even as domestic investment is weak.

Europe is already Mexico's second-largest source of foreign direct investment, with nearly US$89bn invested between 2015 and 2024, heavily concentrated in manufacturing, finance and export industries. Germany, Spain, France and the Netherlands are deeply integrated into sectors such as autos, aerospace and advanced manufacturing. For the EU, Mexico matters to such companies as both a large 130mn strong domestic market, but crucially as a manufacturing platform connected to USMCA supply chains and offering lower geopolitical risk than China.

For Sheinbaum's administration, the objective is not just attracting additional capital. Officials have linked the agreement to Plan México, the government's industrial policy strategy aimed at increasing domestic industrial production and import substitution. Their hope, likely overly optimistic, is that European investment will also take the form of joint ventures, technology transfer and local supply-chain development in sectors such as energy, pharmaceuticals, aerospace and clean technologies.

Whether the agreement can deliver all that is far from clear. The immediate beneficiaries are likely to be large EU manufacturing groups, agro-industrial exporters and multinationals already operating in Mexico. But even if the deal mostly helps just deliver more investment from such companies, it is still welcome. And while Mexico is not in any position to move away from North America, even a relatively modest counterweight can help in a more protectionist global economy.

Witnesses First and the Questions After

Rubén Rocha Moya, Morena governor on leave of Sinaloa confirmed that he has been summoned to appear before federal prosecutors in connection with the US allegations linking state officials to organised crime. ''Separately'', the FGR has also summoned Chihuahua and opposition PAN Governor Maru Campos in the case involving the operation in which CIA agents were reportedly present. In both matters, the federal government is stressing the same legal point: these are investigative summonses, not criminal charges. President Claudia Sheinbaum has said so directly, making clear that the summons form part of ongoing investigations and do not amount to an imputation of criminal conduct.

That distinction is legally important. Under Mexican criminal procedure, a summons to appear before the Public Prosecutor is an evidentiary act, not a formal accusation. It allows prosecutors to begin building a domestic record without yet placing the person summoned in the procedural position of a defendant. What makes the episode institutionally awkward is that Segob felt compelled to issue a public statement explaining that those cited were appearing as witnesses and that the cases carried no political intent because the FGR is an autonomous constitutional body. That clarification may have been intended to calm speculation, but it also raises the obvious question: if prosecutorial independence is the point, why did the executive need to step in to explain the scope of the prosecutor's actions?

Meanwhile, critics see the pressure on Campos as political as much as legal. The timing helps draw attention away from the more damaging Rocha case by creating a parallel controversy over alleged foreign interference. It also allows the government's allies to imply a rough equivalence between purported links to CIA operatives in Chihuahua and alleged protection of drug cartels in Sinaloa, a comparison that may be legally and morally tenuous, but politically useful in clouding the waters on alleged illegal behaviour of northern Governors.

Chatter box

- **Procedure First, Competition Later.** Mexico's new National Antimonopoly Commission (CNA) fined Rappi and Banorte a combined MXN 19.9 million for closing a 2020 transaction without prior clearance, after concluding that Banorte had acquired the ability to influence decisions in Rappi's credit card business before obtaining antitrust authorisation. The point is less the size of the fine than the principle behind it. Merger control is designed to be preventive precisely because, once a transaction is implemented, unwinding competitive effects is rarely neat and rarely cheap. The CNA's message is that prior review remains a legal obligation, not a post-closing courtesy. The case sits at the intersection of two sectors where market power, data, payments and consumer choice increasingly overlap. The authority framed the breach in orthodox terms: concentrations can affect prices, quality and market options, which is why certain deals must be notified and cleared before they take effect.

- **Tax Credits Off the Docket.** Justice Lenia Batres has stepped back from an attempt to bring six SAT cases before Mexico's Supreme Court, withdrawing the requests through which she had sought to attract a set of fiscal disputes worth more than MXN 232.7 million. The cases had been scheduled for last Thursday after Batres effectively adopted them through six separate requests for exercise of the Court's power of attraction, even though the SAT itself lacks standing to file that kind of petition directly. In all six matters, a regional chamber of the Federal Administrative Justice Tribunal in Veracruz had already annulled the tax assessments outright, concluding that the tax authority exceeded its powers during desk audits by demanding documents and third-party information it was not legally entitled to require.

  Batres had wanted the Court to clarify whether the defect identified by the tribunal should be treated as a procedural flaw or a substantive one, which in turn would determine whether the nullity should stand as final and absolute or merely "for effects", allowing the SAT another attempt. By withdrawing the cases, the Court avoids — for now — ruling on a question that matters for the limits of tax audits and for how far the authority can go when it gets the process wrong.

- **Snacks and the Supreme Court.** Two lawyers assigned to the chambers of Justice Irving Espinosa Betanzo resigned with immediate effect after videos circulated on social media showing them promoting products for Snack'in For You from within Court premises, using workplace humour about strict bosses and office stress to sell processed snacks. The Court moved quickly to draw a line between the institution and the content, stating that neither the tribunal nor the justice had authorised the use of its facilities for private communication or commercial promotion. The Court also said it had ordered the immediate removal of the material and opened a review into whether institutional space, working time, furniture or other public resources had been used improperly.

- **Teachers on the Move.** The CNTE is using May 25 to turn a local mobilisation into the visible prelude to its planned national strike on June 1. In Oaxaca, the movement is running in parallel, with a separate march and a larger protest camp involving most of Section 22's base. The underlying dispute remains unchanged. The CNTE says it is heading for a national stoppage unless the government moves on its core demands:

repeal of the 2007 ISSSTE law, reversal of the education reforms associated with Peña Nieto and later adjustments under Morena, a 100 percent pay rise, greater union democracy, higher spending on education and health, and reinstatement for dismissed workers. President Claudia Sheinbaum has said there is dialogue between the Education Ministry, the Interior Ministry and the union. The CNTE, for its part, argues that the official response so far has been procedural and evasive rather than substantive.

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