Miranda Intelligence – Public Affairs Chatter

A Legacy, Not a Gain

The Supreme Court's 6-3 decision against treating inherited Afore retirement savings as taxable income hasn't entirely settled the matter, but it has shown where the argument is heading.

The Court's ruling moved away from the idea that these funds should be treated as taxable income and instead leaned towards viewing them as part of the worker's accumulated patrimony, closer to an inheritance or legacy than to a new taxable gain. The case was ultimately withdrawn pending a new draft, so there is still no final ruling. Even so, the debate has already escaped the technical confines of tax law and moved into broader policy questions about how far the Mexican State should go in trying to tax intergenerational transfers, and whether retirement savings are the right place to start.

Justice Lenia Batres, who backed the minority opinion, used the case to bring in a wider political argument. Her position was not restricted to pension mechanics but expounded on wealth concentration and redistribution more broadly. She pointed out that 24 OECD countries levy an inheritance or legacy tax, representing 0.5% of total OECD tax revenues; 21 impose it on heirs according to degree of kinship and three apply it to the value of the deceased person's property. She then added the bigger context of inequality: "50% of the world's population owns less than 2% of global wealth, while 10% holds more than 76%," concluding that "the only mechanism for redistributing wealth is the payment of taxes."

Batres makes a solid progressive argument, but in the case before the Court, this collided with a less abstract reality: the funds in question are not usually large estates, but modest retirement savings held by people with little else to leave behind.

That practical point is why the majority appears to have resisted turning the case into a vehicle for a broader progressive tax philosophy. Critics of Batres's position argue that, if Mexico wants to have a serious debate on taxing large inheritances, that should happen in Congress, not through judicial reinterpretation of whether a worker's widow, parent or child should pay income tax on their inherited retirement savings.

Know Your Customer, Literally

The CNBV's new biometrics rules amount to more than a technical update: they mark a firmer regulatory shift towards treating digital identity as part of the banking system's core risk architecture, rather than merely a customer-experience feature. Published in the Official Gazette on 1 July, the resolution updates the general rules for credit institutions and expressly allows banks to use facial biometrics, alongside fingerprints, in identification, verification and authentication processes. It also sets out a more detailed framework for how biometric checks are to be validated against official records held by institutions such as the INE, the Foreign Ministry, the tax authority or other federal agencies able to provide biometric verification services. In practical terms, Mexican banking regulation is moving from basic identity controls towards a more layered model of fraud prevention, anti-money laundering compliance and digital onboarding.

The real weight of the reform lies in the operational burden it creates. Banks are now permitted to build their own biometric databases, subject to strict requirements covering documentation, validation, segregation, encryption, access controls, audit logs, penetration testing, secure deletion and anti-spoofing mechanisms. The CNBV has also imposed clear limits on what institutions can do with this data: biometric databases cannot be sold, transferred, shared or made interoperable with third parties for these verification processes. That should offer some reassurance to privacy lawyers, though it also means compliance will be expensive and technically demanding. Institutions already holding biometric databases must notify the regulator and align existing processes with the new framework within the prescribed timelines. For banks with older infrastructure, this is less a compliance tweak than a systems project.

The new rules arrive as the banking system is already tightening customer identification for high-value cash deposits and withdrawals, particularly from MXN 140,000 upwards. This follows broader industry pressure to strengthen anti-money laundering controls after the reputational damage caused by last year's cases involving Mexican financial institutions and US Treasury sanctions. The banking commission has made clear that institutions must identify the person physically conducting the cash transaction, not just the account holder. Facial recognition is being positioned as a practical response where fingerprints fail or are degraded. That gives the reform a wider logic: the regulator is trying to close identity gaps both in digital banking and in branch-level cash operations.

Banks will need to review vendor models, cybersecurity controls, customer journeys, data governance, audit evidence and operational resilience. For the wider tech ecosystem, the signal is equally clear: demand for biometric verification providers is likely to rise.

A Treaty That Keeps Everyone Guessing

Mexico's government is trying to stabilise expectations around the USMCA after the 1 July trilateral talks made one thing clear: while the treaty is not about to disappear, its future is less certain over the long term. Mexico and Canada had favoured extending the deal to 2042 with the usual six-year review cycle; Washington did not.

The free trade agreement remains in force until 2036, unless one of the sides (ie, USA) decide to withdraw with six months notice, but following Washington's decision not to automatically renew it for a further 16 years, it will now move into annual reviews, until and if an agreement is reached. The first formal negotiating stage will begin on 20 July, when a US delegation travels to Mexico.

That does not mean the treaty is suddenly any more vulnerable in legal terms; it does mean it offers less certainty in commercial ones. Marcelo Ebrard's message was that the review will focus on specific areas of concern rather than reopening the entire agreement, and that Mexico's priority remains preserving its relative advantage against other US trading partners. His argument is pragmatic: more than 85 per cent of Mexican exports to the United States still enter under USMCA (even if thanks to Section 201, some of these, such as autos, steel pay tariffs), and the real objective is to keep Mexico in the best available position within a more protectionist US trade framework. The next rounds are expected to cover tariffs, semiconductors, pharmaceuticals and regional production chains, reflecting Washington's broader shift away from hyper-globalisation towards managed trade, industrial policy and tighter origin discipline.

Some analysts argue this looks less like a technical review and more like a hard renegotiation conducted on Trump's terms, with trade policy increasingly used to pursue non-trade objectives such as migration control, border security and anti-narcotics pressure. That suggests the negotiation process could easily run into 2027 and continue weighing on investment decisions in the meantime. However, AmCham Mexico and other observers have taken a more confident position, arguing that a 10-year review window still gives companies enough certainty to plan investments, and that the more realistic task now is to limit ambiguity by focusing on implementation and a narrower set of strategic sectors.

When An Airline Collapses, Who Protects the Passengers?

The collapse of Magnicharters has quickly become more than the story of a struggling airline. It is now emerging as a test of state capacity and crisis management when a private operator abruptly exits the market. Over the past three months, what began as an operational disruption has evolved into a broader regulatory case involving PROFECO, the Federal Civil Aviation Agency (AFAC), the Tourism Ministry (Sectur) and the commercial courts, raising questions not only about passenger rights but also about the financial supervision of carriers operating in Mexico.

Magnicharters unexpectedly suspended operations on 11 April, citing internal logistical problems. Within days, dozens of flights had been cancelled, more than 2,000 passengers were stranded, and travel agencies, hotels and tourism providers were scrambling to deal with the fallout. The government's first response focused on damage control. Sectur coordinated emergency flights with Aeroméxico, VivaAerobus and Volaris, while PROFECO deployed staff at major airports, encouraged affected passengers to seek alternative transport, and began the reimbursement process.

What distinguished the case from a routine airline disruption was the apparent inability of consumer authorities to engage directly with the company. PROFECO reported that Magnicharters had effectively closed its offices, making the standard conciliation process impossible. Instead of mediating between consumers and the provider — the agency's usual role — PROFECO found itself guiding passengers towards commercial and judicial avenues, including the company's insolvency proceedings. By early July, the agency had accumulated almost 500 consumer complaints while continuing to operate dedicated assistance modules and telephone support for affected travellers.

The consumer protection effort was mirrored by a parallel regulatory process unfolding within the aviation agencies. Following an extraordinary inspection launched earlier this year, AFAC first suspended and later, on 29 June, definitively revoked Magnicharters' Air Operator Certificate after concluding that the company had failed to demonstrate the financial capacity required to continue operating safely. Officially, the decision rested on regulatory compliance rather than commercial failure. Yet the distinction matters less in practice than in law. Financial weakness ultimately became an aviation safety issue, reinforcing the regulator's message that operational viability forms part of the broader concept of safe air transport.

Taken together, the actions of PROFECO and AFAC illustrate two distinct regulatory philosophies operating simultaneously. PROFECO's role has centred on mitigating harm after consumers were affected, while AFAC's intervention sought to prevent further operational risks by removing an operator no longer capable of meeting regulatory standards. The coordination with Sectur added a third dimension: protecting Mexico's tourism reputation by ensuring stranded passengers could continue their journeys despite the airline's collapse.

For the aviation industry, however, the broader implications extend beyond one carrier. Magnicharters served a niche market combining charter services and holiday packages, illustrating how financial distress in relatively small operators can quickly cascade through travel agencies, hotels, tour operators and local tourism economies. The episode is likely to reinforce calls for closer financial monitoring of airlines before crises reach the point of operational collapse, particularly as demand for domestic leisure travel continues to recover.

The case also arrives at a politically sensitive moment for consumer protection policy. President Sheinbaum's administration has consistently framed consumer rights as an integral part of its broader governance agenda, and the Magnicharters episode offered an opportunity to demonstrate institutional coordination without resorting to a public bailout. Rather than rescuing the airline itself, authorities concentrated on assisting passengers while allowing regulatory and commercial processes to determine the company's future. That approach arguably reduces moral hazard, but it also leaves consumers facing lengthy reimbursement procedures through insolvency proceedings rather than immediate compensation.

Businesses operating in the tourism sector will also be watching closely. Travel agencies, insurance providers and online booking platforms may revisit their exposure to smaller carriers, while consumers themselves could become more cautious when purchasing package holidays from financially weaker operators. Competitors, meanwhile, have already benefited from the temporary redistribution of demand, absorbing passengers through emergency operations and potentially capturing market share on affected routes.

The authorities demonstrated that consumer protection, aviation oversight and tourism coordination can operate together during a crisis; whether that coordination also translates into earlier detection of financially vulnerable operators remains the more important question.

Chatter box

Mexico City Turns Care Into Public Policy. Clara Brugada has promulgated the city's new Public Care System Law, designed to redistribute care responsibilities across the state, the private sector and society, rather than leaving them to families — which in practice has usually meant leaving them to women. Brugada is presenting the law as a historic correction: recognition of the right to care, to receive care and to self-care, and a first serious attempt to turn unpaid care work into something the public sector must organise around. In institutional terms, Mexico City is trying to position itself as one of the first jurisdictions in the country to treat care not as a social programme add-on, but as a governing obligation.

The city estimates that roughly 3.018 million people require some form of care, while around 3.08 million people provide it, mostly women and mostly without pay. Women spend on average 34 hours a week on these tasks, against 16 hours for men. The law creates a register of paid and unpaid carers, introduces a free certification mechanism to professionalise the sector, and places care-related duties on more than 40 city authorities. It also encourages the private sector to adopt working conditions compatible with care responsibilities, including remote work and care-related leave.

The most visible promise lies in infrastructure. The city says it will build 100 new Utopías, 200 Casas de las Tres R, 300 Childcare and Development Centres, 200 day centres for older people and 200 spaces for people with disabilities, with the stated aim of reaching more than 100,000 people a year. That is the part of the reform that will determine whether this becomes a functioning care system or simply an admirable legal architecture. IMCO has already noted that while the law gives residents stronger grounds to demand protection of the right to care, the budgetary details remain unresolved. The transitional articles allow six months to install the governing board of the care system and three more to produce the implementing regulation.

A Multicultural Law With a Long Road to Congress. President Claudia Sheinbaum has signed the call for a national consultation on the proposed General Law on the Rights of Indigenous and Afro-Mexican Peoples, opening what the government is presenting as an unprecedented exercise in legal and political recognition. The consultation will cover 16,728 communities, across 69 Indigenous peoples and the Afro-Mexican people, and the draft law will be translated into the 68 Indigenous languages spoken in Mexico.

The substance of the proposal is broad and, on paper, ambitious. It covers public-law recognition, autonomy, land and collective intellectual property, consultation and informed consent, as well as specific protections for women, children, migrants, the elderly and people with disabilities in Indigenous and Afro-Mexican communities. It also sets out coordination rules across federal, state and local authorities, and even creates a framework for sanctions and a specific amparo route for violations of these rights. In practical terms, this is an attempt to turn a long list of constitutional promises into something administratively usable.

The call is published in the Official Gazette; communities will be informed about the content of the draft on 6 August; local deliberations will run from 7 August to 13 September through 82 regional assemblies and seven working tables; the text will then be adjusted between 21 September and 11 October; and the final bill is due to reach the Chamber of Deputies on 12 October — a date the government has deliberately tied to the Day of the Multicultural Nation.

New Ambassador to the European Union. Mexico's Permanent Commission has ratified Esteban Moctezuma Barragán as Mexico's ambassador to the European Union, Belgium and Luxembourg, with 28 votes in favour and eight against (the opposition coming from the PAN and PRI). The appointment was defended by the governing coalition as a sign of how seriously Claudia Sheinbaum's government is taking its political, commercial and cultural relationship with Europe, particularly after the signing of the modernised Global Agreement in May. Supporters argued that Moctezuma's recent experience as ambassador to the United States, together with his past roles in the cabinet and the Senate, gives him enough political weight to handle what is becoming a more important diversification track for Mexico.

Critics from the PAN argued that Moctezuma does not have the right profile to rebuild economic confidence with Europe at a moment when Mexico's international positioning is under closer scrutiny. Moctezuma himself responded by framing the posting as one of the most consequential in a quarter of a century, saying his task would be to represent Mexico in Europe with "preparation, institutional loyalty, imagination, humility and verifiable results".

Another Lozoya Case. A federal judge's decision to grant conditional release to Gilda Lozoya has reopened one of the more politically persistent files in the Agronitrogenados case. After a hearing lasting nearly ten hours, Emilio Lozoya's sister was released under precautionary measures (surrender of her passport, electronic monitoring, fortnightly reporting and a ban on leaving the greater Mexico City area), while the court decides on 7 July whether she will be formally committed to trial. The Attorney General's Office alleges that she helped facilitate the movement of US$3.4 million linked to the bribe scheme that ultimately financed assets acquired by her brother through the offshore vehicle Tochos Holding Limited.

The Green Party Wants More. As Congress prepares for the September legislative session, attention is beginning to shift towards the composition of the next Mesa Directiva. The PVEM, now firmly established as the third-largest force within the governing coalition, is expected to seek a position reflecting its electoral weight. Under congressional rules, each parliamentary group is entitled to propose a secretary for the governing board, but the broader distribution of leadership posts remains the product of political negotiation rather than automatic entitlement.

The discussion matters less because of the procedural appointment itself than because it offers an early glimpse into coalition management ahead of another busy legislative period. Morena will want to preserve unity as constitutional and economic reforms continue moving through Congress, while the Green Party is likely to argue that its continued loyalty deserves institutional recognition. For investors, the outcome will be another indicator of whether the governing alliance remains cohesive enough to advance its legislative agenda with minimal internal friction.

Investment Reality Check. Recent economic indicators have highlighted a growing disconnect between the government's investment narrative and underlying business sentiment. While the Economy Ministry continues to celebrate record foreign direct investment during the first quarter of the year, INEGI's latest data show that gross fixed investment remains in annual contraction, extending a decline that has now lasted well over a year. Business confidence also remains below the neutral threshold, suggesting that domestic investors continue to approach new projects cautiously.

The distinction matters because most of the headline FDI reflects companies reinvesting existing profits rather than establishing new operations. Combined with weak construction activity and softer industrial output, the figures suggest that Mexico continues to benefit from international investors already present in the country but is finding it harder to generate a broader investment cycle. The question is no longer whether capital continues to arrive, but whether current policy can convert reinvestment into genuinely new productive capacity.

Two New Parties, Two Different Political Bets. Mexico's party system has expanded once again after the National Electoral Institute (INE) granted national registration to Somos México and Partido PAZ, allowing both organisations to compete in the 2027 federal elections. The decision reinforces the INE's role as gatekeeper rather than rubber stamp: while several aspiring parties reached the final stage of the registration process, only these two met the legal and organisational requirements, with other applicants rejected over irregularities or compliance failures.

The political significance lies less in their immediate electoral weight than in the constituencies they seek to represent. Somos México emerges from the civic opposition movement associated with the Marea Rosa and former PRD figures, positioning itself around institutional checks and democratic governance. PAZ, by contrast, inherits much of the organisational infrastructure associated with the former Encuentro Social, giving it a ready-made territorial network and fuelling speculation that it could become a pragmatic ally of the governing coalition in selected races. For businesses, both parties represent potential new interlocutors as they begin shaping policy platforms ahead of 2027. Whether they ultimately broaden political competition or simply redistribute existing electoral coalitions will become clearer as candidate selection and alliance negotiations begin next year.

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