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USMCA Talks Progress, While Washington Finds a New Tariff Route

The third round of United States–Mexico–Canada Agreement (USMCA) bilateral trade talks concluded in Mexico City with enough momentum to keep negotiations moving forward, though the most contentious issues remain unresolved. After three days of meetings, both governments described the discussions as constructive, reviewed progress across issues including steel, aluminium, automobiles, agriculture, labour, electronic payments, regional supply chains and economic security, and agreed to reconvene in Washington in September.

The Trump administration continues to demand tougher rules of origin, more production in North America and stronger barriers against Chinese inputs. Mexico, meanwhile, is trying to preserve the regional logic of the agreement while securing relief from the tariffs already weighing on its automotive and metals industries.

Security was not formally on the trade agenda, but it was a conspicuously active topic around the negotiations. In coordination with US authorities, Mexico's Financial Intelligence Unit acted against individuals and companies allegedly linked to a financial network of the Jalisco New Generation Cartel, as the US Treasury designated 55 individuals and entities. At the same time, Mexico's ambassador in Washington held meetings on narcotics, illicit finance, electronic payments and firearms trafficking.

None of this proves that trade concessions were exchanged for security cooperation, but it does illustrate the pressure on multiple fronts facing the Mexican government. While rules of origin and tariffs were discussed at the negotiating table, the broader bilateral relationship was delivering an increasingly familiar message: market access, financial enforcement and the fight against organised crime are becoming more closely intertwined.

Before arriving in Mexico, US Trade Representative Jamieson Greer had already outlined Washington's negotiating priorities before the Senate Finance Committee. He said the administration would seek stronger origin requirements, deeper incentives for North American manufacturing and continued progress towards agreements with both Mexico and Canada, while acknowledging that some of the most difficult issues, including automotive content, labour and environmental provisions, would likely require extended negotiations. He also described Mexico's government as pragmatic and noted its dependence on the US market for growth.

President Claudia Sheinbaum's position remains that Mexico can discuss stronger regional-content rules, but not a formula requiring a fixed share of automotive value to come specifically from the United States. Under the current USMCA, passenger vehicles and light trucks must satisfy a 75 per cent North American regional-value-content threshold, alongside separate requirements covering auto parts, steel, aluminium and high-wage production. Washington's reported proposal would move beyond a regional standard towards an explicit national-content preference, potentially setting a precedent for higher US-content requirements in other industries.

Mexico is also pressing for the US to reduce or remove the 25 per cent tariff on certain non-US content in imported vehicles and the duties of up to 50 per cent currently applied to steel and aluminium before offering additional concessions. Mexican officials continue to argue that deeply integrated North American supply chains support investment, employment and competitiveness on both sides of the border and should not be undermined by rules that effectively privilege production in a single country.

That argument matters particularly for the automotive sector. Unlike most goods that comply fully with USMCA rules, Mexican vehicles are not shielded from the new US tariff environment. The current arrangement provides a discount for the US content incorporated in qualifying vehicles and auto parts, but leaves the remaining value exposed to additional duties. This has weakened Mexico's relative position against competitors such as Japan, South Korea and Europe, which have secured lower tariff rates for their automotive exports to the United States.

Meanwhile, the US global tariff landscape has shifted again. Following the US Supreme Court decision that removed the legal basis for much of the Trump administration's earlier global tariff programme under the International Emergency Economic Powers Act, the administration has increasingly turned to alternative statutory authorities. On July 23, the Office of the US Trade Representative announced new duties of 10 per cent or 12.5 per cent on imports from 60 economies under Section 301 of the Trade Act of 1974, concluding that those economies had failed to adequately prohibit or enforce restrictions on goods produced with forced labour.

Economies deemed to have legal prohibitions in place, including Mexico, were assigned a 10 per cent rate, while others face 12.5 per cent. In Mexico's case, US authorities acknowledged that the country has a legal mechanism prohibiting imports produced wholly or partly with forced labour, but concluded that its enforcement was not sufficiently effective. The move illustrates that Washington is not abandoning protectionism so much as placing it on a different and potentially more durable legal foundation.

For Mexico, however, the immediate commercial impact is limited. Economy Secretary Marcelo Ebrard has said that around 80 per cent of Mexican exports qualify for preferential treatment under the USMCA and therefore remain exempt from the new measure. The USTR's order expressly excludes goods entered duty-free under the agreement, meaning exporters that satisfy the rules of origin and properly claim USMCA treatment generally continue to enjoy zero tariffs.

Products already subject to Section 232 measures, including covered steel, aluminium, vehicles and certain auto parts, remain governed by those existing sectoral regimes. The order also excludes numerous products, including specified pharmaceuticals, fertilisers, energy products, food items, materials and industrial inputs, where the USTR concluded that additional duties could disrupt US supply, cause economic dislocation or fail to advance the objectives of the investigation.

The Mexican government has also argued that the measure does not materially worsen tariff conditions for most exporters outside the USMCA. The new 10 per cent Section 301 tariff largely replaces the temporary Section 122 duty that had previously applied to many non-USMCA products. For those exports, the principal change therefore lies in the legal authority underpinning the measure rather than in the effective tariff burden itself.

Although the Section 301 action does not create a new shipment-level forced-labour traceability requirement, its rationale is likely to increase scrutiny of supply chains, sourcing records and customs compliance. For companies exporting from Mexico, the distinction between a product that qualifies for USMCA preferences and one that does not can now represent an additional tariff burden of 10 per cent, on top of any ordinary duty applicable to the product. Accurate classification, origin certification and documentation are therefore becoming commercially more important.

Ultimately, the biggest challenge for businesses may not be today's tariff rate but tomorrow's rules. As negotiations continue, Washington is expected to press for tighter rules of origin, stricter regional-content requirements and enhanced supply-chain oversight, particularly in strategic sectors such as automotive, electronics, steel and aluminium. For exporters, preserving access to USMCA preferences may increasingly depend not only on where products are assembled, but also on demonstrating where their components originate and how they move through North American value chains.

So far, however, the uncertainty surrounding tariffs and the USMCA review has not stopped Mexican exports from expanding rapidly. Mexico recorded a trade surplus of US$4.1 billion in June, taking the year-to-date balance to US$9.9 billion, compared with just US$1.4 billion during the first half of 2025. The surplus was not simply the result of weak domestic demand or collapsing imports. Imports rose 28 per cent year on year in June, while exports increased by 34.3 per cent. In the first half of the year, exports were up 24.6 per cent, their strongest performance in a long time.

Through May, the US goods deficit with Mexico had widened by US$2.1 billion, or 2.7 per cent, accounting for somewhat less than half of the improvement in Mexico's overall trade balance over that period. The remainder reflected stronger Mexico balances with other trading partners. Given that non-US countries account for only around 20 per cent of Mexico's trade, yet generated more than half of the improvement in its trade balance, the far more significant swing in Mexico's trade balance proportionate to trade volumes occurred in commerce with non US countries (ie, China). Fortress North America is sort of working, as Mexico both exports and imports a lot more from the US.

The composition of that export growth is changing significantly. Automotive exports, traditionally the centre of Mexico's manufacturing, have been broadly flat or weak over recent quarters as US tariffs have reduced the sector's competitiveness. By contrast, exports of computers, servers, storage units, processors and other data-processing equipment have surged, with dollar growth rates exceeding 150 per cent year on year since late 2025.

Mexico is benefiting from two related forces. The first is the massive increase in US capital spending on artificial intelligence infrastructure, which is generating demand for servers, computing equipment, storage systems and related industrial machinery. The second is Mexico's relative tariff advantage and geographical proximity to the US. Data-processing hardware that satisfies USMCA rules can still enter the United States duty-free, while comparable goods from China and several other competing economies face positive tariffs, including Section 301 duties of 7.5 per cent or 25 per cent depending on the product.

This has allowed technology-related exports to offset much of the weakness in autos and has pushed Mexico's manufacturing trade balance into surplus after years in which it was broadly balanced. The improvement supports Mexico's external accounts, reduces pressure on the current-account balance and is sustaining the strength of the peso.

Yet rapid export growth has not translated into an equivalent boost in domestic economic activity. Why? The strength of computing and industrial-machinery exports has been offset by weak performance in other important sectors, especially autos and oil. Meanwhile, the domestic value added and capital intensity contained in many of Mexico's technology exports appears to be relatively low, and has not yet generated much new investment.

One source of concern. Mexico's growing trade surplus with the US, even if tiny compared to total Mexican imports and exports to the US, may complicate the US trade negotiations, given that one of Washington's main objectives is to reduce its trade deficits with major trading partners. But if Mexico's economy starts to grow a bit faster from current stagnant levels, then this could change quickly, as imports from the US will pick up. Even a small pick up in Mexico's import growth would wipe out the Mexico/US surplus.

UNAM Took Admissions Online. Trust Did Not Follow

UNAM's first fully online undergraduate admissions exam was supposed to make access broader, cheaper and more inclusive. Instead, it has produced one of the university's most awkward tests of its credibility in years.

After the results were published on 17 July, applicants began questioning an unusual rise in minimum scores for some of the most competitive degrees, the apparently high number of candidates exceeding 100 correct answers out of 120, and reports of possible leaks, digital assistance and the use of artificial intelligence. The university says the process followed the published rules and that every alert generated by the remote-proctoring system was reviewed by specialists before any decision was taken. Even so, 1,117 applicants — around 2 per cent of those who sat the exam — were blocked for suspected breaches, while criminal complaints were filed against services allegedly offering to circumvent the system.

Rector Leonardo Lomelí Vanegas ordered a detailed report on 21 July and instructed the formation of a multidisciplinary technical commission to review the data, the examination procedure and the final results. On 24 July, UNAM went further, provisionally suspending document submission and enrolment for all first-year undergraduate students for the 2026–2027 academic year, pending the commission's findings. The university framed the pause as necessary to guarantee certainty for applicants and to ensure its conduct aligns with its own governing statutes.

The commission was formally installed on 27 July. It is chaired by Eduardo Bárzana García, a chemical engineer and former UNAM secretary-general, with lawyer Joaquín Narro Lobo as technical secretary; other members include biochemist Carlos Arámburo de la Hoz and educational psychologist Eduardo Backhoff Escudero, a former head of the now-defunct Instituto Nacional para la Evaluación de la Educación. Lomelí gave the commission free rein to request any information it needs and to summon the officials involved, and said UNAM would stand behind applicants who had prepared honestly rather than those who may have received improper assistance. Officials have so far declined to give a timeline for when findings will be made public, saying only that a route to give applicants certainty will be sought in the coming days.

UNAM says unsuccessful applicants may request reviews, while those whose participation was cancelled can examine the evidence against them. That is the correct institutional response, but it also underlines the scale of the problem: the university is no longer defending only individual decisions, but the integrity of the entire admissions selection mechanism, which is already narrow. Roughly 58 per cent of first-year students enter through regulated progression from UNAM schools, while about 42 per cent come through the competitive exam, which admits only around one in ten applicants.

Experts argue that the statistical jump in scores is significant because it coincided with the shift to remote testing, with the sharpest increases reported in high-demand degrees such as Medicine and Law. The exam may have strong psychometric foundations, but validity depends not only on the quality of its questions; it also depends on comparable conditions for every candidate. Before the controversy, UNAM had strongly defended the online model, citing human supervision, artificial-intelligence alerts, notarised procedures and ISO-certified management, while stressing lower travel costs and greater accessibility. The technology, officials insisted, would flag anomalies but never make rejection decisions on its own.

The dispute has moved well beyond administrative review. On 27 July, rejected applicants, students and parents marched from the Ciudad Universitaria metro station and Insurgentes Sur to the rectory tower, chanting against the use of AI in the exam and demanding a return to in-person testing. President Claudia Sheinbaum has publicly urged UNAM to resolve the controversy quickly, and the Secretariat of Public Education says it remains in contact with the rector over the matter.

Some specialists have gone further than the protesters, arguing that selective cancellations cannot restore confidence and that the entire test should be repeated in person, though this would be costly, disruptive and unfair to honest, successful candidates.

Social Media under the microscope

President Claudia Sheinbaum devoted Monday's *Mañanera* to an issue that, until recently, sat largely outside her public policy agenda: the impact of smartphones and social media on children and adolescents. Framing excessive screen use as a **public health issue**, rather than simply an educational or parenting concern, marks an important shift in the government's approach, and maybe of concern to Meta, TikTok, Alphabet and others.

The administration stopped short of announcing new regulation. Instead, it presented scientific evidence on the effects of excessive technology use on attention, impulse control and cognitive development, while signalling that its immediate priority will be information campaigns aimed at parents and schools. Sheinbaum noted that around 70% of families support restricting mobile phones in schools, but stressed that any measures should be built on consensus rather than prohibition.

Education Minister Mario Delgado argued that digital platforms increasingly shape behaviour by competing aggressively for users' attention, while addiction specialist Tania Jiménez García emphasised that problematic technology use can affect concentration and decision-making, although many of these effects are reversible if screen time is reduced. Lucía Magis-Weinberg, a researcher at the University of Washington, reinforced the message, calling for healthier digital habits, age-appropriate platforms and greater parental involvement.

Mexico is of course far from alone. Around the world, governments are moving away from viewing social media mainly through the lens of free expression or competition policy and increasingly treating it as a public health and child-protection issue. In Britain, schools are expected to prohibit phones throughout the school day, platforms already face legal duties to protect minors from harmful content, and the government is preparing an under-16 social-media ban backed by age verification. Australia has also prohibited children under 16 from holding social media accounts, while France, Spain and several other European countries have strengthened rules on parental consent, age verification and smartphone use in schools.

Public awareness campaigns are politically straightforward, meaningful policy raises more difficult questions. Should schools be responsible for enforcing restrictions? Should platforms bear greater legal responsibility for protecting minors? How should age verification be implemented without compromising privacy? And where is the appropriate balance between protecting children and preserving individual freedoms? How will the US government react to policies that damage their global tech titans?

Whether or not the Mexican government ultimately pursues legislation or regulations, this week's *Mañanera* suggests that social media is emerging as a possible new area of Mexican public policy, with global social media companies on notice.

Mexico's Feminicide Update Advances

Four months after it was first announced, President Sheinbaum's proposed general law on feminicide has finally reached Congress. The initiative would create a single national criminal definition, require every violent death of a woman to be investigated initially as a possible feminicide, exempt the offence from statutes of limitations, and establish prison sentences of between 50 and 70 years. It would also bar amnesties, plea-bargain benefits and sentence reductions, while recognising 19 aggravating circumstances, including cases involving girls, adolescents, older women, pregnant women, migrants, journalists, human-rights defenders and women with disabilities. The proposal has been sent to the Senate's justice and gender-equality committees, which are expected to prepare it for debate when the ordinary session begins in September.

The central argument is not that Mexico lacks feminicide laws, but that it has 32 different versions of them, applied by state prosecutors with varying definitions, protocols and levels of expertise. That fragmentation has produced inconsistent investigations, undercounting, and cases classified as ordinary homicide or suicide before gender-based considerations have been properly examined.

The new law would change that starting point: prosecutors would be required to investigate with a gender perspective and pursue the feminicide hypothesis until the evidence rules it out. Greater weight would also be given to prior abuse, family testimony, sexual violence, power imbalances and conduct motivated by gender stereotypes. Given that a large share of feminicides are committed by partners, former partners or close relatives, the emphasis on prior violence is less an innovation than an attempt to make the justice system notice what it has routinely missed.

The proposal also goes beyond punishment. It would require specialised prosecution units, trained personnel and standardised investigative protocols across the country; consolidate an inter-institutional feminicide registry; and create a national register for children and adolescents orphaned by the crime, giving the state a clearer picture of both direct and indirect victims. Convicted offenders could lose parental rights, custody and inheritance rights, while public officials who fail in their investigative duties could face dismissal or disqualification. The weakness of Mexico's response to this crime — like many others — has never been limited to sentencing; it has also involved poor evidence-gathering, institutional neglect and a chronic absence of reliable data.

Chatter box

CNDH Defends Its Ayotzinapa Report — and Takes Aim at the Critics. Mexico's National Human Rights Commission (CNDH) has launched an unusually combative defence of its latest recommendation on the Ayotzinapa case, rejecting claims that the document was procedurally invalid, methodologically weak or designed to shield the Army. In a statement issued on 26 July, the Commission argues that Recommendation 208VG/2026 did not require approval from its Consultative Council, was prepared in accordance with its internal rules, and arose from a new complaint filed by the families of the 43 missing students rather than from the improper reopening of a closed case. It also insists that the recommendation contains a fresh reconstruction of events, draws on identified sources and does not ignore evidence involving military personnel. The CNDH's broader position is that critics have relied on unsupported allegations, misleading comparisons with the 2018 recommendation and, in some cases, documents that do not officially exist.

The more sensitive point concerns the Army. The CNDH says it found no evidence that Defence personnel directly participated in the violent attacks of 26 and 27 September 2014, or that there was a counter-insurgency plan to eliminate the students. At the same time, it acknowledges possible institutional omissions, notes that criminal proceedings against individual military personnel remain open, and recommends that investigations into Defence's conduct continue until the facts are fully established. That distinction is central to the Commission's defence: it maintains that the recommendation neither exonerates nor protects the Army, but separates what has been proven from what remains under judicial investigation. Still, the tone of the statement is almost as politically significant as its legal argument.

Federal Auditor Gets a Broader Reach. The Superior Audit Office of the Federation (ASF) has adopted a new internal regulation that substantially expands and reorganises its oversight machinery. Published in the Official Gazette on 5 June 2026, the rules replace a version issued only two months earlier and sharpen the ASF's institutional design around integrated audits, investigations, intelligence and forensic work. The office retains its core role of reviewing the federal public accounts and the use of federal funds, but now has stronger operational tools to examine current and previous spending, trace resources transferred to states, municipalities and private entities, and assess not only whether money was spent lawfully, but whether it delivered the intended results.

The regulation broadens access to information held by companies, financial institutions and other third parties, strengthens digital audit procedures, and gives greater weight to risk analysis, citizen complaints and forensic techniques. It also clarifies how findings move from investigation to sanctions, criminal complaints or political accountability.

IMSS Simplifies Digital Access — and Gives Employers 90 Days to Catch Up. The Social Security Institute (IMSS) is overhauling the way employers access digital procedures, replacing its own credentials with the e.firma issued by the Tax Administration Service (SAT). Under Agreement ACDO.AS2.HCT.290626/176.P.DIR, published in the Official Gazette on 16 July 2026, the Employer Electronic Identification Number (NPIE) and the IMSS digital certificate will be phased out, leaving the SAT e.firma as the only valid credential for electronic filings. On paper, this creates a cleaner and more unified system. In practice, it also ties social security compliance more closely to the tax authority's digital infrastructure, and gives companies one more reason to keep corporate and representative e.firmas current, accessible and properly controlled.

The agreement also tightens the management of legal representation. Any authorisation or linkage of legal representatives and administrators must now be completed through the

IMSS Virtual Desk, with the relevant parties authenticating and signing jointly with their e.firmas. Employers and other regulated entities have 90 calendar days from 16 July 2026 to complete the migration. For legal, compliance and HR teams, the immediate task is straightforward but not necessarily simple: confirm which entities hold valid e.firmas, identify who is formally authorised before IMSS, and clean up expired certificates, outdated powers of attorney and fragmented access arrangements.

Mexico City Criminalises Phishing — Enforcement Now Has to Catch Up. Phishing is now a specific criminal offence in Mexico City. Since 22 July, Article 231 Bis of the capital's Criminal Code has provided prison terms of three to six years and fines of between 200 and 600 Units of Measurement and Update, equivalent to roughly MXN 23,000 to MXN 70,000, for those who use deceptive digital communications to obtain confidential information such as passwords, financial data or personal records. Penalties may increase by up to half when the victim is a child, an older person or someone with a disability.

The reform gives prosecutors a clearer legal basis to pursue one of the most common forms of cyber-enabled fraud, and it reflects the scale of the problem: most phishing attacks are designed to steal login credentials, while others target personal or banking information.

The Cattle Border Reopens. The United States will resume imports of live Mexican cattle from late August, beginning through Agua Prieta, Sonora, before adding two crossings in Chihuahua, according to President Sheinbaum. The decision ends more than a year of disruption linked to the outbreak of New World screwworm, which began in Mexico in November 2024 and prompted Washington to close the border to livestock imports in mid-2025. US authorities had resisted reopening despite bilateral sanitary arrangements, but the position became harder to sustain after cases were confirmed north of the border even without regular cattle trade.

The National Confederation of Livestock Organisations estimates losses of more than US$400 million, alongside a 60 per cent fall in exports during 2025, affecting more than 700,000 producers. Industry groups have welcomed the decision as evidence that technical cooperation can eventually overcome political obstacles, while also stressing the need to comply strictly with sanitary protocols.

Lithium Strategy Now Has a Programme. Mexico has set out the institutional roadmap for LitioMx through 2030. The Institutional Lithium Programme 2026–2030, published in the Official Gazette on 24 July, aims to turn state control of the mineral into an actual domestic value chain. The plan covers exploration and resource assessment, testing extraction technologies for clay and brine deposits, developing active materials, installing a small-scale battery-pack plant, and promoting stationary storage linked to solar projects. It also calls for stronger domestic suppliers, closer coordination between government, universities and industry, and a dedicated regulatory framework for lithium.

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