

Miranda Intelligence – Public Affairs Chatter

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Budget balancing acts

The 2027 federal economic package is due to be presented before Congress today, 8 September (the constitutional deadline for Hacienda to submit it), though the fuller public presentation will come at Wednesday's presidential *mañanera*. It arrives against a fiscal backdrop of low economic growth, a growing fiscal deficit amid sluggish tax revenues and rising costs related to committed social programs as pensions.

The budget will above all have to navigate rating agencies and Wall Street – who will want a credible forecast to a reduction in the Public Sector Borrowing Requirement (PSBR) in 2027 to near or ideally below 4% of GDP and thereafter so as to stabilise the rising debt/GDP ratio. (The ten year pre COVID PSBR average was 3% of GDP, underlining the structural deterioration in fiscal accounts in the past three years.) If the budget fails to achieve that, then the prospects of a rating downgrade to junk by at least one of the main agencies at some point in 2027 may be on the cards. (Mexico's external bonds are already trading in line with implied junk status – see the story below.) Moody's and Fitch already rate Mexico just one notch above junk - Moody's downgraded Mexico in May 2026 from Baa2 to Baa3, explicitly citing weakening fiscal strength, spending rigidities, the narrow revenue base and continued Pemex support - while S&P has Mexico two notches above junk but on a negative outlook.

But at the same time Morena will need to satisfy its own political constituencies and a private sector that it needs on its side to invest more and get growth going.

The business sector set out its expectations before the package reached Congress. CEESP, the Consejo Coordinador Empresarial's economic research arm. The group flags as a risk, rather than a forecast, that the government could resort to a *miscelánea* fiscal with meaningful tax increases to plug the gap ahead of next year's midterm elections; it does not claim Hacienda is preparing such an increase, nor specify which taxes might be affected.

CEESP argues any such move would directly hit household welfare, and points instead to the spending side: pensions alone consumed 1.7 trillion pesos this year, nearly a quarter of the programmable budget, while Pemex's 1.4 trillion-peso debt load has already drawn roughly 495 billion pesos in federal support this term. Part of the difficulty, CEESP notes, is structural: it projects the economy will grow 1.9 per cent on average over the next decade, below the 2 per cent average of the last three, which limits the government's room to grow its way out of the gap through higher recurring revenue.

CEESP also flags a debt-quality problem. Citing Hacienda's own figures, it places the SHRFSP, the historic balance of the Mexican debt, at 19.2 trillion pesos as of July, with the government's own Precriterios projecting it could reach 21.8 trillion by the end of 2027, a 2.6 trillion peso increase in eighteen months. Of the roughly 1.5 trillion pesos CEESP expects the debt to grow in 2027 alone, only around 500 billion pesos would be matched by public investment, meaning roughly two-thirds of that new borrowing would fund something other than productive investment. The associated financing cost could reach 1.6 trillion pesos, equivalent to 4.3 per cent of GDP and just over a quarter of total tax revenue, which would be the highest such share since 1990, assuming the Precriterios' 2.4 per cent growth assumption holds.

Private analysts are converging on a similar diagnosis. Banamex's Arely Medina expects the broader RFSP deficit to reach 4.6 per cent of GDP next year; Monex's Janneth Quiroz forecasts growth of just 1.8 per cent against Hacienda's likely official assumption of 2.4 per cent; and CIEP's Judith Senyacen Méndez expects budgetary revenue to stay flat at 22.5 per cent of GDP even as spending falls from 26.1 to 25.4 per cent between 2026 and 2027, with any adjustment likely to fall on non-mandatory social spending such as education, health and care services rather than on pensions or flagship transfer programmes. All three expect the rating agencies to scrutinise the package closely, with Mexico sitting close to the lower edge of investment grade.

Coparmex has taken a more prescriptive line, rejecting new taxes outright and calling instead for the 2027 budget to eliminate low-impact spending, strengthen transparency and accountability, and redirect the savings toward infrastructure, security, health and education. The employers' group singled out Pemex and CFE specifically, arguing that continued public support for both must be tied to verifiable efficiency and governance targets rather than extended automatically. On this point CEESP and Coparmex converge: both call for closer scrutiny of spending quality and insist any new debt should fund productive investment rather than current expenditure, even as they frame the underlying diagnosis somewhat differently.

Mexico and bond markets: Another report, another rebuttal

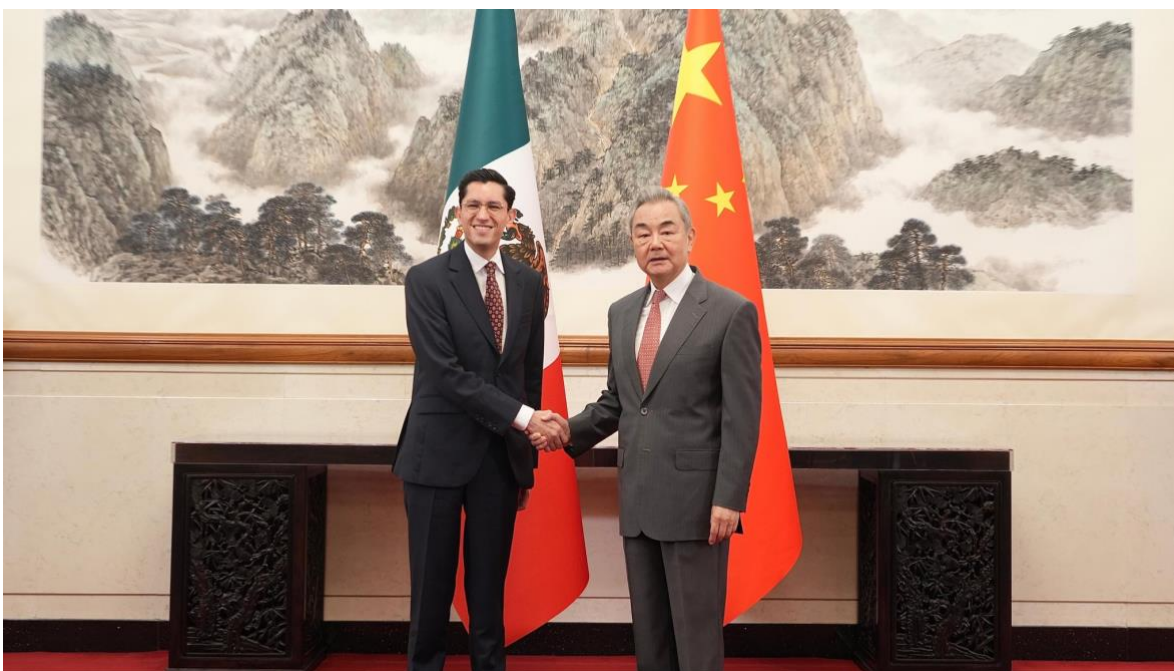
The Economist ran a piece titled 'Mexico Is Struggling to Win Over Bond Markets' last week, shortly after a similar report in Bloomberg, and Mexico's Finance Ministry has again come out swinging. The article revisited Moody's downgrade of Mexico to Baa3 from Baa2, one notch above losing investment grade, and walked through the now-familiar numbers: a 5.7 per cent fiscal deficit inherited in 2024, the highest in nearly four decades, public debt widely defined climbing from 52 per cent of GDP in 2019 to 63 per cent now, growth stuck near 1 per cent, bonds already trading in line with junk status, and a budget increasingly

eaten by pensions, social transfers, debt service and Pemex. The publication credited Sheinbaum with sound economic planning and a friendlier posture towards investors than her predecessor, while still flagging investor caution tied to USMCA uncertainty. Indeed it says that Mexico will probably avoid a downgrade to junk unless a new shock occurs, such as a collapse in USMCA talks.

Hacienda published its response on 6 September, echoing its earlier reply to Bloomberg's article and arguing the piece rests on 'a selective and, in several respects, outdated reading of the data'. On ratings, the ministry noted that Mexico is rated investment grade by all eight agencies that cover its sovereign debt (Moody's, S&P, Fitch, Morningstar DBRS, Kroll Bond Rating Agency, Japan Credit Rating, Rating and Investment Information, and HR Ratings), seven of which carry a stable outlook, with S&P the sole agency holding a negative one. On the deficit, Hacienda said the article's data stop at 2024 and omit that the figure fell to 4.3 per cent of GDP at the close of 2025, a 1.5-percentage-point reduction in a single year, with a 2026 target of 4.1 per cent; it also argued the 63 per cent of GDP debt figure cited does not reflect the metric market participants actually use, net public debt, which has fallen from 51.9 per cent of GDP in 2024 to 51.5 per cent as of July 2026 (helped by the strong Peso it should be said). Hacienda called the article's treatment of nearshoring its most significant factual inaccuracy, arguing that Mexico's total goods exports are at all-time highs, with exports to the US representing 83 per cent of the total during 2026 (the opposite of the retreat the article describes), and that total exports between January and July 2026 reached US\$471.4 billion, a record for the period.

Mr. Velasco goes to Beijing

Foreign Secretary Roberto Velasco met with Wang Yi, China's foreign minister, in Beijing on Monday, his first visit to China since taking on the cabinet position in April and the latest stop on a tour that has also taken him to Washington and Seoul in recent weeks. Velasco posted on X that he had highlighted the two countries' shared foreign policy principles, specifically recalling that Mexico voted in favour of UN General Assembly Resolution 2758 in 1971 and has maintained its adherence to the one-China principle ever since. He added that the two had a shared interest in expanding the bilateral relationship; he avoided any mention of tariffs.



Roberto Velasco and Wang Yi in Beijing on 7 September. (Photo: X/Roberto Velasco)

Wang, for his part, used the meeting to register a complaint over Mexico's tariff policy, telling Velasco (according to a Chinese foreign ministry statement) that the bilateral relationship 'is not directed against any third party and should not be affected by any third party'. He also voiced Beijing's support for Mexico's 'independence and autonomy' and its opposition to 'external interference', and passed on a greeting from President Xi Jinping for President Sheinbaum.

The same day, Velasco inaugurated Mexico's new consulate in Chongqing, a city of over 32 million people in southwest China and one of the country's leading industrial and technology hubs. The ceremony, held in hybrid format from the Mexican embassy in Beijing, was attended in person by Cai Wei, China's assistant foreign minister, and Huang Maojun, Chongqing's deputy mayor, among municipal officials, and by Mexico's ambassador to China, Jesús Seade, who called the consulate a hub that will let the two countries' 'genuine friendship' keep growing. It is Mexico's first new consular presence in China in two decades, adding to an existing embassy in Beijing and consulates general in Guangzhou, Shanghai and Hong Kong, and joins eleven other countries' consular missions already established in Chongqing, including Japan, the United Kingdom and Canada. The opening was agreed in July 2023.

The meeting also comes as Mexico's tariffs on countries without a trade agreement, introduced earlier this year and applying to China among others, have cut affected Chinese-origin imports by 28 per cent year-on-year over the first five months of 2026, according to Economy Secretary Marcelo Ebrard. The Sheinbaum government maintains the tariffs are

not aimed at any single country, framing them as part of a broader import-substitution strategy meant to raise domestic content in supply chains and protect an estimated 350,000 jobs. Beijing warned in March that it could retaliate over the measures, affecting more than US\$30 billion in Chinese exports. Mexico's trade deficit with China has widened substantially over the past several years, reaching a record US\$123.1 billion in 2025, the highest since Mexico began tracking the series in 1993. Chinese imports remain heavily concentrated in electronics and machinery, which together account for around 58 per cent of everything Mexico buys from China (electronics alone, chiefly phones, circuits, transformers and semiconductors, make up 35.2 per cent).

Sheinbaum's second year: Navigating "difficult circumstances"

President Claudia Sheinbaum delivered her annual report on 1 September, presenting Mexico as successfully navigating "difficult circumstances" created by shifts in US trade policy and volatile global energy markets. Despite these pressures, she argued, the economy remains stable, citing record first-half FDI of US\$35 billion, second-quarter GDP growth of 1.9 per cent year-on-year, unemployment of 2.7 per cent and a peso near seventeen to the dollar. She described the 2027 economic package as responsible, promising gradual fiscal consolidation while protecting investment and social spending.

Investment featured prominently. Sheinbaum presented the new investment law and "mixed investment" as a model in which the state retains control over strategic sectors while mobilising private capital. She highlighted 38 electricity projects representing US\$10.6 billion of investment and more than 8,000MW of new capacity. Under Plan México, twenty-five development poles have been created, while the presidency's investment office has cleared nineteen projects worth US\$3.76 billion in four months. She also claimed substantial reductions in government procedures, requirements and approval times.

On security, Sheinbaum cited a 51 per cent decline in intentional homicides since taking office and 63,000 arrests between October 2024 and July 2026. The judiciary received only a passing reference, with Sheinbaum saying the difference following its reform was "plain to see."

Energy policy was framed primarily around sovereignty. She highlighted a US\$20 billion reduction in Pemex debt, credited the Dos Bocas refinery with cushioning Mexico from global fuel-price pressures, and reiterated plans for a 141-billion-peso gas pipeline programme and an increase in renewables from 24 to 38 per cent of electricity generation.



President Sheinbaum gives her annual report on 1 September. (Photo: Gobierno de México)

Relations with Washington were similarly framed around sovereignty. Sheinbaum said trade dialogue continues and that security cooperation must rest on territorial integrity, mutual trust and “cooperation without subordination.” Sovereignty, she said, cannot be negotiated, surrendered or shared.

What was absent was also notable. Despite the emphasis on sovereignty, Sheinbaum avoided directly discussing outstanding disputes with Washington and did not mention the USMCA by name. She did address migration, condemning the treatment of Mexican migrants and highlighting at least seventeen deaths in US detention facilities and enforcement operations.

Standards updated, deadlines reset

Five years after the deadline to establish it passed, Mexico finally has an enforceable new standards rulebook. The Regulation to the Quality Infrastructure Law has taken effect as of Monday 7 September, and it starts a three-year countdown for every accreditation, approval and authorisation currently in force.

The Law that created this obligation was published on 1 July 2020, giving the Executive twelve months from its entry into force to issue the Regulation. That statute closes a gap Mexico had been patching since 2020 with a 1999 regulation on metrology and standardisation, applied on a supplementary basis for want of anything better. That older instrument is now expressly repealed. Across 253 articles and four books, the new text governs how the National Quality Infrastructure System operates, how standards are drafted and revised, how conformity assessment bodies are accredited and how market surveillance works, and devotes a separate book to metrology.

Seen from London or Washington, this is a familiar division of labour. Congress passed the framework Law in 2020 and left the operational detail (hundreds of pages of it) to the Executive to fill in by decree: a structure closer to a UK statutory instrument made under an Act of Parliament than to anything requiring a fresh vote in Congress. The accreditation body at the centre of the system, in Mexico's case a patchwork of authorised Entidades de Acreditación, plays a role similar to the United Kingdom Accreditation Service (UKAS), the single body Britain appoints by law to accredit testing, inspection and certification providers. The United States has no equivalent single gatekeeper: accreditation there is split across several competing private bodies, with NIST (America's national metrology institute) playing something like the role Mexico's Centro Nacional de Metrología plays here.

Beyond the formal structure, the new regulation builds in tools meant to sharpen competitiveness and competition: the transition from Normas Mexicanas to the new Estándares, the operation of the Technical Standardisation Committees and the Mexican Committees, a strengthened PLATIICA platform, refreshed rules on accreditation and conformity assessment, metrology and traceability, market surveillance, equivalence agreements with other countries and closer alignment with international standards and best practice. The pitch is that all of this lowers technical barriers, eases market access, builds confidence in goods and services and levels the competitive field a little more than before.

The Economy Ministry's own announcement, issued the same day, frames the Regulation in more overtly political terms, calling it a 'historic step' and crediting it to coordination led by Economy Secretary Marcelo Ebrard in his capacity as permanent chair of the CNIE, explicitly tying the Regulation to Plan México, the administration's industrial strategy. The ministry credits the drafting process to coordination between Ebrard and the heads of fifteen federal secretariats, alongside chambers of commerce, academia, industry and consumer representatives. It frames PLATIICA's expansion chiefly as a digitalisation and information-sharing tool between the authorities that make up the System, and casts the Regulation's overall purpose as consumer protection, trade facilitation and deeper integration of Mexican firms into global value chains.

Now comes the compliance part. Anyone holding an accreditation, approval or authorisation issued before Monday has three years to renew it under the new framework, full stop. Conformity assessment documents issued earlier remain valid only as long as they do not clash with the new rules, so the safer assumption is that they now carry an expiry date, even if nobody has written one on them yet. Companies relying on foreign reference materials or calibration providers should also check whether those are listed with the International Bureau of Weights and Measures (BIPM), since unlisted ones now require a separate authorisation that did not exist before, and any contract, quality manual or compliance procedure still citing the 1999 regulation is, as of Monday, citing a dead letter that needs replacing. For engineering and construction firms in particular, reading this text correctly is not just a legal formality but the difference between passing an inspection and explaining to a client why a certificate no longer holds.

Federal vs state governments: Who holds the digital key?

The Supreme Court has established who runs Llave MX, Mexico's national digital identity and authentication tool, though the answer was never really in doubt: the federal government, not the states. Ruling on a constitutional dispute the federal government filed last November, the Court has invalidated several articles of Morelos's Digital Transformation Law, which had handed the state's own Digital Transformation Agency the power to enable, administer and issue guidelines for Llave MX within Morelos.

The state law, passed in October, went further than most local digital-government statutes. Article 77 stated plainly that the Morelos agency 'will be responsible for enabling and administering Llave MX' within state territory, while Article 83 gave it authority to issue its own guidelines for using the tool to activate the Citizen Digital File. The federal challenge also targeted the word 'telecommunications' in Article 11, a fragment of Article 74 assigning undefined additional powers to the state agency, and a cross-reference in Article 89 tying the Citizen Digital File to guidelines the state agency itself would write.

The Court's reasoning was that Llave MX forms part of national policy on telecommunications, administrative simplification, the digitisation of procedures and the operation of technology tools generally, all matters reserved to the federal sphere. A state cannot claim administrative authority over a credential meant to work identically for every Mexican, regardless of which state issued it. The Court has left Morelos one narrow power intact: the state agency may still propose strategies and policies on connectivity in public spaces to improve internet access.

Digital Transformation Agencies have proliferated across state governments over the past two years, several modelled closely on this now partially invalidated Morelos statute. Any state that wrote itself administrative authority over Llave MX, rather than merely promoting its use, is sitting on the same constitutional fault line the Court has just identified, and the federal government has shown it is willing to litigate it state by state.



Chief Justice Hugo Aguilar presents the SCJN's annual report on 7 September. (Photo: SCJN/X)

Chatter Box

A Court still defending its legitimacy, a year later. Chief Justice Hugo Aguilar Ortiz has presented the Supreme Court's first annual report, a year after the historic judicial election that barely drew a 10 per cent turnout and produced a wave of complaints over irregularities, including the use of cheat-sheets (*acordeones*) distributed before polling day. Aguilar's own framing leaned heavily on inclusion and reach rather than caseload: he said the Court had opened its doors to those 'historically left out', ruled with a 'social perspective', cleared the backlog inherited from the previous bench, and started holding sessions in communities rather than only in Mexico City, calling the shift in how the Court relates to the country 'not a minor adjustment' but one with no way back.

With President Sheinbaum as his guest of honour, Aguilar asked for more time to improve the Court, change course and be open to criticism while deepening the transformation

brought in by the 2025 reform. As a message to the previous Court, he claimed the new bench 'does not take orders'. 'Little by little, this transformation starts to take root, but we must deepen it,' he declared.

Not everyone reading the report will take that framing at face value. Judges' associations such as Jufed have spent the year calling the reform a 'historic error' and arguing the new Court lacks legitimacy given what they describe as the weak preparation of its members, while retired minister Javier Laynez has gone further, describing the new bench as submissive to power. Today's report offers the first real chance to test those competing narratives against a full year of actual rulings, rather than against the circumstances of how the ministers got there in the first place.

Business chambers and associations have also reacted. CONCANACO-SERVYTUR, a confederation of business associations that comprises small and family businesses, highlighted Aguilar's message of dialogue and collaboration between institutions. Without delving into the results of the Court's first year, the confederation underscored how justice is an indispensable condition for business and investment: 'For us, legal certainty and social justice are not separate: they are two faces of the same commitment with those who generate employment and economic opportunities for their communities.'

Mexico's 2027 race gets its starting gun. On 10 September, INE holds the civic ceremony opening the 2026-2027 Federal Electoral Process, which culminates on 6 June 2027 when voters renew the entire Chamber of Deputies, choose 17 governors and fill thousands of local posts, but that single date is really the tip of a calendar that starts assembling itself immediately: electoral observation and foreign visitor registration open the same 10 September, the 32 Local Councils install on 30 September, and the 300 District Councils follow on 30 November, completing INE's decentralised structure across the country. Independent candidacies have their window to file intent between October and November, with the citizen-support-gathering period running until 12 February 2027, while ordinary citizens are pulled twice into the machinery itself, first on 5 February and again on 8 April, through sortition for polling station officials. Pre-campaigns run from 4 January to 12 February, candidate registration from 22 March to 3 April, and campaigns from 4 April to 2 June, with a three-day reflection period closing it out before the 6 June vote, which means that by the time anyone is watching results, INE will have already spent the better part of a year building the apparatus that produced them.

Mexico gets its grade report. The OECD has published the results of the 2025 Programme for International Student Assessment (PISA), confirming that Mexico's decline in student performance has continued. Mexican students scored 388 points in mathematics, seven fewer than in 2022 (395) and the country's lowest mathematics score since 2006; 408 in reading, seven fewer than in 2022 (415); and 414 in science, four more than in 2022 (410), though broadly in line with the stable, low-fluctuation trend of recent editions. Mexico remains below the OECD average in all three subjects.

Only 30 per cent of the 15-year-olds assessed reached basic proficiency in mathematics, against an OECD average of 65 per cent, and almost none reached the highest performance band, which accounts for 8 per cent of students across the OECD and is concentrated in China, Singapore, South Korea and Japan. The share of Mexican students below basic mathematics proficiency has risen 13 percentage points since 2015, while the equivalent figure for reading has risen 8 percentage points over the same period. Half of Mexican students reached basic proficiency in science, and almost none reached the top band, against an OECD average of 7 per cent for high science performers.

The OECD report flags a mitigating factor: part of the apparent decline reflects the inclusion of a larger number of 15-year-olds from marginalised backgrounds within the education system, with results for more advantaged students, whose position was unaffected by this expansion, falling by less than simple comparisons of average scores over time would suggest.

Within Latin America, Mexico outperformed Costa Rica, Peru, Colombia, Brazil and Argentina in mathematics, though it trailed Chile and Uruguay. In reading, Mexico trailed Chile, Costa Rica and Uruguay. In science, Mexico ranked at the bottom of the combined OECD and EU list alongside Colombia, again behind Chile and Costa Rica.

On attitudes towards learning, Mexican students reported higher curiosity than the OECD average (80 per cent versus 73 per cent) and were markedly more likely to express interest in contributing to environmental protection in future employment (85 per cent versus 62 per cent). The share who consider school 'a waste of time' fell to 11 per cent (OECD average: 24 per cent), down 2.7 percentage points on 2022. Some 47 per cent of Mexican students use AI in their learning at least weekly, in line with the OECD average of 46 per cent, though usage for researching new topics was notably higher (40 per cent versus 31 per cent).

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