10 POLITICAL RISKS FOR 2026

integralia

Introduction

Three conditions in Mexico's political environment make 2026 a year of elevated political risk. The first is the **concentration of power that the ruling coalition has accumulated in the past years**, which facilitates arbitrary decision-making, the passage of legislation that can be risky for the business environment, and the narrowing of legal defense mechanisms and political advocacy channels for the private sector.

The second condition is the **sluggish performance of the Mexican economy.** Weak legal certainty, a complex regulatory environment, and volatility in the international arena—particularly linked to Trump's foreign policy—have deterred economic growth, undermining business activity and hindering investment projects.

Third, **companies face structural obstacles in Mexico** stemming from the combination of organized crime's territorial control in various regions of the country, rising social unrest, shortcomings in the recently elected judiciary, and uncertainty in the bilateral relationship with the United States.

Against this backdrop, this report analyzes the ten main risks that could affect Mexico's business environment in 2026. The analysis is based on **Integralia's original methodology**, which assesses both the potential impact and the likelihood of each risk using quantitative and qualitative indicators. Each risk carries a distinct probability, which may vary over the course of the year.

Notably, the ten political risks identified by Integralia in January 2025 materialized to a greater or lesser extent. Moreover, since 2019, Integralia has achieved an average accuracy rate of approximately 75–80% in the risks it has identified, **making this report a powerful decision-making tool for companies and investors.**

Throughout the year, Integralia works closely with its private-sector clients to **monitor each risk scenario, develop mitigation strategies, and identify growth opportunities.**

For 2026, Integralia identifies **the following ten risk scenarios** as posing the greatest threats to Mexico's business environment:

Risk thermometer

	Risk Scenario	Potential Impact	Likelihood
1	**The ruling coalition approves an electoral reform that undermines the integrity of the electoral system** and its ability to organize fair, credible, lawful, and transparent elections by weakening the operational capacities of electoral authorities and restricting political competition, thereby entrenching power concentration.	🟠	🔴
2	**The USMCA review evolves into a *de facto* renegotiation**, in which Mexico is forced to make concessions on security, non-tariff barriers, regional content rules, and against China (in investment and trade), generating uncertainty as well as logistical challenges and higher operating costs for some key sectors.	🟠	🔴
3	**Investment weakness continues,** driven by uncertainty surrounding the implementation of previously approved reforms (judicial reform, autonomous agencies, customs, water regulation, among others), as well as contradictory government signals—particularly in key sectors such as energy, telecommunications, and infrastructure.	🟠	🟠
4	**Rising U.S. interventionism in Latin America (including Mexico) leads to diplomatic tensions, nationalist backlash, or unintended consequences** (e.g., internal political conflicts or miscalculations), increasing political risk at the hemispheric level.	🟠	🟠
5	**Social unrest increases,** resulting in highway blockades, logistical delays, and other disruptions to the business climate—effects that are likely to intensify in the context of the FIFA World Cup, which various groups may leverage to amplify their demands.	🟠	🟡

	Risk Scenario	Potential Impact	Likelihood
6	**Tensions between the government and the business sector gradually increase,** driven by government frustration over the limited results of Plan México and persistently low economic growth.	🟠	🟡
7	**Politicization, lack of experience, and the new judiciary's drive to project a form of "justice for the people"** in its first year of operation leads to procedural failures, court backlogs, and weakly grounded rulings, affecting both specific companies and the broader business climate.	🟡	🟠
8	**Criminal regimes persist in several regions of the country,** fueled by continued impunity and disdain in dismantling corruption networks and links between public officials, politicians, and organized crime.	🟡	🟠
9	**The approval of new laws in Congress—including fiscal, labor, and sector-specific measures—generates uncertainty** for companies and hampers the country's economic growth.	🟡	🟠
10	**Pemex's operational deterioration intensifies**—driven by insufficient public investment, limited private investment, further declines in production, a continued emphasis on refining, and high levels of debt to suppliers—forcing the federal government to increase financial support for the state-owned company and extend its commitment beyond 2026.	🟡	🟡

Other relevant issues for 2026

The **2027 electoral process** effectively begins earlier than expected, as a result of President Sheinbaum's **recall referendum** and heightened electoral competition, exacerbating **political polarization.**

The 5G spectrum auction fails to attract sufficient market interest limiting competition, slowing network deployment, and constraining investment

The subordination of the new regulatory bodies—Antitrust and Telecommunications Commissions—to the executive branch **generates uncertainty for the private sector.**

The **new legal framework for the energy sector,** combined with heightened legal uncertainty, results in limited new investment in the industry.

The turnover of **members** of the National Electoral Institute (INE) **weakens the technical capacity** and autonomy of the electoral authority.

Opacity persists at Mexico's **federal audit authority** following the appointment of leadership aligned with the ruling coalition.

Delays in Mexico's water deliveries to the United States continue, straining the bilateral relationship and increasing the risk of retaliatory measures.

1. The ruling coalition approves an electoral reform that undermines the integrity of the electoral system and its ability to organize fair, credible, lawful, and transparent elections by weakening the operational capacities of electoral authorities and restricting political competition, thereby entrenching power concentration.

Impact level High
Likelihood Very high

President Sheinbaum revived the idea of launching an electoral reform (pending since AMLO's administration) and announced that she would submit a formal proposal to Congress in January or February 2026. As a result, a deep electoral reform is set to become a top legislative and political priority during the first half of the year.

Although no formal proposal has yet been presented, several key figures within Morena have insisted that the reform will seek to "improve" political representation and that the proposed changes will be justified primarily based on reducing public spending.

Table 1. Potential components of the electoral-reform proposal

Key Changes	Current System	Potential Implications
Elimination, reduction, or transformation of proportional representation seats	In the Chamber of Deputies, 200 seats are elected through proportional representation, while in the Senate, 32 seats are allocated through this mechanism. At the subnational level, the number of proportional representation legislators varies by state.	• Less political pluralism • Overrepresentation of the ruling coalition • Congress's subordination to the executive branch • Power concentration.

Key Changes	Current System	Potential Implications
Reduction of public funding for political parties, particularly ordinary (non-electoral) funding	Public funding has two components: (i) ordinary funding provided in non-electoral years, and (ii) campaign funding. These relatively generous amounts were established in the 1990s to ensure parties' financial independence from the federal government under PRI dominance.	• Weaker opposition parties • Reduced electoral competitiveness • Greater incentives for illegal electoral funding • Weaker independence of the National Electoral Institute (INE)
Popular election of members of the National Electoral Institute (INE)	The INE's chair and electoral commissioners are appointed by a two-thirds majority of the Chamber of Deputies following a technical evaluation process. If consensus is not reached, appointments are made by "lottery".	• Candidates for INE positions would seek support from political parties, corporate groups, and governors (for funding, mobilization, and propaganda) • Increased politicization and reduced professionalism of the electoral authority • Weaker independence of the INE's General Council

A reform that undermines the integrity of the electoral system could severely reduce political competition as a mechanism for alternation in power and accountability. While this would not have an immediate impact on the business climate, it would increase political risk by further concentrating power, heightening uncertainty for economic agents, and potentially deterring already weak investment flows.

Access channels to different levels of government would increasingly be limited to a single political coalition, while opportunities to influence legislative processes and regulatory design would narrow significantly.

It is worth noting that the proposal submitted by President Sheinbaum could face resistance from across the political spectrum, including from members of her own coalition, particularly regarding proportional representation and party funding. Finally, the possibility that the government's proposal includes some positive elements—such as electronic voting—cannot be ruled out.

2. The USMCA review evolves into a *de facto* renegotiation, in which Mexico is forced to make concessions on security, non-tariff barriers, regional content rules, and the containment of China (in investment and trade), generating uncertainty for investors as well as logistical challenges and higher operating costs for Mexican companies.

Impact level — High

Likelihood — Very high

The most likely scenario is that, following the USMCA review, Mexico retains preferential access to the U.S. market and thus preserves a relative advantage over other competitors. While a U.S. withdrawal from the agreement cannot be entirely ruled out, it remains a low-probability outcome.

The primary risk, therefore, lies in the review resulting in a functionally more restrictive, less balanced, and more U.S.-centric trade agreement. Such an outcome would preserve regional integration but result in a more asymmetric agreement, reducing its depth and predictability, and increasing regulatory and operational costs for Mexican companies.

Moreover, the review process itself introduces regulatory and strategic uncertainty for companies, even if negotiated changes do not take immediate effect. This uncertainty stems from the prolonged nature of open-ended negotiations and the constant interaction between the USMCA review and other U.S. trade, foreign policy, and security instruments.

This environment increases perceived risks, disrupts investment planning, forces continuous adjustments to logistics and processes, and complicates decision-making (particularly for firms embedded in North American value chains).

The stance of U.S. Trade Representative Jamieson Greer suggests that Washington views the review as an opportunity to push for structural adjustments and correct perceived imbalances, potentially through differentiated bilateral arrangements with Mexico and Canada. At the same time, pre-review hearings and the positions of broad segments of the U.S. business community indicate strong support for maintaining the USMCA and avoiding a disorderly reopening of the agreement.

This dynamic lowers the likelihood of a U.S. withdrawal from the treaty but increases the probability of tighter requirements and conditions for Mexico, which would translate into higher operating costs for Mexican firms.

Table 2. Non-Tariff Barriers Identified by USTR

1	**Import Policies**	• Customs barriers and trade facilitation • Medical Devices, supplies, and pharmaceuticals • Glyphosate • Pesticides and agricultural chemicals
2	**Technical barriers to trade / Sanitary and phytosanitary barriers**	• Implementing **regulation** for the Quality Infrastructure Law • Local specific absorption testing **requirements** • Fresh Potatoes and rejections from Mexico to Genetically Engineered Cotton **(GEC)** • Products of agricultural **biotechnology**
3	**Intellectual Property protection**	• High rates of music and video game **piracy** • Trademark **registrations** made in bad faith • Weak **coordination** among authorities for the criminal enforcement of intellectual property rights • Lack of **regulations** for intellectual property protection
4	**Service barriers**	• **Competitive market of electronic payments for U.S. providers** • **Insurance.** Changes in SAT interpretations and VAT payment requirements • **Telecommunications. Low participation, elimination of autonomous bodies, high cost of spectrum.**
5	**Investment barriers**	• **Energy sector.** Electricity rule of 54% from the government vs. 46% private sector • **Mining sector.** Minerals as "strategic resources". • **Restricted sectors.** Transportation infrastructure and port administration closed to FDI.

Source: Integralia

A significant risk is that issues not strictly related to trade—such as security, migration, counter-narcotics efforts, China containment, water management, and controls on foreign direct investment in sensitive sectors—will be incorporated into the review, influencing both the tone and pace of negotiations.

In sum, a *de facto* renegotiation introduces regulatory, logistical, and cost pressures that affect investment and operational decisions.

Companies will be forced to manage risks not only associated with the outcome of the USMCA review, but also with the negotiation process itself.

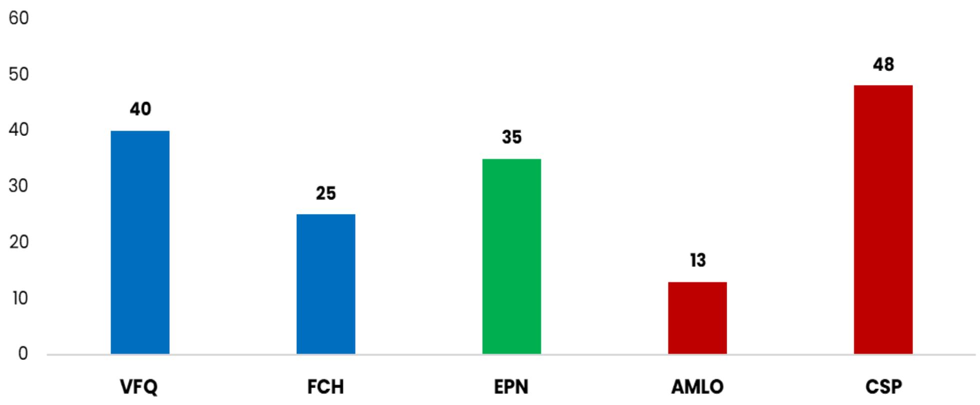
Figure 1. Key areas of U.S. pressure on Mexico during the USMCA review

3. Weak investment levels in Mexico persist, driven by uncertainty surrounding the implementation of previously approved reforms (judicial reform, autonomous agencies, customs, water regulation, among others), as well as contradictory government signals—particularly in key sectors such as energy, telecommunications, and infrastructure.

Impact level High
Likelihood High

During President Claudia Sheinbaum's first year in office, Congress approved several reforms under fast-track procedures—including a recent measure raising tariffs on Asian countries—often with limited legislative analysis or debate. In the first fifteen months of the current administration, a total of 48 legal and constitutional reforms proposed by the executive branch have been approved and signed into law. This period thus stands out as one of the most intense and far-reaching waves of institutional change in at least the past five administrations.

Figure 2. Executive Branch legal and constitutional reform initiatives approved during the first year of each administration



Source: Integralia with information of the Sistema de Información Legislativa (SIL).

As a result, 2026 will be a year of regulatory transition. A significant number of reforms will enter the implementation phase, while secondary legislation and specific regulations still need to be approved and/or published (roughly 35% remains pending). In some cases, secondary legislation is already in place, but there is limited clarity regarding implementation processes and timelines.

Faced with the need to adjust internal processes and timelines to comply with the new legal framework, alongside legal uncertainty stemming from recent institutional reforms and the challenge of recalibrating relations with new regulatory and judicial authorities, both domestic and foreign firms are likely to remain cautious when planning and executing new investments in Mexico in 2026. This caution is expected to persist even if the USMCA review concludes on favorable terms for Mexico during the second half of the year.

The legal and regulatory uncertainty generated by the accumulation of reforms over the past 18 months exposes each sector to a different level of political risk. Concession-based sectors, contract-intensive industries, and capital-intensive activities requiring large upfront investments face a particularly challenging environment.

4. Rising U.S. interventionism in Latin America (including Mexico) leads to diplomatic tensions, nationalist backlash, or unintended consequences (e.g., internal political conflicts or miscalculations), increasing political risk at the hemispheric level.

Impact level High
Likelihood High

As evidenced by the recent U.S. military intervention in Venezuela to capture Nicolás Maduro, Washington has significantly increased its level of activism in Latin America to levels not seen in decades.

On the political front, the White House has involved several regional partners (including Mexico) in its hardline migration policy. President Trump has also publicly endorsed or criticized various political leaders across the region and weighed in on multiple electoral contests.

In the security domain, the U.S. Navy has launched strikes against suspected narcotics vessels in international waters in the Caribbean and the Pacific. At the same time, several of Trump's allies have stated that the use of U.S. military force against Latin American criminal organizations—even on Mexican territory—cannot be ruled out.

These developments are further reinforced by what has been dubbed the "Trump Corollary" to the Monroe Doctrine, articulated in the National Security Strategy. Its primary objectives are to contain China's growing influence and promote U.S. corporate interests in the region. These measures could undermine the competitiveness of Latin American (including Mexican) firms by limiting access to cost-effective industrial and technological inputs, while tilting the playing field in favor of U.S. competitors.

As the next table illustrates, renewed U.S. activism in Latin America entails an increase in regional political risk, with potential spillover effects for Mexico.

Table 3. Risks related to U.S. interventionism in Latin America

Risk Source	Potential Impacts in Latin America	Potential Impacts in Mexico
Political Activism	• Growing nationalism • Political de-stabilization • Support for authoritarian actions by allied governments	• Political pressures from Morena's hard-line sectors for President Sheinbaum to adopt a more nationalist position • USMCA negotiations hindered by anti-imperialist discourse by Morena's hardliners • Worst-case scenario: open conflicts within the ruling coalition and weakening of Sheinbaum's leadership
Economic Interventionism	• Incentives for unfair competition in favor of U.S. firms • Less opportunities to find competitive suppliers in the global market for Latin American firms and consumers • Low incentives to align to U.S. policies	• Obstacles to access cost-effective Asian industrial and technological equipment for Mexican firms • Government and infrastructure contracts directly assigned to U.S firms through anti-competitive mechanisms • Complications for the Sheinbaum administration as it seeks to align domestic nationalist energy and telecommunications policies with demands from the U.S.
Military and Law Enforcement Operations	• Risk of diplomatic crises triggered by miscalculations or accidents (e.g., the	• Shift of organized crime toward domestic markets • Regional outbreaks of

Risk Source	Potential Impacts in Latin America	Potential Impacts in Mexico
	accidental targeting of a civilian fishing vessel instead of a narcotics-laden craft, or a naval skirmish between U.S. and Latin American forces). • Increased probability of armed interventions or direct military threats (as it happened in Venezuela)	violence (e.g., the post-Zambada surge in violence in Sinaloa). • Diplomatic fallout and nationalist backlash (for example, caused by the accidental death of a civilian during a joint or unilateral U.S. security operation). • Worst-case scenario: unilateral U.S. military intervention in Mexican soil to combat organized crime.

For Mexico, this means that unilateral U.S. military actions on Mexican territory have become a plausible scenario. While plausibility does not imply high probability, the mere feasibility of such actions could heighten diplomatic tensions and add a new layer of complexity to USMCA negotiations.

This scenario would also increase political pressure on President Sheinbaum and could generate friction within the governing coalition, complicating efforts to maintain Morena’s internal cohesion and leadership.

5. Social unrest increases, resulting in highway blockades, logistical delays, and other disruptions to the business climate—effects that are likely to intensify in the context of the FIFA World Cup, which various groups may leverage to amplify their demands.

Impact level High
Likelihood Medium

Although President Sheinbaum's approval ratings have remained high, throughout 2025 a wide range of social actors mobilized to express opposition to specific government decisions and to press their demands on authorities. These mobilizations took the form of blockades and shutdowns of major transportation routes—including highways, toll roads, airport access roads, and international border crossings—as well as protests and demonstrations in multiple cities.

Toward the end of 2025, farmers and transport workers mobilized particularly forcefully in response to water-related reforms and persistent insecurity on highways. Teachers' unions also staged repeated protests, causing road blockages and traffic disruptions. The duration of these mobilizations and their broad geographic scope disrupted supply and value chains, generating economic losses estimated in billions of pesos.

Several factors help explain the increase in social unrest during 2025 and suggest that it will continue to intensify in 2026: (i) limited public resources, which constrain the government's ability to solve social conflicts through budgetary concessions; (ii) mismanagement of social conflicts by the federal government, particularly the Ministry of the Interior; (iii) internal divisions within the ruling coalition; (iv) the patron-client relationship that the ruling coalition has built with certain groups and their tendency to seek additional concessions through sustained mobilization; and (v) the government's difficulty of swiftly addressing genuine grievances affecting mobilization-prone groups (e.g., forced disappearances, medicine shortages, highway insecurity, or prolonged droughts).

As a result, the conditions that gave rise to social conflicts in 2025 remain in place and could intensify further in 2026. The hosting of the FIFA World Cup may provide additional incentives for these and other groups to mobilize, leveraging the global spotlight to amplify their demands and increase pressure on the government.

In 2026, disruptions are likely to be especially severe for companies that distribute perishable goods or operate under tight logistical schedules.

6. Tensions between the government and the business sector gradually increase, driven by government frustration over the limited results of Plan México and persistently low economic growth.

Impact Level High
Likelihood Medium

President Sheinbaum has shown greater openness to dialogue with the private sector than her predecessor. Nevertheless, the growing gap between the government's growth targets and actual economic performance appears to be generating frustration within the ruling coalition, which could gradually erode relations between the government and the business community.

In the absence of tangible results from Plan México—Sheinbaum's signature economic and industrial policy—the government has not responded by implementing measures that enhance certainty for private investors. Instead, it appears to be shifting from broadly encouraging investment toward placing demands on specific firms or publicly criticizing investors who have delayed, reconsidered, or suspended previously announced capital flows.

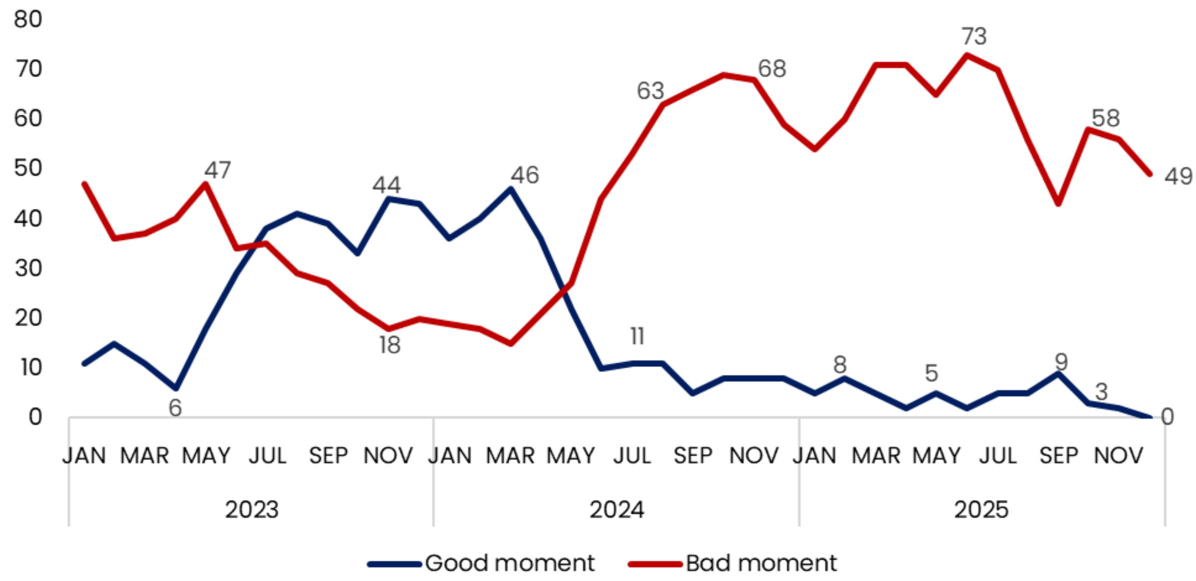
At the same time, amid the need for additional resources to finance redistributive programs in a context of low growth and fiscal stress, the government has intensified fiscal pressures on large companies, further deepening uncertainty.

Although a return to the openly confrontational rhetoric of former President López Obrador is not expected, frustration within the federal government is likely to translate into more frequent and more intense public criticism of specific companies or business groups. Fiscal enforcement actions targeting large taxpayers could also intensify, a risk compounded by the limited legal safeguards offered by the new judiciary, which was elected by popular vote.

In parallel, recent labor policy announcements—particularly regarding the implementation of a 40-hour workweek and a new 13% increase in the minimum wage—continue to add pressure on the private sector.

This environment of investment uncertainty and gradually deteriorating government–business relations is reflected in the results of Banco de México's most recent survey on economic perceptions:

Figure 3. Perception of the Economic Environment: "Qualify the current moment for making new investments" (%)



Source: Banco de México (December 2025)

Moreover, given the urgency to deliver quick results in infrastructure development, the government may opt to deepen the state-led model for strategic projects, granting greater operational control to the Armed Forces and state-owned enterprises, or increasing direct awards. Such awards could favor companies close to the ruling coalition or U.S. firms, in response to pressure from the Trump administration (see Risk 4). This would create displacement effects that discourage competition.

In this context, a key risk for 2026—particularly during the second half of the year—is an asymmetry of expectations. While the government expects private investment to materialize to meet growth targets, companies are waiting for clearer signals of legal and regulatory certainty before committing capital. This divergence could prolong investment stagnation and further frustrate the government, potentially triggering increased pressure or public criticism of the private sector.

Companies operating in highly regulated sectors—such as telecommunications, construction, and energy—or those linked to strategic government programs face a higher risk of becoming targets of government frustration.

7. Politicization, lack of experience, and the new judiciary's drive to project a form of "justice for the people" in its first year of operation leads to procedural failures, court backlogs, and weakly grounded rulings, affecting both specific companies and the broader business climate.

Impact level Medium
Likelihood High

In 2026, growing operational problems are expected to emerge within the judiciary, as the judicial reform advances and newly elected judges take office. Between January 2024 and May 2025, 870 resignations were recorded in the Federal Judiciary, representing a 60% increase compared to previous years. Hence, the mass departure of career judicial personnel has created a significant loss of technical expertise. This gap has not been filled by the new generation of judges, many of whom prioritize political and social validation over legal rigor, both at the federal and local levels.

The inexperience of newly appointed judges, combined with pressures exerted by the new Judicial Discipline Tribunal, has translated into limited capacity to manage complex cases, particularly in administrative matters such as taxation, telecommunications, and economic competition. This has led to departures from judicial precedent, making litigation outcomes less predictable. For companies, this reduces the effectiveness of legal strategies based on precedent and increases both defense costs and exposure to unforeseen contingencies.

Under the banner of delivering "justice for the people," new judges show a growing tendency to issue rulings based on perceived social benefit or political notions of equality, rather than strict adherence to constitutional text (e.g., cases involving taxes on digital platforms, corporate tax liabilities, or injunctions against mining reform).

This blurring of the purpose of the judicial function poses particular risks in: (i) labor disputes, where rulings may systematically favor workers under a social-protection logic; (ii) land and resource disputes, increasing the vulnerability of private property to politically sympathetic social or community claims; (iii) litigation between private firms and state-owned enterprises or regulators, where “sovereignty” or “public interest” arguments may prevail; and (iv) tax matters. The risk is heightened by the perception that the new judiciary views itself as an executing arm of Morena’s political project, undermining procedural equality and judicial independence.

Moreover, staffing shortages and the learning curve faced by new judicial officials are causing significant procedural delays—an issue acknowledged even by the leadership of some local high courts. Deficiencies in case-file preparation and unfamiliarity with procedural timelines have triggered a wave of procedural resets, extending litigation well beyond expected timeframes. This slow pace not only reflects inefficiency but also functions as a form of technical denial of justice for the private sector.

This environment of weaker legal defense mechanisms will force companies to seek alternative dispute resolution mechanisms—both formal and informal—raising transaction costs.

Table 4. Operational and substantive risks for the private sector in 2026 arising from judicial reform

	Specific manifestation	Impact on businesses
Lack of legal certainty	Abandonment of previous jurisprudential criteria	Inability to assess legal risks in long-term investments
Deterioration of procedural effectiveness	Errors in notifications, deadlines, and disclosure of evidence	Critical delays in the enforcement of guarantees and judicial collection
Judicial bias	Resolutions with political rhetoric ("justice for the people")	Adverse bias in litigation against the State or in matters of high social impact
Increase in operational costs	Need to resort to alternative dispute resolution mechanisms (formal and informal)	Increased cost of legal operations in Mexico and loss of competitiveness

8. Criminal regimes persist in several regions of the country, fueled by continued impunity in dismantling corruption networks and links between public officials, politicians, and organized crime.

Impact Level **Medium**
Likelihood **High**

The federal government has achieved some important accomplishments in the fight against organized crime, including the construction of a more favorable legal framework that—at least in theory—should allow for more effective prosecution of criminal activity, as well as a decline in most high-impact crimes, according to official figures. Most notably, the official number of intentional homicides fell by 37% in November 2025 compared to September 2024.

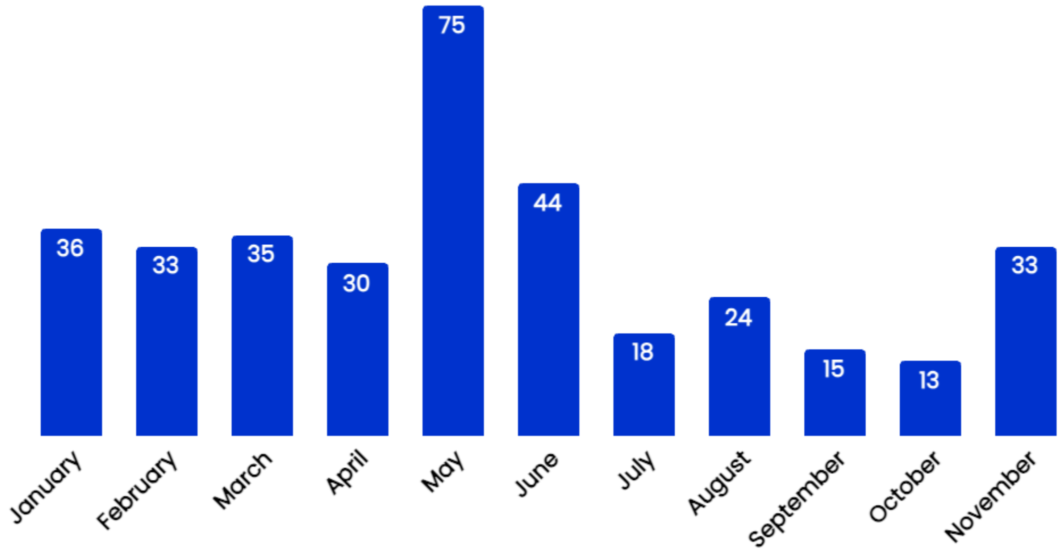
Despite these improvements, persistently high levels of political violence and the continued existence of collusive networks linking criminal organizations and political actors raise questions about the effectiveness of the current security strategy in undermining organized crime's territorial control in various regions of the country.

Throughout 2025, several public officials—across different levels of government and party affiliations—were accused of alleged links to criminal organizations. These cases shed light on the degree of institutional protection that such groups continue to enjoy in order to operate across large parts of the country. While the federal government initially appeared willing to investigate and sanction the involvement of political figures in criminal activities, authorities have seemingly pulled back in recent months. This impunity facilitates the persistence of criminal networks that bind political actors and organized crime.

At the same time, political violence remained at particularly high levels in 2025. A total of 356 cases of threats and attacks against political figures, public officials, former officials, and current or former candidates for elected office were recorded from January to November 2025, alongside high-profile incidents such as the assassination of the mayor of Uruapan, Michoacán, Carlos Manzo.

This type of violence is not solely driven by electoral cycles. Rather, it reflects an organized-crime strategy aimed at territorial control and the extraction of local economies. Through intimidation, cooptation, or the elimination of political actors, criminal organizations seek to establish local criminal regimes in which political life, economic activity, and social dynamics are subordinated to their interests and informal rules.

Figure 4. Political Violence cases in Mexico, 2025



Source: Integralia, based on continuous media monitoring.
Note: includes political figures, candidates, and former candidates, as well as current and former public servants.

In sum, the shift in security strategy promoted by President Sheinbaum represents a positive step. However, there is little evidence of either the political will or the operational capacity to sever the links between organized crime and politics. During 2026, this impunity is likely to facilitate the persistence of criminal regimes in regions already dominated by criminal groups and could even enable their expansion into areas not yet under their control.

Table 5. Consequences of the continuity or expansion of criminal territorial control in 2026

Rent extraction	Through various forms of extortion and "criminal taxation."
Political violence	Aimed at forcing candidates and authorities to cooperate with criminal organizations or to withdraw early from electoral races ahead of the 2027 midterm elections.
Rising clashes between rival criminal groups	As they compete for strategic territories, increasing local levels of violence.
Greater uncertainty for the business climate	As companies and economic actors are forced to operate under a dual set of rules—those imposed by formal authorities and those dictated by criminal organizations.

9. The approval of new laws in Congress—including fiscal, labor, and sector-specific measures—generates uncertainty for companies and hampers the country's economic growth.

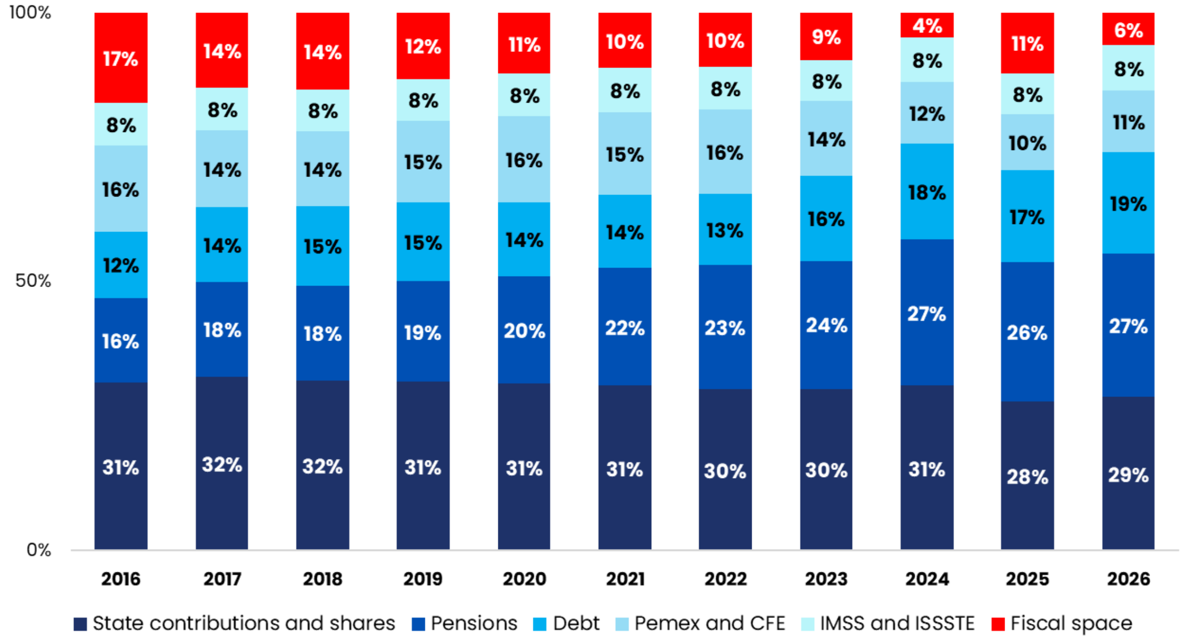
Impact Level Medium
Likelihood High

Although the central reform cycle of President Claudia Sheinbaum's administration has concluded, additional legislative changes with implications for the private sector are likely in 2026.

First, while a deep and comprehensive tax reform appears unlikely, it is plausible that the government will pursue targeted fiscal measures to boost revenue. These could include tax increases on specific products—such as ultra-processed foods or alcoholic beverages—framed under the rationale of promoting healthier consumption habits.

Figure 5. Fiscal Space and Mandatory Government Spending

As a percentage of total budgetary revenue



Source: Secretaría de Hacienda

At the same time, labor policy commitments remain a central pillar of Morena's political appeal and of President Sheinbaum's agenda. As a result, Congress is likely to continue advancing worker-friendly reforms—such as the reduction of the workweek to 40 hours—which in many cases have been legislated hastily, with limited transition periods for companies. In an environment already characterized by uncertainty and mounting labor costs, additional labor reforms pose further challenges in terms of operating costs and process adjustments.

Moreover, in the run-up to the 2027 midterm elections, some lawmakers may introduce unexpected and potentially disruptive initiatives targeting specific sectors or the business climate more broadly. Given Morena's majority in both chambers of Congress, the approval of some of these proposals cannot be ruled out.

In sum, the fiscal needs associated with the governing coalition's redistributive agenda, its labor policy commitments, and its objective of securing a strong electoral performance in 2027 could lead the federal government to approve new reforms that increase risk for the business environment. When combined with reforms already enacted, these measures would further exacerbate uncertainty for companies and investors.

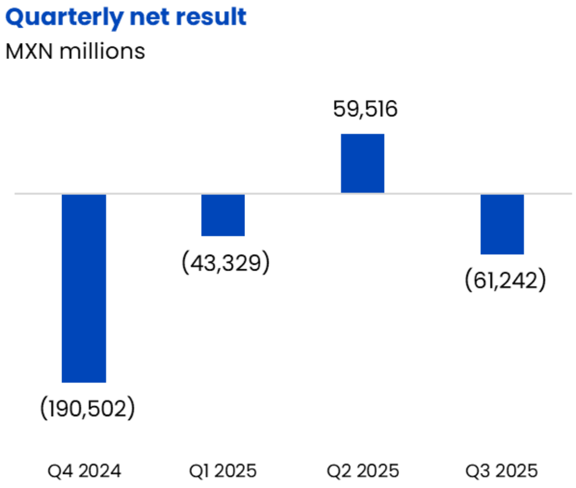
10. Pemex's operational deterioration intensifies—driven by insufficient public investment, limited private investment, further declines in production, continued emphasis on refining, and high levels of debt to suppliers—forcing the government to increase financial support for the state-owned company and extend its commitment beyond 2026.

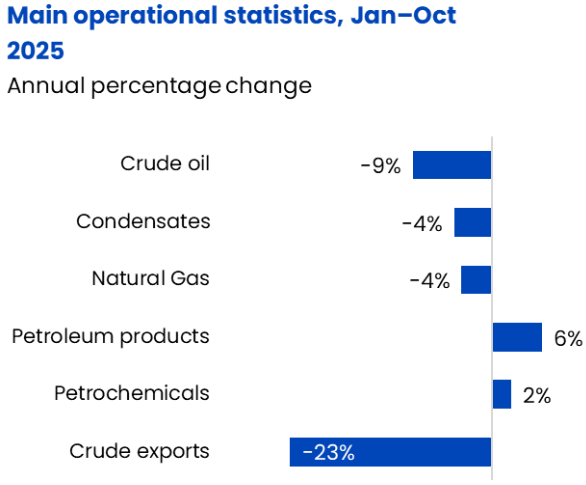
Impact Level **Medium**
Likelihood **Medium**

Between the fourth quarter of 2024—when Claudia Sheinbaum formally assumed the presidency—and the third quarter of 2025, the most recent data available, Pemex accumulated net losses exceeding 235 billion of pesos. This figure surpasses total annual spending on medicines within Mexico's public healthcare system. Furthermore, and in an unprecedented move, the federal government decided to fully cover the company's debt maturities and, through Banobras, to pay a substantial portion of Pemex's outstanding liabilities to suppliers generated during 2025. In total, close to 400 billion pesos (22.2 billion USD) were allocated for this purpose.

So beyond the government's rescue rhetoric, the company's structural problems remain unresolved.

Figure 6. Pemex Key Indicators



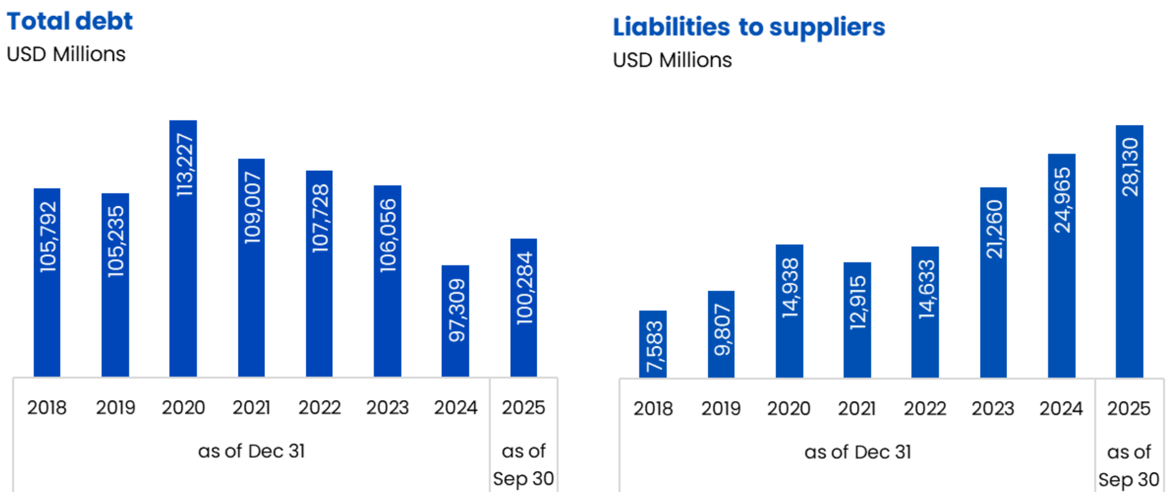


Source: data from Pemex's Unaudited Results Reports and Institutional Database

On the operational front, hydrocarbon production continues to decline, with no short-term recovery in sight. Data from January to November 2025 show year-over-year declines in crude oil, condensates, and natural gas production. In industrial operations, output of refined petroleum products and petrochemicals have increased in line with the government's "energy sovereignty" policy, but at a substantial cost for Pemex finances. Consequently, crude oil exports fell by 23%, as a larger share of production was redirected toward the domestic market.

Reversing the decline in Pemex's production platform would require significantly higher investment levels. Yet in 2025, Pemex's investment fell by 38% year over year. The outlook is unlikely to improve in the short term. Additionally, Pemex estimates that, on average, mixed contracts will contribute roughly 15% of annual upstream investment. Moreover, this new partnership model—still in its early stages—is clearly insufficient to mobilize the scale of investment the country requires.

Figure 7. Pemex Total Debt and Liabilities to Suppliers



Source: Pemex Reports

Pemex's persistently high debt levels, combined with declining revenues due to lower production and exports, have resulted in a severe liquidity crisis. This situation not only constrains the company's ability to increase capital investment, but has also generated a serious backlog of unpaid obligations to suppliers. These arrears have affected private firms in the energy sector, strained the economies of oil-producing states in southern Mexico, and threaten the continuity of Pemex's own operations.

In response, Pemex has launched an innovative financial strategy aimed at securing resources to service both its financial debt and its outstanding obligations to suppliers, with the stated goal of no longer requiring federal support to meet its commitments starting in 2027.

In contrast, Integralia considers that operational decline in the upstream segment will deepen during 2026. This would force the government to further increase financial backing for the company and abandon its initial intention to withdraw support beginning in 2027—at a high fiscal and opportunity cost.

Evolution of Political Risk in Mexico, 2018–2025

Using its original analytical framework, Integralia closely tracks the evolution of political risk in Mexico, defined as government actions, decisions, or omissions that may adversely affect investors' expected returns and/or corporate profitability. This analytical model is based on five risk factors: government inefficiency, legal uncertainty, social instability, criminality, and economic deterioration.

Integralia's risk assessment since 2018 shows that political risk levels have increased across nearly all dimensions, with the exception of social instability and criminality, which have remained broadly stable over the period.

Risk Factor	2018	2019	2020	2021	2022	2023	2024	2025	Trend
Government inefficiency	🟡	🟠	🟠	🟠	🟠	🟠	🟠	🟠	➡️
Legal uncertainty	🟢	🟡	🟠	🟠	🟠	🟠	🟠	🔴	⬆️
Social instability and criminality	🟠	🟠	🟠	🟠	🟠	🟠	🟠	🟠	➡️
Economic deterioration	🟢	🟡	🟠	🟡	🟡	🟡	🟡	🟠	⬆️

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