integralia

MEXICO AND THE UNITED STATES

BETWEEN THE USMCA REVIEW AND THE IMPACT OF THE MIDTERM ELECTIONS

NOVEMBER 2, 2026



Executive summary

The relationship between Mexico and the United States faces a paradox: their economies have never been as deeply integrated, yet their political and trade relations are going through a period of heightened uncertainty. The USMCA review, Trump's security agenda, and the November 3 midterm elections will shape a significant part of the bilateral relationship toward 2027–2028.

1 | **Economic integration is deep and difficult to reverse, but it does not guarantee trade stability.** Since the entry into force of the USMCA, bilateral trade has multiplied nearly ninefold, and Mexico has become the United States' leading trading partner. The integration of productive chains has made any decoupling costly. However, tariff threats, stricter regional content requirements, and the use of trade as an instrument of political pressure will persist.

2 | **The USMCA will remain in force, but uncertainty surrounding its terms will continue.** The United States' refusal to extend its validity for another 16 years in July 2026 opened a period of annual reviews. Although the treaty remains in force under its current provisions, disagreements over rules of origin, extraregional investments, and China's participation in supply chains persist. Negotiations will continue on their own track, regardless of the election results.

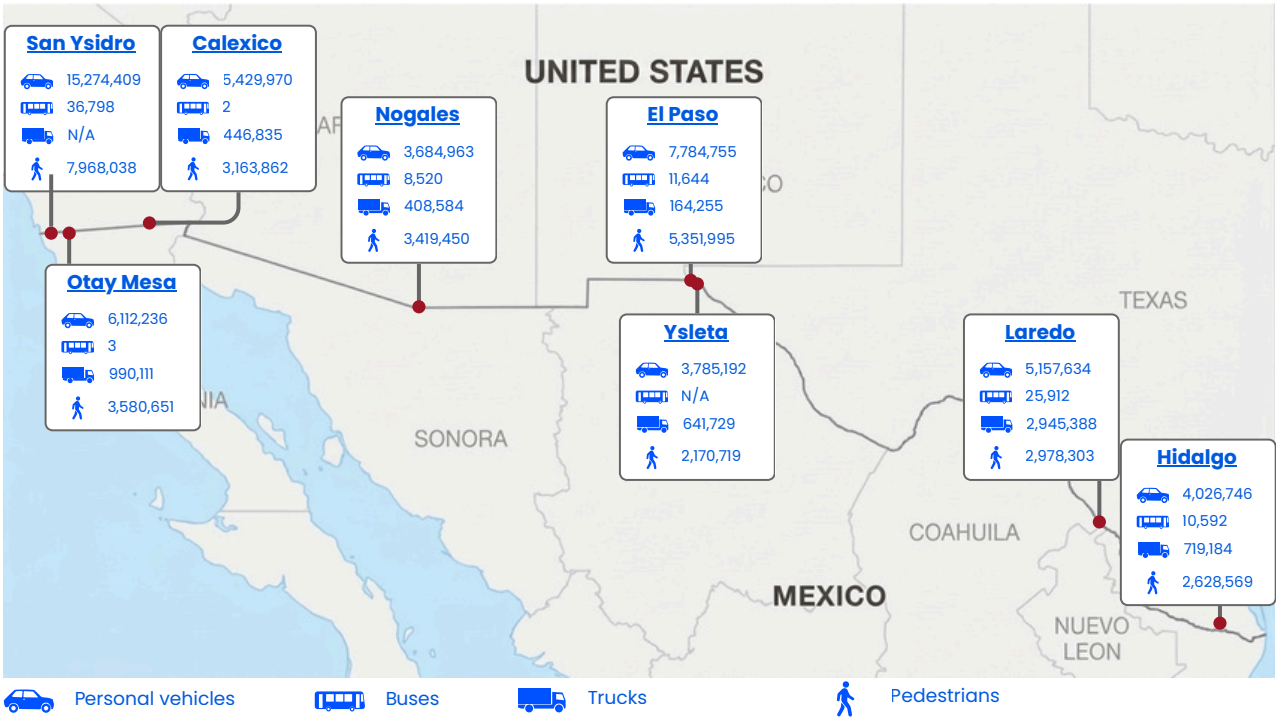
3 | **The midterm elections will reshape the checks on Trump but will not necessarily ease pressure on Mexico.** A Democratic majority in one or both chambers would increase investigations and oversight of the Trump administration, intensifying the political confrontation at home. Faced with greater domestic constraints, Trump could devote more attention to foreign policy to build his legacy. The fight against drug trafficking and organized crime, which enjoys bipartisan consensus, unlike other international issues, could gain greater prominence and translate into new demands on Mexico. Conversely, Republican defeats in states affected by tariffs could increase pressure to moderate some trade measures.

4 | **The new bilateral relationship combines high risks with opportunities for businesses.** U.S. pressure over drug trafficking, migration, and China's presence will continue regardless of the election outcome. This will require strengthening due diligence and input traceability, as well as regulatory and tariff risk management.

1. Two countries with deep roots

Mexico and the United States share 3,175 km of border, which is crossed daily by thousands of people and shipments of goods.

Map 1. Number of crossings by category at the main border crossings (2025)



Source: Prepared by Integralia using data from the United States Bureau of Transportation Statistics (BTS).

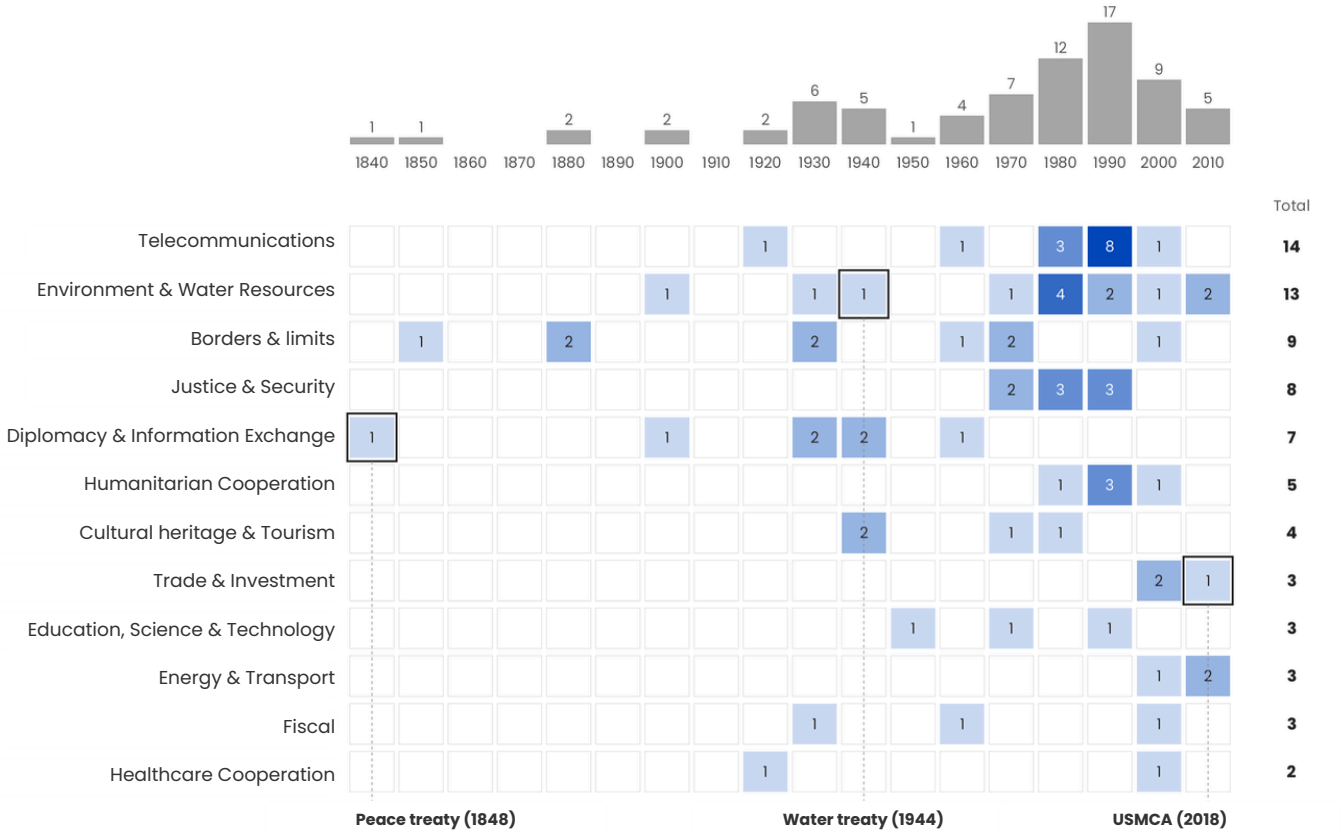
Figure 1. Millions of dollars in goods crossing the border (2024)



Source: Prepared by Integralia using data from the North American Development Bank (NADB).

It is a complex relationship, governed by dozens of agreements and treaties:

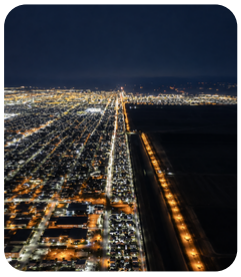
Graph 1. Cooperation instruments currently in effect between Mexico and the United States, by area and period of adoption (1848–present)



Source: Prepared by Integralia using data from the SRE (Spanish acronym for the Secretariat of Foreign Affairs of Mexico).
Note: Since the establishment of relations in 1822, Mexico and the United States have built a framework for cooperation comprising 74 legal instruments currently in force (13 treaties, 8 conventions, 13 agreements, 9 protocols, 30 accords, and one arrangement) covering various subject areas, most of which were signed over the last seven decades.

Various mechanisms for dialogue and cooperation also underpin key areas of the bilateral relationship:

Table 2. Key cooperation instruments for the Mexico–United States relationship

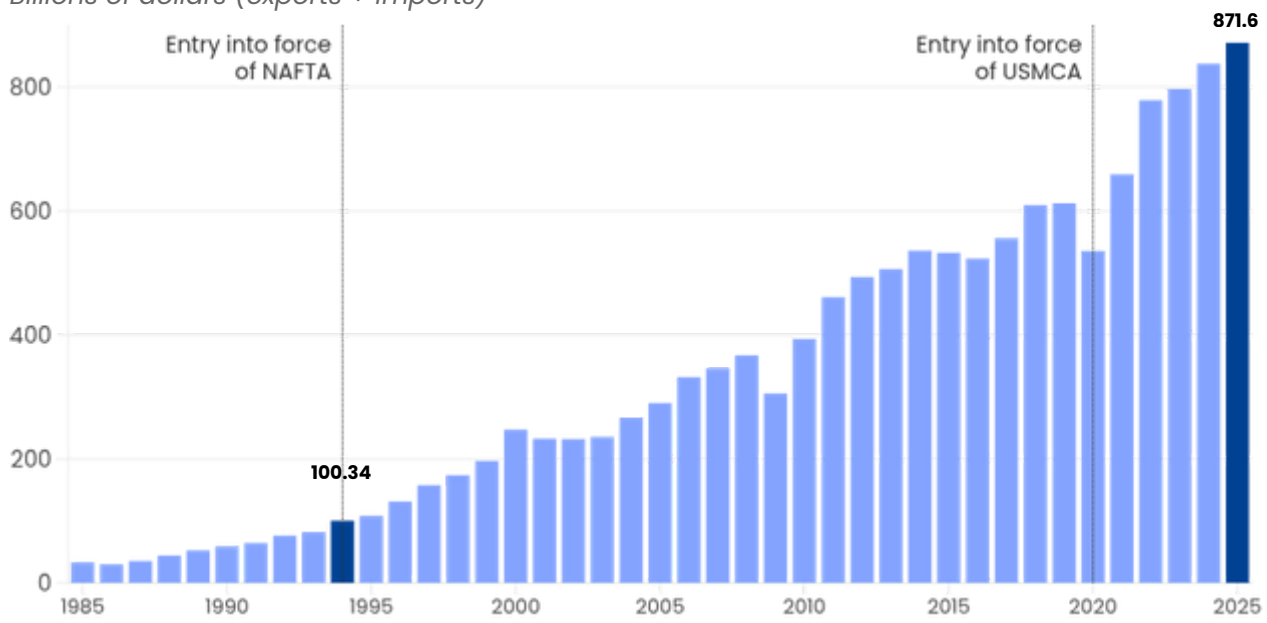
Border			
International Boundary and Water Commission (IBWC) 1889	**Binational Bridges and Border Crossings Group** 1983	**Bilateral Executive Steering Committee for the 21st Century Border Management Initiative** 2010	
Trade			
Mexico-United States CEO Dialogue 2013	**USMCA Free Trade Commission** 2020	**USMCA's 16 Permanent Technical Committees** 2020	
Security			
North American Drug Dialogue (NADD) (A trilateral initiative with Canada) 2016	**Border Security and Law Enforcement Cooperation Program** 2025	**Mexico-United States Bilateral Implementation Group** 2025	
Migration			
Regional Conference on Migration (RCM) 1996	**Comprehensive Regional Protection and Solutions Framework (CRPSF)** 2017	**Ministerial Meetings of the Los Angeles Declaration on Migration and Protection** 2022	

Source: Prepared by Integralia using data from the Mexican SRE and the United States Department of State.
***Note:** Although these are regional agreements, the participation of Mexico and the United States in these mechanisms currently constitutes the primary framework for binational cooperation on migration. This list is intended as an illustrative example rather than an exhaustive representation of all existing arrangements.

2. USMCA: the most dynamic economic region in the world

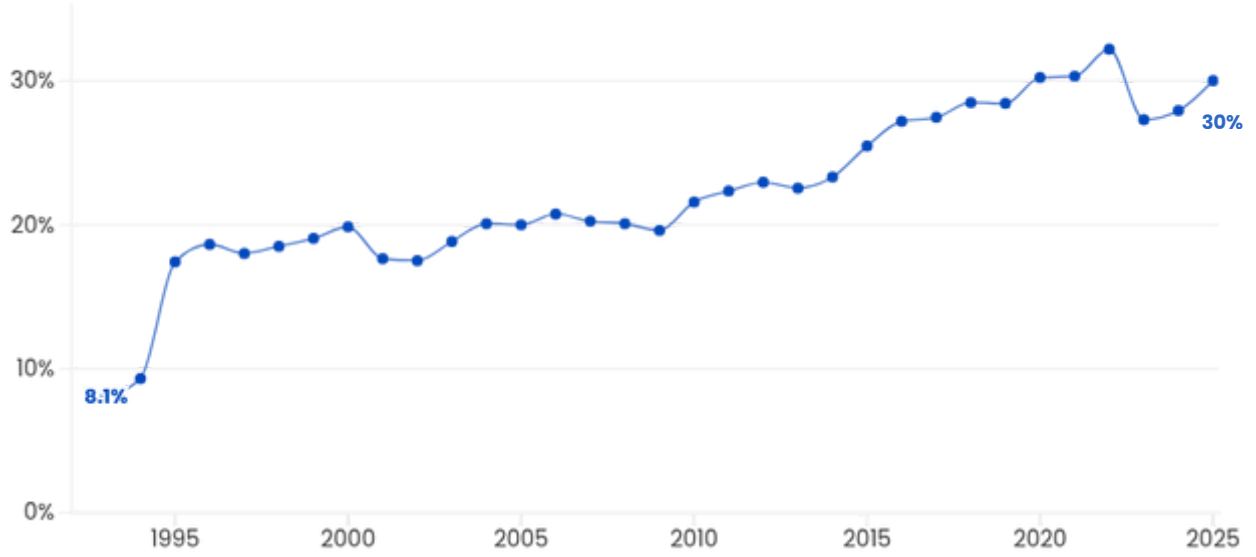
Bilateral trade has multiplied since NAFTA came into effect.

Graph 2. Total value of bilateral trade (1985-2025)
Billions of dollars (exports + imports)



Source: Prepared by Integralia using data from the United States Census Bureau.

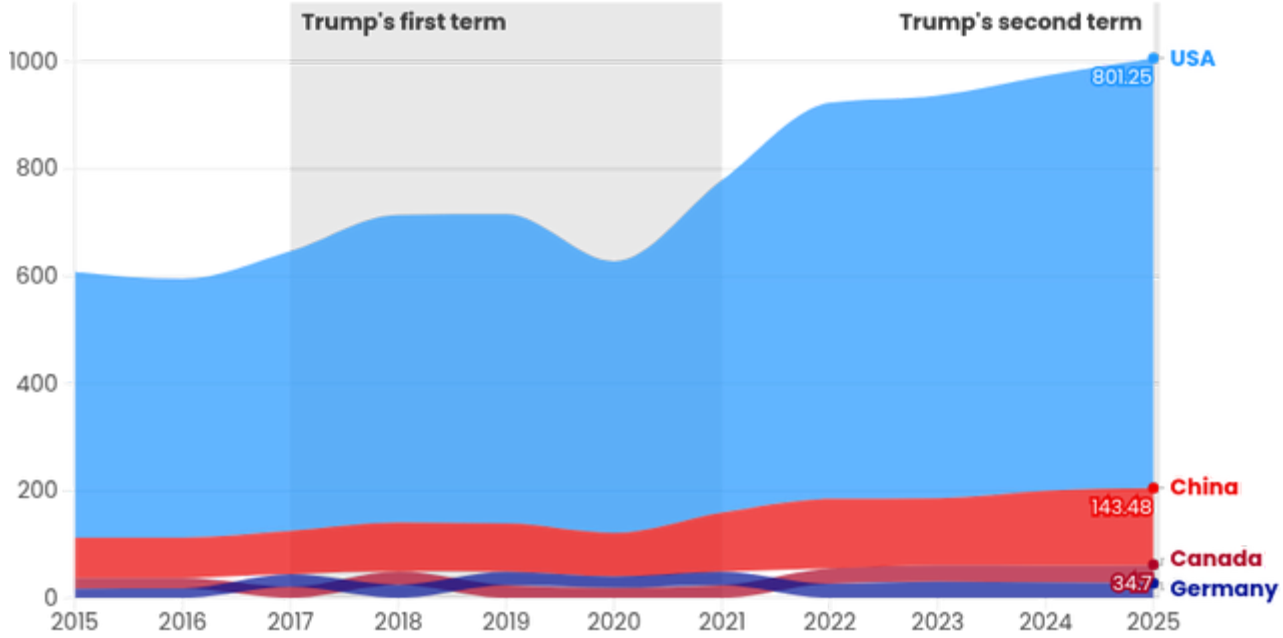
Graph 3. Mexico's exports to the United States as a share of GDP (1993-2025)
% (current pesos)



Source: Prepared by Integralia using data from the Bank of Mexico and INEGI (Spanish acronym for the National Institute of Statistics and Geography of Mexico).
Note: The decline in 2023 was due exclusively to an exchange-rate effect: the average exchange rate went from $20.13 to $17.76.

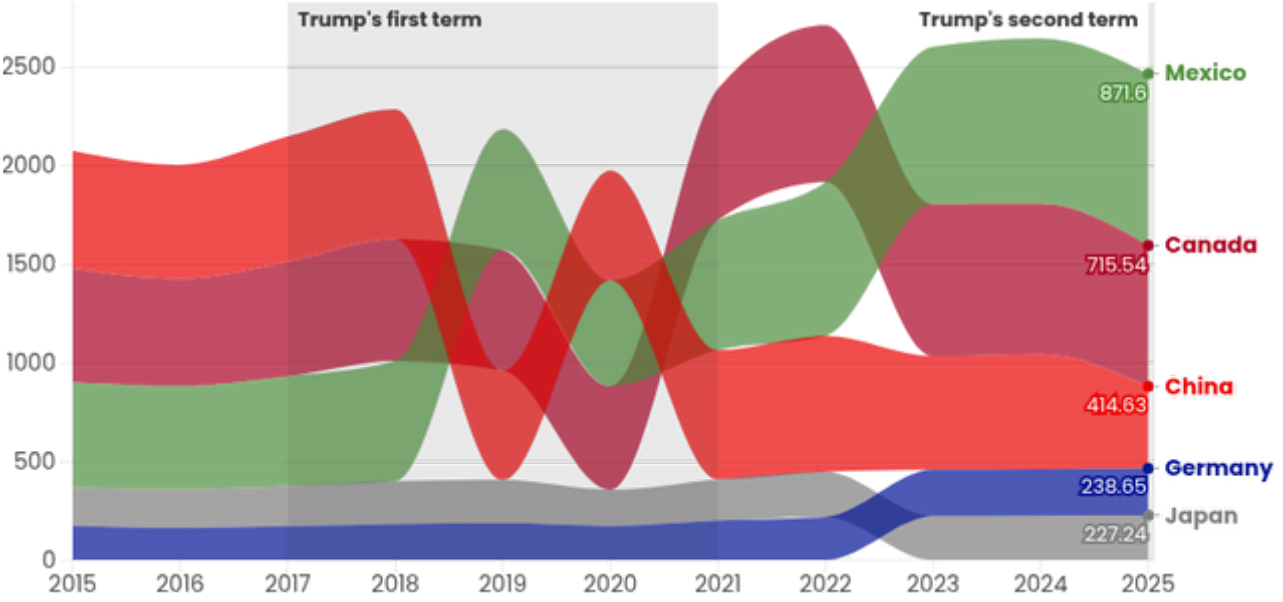
Under the USMCA, the United States and Mexico solidified their positions as each other's most important trading partner:

Graph 4. Mexico's main trading partners by total value of trade (2015-2025)
Billions of dollars (exports + imports)



Source: Prepared by Integralia using data from the Bank of Mexico.

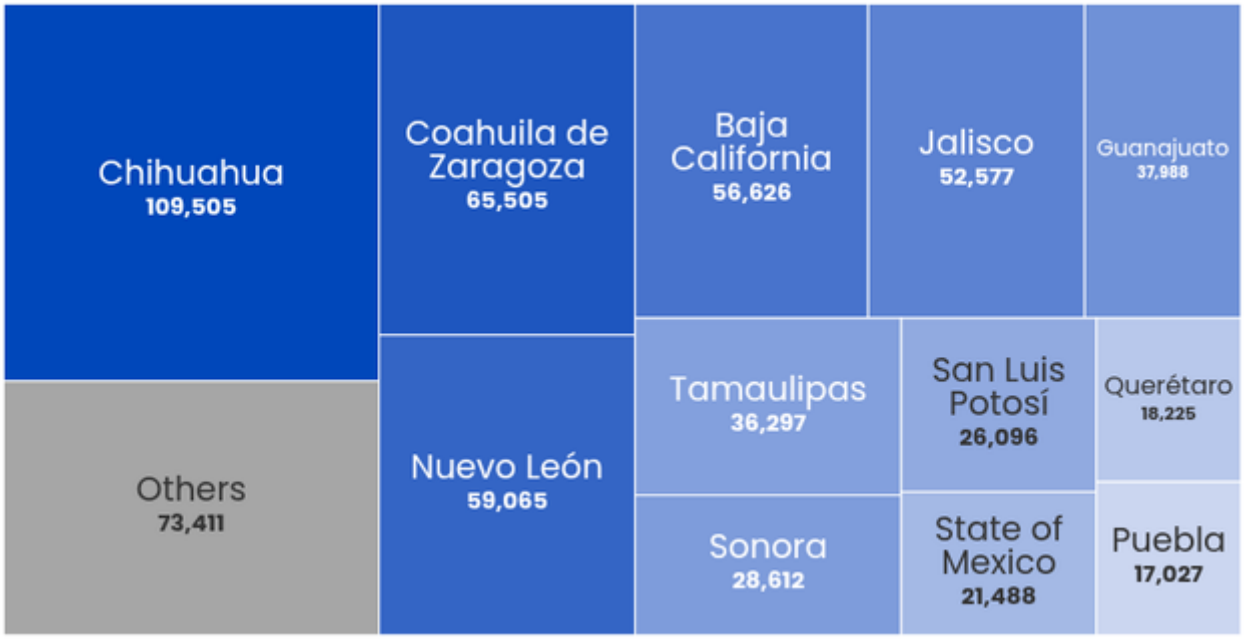
Graph 5. The United States' main trading partners by total value of trade (2015-2025)
Billions of dollars (exports + imports)



Source: Prepared by Integralia using data from the USCB.

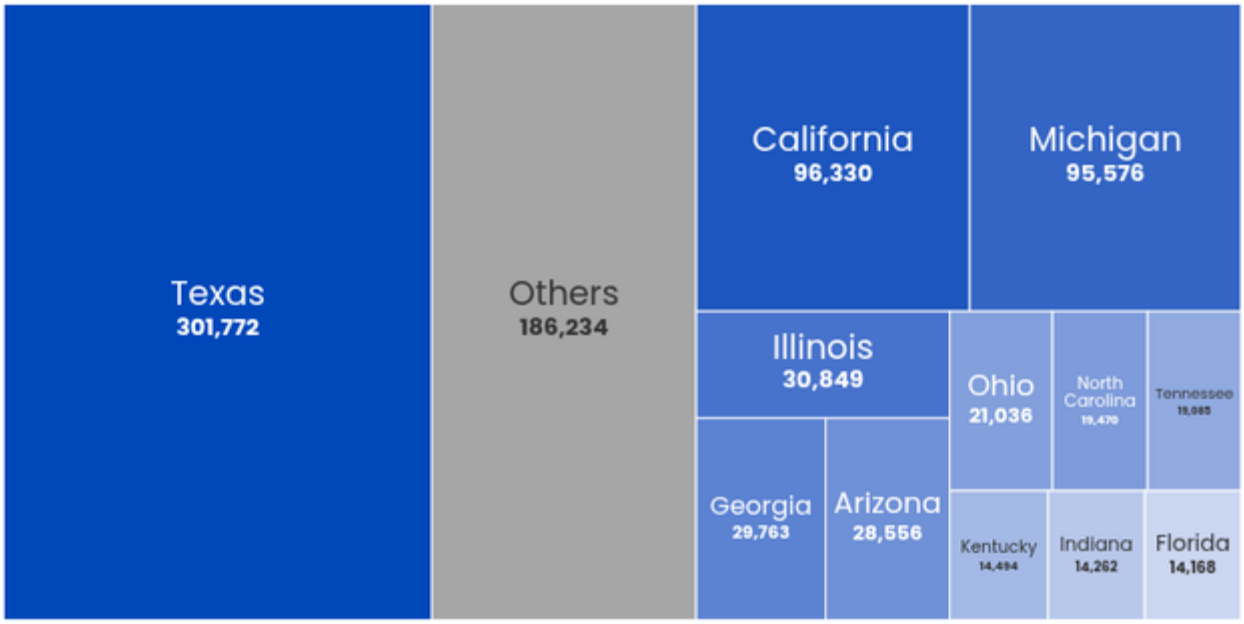
Economic exchanges at the local level have also been strengthened:

Graph 6. Total value of Mexico's exports by state of origin (2025)
Millions of dollars



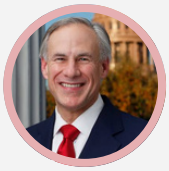
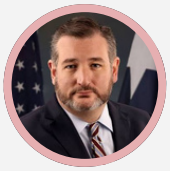
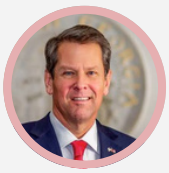
Source: Prepared by Integralia using data from INEGI.
Note: INEGI does not provide a breakdown of state-level exports by destination country; however, 83% of Mexican exports are destined for the United States (own calculation based on data from the Bank of Mexico).

Graph 7. Total value of bilateral trade at the U.S. state level (2025)
Millions of dollars (exports + imports)



Source: Prepared by Integralia using data from the United States Department of Commerce and the USCB.
Note: Others refers to the rest of the states in each country.

Figure 3. Governors and senators from the U.S. states that trade the most with Mexico (Democrats and Republicans)

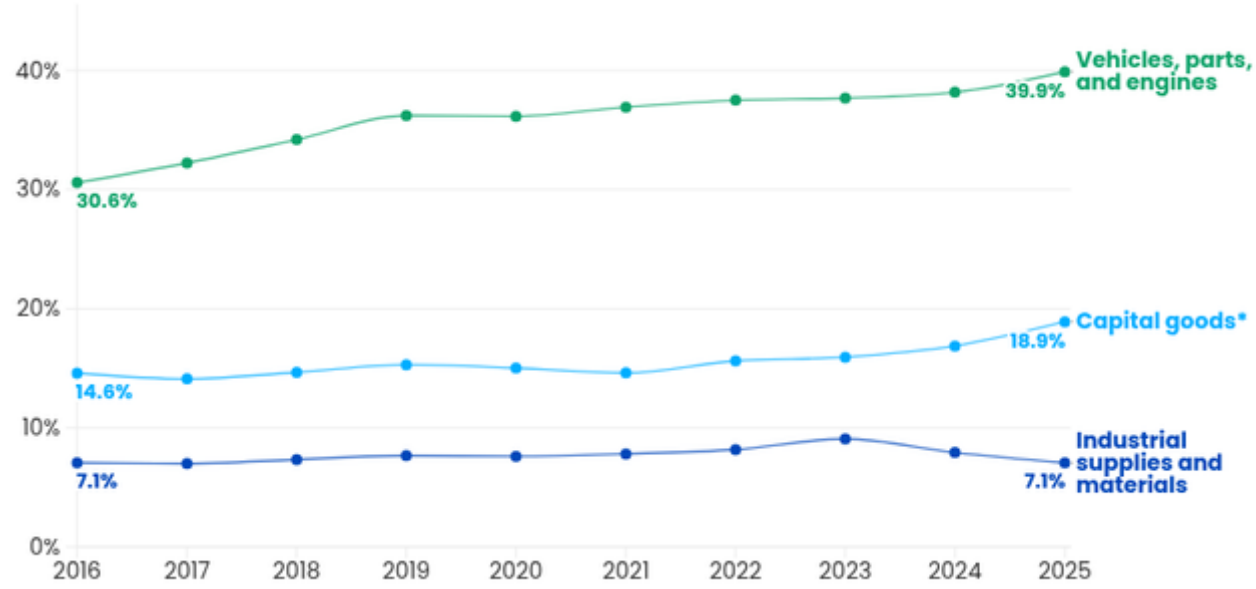
	Governor	Senators		Trump's vote share in 2024
Texas	 Greg Abbott	 Ted Cruz	 John Cornyn	56.1%
California	 Gavin Newsom	 Alex Padilla	 Adam Schiff	38.3%
Michigan	 Gretchen Whitmer	 Gary Peters	 Elissa Slotkin	49.7%
Illinois	 J. B. Pritzker	 Dick Durbin	 Tammy Duckworth	43.5%
Georgia	 Brian Kemp	 Jon Ossoff	 Raphael Warnock	50.7%
Arizona	 Katie Hobbs	 Mark Kelly	 Ruben Gallego	52.2%

Source: Prepared by Integralia using data from Election.org

Furthermore, the production processes of both countries continue to become more integrated:

Graph 8. Mexico's share of U.S. imports of goods linked to industrial activity (2016–2025)

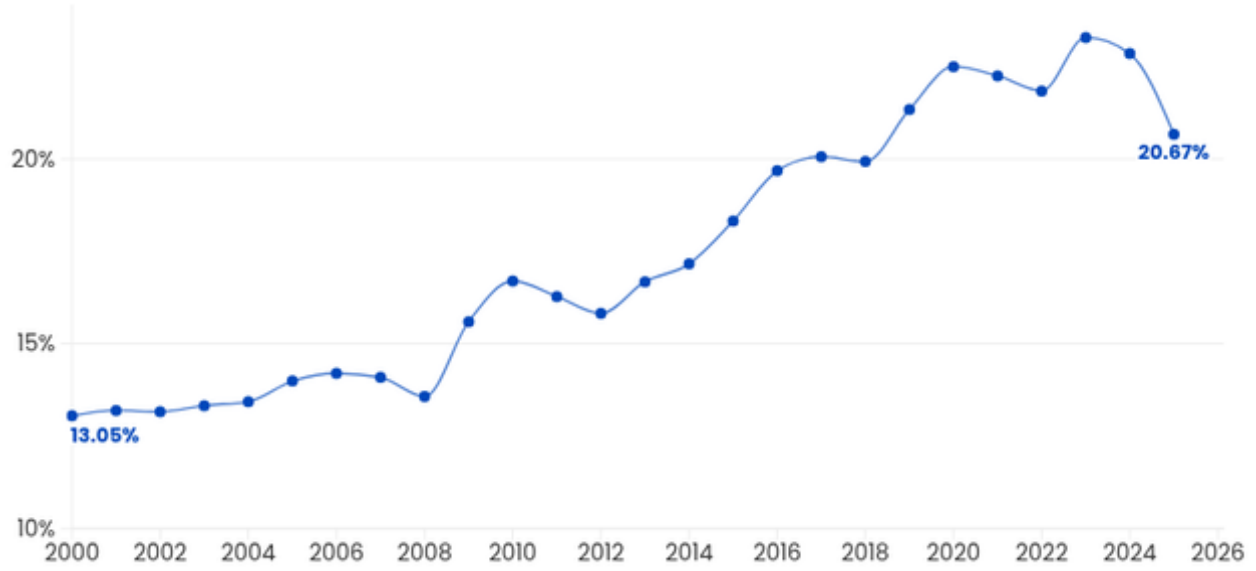
%



Source: Prepared by Integralia using data from the USCB.
Note: Capital goods exclude those from the automotive sector.

Graph 9. Mexico's share of U.S. agricultural imports (2000-2025)

%

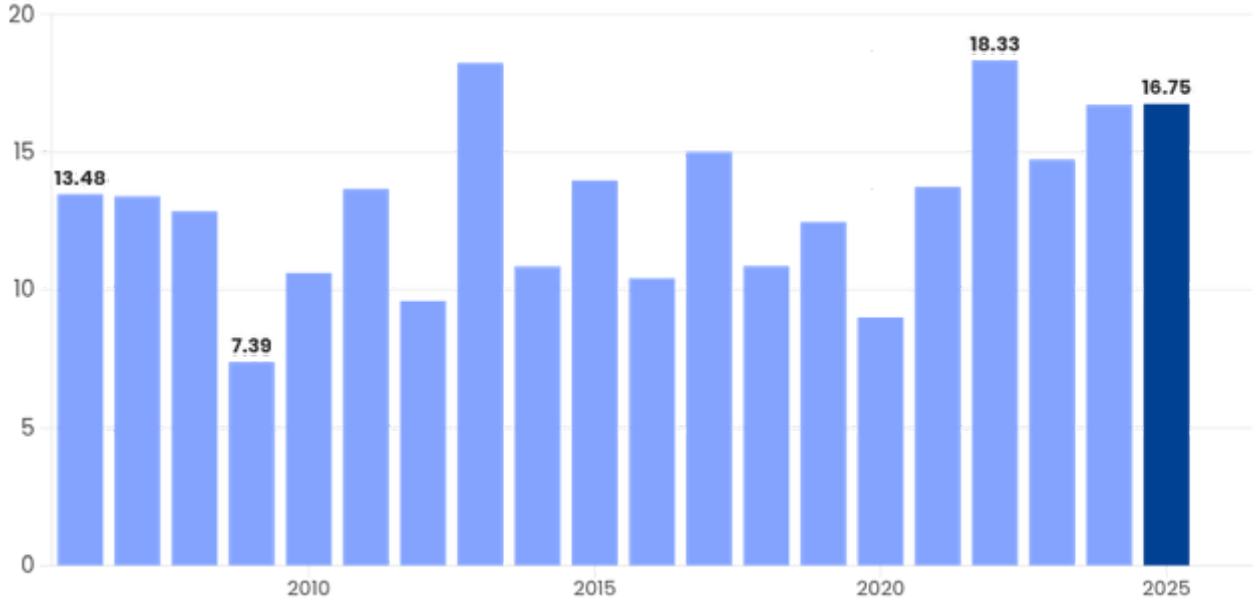


Source: Prepared by Integralia using data from the Economic Research Service of the U.S. Department of Agriculture (USDA).

This intensification of trade was accompanied by a steady flow of U.S. investment into Mexico:

Graph 10. Evolution of U.S. Foreign Direct Investment (FDI) in Mexico (2006–2025)

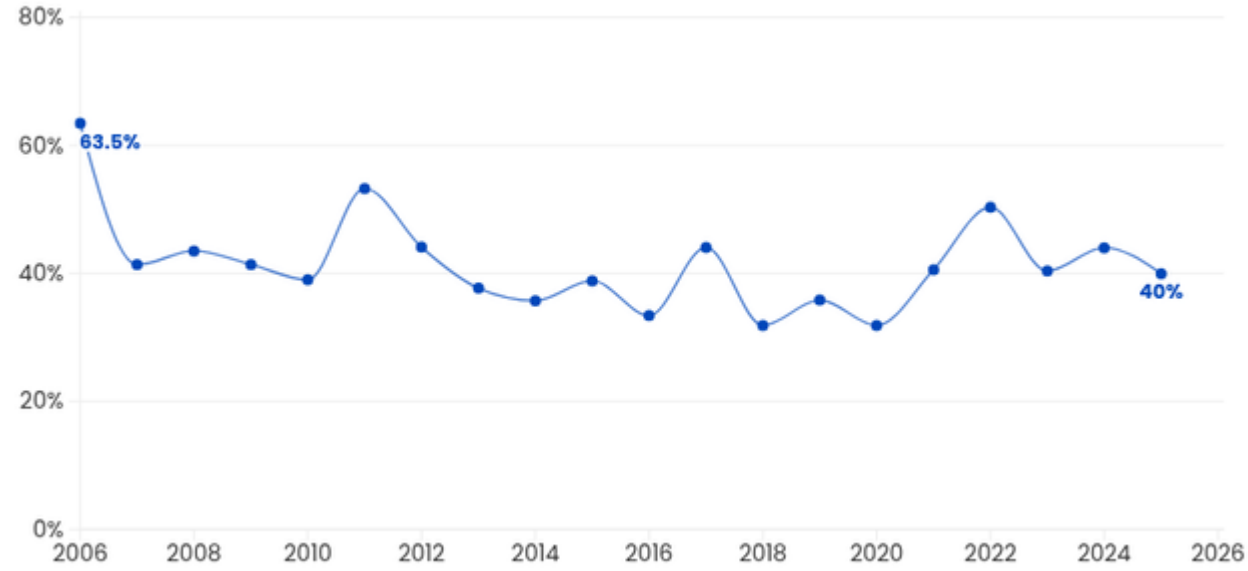
Billions of dollars



Source: Prepared by Integralia using data from the SE (Spanish acronym for the Secretariat of Economy of Mexico).

Graph 11. The United States' share of total FDI received by Mexico (2006–2025)

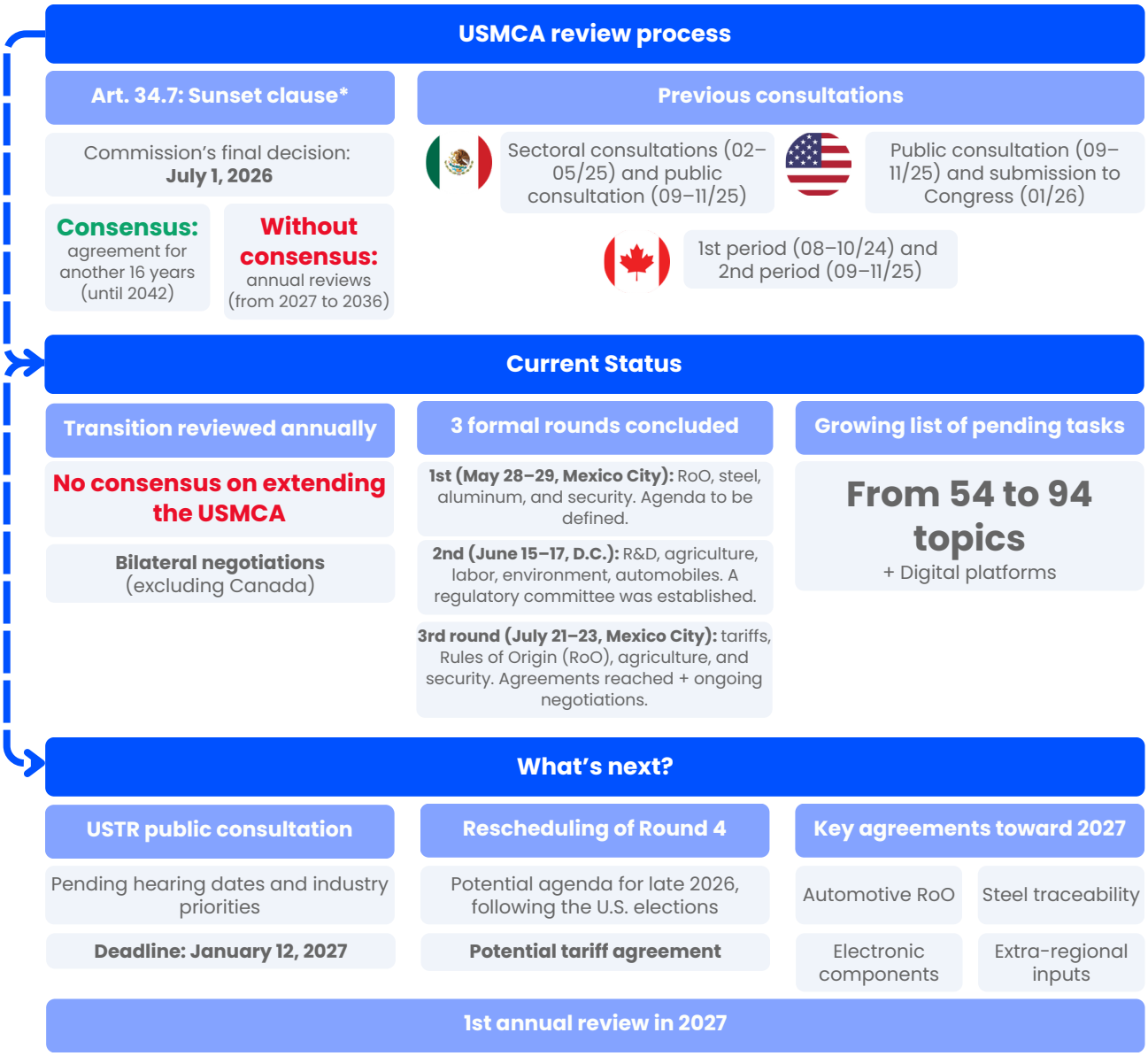
%



Source: Prepared by Integralia using data from the SE (Spanish acronym for the Secretariat of Economy of Mexico).

Currently, the USMCA is under review:

Figure 4. USMCA review process and next steps



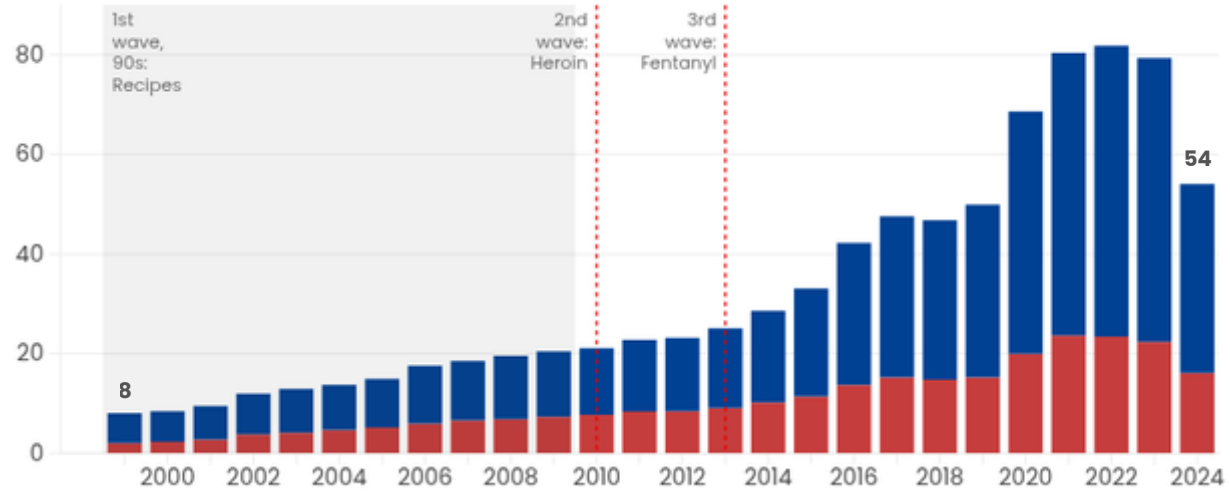
Source: Prepared by Integralia using data from the SE and SRE.
***Note:** Periodic reviews to assess performance and political support, and to agree on continuity. RoO stands for rules of origin.

3. Drug trafficking, migration, and China at the top of the security agenda

Overdoses remain a serious problem in the United States, while Mexico continues to face a crisis of violence:

Graph 12. Deaths of men and women in the United States due to opioid overdoses (1999-2024)

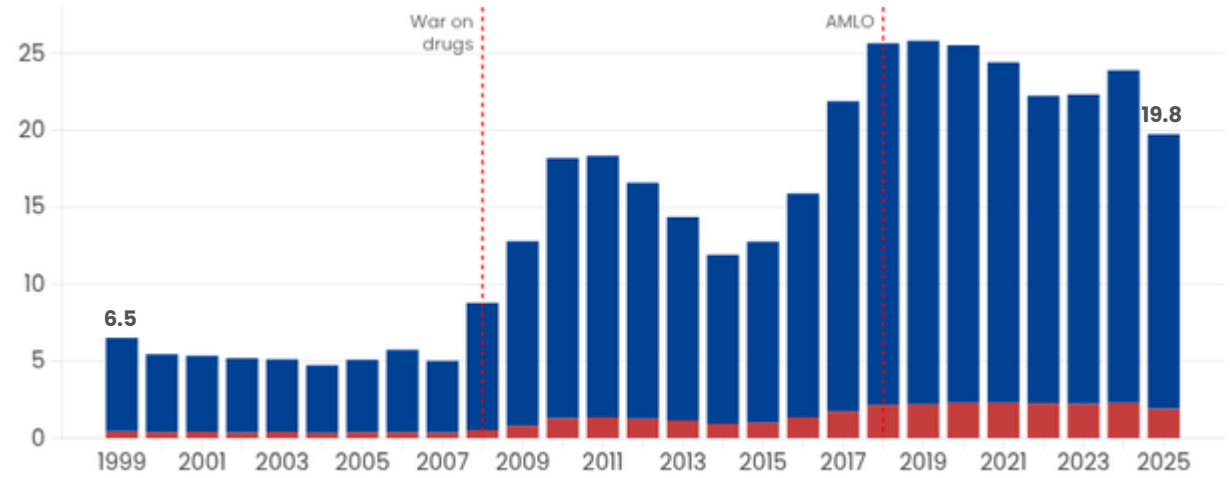
Thousands of people



Source: Prepared by Integralia using figures from the CDC.
Note: Although overdose deaths remain at high levels, preliminary CDC estimates point to a continued decline in mortality, which reached 44,564 cases by 2025.

Graph 13. Homicides of men and women by firearm in Mexico (1999-2025)

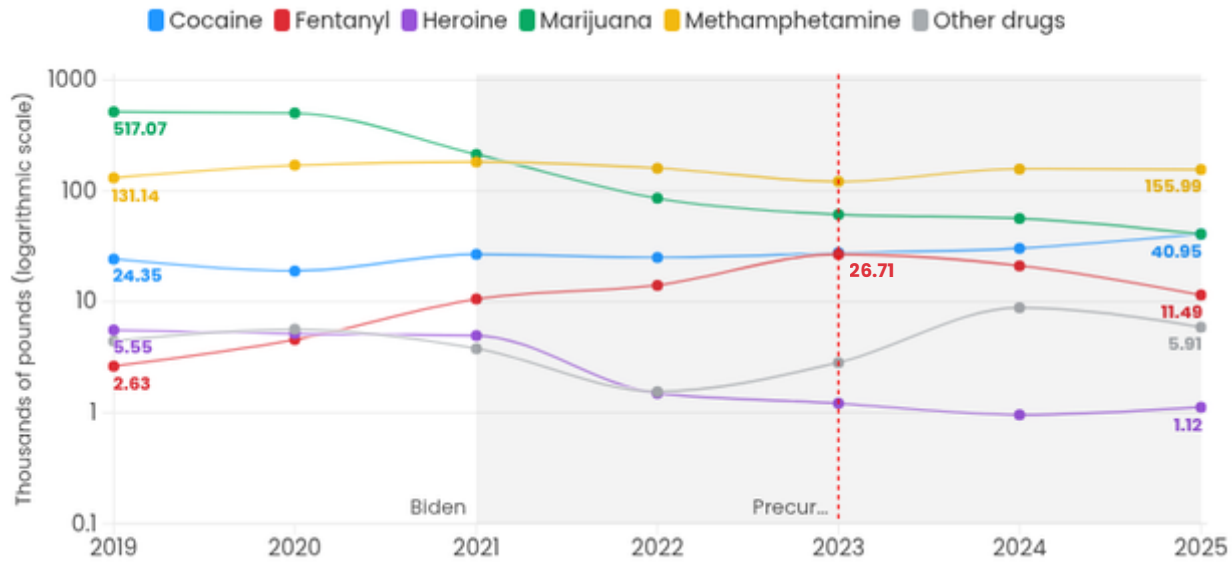
Thousands of people



Source: Prepared by Integralia using data from INEGI.

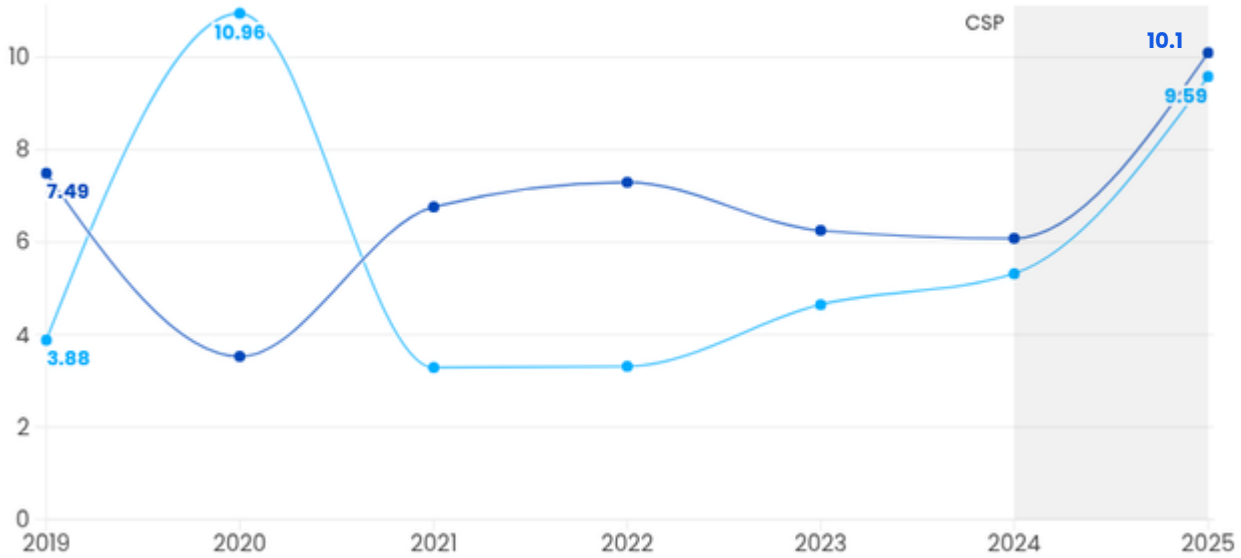
Cross-border flows of weapons into Mexico and drugs into the United States lie at the heart of this binational problem:

Graph 14. Drug seizures by type in the United States (2019-2025)
Thousands of pounds



Source: Prepared by Integralia using data from the United States Customs and Border Protection (CBP).

Graph 15. Seizures of long guns and handguns in Mexico by the National Guard and state authorities (2019-2025)
Thousands of guns

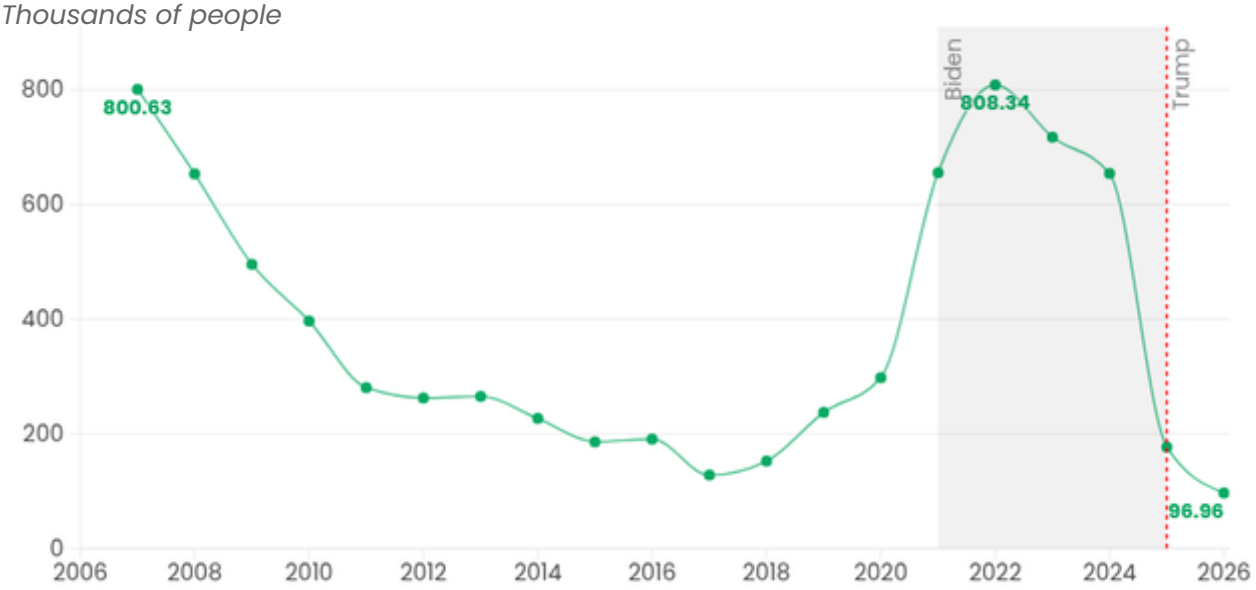


Source: Prepared by Integralia using data from the national security censuses conducted by INEGI at both the federal and state levels.

This pressure extends to migration, an area that Washington also views as a national security issue:

Graph 16. Encounters involving Mexicans at the southern border of the United States (2007-2026*)

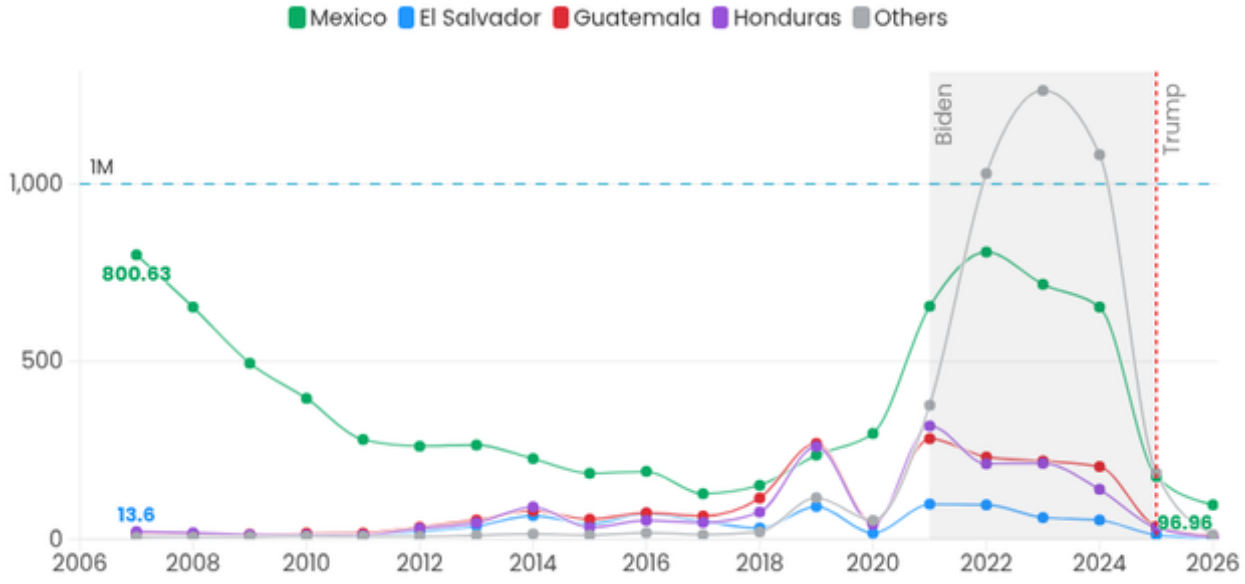
Thousands of people



Source: Prepared by Integralia using figures from CBP.
***Note:** The figures correspond to the U.S. fiscal year; the data for 2026 covers the period up to August. Furthermore, the encounters recorded by CBP include apprehensions, denials of entry at ports of entry, and—between March 2020 and May 2023—expulsions under Title 42.

Graph 17. Encounters at the U.S. southern border by nationality (2007-2026*)

Thousands of people



Source: Prepared by Integralia using figures from CBP.
***Note:** The figures correspond to the U.S. fiscal year; the 2026 data includes information accumulated up to August.

Ultimately, the United States has placed the containment of China at the heart of its economic security, pressuring its regional partners:

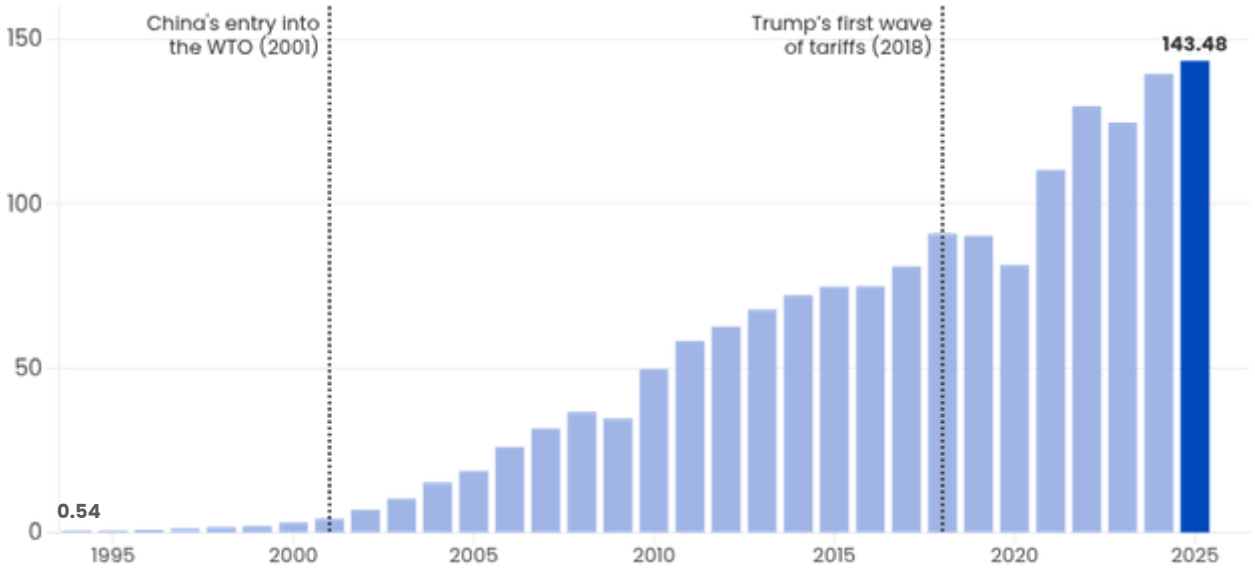
Figure 6. U.S. priorities regarding China's presence in the Americas



Source: Prepared by Integralia based on the National Security Strategy (2025) and the National Defense Strategy (2026) of the United States.

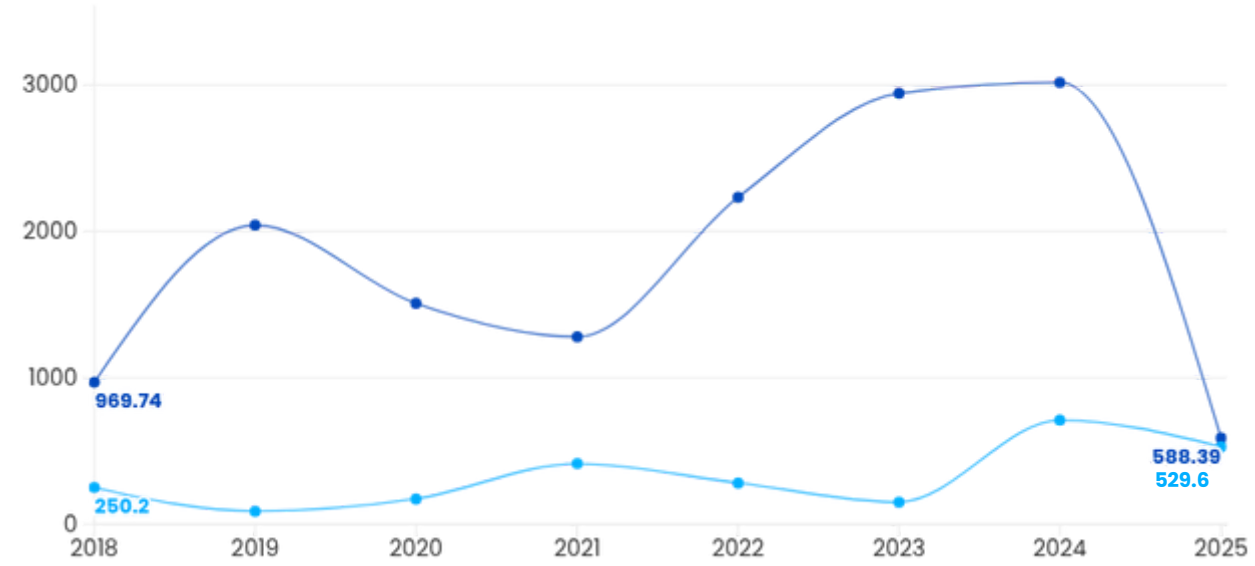
The United States is pressuring Mexico, labeling it a "back door" for China due to growing trade and investment ties between Mexico and China:

Graph 18. Total value of trade between Mexico and China (1994-2025)
Billions of dollars (exports + imports)



Source: Prepared by Integralia using figures from the Bank of Mexico.

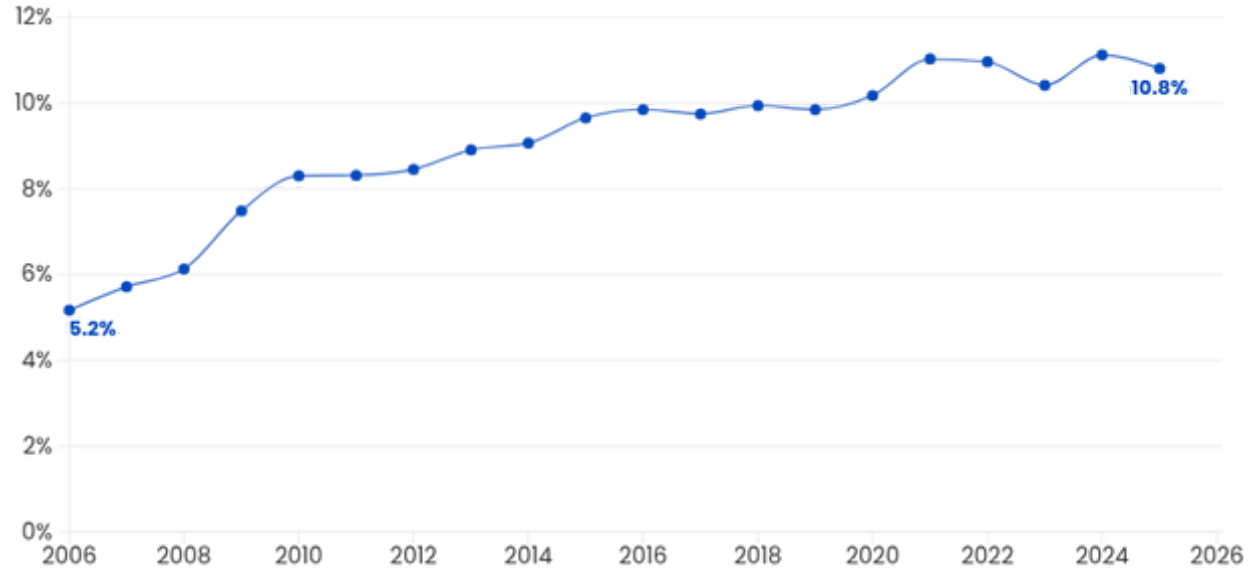
Graph 19. Evolution of FDI received in Mexico from China, according to the SE and the OFDI Monitor (2018–2025)
Millions of dollars



Source: Prepared by Integralia using figures from the SE (Spanish acronym for the Secretariat of Economy of Mexico) and the OFDI Monitor for China in Latin America and the Caribbean, from the Latin American and Caribbean Academic Network on China (Red ALC-China, Spanish acronym).
Note: Inward FDI is measured based on the official records reported by the SE (Secretariat of Economy), while outward FDI (OFDI) tracks the capital that Chinese companies invest abroad, according to the Latin America-China Network Monitor. The latter suggests that the official records underreport these figures.

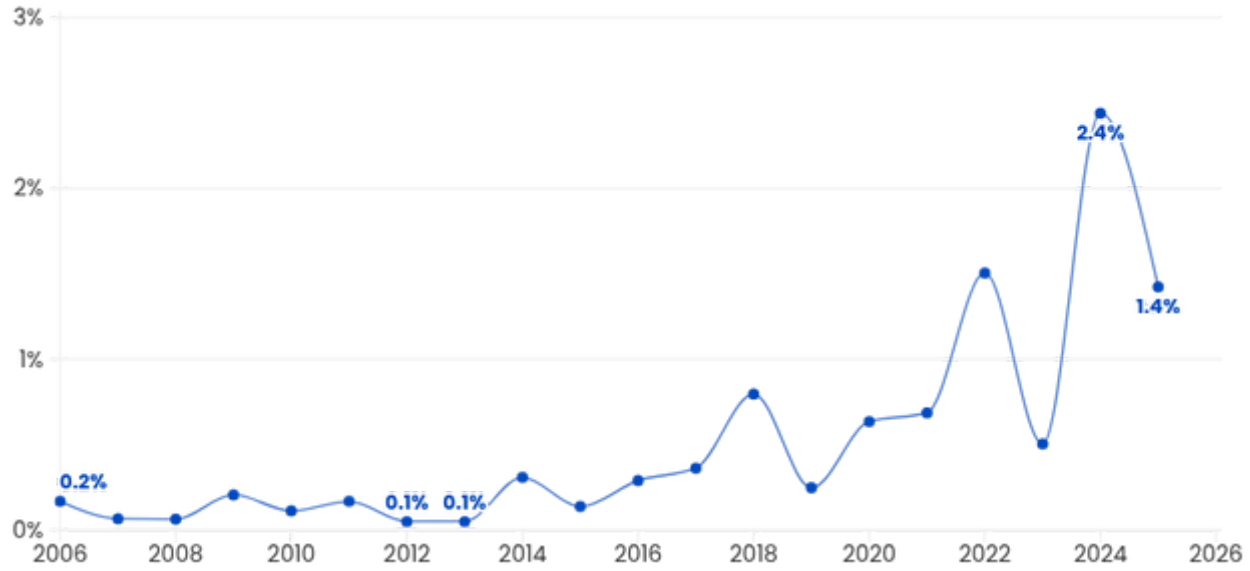
This is despite the fact that these flows remain limited:

Graph 20. China's share of total trade with Mexico (2006-2025)
% (exports + imports)



Source: Prepared by Integralia using figures from the Bank of Mexico.

Graph 21. China's share of total FDI received by Mexico (2006-2025)
%

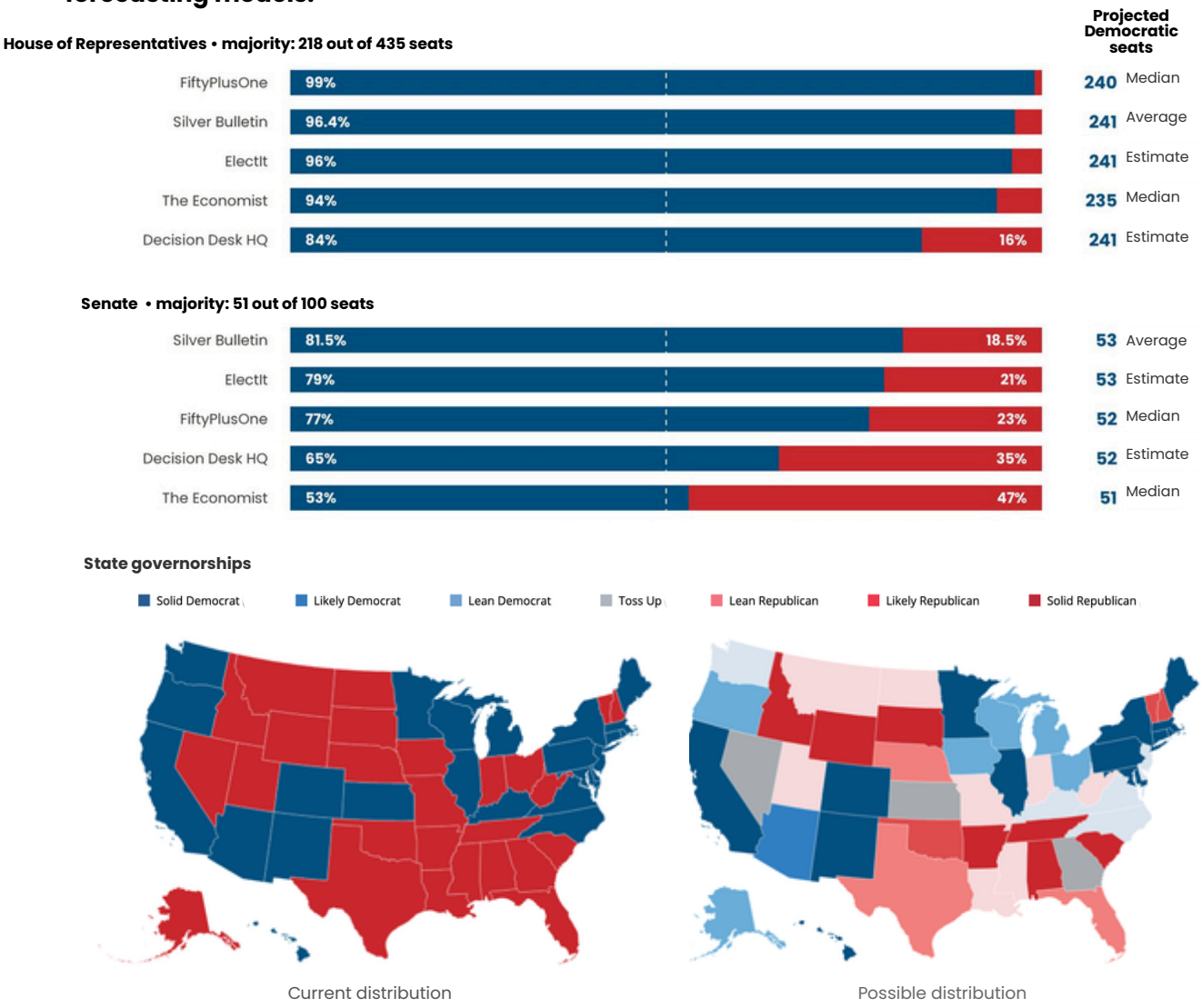


Source: Prepared by Integralia using figures from the SE (Spanish acronym for the Secretariat of Economy of Mexico).
Note: Except for 2022 (1.5%), 2024 (2.4%), and 2025 (1.4%), Chinese FDI—as reported by the Secretariat of Economy (SE)—has not exceeded 1% of the total in Mexico; however, according to estimates from the ALC-China Network Monitor, this percentage could be higher.

4. What's next for the bilateral relationship?

On November 3, the balance of power in the United States will be at stake; forecasts favor the Democrats in both chambers, though the odds are lower in the Senate:

Graph 22. Probability of Democrats or Republicans obtaining a majority, according to five forecasting models.



Source: Prepared by Integralia based on forecasts from Decision Desk HQ, Electit (version including polls), FiftyPlusOne, Silver Bulletin (Deluxe version), and The Economist, updated as of November 2, 2026. State-level data are sourced from the Cook Political Report, updated as of October 29, 2026.
Note: Silver Bulletin reports the mean number of seats; FiftyPlusOne and The Economist report the median; Decision Desk HQ and Electit do not specify which measure they use. In the Senate, with 50 seats each, the Vice President casts the tie-breaking vote in favor of the Republicans.

Each electoral scenario entails challenges:



Political Sphere | Greater internal confrontation and a more prominent role on the international stage

Democratic control of one or both chambers would lead to increased investigations and oversight of the Trump administration, intensifying the conflict between the branches of government. Faced with greater domestic constraints, Trump might focus his efforts on foreign policy to build his legacy, thereby increasing pressure on Mexico.



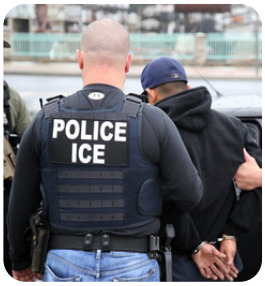
Economic and Commercial Sphere | USMCA will follow its own dynamic

Trade negotiations with Mexico will move forward regardless of the election outcome. Trump will retain broad authority to maintain or modify tariffs and to push for stricter regional content requirements. However, **Republican losses** in states affected by these tariffs could increase pressure within the party to moderate certain trade measures, in order to avoid further political costs heading into 2028.



Security Sphere | Increased pressure on Mexico

Combating drug trafficking enjoys broader bipartisan consensus than other international issues, such as the wars in Iran and Ukraine. A Trump administration—facing greater domestic constraints due to a **Democratic majority**—might devote more attention to this agenda, increasing demands for cooperation, extraditions, and action against criminal organizations. The possibility of new threats of unilateral action cannot be ruled out.



Migration Sphere | Continuation of restrictions

Migration policy will remain a priority for Trump, regardless of the composition of Congress. A **Democratic majority** could increase oversight of deportations, ICE operations, and the treatment of migrants, but it is unlikely to be able, on its own, to reverse the restrictions imposed by the executive branch. Mexico will continue to face pressure to contain migration flows and to accept individuals who have been deported.

Some recommendations for the business sector



Strengthen compliance and due diligence

Regardless of the outcome, pressure regarding political and financial ties to organized crime will persist. Companies—especially those in vulnerable sectors (e.g., gambling and lotteries, non-financial payment services, real estate, or luxury goods)—must continue to vet partners and investors to mitigate legal, financial, and reputational risks.



Strengthen the traceability of value chains

Uncertainty regarding the USMCA, along with heightened scrutiny of labor and environmental standards, could persist even in the event of a Democratic victory. It is advisable to review suppliers, critical inputs, and ties to China to mitigate the risk of allegations involving trade "triangulation."



Prepare for tariff continuity

Sector-specific tariffs could remain in place despite a change in Congress. Companies should assess their exposure, review rules of origin, and replace vulnerable suppliers (in China) with firms based in the region or in countries allied with the United States. In the medium term, this will help develop a robust local supply base and secure the preferential treatment provided by the USMCA in the face of potential trade-related shifts.



Strengthen operational agility and risk management

Regardless of the election outcome, uncertainty and shifts in the binational tariff and regulatory landscape will persist. Companies must prepare for a higher-risk environment by strengthening their monitoring mechanisms and enhancing organizational agility—utilizing tools that allow for the rapid adaptation of processes in response to any trade-related contingency.

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