



Mexican Strategic Landscape

Monthly Report - October 2024



The Institute
for Strategy &
Defense Research

What is The Mexican Strategic Landscape Report?

A monthly publication by the Institute for Strategy and Defense Research (ISDR), a think tank dedicated to the analysis and the dissemination of information in key topics which address Mexico's problems and structural challenges. This document provides insights from the six different regions that make up the country.



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Regions of Mexico



Trends to watch in Mexico

01 / Security priorities for the first 100 days of Government.

To reduce the incidence of high-impact crimes and improve public perception of security, the federal government has announced a new targeted strategy. Key actions planned for the first hundred days of government include strengthening of the National Intelligence Center (CNI) and the National Intelligence System, as well as reducing the crime rate in the 10 municipalities with the highest number of intentional homicides. It will be crucial for this new strategy to be supported by measurable indicators to track progress and for efforts to be coordinated with sectors such as private initiative, universities, and non-governmental organizations to contain the high levels of violence affecting the country.

02 / Renewable Energy, the new bet of the Federal Government.

During her first speech, the new President stated that by the end of her term in 2030, the goal is to generate 45% of Mexico's electricity from clean sources. Additionally, she mentioned that an ambitious National Energy Plan will be unveiled in the following day, which will include new investments in the energy sector and a transition program to renewable energies aimed at reducing greenhouse gas emissions. As for private industry, its participation will continue under the legal cap of 46% of total energy generation. While the Government's commitment to promote renewable energies is positive and distances itself from the policy promoted during the López Obrador government, doubts persist in the private sector about investing due to the lack of legal certainty and the limited capacity in energy transmission and distribution.

03 / Cartel war paralyzes life in Sinaloa.

Following the arrest of Mayo Zambada, the historical leader of the Sinaloa Cartel, the internal war between the Cartel's factions has intensified, causing an increase in violence and instability throughout the northwestern region. In recent weeks, Sinaloa has experienced a stark increase in intentional homicides, vehicle theft, shootings, road blockades and looting. This has led to the suspension of classes and food shortages in rural areas of the state. Aside from deploying military forces, no new strategy has been implemented to recover governability in Sinaloa, and there is a growing risk that this violence will spread to other states in the region.

Mexico and the Global Stage

Foreign dignitaries during President Sheinbaum inauguration.

Despite being the first woman to take office as President of Mexico, the attendance of foreign leaders at the event was scarce and was overshadowed by the diplomatic snub to King Felipe of Spain. If Mexico wants to regain the international prestige it held for many decades, it must begin by mending relations with traditionally allied countries such as Spain, Peru and Ecuador.

Northwestern

Regional Overview

01 — Chihuahua suffers from violence in northern and southern regions.

While violence in Sinaloa reigns free and is widely covered by national media, in nearby states such as Chihuahua, violence escalates. In southern Chihuahua and the Sierra Tarahumara, 300 families have fled their homes in Guadalupe y Calvo due to criminal violence. Other municipalities such as Guachochi and Coronado have also suffered from constant criminal violence. In northern Chihuahua, near the border, municipalities like Coyame and Ojinaga have canceled public events and experienced violent attacks. The state of Chihuahua has the particularity of both being a drug export corridor towards the United States and a drug producer in the southern mountains. This highly strategic location causes a constant dispute between drug cartels and an escalation of violence in the entire region. Adding, thus, a further layer of complexity to the government's security strategy to restrain violence.

02 — Kuni megaproject in La Paz is suspended.

After weeks of uncertainty and public pressure, Víctor Castro Cosío, governor of Baja California Sur has announced that the construction of the Kuni tourism complex has been suspended. The project, widely opposed by environmental activists and civil society, sought to develop an area of approximately 4,000 acres with infrastructure, housing, and hotels, including 70% of the state's hotel rooms. From the beginning, public opposition accused the project of irreversible damage to the ecosystem and the environment. While tourism has a significant weight in the region's economy, citizens are advocating for the protection of the environment and are calling for a new standard in development and infrastructure projects.

Key Actors

Environmental effects of Mega Projects in La Paz, Baja California Sur.

The close location of Kuni to Protected Natural Areas and important habitats for animal and plant species were some of the main reasons for public outlash. Water scarcity and extreme pressure on natural resources were also present in the debate. It is not the first time that projects similar to Kuni have been stopped by communities in La Paz. In 2014, Marina Azul, another infrastructure project, was halted in court after a lawsuit was filed by citizens because of its negative effects on the environment.

Northeastern

Regional Overview

01 — Durango – Mazatlán highway paralyzed by violence.

During September, a series of roadblocks, vehicle thefts, and violent events caused by drug cartels in the Federal Highway 40D between Durango and Mazatlán have complicated the connection between Sinaloa and Durango. Chambers of commerce have recommended carriers to avoid circulation through the highway and into Sinaloa. This has caused food shortages in rural areas, a reduction in economic activity, lack of tourism, and insecurity. Violent events in Sinaloa are overpassing the state's borders and disrupting life and economic activity in the entire region, including Durango. In the context of Claudia Sheinbaum's recently inaugurated presidency, this is one of the most urgent challenges for the new administration.

02 — Companies thinking twice before relocating to Mexico.

Nearshoring has been hailed as one of the most significant economic advantages of Mexico in recent years by all government levels and the private sector. Nevertheless, Chinese multinational Midea, has recently paused an investment of over US\$100 million in Ramos Arizpe, Coahuila. This is part of a broader trend fueled by the upcoming US presidential election, the emergence of other countries for relocation, and the political uncertainty of the country's rule of law in the future, which has paused plans of relocation of foreign companies, especially in Coahuila and Nuevo León. Faced with these challenges, Mexico is posed with the task of reassuring foreign investors in spite of the judicial reform and the militarization of the Guardia Nacional, while sorting out external pressures and competition.

Key Actors

“Superhighway” Durango - Mazatlán.

With an investment of approximately US \$1.5 billion, this 230 km highway was opened to the public in 2013 and reduced the journey between both cities from 6 to 2.5 hours for light vehicles and from 12 to 4.5 hours for carriers. It is an important economic and tourist corridor connecting northern Mexico with the Pacific Ocean, North America and Asia, boasting at least 5 million users per year. The highway is part of the so-called “Northern Economic Corridor” which passes through 8 states.

Western-Bajío

Regional Overview

01 — Opportunity for semiconductors in Mexico.

The production of semiconductors in Mexico is a growing field of investment in Mexico, specifically in Aguascalientes and Jalisco, home to a growing R+D chip cluster, identified both by government and private investors. Recently, the U.S. Department of State announced the implementation of the CHIPS Act, passed in 2022, aimed at increasing Mexico's and other Latin-American countries' capacity to produce, test, and package semiconductors. This announcement comes in the wake of a global battle for chips between China and the West. Its effects are already underway. This month Foxconn has announced that they are currently building the world's biggest production facility for Nvidia's GB2000 AI servers in Tonalá, Jalisco. Facing this international context and regional incentives, Mexico has the opportunity to position itself in the semiconductor market in the Americas and within the global supply change.

02 — Recruitment by organized crime through false job postings in Jalisco.

Reports of a *modus operandi* for recruitment of young people into organized crime through misleading job offers in social media have been identified in Jalisco. Students and young professionals are lured into applying for well-paid employment, without knowing that criminal organizations are behind these offers. Several cases of disappearances after applying for these jobs have been reported. The recruitment toolkit of criminal organizations is expanding, posing a new problem for both authorities and citizens. In the context of increasing insecurity in the region, criminal organizations continue strengthening their position in the everyday lives of citizens.

Key Actors

Semiconductor market in Mexico.

For 2024, US \$47 billion in sales are expected from the Mexican semiconductor market, with a compound annual growth rate of 10.27% until 2029. Additionally, through the CHIPS Act created a five-year US \$500 million International Technology Security and Innovation Fund for investing in semiconductors in Latin America, beginning in Mexico, Costa Rica, and Panama.

Central

Regional Overview

01 ——— **Rising Chinese investment in Mexico City poses future risk to USMCA negotiations.**

Mexico has become a key passageway for Chinese products into the US market. After the imposition of tariffs by the Biden administration, Chinese companies have taken advantage of Mexico's nearshoring strategy and USMCA's rules of origin. By incorporating 30% of labor content in automotive parts or assembling vehicles in Mexico, these products can enter the US market tariff-free. This approach has become more prevalent, with Mexico City receiving US\$356.4 million in Chinese investment since 2019, and a total of US\$1.44 billion invested in Mexico during this period. Mexico must tread carefully, as this surge in Chinese investment could jeopardize its position in the 2026 USMCA renegotiations, potentially endangering the trade advantages it currently enjoys with North America.

02 ——— **Insecurity costs US\$2.9 billion to the State of Mexico.**

Insecurity in 2023 cost each resident from the State of Mexico almost half a dollar per day, amounting to a total of US\$2.9 billion by the end of the year – a 72% increase compared to 2022. These costs stem from losses due to robberies, fraud, and extortion, as well as preventive measures such as installing locks and security systems, and medical expenses. As 2024 is poised to record the highest crime rates yet, the financial burden of insecurity is expected to escalate further. While these rising costs have become a normalized part of daily life, they remain unsustainable in the long run. This unseen financial strain quietly erodes both individual livelihoods and the state's resources, signaling a challenge that can no longer be ignored.

Key Actors

Chinese investment in other states.

Other states that have received significant Chinese investment include Yucatán (US\$348 million), Nuevo León (US\$223 million), Jalisco (US\$177.5 million), and Chihuahua (US\$77.3 million).

Southern

Regional Overview

01 — Violence in Chiapas hinders development.

Chiapas continues to struggle with violence stemming from pre-existing cartels, their factions, and the surge of a new cartel. The evolution of Chiapas shows how pervasive violence erodes every social structure and infiltrates every aspect of daily life. In the past month alone, 300 transport operators have halted services in the Frontera Comalapa region, nearly 300,000 minors are out of school due to closures in 9 municipalities, and at least 42 families have been cut off from essential food aid as they remain trapped in violence-stricken communities. Despite no Chiapas municipality being included in Sheinbaum's prioritized strategy, the president announced a specific plan for the state aimed at addressing the root causes of violence. This includes social welfare programs, the permanent presence of security forces as a preventive measure, peacebuilding through community development initiatives, and coordinated intelligence and operational deployments.

02 — Blockades in Veracruz cause water shortages.

In September, highways across Mexico were blocked for various reasons, with one of the most prominent being the 4-day blockade of the Yuribia dam by residents, landowners, and even the mayor of Tatahuicapan that called for state-level intervention. The protestors, demanding that the municipality of Coatzacoalcos fulfill its infrastructure investment commitments, closed the dam's valves and threatened to weld them shut. This strike caused a water shortage in Coatzacoalcos and its neighboring municipality, Minatitlán. While a preliminary agreement was reached upon the condition that Coatzacoalcos invests in the construction of a catchment box, a conduction line with 8-inch piping, and a 250,000-liter tank, tensions linger. While this season's tropical storms helped avert drought, water disputes are still simmering and must be closely monitored as they can escalate at any moment.

Key Actors

School closures in Chiapas.

The municipalities reporting school closures include Frontera Comalapa, Chicomuselo, Amatenango de la Frontera, Mazapa de Madero, Bejucal de Ocampo, Siltepec, El Porvenir, La Grandeza, and Motozintla. These closures are not a formal security measure but rather a result of teachers prioritizing their safety and avoiding travel between municipalities due to the risk of violence.

Yucatán Peninsula

Regional Overview

01 ——— **Visa restrictions on Brazil cost Quintana Roo US\$400 million.**

Following the visa restrictions placed on Brazilian tourists, Quintana Roo's tourism sector has been severely impacted. In 2022, Mexico revoked electronic visas for Brazilian visitors following a surge in immigration. Hotel owners in Quintana Roo report losses amounting to US\$400 million, as Brazil was the state's fifth most important market. The financial hit has spread beyond hotels, affecting local restaurants, theme parks, and even the informal sector. Mexico must now walk a fine line, balancing security concerns, fulfilling its international commitments, and protecting its economic interests. With a new secretary of foreign relations, business leaders in Quintana Roo are pushing for the removal of visa restrictions and the return of electronic visas for Brazilian tourists to recover this crucial market.

02 ——— **SEDENA invests in eco-hotel in Campeche.**

As the next step in the broader Tren Maya framework, Sedena is investing US\$33.4 million in the construction of a 144-room ecotourism hotel near the Calakmul archaeological site, in Campeche. The hotel is designed to run entirely on solar energy and aims to enhance sustainable tourism in the region. While the project has only been approved and has not formally begun construction, previous critiques of the Tren Maya remain relevant, particularly with the hotel's environmental goals. This initiative also highlights Sedena's evolving role, which now extends beyond traditional defense responsibilities into national infrastructure and tourism development.


Key Actors


Visa difficulties.

After the removal of electronic visas, Brazilian tourism to the Mexican Caribbean dropped by 44.6%. The in-person visa application process has been further hindered by the fact that there are only three consulates in Brazil, which are unable to handle the high demand for visas.

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