



Mexican Strategic Landscape

Monthly Report - December 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 / Renegotiation of the USMCA increases friction between Mexico, U.S and Canada.

Although the renegotiation of the USMCA is scheduled for July 2026, issues such as Chinese investment in Mexico, illegal migration and drug trafficking have begun to cause friction between member countries, generating uncertainty about the future of the trade agreement. Regarding the U.S, President-elect Donald Trump has already announced that he could impose 25% tariffs on imports from both countries if both Mexico and Canada fail to mitigate migration and drug trafficking. Strange and politically motivated views have been expressed in Canada, where the Premiers of Alberta and Ontario have expressed their interest in excluding Mexico from the treaty due to Chinese investment in the country. In light of this situation, Mexico needs to define its strategic horizon and take decisive actions if it seeks to be perceived as a reliable partner within the bloc. Additionally, it will have to promote a proactive foreign policy with a strategic vision that allows it to lobby with different stakeholders to protect its national interests. Of particular concern is that Mexico's political landscape is so polarized that coming up with such a bold strategy will be quite difficult, to say the least.

02 / Adverse scenario for the mining sector in Mexico in 2025.

The mining sector faces great challenges due to insecurity, increased taxes, and the proposal to ban open pit mining. In terms of security, companies operating in Mexico are affected by harassment by criminal groups and mineral theft. Regarding tax increases, the Federal Government expressed its intention to increase the profit from mining activities from 7.5% to 8.5% and from mineral sales from 0.5% to 1%. Also, the recent proposal to prohibit open pit mining in Congress puts the extraction of 60% of national production at risk. If these initiatives are approved and the robberies and criminal stalking against the sector continue, many investments will be definitely cancelled, putting thousands of jobs in the country and the supply of key minerals for several industries in North America at risk.

03 / The Federal Government presents its National Water Plan.

In November, the National Water Plan was presented, which includes aspects such as the review of water use concessions, agricultural water technification, 16 projects to guarantee water supply, and the signing of a national agreement with agricultural and industrial producers for the voluntary return of water in areas suffering from water stress. The plan is presented after the severe droughts that affected various regions of the country during 2024 and privileges the supply of water for human consumption over commercial use.

Mexico and the Global Stage

APEC Ministerial Meeting in Peru.

Mexico's participation in APEC meeting during November was once again affected by the differences maintained with the Government of Peru. Despite the absence of President Claudia Sheinbaum, Peruvian Foreign Minister Elmer Schialer opened an opportunity of reconciliation between both countries. Given this scenario, Mexico could leverage this opportunity to normalize relations with an important partner in the region, with whom it shares cultural, historical, and economic ties.

Northwestern

Regional Overview

01 ——— Historic fentanyl crackdown in Sinaloa.

On December 3rd, Mexican authorities in an operation coordinated by the Mexican Navy, seized 1,500 kg of fentanyl in the state of Sinaloa. This represents the biggest confiscation of fentanyl in the history of the country, representing more than 20 million doses worth US\$ 400 million. After a night of criminal attacks and an explosion near the state capital, authorities confiscated the illegal drugs in two coordinated actions in the municipalities of Guasave and Ahome. This action occurs days after President-elect Donald Trump threatened to impose 25% tariffs on all Mexican and Canadian goods if illegal migration and fentanyl smuggling was not drastically reduced. It is no coincidence that the Mexican government has doubled-down its efforts to combat drug trafficking, looking to dissuade President-elect Trump from taking drastic measures after his inauguration, while sending a message across the border.

02 ——— Crisis in shrimp industry.

Shrimp capture in the high sea is facing a rough production season. In San Felipe, Baja California, capture has fallen 70% in relation with last year. In Mazatlán, at least two shrimp freezing plants have closed due to poor fishing results this season. Fishermen and cooperatives have repeatedly protested the lack of government support during the last six years. The states of Sonora and Sinaloa produce or capture 85% of Mexico's shrimp and constitute an important source of employment for waterfront communities. Over the years, Shrimp capture in the high sea has fallen. In addition to the violence crisis in Sinaloa, economic difficulties in the fishing and other industries increase the pressure for all government levels to protect the livelihoods of thousands of families.

Key Actors

Fentanyl in the United States and Mexico.

US authorities claim that Mexico is both a producer and a transitway for fentanyl into the United States. According to the Center for Disease Control and Prevention, in 2023 synthetic opioids (fentanyl related drugs) caused an estimated 74,702 deaths in the US. During Donald Trump's campaign, fentanyl trafficking became one of the most relevant issues in the now president-elect's agenda.

Northeastern

Regional Overview

01 — **Nuevo León, Coahuila, and Tamaulipas agree to a coordinated security plan.**

After a meeting in Monterrey, the governors of Coahuila, Tamaulipas, and Nuevo León agreed to strengthen security cooperation in “La Ribereña” highway that runs along the US border and connects the three states. Coahuila and Nuevo León will also create regional police for highway patrol with an operational base in the Colombia border port. All three states, along with the Army and the Federal Government, will establish a regional intelligence group to detect criminal operations across the region. This tri-state cooperation, among governors from three different political parties, is important to create a regional security strategy across state borders to respond to criminal threats. Its implementation and effectiveness are due to be seen and evaluated in the future.

02 — **Potential for new renewable energy projects in Tamaulipas.**

At least 20 wind and solar projects in Tamaulipas have been pre-approved. Tamaulipas is currently ranked as the second clean energy producer in the country, with 13 wind farms and 500 wind turbines. The announcement comes after the state government encouraged renewable energy investments and projects, especially after the last federal administration neglected these projects across the country. In contrast with the last presidential term, Claudia Sheinbaum announced in her 100 commitments to encourage clean energy production. Tamaulipas has an important potential to become one of Mexico’s energy powerhouses. With renewable energies, it complements its current production of fossil fuels and consolidates its relevance in the energy sector.

Key Actors

Renewable energy production in Mexico.

Mexico has an important potential for clean energy production. 31.2% of the country’s energy production comes from clean sources. Hydroelectric energy accounts for 33% of clean energy production, followed by wind and solar energy with 19% each. Oaxaca leads wind energy generation followed by Tamaulipas and Nuevo León. Durango leads solar energy production followed by Chihuahua and Sonora. While Puebla leads hydroelectric energy production followed by Michoacán and Jalisco.

Western-Bajío

Regional Overview

01 — Water conflict for avocado production in Michoacán.

The demand of avocado in foreign markets and its rise in popularity have increased avocado production since 2013 by 80.7%. Nonetheless, avocado farms are water intensive crops. In Michoacán, the country's top producer, conflicts over water use are fueled by the increase in avocado farms and production. In the last 5 years, at least 10 water activists in Tancítaro have received threats. While avocado producers use more water, producers of other crops are suffering from the lack of it and deforestation. Avocado is a main export to the United States and set of rules need to be followed that guarantee sustainable avocado farming to export to the US market. If ignored, within the context of deforestation and water scarcity, avocado exports will face challenges in foreign markets.

02 — Toyota announces expansion in Guanajuato and Baja California.

In November, Toyota and the Ministry of Economy revealed a US\$ 1.45 billion investment in their Tijuana and Apaseo el Grande factories. This will create a total of 1,600 new jobs and consolidate the automobile industry in the region. Nonetheless, the region has suffered from a violence crisis in Guanajuato, including the explosion of two car bombs in October, foreign investment continues to pour into the state and the country. Economic advantages in Mexico continue to outweigh the negative effects of insecurity, nevertheless if security conditions were guaranteed, the region and the state could receive even more foreign direct investment, incentivizing economic development.

Key Actors

Toyota factory in Apaseo el Grande, Guanajuato.

Inaugurated in 2019, Toyota's factory in Apaseo el Grande employs over a thousand workers and received a US \$700 million initial investment. The factory is located between Celaya and Querétaro, close to the state's borders. It produces Toyota's iconic Tacoma with a production output of 100,000 units per year. It is Toyota's second factory in the country.

Central

Regional Overview

01 ——— Operation “Enjambre” targets municipal authorities.

Operation “Enjambre”, deployed as part of the security plan for the first 100 days of Sheinbaum’s term, has led to the detention of 24 ex-public servants from the State of Mexico for collaborating and working for two prominent criminal organizations. To date, seven high-profile detentions have been made including the ex-mayor of Amanalco, the husband of Tonatico’s mayor, and five security directors and deputy directors of varying municipalities of the state. Amid an increasingly complex national security outlook, this investigating and ending municipal-level corruption is essential to debilitate organized crime at its core. This new strategy demonstrates a change in approach from the last administration and an ability to deploy coordinated strategies at the three levels of government in selected areas.

02 ——— 90,000 Asian items taken off the market in Mexico City.

After the third operation carried out in the Plaza Izazaga, a market known for the availability of Asian products, it was officially closed due to apocryphal products. Over 90,000 products were seized by the joint operation carried out by the National Guard, Marine Ministry, Public Security Ministry, Foreign Commerce, IMPI and SAT. This clear message of restrictions on Asian products and the Asian market come at a time where the US and Canada have expressed concern due to the strong presence of Chinese investments in the country, thus jeopardizing the upcoming USMCA negotiations.

Key Actors

Criminal ties of municipal authorities.

Charges against the seven high-profile detainees include homicide, express kidnapping, and extortion. All of these crimes were committed in a context of long-standing criminal ties which provided a safe haven for both the authorities and the cartels. While investigations remain underway, some authorities have been linked with Familia Michoacana, Cartel Jalisco Nueva Generación, and other local cartels.

Southern

Regional Overview

01 — The Chiapas water paradox.

Chiapas provides 30% of the nation's water supply. However, over 70,000 citizens in Chiapas do not have access to water due to deficient infrastructure and lack of investment in rural areas. From the 124 municipalities, half report deficiencies in the water supply network and only 9 have wastewater treatment capacities, leading to the pollution of available water sources. So far, community-led initiatives have aided in delivering water, however a state-wide investment is needed. Lack of water access creates a cycle of inequality that poses health, safety, and security risks as water is an increasingly valuable asset. While investments may be constrained by the current security crisis, one crisis cannot be entirely solved without the other. Social tensions and control over resources continue to perpetuate this cycle.

02 — Veracruz's highways in urgent need of maintenance.

In October, the Veracruz-Puebla highway was affected by a landslide which led to its partial closure. While authorities estimate completion of its repair by April 2025, freights and carriers have been forced to increase their prices by 13% due to increased waiting times. Additionally, the number of potholes and overall conditions of the state's highways, especially those in the southern part of the state, pose a safety risk as evidenced by the constant accidents and road closures. The Port of Veracruz is the most important in the Gulf of Mexico for its location and commercial relations. Investments have been made in past years to increase its capacity and efficiency, both of which are atrophied once products are moved by land. Businesses and commerce chambers emphasize the need for repairs in major highways given the volume of products transported through the state.

Key Actors

Minatitlán-Coatzacoalcos highway.

The infrastructure of Minatitlán-Coatzacoalcos highway is one of the most deficient within the state, with its condition affecting the state's connectivity to Tabasco. These municipalities host petrochemical industries with high contributions to the local and national economy, which depend on the state's road infrastructure.

Yucatán Peninsula

Regional Overview

01 ——— Concern over cruise tax increase in Cozumel.

Cozumel receives 69.6% of the tourists that come to Mexico via cruise ships making tourism and commerce 74% of its total economic activity. As of June 2025, tourists who visit Mexico's coasts by cruise will have to pay an individual \$42 USD tax. While the increase was set to start in January 2025, concern by local and international business owners led to its deferral. The Mexican Association of Naval Agents (AMANAC) estimates that Mexico could lose over 10 million passengers and 3300 stopovers. This would heavily impact local economies dependent on tourism and have negative macroeconomic effects if visitors decrease in the expected rate.

02 ——— Narcomenudeo and Predatory Lending Uncovered in Cancún.

A recent operation in Cancún led to the arrest of 17 individuals, including 15 Colombian nationals, dismantling a network involved in small-scale drug distribution (narcomenudeo) and predatory "gota a gota" lending schemes that target vulnerable communities. Other states, like Mexico City, have reported the involvement of Colombian citizens in these aggressive lending practices dating back to 2016. With Quintana Roo's strategic significance as a tourism hub, mitigating such activities is essential to safeguarding public security and economic stability.


Key Actors


Cozumel's cruise-based economy.

Between January and April of 2024, Cozumel received 1,818,838 passengers with daily arrivals of over 4 cruise ships. Between 2023 and 2024, the island's economy was benefitted by the 483 million USD spent by tourists, making it the second most competitive destination in the Caribbean just after the Bahamas.

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