Transatlantic Security Dialogue

Diálogo Transatlántico de Seguridad

POLICY BRIEF

Limited Futures: Mexican Geopolitics in a Bipolar World

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I. Back on the stage

This past April, on a sweltering afternoon typical of Central America, a Mexican Air Force Gulfstream landed at Tegucigalpa airport in Honduras with Mexico's president on board. Although the Head of State's attendance at the CELAC Summit could have been lost in the churn of international news at the time, for the attentive eye, the visit carried important symbolism: for the first time in years—since December 2018—a Mexican head of state showed up on an international summit in one of the most important areas within its natural geostrategic sphere of influence. Two months later, at the invitation of Canada's prime minister, the president took part in one of the world's most important forums, the G7. After one-on-one meetings with counterparts from countries such as India, South Korea, and Germany, among others, the visit to Ottawa (and earlier to CELAC) sought to signal that Mexico had returned—or at least was interested in doing so—to claim its place as a regional middle power, at least in accordance with its geographic space of action.

But is Mexico's participation in these and other fora enough to break with six years of absence from the global stage? What are the real possibilities for the National Palace (Mexico's Government center of power) in a world undergoing transformation and realignment? What are the strategic variables Mexico must consider in order to advance with its national interests in a way that is both assertive and realistic?

To answer these questions, it is important—drawing on classic geopolitical perspectives—to situate Mexico's condition vis-à-vis three strategic elements: proximity to the most powerful nation on Earth in military, economic, cultural, and politico-diplomatic terms; the reorientation of U.S. foreign policy following Donald Trump's (second) arrival at the White House; and China's rise as a revisionist power, backed by the growing might of its armed forces and with clear interests in expanding its influence both in Mexico and across the rest of Latin America. According to this paper, these three elements define Mexico's room for maneuver in the near future. Let's take a look at them.

II. Neighbors, Yet not So Distant

In 1984, Alan Riding argued that the relationship between Mexico and the United States, though they share a common border, was marked by mutual mistrust and misunderstanding. It seemed, said the British author, that intrinsic cultural differences between the two nations would shape the destiny of these neighbors, "distant" in a sense (Riding, 1984). Barely ten years later, after the signing of the North American Free Trade Agreement and the ensuing expansion of bilateral trade, the relationship entered a new strategic stage that has profoundly transformed the way each country views the other, notwithstanding the evident cultural differences that persist. Today, across the more than 3,000 kilometers of shared border, binational trade exceeds 700 billion U.S. dollars annually. As of 2024, Mexico became the United States' top trading partner, surpassing Canada and China, while the U.S. now accounts for more than 80% of Mexican exports.

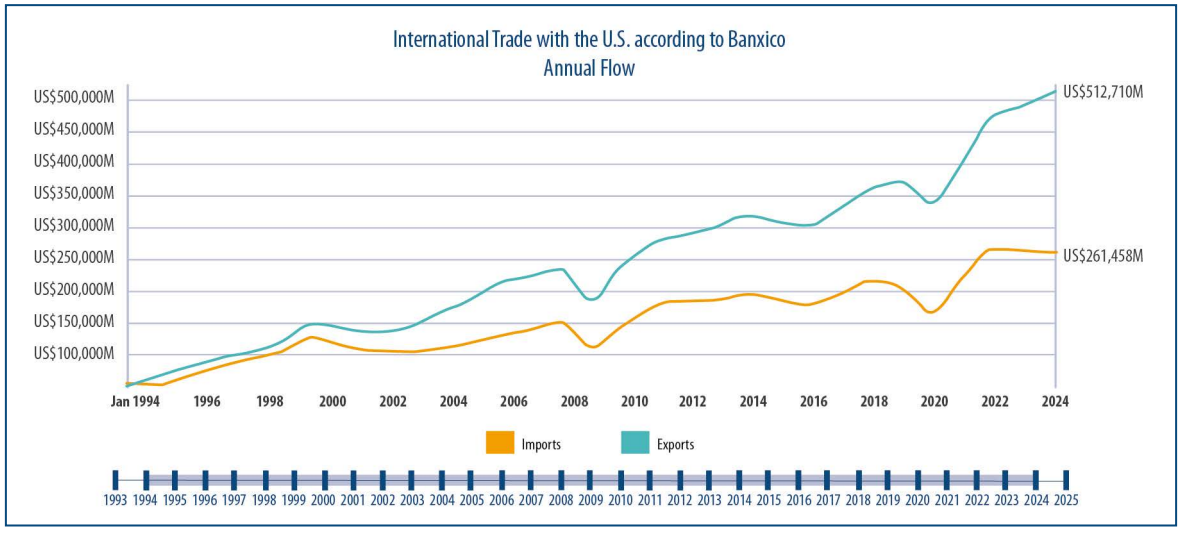

Figure 1: Net Mexico–United States Trade Balance since NAFTA entered into force. Source: BANXICO.

But the commercial dimension of the Mexico–U.S. relationship is not the only face of the two countries' gradual, yet steady integration. There are also a little over one million U.S. citizens living in Mexico—either permanently or participating across the three economic sectors. The human dimension of this integration is as strong as the commercial one.

However, sharing such a long border with the world's largest drug market also has a decisive impact on the bilateral relationship. It must be said that although this dynamic has been present since at least the middle of the twentieth century, it has become a fundamental part of the bilateral relationship since the 1980s. Although it is not the intention of this document to delve into the specific nature of the illegal flow of drugs northward (and of firearms southward), the advance of Transnational Organized Crime (TCO) in these markets (and others, such as human trafficking, piracy, or prostitution) is the strategic variable that most defines the relationship nowadays.

In this sense, given that Mexico forms part of the United States' security perimeter and early-warning defense system (Fierro, 2014) and in light of the growth of Transnational Organized Crime and its capacity to challenge the Mexican state's monopoly on force within its own territory, Mexico's position vis-à-vis its northern neighbor appears highly vulnerable. Paraphrasing Brzezinski (1997), Mexico´s

condition as a "geopolitical pivot"—that is, a nation with some capacity to influence its immediate geographic space—shrinks dramatically.

In short, despite the obvious codependency between Mexico and the United States after at least three decades of economic integration, Mexico's inability to resolve its enormous internal security dilemmas will reduce its strategic options to a minimum. By contrast, if the Mexican government succeeds in recovering the political and territorial control from organized crime groups over the next five years, its status as a geopolitical pivot would allow it to expand its options for exercising national power.

III. Trump: Neo-Mercantilism and Political Realism

Mexico's possibilities on the international stage also confront the realignment of U.S. foreign policy following Donald Trump's return to the White House. Understanding this redefinition of Washington's priorities is essential for clarifying the limits and possibilities of Mexican state craft. In this context, various analyses have sought to clarify the rationale behind President Trump's actions; those who view him as part of the broader democratic backsliding seen across much of the world, often draw parallels with figures such as Bolsonaro in Brazil, Erdoğan in Turkey, Viktor Orbán in Hungary, or even López Obrador in Mexico. For this approach, the American president represents just one more expression of a global trend toward autocracy. For this author, however, while there are some parallels among the leaders mentioned above, the social, cultural, and economic characteristics of the United States oblige us to seek less simplistic explanations.

Apeldoorn, Vaselinovic, and Graff (2023) do an excellent job of identifying two major factors—one economic and one political—as the chief catalysts of the rise of Trumpism and the ensuing redefinition not only of U.S. foreign policy but in fact of its Grand Strategy. From an international political-economy perspective, the authors argue that the 2008 crisis planted the seed for Donald Trump's subsequent arrival to the presidency in 2016 and, in practice, marked the beginning of a profound structural shift within the United States. That shift explains both Biden's failure (his term could be considered thus as an interregnum) and Trump's return in 2024. For the authors, 2008 signaled the beginning of the end of the era of "open-door globalization," and although at first it seemed that the crisis had been overcome, the economic data suggest otherwise: "after the Great Recession, 95% of income gains concentrated on the top 1% of Americans. Despite anti-inequality rhetoric, under Barack Obama inequality was not reversed but increased, leading lower- and middle-class groups—whose wages had been stagnant for decades—to experience a decline in their standard of living" (Saez, 2018; Winters & Page, 2009).

To this economic factor (the fall in real income for the middle and lower classes after the end of globalism), which explains Trump's arrival in 2016 and his return in 2024, one must add another, political-strategic variable: China's emergence as a superpower, following the failed attempt to incorporate that country into the American liberal order. Although China's economic rise owed much to American capital inflows—from Deng Xiaoping's reforms well into this century—it later became clear that the opposite was also true: the Asian country's industrialization had come, paradoxically,

at the expense of U.S. de-industrialization. As Hung (2022:30) notes, "the accelerated process of excessive control over China's economy by Xi Jinping, beginning in 2012," generated a consensus in the United States that China had taken advantage of the West and that it not only failed to adhere to the political norms of the Washington Consensus but in fact sought to overturn them.

Thus, Trump's arrival in 2016 and his return in 2024 also find an explanation in this anti-China sentiment. On the one hand, large corporations now decry the high costs of doing business with China and, on the other, middle- and lower-class Americans blame China (and Mexico, to a lesser extent) for the closure of factories and the offshoring of jobs to Asia.

As we have seen, the factors mentioned above (the perceived failure of the middle class under globalization and China's rise at America's expense) are the two great catalysts of the "Trump Era." They largely explain the conduct of his administration's foreign policy and, I would venture to say, the current American Grand Strategy: from seeking U.S. preeminence supported by the expansion of liberal globalism to the recovery of American hegemony based on a realist, neo-mercantilist approach in which cooperation and multilateralism are totally neglected. "America First" is not merely a campaign slogan, but a deeply rooted sentiment—one that defines the identity of much of the U.S. electorate and a substantial part of its political leadership.

In this sense, Mexico's foreign policy—and its Grand Strategy—must correctly weigh the *Zeitenwende*, the "change of era," that the United States is undergoing, beyond short-term swings in the White House. Trump's presidency may end in 2028, but the structural conditions that brought him to power will remain in place for at least the next decade.

IV. China: Red Storm Rising

Beyond geographic proximity to the world's greatest power and Trump's return to the White House, a third strategic factor directly shaping Mexico's current and future external behavior is China and its revisionism of the international order. This factor matters for a wide array of reasons: Mexico's asymmetric trade relationship with the Asian giant; China's interest in using Mexico as a commercial bridge to the United States (to sidestep tariff restrictions); its growing influence in Central and South American nations; and its role in the increasingly complex illicit trade in drugs and chemical precursors. Whatever Mexico does vis-à-vis China will inevitably have an impact on—and elicit a response from—its northern neighbor. Understanding what Beijing's rise means, and the resulting shift towards global bipolarity, is therefore vital for the Mexican state and its future.

Yan Xuetong, one of China's most important contemporary realist theorists—and undoubtedly among the most influential—believes that the international order is moving toward "bipolarization without global leadership." In his view, China's rise will surely transform the unipolar configuration of the post–Cold War into a bipolar arrangement between China and the United States before 2030 (Xuetong, 2019: 198). Two ideas are fundamental to the strategist's thesis: First, that the "Chinese dream of rejuvenation," articulated by Premier Xi Jinping, cannot be completed unless China becomes the dominant actor in East Asia; and second, that bipolarity is already a product of the reduction of the United States' "comprehensive power," due mainly to the inability of its political

system to undertake changes and reforms at the same speed as China.

In the United States, the notion that China represents a danger is relatively recent. As late as the early years of this century—and with the decisive backing of the White House—China became a member of the World Trade Organization. The strategic rationale behind this move revolved around the idea that the West should integrate Beijing into the (American) international arrangement, thereby minimizing the likelihood that it would later challenge those same rules. Even during the Obama era, despite the ill-fated "Asia Pivot," the United States continued to bet on a cooperative and, certainly, manageable China. Nothing could have been further from the truth. As Brands and Beckley (2022) note, since Deng Xiaoping's late-1970s reforms, Chinese leaders have understood that their country's ascent would, sooner or later, entail a head-on confrontation with the American hegemon. "Hide your strength and bide your time," Deng advised, "until China attains developed-country status, and only then its strength and role in the world will be completely different." (Brands and Beckley, 2022)

Indeed, Chinese strategic literature coined the concept of a "period of strategic opportunity" for the post-September 2001 horizon. The so-called war on terror, the military incursions into Iraq and Afghanistan, and the 2008 crisis convinced China's political-military establishment that the United States was in clear decline—or at least deeply distracted. In Xuetong's words, Beijing's objective in those years was clear: "to prevent the United States from focusing on containing China's advance as a global superpower [for] in the past we had to keep a low profile because we were weak; but now we show our neighboring nations that we are the strong ones and they are the weak" (Xuetong, 2019).

But this new Chinese assertiveness is focused not only on its immediate geographic region; it also extends to Latin America and—even if to a lesser degree—Mexico. Today, virtually every economy in the region—except Mexico itself—counts China as its main trading partner, even though just a few years ago that position belonged to the United States. As the next figure shows, the Monroe Doctrine has lost its meaning, given America's strategic distraction and China's subtle arrival through trade agreements, financing for strategic infrastructure such as ports and hydroelectric dams, and even the construction of seemingly civilian facilities that in reality serve military purposes (Berg, 2025). For Mexico, China's rise represents a challenge almost as significant and demanding as the country´s relationship with the United States. There are at least two issues of paramount importance when it comes to Mexico's relationship with China. First, there is a growing trade imbalance, product of a huge disparity in the trade balance.

Figure 2: Net Mexico–China Trade Balance. Source: Secretaría de Economía (Ministry of Economy).

As the figure above shows, while Mexico's exports to China have barely grown over the last twenty years, imports have risen almost exponentially. Whereas in 2006 the net trade balance was roughly 15 billion U.S. dollars, by 2024 it amounted to 120 billion dollars. These numbers reflect an unmistakable reality: since China's entry into the World Trade Organization, Beijing has skillfully exploited Mexico's geographic proximity to the world's largest market, while Mexico has failed to gain a foothold in the Chinese market. The fact that China uses Mexico as a bridge into the United States—sometimes under the umbrella of the USMCA—is a non-starter for Washington and the new administration in the White House.

The second strategic element that largely defines the Mexico–China ties is far thornier: the shipment of chemical precursors from China to supply basic materials for the production of synthetic drugs in western Mexican states, with the United States as the final destination. In this regard, although the so-called "synthetic-opioid crisis" or "fentanyl crisis" set off alarms in the United States in 2014, the situation only reached alarming levels by 2019. Despite some Mexican outreach to Beijing to fight this trafficking jointly from ports of origin on China's eastern seaboard, there is no evidence that the activity has declined significantly. In recent years, it has in fact become common in Western intelligence and security circles to hear that fentanyl is a Chinese geostrategic weapon (Farewell & Matisek, 2023).

These two elements—the trade disparity and the trafficking of synthetic-drug precursors—constitute the two principal dimensions of the Mexico–China relationship and inevitably end up shaping the dynamic between the National Palace and Washington.

V. Final Reflections: strategic options within a limited geostrategic position

As we have seen throughout this text, the geographic proximity to the United States, Donald Trump's return, and Chinese revisionism largely define Mexico's room for international action in the short and medium term. These variables bear on Mexico's condition as a regional middle power with limited strategic autonomy—but with some degree of maneuvering space—typical of a geopolitical pivot. Finding and sustaining those margins over time requires continuous intellectual effort, forward-looking thinking and democratic consensus. From the perspective of this essay, the world-system is already transitioning into an incipient bipolar configuration, organized around two identifiable subsystems: Subsystem 1 - the West, anchored by the United States; and Subsystem 2: Asia-Orient, with Beijing as its strategic pivot. Paraphrasing Brands (2024), this bipolarity will witness new military alliances and alignments among states, it will provoke proxy wars like those we already see (Russia–Ukraine), and it will feature increasing arenas of confrontation along sea lines of communication and maritime choke points (Panama Canal, Suez Canal, Malacca Strait and others).

Mexico must therefore not overlook this new global configuration but rather define itself—once and for all—as a responsible actor belonging to the Western geopolitical pole (Subsystem 1). This is where it belongs by geography, economy, and core values. I fear that the "middle option"—seeking

non-alignment or try to balance between these two poles—is not only impossible but counterproductive to the national interest: impossible because of the degree of economic integration with the United States, and counterproductive precisely because the Asian-Oriental pole seeks to undermine the system of norms and agreements of which Mexico has been a part and, in more than one occasion, a strong defender.

In this sense, Mexico's prospective economic development—and hence its projection as a regional middle power—depends to a great extent on the preservation of those international norms. Operating within the Western pole, in fact, allows it to seek alliances with countries that share the same commitment to those norms and with whom it can even balance its asymmetric position vis-à-vis the United States. Closer and more intense engagement with the European Union, for example, could serve as a "limited diversification or hedging strategy": one that provides Mexico with a degree of room for maneuver without cutting against its geographic, economic, and political belonging to North America.

The European Union is, in every respect, not only an economic power when taken as a whole, but also a normative one, given the strength of its regulatory institutions in finance, climate change, and even security. Hence, deeper engagement with the EU could be anchored in specific strategic axes of cooperation rather than in inertial, subjective goals and targets. One clear sector for expanding cooperation concerns national security and defense: strengthening commercial ties that allow Mexico to access cutting-edge technology compatible with Western systems, so as not to depend exclusively on U.S. suppliers. A specific example is the Mexican Navy, which for decades has looked to Europe to acquire high-technology weapons systems: main gun mounts for its offshore patrol vessels, surface-search radars, sonars, and combat-management systems. The same holds for naval construction, where partnerships with European shipyards have enabled Mexico to develop NATO-level vessels domestically.

Another strategic sector where Mexico could set more ambitious cooperation targets relates to renewable energy. Although there are already a considerable number of companies—mainly Spanish—operating in Mexico in wind and solar technology, national regulation has not allowed these projects to reach their full potential. Even so, both the renegotiation of the Mexico–EU Strategic Partnership Agreement (currently pending ratification) and the Mexican government's latest review of domestic regulations suggest a more positive future.

On another front, mass transportation—especially inter-city and regional rail—is a strategic development area that Mexico has defined as a priority in the face of growing national mobility challenges. European participation here seems only natural. Spain, Germany, and France—countries with highly competitive rail systems—stand out as key partners for rail projects that seek to connect the country's center of gravity, the Valley of Mexico, more efficiently with the west (via the Bajío economic region) and with the northeast (via the so-called "NAFTA Corridor," from Querétaro to San Luis, Saltillo, Monterrey, and Nuevo Laredo).

Finally, expanding academic agreements between Mexico and European universities could form another strong link in this diversification strategy. Promoting European study programs in engineering, for instance, could serve as an anchor for developing domestic talent in high technology.

The concepts above are just a few examples of areas of cooperation that could help Mexico increase its relative weight on the international stage, expanding its spaces for dialogue and regional influence. All of this could take place without undermining a process of economic (and perhaps even political) integration with Mexico's northern neighbors.

With a relatively young population (Mexico's demographic bonus is expected to start declining after 2045), a competitive economy in industrial and manufacturing sectors, and an unparalleled geographic position, Mexico has enormous potential to enter the 21st century with greater prospects for development. A strategy anchored in North America, combined with a strategic partnership with the European Union, would seem the most logical path to achieve this.

Are Brussels and Mexico City ready for it?

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Abstract: This paper briefly explores Mexico's geopolitical situation and its impact on the Country's strategic options towards the international stage. The author considers that there are at least three strategic trends that should be taken into consideration when exploring Mexico's geopolitical and geostrategic future: Mexico's proximity to the world's most powerful nation -both in terms of military and economic might; the implications of Washington's recent reshuffle of its entire foreign policy; and the implications of China's assertiveness as a great power with global ambitions. It is the opinion of this paper that the international political landscape is leaning towards a bipolar system in which Mexico -notwithstanding its limited options- must accommodate its grand strategy towards the 21st. Century.

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