MIRANDA INTELLIGENCE

Public Affairs Chatter

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Not Just Playing Defense: Mexico and Canada Build Their Own Playbook

Prime Minister Mark Carney's two-day visit to Mexico City (Sept. 18–19) was more than a ceremonial handshake. Amid trade uncertainty in Washington and recurring tariff threats, Canada and Mexico are signaling a shift: reinforcing bilateral ties—not in place of the USMCA framework, but as a parallel strategy with new strategic weight.

At the center of the visit was the signing of a "Comprehensive Strategic Partnership," along with a three-year Canada–Mexico Action Plan (2025–2028) organized around four pillars: prosperity, mobility and inclusion, security, and environmental sustainability. The framework reflects shared priorities, including infrastructure development (ports, rail, and energy corridors), agricultural trade, climate resilience, and cross-border crime mitigation.

Both leaders emphasized complementarity with the USMCA. Carney framed the agreement as reinforcement for trilateral economic strength. At the same time, President Sheinbaum echoed this message, highlighting Mexico's goal of closer ties with Canada, particularly in areas such as trade, labor mobility, and environmental compliance in the mining sector.

Momentum is building. Agriculture Minister Heath MacDonald and Trade Minister Dominic LeBlanc are set to visit Mexico in the coming months to deepen trade ties. Still, economic and geopolitical frictions persist. As North American diplomacy expert Solange Márquez notes, Canada and Mexico have often competed—particularly in the auto sector. Navigating shared ambitions without undercutting each other remains a strategic challenge.

Yet the underlying reality is that whatever the friendliness of the Canada–Mexico relationship, the dominant factor for both countries remains their ties to the United States, and thus the relationship with Trump. Neither Ottawa nor Mexico City will allow bilateral initiatives to jeopardize access to the U.S. market. While the Canada–Mexico partnership may add useful political and commercial ballast, and very slightly offset the power asymmetry with the US, it does not alter the fundamental structure of North American relations, which continues to revolve around the U.S.

Electoral Reform: Will Public Forums Make a Difference?

Mexico is preparing to draft a new electoral reform—and the process is being billed (by the government, of course) as open, participatory, and citizen-led. Critics point to the recent judicial elections – designed to favor Morena-friendly candidates - as reasons to be skeptical.

Headed by staunch 4T idealogue Pablo Gómez Álvarez, the Presidential Commission on Electoral Reform launched a national consultation based on ten thematic pillars, including political

liberties, campaign financing, electoral justice, and mechanisms like referendums and recall votes. Public hearings and forums are scheduled from September through December, with nationwide events and opinion surveys planned in October. Four forums have already taken place at the Interior Ministry, with more to follow. The commission—comprising Morena partisans like Rosa Icela Rodríguez, Ernestina Godoy, and former Justice Arturo Zaldívar—likes to claim the breadth and quality of participation, even if opposition figures and analysts question its independence.

The portal allows citizens to contribute directly by submitting proposals, viewing calendars, and reviewing forum content. Early collaboration with the National Electoral Institute (INE) and the Electoral Tribunal suggests institutional input is also part of the equation.

President Sheinbaum has claimed that this reform won't be shaped by party elites, but by the voices of citizens. Opposition parties have just recently been invited to join the discussion (they were not invited to the Presidential Commission). The process—still in early stages—will be closely watched for how representative and influential those voices ultimately are.

Sanctions Bite Back: Washington Puts 'Los Mayos' in the Crosshairs

On September 18, the U.S. Treasury took action against the Los Mayos faction of the Sinaloa Cartel by imposing financial sanctions on key figures and their networks across Baja California and the U.S.-Mexico border economy. Through OFAC's counter-narcotics and counter-terrorism powers, the designations freeze U.S.-linked assets and prohibit Americans from engaging with listed entities.

The State Department followed suit, labeling the group as a significant node of the cartel's infrastructure. The message was twofold: for global markets, a warning of compliance risk; for Mexico, a show of political determination.

The sanctions package was notably detailed, naming five individuals and 15 companies across the construction, hospitality, and logistics sectors, which mapped how illicit funds circulate through legitimate industries. Among them is alleged cartel leader Juan José "El Ruso" Ponce Félix—pointing to the U.S. belief that cartel fragmentation may not reduce operational capacity but rather professionalize its financial and logistics arms. The inclusion of a sitting Mexican legislator among the named individuals further raises the stakes—prompting reputational and regulatory scrutiny on both sides of the border.

The timing was strategic. The designations bookended a visit by Treasury Under Secretary John K. Hurley—his first international mission since confirmation—who met with Mexican officials and private sector leaders to underline that cartel-linked funds will face U.S. market exclusion. This is part of a broader policy trajectory: financial pressure, alongside tariffs and non-tariff measures, will continue to escalate as the USMCA's 2026 review nears.

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Interest Withholding Hike: SHCP Says It's Not a Tax—Technically

One of the most scrutinized measures in Mexico's 2026 Economic Package is the proposed increase in the withholding rate on interest income—from 0.5% to 0.9%. According to the Finance Ministry (SHCP), this is not a tax hike, but a technical adjustment aimed at improving tax flow across the year.

SHCP argues the change helps prevent large April tax bills by front-loading payments—easing financial planning without altering total tax owed. The withholding rate applies to income from savings accounts, bonds, and other interest-generating instruments. For individuals who file an annual tax return, the withheld amount is credited against their final obligation.

Certain groups are explicitly exempt, including savers with balances under MXN 206,000 (about US$11,200) and earners with annual incomes below MXN 400,000 (US$21,800). And all current deductions—such as mortgage interest, education expenses, and medical costs—remain unaffected. Still, individuals who don't file annual returns (which include most salaried employees) may lose the chance to recover overpaid taxes resulting from higher monthly withholdings.

Critics point out the economic nuance: while the legal tax rate remains the same, earlier collection reduces interest-earning time, representing a cost to savers. The SHCP contends this is a matter of timing, not burden. Either way, the adjustment underscores the government's balancing act between improving fiscal collections and maintaining trust in tax policy.

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