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Public Affairs Chatter

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Phone Diplomacy: Sheinbaum Buys Time on Trump's Trade Clock

Claudia Sheinbaum's October 25 phone call with Donald Trump resulted in yet another tariff pause. With tariffs scheduled to rise to 30% on all Mexican exports to the US on November 1 and trade talks between Washington and Ottawa in tatters, the Mexican president intervened directly, with a now familiar result: Trump agreed to delay these duties "a few more weeks," granting Mexico a temporary reprieve. As negotiations continue, the US claims Mexico has yet to address fully 54 regulatory measures the U.S. claims breach the USMCA's spirit, underlining the need for more time.

The productive phone call has raised hopes that Mexico and the US are on course to reach a broader trade understanding, especially with respect to cars (which currently face a confusing array of US tariffs, even when USMCA compliant).

A recap on an issue that has become quite confusing:

The 30% tariff announced by President Trump on July 12, 2025 was intended as a blanket measure on all imports originating from Mexico, regardless of whether the goods met USMCA requirements. Trump imposed this measure specifically in response to 1) alleged insufficient cooperation on drug trafficking 2) what he described as Mexico's non-tariff barriers affecting U.S.-origin products, which he argued created unfair obstacles for American exporters. However, there was immediate confusion and bilateral negotiations, leading to a 90-day suspension of the tariff just before it was to take effect. During this period, the existing tariff structure remained unchanged:

- The 15% or so of goods from Mexico that do not qualify under USMCA origin rules remain subject to a 25% tariff.
- The remaining 85% of goods that are USMCA-compliant continue to enjoy tariff-free access to the U.S. market unless sectoral tariffs apply.
- Sectoral tariffs (e.g., 50% on steel, aluminum, and copper-infused products, except raw copper; 25% on non-US value added in autos) remain in force for the relevant products, although tariff rebates are now available for cars, up to a certain amount.

Thus, the 30% tariff, had it not been suspended, would have applied to all Mexican-origin goods, not just non-USMCA compliant ones, and thus would have been a disaster for Mexico. For now, only non-USMCA compliant goods (and those subject to special sectoral tariffs) are affected by higher tariff rates, pending further negotiation outcomes.

Sheinbaum's team has framed the situation as "90% progress," emphasizing continuity and restraint. Economy Secretary Marcelo Ebrard, now at APEC in Seoul, was tasked with finalizing the framework. So far, the president has been able to maintain her accommodating approach only with regards to trade, in a stark contrast to the Canadian more argumentative approach and its ill-fated Reagan TV ad.

Importantly, the Saturday's phone call involved "no discussion of security or migration", which is all the more notable considering Trump's recent escalation with both Venezuela and Colombia.

The numbers, while mixed, underscore the need for a positive outcome from negotiations. Mexican exports to the U.S. grew 13.8% year-on-year in September, yet critical sectors—autos, steel, logistics—are already squeezed by duties and thinner margins. The main driver of export growth was non-automotive manufacturing, which expanded 23.9%, offsetting a 0.2% decline in auto exports. The automotive sector has struggled under the 25% U.S. tariff on Mexican vehicles—subject to discounts based on U.S. content—and tariffs on some auto parts, making it less competitive than other manufacturing lines. Manufactured exports totaled US $52.37 billion in September, up 15.7%. The strongest gains came from machinery and specialized equipment (+76.2%), metal products (+12.1%), electrical and electronic devices (+9.9%), and professional and scientific equipment (+8.9%). Auto exports to the U.S. fell 7.2%, but shipments to other markets surged 51.2%.

Pemex on Life Support: Stabilized, Subsidized, and Still Sinking

In his first appearance before Congress on October 24, Pemex CEO Víctor Rodríguez Padilla presented a cautiously optimistic outlook for the state-owned oil company. Crude oil production has "stabilized" at 1.645 million barrels per day, while natural gas output is holding at 3.6 billion cubic feet per day. Exploration activities have increased, operating costs have decreased, as the company pursues "financial discipline" and works to reduce its debt burden.

According to Rodríguez, Pemex expects to close 2025 with $85 billion USD in financial debt—a 13% reduction from mid-year figures. The strategy to achieve this includes bond repurchases, capital injections from the federal government, and what he referred to as "non-market solutions." From January to September, the company received nearly MXN 380 billion in support, including over MXN 250 billion in the third quarter alone.

A key announcement was aimed at Pemex's suppliers. After months of delays in payments, Rodríguez committed to settling all outstanding obligations from 2024 and 2025 by December. To that end, Pemex has secured a MXN 250 billion financing facility. As of his congressional report, MXN 26 billion had already been disbursed, with another MXN 40 billion expected in the coming days and the remaining MXN 116 billion scheduled for December.

Despite these commitments, Pemex continues to face huge structural challenges. The company posted a net loss of MXN 61 billion in Q3, reflecting an 11% drop in revenue tied to weaker oil prices and reduced exports. Oil output remains 6.7% below 2024 levels, making the administration's 1.8 million bpd target increasingly difficult to meet.

In Congress, lawmakers expressed concern over environmental liabilities, legal compliance, and Pemex's reliance on fiscal support. In response, Rodríguez reiterated the company's strategic importance and pointed to ongoing efforts to improve efficiency and maintain production levels.

Ratings agency Moody's has projected that Pemex will require approximately US$35 billion in 2026 to meet its operational and financial needs. While the federal government has reiterated its commitment to supporting the company, analysts continue to warn of the potential implications for public finances.

Moving forward, the Sheinbaum administration appears focused on maintaining Pemex's role in national energy strategy while exploring additional partnerships and investment in petrochemicals and upstream development. Much will depend on the company's ability to manage debt, attract investment, and maintain production within a rapidly evolving global energy landscape.

Telecom's Regulator Opens with Harmony—and Caution

The newly established Telecom Regulatory Commission (CRT) held its inaugural plenary session on October 21, officially starting operations with a full quorum of five commissioners. The board approved its internal rulebook—defining quorum requirements, voting procedures, unit structures, and transparency obligations, including the publication of session transcripts.

Presiding commissioner Norma Solano opened the session with a call for "discipline, technical rigor, and social vision," underscoring the administration's stated commitment to digital equity. Commissioners echoed that message in their initial remarks: Ledénika Mackensie highlighted the importance of expanding service coverage to vulnerable populations; María de las Mercedes Olivares emphasized user empowerment; Adán Salazar pointed to the strategic role of satellite infrastructure; and Tania Villa framed the agency's mission around fairness and inclusion.

Looking ahead, the CRT faces a complex regulatory agenda. Immediate priorities include interconnection rules, 5G spectrum allocation, media oversight, digital rights, and market concentration—particularly regarding dominant players such as América Móvil. The first formal resolution is expected in November, potentially addressing number portability or auction guidelines.

Meanwhile, the CRT established new guidelines—officially published in the DOF—that now require structured public consultations for all major regulatory decisions in telecom and broadcasting. The updated process mandates a minimum 20-day period for public comment, improved transparency through accessible summaries, and publication of all feedback, making the process more open and accountable than before.

Ready to Pay? Salinas Pliego Signals Openness to a Deal

Businessman Ricardo Salinas Pliego said that he is prepared to resolve his longstanding tax disputes with the Mexican government—provided he is given a clear and final amount to pay. "Tell me how much, and I'll pay," he said in public remarks, noting that he has already made a voluntary payment of MXN 2.7 billion.

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President Sheinbaum responded during her daily press briefing that no agreement exists between the government and Salinas, nor was there any negotiation or condonation under the current or previous administration. “There is no deal, no negotiation, nothing in writing”, she said, adding that if the businessman truly intended to pay, he would have already done so.

The dispute dates back to tax obligations from 2008 to 2013 related to Grupo Elektra and Banco Azteca. The government estimates the original debt, of more than MXN 30 billion, has risen to over MXN 70 billion with interest and penalties. Courts, including the Supreme Court, have issued rulings supporting the tax authority’s position in parts of the case, though final decisions are still pending. As litigation continues, both parties maintain their positions. The matter remains in the hands of the judiciary, with any resolution to come through legal channels rather than public debate.

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