MIRANDA INTELLIGENCE

Miranda Intelligence – Public Affairs Chatter

Midnight Math: Will Last-Minute Deals Deliver the Votes by Dawn?

Mexico's 2026 electoral reform has shifted from presidential unveiling to coalition stress test in under a week. Although President Sheinbaum said in Monday's morning press conference that the full constitutional text would be made public, the rollout stalled. Media had already reported Morena's floor leaders from both chambers gathering at the congressional complex, fuelling expectations of an imminent release. Instead, Ricardo Monreal emerged to say there would be no text that night, that the initiative would move to committees once formally submitted, and that lawmakers should expect at least two weeks of debate. He also acknowledged the arithmetic: without the PVEM and PT, a two-thirds constitutional majority is unreachable in practice.

What, precisely, is in dispute is not a marginal tidy-up but the mechanics by which smaller parties stay powerful and potentially act as a (modest) check on Morena's dominance of Mexico's Congress. The proposal, as outlined publicly, has three pillars (for additional information, please see Ernesto Núñez's analysis in El País).

First, it targets the cost of politics: cutting public financing for parties and reducing the electoral authority's budget by 25 per cent. On paper, this is sold as austerity. In practice, critics argue it risks weakening the INE's permanent professional apparatus — the voter registry, compliance oversight, and the territorial network of 333 offices that deliver polling stations and election-night administration.

Second, it reworks representation, the most combustible element for coalition partners. On plurinominal seats, the sensitive point is not abolishing proportional representation altogether, the Chamber of Deputies would remain at 500 members, but changing the method by which the 200 proportional seats are allocated. The proposal eliminates closed party lists and replaces them with mechanisms more directly tied to individual vote performance. Under what has been publicly outlined, and could still change, roughly 97 seats would go to "best losers" — candidates who did not win their single-member district but achieved the highest vote share among non-winning candidates within their party. Another 95 seats would be filled through direct voting within multi-state constituencies (*circunscripciones*), reportedly with gender parity rules (one man and one woman). An additional eight seats would be reserved for Mexicans abroad.

In practical terms, this shifts proportional representation away from party-controlled national lists and toward territorially anchored, candidate-based performance. That distinction matters. For smaller coalition partners such as the PT and PVEM, the existing list system has been a reliable route to representation. It allows parties with modest but stable

national vote shares to convert that support into a defined bloc of seats, even if they struggle to win first-past-the-post districts. A system based on “best losers” and direct constituency voting would tend to reward parties that are competitive at the district level — typically Morena and, in some regions, the opposition — rather than those that rely on list placement to secure influence.

In the Senate, the reported redesign is more abrupt still: a reduction from 128 to 96 seats, eliminating the national proportional list and leaving representation more tightly tied to state-level results. For smaller parties, that would further narrow the structural pathways through which they secure guaranteed representation.

Third, it adds a new regulatory layer around campaign technology, with language on artificial intelligence and disinformation. The concern raised by critics is that vague provisions could expand electoral oversight into content policing, turning the referee into an arbiter of “truth” in a polarised environment.

Those design choices explain the coalition tension. The PVEM or Green Party, via Manuel Velasco, has said it is “90 to 95 per cent aligned”, suggesting it believes the draft can be softened. The PT has been more blunt, warning that the reform risks building a “party of the state” and objecting to changes it argues would weaken proportional representation and the federal balance. Opposition parties remain uniformly opposed.

As we can go into the final innings of the debate on the electoral reform, several points are fairly clear. The PAN-PRI-MC opposition parties (supported by much of the private sector) argues the reform will cement one-party Morena rule and undermine investment and faith in Mexico’s institutions. The PT-PVEM (Verde) parties, currently part of the Morena block, see the reform as threatening their representation in Congress and access to money. Thus, the PVEM is proposing to keep the 25 per cent reduction while flattening the distribution formula so every party gets the same amount, a non-starter for Morena.

Meanwhile Sheinbaum has framed this as a clash with party elites, warning that “whoever wants to keep the privilege of lists” will have to answer to voters, effectively daring PVEM and PT (and PAN, PRI, MC) to defend plurinominal patronage. Controlled national lists have historically served as safe seats for party bosses and ex-candidates of smaller parties that do not dominate at the national levels (think Marko Cortés, Ricardo Anaya, Alejandro Moreno, Alberto Anaya, Manuel Velasco, etc), underlining why leaderships of minority parties resist losing that lever. And in arithmetic terms, Morena’s 253 deputies and 67 senators leave it 81 and 19 votes short of a supermajority, which only PVEM and PT can supply, making their rejection of the 97/95/8 design in particular a big stumbling block.

Over the weekend, several analysts questioned the logic of advancing a reform that appears short of votes. Yet there is a political logic to a bill even if that bill fails: Sheinbaum can claim she delivered on a promise to cut costs and privileges, while shifting the blame for obstruction onto allied parties defending the very mechanisms that keep them in Congress. The early-morning pause may anyway simply reflect bargaining over two red lines: the seat-allocation rules (especially plurinominals) and the savings package (party financing and the INE budget).

Meanwhile, the INE had already sent ten technical proposals in January — including hybrid electronic voting, institutional strengthening and procedural safeguards — that critics say are only partially reflected in what has been previewed. As the full text becomes public, the immediate question is less ideological than numerical: whether any last-minute tweak protects PVEM and PT's future seat counts enough to secure the votes — or whether this was always a reform designed to be proposed, argued over, and ultimately parked.

Following the Money: Bilateral Security Goes Ledger-First

On Feb. 19, in a reminder that modern security cooperation increasingly runs on spreadsheets rather than sirens, Mexico's Financial Intelligence Unit (UIF) and the US Internal Revenue Service Criminal Investigation division (IRS-CI) signed a Memorandum of Understanding to formalise the exchange of financial intelligence linked to transnational criminal flows — with pointed emphasis on illicit arms trafficking. Non-binding in legal form yet operationally consequential, the instrument institutionalises structured sharing of suspicious transaction analysis, investigative methodologies and financial traceability data across borders. Notably, it expands enforcement reach without a single legislative amendment, relying instead on administrative alignment and inter-agency plumbing.

The regulatory impact is subtle but cumulative. By framing arms trafficking through the lens of financial intelligence, the bilateral agenda shifts from rhetorical attribution to transactional mapping: beneficial ownership layers, correspondent banking corridors and complex cross-border transfers become shared analytical territory. For private actors, no new black-letter compliance obligations appear. In practice, however, synchronised scrutiny raises detection probability and compresses response timelines. The memorandum dovetails with Mexico's post-2025 centralisation of intelligence architecture, extending that model outward.

When an Expired Patent Isn't Quite Expired

In simple terms: a medicine with an expired patent has been granted a second life by the courts. Amgen's patent of Denosumab — used to treat osteoporosis and certain bone cancers — formally expired three years ago. After that, Mexico's regulator (COFEPRIS) authorised three biosimilar versions, typically lower-cost alternatives from Alvotech,

Celltrion and Samsung Bioepis. Amgen challenged the way the patent authority (IMPI) had handled aspects of the original process, alleging procedural defects. In February, a federal collegiate court upheld an earlier ruling in its favour. The practical effect is that the expired patent has been "revived", temporarily blocking competing biosimilars and preserving Amgen's exclusivity in a market where public purchases are estimated at roughly MXN 1.9 billion for 2025–2026.

The legal controversy now extends well beyond one molecule. IMPI's director, Santiago Nieto, has publicly described the ruling as an overreach that weakens the integrity of Mexico's patent framework and creates tension with international IP standards. Biosimilar manufacturers warn of legal uncertainty: if patent expiry can be revisited through *amparo* on procedural grounds, investment planning becomes litigation-dependent rather than rule-based. From a fiscal and health policy perspective, delayed competition sustains higher prices and pressures public procurement budgets. Yet from the innovator's side, judicial review is framed as a legitimate corrective when administrative errors affect high-value biomedicine. The structural risk is precedent. If courts continue to reopen closed patent terms, the Federal Law for the Protection of Industrial Property may shift from a system defined by fixed timelines to one shaped by post-expiry litigation — a subtle but consequential change for competition, public spending and R&D incentives alike.

Growth, but Keep the Champagne on Ice

A tenth of a percentage point rarely makes headlines — unless the broader mood is fragile. The OECD's 2026 Economic Survey for Mexico, presented on Feb. 25-26 in Mexico City, nudged growth expectations up to 1.4% for 2026 (from 1.2% in December) and 1.7% for 2027, with inflation projected at 3.6% this year and 3.2% next — broadly in line with Banxico's target band. The tone was cautiously upbeat: resilience in the face of renewed US trade tensions, stability amid tariff volatility. The underlying message, however, is more measured than triumphant. Mexico is holding steady — not surging, not stalling. In the current global context, that counts as progress.

Sharing the stage with OECD Secretary-General Mathias Cormann, Finance Undersecretary Edgar Amador leaned into fiscal consolidation, spending efficiency and strategic investment in digitalisation, education and infrastructure. Nearshoring was framed less as a windfall and more as a productivity strategy. For business, the implications are pragmatic. Contained inflation eases financing pressures and supports medium-term capital expenditure, particularly in manufacturing and logistics tied to North American supply chains. Yet fiscal discipline limits room for stimulus, leaving smaller firms exposed to softer demand and external shocks. The OECD's policy prescription — human capital, digital adoption, smarter public spending — reads less like short-term rescue and more like structural homework.

Telefonica Tax Victory Provides Some Hope for Private Sector

Mexico's Supreme Court has handed the private sector a clear win in a high-stakes tax case, in a way that underlines how procedural limits on the state can still bite even in politically sensitive disputes. In late February, the Suprema Corte de Justicia de la Nación (SCJN) ruled that the Secretaría de Hacienda y Crédito Público (SHCP) — and by extension the SAT — did not have legal standing to challenge an *amparo* that a lower court granted to Telefónica's Mexican unit (Pegaso PCS, S.A. de C.V.), meaning the company will not have to pay a 4,442 million peso (≈ $220-280 m) income tax credit dating back to fiscal year 2015.

The dispute arose after the tax authority rejected certain deductions tied to a 2014 corporate merger and subsequently assessed a large tax credit. The case worked its way through administrative and federal courts, and the SCJN majority focused on procedure rather than substance: it concluded that the Finance Ministry lacked the procedural legitimacy to overturn the protective judgment previously granted to Telefónica, and therefore dismissed its challenge without reopening the merits of the underlying tax assessment. The result is that the *amparo* in Telefónica's favour now stands, and the company is relieved of the contested tax liability.

For Mexico's private sector, the decision offers a measure of reassurance about the enforceability of constitutional remedies in tax matters. While the judicial reform has understandably raised concerns about alignment with executive-branch priorities, this specific ruling shows that carefully structured *amparos* can still succeed against the state's tax arm when authorities overstep procedural bounds. It signals that, at least in this case, the Court was prepared to enforce formal limits on who may challenge a taxpayer's victory, rather than deferring automatically to the fiscal authorities' position.

The outcome is likely to be read in the corporate community as encouragement for other companies facing large SAT assessments to pursue constitutional remedies where they see procedural defects, in the expectation that higher courts may uphold those challenges. In an environment where many businesses feared that judicial change would narrow the space for impartial review, this prominent tax victory for Telefónica is being interpreted as an example of the judiciary acting as an effective check on state power in a commercial dispute, not a sweeping transformation of the system, but a concrete reminder that legal constraints on the government can still matter in practice.

To Refund or Not to Refund; That Is the Question

Importers into the US of non-USMCA compliant Mexican goods now face an awkward, but potentially profitable question: should the companies that import goods into the United States now try to get their money back on tariffs the US Supreme Court has just struck down? In practice, those "importers of Mexican exports" are often the same firms that manufacture in Mexico or are closely tied to Mexican producers, so the issue quickly becomes a board-level question on both sides of the border rather than an abstract state-to-state dispute.

The Court's ruling invalidated the 2025 tariff architecture built under the International Emergency Economic Powers Act (IEEPA) — including the baseline "reciprocal" surcharge and the 25% border-security duties applied to Mexico. In practice, the pain fell almost totally on non-USMCA-compliant exports, because USMCA-qualifying goods were mostly carved out or later exempted, (though some supply chains still got caught in the 25% tariff). If a tariff is collected under an authority the Court says the President did not have, those duties become an obvious target for refund strategies by US importers of Mexican products, provided they move within procedural deadlines and file the right claims.

The decision does not touch tariffs under Section 232 — steel, aluminium and autos and car parts remain outside the refund conversation and continue to be governed by their own legal regime.

The ruling also makes USMCA more valuable as both shield and a US bargaining chip. The White House quickly shifted to Section 122 of the Trade Act, imposing a new "temporary" 10% global surcharge (going to 15%), while keeping USMCA-compliant goods exempt. That exemption is now Mexico's main protective buffer — and yet gives the US yet more leverage — ahead of the next round of talks.

In the meantime, Mexico's non-USMCA compliant goods are just paying 10% (or eventually 15% tariff) under Section 122, not 25% under IEEPA. That is a big deal for affected Mexican exports not compliant with USMCA, as they were at a disadvantage versus many other countries (UK, EU, Japan etc) which were paying 10% or 15% tariffs after reaching IEEPA trade deals with the US. Moving everyone bar USMCA compliant exports to Section 122 means the playing field has been levelled for non-USMCA compliant Mexico exporters, while USMCA exporters keep their edge. Mexico's effective tariff rate to the US has thus gone down to 3.8% (for now).

Chatter box

- **Diversification by Design: Europe as Structured Counterweight.** Mexico's confirmation that it will sign the modernised EU–Mexico Free Trade Agreement (TLCUEM) in May 2026 marks less the end of a negotiation than the beginning of a recalibrated trade posture. Announced by Economy Minister Marcelo Ebrard in the immediate wake of the US Supreme Court's ruling against tariffs imposed under IEEPA, the timing suggests structural hedging. The updated agreement materially expands access for Mexican agri-food and fisheries exports, removes nearly all remaining Mexican tariffs on EU goods, strengthens investment protection and introduces binding disciplines on trade facilitation and digital commerce. In practice, this means closer regulatory alignment on customs procedures, technical standards, SPS rules, transparency and data governance — shifting compliance architecture to the centre of export competitiveness.

- **Narco Drama, Meet Copyright Law: Image Rights Trump Script Freedom**. In a plot twist worthy of prime-time television, Mexico's Supreme Court has reminded the entertainment industry that dramatic licence has legal limits. On Feb. 23, the Court unanimously ruled in favour of Sandra Ávila Beltrán — known as the "Reina del Pacífico" — confirming a 448,100 peso fine imposed on Telemundo for using her image without consent in promotional materials for "La Reina del Sur". The broadcaster had argued the use was informational and protected by freedom of expression. The Court disagreed. Advertising a series, even one "inspired by" real events, is commercial use. And commercial use of a person's image requires authorisation.

  The financial penalty itself is modest. The jurisprudential signal is not. By upholding the constitutionality of image protections under the Federal Copyright Law, the Court clarified that fiction does not neutralise personality rights — particularly when marketing strategies trade on recognisable real-life figures. More consequential still is the pending civil claim, in which Ávila reportedly seeks up to 40% of royalties linked to the series. Should that advance, the exposure for platforms producing biographical or crime-based content in Mexico would shift from reputational irritation to balance-sheet risk. For studios and streamers, the message is crisp: narrative inspiration may be creative; promotional appropriation is contractual.

- **Open Rails, Tighter Reins: Interoperability Comes with a Compliance Bill.** Banxico's late-December consultation on new rules for card payment clearing houses closed quietly in early February, but the regulatory recalibration it proposes is anything but minor. Framed around security, efficiency and interoperability, the draft rules would formalise how clearing entities organise, operate and exchange transaction messages — including a technical annex aligned with international standards. The central bank's stated ambition is straightforward: "any card in any terminal", under clearer risk management, cyber-security and liquidity controls. In practice, that means less fragmentation, fewer closed loops and more standardised plumbing across the card ecosystem.

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