Mexico

Status Index

5.82   **# 53**

on 1-10 scale   out of 137

Socioeconomic Level

Market Organization

Political and Social Integration

Monetary and Fiscal Stability

Stability of Democratic Institutions

Private Property

Rule of Law

Welfare Regime

Political Participation

Economic Performance

6.0   7.3
5.5   7.5
5.0   6.5
4.3   5.5
6.3   6.0
7.0   3.5
6.0   5.3
5.2   4.3

2
4
6
8
10

Political Transformation

5.60   **# 56**

Stateness

Sustainability

Economic Transformation

6.04   **# 44**

International Cooperation

Steering Capability

Consensus-Building

Resource Efficiency
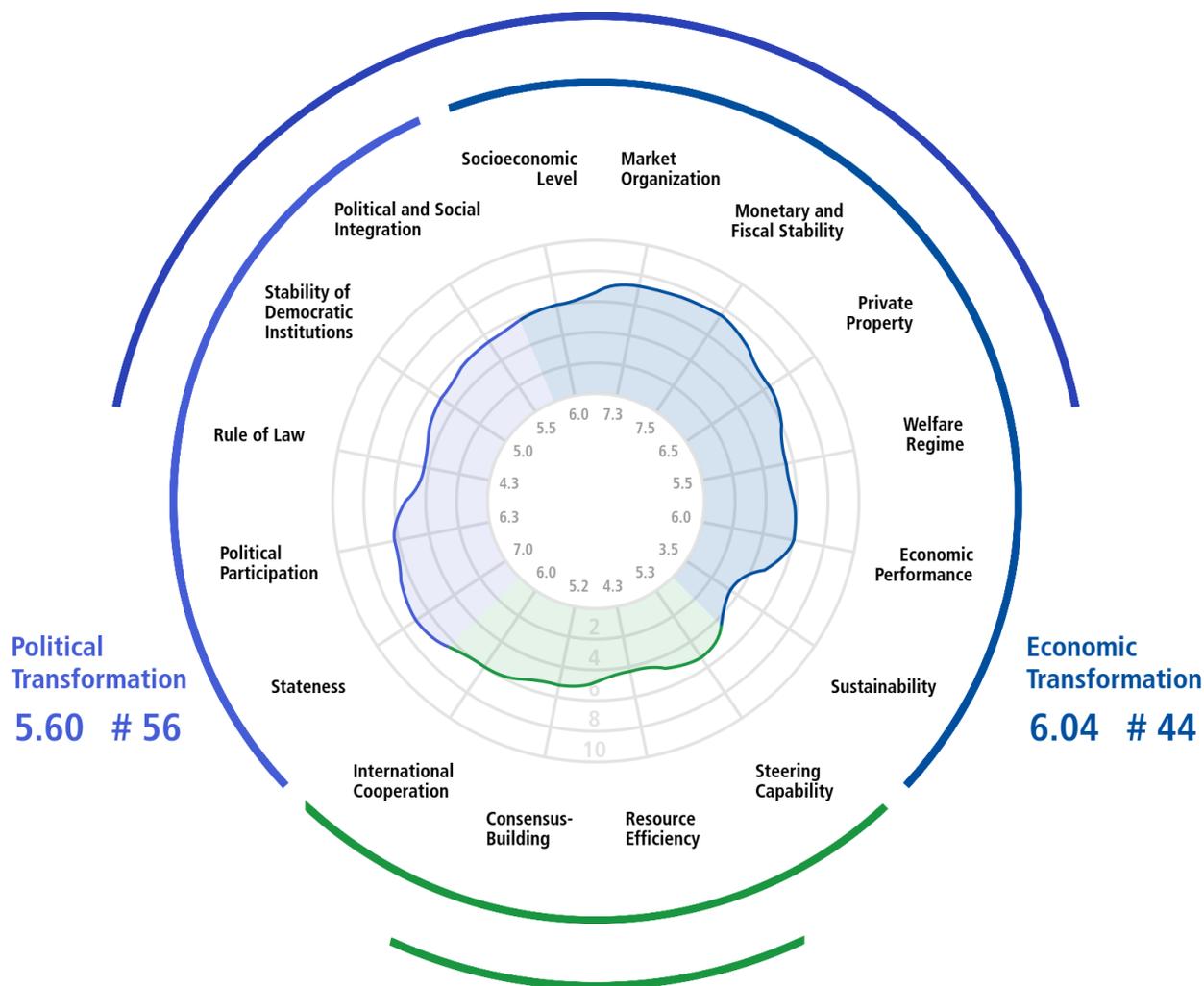
Governance Index

4.61   **# 69**

on 1-10 scale   out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at https://www.bti-project.org.

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Key Indicators

Population	M	130.9	HDI		0.789	GDP p.c., PPP	$	25688
Pop. growth[1]	% p.a.	0.9	HDI rank of 193		81	Gini Index		43.5
Life expectancy	years	75.1	UN Education Index		0.714	Poverty[3]	%	4.7
Urban population	%	81.9	Gender inequality[2]		0.358	Aid per capita	$	3.5

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than $3.65 a day at 2017 international prices.

Executive Summary

During the review period, Mexico underwent significant political and economic change. Over the past year, the political regime saw a profound shift, becoming more illiberal. On June 2, 2024, Claudia Sheinbaum Pardo won the presidential election, the first time a woman had done so in Mexico. In the legislative election, the Sigamos Haciendo Historia alliance, which includes the Morena political party, won a majority in the Senate and secured the highest share of seats in the Chamber of Deputies that any party or coalition had attained since 1982. The opposition failed to generate an alternative proposal that appealed to broad sectors of society; instead, the main opposition parties fell short of the minimum vote threshold required by law. Due to Morena's congressional majority, the government has been able to adopt contentious constitutional reforms unhindered.

With this power, Congress approved highly controversial reforms in late 2024 that established direct elections for members of the judiciary, including the Supreme Court and the Electoral Tribunal. Critics, including some international observers such as the United Nations, warn that these reforms could undercut the rule of law and make judges especially vulnerable to influence not only from political parties, but also from criminal organizations and business interests. Concerns have also been raised about the reforms' potential impact on investor confidence. The government defended the reforms as a necessary step to address widespread corruption in the justice system. The reforms also dissolved autonomous constitutional institutions tasked with protecting transparency and market competition, transferring their functions to state institutions. In addition, the reforms gave constitutional backing for the use of the army, the Guardia Nacional, to maintain internal order.

Sheinbaum is certainly more moderate than her predecessor Andrés Manuel López Obrador (AMLO), and has appointed ministers who are in principle more qualified than those in AMLO's cabinet. Nonetheless, as a result of the reforms, the new president has enormous power to make decisions unilaterally as she sees fit on most matters for at least her first three years, until the mid-

term elections. Mexico's political regime has shifted from a slowly advancing, imperfect democracy to one that more closely resembles what existed during the years of hegemonic control under the Institutional Revolutionary Party (PRI).

On the international stage, the second Donald Trump administration in the United States is placing significant pressure on Mexico to control migration and drug smuggling into the United States, particularly by threatening to impose tariffs on Mexican products. Mexico also faces the threat of mass deportations of its citizens in the United States and even unilateral attacks on drug cartels by the United States, which has labeled them "terrorist" organizations. In this context of domestic policy shifts and external trade tensions, economic growth has decelerated, with projections for 2025 GDP growth revised downward to around 1%. In addition, tensions may jeopardize the renegotiation of the United States-Mexico-Canada Agreement, which is scheduled for review in 2026.

History and Characteristics of Transformation

The enduring characteristic of the Mexican state from 1929 to 2000 was a hegemonic political party, the Institutional Revolutionary Party (PRI), which controlled most social organizations. The PRI regime emerged from the Mexican Revolution (1910 – 1917) and, drawing on the constitution of 1917, leveraged the symbolic power of the revolution as a source of its legitimacy and as justification for its wide-ranging intervention in the economy. The three decades after World War II began were a golden age for Mexico. However, by the end of the 1960s, the economic momentum of the so-called Mexican Miracle began to falter, and public discontent with the political regime grew. The Mexican student movement, which manifested this discontent and protested against the government of Díaz Ordaz, was violently suppressed between 1968 and 1971.

In the 1970s, economic prosperity came to an end as the import substitution model reached its limits, culminating in the debt crisis of 1982. The debt crisis, coupled with pressure from international financial institutions, led Miguel de la Madrid's government (1982 – 1988) to liberalize the economy. Subsequent governments (1988 – 2000) continued this course. Significant steps toward liberalization included the signing of the North American Free Trade Agreement (NAFTA) and Mexico's admission to the OECD in 1994. The Zapatista uprising of 1994 represented a rejection of these policies by those who stood to lose out under the neoliberal economic strategy. Increasing discontent with the PRI's single-party rule fueled support for opposition parties in the 2000 elections, mainly the right-wing National Action Party (PAN) and the left-wing Party of the Democratic Revolution (PRD).

Riding the wave of anti-PRI frustration, PAN candidate Vicente Fox won the 2000 presidential election. Fox's victory raised expectations of change, yet his administration failed to enhance the democratic nature of institutions and continued to apply the orthodox liberal economic model. His government's social assistance policies failed to significantly reduce poverty and inequality. This set the stage for polarization between the beneficiaries and losers of Mexico's economic model.

In the highly polarized 2006 election, PAN candidate Felipe Calderón won by a slim margin (0.56%) against PRD candidate Andrés Manuel López Obrador (AMLO), who denounced the election results as fraudulent. AMLO declared himself the legitimate president and launched a movement of resistance against the incoming government. During the political crisis, President Calderón deployed the army not only to tackle the growing power of the drug cartels but also to garner legitimacy and demonstrate that he had the army's support. Since then, the drug war has become Mexico's primary challenge, with violence escalating to unprecedented levels.

With the 2012 election of Enrique Peña Nieto, the PRI returned to power after 12 years in opposition. After an initial year of political successes and economic development, the Tlatlaya and Ayotzinapa massacres, corruption scandals, and the plunging price of oil paralyzed the government's reform policies. During its last two years in power, the PRI failed to introduce significant changes. The 2018 elections marked a pathbreaking moment in Mexico's recent history as a left-leaning party (Morena) won for the first time since the transition to democracy in 2000. The new president, AMLO, proclaimed the "end of neoliberalism" and the start of a "Fourth Transformation" that would put an end to corruption, violence and poverty. Although there was macroeconomic continuity, the government ramped up state intervention in the energy sector and made social policy changes, effecting significant increases in real median wages. However, during the COVID-19 pandemic, AMLO's government was slow to mitigate its effects; this, combined with years of underinvestment in the public health system, led to one of the worst mortality rates in the world. Further, AMLO's government fell short of its promise to address corruption and violence.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state's monopoly on the use of violence continues to be challenged by both organized drug crime and ordinary crime. Drug cartels have a strong presence in the country and have sometimes even taken over state functions by distributing food and basic goods in Guerrero, Sinaloa, Tamaulipas, Michoacán, Veracruz, Quintana Roo, Chihuahua, Jalisco, Guanajuato and, more recently, Chiapas. The Cártel de Jalisco Nueva Generación (CJNG) has expanded its presence to areas formerly controlled by the Sinaloa Cartel. The ongoing "civil war" within the Sinaloa Cartel, which primarily affects Sinaloa but also other areas in Mexico, has weakened the Sinaloa Cartel. There are also major cartel activities and wars between smaller cartels in other regions.

AMLO vowed to demilitarize the war against drug cartels and adopted a "hugs, not bullets" approach. Rather than rely on force, the approach aimed to address the structural causes of organized crime by reducing poverty, providing greater social assistance and scholarships, and creating job opportunities to steer young people away from violence. However, the former president also created the National Guard to enhance public safety. Although this was initially established as a civilian security force, many of its members were from the military police or were retired military personnel, and it eventually came under military control in 2024. While the 2024 homicide rate was the lowest in the last six years, down to 24 per 100,000 people, according to the National Institute of Statistics and Geography (INEGI), the National Guard's containment of the drug cartels has fallen short of expectations. The number of murder victims remains high as preliminary data from INEGI recorded 33,241 deaths due to homicide for 2024.

President Claudia Sheinbaum has signaled that she will continue the previous administration's attempt to address the root drivers of violence as a central tenet of her strategy. Nevertheless, El País notes that in the first three months of her administration, operations carried out by security forces increased substantially.
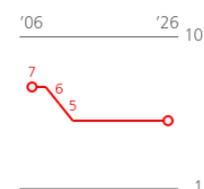
According to the Wilson Center, the number of murders and disappearances exceeded those recorded during AMLO's administration over the same period. It remains to be seen whether this more aggressive approach will yield long-term, tangible results.

Mexico has no significant group that advocates economic, social or political autonomy, let alone territorial autonomy. However, since the Zapatista uprising in 1994, public awareness of discrimination against Indigenous people has increased. Indigenous movements have emerged to preserve their identity in the face of the majoritarian national Mexican (mestizo) culture. These movements have not exhibited hostility toward non-Indigenous individuals or posed a challenge to the state. In 1994, the constitution was amended to officially recognize Mexico as a multicultural state. Additionally, in many municipalities within Oaxaca, where the Indigenous population is sizable, the opportunity to exercise political and civil rights under Indigenous customary laws has been granted.

This situation did not change under AMLO's administration. The Maya Train project faces opposition from Indigenous communities who live in the area where it is being built, and the Zapatistas have even declared war on the project. Even so, the project has proceeded and has not caused significant friction with the administration. Moreover, Mexican citizenship can be obtained by birthright or naturalization.

A separation between church and state was achieved in the mid-19th century and was reinforced by the Mexican Revolution. There is no official state religion, and no religion is taught in public schools. Until 1992, the Mexican government did not maintain formal relations with or officially recognize any church; however, the Salinas government amended the constitution. Since the reform that officially recognized the different churches in Mexico, the Catholic Church has become increasingly politically involved on issues such as abortion and same-sex marriage. In 2023, Mexico's Supreme Court ruled that the Federal Penal Code that criminalized abortion would no longer be valid. As of April 10, 2025, after the reporting period, elective abortion during the first trimester was legal in 23 states and prohibited with some exceptions in the remaining nine states.

Unlike his predecessors, AMLO seemed to sympathize with the stance of evangelical churches, and opposed abortion and LGBTQ+ rights on moral grounds. He frequently referenced religious themes and formed a coalition with the evangelical Party of Social Encounter (PES) to secure the presidency. In December 2024, Mexico's Ministry of the Interior (Segob) in President Sheinbaum's administration held an initial dialogue with evangelical leaders to discuss key issues related to the current needs of religious associations in the country. There have been growing conflicts (some violent) between Catholic and evangelical communities in regions of the country where evangelicals now outnumber other religious groups, most notably in Chiapas (32.5%), Tabasco (27.1%), Campeche (24.3%) and Quintana Roo (20.9%).

State identity

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1

No interference of religious dogmas

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The Mexican state has expanded its reach into areas such as education and health care since the 1940s. Nevertheless, according to the most recent World Bank data, only 62.5% of the population as of 2022 had access to safely managed sanitation, with 43% having access to potable water, compared with a respective 52.6% and 42.6% at the start of AMLO's administration in 2018. While access to electricity is universal, the power sector suffers from underinvestment and is not always reliable. Recent power outages due to heat waves have posed a growing challenge.

Although lack of access to potable water is one of the most urgent problems facing Mexicans, the government has failed to address it, and the share of the population with access has improved by only 1.7% since 2013. Potable water is particularly scarce in regions with large Indigenous populations and in the suburbs of large cities. Mexico is the world's largest consumer of bottled water. Drought and poor management of water resources have also led to water shortages in some areas, such as parts of Nuevo León and Mexico City. In Mexico City, for instance, residents rely on tanker trucks when water rationing is imposed. When water is available in low-income communities, it is often contaminated. Low-income individuals spend a considerable share of their income on water for drinking, basic household needs and personal hygiene.

Administrative capacity and public service delivery vary significantly across regions. The decentralization of key public services in the 1990s – notably education and health care – exacerbated inequality. While richer states provide acceptable services to their populations, poorer states do not. Decentralization also markedly increased the resources under governors' control, fueling corruption as resources were diverted for self-enrichment. The AMLO administration recentralized most services. The decentralized Seguro Popular health insurance program was eliminated and replaced by the Institute of Health for Welfare (INSABI), then by IMSS Bienestar after INSABI's failure. While the new centralized health system has aimed to cover all Mexicans, the percentage of Mexicans who lack access to health services has increased by 20%. The purchase of medicines has also been centralized, resulting in shortages of various medications, especially for childhood cancer. The creation of the National Guard and the corresponding abandonment of state and municipal policies additionally led to the centralization of security policy. The government also imposed a strict austerity program on the central administration and other institutions, cutting departments and laying off officials, which has affected their activities and administrative capacity. Moreover, the administration has bypassed traditional state welfare institutions by establishing an extensive policy of direct cash transfers in various sectors. This has increased the clientelist functions of the state administration, thereby affecting its quality.

Basic administration

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1

2 | Political Participation

In June 2024, Mexicans elected a new president along with all members of the Senate and the Chamber of Deputies. Claudia Sheinbaum of the Morena party emerged triumphant, becoming the first female president in the country's history. Sheinbaum also achieved the highest vote percentage (61%) of any presidential candidate since the country's turn to democracy, and secured the highest number of votes ever recorded for a candidate in Mexican history, carrying 31 of 32 states. In the legislative elections, the Sigamos Haciendo Historia alliance (formed by Morena, the Green Ecologist Party of Mexico (PVEM) and the Labor Party (PT)) gained a supermajority in the lower chamber of Congress, securing 364 of 500 seats, the highest share of seats for a party or coalition since 1982. The coalition also won 83 of 128 seats in the Senate, just three seats shy of a supermajority. By September, Morena had secured a supermajority in the Senate as well after three senators defected from the opposition and joined its coalition.

There is little evidence that Morena's victory was due to government interference or fraud. The National Electoral Institute (INE) and the Electoral Tribunal of the Federal Judicial Branch (TEPJF) organize and oversee elections. Events that take place between election campaigns and activities outside polling booths remain unregulated by these bodies. Consequently, clientelist practices, used by all parties, prevail. In recent years, Morena has installed allied figures to head the INE and left judicial vacancies in the TEPJF. The opposition has pointed to these actions as having contributed to the large majority the party enjoys in both chambers of Congress, while the government contends that the INE previously reflected only the views and interests of the opposition. During AMLO's final weeks in office in September 2024, he passed a set of constitutional reforms, "Plan C." Critics argue that the reforms could politicize the judiciary and undermine the independence and effectiveness of the INE and TEPJF, potentially affecting the fairness of future elections.

The Electoral Observation Mission of the Organization of American States (OAS/EOM) reported that although no major violent incidents occurred on Election Day, there were isolated attacks on polling place officials, voters and electoral materials. During the election campaign, acts of violence against candidates and other political figures were also reported. Official data from the Secretariat of Security and Citizen Protection (SSPCC) reported a total of 23 murders of political candidates as of March 28, 2024. Other civil society organizations (CSOs) recorded as many as 231 murders during the pre-electoral period. Armed Conflict Location & Event Data, a CSO, tracked more than 330 violent acts targeting political figures in the run-up to the elections, surpassing the 254 violent acts recorded in the previous general election. Furthermore, according to the OAS/EOM, 163 complaints were filed with the INE alleging violations of Article 134 of the constitution, which mandates the impartial use of public resources by government officials and entities. Opaque

Free and fair elections

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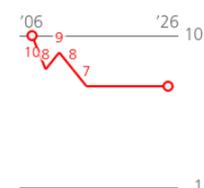
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campaign financing remains a concern, with regulatory gaps that leave the door open to money of unknown origin flowing into campaigns. However, there is little indication that drug cartels systematically aided any particular party. The TEPJF was understaffed, with only five of seven electoral magistrates' seats filled, although the vacancies are being filled temporarily. By law, the vote of at least six magistrates is needed to declare the validity of the elections.

Local elections were also held concurrently to elect eight governors, the head of government of Mexico City, deputies to 31 state congresses and officials in 1,580 municipalities. Seven of the governorships were won by Morena, including that of Mexico City. Assassination of local and state political figures continued during the subnational elections, constituting a considerable obstacle to political activity.

Following Morena's strong electoral showing, Sheinbaum's government enjoys a comfortable majority in both chambers of Congress, which enables the winning coalition to approve constitutional reforms and key appointments without relying on the opposition. The government's ability to govern is challenged mainly by powerful criminal groups that control some municipalities, regions and states. These groups exert pressure on elected officials and employ co-optation and violence to control politics. Traditional veto powers – such as national and foreign capital, and unions (especially those of teachers, petroleum workers and electrical workers) – also influence political life. The teachers union played a dominant role in the recent repeal of the education reform, reconfirming its influence.

Effective power to govern

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The Mexican army, which has been under civilian control since the early 1950s, has been notably strengthened since the declaration of the war on drugs in 2006. Since then, the military has been entrusted with wide-ranging tasks and granted significant resources. The previous government (2018 – 2024) expanded the military's responsibilities still further to include its involvement in the construction and operation of the Felipe Ángeles Airport and the Maya Train. The military also played a critical role in containing the COVID-19 pandemic, and in May 2022, a presidential decree granted the military exclusive control over customs activities. In September 2024, the Senate approved a bill that placed the National Guard under the army's control, although a similar attempt had been declared unconstitutional a year earlier.

The constitution guarantees the rights of association and assembly. Demonstrations are commonplace in Mexico; however, state authorities use the criminal justice system to target activists demonstrating for certain causes and continue to use excessive force against peaceful protesters, largely with impunity. Around 99% of cases on this topic go unsolved. Non-governmental organizations (NGOs) are sometimes targeted with legal actions. A 2023 Amnesty International report states that the "disproportionate use of criminal law is one of the main threats facing the right to protest peacefully in defense of land, territory and environment in Mexico." Social and environmental activists have also been targeted by criminal groups. In recent years, the incidence of violent acts against environmental defenders, including
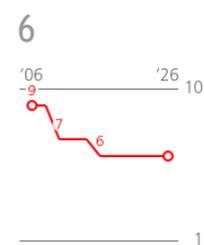
Association / assembly rights

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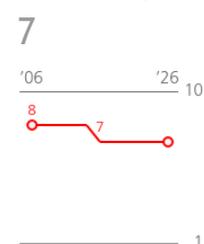
intimidation, harassment and physical assaults, has risen across the country. A report by the Mexican Center for Environmental Law (CEMDA) recorded 20 lethal attacks against environmental activists in 2023, compared to 24 the year before. In addition, the U.N. High Commissioner for Human Rights in Mexico counted 91 killings of human rights defenders potentially linked to their professional activities in the period January 2019 – September 2023, and confirmed the homicide of at least seven human rights activists throughout 2024.

Women protesting gender violence have also been targeted with excessive force by state authorities. Since Peña Nieto's administration, there have been clashes between police and women protesters advocating for accountability in cases of gender-based violence. This trend persisted under AMLO's administration, although it did not reach the levels of violence seen under his predecessor. Furthermore, AMLO often verbally attacked organizations that opposed his administration's initiatives or policies. The public attacks, which frequently took place during his daily news conference (la mañanera), fueled tensions between AMLO and civil society.

In 2019, AMLO's administration amended the Federal Labor Law to enhance transparency in union relations and to subject Mexican unions to new requirements, including secret, direct votes by workers on collective labor contracts. This resulted in the disappearance of many company-controlled protection contracts, forcing unions to be more representative. However, some of the most powerful unions (i.e., the teachers union and the oil workers union) adapted to the new situation without changing their usual practices much. Anti-union practices and transgressions of union safeguards are still common.

The freedom of expression is guaranteed by Articles 6 and 7 of the constitution and the 1917 Law Regarding Freedom of the Press. Mexico's media nevertheless remains among the most concentrated worldwide, making it difficult for smaller independent outlets to emerge. There were also allegations in 2023 that the Secretariat of National Defense (SEDENA) employed Pegasus spyware to surveil the work of NGO employees and the undersecretary for human rights, a claim the government adamantly denies. Furthermore, Mexico continues to be among the most dangerous countries for journalists in the world. Journalists who investigate cases involving organized crime groups, high-level corruption or state security forces face the threat of physical aggression, harassment, kidnapping and murder. Reporting on specific topics such as crime, drugs or the nexus between politics and drug-trafficking is especially risky, if not impossible, in cartel-controlled areas. Self-censorship is increasingly prevalent among news outlets, particularly in regions highly affected by organized crime and drug-trafficking. According to Reporters Without Borders' (RSF) 2024 World Press Freedom Index, Mexico was the country with the most journalists killed over the past decade (72). The NGO ranked Mexico at 121st place out of 180 countries and territories, although this represented an improvement of six positions compared with 2022. In 2023, the Federal Protection Mechanism for

Freedom of expression

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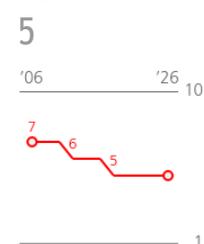
Human Rights Defenders and Journalists (MFPPDDHP) within the Ministry of the Interior recorded more than 188 cases of kidnapping, threats and physical assaults against journalists and human rights defenders. Since Mexico's turn to democracy in 2000, 28 journalists have gone missing, according to RSF. More than 90% of cases involving the murder of a journalist go unsolved, according to Mexico's interior undersecretary.

Throughout his tenure, López Obrador used his daily news conference and his weekly sessions on "Who's Who in This Week's Fake News" to openly criticize and discredit journalists who scrutinized his government. President Sheinbaum has been considerably less abrasive toward journalists who critique her administration, and has reduced the frequency of verbal attacks compared with her predecessor. In the last few months of the review period, however, many of the critical voices in the primary medium of information (radio) have either left or been replaced by journalists favorable to Morena. As of the time of writing, it was unclear whether this development had been driven by government pressure on the media. Furthermore, in November 2024, Sheinbaum's government approved a constitutional amendment that would close the National Institute for Transparency, Access to Information and Protection of Personal Data (INAI), an independent body that was established two decades ago to provide Mexicans with access to public records.

3 | Rule of Law

The separation of powers is constitutionally enshrined and, unless the government holds a majority in Congress, places the Mexican president in a comparatively weak position vis-à-vis Congress. The government currently holds such a majority. The separation between the executive and the legislature is virtually nonexistent, because Morena can pass legislation unhindered due to its supermajority in both chambers of Congress. In November 2024, Congress approved a constitutional reform that abolishes several autonomous institutions that monitor, evaluate and control the executive, including the INAI, which had previously been targeted by AMLO's administration. The governing party has also taken over other independent institutions meant to check executive power, such as the National Human Rights Commission, whose president was re-elected in November 2024 despite widespread opposition over her failure to condemn government abuses.

Separation of powers

5

The Supreme Court of Justice of the Nation (SCJN) is considered predominantly independent, although the appointment of various justices close to the former president has raised concerns about its autonomy. However, observers praise Chief Justice Norma Lucía Piña Hernández's independence and credit her with bolstering the rule of law. For his part, AMLO has publicly criticized the chief justice and accused her, along with the rest of the judiciary, of being corrupt. Throughout his tenure, the former president actively undermined the authority of the SCJN and

attempted to influence its rulings, albeit with little success. In the last month of his presidency, however, Congress passed major constitutional reforms that observers say threaten the judiciary's independence and make it vulnerable to the influence of political parties and interest groups, including organized crime groups and business actors. In June 2025, the SCJN and half of all the federal judges, including those from the electoral tribunal, are scheduled to be elected in a general election.

The Mexican judiciary continues to suffer from widespread corruption, backlog and inefficiencies, which result in impunity for most perpetrators. Criminals are often released or even enjoy perks while in prison. In the lower courts, bribery is widespread and court decisions are susceptible to outside influences, including organized crime actors and public and private interests. However, Supreme Court Chief Justice Piña Hernández, nominated in early 2023, has made efforts to strengthen the rule of law and been credited with bolstering the autonomy of the SCJN's decisions. During AMLO's administration, the SCJN ruled several times against reforms sought by the government, most notably with regard to the militarization of the National Guard and the Energy Reform. Nonetheless, the current and past administrations have made several moves that challenge the judiciary's independence.

Most notably, a month before leaving office, AMLO ramped up efforts to enact a series of judicial reforms that critics say could further weaken the judiciary's independence. The most controversial reforms provide for the popular election of more than 1,000 judicial positions – including the Federal Electoral Tribunal (TEPFJ) and SCJN justices, magistrates, and district judges – while also reducing the number of Supreme Court justices from 11 to 9 and shortening their terms from 15 to 12 years. Eight of 11 SCJN justices, including Piña Hernández, said they would not seek election in the judicial elections scheduled for June 2025. The U.N. special rapporteur on the independence of judges and lawyers and the Inter-American Commission on Human Rights warned that the reforms are likely to undermine the judiciary's independence. Independent observers note that the reforms make judges especially vulnerable to influence from not only political parties, but also criminal organizations and business interests that may attempt to influence the judicial election process and the rule of law. The opposition has denounced the reforms as the end of the independence of the judicial courts in Mexico. Meanwhile, the government has pointed to the need to address widespread corruption as a key motivating factor.

Other efforts that may undermine the courts include the appointment of Supreme Court justices close to Morena. In December 2023, for instance, AMLO appointed a Morena party member to the SCJN after earlier nominees put forward by the former president failed to garner enough support in the Senate. Shortly after taking office, President Sheinbaum also supported a bill proposed by Morena lawmakers that prevents the courts from challenging and overturning constitutional amendments. Thus, constitutional reforms will be the sole prerogative of Congress, with no

Independent
judiciary

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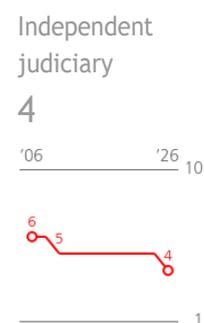
constitutional review. The bill took effect November 1, 2024. In early November 2024, the SCJN also dismissed a proposal that would have struck down key parts of the judicial reforms, including the election of judges at every level.

AMLO prioritized the fight against corruption and declared several times during his presidency that corruption had been eradicated, but results in this area have in fact been meager. Several of the past administration's most notable corruption cases, such as the Estafa Maestra and the Odebrecht scheme, did not end in a court ruling, and the most prominent of the accused remain free. Moreover, high-profile cases involving members of AMLO's administration did not lead to punishment. In 2020, former Defense Minister Salvador Cienfuegos was arrested and accused of drug-trafficking in the United States, but Mexico's Attorney General's Office dismissed the charges after his return to Mexico. In mid-2023, the Secretariat of Public Administration announced that an audit had found irregularities in fund transactions at the Mexican Food Security Agency (Segalmex). As of the close of the review period, the fraud case had resulted in no sanctions against high-level officials involved. There are also several cases involving current government officials. Most notably, Manuel Bartlett, head of the state-owned electricity company CFE, was accused of owning many properties that did not correspond to his salary, but no charges have been filed. Moreover, numerous lower-level corruption cases have not been prosecuted, including some within the army. However, according to a report by the U.S. State Department, of the more than 127,000 complaints of abuse of authority or negligence filed between December 2018 and June 2023 with the Secretariat of Public Administration, an estimated 114,000 were resolved.

Civil rights are enshrined in law, but they continue to be violated by the police, the army and even the judicial system. The U.N. Working Group on Arbitrary Detention reported that in 2023 arbitrary detention, particularly affecting Indigenous Peoples, remained a widespread practice in Mexico, and it identified various shortcomings in the criminal justice system, including informal pretrial detention and a lack of qualified legal assistance. The 2019 expansion of Article 19 tripled the number of offenses eligible for automatic preventive detention, and it was extended again in December 2024 through constitutional reform. Offenses eligible for preventive detention include femicide, forced disappearance and misuse of public funds, among others. The enacted reforms have failed to improve public safety and instead have disproportionately affected low-income individuals who commit minor offenses and lack the resources to secure legal representation. Consequently, they may endure years of imprisonment before their trial even begins, if it ever does. According to INEGI figures, more than 20% of incarcerated individuals were held in pretrial detention for more than two years, and about 37% of those imprisoned had no crime attributed to them. The Inter-American Court of Human Rights has declared in several rulings that Mexico's compulsory pretrial detention system infringes on human rights because it violates the presumption of innocence and personal liberty.

Prosecution of
office abuse

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Civil rights

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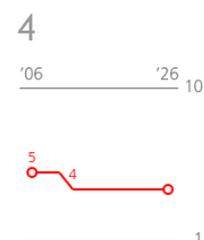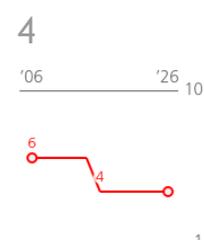
The militarization of public security also continues to pose a serious challenge to civil rights, as arbitrary detentions, extrajudicial executions and excessive use of force persist. Torture to obtain confessions and extract information is a common practice among state authorities. According to the Attorney General's Office, a total of 15,904 criminal complaints regarding torture were filed between the beginning of 2018 and the end of March 2023. Human rights violations by state security forces largely go unpunished. Furthermore, in 2024, over 13,000 individuals were registered as missing or disappeared, according to the National Search Commission. According to Human Rights Watch, authorities are slow to implement provisions of the 2017 Disappearance Law and often fail to investigate these cases. Migrants crossing Mexico to enter the United States are also subject to abuse by police and criminal gangs – especially migrant women, who are often sexually abused. Femicide rates, currently about 10 per day, have steadily increased in recent years.

Despite these challenges, progress has been made on protecting minority rights, although implementation faces obstacles. For instance, same-sex marriage has been legally recognized and performed throughout Mexico since 2022. Amnesty International reports that by the end of 2024, abortion was legal in 19 states. At the same time, in April 2024, so-called conversion therapy was banned. According to Transgender Europe, Mexico was the second-most-dangerous country after Brazil for transgender people in 2023.

4 | Stability of Democratic Institutions

Mexico's democratic institutions have demonstrated resilience but face serious challenges that raise concerns about their long-term effectiveness. In terms of strengths, the INE has historically ensured fair elections despite political pressures, and the 2024 presidential election was widely recognized as free and fair. Civil society, independent journalists and watchdog organizations also play an important role in holding the government accountable. However, recent constitutional reforms undermine the independence and effectiveness of the INE, which may affect the quality of future elections. Other challenges include the recent introduction of popular elections for judges, which raises concerns about the politicization of the judiciary. Also, Morena's supermajority in the legislature enables it to pass policy effectively, while the opposition is unable to deter reforms that may undermine democratic institutions, such as recent judicial reforms. Corruption remains a deep-rooted issue, and drug cartels exert influence over local governments, police and, at times, even electoral processes.

Performance of democratic institutions

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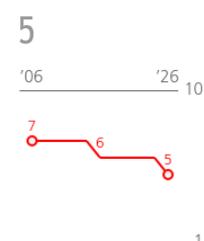
Mexico's democratic institutions are still widely seen as legitimate, but their credibility is increasingly challenged by political polarization, corruption and concerns about recent reforms. While elections remain broadly trusted, skepticism about the judiciary and executive power persists among broad sectors. Polarization between supporters and opponents of Morena is high. Morena sympathizers support recent institutional changes such as judicial reform and electoral adjustments, arguing that these make democracy more accessible and representative. However, critics argue that these changes centralize power in the executive. The opposition has expressed strong concerns about the weakening of institutions meant to keep the executive in check – particularly those tied to judicial independence and electoral integrity – as well as the militarization of public life.

Commitment to democratic institutions

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5 | Political and Social Integration

The 2018 elections, in which Morena won 53% of the vote, left the traditional political parties in the minority. In the 2024 elections, Morena won 54% of the vote but, because of a law on over-representation in the formation of Congress, it achieved an absolute majority of 74%. Thus, Morena has become the new dominant party. It has substantially expanded conditional monetary transfers, which can be used in a clientelist manner, to an extent not seen since the era of PRI's one-party rule. In addition, AMLO exacerbated polarization with rhetoric that depicted previous governments and their sympathizers as corrupt, neoliberal and conservative, and so on.
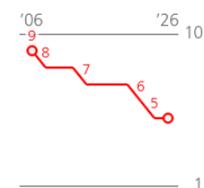
Party system

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The opposition has failed to propose an alternative governing plan that resonates with the public. The PRI, PAN and PRD have not rebuilt after their 2018 presidential defeat. The PRD, which AMLO represented in the 2006 and 2012 presidential elections, lost its national registration as a political party because it failed to garner 3% of the vote in any of the three federal elections in June 2024. The ruling party is growing stronger, while the opposition is splintering into disorganized factions that are maintained as coherent entities only formally, under old party labels. Although opposition parties joined forces during the 2024 legislative election, they are ideologically diverse and lack a coherent joint discourse, preventing them from opposing Morena effectively.

In recent years, these opposition parties have lost credibility and sympathizers.

The PRI regime organized society through corporatist and clientelist measures that encompassed business organizations as well as popular groups. Since the 1980s, when the PRI-constructed political system began to weaken under the pressures of neoliberalism and democratization, these organizations have, in a certain sense, been hollowed out. Although they have continued to occupy social space, their effectiveness as social actors representing the interests of larger population groups has waned, perhaps with the exception of the teachers union. AMLO found it
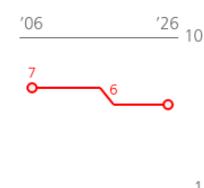
Interest groups

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relatively easy to renew his control of these various groups and to build a clientelist relationship with many of the organizations within his party's sphere. The government controls the political regime by focusing on individuals through its social policies of direct monetary transfers. It has also successfully delegitimized social organizations that do not align with its perspective, rendering them ineffective at the national level. In general, interest groups do not function as intermediaries between society and the political system because most have always been clientelist networks through which the government interacts directly with citizens.

Two interest groups have wielded significant influence: Morena – itself a collection of diverse interest and social groups – and prominent national and international capital. Big capital's dominance is exercised not through its organizations but directly through leading private capital actors. This includes billionaire Carlos Slim and Grupo México in the mining sector, among others. The executive branch advocates for the interests of fragmented popular sectors. Dialogue does occur, but polarization is prevalent in everyday situations. However, numerous smaller organizations, such as Indigenous, feminist, environmental and sexual minority groups, are highly engaged despite their lack of cohesion and collective action.

According to the latest Latinobarómetro report, the share of the public indicating support for democracy rose from 38% in 2020 to 49% in 2024. It also rebounded from the 35% recorded in 2023. That share is comparable to levels in Bolivia and El Salvador, both at 47%, but falls below the regional average of 52%. On the "Churchillian democracy question" (Democracy may have problems, but it is the best system of government), the Latinobarómetro survey found that 74% of respondents agreed in Mexico, above the regional average of 69%. Moreover, 49% of those surveyed said they preferred democracy to any other form of government, just below the regional average of 52% and up from 43% in 2020.

Approval of democracy

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Meanwhile, in 2024, 50% of Mexicans reported being "very" or "somewhat satisfied" with democracy compared with 33% in 2020, placing Mexico among the countries in the region with the highest levels of satisfaction with democracy, just behind Uruguay (63%) and El Salvador (62%). This figure represents a steady increase from previous years, reflecting improved perceptions of governance and greater well-being among the public. Trust in government has increased considerably since 2018 (16%), with 52% of respondents expressing "some" or "a lot" of trust – the highest such figures since 1995, when data was first recorded by Latinobarómetro. Apart from the electoral authority (56%), the other key government bodies – the judiciary (35%), the legislature (32%) and political parties (30%) – are trusted by a significantly lower share of the population. Nevertheless, even these figures are among the highest in the region. A degree of skepticism, however, remains among some sectors.
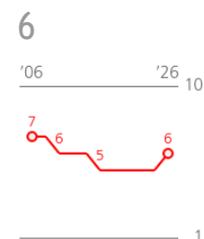
According to the Latinobarómetro 2024 report, levels of interpersonal trust remained low across Latin America. However, Mexico's population reports the greatest amount of trust in other people, with 26% indicating such trust, up from 18% in 2020. While Mexico was a highly organized society at the height of the PRI era, with social organizations subject to strict control, rates of membership and participation in social organizations that contribute to the development of social capital are today among the region's lowest. Reporte Indigo reports that there are 27 CSOs per 100,000 inhabitants in Mexico, compared with 650 in Chile, 170 in Brazil and 270 in Argentina. According to the same study, only 6% of the population is involved in a CSO. This aligns with the findings of the INE's 2022 Informe País report, which found that 1% of interviewees had participated in social protection organizations in the past year, 3% in a professional organization, 2% in a political party, 3% in a trade union and 7% in a neighborhood organization. The highest participation rate, at 10%, was for sports and parental organizations. AMLO's government discouraged social participation not only by labeling CSOs as corrupt and opposed to the "Fourth Transformation," but also by ending public funding for these organizations.
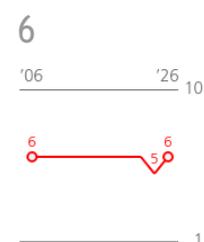
Social capital

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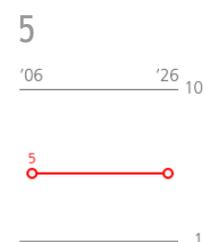
II. Economic Transformation

6 | Level of Socioeconomic Development

Mexico reached its highest Human Development Index score in 2019 (0.781) – just before the pandemic – and returned to this level in 2022, placing it in the high human development category. However, when adjusted for inequality, the country's HDI score drops by 17.9%. Compared to 2019, Mexico's HDI ranking declined by two positions in 2022, to 77th place out of 193 countries. Mexico nevertheless continues to rank higher than many of the larger countries in the region, such as Brazil, Argentina and Colombia, but is positioned lower than Chile, Uruguay and Costa Rica. Regarding gender equality, Mexico's score on the UNDP's Gender Inequality Index has been declining since 2011, when it was 0.402. The score decreased from 0.390 to 0.363 during Peña Nieto's government and receded less rapidly throughout the first four years of AMLO's government, from 0.360 in 2019 to 0.352 in 2022.

According to the National Council for the Evaluation of Social Development Policy (CONEVAL), which was also annulled due to the 2024 constitutional reforms, the country's poverty rate decreased significantly during AMLO's administration, from 41.9% to 36.3%. Moderate poverty rates saw most of the improvement, while the share of the population living under conditions of extreme poverty changed only marginally. The improvement in socioeconomic development is due in part to the significant boost to the minimum wage under AMLO's administration; this saw a

Question
Score

Socioeconomic
barriers

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119% increase between 2018 and 2024. Similarly, median wages grew by 10% during the same period, compared with 3% during the previous administration. This increase was by far the largest in Latin America. Still, according to the World Bank, the Gini coefficient decreased by 2.5 points to 43.5 in 2022 compared with 2018. This drop is comparable to the years of Peña Nieto's government, when a decrease of 2.9 points (to 46.0) was recorded between 2014 and 2018.

| Economic indicators		2021	2022	2023	2024
GDP	$ M	1316569.5	1466464.9	1793798.9	1852722.9
GDP growth	%	6.0	3.7	3.3	1.5
Inflation (CPI)	%	5.7	7.9	5.5	4.7
Unemployment	%	4.0	3.3	2.8	2.7
Foreign direct investment	% of GDP	2.7	2.7	1.7	2.4
Export growth	%	7.1	9.5	-7.2	3.3
Import growth	%	15.7	8.6	3.7	2.7
Current account balance	$ M	-4562.6	-18920.2	-12595.3	-16740.2
Public debt	% of GDP	56.7	53.8	52.6	58.3
External debt	$ M	601474.1	585464.2	595917.7	-
Total debt service	$ M	79259.6	56284.1	54272.7	-
Net lending/borrowing	% of GDP	-3.3	-4.3	-4.2	-
Tax revenue	% of GDP	13.4	13.4	14.2	-
Government consumption	% of GDP	11.4	11.1	11.1	11.2
Public education spending	% of GDP	4.2	4.1	-	-
Public health spending	% of GDP	3.0	3.0	-	-
R&D expenditure	% of GDP	0.3	0.3	0.3	-
Military expenditure	% of GDP	0.7	0.7	0.7	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

AMLO's government did not diminish the Mexican market's openness for most products, except within the energy sector. On the one hand, the government renegotiated a free trade agreement with the United States and Canada, the U.S.-Mexico-Canada Agreement (USMCA), which maintains free trade but also includes some new labor provisions and rules-of-origin provisions. On the other hand, during AMLO's presidency, the government allocated most of the contracts for its large public projects directly to the army or national enterprises, without public tenders. In addition, in November 2024, Congress approved a comprehensive energy reform that, along with secondary laws supporting it, entered into force in March 2025, after the close of the reporting period. This package reasserts state control over the energy sector in an effort to modernize the sector and speed the transition to renewable sources. While private investment in the energy sector has been neither prohibited nor canceled, the state-owned Federal Electricity Commission (CFE) and its activities are now officially prioritized over those of private companies. The participation of private entities (as well as foreign companies) is limited under this regime, which may affect investment and market competitiveness. The implementation of the legislation may allow the CFE to participate in the power sector under a set of rules different than those for other entities; this may in turn be advantageous to its operations and provide it with certain exceptions to limitations set by free-competition rules. Furthermore, as part of the reform, the Federal Economic Competition Commission (COFECE), Mexico's competition watchdog, has been eliminated. Informal employment remains significant, with more than 50% of the working population employed informally.

Although the Mexican economy has a solid competition policy framework, it is in practice dominated by oligopolies, especially within the telecommunications, cement, electronic media and banking sectors. Small and medium-sized businesses have limited access to credit because private banks, which are 90% foreign-owned, do not lend to them, preferring consumer lending instead. This has not changed during the period of Morena governance. President Sheinbaum is following through with constitutional reforms long sought by her predecessor that ostensibly aim to reduce the squandering of government resources. In December 2024, constitutional reforms were published aiming to eliminate administrative redundancies and "simplify" government processes through the elimination of seven autonomous bodies, including the Federal Economic Competition Commission (COFECE), the Federal Telecommunications Institute (IFT) and the Energy Regulatory Commission, which regulated competition in different sectors of the economy. Although some of the functions of these institutions will be carried out by government ministries, their autonomy is at stake. In early January 2025, as COFECE was transitioning from an autonomous entity into a government ministry under the auspices of the Mexican Federal Executive, as per the constitutional reforms, the agency's budget was slashed.

Market organization

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Competition policy

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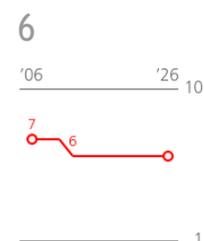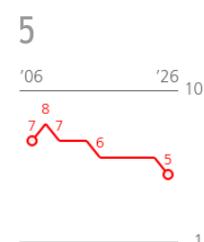
This could hinder the enforcement of antitrust rules. Furthermore, most government contracts during the review period were awarded directly, without competitive bidding or the agreed-upon extension of a public service contract, a practice that hinders transparency and efficient allocation of resources. As of the time of writing, it remained unclear whether Sheinbaum's government would continue the same policies concerning public contracts.

During AMLO's presidency, Mexico retained its status as one of the world's most open economies. But recent constitutional reforms imposed significant limits on private investment – both foreign and domestic – in the oil, electricity and lithium sectors. The government's decision to restrict investment in these areas has sparked controversy. A trade panel also condemned Mexico's ban on imports of transgenic corn. However, the government has generally avoided restricting goods or capital, introducing export subsidies, or promoting specific industries through targeted industrial policies.

When the free trade agreement among the three North American countries was renegotiated, adjustments were made to the rules of origin and labor conditions. Rules of origin were tightened, especially for steel-intensive goods and the automotive sector, to ensure higher North American content. Overly restrictive rules of origin for the apparel industry were eased, and the deal introduced simplified "process rules" for the chemical sector. After Donald Trump entered the White House and threatened across-the-board 25% tariffs on imports from Mexico, President Sheinbaum moved to head off such measures, stressing the benefits of free trade for both countries.

After the 1994 financial crisis, which led to the collapse of the Mexican banking system, banks changed hands and were acquired by foreign institutions. Today, the leading banks are foreign-owned and account for nearly 90% of the private banking system. Nevertheless, one of the two largest banks in Mexico, Citigroup, recently announced that it would sell its banks in Mexico. The previous government said it wanted Mexican capital to buy the bank and exerted some pressure on Citibank, which postponed the sale.

Mexico's banking system continues to face several significant problems. First, the degree of financial inclusion among the Mexican population is low. Second, the commercial banking sector is highly concentrated, allowing the imposition of very high interest rates and individual fees. Another significant issue is the sector's limited lending to small and medium-sized enterprises (SMEs), as banks primarily focus on credit cards, home and car loans, and investments in government bonds for consumers. Nevertheless, in formal terms, the banking system is considered stable and largely complies with international standards. According to the latest World Bank data, the capital-to-assets ratio increased slightly to 9.8 in 2022 from 9.7 in 2020. The share of non-performing loans remained low at 2.1%.

Liberalization of foreign trade

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Banking system

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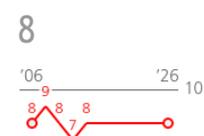
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The members of the National Banking and Securities Commission (CNBV) are not independent, as all serve ex officio. The CNBV and its board members have no fixed terms, no legally established grounds for dismissal and no requirement to disclose reasons for dismissals. For authorized financial conglomerates, the current legal arrangement allows the oversight body only to gather information from other authorities and to coordinate specific supervisory actions. This prevents the oversight body from independently designing and implementing oversight actions targeting individual corporate divisions.

8 | Monetary and fiscal stability

AMLO's administration implemented an orthodox monetary policy to control inflation and the effective exchange rate. However, as in most countries, inflation surged after the pandemic, reaching a rate of 7.9% in 2022. This rate fell to 5.5% in 2024 and declined further to 3.65% at the beginning of 2025. The Mexican peso also appreciated considerably, reaching a high in April 2024. The government touted the currency's steady appreciation as an achievement, although analysts have warned of negative side effects for exports – which have become more expensive internationally – as well as for remittances and the underlying current account balance. However, this has meant that Mexican consumers can purchase imported goods at lower prices. Since Sheinbaum's election, the peso has lost value against the dollar, reaching a low in January 2025. This is in part due to concern about Morena's free rein to adopt reforms that modify the character of the political regime (especially those related to the judiciary) as well as U.S. President Donald Trump's proposed 25% across-the-board tariffs on Mexican imports.

Meanwhile, the Mexican central bank (BdeM) has pursued an orthodox approach and responded to the surge in inflation and devaluations with a rate hike. The BdeM has largely kept the situation under control, with its policies serving to lower the inflation rate and maintain a relatively stable peso to attract portfolio investment. Although some challenges to Mexico's central bank under the AMLO administration raised concerns about the potential politicization of the monetary authority, those fears were not ultimately realized. Moreover, the ever-growing flow of dollars from Mexicans living in the U.S., increased foreign capital flows and the government's responsible fiscal policy have led to overall monetary stability.

As with its monetary policy, the AMLO government's fiscal policy was extraordinarily cautious and orthodox. Although there were concerns about how the government would finance its social policies and infrastructure projects, the former president presented balanced, even austere, budgets during the first five years of his presidency. However, in his last year, the fiscal deficit increased to 5.5% of GDP as a means of coping with the completion of AMLO's infrastructure projects and the elections. This pushed the government's debt from 53% of GDP in 2019 to 58% in

Monetary stability

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Fiscal stability

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2024. Reserves have grown since 2017, and were expected to reach $232 billion by 2024. Apart from the deficit, there are other worrisome trends. The current account balance was again significantly negative, going from a deficit of $5.4 billion in 2023 to a negative balance of $13.7 billion in 2024. Although the present government has vowed to reduce the deficit to around 3% of GDP, this may be difficult to achieve considering the many fixed costs on top of the investments the present government has vowed to implement. Planned expenditures include settling Pemex's large debt and continuing social expenditures due to the expansion of direct monetary transfers carried out by the previous government.
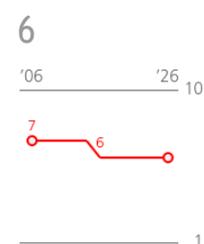
9 | Private Property

Article 27 of the constitution protects private, public and social property. Although AMLO clearly favored state property, he did not threaten private property rights or propose any form of nationalization. The situation of land property in the countryside or the suburbs of large cities is complicated, as in the past, many people living in poverty were driven to occupy lots, and some have yet to regularize them.

Moreover, the situation of small businesses is structurally complex. Significant problems exist in defining individuals' and small businesses' property at the micro level, a situation linked to inefficiency and corruption in the administrative and judicial systems. Additionally, many small and microbusinesses operate informally and do not register their firms, pay taxes or register their workers because they cannot afford to do so. This makes them vulnerable to extortion by trade unions, tax collectors and the police.
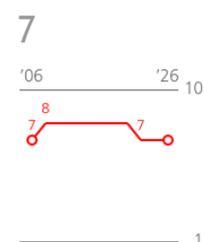
The escalating power of criminal groups in many regions of the country poses a genuine threat to companies and individuals. There have been reports that criminal groups have coerced homeowners or renters into transferring their property to them. Individuals may also face difficulties registering houses or apartments, as fraud is prevalent in such transactions. Reclaiming property after a period of renting it out can be a protracted process.

For the most part, private companies are free to act, except in some economic sectors, such as energy. Under President AMLO, the government stifled private investment in the energy sector as it sought to restrict private sector involvement. In the first month of Sheinbaum's presidency, Congress passed a constitutional reform reducing the role of private companies in the energy sector. While private entities can still participate in the power industry, the state-owned Comisión Federal de Electricidad (CFE) utility now has priority over private entities. The previous government also granted numerous major infrastructure projects to private companies without a competitive tender process, opting for direct allocation outside market regulations. Sheinbaum's government has declared it will promote public-private investments in several infrastructure projects.

Property rights

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Private enterprise

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Regulations restricting or directing sectoral investment are limited, but various bureaucratic hurdles when starting and operating a business – in sum – promote corruption. Many micro and small businesses cannot meet the requirements of specific regulations. As a result, many small businesses operate informally. The dominance of oligopolies in sectors such as cement, oil, electricity, banking and telecommunications presents a significant impediment to business operations, particularly for small and medium-sized businesses. In addition, the informal sector is an unfair competitor for those already in business, especially for small and medium-sized businesses that pay taxes, pay slightly better wages than their informal rivals and provide social benefits to their workers. Private property is protected according to clear legal principles.

10 | Welfare Regime

Mexico's economic model since the 1980s has been based on the supply of cheap labor with minimal social protections. This has led to the erosion of rights under a contributory social protection system that, although it never covered more than 50% of the population, granted rights to specific sectors in a fragmented manner. Furthermore, the neoliberal model imposed as a way out of the debt crisis eliminated the intergenerational solidarity pension system from the 1940s, moving to a capitalization model that individualized and privatized the pensions to which formal workers are entitled. While health care has not been privatized, there has not been sufficient investment to cover the entire formal population, much less the population that depends exclusively on noncontributory state services. The health system is underfunded compared with counterparts in other countries in the Latin America and the Caribbean region. Public expenditure on health amounted to only 3.0% of GDP in 2021. Meanwhile, the private health system and out-of-pocket spending have significantly expanded, and currently account for nearly 50% of total health expenses. Furthermore, according to the National Council for the Evaluation of Social Development Policy (CONEVAL), 39% of the population lacked health coverage as the AMLO administration was coming to the end of its period in office, compared with 20% before. Life expectancy is around the regional median, averaging 75.1 years, the same as in 2019.

Successive neoliberal governments over more than 30 years focused on assisting people from low-income communities, who account for an increasingly significant share of the Mexican population. This segment of the population has also become key in determining electoral success or failure, replacing the corporate sector that guaranteed the stability of the PRI regime in that role. In line with demands from international agencies and the Washington Consensus, Mexico has implemented social policies based on targeted monetary transfers. Under President López Obrador, the government expanded and made this type of social policy more generous but did not alter its character. Thus, although the rate of moderate poverty fell by about 6%,

Social safety nets

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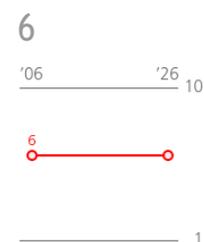
the extreme poverty rate remained nearly unchanged at 7%. According to CONEVAL's latest data from 2022, about 34% of households receive support from government programs, compared with 28% at the beginning of AMLO's administration.

Discrimination against the Indigenous population and gender inequality remain structural issues in Mexico. Progress in addressing discrimination and achieving gender equality has been slow, despite gains in incorporating women at the highest levels of government. The Indigenous population, which accounts for 6% to 10% of the population, continues to experience marginalization. Although Mexico's overall literacy rate in 2020 was 95%, it was about 67% among Indigenous groups. In 2015, only 72.6% of Indigenous people had completed primary school, with 16.6% having no formal education. According to the World Bank's Gender Parity Index (GPI), the female-to-male enrollment ratio is about 1 at the primary level, and climbs higher at the secondary (1.1) and tertiary (1.2) levels. However, the literacy rate among women is 94%, compared with 96% for men.

Moreover, significant disparities persist in the labor market. According to World Bank figures, the employment rate for women in 2023 remained among the lowest in the LAC region. Women made up 39.5% of the total labor force in Mexico, just behind Honduras (39.6%) and the Dominican Republic (40.6%) and far behind the regional leaders Haiti (47.4%), Peru (46.3%) and Uruguay (45.7%). However, these figures do not account for women working in the informal sector. Involvement in the informal sector exacerbates, rather than alleviates, gender inequality because working conditions and salaries there are much lower than in the formal sector, despite equal numbers of men and women working there. Regarding wage equality for similar work, Mexico has the worst score on the continent at 0.51 – meaning that women are 49% less likely than men to receive an equal wage for similar work – while Costa Rica scores 0.65 and Uruguay 0.61 on this issue. Inequality for women is also evident in the high rate of femicides and the widespread culture of "machismo." However, the election of Mexico's first female president represents a major achievement for women.

11 | Economic Performance

Since 2000, the Mexican economy has seen only slow growth, averaging GDP growth rates of about 2% or less. Under President López Obrador, the average growth rate was 1%. This dip has been attributed to several factors, including the former president's polarizing rhetoric, which created uncertainty for domestic capital, as well as the cancellation of the Mexico City Airport project in late 2018, which greatly affected numerous investing firms and providers. The COVID-19 pandemic also had a tremendous impact on GDP, which fell by 9.3% in 2020. The absence of an active countercyclical policy to mitigate the pandemic's economic effects contributed to the

Equal opportunity

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Output strength

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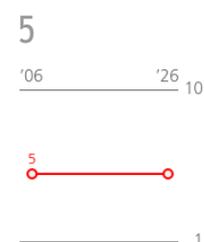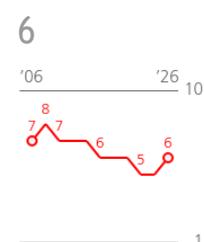
steep GDP decline compared with other countries, such as Brazil, whose output declined by only 3.9%. Mexico's economy subsequently grew by 3.3% in 2022, 2.5% in 2023 and 1.6% in 2024. In 2024, unemployment in Mexico dropped to its lowest level in the last decade, at a rate of 2.9%. This is likely due to the infrastructure projects launched by the government, as well as to significant levels of underemployment and informality.

Foreign direct investment (FDI) in Mexico grew more slowly under AMLO than under the Peña Nieto government (2012 – 2018). According to the World Bank, total FDI inflows amounted to $30.21 billion in 2023, well under the $50.93 billion recorded in 2013. As a share of GDP, it was one percentage point lower than in 2022. Gross capital formation surged in 2023, increasing to 24.6% of GDP, as the federal government rushed to complete major infrastructure projects before the end of AMLO's term. If Mexico is to escape the middle-income trap, investment must increase significantly to compete in high-value-added, knowledge-based markets. In 2023, GDP per capita reached 24,790 current international dollars. However, this growth was largely due to the revaluation of the Mexican peso.

In contrast to the government's moderately successful economic performance, its macroeconomic policies have remained highly orthodox and efficient. Inflation peaked at a rate of 7.9% in 2022, showing a spike similar to those seen elsewhere in the world, then fell to 5.5% the following year and to 4.1% in 2024. Public debt grew considerably in 2024, and the government deficit increased mainly because of the general elections and the need to conclude AMLO's investment projects before the end of his term. However, the significant current account deficit stood at $13.7 billion in 2024.

12 | Sustainability

Most government policies fail to account for environmental concerns. AMLO pledged to ban fracking, yet a recent study from the Mexican Alliance Against Fracking finds that while resources for fracking have decreased in recent years, projects are still active and budget approvals peaked in 2023. Toward the end of 2024, Sheinbaum's administration also allocated an estimated $604 million to fracking projects for 2025 with the goal of boosting daily gas production. Meanwhile, a constitutional reform prohibiting hydraulic fracturing remained stalled in the legislative process as of November 2024. AMLO's government also constructed a refinery on the coast of Tabasco in a mangrove area, as well as the Maya Train system, which had a significant impact on the ecology of the Mayan Peninsula due to the construction of train tracks and stations and the development of a destructive commercial tourist industry around the Maya Train system.

The Constitutional Energy Bill, passed under Sheinbaum's administration, aims to modernize the energy sector and confers hegemony over key sectors on the Mexican state with respect to moving the country toward renewable energy sources. However,

Environmental policy

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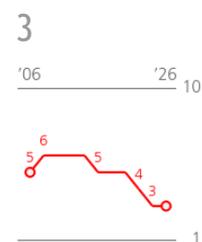
the Energy Bill has been criticized for discouraging investment in alternative energy sources, especially renewables. The 2013 Energy Reform, which liberalized the electricity sector by creating room for new players, clean energy and foreign investment, and which AMLO tried to undo throughout his tenure, was officially reversed by Sheinbaum with passage of the Energy Bill. Sheinbaum's administration argues that the recently passed Energy Bill, as well as new secondary legislation for the energy sector, puts Mexico in a better position to promote the transition to clean energy.

Public awareness of environmental problems has increased in recent decades, largely due to the work of environmental NGOs. AMLO criticized these organizations for opposing some government projects, especially construction of the Tabasco refinery and the Maya Train. The AMLO administration neglected to engage environmental organizations and affected Indigenous communities in the planning and implementation of these projects. AMLO's state-centric and fossil-fuel-oriented energy reforms undermined Mexico's climate commitments on renewable energy and the Paris Agreement. It is still too early to tell whether the new president is delivering on her promise to transition Mexico toward more sustainable energy sources. In the 2025 Climate Change Performance Index, Mexico fell one position to 39th place, an overall low performer.

Although the overall literacy rate is relatively high in Mexico, at 95%, the education system has shortcomings. The country's score on the U.N. Education Index declined from 0.718 in 2018 to 0.709 in 2022. This was partly due to the pandemic, since Mexico kept its schools closed for 250 days, longer than almost all other countries worldwide. During the pandemic, classes were broadcast on open television since many public-school children did not have access to the internet. Even before the pandemic, Programme for International Student Assessment (PISA) tests ranked Mexico in the bottom third of tested countries in the subjects of science, mathematics and reading, well below the OECD average and only slightly above the Latin American average. The PISA tests have not been administered in the past four years. According to the World Bank, Mexico spends considerably less than other countries in Latin America on education, at only 4.2% of GDP. Other regional peers such as Brazil, Costa Rica and Argentina invest more than 5.5% of their GDP in education. The education problem is not only financial but also (mainly) political. The elementary school system is dominated by the teachers union, which is the largest union in Mexico and a remnant of the former authoritarian regime. It has remained a crucial pillar of political support for the Morena governments, thus making the sector politically difficult to reform. Additionally, scholarships for Mexican postgraduates seeking to study abroad were significantly cut under AMLO's administration, favoring the pursuit of domestic degrees.

Education policy / R&D

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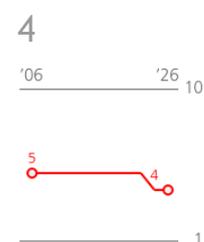
Mexico invests only 0.3% of its GDP in research and development (R&D), lagging behind countries such as Brazil, which invests 1.1% of its GDP in this area. Mexico's total is the lowest level of R&D investment among OECD countries, and is lower than that of many other countries with similar levels of development. R&D was not a priority for AMLO's government, given that it halved the budget of the National Council of Science and Technology (CONACYT) research consortium.

Governance

I. Level of Difficulty

Structural constraints have persisted and increased under the AMLO administration due to slow economic growth and the end of the Seguro Popular health program, even as the poverty rate fell by almost six percentage points. This reduction resulted from increased monetary transfers and the increase in the minimum wage. However, members of the low-income population remain vulnerable to any economic downturn or the emergence of health care needs, as this latter system was weakened during AMLO's administration. In addition, the rate of extreme poverty remained nearly unchanged, with 7% of the population marginalized in this way. Moreover, organized crime, inequality and a lack of human capital continue to be the primary structural obstacles to growth and productive investment in Mexico.

Although minimum salaries have increased significantly in the past six years – rising from one of the lowest such levels in Latin America to among the highest in the region – they are still low compared with those in the United States. While some elements of the labor force have a high average level of education and are highly competitive (especially in the country's northern regions), there is a shortage of highly skilled personnel in mid-level engineering and administrative roles due to shortcomings in the education system and lack of investment in R&D. Other challenges include low-quality job opportunities and wages, as well as insufficient infrastructure, particularly in the comparatively poorer southern region. The potential economic boost provided by the Mayan and Trans-Isthmus trains, the new refinery in Tabasco, and the Tehuantepec rail network could positively affect specific sectors in the south.

Perhaps the most critical obstacle to governance is the widespread violence and conditions of ungovernability across much of the country. Mexico is also vulnerable to natural disasters, especially earthquakes and hurricanes. Hurricanes have become increasingly destructive because of global warming, and have struck major tourist destinations including Cancún, Acapulco and Veracruz. Coordination among the levels of government remains complex and contradictory, limiting development opportunities.

Structural constraints

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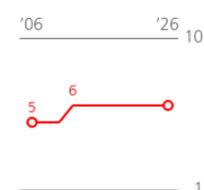
CSOs are poorly organized in Mexico compared with many other Latin American countries, because civil society traditions are weak. The CSOs that emerged in the 1980s were crucial to the democratic transition, forming the social base that led to the creation of the PRD and then Morena. Both parties are coalitions of social movements. However, these movements have become bureaucratized and have ultimately reproduced clientelist practices similar to those found under the previous PRI regime, especially since AMLO's presidency.

The mobilization of numerous social movements was crucial to AMLO's rise to power. Despite this, the former president was highly suspicious of autonomous organizations. He often clashed with and attempted to delegitimize groups critical of his policies, including feminist groups, victims' advocacy organizations, anti-corruption groups, human rights organizations and environmental organizations. From the beginning of his presidency, he ordered the government to provide no funding to civil society organizations and even called on U.S. authorities to stop financial flows to these groups. Civil society organizations and activists remain robust and active at the local level, but often fall victim to the extreme violence and chaotic effects triggered by the war on drugs. This has further weakened social capital, particularly in areas directly affected by violence.

During his tenure, AMLO relied on polarizing rhetoric to sustain his popularity, but this did not escalate into violence. The ongoing crisis of violence is primarily the result of activities by organized crime groups active in areas including drug and human trafficking, gasoline theft and the extortion of businesses, which sometimes extends to political opponents and social leaders. Violent crime rates have decreased since 2018, suggesting the government has made slight progress toward reining in drug-related violence. Despite the decline, the number of murder victims remains high. The incidence of violence by the military has also grown, tied to its public security duties. Furthermore, as criminal groups battle for territorial control, displaced people are becoming increasingly visible. Forced displacement and the agglomeration of large migrant communities in border cities are generating a new dimension of conflict. In addition, the quality of political representation has recently weakened as opposition parties and autonomous CSOs lack sufficient capacity to channel social discontent and demands. This has led to more expressions of social discontent that turn violent, mainly at the local level. Young people, particularly female activists, are beginning to engage in more aggressive demonstrations.
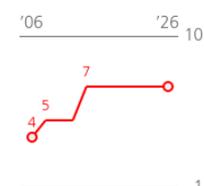
Civil society traditions

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Conflict intensity

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II. Governance Performance

14 | Steering Capability

AMLO's government began with the promise of a "Fourth Transformation" (4T). The 4T focused on ending corruption, combating inequality, and improving public security and national self-reliance. Strategic plans and key policy proposals under his administration were generally developed within the presidential office rather than by external units or ministries. For the most part, policies were neither evaluated nor evidence-based, and when NGOs such as México Evalúa offered these services, the former president rejected and denounced the conclusions. In the realm of public security, the government vowed to demilitarize the war against drugs and focus on the structural problems driving organized crime. However, the AMLO administration created and deployed the National Guard, which is largely composed of military personnel and came under the control of the army in 2024. The AMLO government did implement policies that increased disposable income for poor households and reduced the poverty rate.

The AMLO administration also launched significant infrastructure projects that were a central part of the government's development strategy, aiming to promote growth in the country's south. However, decisions on such projects were largely made by the president. Neither the economic viability nor the social and ecological impacts of significant infrastructure projects were analyzed. Despite attempts by the opposition to cancel the projects due to environmental concerns, the government proceeded with the construction of a rail system in the Yucatan Peninsula (Tren Maya) and of airports in the region. Another important project, the Trans-Isthmus corridor connecting the Atlantic and Pacific oceans, is under development. Although such projects have been controversial, they indicate the government's ability to set strategic priorities – to some extent – and see them through to completion.

The new president, Claudia Sheinbaum, emphasized the continuation and deepening of the 4T in her inauguration speech. She also vowed to focus on republican austerity, the promotion of public infrastructure projects, efforts to attract investment that boosts nearshoring, and the enhancement of trade relations. Some critics have criticized the preservation of AMLO's agenda, arguing that this will only expand clientelist social programs, continue the dismantling of autonomous institutions and concentrate power in the presidency. One proposal inherited from AMLO calls for the abolishment of seven autonomous institutions, among them CONEVAL, which evaluated social programs, and INAI, which oversaw transparency efforts. This would seem to run counter to the 4T's promise of boosting government transparency.

Question
Score

Prioritization

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To aid in building the "Second Floor" of the 4T, Sheinbaum chose cabinet members mostly due to their professional and technical backgrounds, marking a change from her predecessor, who tended to favor political figures. Still, it is too early to say whether and to what extent the new administration will maintain strategic priorities.

During the review period, AMLO succeeded in passing long-sought constitutional reforms after his party, Morena, gained a supermajority in both chambers of Congress in the 2024 general elections. The new president and Congress are now pursuing the reforms initiated by AMLO. Critics point out that these reforms undermine the independence of the judiciary and weaken the institutions that organize elections (INE and TEPJF). During AMLO's term, state capacity declined across all ministries and public institutions as the executive branch implemented austerity plans throughout the period. The executive branch merged various branches of government, downsized departments, laid off thousands of senior and mid-level officials, and reduced the salaries of the remaining staff. The number of ministerial resignations was high, with unqualified officials ultimately occupying some of the most critical positions. Nonetheless, on the economic front, a recent study shows that the 4T economic policy implemented by AMLO's administration boosted economic growth in Mexico. Policies raising the minimum wage and the use of subsidies and direct cash transfers – albeit sometimes replacing funding for public services – have not only improved the livelihoods of many Mexicans, but also increased the disposable income of low-income households, promoting internal demand.

While AMLO's government failed to demilitarize the war on drugs, the number of homicides decreased during his tenure, suggesting slight progress on this front. However, Mexico's homicide rate remains among the highest in the region. President Sheinbaum has pledged to reduce insecurity by focusing on the structural dimensions driving crime, as did AMLO, but showed early signs of moving away from her predecessor's "hugs, not bullets" approach. During the first 100 days of her presidency, the number of security operations to tackle crime increased substantially, and as of the time of writing, reports indicated that a new National Operations Unit (UNO) was in formation. According to news reports, the UNO was to be an elite civilian investigative and special operations force specializing in confronting drug cartels, and would consist of many former Federal Police personnel. It remains to be seen whether the new administration's more aggressive approach will yield long-term, tangible results.

Mexico's government shows some innovation with regard to digital services and social programs, but lacks flexibility in structural reforms, crisis management and security policies. Centralization and bureaucratic inefficiencies limit its adaptability, making long-term modernization challenging. During AMLO's presidency, decision-making was concentrated in the presidency, and a number of autonomous institutions were either in the process of being eliminated or saw their independence undermined. Strengthening institutional autonomy and improving intergovernmental coordination could enhance Mexico's policy flexibility and innovation.

Implementation

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Policy learning

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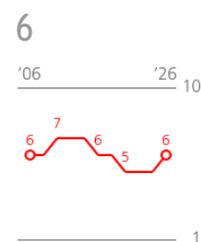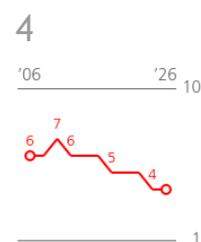
Moreover, Mexico has always lacked a comprehensive, professional public service. Most politicians who assume office lack the training to fully comprehend the policies they implement, and they have little time to learn. Because officeholders frequently change positions for political reasons, most high-ranking politicians are primarily concerned with their careers and therefore try to minimize costs. AMLO was prone to selecting ministers, secretaries and other high-ranking officials based on their loyalty to him and his agenda. In addition, most social programs lacked clear guidelines, and most infrastructure projects failed to undergo studies of their economic viability or ecological impact. Most independent councils on the themes of energy, education and competitiveness were weakened or eliminated, preventing evaluation of the impact of investments or programs.

15 | Resource Efficiency

The government faces significant challenges in using its resources efficiently; they are often used ineffectively or impeded by corruption. This same problem is particularly pronounced among state governments. Under previous administrations, the Comptroller of the Republic – an autonomous auditing institution responsible for overseeing fiscal spending – uncovered numerous budgetary deviations, yet no sanctions followed. This does not appear to have improved under AMLO. In September 2024, the government eliminated the INAI, an independent transparency institution. AMLO's administration also continued to award contracts directly without a competitive process (doing so for approximately 80% of all contracts, as indicated by some CSO reports). AMLO's government implemented an austerity program at the beginning of its administration, which significantly reduced capacity in various ministries and secretaries. In the previous PRI and PAN administrations, appointments were frequently made for political reasons, leading to the placement of individuals in positions for which they were ill-prepared. While AMLO continued this tradition, his successor, President Sheinbaum, has made merit-based appointments. Although a national career system was implemented at the beginning of 2000, it has been ineffectual.

This situation, along with the concentration of decision-making within the presidency on the most critical issues and investments, resulted in an ineffective use of human, financial and organizational resources. This was seen particularly in the handling of the pandemic and the inefficient distribution of medicines throughout AMLO's term, among other problems. However, AMLO also used the armed forces to build infrastructure projects for a fraction of what they would have cost if the private sector had built them, including the new Mexico City airport and the Tren Maya. Although one of his government's main goals was to make progress in addressing corruption, that did not happen; numerous allegations of corruption across institutions were neither investigated nor pursued.

Efficient use of
assets

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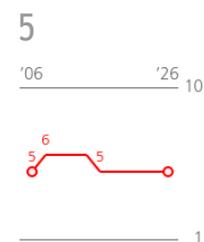
Regarding budgetary resources, the government largely pursued an orthodox fiscal and macroeconomic approach. In his last year in office, AMLO departed from this approach and considerably increased the government's deficit and debt. As a result, the current government is very short of financial resources and will have considerable difficulty implementing its projects.

A principal characteristic of AMLO's presidency was the centralization of decision-making within the executive branch to a level unseen since the PRI's dominance in the 1970s or the Carlos Salinas presidency in the 1990s. Most government actions were directed from the top down. Some met resistance and were implemented inefficiently. For example, the route for the Maya Train had to be changed several times. Another example was the decision to purchase and distribute medicines without relying on private enterprises previously accused of corruption. This led to a severe medicine shortage in the wake of the pandemic.

Policy coordination

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Furthermore, AMLO empowered the army to construct large infrastructure projects, including part of the Mayan Train and airports, defying judicial decisions and the local population's resistance to these projects. At the beginning of his term, the army also distributed gasoline and gas. The health system was recentralized (the previous Seguro Popular program had a decentralized structure). The National Guard, now a branch of the army, makes all security-related decisions, while state and municipal police are ignored, partly because of widespread corruption among local law enforcement. Relations between state and local or municipal governments are at the mercy of arbitrarily acting state governments.

Mexico has a comprehensive constitutional, legal and regulatory framework to address corruption, which adheres to most of the preventive articles of the U.N. Convention Against Corruption. For instance, the anti-corruption framework includes the General Law of the National Anti-corruption System as well as the Implementation Program of the National Anti-corruption Policy, among other instruments. However, enforcement of these laws, policies and anti-corruption programs is inconsistent and inefficient. This is due in part to budget cuts as well as political interference and the influence of outside interests on institutions that are part of the National Anti-corruption System or local systems, according to a 2022 report by Derechos Humanos y Litigio Estratégico Mexicano (DLM). Due to significant issues with the implementation of anti-corruption legislation, high levels of impunity persist, and corruption continues to be widespread. Common practices in public services include embezzlement, bribery and procurement corruption.

Anti-corruption policy

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Under AMLO's administration, prominent corruption cases remained unsolved. These included the Segalmex case; the case of the Secretaría para devolver al Pueblo lo robado; Estafa Maestra, inherited from Peña Nieto's administration; and the bribery case of Odebrecht. Both the Secretaría de la Función Pública (SFP) and the Unidad de Inteligencia Financiera (UIF) are under government control, yet fail to effectively investigate corruption cases. Moreover, in late November 2024, Congress

approved a constitutional reform that eliminated several autonomous institutions, including the INAI transparency agency, the independence of which AMLO had previously sought to curtail. Under the reform, which was rapidly ratified by state congresses, a new ministry would be charged with providing access to government information. Experts believe that the reform will result in less transparency and have noted that the loss of integrated access-to-information systems will make it harder to hold the government accountable. Party funding and the specific rules regarding the accountability of officeholders have been problems in Mexico in the past and continue to be. Drug cartels are also known to interfere in elections and to provide financial support to select candidates, urge their followers to vote for them, or even carry out targeted killings of opposition candidates.

16 | Consensus-Building

Mexico has abandoned its consensus-based approach to politics due to politically induced polarization and the exclusion of key societal actors from the public sphere. Instances of eroded or even destroyed consensus can be observed in areas such as education reform; the transformation of the country's energy sector; and the decline in respect for autonomous institutions, including the judiciary. AMLO consolidated power in the presidency to an extent not seen since the dominance of the PRI, before the transition to democracy. He directly appealed to "the people," clearly aiming to sideline intermediaries. Sectors of civil society and human rights organizations deem the 2024 constitutional reforms to be a further step toward democratic backsliding, while Morena adherents contend that the government's efforts are intended to root out corruption and reduce inefficient government spending. Now that Morena enjoys a supermajority in both chambers of Congress, further reforms are likely to pass with little effective opposition. While President Sheinbaum is not a polarizing figure, she has almost no checks except the judiciary. However, after the elections of federal judges in June 2025 and 2027, the judiciary's independence and its ability to balance executive power might be curtailed.

Despite the lack of consensus among Mexico's sociopolitical forces on what democracy means, there is broad consensus on the benefits of the market economy. AMLO and Sheinbaum have claimed to be pursuing an anti-neoliberal economic agenda, but this has not been the case in practice. The government is not anti-market, although it favors an active role for the state, especially in the energy sector and in redistributing resources to improve the situation of the poorest Mexicans. AMLO signed a new free trade agreement with the United States and Canada, and Sheinbaum is ready to negotiate another deal on similar terms, though Trump and the government of Canada may now be reluctant to do so. High levels of turnover in key positions in Mexico and a perceived lack of meritocracy remain major obstacles to the basic consensus.

Consensus on goals

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Although AMLO centralized power in the executive, weakened some democratic institutions and attacked others (the press, NGOs and social movements), the former president by no means questioned democracy as the "only game in town." The major nondemocratic actors are drug cartels and organized crime groups, although they may prefer Mexico's weak democracy to a hard-line autocracy. They have killed dozens of local elected officials across many regions, killed candidates in the last election, and either killed or enabled others to kill social leaders and journalists. In some cases, they have even impeded local elections. The army has increasingly been assigned formerly civilian tasks and acquired economic and political power under AMLO, but it respects the civilian government.

Anti-democratic actors

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The present government has an absolute majority in Congress, allowing it to pass any legislation or constitutional reform without seeking discussion or consensus from the opposition. Morena's strategy is to secure support by channeling resources to the impoverished through direct monetary transfers and by directing economic power to the military and its affiliated political parties. AMLO further divided society along traditional populist lines, labeling some individuals and entities as "good" and others as "evil and corrupt." AMLO's narrative focused heavily on corruption and the country's neoliberal distortion in previous decades; this has today become the primary divide in Mexican political discourse, overshadowing all other structural divisions in political significance. Rival demonstrations have offered evidence of Mexico's deepening polarization since AMLO's election. Although the current president, Sheinbaum, is less divisive and polarizing, this cleavage was set by the previous president and is now a fact of Mexican political life. The most significant divide in Mexico is thus not between the left and right but between those who support Morena and its project and those who oppose it.

Cleavage / conflict management

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Under the previous administration, the president openly criticized social organizations and movements that opposed Morena and its projects. Indeed, AMLO not only ignored these civil society actors, but also attacked them, tried to cut their financial resources and sought to delegitimize them. For numerous large infrastructure projects, such as the Maya Train, the government organized bogus public consultations or avoided public consultation altogether, although the law requires such activities. For example, the administration did not consult any environmental organization before launching the Maya Train or the Trans-Isthmic Corridor projects, and it failed to consult most of the Indigenous communities they affect. Instead, AMLO resorted to denouncing environmentalists and civic groups, claiming that they were being paid by conservative opponents or had received funding from abroad to oppose specific government projects. At the same time, Morena is considerably more deeply rooted in civil society than Mexico's other parties.
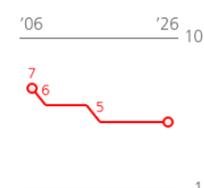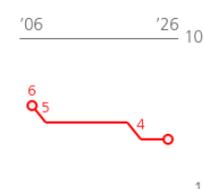
Public consultation

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Under the AMLO administration, the government created an independent commission to investigate disappearances and crimes committed by the state from 1965 to 1990. It also formed a commission within the Ministry of the Interior to investigate the disappearance of the 43 students from Ayotzinapa. Nevertheless, the AMLO government at some point blocked both initiatives when these commissions sought information about the army. This information would have implicated the military, which is closely linked to the government. A similar situation occurred with the Commission on Human Rights (CNDH), which proved ineffectual under the AMLO government. Although the parliamentary group tasked with selecting the head of the CNDH strongly criticized the official who had led it during the previous administration, it ultimately retained this incumbent to ensure the army would remain unbothered. For the same reasons, the AMLO government refused to meet with one of the prominent leaders of the movement of victims of the war on drugs, poet Javier Sicilia of the Movement for Peace, Justice and Dignity (MPJD). It also proved ineffective in investigating the more than 100,000 people who have been reported missing due to the war on drugs, and it cut resources for victims' organizations as they criticized the government's ineffectiveness. In fact, it ultimately changed the methodology used to count the number of disappeared to lower the official number. In protest of the methodological alteration, Karla Quintana, who was in charge of the institution dealing with disappearances, resigned from her post. The government's reluctance and actions have thus strongly undermined any attempt to advance reconciliation efforts.

Reconciliation

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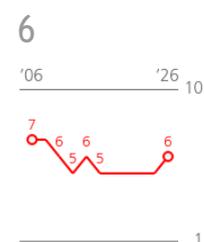
17 | International Cooperation

AMLO's government focused primarily on Mexico's domestic affairs and generally viewed international cooperation as unnecessary (and in some cases, as with external support for critical NGOs, strictly rejected it). A significant exception was Mexico's relations with the United States. Mexico is highly dependent on its relationship with the United States under the free trade agreement. The strategic partnership between Mexico and the United States aims to secure the U.S.-Mexico border, promote economic growth and create more business opportunities. The Mexican government has sought to navigate a difficult relationship with the White House to avoid disrupting Mexico's development goals. AMLO and President Sheinbaum have sought to promote regional development (in Mexico and Central America), with an eye toward addressing public safety and immigration by partnering with the United States to channel foreign aid. While the strategy has been clear, the Biden administration was not particularly receptive, and now the second Donald Trump administration is outright hostile toward this approach.

Effective use of support

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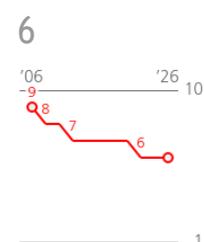
Mexico's primary partnership is with the United States and centers on economic, security and migration issues. Mexico has been largely reliable, though some issues have disrupted this relationship, especially the policies the previous government implemented toward the illegal economy and drug cartels. Regarding economic challenges, there was a significant shift in the government's energy policy, severely limiting private investment in a sector that had previously been privatized. The government also declared a moratorium on imports of transgenic maize. Both issues have been considered breaches of the free trade agreement, as has the U.S. unilateral adoption of tariffs on Mexican imports.

Regarding other countries and international organizations, Mexico is widely regarded as a reliable international partner. However, there have been issues affecting Mexico's reliability, especially with regard to the issue of human rights. The Inter-American Court of Human Rights has condemned Mexico for violating the American Convention on Human Rights in its application of pretrial detention, for its practice of preventive detention to hold migrants, and for the army's intervention in internal security. The United Nations has also questioned the lack of proper consultations with Indigenous communities in the construction of large infrastructure projects. The International Labour Organization (ILO) has criticized Mexico for violating trade union freedom and for inadequate consultations with social partners in implementing labor reform.

Consistent with Mexico's Estrada Doctrine of nonintervention in other countries' internal affairs, the López Obrador government has adopted an ambiguous posture regarding international events. While some sectors would prefer that top policymakers denounce breaches of human rights; electoral fraud; and the imprisonment of opponents in countries such as Cuba, Venezuela or Nicaragua, the government has made a point of maintaining working relations with all countries. The country has ratified the Paris International Climate Agreement and remains a party to it. Nonetheless, Mexico's updated Nationally Determined Contributions have increased its overall emissions level.

Mexico's main regional integration agreement is with the United States and Canada. AMLO's government showed considerable willingness to work with these two North American partners on several issues. In particular, the government renegotiated the North American Free Trade Agreement (NAFTA) to accommodate a hostile Trump administration seeking more favorable terms. With respect to Latin America, the AMLO administration advocated on behalf of Central American countries for the United States to invest in regional development in order to address the high levels of violence and resulting undocumented immigration. Although this advocacy has met with indifference (during the Biden administration) and hostility (during the Trump administration), it reflects Mexico's cooperation with international partners.

Mexico has also cooperated with the United States on the issues of migration and drug-trafficking. Both areas have become crucial in recent years, especially since the first Trump presidency and the formation of migrant caravans from Central American

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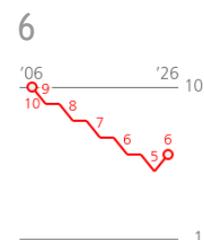
Regional cooperation

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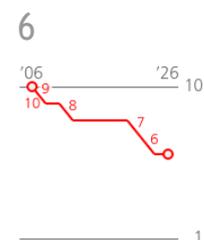
countries seeking to reach the United States. At the beginning of the first Trump presidency and AMLO's presidency, Mexico was pressured – through threats to impose tariffs on products from Mexico – to ramp up control of its borders. As a result, AMLO reversed his initial announcement that he would allow migrants to pass through Mexico. Similarly, on the issue of drug-trafficking, the Mexican government cooperated actively with the U.S. Drug Enforcement Agency (DEA) to enable the agency to carry out activities in Mexican territory. Both issues continue to be crucial.

President Sheinbaum is pursuing the AMLO administration's strategy of stopping migrants within Mexico's borders and of accepting migrants that have been deported from the United States when they are Mexican nationals and, in some instances, when they hold other nationalities. In the area of drug policy, the Trump administration has threatened to act unilaterally if Mexico does not adopt a much more aggressive approach to drug-trafficking; in response, the Sheinbaum government has changed its policy, especially on fentanyl. It has resumed direct anti-drug operations, seizures and arrests of cartel members, activities that had nearly stopped under the previous administration.

Strategic Outlook

Mexico faces a number of complex challenges relating to security, economic growth, governance and social development. Drug cartels and organized crime groups continue to exert significant influence within the country, leading to high homicide rates, corruption and weakened state institutions. Corruption remains pervasive at the federal, state and municipal levels, undermining governance and economic growth. Furthermore, a significant portion of Mexico's labor force works in the informal sector, limiting tax revenues and social protections. Mexico also relies heavily on fossil fuels and faces challenges in balancing economic growth with environmental sustainability. Mexico has a unique opportunity to capitalize on nearshoring due to U.S.-China tensions, but infrastructure and regulatory barriers remain. Democratic institutions face pressure from efforts to increase executive power, threats to autonomous institutions and electoral bodies, and political polarization.

The following recommendations address the country's main challenges. On the security front, the government should strengthen civilian policing rather than rely primarily on the armed forces. This would require rooting out corruption in civilian law enforcement along with simultaneous efforts to improve the efficacy of the judicial system to reduce impunity. At the same time, the government should invest in modernizing and building the capacity of law enforcement officers. Enhancing cooperation with the United States to curb the flow of weapons into Mexico would also create obstacles for organized crime groups in the country.

Regarding corruption, the government should strengthen anti-corruption agencies and improve transparency in public procurement and government contracts. The former would require the government to allow corruption investigations to run their course, unhindered, and to divulge information about the army upon request – which the government has tried to avoid until now. Independent oversight agencies also require adequate resources and independence to investigate and prosecute corruption effectively. By promoting judicial independence, the government would simultaneously strengthen checks and balances, thus preventing an excessive concentration of power. Promoting transparency, accountability and public participation will be vital to curbing the potential abuse of power.

On the economic front, the Sheinbaum administration should implement policies to encourage formal employment, such as tax incentives for small businesses transitioning to the formal economy. It should also expand social programs that target vulnerable groups and ensure that they promote upward mobility rather than dependence. To capitalize on nearshoring opportunities, the government should invest in logistics, ports and transportation infrastructure in order to promote domestic manufacturing and reduce the overall cost of doing business in Mexico.