Research

Plan Mexico: Trade Ambitions & Geopolitical Tensions

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January 2025

Plan Mexico: President Sheinbaum's ambitious plans for the Mexican economy

Earlier this month, Mexico's president Claudia Sheinbaum revealed her ambitious plans for the future of the Mexican economy. This six-year-long plan aims to promote national and regional investment in strategic sectors and bolster the country's competitiveness among the world's major economies. The executive plan includes various tax incentives and financing plans to attract capital. The president also announced various public-private partnership projects and claims that more than 2,000 investment projects (totaling 277 billion dollars) have already been identified for the future. This ambitious roadmap lists various goals for the year 2030 including but not limited to:

- Attracting billions in yearly FDI inflows
- Raising the proportion of investment to GDP above 25%,
- Creating 1.5 million jobs in Mexico (particularly in the specialized manufacturing industry and other “strategic sectors”)
- Increasing production in said “strategic sectors” in Mexico so that national production can supply 50% of the national demand for products made in those sectors
- Increase by 15% the use of domestically made contents within the following sectors: automotive, aerospace, electronics, semiconductors, pharmaceuticals and chemicals.
- Training an additional 150,000 “professionals” and “technicians” per year, with a focus on preparing people to work in “strategic sectors.”
- Promoting environmentally sustainable investment
- Providing access to finance to at least 30% of small and medium-sized businesses.
- Positioning the country among the top five tourist destinations in the world.
- Enabling the entire vaccine manufacturing process with “advanced biotechnology” in the country
- Recuding project execution from 2.6 years to 1 year.
- Among others

Incentives and Legal Habilitators

The federal government will support the plan through a series of “actions” to reach these goals. For foreign investors, the most notable of these actions are the Nearshoring Decree, the National Simplification and Digitalization Law, the IMEX 4.0 program, and mixed investment schemes for infrastructure projects.

<u>**Nearshoring Decree**</u>

It aims to provide additional incentives for foreign and Mexican companies through the accelerated depreciation of new investment in fixed assets for global and Mexican companies without discriminating sectors, valid until October 2030. It would involve the immediate deduction of investments in new fixed assets between 56% and 89 %. The highest percentages would apply to investments in high technology, research, and development sectors. Furthermore, an additional 50-75% deduction would be applied to the incremental expense of training their workers in connection with education and research institutions.

<u>**National Simplification and Digitalization Law**</u>

This law aims to implement the reduction of procedures, requirements, and solution times; the elimination of barriers; the standardization of processes and requirements between authorities and levels of government; and an intense digitalization policy.

IMMEX 4.0

The IMMEX 4.0 program is an optimized version of the original program included in the 2025 Strategic Plan, now integrating digitalization, sustainability, and innovation. The change aims to simplify administrative procedures, including the unification of the VAT-IEPS Certification to reduce operation times by 50%. Furthermore, it incentivizes the adoption of sustainable practices and technologies. It incentivizes companies that adopt clean energy, integrate ESG practices, and implement new technologies such as automation and artificial intelligence.

"Pilares de Bienestar": Mixed investment schemes for infrastructure projects

The "Wellbeing Development Hubs" and the associated strategic infrastructure projects for each state are scheduled to be presented by the end of February. Seinbaum plans to leverage private and foreign investment to complement the public national development plan. Her ideal is to attract companies that are both innovative and sustainable, that offer fair wages, environmental sensibility, and complement national content. The strategy focuses particularly on projects related to national and regional infrastructure, such as 100 industrial parks, building 3,000km of railways, a million homes, and a series of logistics hubs. To support the hubs, 10 industrial corridors will be created across Mexico. These corridors will focus on various sectors depending on the state, including renewable energy, smart manufacturing, automotive and aerospace, agribusiness, and logistics. Among these strategic projects is the Port of Guaymas in Sonora, which involves an important coalition between public investment by the Secretary of the Navy and private investment. Various plans for railway infrastructure are also underway. The objective is to build eight routes between 20 cities, including between Mexico City and Nogales in the northwest and Nuevo Laredo in the northeast, as well as a line from the capital to the industrial city of Querétaro.

Additionally, the Interoceanic Corridor project is set to continue, to provide a link between the Atlantic and the Pacific through Coatzacoalcos in Veracruz and Salina Cruz in Oaxaca. The intention is to create a logistic alternative to the Panama Canal. Another railway plan is to modify the Maya train by extending it to Puerto Progreso, northwest of the Yucatán peninsula. Lastly, Sheinbaum seeks to modernize Mexico's road infrastructure including plans to repair 4,000km of federal highways and expand strategic highways across the country.

“Ley secundaria en materia energética”: Mexico’s Future Energy Plans

Regarding energy matters, the executive has emphasized that the country’s energy needs demand public and private collaboration to efficiently address issues such as transmission and distribution infrastructure, as well as budget constraints.

Sheinbaum’s predecessor discouraged private sector investment in the energy sector, creating a restrictive centralized structure that controlled the sector through state-owned entities like Pemex and the Federal Electricity Commission (CFE). Sheinbaum’s plans might shift the current energy policy toward a more balanced approach and a less centralized structure. The president’s strategy will likely maintain centralized control on state-led fossil fuel initiatives while involving private enterprise and investment within renewable energy projects and commitments. Sheinbaum’s first steps for her renewable energy strategy include a $40 billion investment to increase Mexico’s renewable energy share to 45 percent by 2030 and new Build, Lease, and Transfer (BLT) contracts. These contracts could facilitate public-private partnerships by allowing private firms to develop projects while the state maintains oversight power.

Secondary legislation on energy matters is set to address the participation of the private sector within the energy sphere. According to legal experts, the reform will provide some clarity about structural changes and address how and in which projects and subsectors it will be able to participate.

Trade Agreements: A Look into Mexico’s International Trade Panorama

EU - Mexico Global Agreement

Trade relations between the EU and Mexico currently adhere to the EU-Mexico Economic Partnership, Political Coordination, and Cooperation Agreement (also referred to as the 'Global Agreement'). On 17 January 2025, the EU concluded negotiations modernizing the Global Agreement with Mexico. The new agreement places a special emphasis on sustainability, digitalization, and derisking the supply chain. Offering various avenues for exports and investments in key areas such as financial services, transport, e-commerce, and telecommunications.

Moreover, the new agreement will facilitate European investment in Mexico by giving EU companies access to Mexican government contracts on an equal footing with local companies; this includes access to a wider range of public tenders by Mexico’s federal government, including unprecedented access to Mexican State (subcentral) level.

USMCA trade talks 2026

United States, Mexico, and Canada are set to meet in July 2026 to discuss the future of the USMCA trade agreement. The agreement is set to terminate in 2036, therefore this meeting will likely focus on its renewal for a second sixteen-year term or agree on its termination. Policymakers and trade experts believe the Trump administration will likely use this summit to discuss strategic objectives and future trade relations, especially amidst geopolitical tensions and Trump's campaign promises regarding new tariffs. Moreover, political issues regarding immigration and shipment of illegal drugs, as well as concerns about Chinese goods subject to tariffs making their way freely to the United States through the USMCA will likely spur new negotiations between the country leaders to preserve the future of the agreement. One of the key negotiation points will be whether 100 percent Chinese-owned businesses should be able to reap the free trade benefits of the USMCA, a loophole that plagues US policymakers in their attempt to block Chinese goods from circumventing their tariffs.

Trade analysts believe that the Trump administration's strategy is to foster uncertainty over higher tariffs and gain leverage to negotiate better terms in the agreement. Steve Verheul, Canada's chief trade negotiator from 2017-2021, believes that a likely scenario will mimic Trump's attempt to apply tariffs on steel and aluminum.[1] Trump will "play hardball" by threatening tariffs and even signing executive orders before negotiations, to later suspend said tariffs if Mexico and Canada relent to the United States' demands during negotiations.

One of the key negotiation points will be whether 100 percent Chinese-owned businesses should be able to reap the free trade benefits of the USMCA, a loophole that plagues US policymakers in their attempt to block Chinese goods from circumventing their tariffs. Punitive-style tariffs could be imposed to pressure policymakers to address political dilemmas (such as fentanyl trafficking and illegal migration) or commercial dilemmas (loopholes used by Chinese companies through USMCA countries) but could be short-lived if these issues are satisfactorily addressed. In other words, tariffs will likely be up for renegotiation.

Sheinbaum has already taken measures to enter negotiations on good terms with the Trump administration and hopefully avoid the use of retaliatory tariffs. In the short time she has served as president, Mexican authorities have detained an unprecedented number of migrants (475,000 between October and December) and seized a record 1,100 kilograms of illicit fentanyl in a short amount of time. She has also opened up the possibility of accepting non-Mexican deportees. Moreover, Sheinbaum's administration revealed new tariffs against some Chinese goods[2]. For example, a duty of 19% will be applied to goods that enter Mexico via courier companies, such as Temu and Shein.

Source (1) : Mahoney, 2025

Source (2) : Gottesdiener, Laura. 2025

However, suppose the Trump administration does impose an increase in tariffs on its two partners. In that case, it will violate the USMCA terms and likely cause Canada and Mexico to rely on retaliatory import duties, essentially removing the free trade benefits the USMCA offers. It is a dangerous game being played to secure the upper hand in political and trade negotiations. It could prove to be both expensive and destabilizing to the North American supply chain. Mexican and Canadian exports to the United States accounted for 80 percent and 76 percent of total exports in 2023. Tariffs will likely translate to either increased production costs for businesses(not just in monetary terms but also legislative adjustments and production delays) or higher prices for consumers. These added costs from supply chain changes will likely weigh heavily on small- and medium-sized companies.

Opportunities for Foreign Investors

Given the political and commercial tensions, Trump's use of tariffs as a negotiation tactic, and the overall uncertainty of the North American market, it would be wise for foreign investors interested in Mexico to proceed cautiously and keep in mind the vulnerability of certain sectors. By focusing on resilient sectors like infrastructure, renewable energy, and technology, while avoiding overdependence on volatile areas like oil & gas, Manufacturing dependent on U.S. Supply Chains, and Mining; foreign investors can position themselves for long-term success with support from Mexico's business-friendly government. Since the U.S. remains Mexico's largest trading partner, investments in sectors reliant on U.S. demand will face certain uncertainty, especially if they have difficulty adapting their export markets.. Trade compliance experts and consulting will likely be in high demand given the current trade panorama and geopolitical climate. Investors should focus on sectors that can diversify their export markets (e.g., Asia, and Europe).

<u>Infrastructure & Logistics</u>

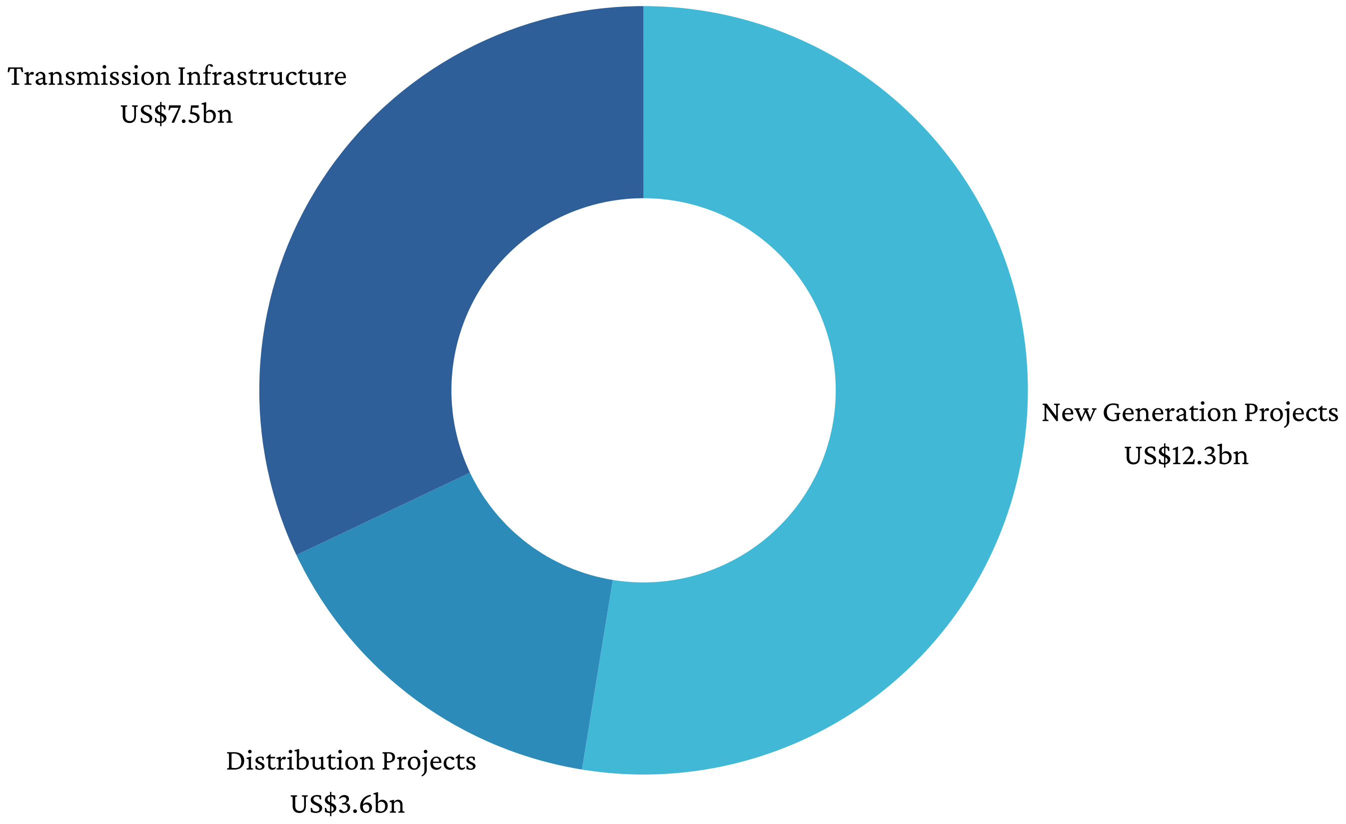
As previously discussed, Plan Mexico focuses heavily on infrastructure development. Sheinbaum's policy strategy relies heavily on mixed investment schemes to develop and modernize roads, ports, rails, water systems, and airports. The aerospace industry also has high growth potential, especially in R&D and specialized training. Mexico offers various industrial clusters and regional aerospace hubs that foreign investors can leverage. The shared risk structure of mixed investment schemes is attractive to foreign investors. These projects have instilled government support and medium to long-term prospects. Furthermore, regional governments are also implementing this strategy at the State level.

Supply chain and logistics technology firms could have many opportunities through the nearshoring decree by offering various logistics-related products and services: products such as smart warehousing solutions, fleet management equipment, packaging materials and technology, supply chain software, and cold storage units; and services such as Third-Party Logistics (3PL) providers, customs brokerage and compliance consulting, and specialized transportation services.

Energy Sector

The National Strategy for the Electricity Sector 2024-2030 seeks to invest US$23bn in the state-owned Federal Electricity Commission (CFE). Among the plan's objectives is guaranteeing a reliable grid and establishing clear rules to ensure and increase private investment in the sector.

"The CFE's investment plan for this period consists of US$23.4bn"



"For private companies, the plan considers three ways to participate in the domestic energy market: through long-term contracts that may be tendered, by partnering with the CFE in projects that will be tendered (where the state-owned company will hold at least a 54% share)."

Source : Enerdata. 2024. "Mexico announces US$23bn investment in electricity infrastructure."

It is important to note that government support and incentives for private investors lean more toward the development of renewable energy and its complementary products, services, and infrastructure. There are more opportunities for mixed schemes in renewable energy as opposed to petroleum and natural gas, due to the existing nationalistic energy policies.

Technology and IT Services

Sheinbaum's has emphasized the government's commitment to digitalization across sectors and develop IT-related infrastructure. In the long term, the resiliency of the sector and lower operating costs compared to the U.S. offer strong growth potential, particularly in fintech, data centers, and IT outsourcing. Tech giants have kept their interest in Mexico. Amazon Web Services (AWS) recently announced the launch of the AWS Mexico (Central) Region with more than US$ 5 billion in investments planned for a span of 15 years. It plans to meet consumer demand for advanced and secure cloud technologies, especially those with Artificial Intelligence (AI) and Machine Learning (ML) capabilities.

The Nearshoring Decree and its non-discriminatory nature offer ample opportunities for technology and IT services that could facilitate nearshoring operations—such as logistics, supply chain management, or automation software providers—that can benefit indirectly by helping other businesses optimize their setups.

Medical Industry and Pharma

Foreign investors could find opportunities in biotechnology or pharmaceuticals (e.g., labs and pilot production) given the government's support for mixed investment schemes and projects in this sector. Plan Mexico's objectives include greater investment in vaccine production, technology, medical devices, and clinical investigation centers.

The plan seeks to increase FDI in the high value-added sector, achieve a 15% increase in manufacturing of consumables, packaging, labels, chemical pharmaceuticals, machinery and devices, and medical devices by 2030; and land a mixed investment project to manufacture biosimilars and biogenerics. Other possible entries for foreign investors could include innovation centers near research hubs like Guadalajara (a tech hotspot) or Mexico City or setting up long-term agreements with local universities to fund research projects.

HR Development & Training

The nearshoring decree prioritizes investments in research and development. Companies focusing on innovation and design can leverage both the fixed asset deduction and the incremental worker training incentives. The additional 50-75% deduction on worker training tied to educational or research institutions makes sectors that require significant upskilling of the local workforce especially competitive, such as:

- Aerospace engineering and maintenance.
- Medical device manufacturing.
- Skilled IT personnel for data center management.

Foreign investors can optimize said incentives by investing in labs, pilot production facilities, and high-end research tools to maximize deductions. They can also create partnerships and formal collaborations with Mexican research institutions for joint patents and innovations.

Agribusiness

_Plan Mexico mentions developing the agribusiness sector through various means. an increase in rural financing via FIRA(Trust Funds for Rural Development) and NAFIN (a financial institution focused on development), which offer credit, guarantees, and technical assistance for agribusiness projects; double the amount of cold chain storage for exports; new schemes to support crops regionally with access to national and international markets; launch of programs with special technological universities program for specialization in Plant Varieties Law; and the technification of irrigation systems for more than 500,000 hectares.

Investments in sustainable agricultural practices, climate resilience technology, and innovative agrotechnology could secure long-term profitability. Foreign investors can take advantage of both government support (clusters, infrastructure, and financing) and Mexico's competitive labor and land costs.

Final Verdict

If foreign investors focus on domestic consumption and regional trade diversification (beyond the U.S.), these sectors remain a solid opportunity despite geopolitical and commercial uncertainty. However, investors should be wary of sectors highly dependent on U.S. exports, with little to no chance to adopt promptly to policy changes. Diversification strategies, such as exploring markets in Europe or Asia, could mitigate these risks.

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